Proceedings of the

54th Annual Meeting

of the

Academy of International Business

"Rethinking the Roles of Business, Government and NGOs in the Global Economy"

Washington, DC, USA
June 30-July 3, 2012

Editors
Susan Feinberg, Program Chair
Tunga Kiyak, AIB Managing Director

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2012 PROGRAM ACKNOWLEDGEMENTS

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AIB 2012 Program Overview
Washington, DC, USA - June 30-July 3, 2012

Friday, June 29

AIB Annual Conference 9:00-17:30
AIB Board Meeting 9:00-17:00

Saturday, June 30

AIB/SHeth Doctoral Student Consortium 8:30-16:00
AIB Junior Faculty Consortium 8:30-16:00

AJBS Annual Conference 9:30-16:00
AJBS Paper Development Workshop 9:30-16:00
AIB Board Meeting 9:00-12:30

AIB Fellows’ Opening Plenary 16:30-19:00

AIB Fellows’ Reception 19:00-21:00

JIBS Study Tour of DC 10:00-17:00

AIB Presidential Reception 19:00-21:00

AIB Chapter Chairs Luncheon 12:30-14:00

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### AIB 2012 Program Overview

**Washington, DC, USA - June 30-July 3, 2012**

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**AIB Gala Dinner**

National Building Museum

19:00-21:00

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**Tuesday, July 3**

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ABSTRACTS FOR SATURDAY, JUNE 30, 2012

Session: 0.5.P - Plenary

Opening Plenary: Recognizing IB Leaders

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

Welcome Remarks

Keynote speech: "NGO-Business Partnerships in International Development"
  Ray Offenheiser, Oxfam America
  AIB President's Award Winner for Contributions to International Development

Keynote speech: "The Contributions of Redhat to Business and Society"
  Jim Whitehurst, Redhat
  AIB Fellows' International Executive of the Year Award Winner

Presentation of AIB Fellows' Awards:
  Eminent Scholar Award: Ikujioro Nonaka
  Educator of the Year Award: Jorge Talavera

Keynote Speech: "Rethinking the Roles of Business, Government and NGOs in the Global Economy"
  Theodore Moran, Georgetown University

(For more information, please contact: Susan Feinberg, Temple University, USA: 2012dc@aib.msu.edu)
ABSTRACTS FOR SUNDAY, JULY 1, 2012

Session: 1.1.P - Special Session


Presented On: July 1, 2012 - 09:00-10:15

Chair: Robert Grosse, George Mason University

Panelists:
  G. "Anand" Anandalingam, Robert H. Smith School of Business, University of Maryland
  Michael J. Ginzberg, Kogod School of Business, American University
  Doug Guthrie, George Washington University School of Business
  Jorge Haddock, George Mason University School of Management

(For more information, please contact: Susan Feinberg, Temple University, USA: 2012dc@aib.msu.edu)

Session: 1.1.1 - Panel
Track: 1 - Institutions, Governance, and CSR

Current Topics in Comparative Corporate Governance

Presented On: July 1, 2012 - 09:00-10:15

Chair: Ruth Aguilera, University of Illinois at Urbana-Champaign
Co-Chair: Ilir Haxhi, University of Amsterdam

Panelists:
  Ruth Aguilera, University of Illinois at Urbana-Champaign
  Christina Ahmadjian, Hitotsubashi University
  Rafel Crespi-Cladera, Universitat de les Illes Balears
  Thomas Clarke, University of Technology Sydney
  Ajai Gaur, Rutgers University
  William Q. Judge, Old Dominion University

Our panel seeks to discuss current topics in comparative corporate governance research in different advanced industrialized and emerging markets, and draws on several theories such as institutional and agency theory broadly speaking. We will pay special attention to examining the drivers of existing corporate governance structures, what triggers change of corporate governance practices, and the diffusion of these practices over time. The panel will touch on topics that address questions such as to what extent are European and Anglo-American governance systems parallel or colliding universes (Clarke); what explains the stickiness of the Japanese corporate governance system (Ahmadjian); how are the process of economic liberalization, privatization and globalization affecting governance mechanisms in emerging markets like India (Gaur); to what extent the demographic characteristics of a Dutch business elite network propel the diffusion and adoption of shareholder-oriented best practices in the context of the Netherlands (Haxhi and van Ees); or even what is the role of corporate governance in family firms, and what are the drivers of the control by families along generations that make these organizations potentially more competitive (Crespi-Cladera). (For more information, please contact: Ilir Haxhi, University of Amsterdam, Netherlands: i.haxhi@uva.nl)
Session: 1.1.2 - Panel  
Track: 6 - Innovation and Knowledge Mgmt.

Innovation and Strategy in the Global Automotive Industry

Presented On: July 1, 2012 - 09:00-10:15

Chair: Florian Täube, EBS Business School
Co-Chair: Anja Schulze, swiss Center for Automotive Research (swiss CAR)
Discussant: Ronaldo Parente, Florida International University

Panelists:
- Anja Schulze, swiss Center for Automotive Research (swiss CAR)
- John Paul MacDuffie, University of Pennsylvania
- Michael Eisenbeis, Scuderi Group
- Oliver Kallenborn, Daimler
- Gerald McDermott, University of South Carolina
- Ram Mudambi, Temple University
- Tom Murray, U.S. Environmental Protection Agency

This Panel is designed to facilitate interaction among AIB members interested in the global(ization of) automotive industry as well as a dialogue with practitioners and policy makers. Thus, it brings together experts on different established and emerging automotive markets with representatives from an innovative engine technology firm and the U.S. EPA exemplifying new forms of collaboration. In particular we will trigger discussions about how organizations and institutions hailing from different geographies and sectors are becoming increasingly connected and interdependent. The internationalization of the automotive industry over the last three decades or so has commonly been associated with the rise of Japan and, more recently China and India. The panel is divided in two parts: firstly, an academic part to familiarize the audience with automotive industries in Eastern and Southern geographies and analyzing those different settings; secondly, the practitioners' voices, both from industry and policy makers. The goal of the panel is to stimulate new, potentially interdisciplinary and international collaborative research projects, much along the lines of new forms of collaboration witnessed in the industry facilitated by international research networks such as IMVP. (For more information, please contact: Florian Täube, EBS Business School, Germany: florian.taeube@ebs.edu)

Session: 1.1.3 – Panel  
Track: 14 - Methods in IB Research

Approaches to the Modelling of MNE Location Choices

Presented On: July 1, 2012 - 09:00-10:15

Chair: Roger Strange, University of Sussex

Panelists:
- Roger Strange, University of Sussex
- Norifumi Kawai, University of Sussex
- Antonio Majocchi, University of Pavia
- Davide Castellani, University of Perugia
- Antonello Zanfeli, University of Urbino
- Graham Cookson, King's College London
- Jenifer Piesse, Kings College London and University of Bournemouth
- Fredéric Blanc-Brude, EDHEC Risk Institute
MNE location choice is a key issue in the IB research agenda, including location within broad geographic regions (e.g. the EU) and location at the sub-national level (e.g. within the US or China). The determinants of this choice are of particular importance to local policy-makers who wish to attract inward FDI, and who represent geographical entities that are in competition with other neighbouring alternative locations with different attributes. There is an extensive empirical literature on MNE location within a wide range of geographical settings, but these studies use a variety of methodological approaches. One of the objectives of this panel is to emphasise some of the advantages/disadvantages of these different methodological approaches, and to highlight some recent advances in the modelling of spatial relationships (For more information, please contact: Roger Strange, University of Sussex, United Kingdom: r.n.strange@sussex.ac.uk)

Session: 1.1.4 - Competitive  
Track: 7 - Emerging Economies  

Exploring the Institutional Boundaries of Emerging Markets  

Presented On: July 1, 2012 - 09:00-10:15  
Chair: Jean-Claude Cosset, HEC Montreal

Corruption and MNCs' Ownership Strategy: Evidence from China  
Shu Yu, National University of Singapore

In this paper, we examine the following important issues in international business. How the corruption level in the host provinces in China would influence the ownership strategies of multinational companies (MNCs) in foreign market entries? How is the relationship between corruption and choices of ownership strategy affected by the MNCs' home country development status? We are trying to introduce corruption as an important factor influencing the ownership strategies of MNCs. Following the key tenets of institutional theory, we argue that firms will form a joint venture with a local firm in the host province where the corruption is more prevalent. We further propose that foreign firms which come from the less developed countries are more likely to choose joint venture as their ownership strategy when they face high level of corruption. Based on the empirical analysis of MNCs in China, our hypotheses are supported. (For more information, please contact: Shu Yu, National University of Singapore, Singapore: yushu@nus.edu.sg)

Doing It under the Table: Hidden Sales in India’s Manufacturing Sector  
Matthew Grady Smith, Rutgers Business School

In developing economies, many firms choose to hide their activities outside of the formal sector of the economy, beyond the reach of government officials. For instance, recent survey studies by the World Bank suggest that it is quite common for larger, formal firms to participate in the informal sector by hiding some portion of their sales transactions "off the books." In this study, I examine the factors influencing firms' decisions to hide sales. Drawing on international business and strategy theory, I focus particular attention on how hidden sales are influenced by the institutional context, including the regulatory and tax environment, as well as bureaucratic corruption. In addition, I examine how hidden sales are influenced by firm size and macroeconomic conditions. To test these relationships, I introduce a novel model to estimate the extent of hidden sales using readily available firm financial data. I apply this model to a large sample of Indian manufacturing firms over the period from 1996 to 2004. For robustness, I benchmark my estimates against the World Bank Enterprise Survey dataset for India, which includes data on managers' self-reported hidden sales. Comparison with the survey results provides broad support for the model. (For more information, please contact: Matthew Grady Smith, Rutgers Business School, USA: matthewgradysmith@gmail.com)
Competing Formally in an Increasingly Formal World: Foreign Market Entry Motivation and Competition from Informal Players
Margaret Spring Schomaker, Université Laval
Anna Lamin, Northeastern University

IB theory argues that MNEs respond to institutional hazards in host countries by adjusting their entry strategies and subsidiary operational integration so as to "immunize" the firm against the threat of expropriation of its assets in the host environment. However, IB theory is silent on how domestic firms may also adopt their operational strategies to deal with institutional hazards within their home country. Locating parts of the value chain with the informal economy offers local players a means of adapting to their competitive environment in ways that make them very different from foreign entrants. This paper investigates how a strong informal economy shapes competition and therefore presents significant competitive challenges for multinational enterprises, beyond the threat of expropriation traditionally examined in IB literature. Building on an analysis of the advantages held by informal and semi-formal players, we show that the risks and solutions for an MNE actually differ depending upon what the firm is seeking from the foreign market. We then offer propositions contrasting the effects of a strong informal economy on MNEs in the cases of product-market seeking, service-market seeking, natural resource seeking, and labor seeking entries. (For more information, please contact: Margaret Spring Schomaker, Université Laval, Canada: margaret.schomaker@mng.ulaval.ca)

The Provisioning of Collective Goods by MNEs in Emerging Markets
Jean Boddewyn, Baruch College, CUNY

How will investors in emerging markets obtain at production sites the water, electricity, roads, security, training and health care for their employees, and safeguards against various institutional hazards? The provisioning of these "collective goods" differs from that of the private goods which attracted investors there in the first place, and its study in the light of internalization theory and transaction-cost economics requires: (1) reconsidering the alliance mode when it involves the collaboration of economic and nonmarket partners, and (2) identifying a distinct type of governance mode so far overlooked – namely, the inducement of the not-for-profit partners whose support is crucial. Therefore, (1) there are four governance modes – market contracting, alliance (in a modified form), internalization and inducement (a novel mode) – available for the provisioning of collective goods by and/or for MNEs in emerging markets; (2) the choice among these four governance mode is affected by both the type of ordering system prevailing in emerging markets and the transactional characteristics pertaining to the provisioning of collective goods, and (3) this choice is best represented by a matrix than by the traditional "continuum" between the price system and hierarchy. (For more information, please contact: Jean Boddewyn, Baruch College, CUNY, USA: jean.boddewyn@baruch.cuny.edu)
Which firms in emerging economies lead the catch-up with world leaders? The first step is to develop the intent to acquire strategic assets that help closing the gap to the leader. To analyze which companies are most likely to take this critical first step, we broaden the awareness-motivation-capability (AMC) framework of competitive dynamics by distinguishing catch-up competition from immediate competition. We test the framework for firms in a competitive catch-up position, a sample of 154 Chinese firms, and find that firms are more likely to develop strategic intent to seek strategic assets abroad the more they are aware of foreign competition, motivated by their governance structure, and have relevant financial and managerial capabilities. (For more information, please contact: Lin Cui, Australian National University, Australia: lin.cui@anu.edu.au)

Selection of Learning Targets and Technological Catch-up of Asian Laggards
Yuzhe Miao, Kyung Hee University
Jaeyong Song, Seoul National University

This paper investigates how the learning mechanism of technological laggards influences their successes in technological catch-up by highlighting the importance of selection of learning targets. We identify "successful peers" as a vital reference group, and examine how learning from successful peers -- peer laggards who (1) share similar traits with laggards and (2) have already achieved a certain degree of success in technological catch-up -- helps laggards catch up. We find that laggards that consider successful peers as one of their reference groups are more likely to succeed in catch-up, however the benefit of learning from successful peers diminishes if laggards rely too much on successful peers for seeking knowledge. Our analysis also suggests that learning from technologically proximal successful peers could increase the possibility of catch-up success. (For more information, please contact: Yuzhe Miao, Kyung Hee University, Korea, South: yzmiao@gmail.com)

The Tortoise and the Hare: Catching up at Sub-industry Groups
Jie Xiong, EMLYON Business School
Philippe Monin, EMLYON Business School

The objective of this study is to elucidate the process of catching up in an industry exported to a host country by foreign entrants. Drawing on a longitudinal historical analysis of a new-born industry in an emerging economy, we examine catching up at the sub-industry group level. We identify three catching up patterns: intra-group of domestic firms, intra-group of foreign firms and inter-group dynamics. We develop a five-stage model illustrating the industry evolution with catching up as the underling logic. Our analysis adds to catching up literature by providing a new level of analysis: sub-industry group. It also extends the research of catching up with theoretical insights from a low technology industry and opens up new possibilities for the research domain. (For more information, please contact: Jie Xiong, EMLYON Business School, France: jie@em-lyon.com)

The Internationalization Process Model as a Perspective on Emerging Economy MNEs: The Dynamics of Catch-Up Learning
Klaus Meyer, China Europe International Business School
Ornjira Thaijongrak, University of Bath

The rapid emergence of multinational enterprises (MNEs) from emerging economies calls for a re-assessment of established theories of the MNE. In this perspective paper, we assess the usefulness of the internationalization process model (IPM), also known as Uppsala model, to explain the recent strategies of emerging economy MNEs. We argue that popular stages models derived from the IP model are not helpful, but the underlying process of experiential learning driving steps of increased commitment is an important element in explaining the evolution of these MNEs over time. We illustrate our arguments with six case studies of cross-border acquisitions by Thai MNEs, and their antecedents. On this basis, we discuss how the IPM can inform future research on emerging economy MNEs. Specifically, the IPM suggests focusing on the internal and external
factors that induce firms to accelerate their cycle of international learning and commitment, in particular the roles of networks, acquisitions, big step commitments, managerial biases and the home country institutional environment. (For more information, please contact: Klaus Meyer, China Europe International Business School, China: kmeyer@ceibs.edu)

Session: 1.1.6 - Competitive
Track: 11 - SMEs and Entrepreneurship

Performance in SMEs and Born Globals

Presented On: July 1, 2012 - 09:00-10:15

Chair: Gary Knight, Florida State University

A Contingency-Based Perspective on International SMEs Performance
Bernhard Swoboda, University of Trier
Edith Olejnik, Trier University
Madeleine Boos, Trier University
Dirk Morschett, University of Fribourg

Small and medium-sized enterprises face unique performance challenges in the context of their internationalization process. Adopting a contingency view, this study posits that SMEs' international performance depends on their ability to fit the organizational elements planning processes, international structural integration and international orientation to their internationalization strategy. Assuming that performance driver vary with the internationalization strategy, we conduct multiple group analysis with a sample of 639 manufacturing SMEs comparing configurations of traditional, born global and born-again global internationalization strategies. Findings suggest that high-performing SMEs adapt organizational elements to their internationalization strategy chosen. Since performance drivers vary across configurations, decisions on organizational elements cannot be made independently from SMEs' internationalization strategy. (For more information, please contact: Bernhard Swoboda, University of Trier, Germany: b.swoboda@uni-trier.de)

Understanding the Drivers of International Performance for Born Global Firms: An Integrated Perspective
Stephan Gerschewski, Hankuk University of Foreign Studies
Elizabeth L. Rose, Aalto University School of Economics
Val Lindsay, Victoria University of Wellington

Grounded in the resource-based view of the firm (RBV) and the network perspective on internationalisation and drawing on the exporting, international entrepreneurship, network, and strategic management literatures, we develop a model of early performance of born globals and test it on a sample of 310 firms from Australia and New Zealand. A mixed methods approach, combining exploratory interviews and a web-based survey, is employed. The study adopts a comparative perspective with non-born global firms, to enhance the robustness of the findings for born globals. Our results suggest that international entrepreneurial orientation, focus on product/service quality and competitor orientation serve as key drivers of early international performance for born globals. In addition, customer engagement skills, and positioning as a "global company" rather than an "exporter", help to explain variations in performance. The study contributes to the literature by developing and testing an integrated performance model for born global firms, and by undertaking a comparative approach between born globals with firms that adopt a more traditional approach to internationalisation. (For more information, please contact: Stephan Gerschewski, Hankuk University of Foreign Studies, Korea, South: stephange@hufs.ac.kr)
Moderate Regional Diversification for Superior Performance  
Elena Beleska-Spasova, University of Reading

The lack of clear empirical consensus about the nature of the relationship between the firm's level of geographic diversification (GD) and its performance (P) impedes the resolution of one of the key strategic questions in international business: What is the appropriate level of geographic diversification? This paper contributes to this ongoing debate by exploring the hitherto empirically under-researched role of regional strategic orientation on the performance outcomes of international firms. It does so, by proposing and testing hypotheses that focus on a key research question: does the level of intra- and inter-regional diversification impact firms' performance? The proposed hypotheses that intra-regional diversification strategy outperforms the inter-regional diversification strategy were tested on an original set of 356 British exporting SMEs. The novel contribution of this study is the identification of the bi-regional strategy as the optimal threshold in the GD/P relationship. The findings implicate the bi-regional diversification as an optimal internationalization strategy for superior performance. That is, a firm that has the bulk of their international sales balanced across two regions (a home and a host region) tends to outperform both firms with intra(single)-regional orientation and globally diversified firms. (For more information, please contact: Elena Beleska-Spasova, University of Reading, United Kingdom: e.beleska-spasova@henley.reading.ac.uk)

Liabilities of Foreignness and International Growth: Examination of IP-based and Product-based Strategies  
Johan Bruneel, Imperial College  
Theoni-Eirini Symeonidou, Imperial College  
Erkko Autio, Imperial College

We investigate the effect of liabilities of foreignness on internationalization, using IPR-based and product-based commercialization strategies of US start-ups as our empirical lens. We model the propensity to internationalize and international intensity as a function of liabilities of foreignness, operationalized as the start-up's foreign market entry mode. We use the longitudinal panel provided by the Kauffman Firm Survey, which tracks nearly 5 000 start-ups in their first six years of operation. We find that the liability of foreignness is significantly greater for product-based than for IP-based commercialization strategies. Start-ups licensing-out IPRs are more likely to internationalize and exhibit a high internationalization intensity. We find that different commercialization strategies imply different liabilities of foreignness in the context of internationalization, leading us to distinguish between two types of liabilities of foreignness: LoF as an operator and LoF as a source. (For more information, please contact: Johan Bruneel, Imperial College, United Kingdom: j.bruneel@imperial.ac.uk)

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

Corporate Citizenship and Environmental Practices

Presented On: July 1, 2012 - 09:00-10:15

Chair: Carolyn P. Egri, Simon Fraser University

Antecedents and Performance Outcomes of Eco-Friendly Marketing Strategies in Global Hotel Chains: A Resource-based Perspective  
Constantinos N. Leonidou, Leeds University  
Leonidas C. Leonidou, University of Cyprus  
Thomas A. Fotiadis, University of Macedonia  
Bilge Aykol, Dokuz Eylul University
Notwithstanding the increasing public concern on environmental issues, extant empirical research has long ignored the influence of the natural environment in marketing strategy, especially within the international business domain and the services sector. By focusing on the resource-based view of the firm, we develop and test a model of the resources and capabilities as drivers of eco-friendly marketing strategies in the global hotel industry, as well as their performance consequences. Using a sample of 102 global hotel chains, the study revealed that financial (as opposed to physical and scale) resources are instrumental in the development of an eco-friendly marketing strategy. A positive effect was also confirmed between organizational learning, shared vision, and cross-functional coordination capabilities and eco-friendly marketing strategy. The latter was found to have a positive impact on the hotel chain's competitive advantage, which subsequently favourably influences both market and financial performance. (For more information, please contact: Constantinos N. Leonidou, Leeds University, United Kingdom: c.leonidou@leeds.ac.uk)

Participation of Global Companies in Local Environmental Initiatives: The Case of MNC-NGO Collaboration in Saving the Baltic Sea

Tiina Anna-Maria Ritvala, Aalto University School of Economics
Asta Salmi, Aalto University School of Economics
Per Andersson, Stockholm School of Economics

This paper aims at understanding the relationship dynamics between actors in cross-sector collaboration to solve complex environmental issues. In particular, we look at the relationship dynamics and activities between one multinational company (MNC) and one non-governmental organization (NGO) and at the network effects of this interaction. Cooperation context is formed by the efforts to improve the environmental state of the Baltic Sea. Our key aim is to analyze how the MNC's participation in the multi-stakeholder network reflects in its external and internal networks. Our empirical case illustrates the early network dynamics evident in the cross-sector collaboration. It shows that an initiative by the NGO to participate in environmental work was actively adopted within the MNC and led to network changes both internally and externally. Changes concerned both activation of potential, existing links and establishment of new links with new actors, such as authorities and research institutes. Our analysis illustrates the embeddedness of MNC networks, where local actions of the subsidiary overlap with and become strengthened by actions in the regional and global networks (the representatives of the head-quarters). (For more information, please contact: Tiina Anna-Maria Ritvala, Aalto University School of Economics, Finland: tiina.ritvala@aalto.fi)

Multinational Corporations and Citizenship Behavior: The Effects of Strategic Choices and National Institutions

KyungMi Lee, Hankuk University of Foreign Studies
TaeYoung Yoo, Hankuk University of Foreign Studies

This paper examines the effects of strategic choices and institutional environments of multinational corporations (MNCs) on their citizenship behavior in the host country. Our analysis of 199 MNCs in South Korea shows that strategic choices, such as ownership concentration and the motivation of internationalization, are closely related to the MNCs' general corporate citizenship behavior (CCB), while their institutional environments are not. Interestingly, however, MNCs' specific CCB such as corporate environmental activities is facilitated by their home countries' institutional conditions, even though they operate in the relatively lower level of institutional environments of the host country. Our finding suggests that MNCs' CCB in the host country is influenced by the extent to which they rely on the resources in the host country and the effectiveness of institutions they face regardless of host and home countries. (For more information, please contact: KyungMi Lee, Hankuk University of Foreign Studies, Korea, South: lennalee77@gmail.com)

The Effects of Responsiveness toward Customers and Competitors on ESR Programs: The Moderating Roles of Institutional Pressures

Badri Munir Sukoco, Airlangga University
Using market orientation perspective, this study addresses research questions as to the effects of customer- and competitor orientations on the organization of environmental social responsibility (ESR) programs. This study also examines under what conditions these orientations engender greater or lesser uptake on ESR programs. The results from a large-scale, cross-industry study show that being responsive toward customers and competitors leads organizations to adopt ESR programs. Results also indicate that governmental pressures serve as a moderator on these relationships. (For more information, please contact: Badri Munir Sukoco, Airlangga University, Indonesia: badri@feb.unair.ac.id)

**Session: 1.1.8 - Competitive**  
**Track: 5 - MNC Management and Organization**

**Growing Pains: Organizational Challenges within the MNE Subsidiary Networks**

**Presented On:** July 1, 2012 - 09:00-10:15

Chair: Birgitte Grogaard, University of Calgary

*Capability or Conflict: Manager and Employee Diversities in Foreign Subsidiaries*

Chang Hoon Oh, Simon Fraser University  
Hea-Jung Hyun, Kyung-Hee University

This study explores how the diversity in management teams and employee groups in foreign subsidiaries can affect subsidiary performance. By analyzing firm-level data on 770 South Korean subsidiaries across 45 countries in the period between 2005 and 2007, we found that subsidiary employee group diversity was positively associated with subsidiary performance, while no significant effect of management team diversity existed, suggesting that the benefits of high diversity are higher for simple computational tasks conducted by employee groups rather than monitoring, coordinative and innovative tasks conducted by management teams. The effect of the subsidiary management team and employee group diversities on subsidiary performance, however, may depend on the host country’s institutional and cultural boundary conditions. These findings have practical implications for multinational staffing strategies in order to ensure high performance in subsidiary and host country policies used to attract high quality foreign direct investments. (For more information, please contact: Chang Hoon Oh, Simon Fraser University, Canada: coh@brocku.ca)

*Subsidiaries and Functional Activities in Multinational Corporations: Diversity, Interdependence and Evolution*

Paz Estrella Tolentino, Birkbeck, University of London  
Odile E. M. Janne, University of London-Birkbeck  
Pi-Chi Chen, Birkbeck, University of London

Despite a substantial literature on the role, importance and management of subsidiaries and functions for the multinational corporation (MNC), there is still insufficient understanding of the links between the strategic needs of the firm and its organisational form. The paper addresses two key debates in the literature. The first concerns the continuing relevance, nature and evolution of the foreign subsidiary in relation to the more recent conceptualisation of the MNC's organisation as a differentiated network of activities. The second concerns the controversy on whether MNCs are moving (and converging) towards a 'new' complex organisational model. In our empirical research on American IT companies in Taiwan, we determine that a systemic approach to the integration-responsiveness (IR) framework is useful to investigate the links between subsidiary-level functional activities and subsidiaries' strategic roles, and how these interact and co-evolve over time to embody increased strategic and organizational complexity and challenges for modern MNCs. We establish that subsidiaries evolve towards more complexity in ways that are specific to their initial strategic position and functional level characteristics. Conversely, the evolution of functional units discriminates among strategy types of subsidiaries.
Congruence between Subsidiary Strategic Role and Relational Characteristics on Knowledge Development: Evidence from the UK KIBS Sector

Zhaleh Najafi Tavani, University of Leeds
Ghasem Zaefarian, University of Leeds
Peter Naude, University of Manchester
Stephan Henneberg, University of Manchester
Axèle Giroud, University of Manchester

Grounded in configuration theory and the network view of the firm, this research seeks to understand how the congruence of subsidiary’s strategic role and subsidiary-parent relational characteristics relate to knowledge development. Our configuration analysis, utilizing profile deviation for each subsidiary strategic role, used a sample of 184 foreign subsidiaries operating in knowledge intensive business services in the U.K. The results provide support for equifinality of alternative subsidiary strategic roles and indicate that the subsidiary’s internal ability to develop knowledge is greater when the underlying relational characteristics match those of ideal types for a given subsidiary strategic role. (For more information, please contact: Zhaleh Najafi Tavani, University of Leeds, United Kingdom: z.najafitavani@leeds.ac.uk)

The Interplay of Networking Activities and Internal Knowledge Actions for Subsidiary Influence within MNCs

Zhaleh Najafi Tavani, University of Leeds
Axèle Giroud, University of Manchester
Ulf Andersson, Copenhagen Business School

Building on resource dependency theory; this research investigates the joint impacts of subsidiary knowledge based actions (Reverse Knowledge Transfer (RKT) and knowledge development) and networking activities (internal and external embeddedness) on its strategic influence in the multinational corporation. The proposed model was tested with data on 184 foreign owned subsidiaries in the United Kingdom. The results indicate that the possession of strategic resources (knowledge or embedded relations) is not adequate for a subsidiary to increase its influence unless it is accompanied with RKT. (For more information, please contact: Zhaleh Najafi Tavani, University of Leeds, United Kingdom: z.najafitavani@leeds.ac.uk)

Session: 1.1.9 - Competitive
Track: 6 - Innovation and Knowledge Mgmt.

Knowledge at Home and Abroad: Who Knows What?

Presented On: July 1, 2012 - 09:00-10:15

Chair: Denise Dunlap, Northeastern University

How Do Cosmopolitan and Local Employees Influence Innovativeness of Foreign and Domestic Firms?

Annique Un, Northeastern University
Fernando Muñoz-Bullón, Universidad Carlos III de Madrid
Maria Sánchez-Bueno, Universidad Carlos III de Madrid

We analyze the effects of skills of employees on innovation of subsidiaries of foreign multinational enterprises (MNEs) and domestic firms competing in the same country. In contrast to previous studies that argue that subsidiaries of foreign MNEs suffer from a disadvantage or liability of foreignness in comparison to domestic
firms, we argue for an advantage of foreignness. We propose that skills of employees of subsidiaries of foreign MNEs have a larger positive effect on innovation than skills of employees in domestic firms. The reason is that being part of the foreign MNE, subsidiaries manage employees to be more cosmopolitan whereas domestic firms tend to manage employees to be more local. Although initially managed this way to facilitate better integration with the MNE, the more cosmopolitan employees of the subsidiaries of foreign MNEs are better at searching for and integrating diverse knowledge to generate innovations than employees of domestic firms.

Word count: 149  Key words: cosmopolitan, local, innovation, advantage of foreignness, multinational companies (For more information, please contact: Annique Un, Northeastern University, USA: a.un@neu.edu)

Foreign vs. Domestic: What Determines the Origin of Chinese Firms’ Inward Technology Licensing?
Ying Li, Technical University of Denmark
Yuandi Wang, Technical University of Denmark

The increasing prominence of cross-border technology sourcing urges us to ask a question: what factors and conditions may influence firms' decisions of sourcing technology domestically or internationally? Research on this topic is scattered in the literature but a comprehensive understanding of these factors and conditions on this issue is still lacking. The aim of this paper thus is to establish a comprehensive framework that integrates factors affecting a firm's propensity to make technology sourcing decisions regarding foreign or domestic origins of technologies. We identify four distinct categories of factors that are relevant in this respect: (1) technology supplier's characteristics; (2) technology seeker's characteristics; (3) features of technology itself; and (4) external contextual factors. We test our hypotheses based on Chinese firms' inward technology licensing. We found well-established incumbent firms that are export-, and high-tech-oriented with strong absorptive capacity are more likely to in-license foreign technology rather than domestic ones if the in-sourced technology is mature, the technology suppliers have strong desorative capacity, and the external knowledge environment is innovative. (For more information, please contact: Ying Li, Technical University of Denmark, Denmark: ying@business.dtu.dk)

Knowledge Sourcing and Knowledge Accumulation through General Purpose Technologies in Foreign Subsidiaries
Ranfeng Qiu, California State University San Bernardino

By studying the innovative activities of the U.S subsidiaries of large non-U.S firms from 1969-1995 based on patent counts and patent citations, this research suggests that internationalization of innovations of Multinational Corporations (MNCs) is closely linked to the development of General Purpose Technologies in foreign subsidiaries. GPTs make feasible the combination and recombination of technology from different domains on an international scale. Innovations in GPT fields help MNCs re-allocate competence-creating activities to at least some foreign subsidiaries which become the new "centers of excellence" to these firms. This internationalization allows MNCs to maximize the opportunities to develop new growth alternatives. Our study suggests that the development of technologies in GPT fields as peripheral technologies in a subsidiary is positively associated with the degree of technological diversification and the innovative capacity of that subsidiary, as well as the degree of geographical dispersion of MNC group innovative activities in the host country. Moreover, local specializations in non-primary GPT fields help increase the sectoral diversification of the innovation cluster in which the subsidiary is sited. (For more information, please contact: Ranfeng Qiu, California State University San Bernardino, USA: rqiu@csusb.edu)

Expansion of Vertical Integration as a Knowledge Accessing Strategy in the Face of Unfavorable Network Embeddedness and Absorptive Capacity
Florian Zock, University of Mannheim
Suleika Bort, University of Mannheim
Andreas Al-Laham, University of Mannheim
This paper examines the consequences of a firm's multi-level network embeddedness – its embeddedness in the ego-network, regional network, and whole global network – for its vertical integration strategy. In particular, we study how network partner configurations at these three levels of analysis influence a firm's tendency to expand its degree and breadth of vertical integration. In addition, we analyze moderating effect of absorptive capacity. Based on the knowledge-based view, we view the expansion of vertical integration as a firm's purposeful strategy to access knowledge in the light of unfavorable network partner configurations and absorptive capacity. We test this conceptual framework on a longitudinal event history data base of the entire German biotech population between 1996 and 2009. We fill a significant gap in the literature, as prior vertical integration research has largely neglected the global network perspective. Our results shed new light on the relevance of network linkages and absorptive capacity for the vertical value chain configuration of knowledge-intensive firms.

(For more information, please contact: Florian Zock, University of Mannheim, Germany: fzock@mail.uni-mannheim.de)

**Session: 1.1.10 - Competitive**
**Track: 1 - Institutions, Governance, and CSR**

**Intellectual Property Rights and International Business**

**Presented On:** July 1, 2012 - 09:00-10:15

Chair: April Michele Knill, Florida State University

*The Response of Inventors to IPR Reform*

Theodore A. Khoury, Portland State University
Alvaro Cuervo-Cazurra, Northeastern University
Luis Alfonso Dau, Northeastern University

We analyze the impact of intellectual property rights (IPR) reform on patenting in emerging economies. Building on the institutional view of the firm, we argue that IPR reform has a positive impact on both domestic and foreign patent applications because it increases the transparency, credibility, consistency, and ease of patenting for both types of inventors. However, we propose that a democratic political system reinforces the effect of IPR reform on foreign but not domestic patent applications, whereas a strong legal system heightens the impact of IPR reform on domestic but not foreign patent applications. The analyses of a panel of 501 patent applications in 18 countries from 1967-2009 provide support for these arguments. (For more information, please contact: Luis Alfonso Dau, Northeastern University, USA: l.dau@neu.edu)

*Measuring the Institutional System of Patent Protection and Enforcement: A New Index of 46 countries*

Nikolaos P. Papageoriadis, Bradford University School of Management
Adam R. Cross, University of Leeds

In this study we report an index that measures the strength of the Institutional System of Patent Rights Protection and Enforcement (ISP) for 46 developing and developed countries and for the years 1998-2007. The index is constructed following a new conceptual framework that is informed by institutional and transaction cost theory and includes measures for both the de jure (book law-related) and de facto (enforcement-related) components of the ISP. The new scores of national patent protection and enforcement strength are likely to be of use in quantitative investigation of a wide range of macroeconomic phenomena and in various disciplinary settings. (For more information, please contact: Nikolaos P. Papageoriadis, Bradford University School of Management, United Kingdom: n.papageoriadis1@bradford.ac.uk)
MNE Knowledge Diffusion and Intellectual Property Rights
Roger Smeets, Amsterdam Business School

We study the extent to which a country's strength of Intellectual Property Rights (IPR) protection moderates knowledge diffusion from multinationals (MNEs). Following the opposing views in the IPR debate, we propose a negative effect of IPR strength on horizontal knowledge diffusion, and a positive effect on vertical knowledge diffusion. Using a firm-level dataset of large, publicly traded firms in 21 developed countries, we find partial support for these expectations. Strong IPR indeed reduces horizontal knowledge diffusion, while it stimulates backward (to suppliers) knowledge diffusion. Somewhat unexpectedly however, we also find that forward (to customers) knowledge diffusion decreases with IPR strength. (For more information, please contact: Roger Smeets, Amsterdam Business School, Netherlands: r.smeets@uva.nl)

Session: 1.1.11 - Interactive
Track: 11 - SMEs and Entrepreneurship

Building Theory Through Case Study Research

Presented On: July 1, 2012 - 09:00-10:15

Chair: Ben Kedia, University of Memphis

Phases of Foreign Growth and Triggering Factors in the Internationalisation of Small Knowledge Intensive Firms (SKIFs)
Antonella Zucchella, University of Pavia
Diala Kabbara, University of Pavia

Small knowledge intensive firms (SKIFs) have demonstrated an early and fast internationalisation process, if compared to other firms. They may be thus considered a paradigmatic case for a better understanding of the dynamics over time of the internationalisation process in emerging industries (Bell, 1995; Bell, McNaughton, Young and Crick, 2004). Their internationalisation process is deeply embedded in their business model and in their growth path (Onetti et al., Zucchella, Kabbara, 2011). In order to attain a deeper understanding of the internationalisation process of SKIFs, its phases and its triggering factors, we analyse and interpret international growth by studying three different SKIFs belonging to different industries inside the knowledge intensive and science-based sector: software, laser and biotechnology. In framing our research project we build on different process based models that have studied the internationalisation process of international new ventures (Jones and Covielo, 2005; Johanson and Vahlne, 2009; Zucchella and Scabini, 2007; Gabrielsson et al., 2008). Findings show that the SKIFs growth and internationalisation are deeply intertwined and they may be analysed through a distinct series of phases, characterised by common triggering factors. The latter are mostly related to the firm capacity to access relevant networks and to develop strategic partnerships. (For more information, please contact: Antonella Zucchella, University of Pavia, Italy: antonella.zucchella@unipv.it)

The Impact of a High Level of International Commitment on SMEs
Igor Kalinic, University of Groningen
Cipriano Forza, University of Padova

A growing number of Small-Medium Enterprises (SMEs) face the international environment not only for market purposes but also for sourcing and producing at a lower cost. Due to their size, a high level of international commitment can have huge impacts on SMEs' structure and strategy. By analyzing five cases, we explore the organizational change that occurs within headquarters. It emerges that establishing a production unit abroad implies a continuous and radical change for the manufacturing SMEs, but provides them with organizational
Export Behavior of Brazilian Companies in the Ornamental Rock Sector: A Multiple Case Study Involving Organizational, Managerial and Environmental Factors

Ilan Avrichir, ESPM/SP
Gabriel Vouga Chueke, ESPM/SP

The goal of this paper is to investigate the influence of environmental, organizational and management of marketing strategies/export of companies in the ornamental stone sector in Brazil. We conducted a multiple case study with three mining companies, in different stages of internationalization, from Cachoeiro de Itapemirim region, the main hub of extraction and processing of granite of Espirito Santo state. We identified the factors that influence marketing/export strategies of the companies in this study. We analyzed the individual cases to achieve the intra-and inter-cases analysis. For that, we used the dimensions suggested by the literature review. After that, we compared the findings with other studies. We found that, when compared to international studies, there are similarities and differences in the analysis of marketing/export strategies determinants of Brazilians firms, belonging to the primary sector. Therefore, we recommend that more studies be conducted in emerging countries, in search for possible generalizations. (For more information, please contact: Ilan Avrichir, ESPM/SP, Brazil: iavrichir@espm.br)

Internationalization of Emerging Economies SMEs: Entrepreneurial DNA Inception

Rene Diaz-Pichardo, IPN-CIIDIR Unidad Oaxaca
Juan Arriaga-Muzquiz, Egade Business School
Elisa Cobas-Flores, Egade Business School

The internationalization process of SMEs in emerging economies has been recently studied. Despite the importance of internationalization of emerging economies SMEs for economic growth, its underlying factors are poorly understood. Although traditional models could be appropriate for Multi-National Corporations, they fail to explain the process of internationalization of emerging economy SMEs. The two major perspectives in research on SME internationalization are a sequential process, and a born global venture. However, these approaches do not explain an alternative way in the internationalization of emerging economies SMEs named as the entrepreneurial DNA inception that prepares SMEs to go abroad regardless of their origin or longevity. We use the experience of the EGADE's Business Accelerator through six case studies of Mexican SMEs in the aim to explore the process of internationalization. We conclude that business schools can contribute to this inception by creating a platform through which SMEs from emerging economies can reduce attitudinal barriers, create a vision of a sustainable operation in international markets, and receive entrepreneurial education and coaching in order to achieve competitiveness and international sustainable growth. (For more information, please contact: Rene Diaz-Pichardo, IPN-CIIDIR Unidad Oaxaca, Mexico: renediazp@hotmail.com)

Early Rapidly Internationalising Small Firms: A Case for Continuous International Entrepreneurial Opportunity Development

Shingairai Grace Masango, Sheffield Hallam University
Svetla Trifonova Marinova, Aalborg University

The potential for pronounced contributions within Early Rapidly Internationalising Small Firms (ERISFs) lie within the current efforts being made to delineate the domain of entrepreneurship as an independent field of enquiry by recognising the role of entrepreneurial opportunities. The paper contributes towards the debate surrounding the key concepts which should be adopted from entrepreneurship and developed within International Entrepreneurship. Within the paper International Entrepreneurial Opportunity Development (IEOpD) is conceptualised as the key concept defining the internationalisation of Early Rapidly Internationalising Small
Firms (ERISFs). The paper initially tracks the evolution of the key concepts which have been imported from the field of entrepreneurship and applied within International Business (IB). The paper then defines International Entrepreneurial Opportunity and International Entrepreneurial Opportunity Development (IEOpD). International Entrepreneurial Opportunity Development (IEOpD) is then modelled as a process which is directly linked to four main factors. The first three factors; the founder's prior experiences, the firm's network ties and the domestic market context act as the enablers, which make IEOpD possible. The firm's cross border formation activities are conceptualised as an outcome of IEOpD. The relationship between each IEOpD and each of these four factors is illustrated using four examples of early rapidly internationalising South African firms operating within the software and biotechnology sector. The paper concludes by positioning IEOpD as the key construct defining the internationalisation of the Early Rapidly Internationalising Small Firm (ERISF). (For more information, please contact: Shingairai Grace Masango, Sheffield Hallam University, United Kingdom: s.masango@shu.ac.uk)

Session: 1.1.12 - Interactive  
Track: 8 - Developing Country MNCs

Internationalization of Developing Economy Firms: Processes and Capabilities

Presented On: July 1, 2012 - 09:00-10:15

Chair: Masaaki Kotabe, Temple University

Dynamic Capability - Building in Emerging Market Firms (EMF): The Effects of Firm-Level Antecedents, Physical and Institutional Infrastructure on Lean Capabilities

Omar Malik, Crystal Jiang, Bryant University

In this study we develop and test a model of Emerging Market Firms’ (EMF) dynamic capability-building. Drawing on the dynamic capabilities view and institutional theory, we argue that firm-level, infrastructural, and institutional antecedents matter to EMFs' lean capability-building efforts. We tested hypotheses derived from our framework on a sample of 1,702 firms from Brazil, China, and India. Results show that human capital development and process management capabilities, at the firm-level, are associated with lean capability-building. At the country-level, physical and communication infrastructure significantly influenced EMFs’ lean capability-building efforts. At the institutional level, regulatory institutions had a negative effect on EMF lean capability building; however cognitive institutions positively influence firms' lean capabilities. In terms of normative institutions, uncertainty avoidance was positively associated with EMFs’ lean capability-building, while the interaction between power distance and human capital development had a negative impact on lean capabilities. Although, we find mixed support for our hypotheses, our results strongly suggest that infrastructural and institutional factors influence EMFs’ dynamic capability-building after controlling for firm characteristics. (For more information, please contact: Crystal Jiang, Bryant University, USA: cjiang1@bryant.edu)

Rags to Riches: Experiences of Emerging Market Firms

Tanvi Kothari, University of Wisconsin Oshkosh
Masaaki Kotabe, Temple University

One of the emerging phenomena of global competition is the increasing number of business innovations originating from emerging economies and spreading to developed nations. A predominant set of players, perhaps initiators of such innovations are the Emerging Market Firms (EMFs) who have survived in the rough institutional environments in their home turfs and are now participating in the global marketplace. The prominence of multinational firms from emerging markets has challenged our assumptions about the nature of
global competition and corresponding strategy. We use an inductive-approach to conduct historical-analysis of companies that originate from key emerging markets viz India and China. We examine how EMFs devise strategies to circumvent the institutional voids in their home markets and develop routines and key capabilities that lead to their competitive advantage when they transition to developed nations. Methodologically, the paper illustrates the usefulness of semantic network-analysis tools used to conduct a content analysis. We introduce a new concept - EMFs' ability to 'Lick the Dirt' suggesting that the disadvantages previously suffered from their home markets can become an advantage when EMFs venture overseas, especially to the developed nations. (For more information, please contact: Tanvi Kothari, University of Wisconsin Oshkosh, USA: kothari.t@gmail.com)

Internationalization of Brazilian Franchising Networks: Degree of Internationalization and Current Status
Livia Lopes Barakat, Fundação Dom Cabral
Sherban Leonardo Cretoiu, Fundação Dom Cabral
Mayara Ximenes Dalbem, Fundação Dom Cabral

Over the past decade, Brazilian companies have not only increased foreign direct investment but also the participation in international markets via franchising agreements due to the expansion opportunities offered globally, especially for those already adopting the strategy in the domestic market. An empirical study was conducted with 15 Brazilian franchise networks regarding foreign agreements in the last three years. By understanding the nature of their global activities we attempt to develop a measure of the degree of internationalization. Furthermore, we present a panorama of their internationalization in terms of current status, geographic dispersion and challenges faced when establishing foreign agreements. (For more information, please contact: Livia Lopes Barakat, Fundação Dom Cabral, Brazil: liviabarakat@fdc.org.br)

EMs' Subsidiaries Competences as a Result of the Interplay between Culture and Global Mindedness
Germano Glufke Reis, FGV/EAESP
Maria Tereza Fleury, Fundação Getúlio Vargas
Afonso Carlos Correa Fleury, University of São Paulo

This paper looks at companies from an emerging economy with a strongly rooted local culture (and its associated "managerial heritage") and asks what are the impacts of the development of a global mindedness. At one side, there are traits such as uthoritarianism, tendencies towards hierarchisation and over-control on subsidiaries; at the other, there is the emergence of global orientation, global knowledge, and global skills. Through a survey with major Brazilian Multinationals' (BrMNs) and a multilevel approach, this research investigates the influences of culture factors and global mindedness on the development of competences in their subsidiaries. The results suggest that the level of global mindedness of the firm is positively related to subsidiaries' competences development; culture factors, in turn, are negatively related to competences development. The development of some specific competences also had statistically significant results: organization, planning, marketing and sales, financial management, HR management, supply chain management, and customer relationships management competences. As the capacity of developing competences abroad may have an important role for BrMNs' international competitiveness, potential tensions regarding the interplay between culture and global mindedness are an issue that should be managed. (For more information, please contact: Germano Glufke Reis, FGV/EAESP, Brazil: germanoglufkerelis@yahoo.com.br)

Institutional Change, Strategic Orientation and Dynamic Capabilities: A Multilevel Perspective on Chinese Outward FDI
Ming Hua Li, Copenhagen Business School

The phenomenon of systematic institutional change in many developing countries can produce enduring transformations in the strategic orientation and organization of domestic firms. Such changes may impact the
formation of their dynamic capabilities and adaptive learning which can translate into visible differences in their internationalization strategies and pathways. Using China as an illustrative example of a transitioning economy experiencing upsurges in outward FDI, this study develops a theoretical framework to explain how institutional transformation at various levels of government led to different configurations of firm resources and dynamic capabilities for central and local Chinese SOEs. Specifically, propositions from this framework explore how such unique variations in firm-level attributes may lead to differences in outward foreign investment behavior. Combining insights from several research streams including the resource-based view, institutional and organizational theory frameworks, as well as the dynamic capabilities perspective, we suggest that institutional change in China serves a formative role in the development of firm strategic orientation and dynamic capabilities leading to different internationalization patterns for central and local SOEs. (For more information, please contact: Ming Hua Li, Copenhagen Business School, Denmark: mhl.int@cbs.dk)

Session: 1.1.13 - Interactive
Track: 9 - Cross-cultural Management and HRM
Perspectives on National Context

Presented On: July 1, 2012 - 09:00-10:15

Chair: Fabian Jintae Froese, Korea University

The Historical Baggage of Managers’ and Coworkers’ Homelands: The Preference of Other Nationals
Kyle D. Coble, Saint Louis University
Seung H. Kim, Saint Louis University

Given recent literature, the need to examine the effects of history in international business outcomes is a pressing concern, and one that has been largely overlooked. This paper attempts to address a small part of this concern, specifically on the individual level within IHRM, with an initial look at individuals’ preferences for managers and coworkers based solely on that individual’s home country history. An American sample was tested on perceptions of Chinese, Egyptian, German, Japanese and Mexican historical interactions with the USA, and on willingness to have a national from that country be a manager or coworker. Interactions were based on amity, animosity and perceived general knowledge, and results supported the hypotheses for amity and animosity, and gave mixed support to the influence of perceived general knowledge. (For more information, please contact: Kyle D. Coble, Saint Louis University, USA: kcoble@slu.edu)

Dynamics in the Indian Entrepreneurship Scene in Australia
Meena Chavan, Macquarie University

This resource based inter-generational study explores the propensity of Indian immigrants towards entrepreneurship in Australia. A qualitative approach is adopted through a structured observation/field survey methodology and results are reported through a multi-case study analysis of a sample from 152 entrepreneurs belonging to the first second and third generation of Indian immigrants who have been engaged in a survey and extensive face to face interviews. This study appraises the value of the shifting degree of accessible social capital and the emergent significance of human capital, as critical factors impacting immigrant Indians decision to be self-employed over generations. The paper explores the responses to the question: What factors most influenced your decision to be self employment? The following hypothesis will be tested: H1 There is a positive and significant relationship between the entrepreneurial choice and the social capital enjoyed by members of a common Indian immigrant group in Sydney. H2 Choice to become an entrepreneur has been negatively correlated with human capital. The research outcomes identify the predominant shift of recent Indian businesses towards human capital oriented business over generations and the increasing degree of ethnic social capital benefits prevailing over generations. (For more information, please contact: Meena Chavan, Macquarie University, Australia: meena.chavan@mq.edu.au)
Managers' Career Management and Career Advanced in China—The Moderating Effect of Mentoring
Meng-Hsiu Lee, National Sun Yat-Sen University
Ming-Chu Yu, National University of Tainan

In this constantly changing socioeconomic environment, the notion of the “new career” emphasizes the act of individuals to take charge of their own careers, and the crossover of occupational, departmental, and organizational boundaries during career progression. Simultaneously, organizational career management, such as expatriation, rotation and succession planning, is essential and serves as a prerequisite for a successful career. Moreover, hi-tech competitive companies have deployed critical offices in China, for instance, Microsoft and IBM build R&D center in China, which provides good opportunities for middle-level managers’ career advancement. The planning of individual career development is important for middle-level managers’ career advancement in the future and hi-tech firms execute mentoring system for expert professionals to guide and direct junior professionals. This research examines the relationship between career management and career advancement opportunity using the perspective of integrating mentorship of middle-level managers in China. (For more information, please contact: Meng-Hsiu Lee, National Sun Yat-Sen University, Taiwan: st873217@yahoo.com.tw)

Adoption of High Performance Work Systems by Local Subsidiaries of Developed Country and Turkish MNEs and Indigenous Firms in Turkey
Mehmet Demirbag, University of Sheffield
Ekrem Tatoglu, Bahcesehir University
Adrian Wilkinson, Griffith University

High performance work systems (HPWS) are seen as important in helping strengthen competitive strategies of multinational enterprises from developed countries (DC MNEs). Commensurate with global competitive pressures and internationalization strategies, emerging country MNEs (EC MNEs) and indigenous firms are also increasingly adopting HPWS. HPWS are not seen simply as performance enhancing systems, but also as facilitators of internationalization. MNE represents an important test bed for the HPWS and their applicability in different national contexts. In this paper, we contribute to the extant literature by focusing on HPWS adoption level within domestic subsidiaries of DC MNEs and EC MNEs along with stand alone indigenous firms in a single country setting by keeping the host country environment as constant for all three types of subsidiaries. (For more information, please contact: Mehmet Demirbag, University of Sheffield, United Kingdom: m.demirbag@sheffield.ac.uk)

The National Culture of Firm Ownership and Work Related Values in the Honduran Maquila Industry
Robert Dean Morrison, University of Texas-Pan American
Juan Angel Chavarria, University of Texas-Pan American
Claudia Patricia Dole, University of Texas-Pan American

This paper reports the preliminary findings on the relationship between the nationality of factory ownership, Chinese, Honduran, South Korean, US and Canadian, and the level of job satisfaction and organizational commitment in assembly for export factories, known as maquilas, in the San Pedro Sula metropolitan area of Honduras. Based on Hofstede’s cultural dimensions, Honduran culture is closer to that of China and South Korea than it is to that of the US and Canada. This study finds that significant differences do exist and these differences are the opposite of what the extant literature on cultural differences in the workplace might suggest; workers in US and Canadian factories reported higher levels of job satisfaction and organizational commitment. The levels reported by employees in Chinese and South Korean factories were similar and lower than those reported by employees in Honduran and North American factories. (For more information, please contact: Juan Angel Chavarria, University of Texas-Pan American, USA: jachavarria@utpa.edu)
Collaboration in MNE Networks

Presented On: July 1, 2012 - 09:00-10:15

Chair: Jeremy Clegg, University of Leeds

Coordination at the Edge of the Empire: The Delegation of Headquarters Functions through Regional Management Mandates

Eva Andrea Alfoldi, University of Manchester
Jeremy Clegg, University of Leeds
Sara McGaughey, University of Strathclyde

In this paper, we conceptualise the role of headquarters as a set of functions distributed across the multinational enterprise. Specifically, we investigate the phenomenon of delegating headquarters functions to local subsidiaries in the form of regional management mandates (RMMs), a new concept not addressed in prior research. Our work contributes to the literature by constructing a comprehensive typology of headquarters functions performed at various levels of the multinational enterprise and by developing propositions about the benefits and costs of using regional management mandates, drawing on different theoretical perspectives and an empirical case study. Our findings indicate that the use of regional management mandates offers several benefits for the MNE: a balance between integration and responsiveness at levels below the efficient scale for dedicated regional headquarters; the exploitation of local operational expertise and embeddedness on a regional level; and relieving headquarters of the burden of monitoring remote peripheral agents. At the same time, we also uncover risks and dangers associated with the use of regional management mandates. Our study develops a strong foundation for future research on the roles and functions of headquarters, and provides a novel perspective on how headquarters functions are enacted at the regional level. (For more information, please contact: Eva Andrea Alfoldi, University of Manchester, United Kingdom: eva.alfoldi@mbs.ac.uk)

Understanding Tacit Knowledge Transfer in Multinational Corporations: A Study in Chinese Business Cultural Context

Juana Du, Poly-technic Institute of New York University

This research discusses how national business culture influence tacit knowledge transfer in multinational corporations in Chinese cultural context. In particular, how Chinese cultural values are related to different resources and different ways of learning are discussed. It proves that the two cultural value dimensions—uncertainty avoidance and power distance—have significant effects on tacit knowledge transfer in different ways. Both low uncertainty avoidance and low power distance increase the ease and amount of communication, and facilitate tacit knowledge transfer in multinational corporations. The data approve that role in organizations, as an am important resource of external tacit knowledge learning, functions as the channel of external tacit knowledge transfer and flow storage. It is also found that internal learning and external learning are mutually dependent in multinational corporations. However, in the Chinese cultural context, internal source plays a more important role than external source, and internal learning of tacit knowledge takes place more easily than external learning. (For more information, please contact: Juana Du, Poly-technic Institute of New York University, USA: xunniedu@gmail.com)

A Marriage Metaphor Model for Sociocultural Integration in International Mergers and Acquisitions: A Critical Review and Integration of the Literature

Daniel Rottig, Florida Gulf Coast University
The purpose of this paper is to develop a marriage metaphor model for the sociocultural integration in international mergers and acquisitions (M&As) based on a critical review and integration of the literature on the topic. M&As are often referred to as "marriages" between organizations. Building on this metaphor, the forwarded model suggests that the sociocultural integration process consists of three interrelated phases: the dating, mating, and creating periods. Extant research focuses primarily on the pre-M&A contingency and post-M&A process periods, which correspond to the dating and creating phases, respectively, and treats these research streams in relative isolation. This paper attempts to integrate these streams of research in the contexts of both organizational and national cultures, and further sets out to shed light onto the third, under-researched closing period, which corresponds with the mating phase in the forwarded model. In so doing, this paper aspires to conceptualize a more encompassing and inclusive model in order to gain a better understanding about the sociocultural integration process in M&As. Practical and scholarly implications of this perspective are discussed. (For more information, please contact: Daniel Rottig, Florida Gulf Coast University, USA: drottig@fgcu.edu)

Clusters and Regional Management Structures of French Multinational Companies in Asia
Johannes Schaaper, Bordeaux Management School
Bruno Amann, University of Toulouse III
Jacques Jaussaud, University of Pau

Recent literature suggests that multinational companies (MNCs) pursue regional rather than global strategies. Regionalisation of MNCs has key implications for regional structures and organization. This contribution investigates the regional management centres that French MNCs set up in Asia, considering two research questions. First, do French MNCs divide Asia into clusters? Second, what kind of regional management structures French MNCs set up in Asia to fit their regional strategies? This study develops five hypotheses from prior literature and then tests them through interviews with 77 expatriated managers of subsidiaries of 47 French MNCs located in 10 Asian countries. One-third of the sample clusters the Asia-Pacific region into homogeneous sub-regions, where they locate regional management centres with important functions and roles. This regional strategy depends on the size of the MNC and its sales in Asia; production localisation does not influence regional strategies. Smaller MNCs, even if most of their sales occur in Asia, still centralise regional decisions and control procedures at headquarters. (For more information, please contact: Johannes Schaaper, Bordeaux Management School, France: jan.schaaper@bem.edu)

A Multilevel Investigation of Promoting Performance in Cross-National R&D Teams
Chung-Jen Wang, National Cheng Kung University
Chin Pin Li, National Cheng Kung University

Integrating leader-member exchange theory (LMX) and creativity research, we theorized about and demonstrated, through 2 multilevel field studies, the pivotal role of creativity in translating organizational unit support for LMX, team efficacy, and intrinsic motivation into job performance. Using structural equation modeling (SEM) and hierarchical linear modeling (HLM) analyses, we plan to collect cross-national samples based on 3-level data from members in different R&D teams within separate work units in the United States and Taiwan. First, this research will study the support (high LMX) from a higher organizational level (unit or branch), the effect of team-efficacy from a lower organizational level (team), and individual intrinsic motivation through the mediating role of individual creativity to job performance. Second, individual creativity mediated the interactive moderation effects of unit support (high LMX), team-efficacy and team member creativity on individual performance. Finally, we will discuss the research schedule and anticipated results of the transnational research. (For more information, please contact: Chung-Jen Wang, National Cheng Kung University, Taiwan: wchungzen@gmail.com)
**Corporate Social Responsibility in International Business I**

**Presented On:** July 1, 2012 - 09:00-10:15

Chair: Jiawen Yang, George Washington University

*Perceptions of Corporate Social Responsibility and the role of Psychic Distance*

Carri R. Tolmie, Saint Louis University

Extending our understanding of the effects of perceived psychic distance, this study contributes to the literature on corporate social responsibility from an international perspective. Building off cultural identity theory, we conjecture that the greater the psychic distance between countries, the greater the disparity between individual’s perceptions of corporate social responsibility and corporate social irresponsibility. The paper concludes by offering a proposal for data collection, inherent limitations of the study as well as ideas for future research. *(For more information, please contact: Carri R. Tolmie, Saint Louis University, USA: creisdor@slu.edu)*

*Adherence to Corporate Social Responsibility: The Impact of Social Dominance Orientation and Vertical Collectivism*

Daniel E. Martin, California State University, East Bay

While the impact of collectivism has been established in a wide range of business related outcomes, its impact on adherence to corporate social responsibility (CSR) has not been adequately studied at individual levels. Over the past decade, two dimensions of collectivism have been established with horizontal collectivism suggesting perceived equity across human groups, while vertical suggests a potential preference for maintaining in-group hegemony. Related to vertical collectivism, Social Dominance Orientation is anticipated to impact adherence to CSR as it has been shown to impact preference for socially redistributive policies. Business students are primed by coursework in economic and social inequality as outcomes of their efforts. While inequalities are part of the competitive nature of business school, CSR aims to address and integrate ethical responsibility in corporate behavior. 211 business students participated in a survey which supported the overall negative impact of vertical collectivism and social dominance on adherence to CSR. *(For more information, please contact: Daniel E. Martin, California State University, East Bay, USA: dmartin@alineagroup.com)*

*Is Corporate Social Responsibility a Strategic Choice? A Case Study of Korean and Japanese Electronic MNEs in Indonesia*

Young-Ryeol Park, Yonsei University

Sangcheol Song, Bryant University

Youjin Baik, Yonsei University

This study examines how multinational enterprises (MNEs) conduct their social responsibility (CSR) activities in developing countries. For a theoretical tool, we adopted Porter and Kramer's CSR framework which includes two generic types of CSR: responsive vs. strategic CSR. From an in-depth case study of two Korean and two Japanese electronic MNEs, we find that other country MNEs actively engage in strategic CSR more than responsive CSR to enhance their performance, while they do not attempt to mitigate harm from value chain. We also find that those MNEs involve in CSR activities for addressing environmental and educational issues in Indonesia. Theoretical and practical implications of this case study are also discussed. *(For more information, please contact: Young-Ryeol Park, Yonsei University, Korea, South: yrpark@yonsei.ac.kr)*
Do Socially Responsible Activities Help Firms Achieve Their Financial Goals? Evidence from China

Jie Zhang, China HuaRong Asset Management Corporation; Peking University
Chang Song, Renmin University of China
Jiawen Yang, George Washington University
Xiyou Liu, Audit Research Institute of China's National Audit Office

Corporate social responsibility (CSR) is a dramatically expanding area of activity for managers and academics. This study explores the question of whether socially responsible activities can help firms achieve their financial goals. The evolution of CSR in China offers a unique setting for studying the issues. Our results suggest that firm social responsibility performance (CSP) is relevant to corporate financial performance. Specifically, we found a significant, positive main effect of firm CSP on financial performance, which indicate that firms may actually benefit from socially responsible actions and a high level of CSR can lead to superior financial performance. Further, our evidence indicates that the relationship between corporate social performance and financial performance will be stronger in non-state owned firms, but little evidence in the state owned firms. The link between CSP and financial performance is robust to various specifications. (For more information, please contact: Jie Zhang, China HuaRong Asset Management Corporation; Peking University, China: jacqueline35@sina.com)

An Integrative Model of Corporate Social Responsibility in Multinational Enterprises

Leighton Robert Wilks, University of Calgary
Julie Rowney, University of Calgary

Corporate social responsibility (CSR) within multinational enterprises (MNEs) is now emerging as an important area of research. This paper reviews the current lenses through CSR in MNEs has been studied (stakeholder theory, institutional theory, the strategic implementation of CSR, and international management literature), and then proposes an integrative model of CSR using Rugman, Verbeke, and Yuan's (2010) reconceptualization of Bartlett & Ghoshal's (1986) classification of national subsidiary roles. The descriptive, normative, and prescriptive implications of this model are discussed with regard to both academics and practitioners. (For more information, please contact: Leighton Robert Wilks, University of Calgary, Canada: lrwilks@ucalgary.ca)

A Comparison of Ethical Decision-Making Between Chinese and American Managers: An Analysis Through the Lens of Linear/Nonlinear Thinking Style

Yongsun Paik, Loyola Marymount University
Kevin. S. Groves, Pepperdine University
Charles M. Vance, Loyola Marymount University

This paper presents an empirical study comparing thinking style and ethical decision-making patterns of 200 American and 204 Chinese managers. Contrary to our expectations, Chinese managers demonstrated a significantly greater linear thinking style compared to American managers, while the latter showed a significantly greater nonlinear thinking style. As hypothesized, Chinese and American managers with a balanced thinking style profile demonstrated greater ethical intent across a series of ethics vignettes compared to managers with predominantly linear or nonlinear thinking style profiles. Also as predicted, Chinese managers were more likely to adopt a utilitarian rationale for explaining their ethical intent across the vignettes compared to their American counterparts. We conclude with a discussion of the theoretical as well as important practical implications for this comparative study of American and Chinese managerial thinking style and ethical decision-making. (For more information, please contact: Yongsun Paik, Loyola Marymount University, USA: yspaik@lmu.edu)
Addressing the "What", "Why", "How" and "Who": Using an International Business Lens to Examine Corporate Social Responsibility - A Review of the Literature
Sashi C. Sekhar, University of Wisconsin - Milwaukee

This literature review addresses current debates in the general CSR literature by considering select international business studies that addresses CSR-related topics (IB/CSR). I highlight studies that embody four themes and discuss how they contribute to advancing general CSR debates. Themes include: definition and interpretation of CSR (what); antecedents and motivations for CSR (why); CSR strategies and outcomes (how); and implications of leadership for CSR (who). The study addresses gaps in the IB and CSR literature streams. Then, a summary along with methodological issues and suggestions for future research that promotes knowledge-building at the intersection of these relevant areas are offered. (For more information, please contact: Sashi C. Sekhar, University of Wisconsin - Milwaukee, USA: scsekhar@uwm.edu)

Stakeholder Participation in Corporate Governance
Dorothee Feils, University of Alberta
Manzur Rahman, University of San Diego
Florin Sabac, University of Alberta

Two main approaches to corporate governance are the shareholder model and the stakeholder model of corporate governance. In this paper, we link these models to formal and informal institutions. We develop a model of corporate governance that includes elements from both the shareholder and stakeholder model in the context of formal and informal institutions. We then discuss the corporate governance practices in the United States and Germany in light of our model. (For more information, please contact: Dorothee Feils, University of Alberta, Canada: dfeils@ualberta.ca)

Session: 1.2.P - Plenary
In Memory of John Stopford: His Intellectual Contributions to the Field of International Business (AIB Fellows Plenary)

Presented On: July 1, 2012 - 10:45-12:00
Chair: Alan M. Rugman, University of Reading

Panelists:
Louis T. Wells, Harvard Business School
Donald R. Lessard, MIT Sloan School of Management
D. Eleanor Westney, York University
Tarun Khanna, Harvard Business School
Julian Birkinshaw, London Business School
Jose de la Torre, Florida International University

(For more information, please contact: Alan M. Rugman, University of Reading, United Kingdom: a.rugman@henley.reading.ac.uk)
**Session: 1.3.P - Special Session**

**AIB Fellows Eminent Scholar Award Session: Honouring Professor Ikujiro Nonaka**

**Presented On:** July 1, 2012 - 13:00-14:15

Chair: Alan M. Rugman, University of Reading

*Significance of the AIB Fellows Eminent Scholar Award: Outsider Intellectual Influences on the Field of International Business*
  
  Alan M. Rugman, University of Reading

*Introduction of Professor Ikujiro Nonaka*
  
  Johny Johansson, Georgetown University

*What We can Learn from Japanese Business Practices: Past, Present and Future*
  
  Ikujiro Nonaka, Hitotsubashi University

*What We can Learn from Professor Ikujiro Nonaka: Past, Present and Future*
  
  D. Eleanor Westney, York University

(For more information, please contact: Alain Verbeke, University of Calgary, Canada: alain.verbeke@haskayne.ucalgary.ca)

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**Session: 1.3.1 - Special Session**

**UNCTAD WIR Panel I: Towards an International Policy Framework for Sustainable Development (IPFSD)**

**Presented On:** July 1, 2012 - 13:00-14:15

Chair: James Zhan, Division on Investment and Enterprise, UNCTAD

Discussant: Peter Buckley, University of Leeds

**Panelists:**

- James Zhan, Division on Investment and Enterprise, UNCTAD
- Hafiz Mirza, Division on Investment and Enterprise, UNCTAD
- Theodore Moran, Georgetown University
- Gabriele Suder, SKEMA Business School and ANUCES Fellow
- Rajneesh Narula, Reading University
- Raj Aggarwal, University of Akron
- Pavida Pananond, Thammasat Business School

Mobilizing investment and ensuring its positive contribution to sustainable development are important objectives for most countries. As a part of the World Investment Report 2012, to assist governments in this task, UNCTAD has developed a comprehensive set of policy guidelines entitled an Investment Policy Framework for Sustainable Development (IPFSD). It brings together UNCTAD’s many years of experience in designing balanced investment policies that are part and parcel of countries’ broader development strategies. The IPFSD consists of (1) a set of Core Principles for investment policymaking, (2) guidelines for national investment policies, and (3) options for designing international investment agreements (IIAs). It is a living document. With this in mind, the IPFSD will be discussed in this panel, first, to introduce the concept and content of the framework; secondly, to assess how it can be used as a basis for effective policymaking, especially in a period when both...
national and international policies are being reviewed by many countries; and, finally, to take on board views and ideas from the AIB as part of the process of evolving, elaborating and improving the IPFSD. (For more information, please contact: Hafiz Mirza, Division on Investment and Enterprise, UNCTAD, Switzerland: Hafiz.Mirza@unctad.org)

Session: 1.3.2 - Panel  
Track: 9 - Cross-cultural Management and HRM

**Complex Cross-Cultural Interaction: Building, Studying, and Learning from Relationships among Multiple Stakeholders**

**Presented On:** July 1, 2012 - 13:00-14:15

Chair: Mary Margaret Maloney, University of St. Thomas  
Co-Chair: Mary Elizabeth Zellmer-Bruhn, University of Minnesota

**Panelists:**  
Mary Margaret Maloney, University of St. Thomas  
Mary Elizabeth Zellmer-Bruhn, University of Minnesota  
Laura Grosso, Kids Connection Haiti  
Chris Peot, District of Columbia Water and Sewer Authority  
Dana McDaniel, California State University, Long Beach  
Mikael Søndergaard, University of Aarhus  
Davina Vora, SUNY New Paltz

Inspired by the AIB 2012 conference theme this interactive panel is designed to enhance our understanding of the relationships between people from business, government, and NGOs. In this panel we examine the micro aspects of inter-organizational relationships, as a reminder that business-government-NGO interactions ultimately take place between people and groups of people. We propose an innovative panel session designed to elicit lively interaction among panelists and AIB members, aiming to provoke thinking across disciplinary and institutional divides. We frame our inquiry and session using the "engaged scholarship perspective" (Van de Ven 2007) which proposes that solving complex problems requires researchers to communicate with and be informed by multiple stakeholders. To this end, our panel includes representatives from international business scholarship, and NGOs, public organizations. The panel will involve an interactive discussion including roundtable breakouts aimed at discovering important research problems about cross-boundary interpersonal relationships as well as novel theoretical perspectives and research designs to investigate these problems. In addition, we will build on the relationships developed in this session by connecting interested AIB members through social media, to share outcomes and encourage an ongoing dialogue among stakeholder groups. [194 Words] (For more information, please contact: Mary Margaret Maloney, University of St. Thomas, USA: mmmaloney@stthomas.edu)

Session: 1.3.3 - Panel  
Track: 7 - Emerging Economies

**Doing Business in Latin America**

**Presented On:** July 1, 2012 - 13:00-14:15

Chair: Luiz Ricardo Kabbach de Castro, Universitat Autonoma de Barcelona  
Co-Chair: Ruth Aguilera, University of Illinois at Urbana-Champaign  
Discussant: Alvaro Cuervo-Cazurra, Northeastern University
Panelists:
- Luiz Ricardo Kabbach de Castro, Universitat Autonoma de Barcelona
- Ruth Aguilera, University of Illinois at Urbana-Champaign
- Rafel Crespi-Cladera, Universitat de les Illes Balears
- William Newburry, Florida International University
- Susan Perkins, Northwestern University
- Armando Borda, Universidad ESAN/ Florida International University

Our panel seeks to discuss different topics on the Latin American business landscape. We start the panel by looking at Latin American research in the context of the international business literature. As Cuervo-Cazurra states, "International business research on Latin American firms is limited but growing," and although the literature is progressing rapidly, there are still areas that need further research. As such, we will pay special attention on firms' internal governance structures and how it may affect firm performance in countries where formal institutions are weak, and corporate elites play an important role on defining the "rules of the game." The panel will cover topics such as the nature of the corporate ownership structure in the seven largest Latin American economies aiming to understand by which means large shareholders take control of publicly listed firms (Kabbach-Castro, Aguilera, & Crespí-Cladera); how the ownership structure affect corporate governance institutional changes in Brazil (Perkins & Zajac); what are the structure, role and evolution of corporate networks in Argentina and Chile (Salvaj & Lluch); and finally, how business groups diversification and internationalization affects firm performance (Borda & Newburry). (For more information, please contact: Luiz Ricardo Kabbach de Castro, Universitat Autonoma de Barcelona, Spain: luisricardo.kabbach@uab.es)

Session: 1.3.4 - Competitive
Track: 7 - Emerging Economies

**Governance Mechanisms in Emerging Economies**

Presented On: July 1, 2012 - 13:00-14:15

Chair: Ilir Haxhi, University of Amsterdam

The Effect of Ownership Mode Commitment and Cultural Distance on the Extent of Parent Firms' Strategic Control over Subsidiaries
- Markus K. Hödl, WU Vienna
- Jonas F. Puck, WU Vienna
- Igor Filatotchev, WU Vienna
- Hans-Georg Wolff, University of Erlangen-Nuremberg

Previous studies often associated a specific type of ownership mode with the extent of strategic control a parent firm may have over a foreign subsidiary, suggesting that parent firms should have higher control over wholly-owned subsidiaries (WoS) than international joint ventures (IJVs). Building on multiple agency theory, we argue that high ownership mode commitment has a negative effect on the extent of control over the foreign subsidiary. In addition, we argue that cultural distance between the parent firm and the subsidiary moderates this relationship. We test our hypothesis against data from a sample of 156 foreign subsidiaries in the People's Republic of China (PRC) and find strong support for our argument. Our findings show that in WoS parent firms reduce their extent of strategic control, while in IJVs parent firms increase their extent of strategic control. Moreover, we find that extent of control over WoS (IJVs) declines (increases) when cultural distance increases. Our results have significant theoretical implications for international business (IB) research as they challenge existing views with regard to the relationship between ownership mode and control as well as the effect of cultural distance on the choice of ownership mode. (For more information, please contact: Markus K. Hödl, WU Vienna, Austria: markus.hoedl@wu.ac.at)

George O. White III, Old Dominion University
Thomas Weber, Old Dominion University
Junhou Zhang, Old Dominion University

This study provides new insights concerning how home country and firm-level factors influence wholly owned foreign subsidiary (WOFS) formal contracting practices in an emerging market environment. Our analysis of 175 WOFs operating in the Philippines suggest that parent home country uncertainty avoidance is positively related to WOFS utilization of formal contracts in governing interorganizational relationships. Our results also reveal that perceived judicial arbitrariness and, more importantly, the simultaneous presence of perceived judicial arbitrariness and resource protection diminishes the positive relationship between parent home country uncertainty avoidance and formal contract utilization. Implications and future research directions are discussed. (For more information, please contact: George O. White III, Old Dominion University, USA: gowhite@odu.edu)

The Institutional and Board Governance Characteristics of African IPO Firms with Long Term Foreign Partners

Bruce Allen Hearn, University of Sussex

The attraction of blue-chip listings in emerging stock markets is a major policy initiative common across much of the developing world. However in many cases local blue-chip firms are the result of foreign Multinational Enterprise (MNE) firms engaging with local indigenous partners to form an international joint venture (IJV). Using a unique hand-collected sample of 96 IPO firms from across Sub Saharan Africa (SSA) developing region which is characterised by considerable variation in state-level institutional quality I find evidence that minority outsider investors attracted to brand name IPO firms with early-stage long term foreign partners are more at risk of expropriation. In particular a combination of ineffective governance measures such as independent directors and committees that lack support in the SSA institutional environment, alongside dominance of foreign insider groups and weak informational environments, inhibiting revelation of potential expropriating behaviour by insiders infers this class of listing carries risks for investors. (For more information, please contact: Bruce Allen Hearn, University of Sussex, United Kingdom: b.a.hearn@sussex.ac.uk)

The Interaction Effects among the Three Pillars of Institutions on Cross-Border Ownership Strategies - Evidence from Emerging Economies

Mirko H. Benischke, University of Auckland
Siah H. Ang, University of Auckland
Jonathan P. Doh, Villanova University

This paper offers an alternative explanation of multinational corporations' cross-border governance strategies by examining the effect of the interrelationship among the three pillars of institutions on the adoption of cross-border alliances and acquisitions. Drawing on neo-institutional theory, we argue that the adoption of cross-border governance strategies is explained by the interaction between the cognitive perception of the taken-for-granted character of organizational practices in the host country and the normative and regulatory distance between home and host countries. Employing a sample of 960 cross-border alliances and acquisitions conducted by emerging economy firms between 1995 and 2008, we find that the mimetic adoption of cross-border governance strategies is contingent upon the regulatory distance between home and host countries. Our empirical results support our theoretical predictions, which emphasize the interaction effects among the three pillars of institutions on multinational behavior. (For more information, please contact: Mirko H. Benischke, University of Auckland, New Zealand: m.benischke@auckland.ac.nz)
Do Institutional Fields for Outward Foreign Direct Investment from Emerging Markets Matter? A Case for Theoretical Extension

Svetla Trifonova Marinova, Aalborg University
John Child, University of Birmingham
Marin Marinov, University of Gloucestershire

This paper examines institutional formation and institutional entrepreneurship relating to outward foreign direct investment (OFDI) in China and Russia since the beginning of their market-oriented economic reforms. It focuses on the stages of OFDI institutional development during these periods of major system change, with particular reference to both the processes and outcomes involved. In each country, the state and its agencies were the principal institutional entrepreneurs in developing the OFDI system. Consequently, the development of OFDI institutions depended heavily on the extent to which state policy was consistent in supporting their regulative, normative and cognitive pillars. The paper concludes by advancing theoretical propositions and an analytical framework which posits various consequences of political and economic continuity for OFDI institutional development, moderated by the level of institutional entrepreneurship coming from governmental and business sources. (For more information, please contact: Svetla Trifonova Marinova, Aalborg University, Denmark: svteta@business.aau.dk)

How Do Sub-National Institutional Constraints Impact Foreign Firm Performance?

Xiaoying Li, Brunel University
Laixiang Sun, SOAS, University of London

This paper examines the impact of sub-national institutions on the performance of foreign firms in China. Building on institutional theory, we envisage that the negative effect of sub-national institutional constraints is moderated by firm size and age, entry mode, and market orientation. Our hypotheses are tested on a large-firm-level dataset of about 29,000 foreign firms in 120 cities in China within the period of 1998-2005. We find that firm size and age both have a diminishing positive impact on foreign firm performance; moreover, there is a U-shaped relationship between firm age and foreign firm performance in cities with higher level institutional constraints. We also find that joint ventures help mitigate the negative impact of sub-national institutional constraints on foreign firm performance when the level of institutional constraints is higher. (For more information, please contact: Xiaoying Li, Brunel University, United Kingdom: xiaoying.li@brunel.ac.uk)

Multiple Roles of Multinational Corporations, Local Institutions and Indigenous Technological Efforts in an Emerging Economy

Zhenzhen Xie, Hong Kong University of Science and Technology

Getting engaged in competitive international markets motivates exporting firms to enhance their technological capabilities and invest in research and development (R&D). However, R&D investment is one of several ways to enhance technological capabilities. When there are other sources of knowledge available, exporters' tendency to invest in R&D may be weakened. In the paper, three other sources of knowledge are identified: 1) multinational corporations (MNC) as customers, 2) MNCs as parents, and 3) FDI in a local industry. An analysis on 5,595
automobile parts and components manufacturers in China during 2005-2007 supports the above argument. In order to compete in overseas markets, Chinese automobile parts and components manufacturers' tendency to invest in R&D initially increased as their export intensity is relatively low. When the export intensity exceeds a threshold, exporters acquire more advanced knowledge from their foreign customers, reducing their tendency to invest in R&D. When the exporters have foreign parents or the FDI intensity in the local industry is high, their tendency to invest in R&D stimulated by export is further reduced. Better intellectual property protection helps increase the likelihood of in-house R&D stimulated by export. (For more information, please contact: Zhenzhen Xie, Hong Kong University of Science and Technology, Hong Kong, SAR-PRC: xiezz@ust.hk)

**Sectoral Heterogeneity, Inward FDI, and Location Decisions in Sub-national Regions of a Host Country**

In Hyeock Lee, Western Kentucky University
Shige Makino, Chinese University of Hong Kong
Eunsuk Hong, SOAS, University of London

Built on the differences between service and manufacturing sectors, this study examines the general proposition that service and manufacturing MNEs have different motives for conducting FDI, and that these differences influence their final locations in the sub-national regions of a host country. Using a full population of inward FDI projects conducted by manufacturing and service MNEs across 234 sub-national regions in Korea between 2000 and 2004, this study finds evidence to support the proposition. In addition, it shows non-linear industry and home country effects between the manufacturing and service MNEs' location decisions and certain location-specific advantages in the sub-national regions. (For more information, please contact: Eunsuk Hong, SOAS, University of London, United Kingdom: e.hong@soas.ac.uk)

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**Session: 1.3.6 - Competitive**

**Track:  5 - MNC Management and Organization**

**Search Processes and Decision Making in International Business**

**Presented On:** July 1, 2012 - 13:00-14:15

Chair: Andreas Schotter, Thunderbird School of Global Management

**Subsidiary 'Non-Localized Search' and MNC Performance: The Role of Subsidiary Intra-Firm Knowledge Outflows**

Feng Zhang, St. Mary's University
Guohua Jiang, Temple University
John Cantwell, Rutgers University

While previous literature focused on firm-level new product introduction rate that is brought by firm-level non-localized search, this measure may not be able to generate in-depth insights of the effects of non-localized search on multinational corporations (MNCs) because of their geographically dispersed organizational structure. We argue that for large MNCs the pattern of intra-firm knowledge flows would offer further insights into the effects of geographically dispersed non-localized search on the MNC as a whole. By differentiating intra-firm knowledge outflows from a subsidiary to the headquarters (namely vertical outflows) and those to peer subsidiaries (namely horizontal outflows), we are able to show one of the mechanisms, through which the MNC with its spatial organizational structure could enjoy the benefits of non-localized search at a subsidiary-level. This study bridges organizational learning literature and MNC literature, and the findings have implications on knowledge management strategies of the MNC. (For more information, please contact: Feng Zhang, St. Mary's University, USA: fzhang@stmarytx.edu)
Understanding Location and Decision Making: A Context and Cognitions Perspective
James Nebus, Suffolk University
Kah Hin Chai, National University of Singapore

We develop a context based theory of location from a cognitive perspective. Context encompasses multiple dimensions of location, and decouples location from a particular level of analysis. We argue that current IB models of location and decision making suffer from the lack of a decision maker. When interacting with context, human decision makers introduce both positive and negative effects. Their biases in perception and cognitive limitations impede assessing context, which is ambiguous and uncertain. Instead of distance, our theory's antecedents are employees' context awareness and understanding. We explain five types of MNE context traps, unforeseen pitfalls due to context misjudgements. (For more information, please contact: James Nebus, Suffolk University, USA: jnebus@suffolk.edu)

Diversity and Founder Power in Global Start-Up Teams: Implications for Strategic Consensus
Patricio Raul Mori, Florida International University

Drawing on Attribution Theory, this paper argues that conditions at founding affect strategic consensus, and its evolution in Global Start ups. High Founder Power and Low Functional Diversity are hypothesized to produce a high level of Strategic consensus in Global Start up founding teams. Time is hypothesized to moderate the relationship between Functional Diversity and Strategic Consensus and also the relationship between Founder Power and Strategic Consensus as follows: for initial stages in the business cycle (Low amount of time from the Global Startup Initiation), the relationship between the Functional Diversity and Strategic Consensus of the Global Start Up Team is negative; however, for later stages in the business cycle (High amount of time from the Global Startup Initiation) the relationship between the Functional Diversity and Strategic Consensus in the Global Start up Team is positive. This moderation can give insights about contradictory findings on meta-analytic studies regarding a U and inverted U shape relationship between functional diversity and performance. Relative Experience and Relative Educational level of the most Powerful Founder in the Team are proposed as moderators of the relationship between Founder Power and Consensus. A model for Strategic Consensus in Global Start ups is proposed. (For more information, please contact: Patricio Raul Mori, Florida International University, USA: pmori001@fiu.edu)

Firm Search for External Knowledge: How Institutions Matter for Innovation Performance
Wolfgang Sofka, Tilburg University
Christoph Grimpe, Copenhagen Business School

The innovation performance of modern firms is increasingly determined by their ability to search and absorb external knowledge. However, after a certain threshold firms “oversearch” their environment and innovation performance declines. In this paper, we argue that prior literature has largely ignored the institutional context that provides or denies access to external knowledge at the country level. Combining institutional and knowledge search theory, we suggest that the market orientation of the institutional environment and the magnitude of institutional change influence when firms begin to experience the negative performance effects of oversearch. Based on a comprehensive sample of almost 8,000 firms from ten European countries, we find that institutions matter considerably for firms' search activity. Higher market orientation of institutions increases the effectiveness of firms' search for external knowledge while higher magnitudes of institutional change decrease it. Our results provide important insights for management on how to adapt search strategies to the institutional context. (For more information, please contact: Wolfgang Sofka, Tilburg University, Netherlands: w.e.j.sofka@uvt.nl)
Adoption of CSR Practices in Global Production Networks: An Embeddedness Perspective
Valentina Marano, University of South Carolina
Tatiana Kostova, University of South Carolina

We examine the diffusion of CSR practices within a firm's global production networks (GPNs). We do so by explaining a firm's decision to engage in CSR through the lenses of its GPN-related complex embeddedness, which reflects the patterns of focal firm's inter- and intra-firm ties, and the multiple institutional pressures the firm is exposed to through these ties. In the proposed conceptualization, a GPN spans multiple countries, and entails different types of economic ties between the focal firm and its business partners. These economic ties are interpreted both as channels through which resources and information can be accessed, and networks of meanings, in which focal firms are socialized into certain institutional arrangements, including CSR-related matters. We hypothesize that, as focal firms become increasingly involved in these networks, they develop understandings and views about appropriate courses of action concerning CSR. Based on longitudinal data on 861 U.S. corporations, our study finds support for our general model. Results indicate that firms' decisions to engage in CSR are influenced by the patterns of inter- and intra-firm ties within their GPNs, as well as by the multiple institutional pressures concerning CSR that they are exposed to through these ties. (For more information, please contact: Valentina Marano, University of South Carolina, USA: valentina.marano@gmail.com)

Behind the Variation of Corporate Social Responsibility Practices in Emerging Economies
Weichieh Su, University of Texas at Dallas
Mike Peng, University of Texas at Dallas
Weiqiang Tan, Hong Kong Baptist University
Yan-Leung Cheung, Hong Kong Baptist University

Why do firms respond to corporate social responsibility (CSR) differently across emerging economies? Drawing from the institution-based view and signaling theory, we propose that the variation of CSR practices in emerging economies can be explained by national culture and market reaction. Specifically, due to the deficiency of formal regulations on CSR, firms resort to societal norms to make decisions regarding social issues. Furthermore, because the availability of information varies in different capital markets, CSR may send different strengths of signal to investors and result in different degrees of market reactions. Based on a sample of firms from ten Asian emerging economies, we find that national culture is associated with CSR practices. We also find that the positive relationship between CSR practices and firm performance is stronger in less developed capital markets than in more developed capital markets. (For more information, please contact: Weichieh Su, University of Texas at Dallas, USA: weichieh.su@gmail.com)

Corporate Social Responsibility, Smoking Bans and Market Seeking FDI in the Tobacco Industry
Nigel Driffield, Aston University
Crotty Jo, Salford University
Chris Jones, Aston University
It is acknowledge that attempts by tobacco companies to legitimise its activity through CSR have largely failed. Stakeholders are not persuaded that tobacco is anything other than a ‘sinful’ industry. Thus in this paper, we set aside whether tobacco firms are either ‘good or bad’ and instead examine institutional influences on tobacco firms and the link between country level tobacco policy and firm level CSR. We do so by examining the relationship between smoking bans and the propensity of tobacco firms to engage in FDI. Using a firm level database of all tobacco firms, we employ the combined lenses of CSR and institution theory to show that smoking bans at home are an important institutional intervention, as they appear to reduce the propensity of FDI in developing countries. We subsequently examine the importance of a country not having any form of ban in terms of the attractiveness of that country for FDI by tobacco firms. In addition to linking poor sales to the desire of these firms to engage in FDI, We also show that a developing country is 50% more likely to attract tobacco FDI if it does not have a smoking ban. We also show that smoking bans at home are effective as institutional interventions in the industry, making FDI by firms to developing countries less likely. We finally suggest however that higher proportions of the global tobacco industry will be dominated by firms from countries without a smoking ban. (For more information, please contact: Nigel Driffield, Aston University, United Kingdom: n.l.driffield@aston.ac.uk)

**Stakeholder Capital and Performance in Tough Times**

Sinziana Dorobantu, University of Pennsylvania
Witold Henisz, University of Pennsylvania
Lite Nartey, University of South Carolina

Corporate operations, and in particular the operations of foreign companies, are increasingly contested and occasionally disrupted by opposition from political and social actors. We argue that stakeholder capital, which we define as the level of mutual recognition, understanding and trust established by the firm with its stakeholders, mitigates the adverse financial impact of these negative stakeholder events. Stakeholder capital preserves a firm's social license to operate during times when the firm's actions and operations are being challenged. The mechanism is two-fold: first, firms with higher levels of stakeholder capital are more likely to get the benefit of the doubt when they become the target of criticism, lowering the risk that stakeholders will rally against them; second, these firms are also more likely to see some of their stakeholders rise to defend their activities, thus increasing the likelihood that the companies will maintain their social license. In this way, investments in stakeholder capital can, like insurance, generate benefits or payoffs during adverse events. Using an event study, we evaluate the stock market impact of adverse events affecting 19 gold mining firms between 2000 and 2008 and show that firms with higher levels of stakeholder capital fare better financially during tough times. (For more information, please contact: Sinziana Dorobantu, University of Pennsylvania, USA: sdor@wharton.upenn.edu)

**Session: 1.3.8 - Competitive**
**Track: 3 - IB Theory, FDI, and Entry Mode**

**Adapting to Local Contexts**

**Presented On:** July 1, 2012 - 13:00-14:15

**Chair:** Markus David Taussig, National University of Singapore

**Inexperienced Firms and Foreign Operation Success**
Ricardo Gabriel Flores, University of New South Wales
Victoria Jordan-Jones, ASB/University of New South Wales

Despite high failure rates, many firms still daringly fight against the daunting odds by establishing foreign operations. Theory such as the Uppsala School, the OLI paradigm, and the Entrepreneurship stream seemingly
agree on the pivotal role of internal resources and capabilities in explaining internationalization success. Nonetheless, little is known about whether firms not possessing these robust internal resources and/or capabilities can be successful when establishing foreign operations, or how they might accomplish this significant challenge. This study addressed this issue by using a qualitative case study to explore how Ta Ann, a Malaysian based firm without any international experience, was able to successfully establish and expand its operations in Tasmania, Australia. Against the backdrop of theory and research focused on the role internal resources in enabling successful internationalization, our emergent findings suggest that resources and capabilities mobilized by often-overlooked local organizations (government organizations entrusted with the promotion of industrial and economic development) played a critical role in Ta Ann's success in Tasmania. Implications for internationalization frameworks, MNCs’ practitioners, and host government organizations linked to international investment in their jurisdiction are discussed. (For more information, please contact: Ricardo Gabriel Flores, University of New South Wales, Australia: r.flores@unsw.edu.au)

The Impact of Customer Interaction Uncertainty and Knowledge Deployment on the Internationalization of Service Firms

Christopher R. Meyer, Fairleigh Dickinson University
Bruce C. Skaggs, University of Massachusetts
Sudhir Nair, University of Victoria
David G. Cohen, University of Massachusetts

Uncertainty and its impact on production processes have proven to be a useful lens through which to examine how firms expand internationally. This paper utilizes this approach to suggest propositions for how service firms determine foreign entry modes based on the uncertainty that they face due to interactions with customers. In our model such uncertainty is countered by the deployment of knowledge in two primary forms: in processes/procedures or within workers themselves. We suggest that this deployment of knowledge subsequently impacts the choice of international entry mode that firms select. (For more information, please contact: Christopher R. Meyer, Fairleigh Dickinson University, USA: chrisrmeyer@mac.com)

The Relative Benefit of Local Knowledge Gathering and Information Deployment Efforts in Foreign versus Domestic Firms

Joerg Zimmermann, European Commission, JRC - IPTS

This study investigates the differential benefits of local information gathering and deployment efforts for foreign and domestic firms. I argue that foreigners must simultaneously handle the implications of their assets and liabilities compared to domestic counterparts. Firms that are able to internationalize have an additional deployment benefit within host markets, whereas the initial lack of embeddedness places foreigners at a relative disadvantage with regard to local information gathering activities. Early attempts by foreigners to reduce their lack of embeddedness through information gathering, however, generate an additional deployment benefit for these firms. I test the analytical framework using a broad set of foreign and domestic manufacturing firms competing in Spain. The framework contributes to the internationalization strategy literature by taking a fine-grained view of specific actions intended to cope with the organizational implications of foreigners' liabilities and assets simultaneously, and related changes over time. This perspective also adds new insight to the market adaptation literature by demonstrating that a changing market environment not only implies that firms' adaptation abilities are important for firm success in a new market environment but also makes important the relative competitiveness of each of its adaptation activities. (For more information, please contact: Joerg Zimmermann, European Commission, JRC - IPTS, Spain: jzi@gmx.de)
Manufacturer Responsiveness, Market Orientation, and Supply Chain Issues

Presented On: July 1, 2012 - 13:00-14:15

Chair: Panagiotis Ganotakis, Leeds University

Responsiveness across Markets: Evidence from Automobile Recalls
Kashef A. Majid, George Washington University

A primary portion of a firm's marketing orientation is its responsiveness which entails absorbing feedback from consumers and transferring it back throughout the organization in order to enhance the operations of the organization. Using product recalls within the auto industry of the United States and the United Kingdom we examine the affect of: institutional, product level, and firm level factors on a firm's responsiveness. Our findings indicate that the institutional environment, specifically the strength of regulations, can impact a firm's level of responsiveness. Further, we also find evidence that specific product designs and the scope of the firm's operations in a given market can have a significant influence on the responsiveness of the firm. (For more information, please contact: Kashef A. Majid, George Washington University, USA: kashef@gwmail.gwu.edu)

Market Orientation and Export Performance
Xinming He, Newcastle University
Keith D. Brouthers, North Carolina State University
Igor Filatotchev, WU Vienna

Market orientation has been shown to provide a valuable resource-based advantage in domestic markets, yet it is less clear how firms can benefit from this capability as they expand abroad. We develop and test theory to suggest that although MO capabilities can lead to improved export performance, the export channel a firm uses and the institutional distance between home and export market can affect the benefits derived. Using a sample of Chinese exporters we find that firms with stronger MO capabilities can improve export performance by using hierarchical export channels and by exporting to more institutionally distant markets where MO capabilities provide greater value. Thus this paper makes several important contributions to the literature by providing a better understanding of how firms can successfully deploy MO capabilities when exporting. (For more information, please contact: Keith D. Brouthers, North Carolina State University, USA: keith_brouthers@ncsu.edu)

International Specialization: A Bridge between Polar Views of Operating Flexibility and Location-Specific Commitment
Ingo Kleindienst, WHU
Christian Geisler Asmussen, Copenhagen Business School
Thomas Hutzschenreuter, WHU
Torben Pedersen, Copenhagen Business School

Whether and how international diversification and cross-border arbitrage affects firm performance remains one of the major unresolved research questions in the strategy and international business literatures. We propose that knowing how much a firm has internationally diversified tells us very little about performance implications, if we do not know, and do not ask, how the firm has diversified. Therefore, building on the two broad arguments of operating flexibility and location-specific commitment, we develop a theoretical framework that focuses on the extent to which a firm's international arbitrage strategy is characterized by specialization versus replication and argue that these different strategies may have differential impact on profitability and risk.
reduction. Developing a sophisticated measure of international specialization and using a unique panel data set of 92 German MNEs to test our hypotheses, we provide a novel perspective on the relationship between international arbitrage and firm performance. (For more information, please contact: Thomas Hutzschenreuter, WHU, Germany: th@whu.edu)

**Session: 1.3.10 - Competitive**  
**Track: 13 – Teaching IB**

**Bringing International Business to Life in the Classroom**

**Presented On:** July 1, 2012 - 13:00-14:15

Chair: Martyn Lawrence, Emerald Group Publishing

**Nestle Revisited: A Case Analysis**  
Patricia Ann Britton, St. Mary's University  
Zaida L. Martinez, St. Mary's University

This is a case study (the Case) that compares and contrasts the business principles of corporate social responsibility (CSR), sustainable development (SD), base of the pyramid (BOP) and conscious capitalism (CC) to assist a multinational infant formula manufacturer like Nestlé in evaluating whether and how to provide infant formula to very poor customers in HIV/AIDS ravaged South Africa. South Africa leads the world in HIV/AIDS infections. Mother-to-child transmission through breastfeeding is a primary infection pathway. World Health Organization (WHO) Guidelines recognize that switching to infant formula protects the infant from infection through feeding. An infant of a poor woman who is not infected with HIV/AIDS also bears substantial risk of illness and even death if the infant’s mother does not breastfeed and fails to properly sustain bottle feeding. The risk of feeding failure is high due to poverty, lack of education, scarcity of water and power shortages. The Case recounts the Nestlé infant formula boycott of the 1970’s. It then utilizes three hypothetical customers to demonstrate the competing ethical issues that face an infant formula manufacturer in South Africa. Students consider the impact of various scenarios on each of the hypothetical customers. (For more information, please contact: Patricia Ann Britton, St. Mary’s University, USA: pbritton1@stmarytx.edu)

**Supplementing, Updating, and Renewing the Relevance of IB Cases**  
James M. Hagen, Hamline University

The presentation demonstrates approaches to get the most out of the case study experience for International Business courses. With rapid changes in the international business environment, current material is important, and we examine ways to bring currency and relevance even to cases that are several years old. We draw on several actual published case examples, including "Majestica Hotel in Shanghai" and "Ben & Jerry's - Japan." In addition cases that are not specifically international can be used as a foundation on which international considerations can be layered. The session includes discussion and idea sharing, and it provides ideas and perspectives that can be used immediately to enhance international business teaching at the Undergraduate, MBA, and Executive Education levels. (For more information, please contact: James M. Hagen, Hamline University, USA: jhagen05@hamline.edu)

**Role-Playing in an International Business Game**  
Precha Thavikulwat, Towson University

A computer-assisted, Internet accessible, massively multiplayer game wherein players assume multiple simultaneous roles in the context of a global economy is sketched. The game addresses general management
and core international-business topics genotypically, without mathematical models, by re-creating the topics in the context of the game. Attendees at the conference are encouraged to bring an Internet-accessible Windows computer to experience playing the game. Steps demonstrating how the game is played are described, accompanied by selected screen shots. Benefits to students, instructors, administrators, and researchers are discussed. Research conducted with games of this kind should contribute to advancing international-business as a discipline in its own right. (For more information, please contact: Precha Thavikulwat, Towson University, USA: pthavikulwat@towson.edu)

**Using Economic Indicators to Explore National Business Climates: An Experiential Exercise**

Josh Bendickson, Louisiana State University  
Eric W. Liguori, California State University, Fresno

Here we present an experiential exercise for use in any Introductory International Business course. As part of their 2011 Open Data initiative, World Bank has publically made available a plethora of economic and financial indicators from around the globe. The data catalog includes over 7,000 indicators spanning over 200 countries. Using this newly available data, student teams are tasked with analyzing various macro- and micro-economic indicators for two countries. To present the information gathered, students then employ Google Site technology to create an interactive presentation of the data. The Google Sites format challenges students to think about creative ways to use technology, and provides a challenging yet reasonable medium by which the country level data can be presented. The World Bank data challenges students to identify what factors are most relevant, and familiarizes them with what is arguably the leading source of global economic indicator data. Ultimately, this exercise is useful in explaining varying global environments, country differences, cross-border trade and investment, global competition, and data interpretation. (For more information, please contact: Josh Bendickson, Louisiana State University, USA: jbendi2@lsu.edu)

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**Session: 1.3.11 - Interactive**  
**Track: 7 - Emerging Economies**

**The Effects of Institutional Development on FDI in Emerging Markets**

**Presented On:** July 1, 2012 - 13:00-14:15

Chair: Gladys Torres Baumgarten, Ramapo College of NJ

**State Capitalism and Clusters: The Case of Brazilian Shipbuilding**

Frank Latta DuBois, American University  
Marcos Andre Primo, Federal University of Pernambuco

The success of the BRIC countries in weathering the economic downturn of the 2007 – 2010 period has generated attention on initiatives that governments take to enhance the competitiveness of strategic industries and to encourage the development of supporting enterprises. State capitalism is an economic model that relies on the role of a strong central government to support chosen firms and industries with subsidies, tax benefits and other advantages to which non-favored firms or industries do not have access (Bremmer 2010). From an economic development perspective state capitalism is often used to redirect economic activity to underdeveloped regions (Wickham 2009, Chobanyan and Leigh 2006, Porter 2008). Using Porter's diamond factor model we analyze the development of an economic cluster focused around the shipbuilding industry in northeastern Brazil. We profile the investments and incentives that the government has made in this region with particular attention to the mechanisms and policy directives designed to support local involvement in cluster activity. We conclude with comments with regard to the applicability of this model to economic development activity in other country contexts. (For more information, please contact: Frank Latta DuBois, American University, USA: jetfrank@yahoo.com)
Firm Strategy in a Polarized Latin American Region
Fernando Robles, George Washington University

The recent financial crisis has exposed an increasingly polarized global economic order: stagnation in advanced developed economies and growth and rising affluence in emerging countries. Global polarization is shaping the regional order, in particular in Latin America. A group of economies, led by Brazil, is experiencing sustainable economic growth and strong domestic markets. A second group, led by Mexico, is stagnating economically and facing the challenges of violence and social instability unleashed by criminal organizations. The most remarkable feature of the polarization in Latin America is its rapid development—within the last five to seven years. Polarization creates structural economic and market differences in the two regional hubs. This paper explores the impact of regional polarization on macroeconomic performance, foreign direct investment, and global competitiveness of countries in the two hubs and speculates on how firm strategies may adjust to these different contexts. (For more information, please contact: Fernando Robles, George Washington University, USA: roblesf@gwu.edu)

Interdependent Behavior in Foreign Direct Investment: Japanese Auto-Parts Manufactures’ Entry into China
Hideyuki Takenouchi, Sophia University
Ichiro Takahashi, Jissen Women's University
Yasuhiro Saito, Tokyo International University

This paper examines the interdependent market entry decisions of Japanese auto-parts manufacturers in China. Based on neo-institutional theory, we hypothesize that mimetic behavior within the industry may take place. In addition, we set three moderator variables, experience effects, transaction group effects, and trading company effects. We used the multiple directories from 1987 to 2005 to create a panel data. Our analysis shows that Japanese auto-parts manufactures make an investment in China, influenced by competitors in the industry. More importantly, our findings suggest that Japanese auto-parts firms use both internal experience and external relations to deal with uncertainty in China market. (For more information, please contact: Hideyuki Takenouchi, Sophia University, Japan: takeno-h@sophia.ac.jp)

The Strategic Location of Regional Headquarters for Multinationals in Africa
John Manuel Luiz, University of Cape Town
Busi Radebe, Wits Business School

The study investigates the criteria used by multinational companies to identify the locations of their African regional headquarters (RHQs) and the importance that multinational companies assign to the respective regional offices. We find that multinationals do assign value to their RHQs but are always aiming to strike a balance between local responsiveness and global integration. The power of standardization and the introduction of relevant controls have allowed multinational companies to operate as a coherent unit in the different markets where they operate. The dominant criteria used by MNEs to choose their locations for RHQs in Africa are linked to the advantages of agglomeration and the accompanying economies of scale, and a sound institutional framework which provides a predictable business climate. Distance has become less important. (For more information, please contact: John Manuel Luiz, University of Cape Town, South Africa: john.luiz@gsb.uct.ac.za)

Examining the Effects of Political Ties and Level of Economic Development on the MNC’s Trade Activities: The Case of Transcontinental Countries
Alexey V. Semenov, Saint Louis University
Hadi Alhorr, Saint Louis University

This research examines directions of exports for firms located in transcontinental countries and explains what moderates these directions. Potential contributions of this paper is to extend Rugman’s work on regionalization
Determinants for Political Risk Insurance of Direct Investments in Emerging Markets
Omar Penna Moreira Filho, Fundação Getúlio Vargas
Richard Saito, Fundação Getúlio Vargas

This paper analyzes the main determinants for investors to enter into political risk insurance (PRI) for its direct investments as well as the rationale for exiting PRI by not renewing its policies. This paper contributes to the existing PRI literature by investigating how major drivers for PRI, such as, political risks, economic risks, sponsor capacity, instrument used to invest, investment horizon) determine PRI schemes by using a non-linear binary response variable model. A unique database of the Multilateral Investment Guarantee Agency (MIGA) from 1990 to 2010 containing information on 693 investments including its coverage for: convertibility risk insurance, expropriation risk insurance, war and civil disturbance risks. However, we find that 47% do not remain active until the original contracted tenor. In addition, financial institutions as guarantee holders use more debt proportionally more than equity as an investment instrument, and are largely insured within the EU. On the other hand, BRICs investors tend to mainly cover its investments in infrastructure. Empirical findings include that an increase in breach of contract and civil unrest risks is fully correlated with the renewal of the insurance policies as well as the increased risk perception of the host country. The policies seem to have a bring a unique combination of coverage: for instance, breach of contract and transfer risk are directly influenced by the breach of contract risk. Another preferred combination includes transfer risk and breach of contract are by civil unrest risks. (For more information, please contact: Omar Penna Moreira Filho, Fundação Getúlio Vargas, Brazil: opmf@terra.com.br)

Wal-mart's Dream of Conquering 'Cape to Cairo' Hits Snag in South Africa
Gladys Torres Baumgarten, Ramapo College of NJ

Reaction to FDI announcements – either by government officials or the public – may set the tone for the ultimate success (or failure) of a new market entry. This paper looks at the institutional environment in a developing market and investigates the polarizing voices that may arise when one of the world's largest [retailing] MNEs (U.S.-based, Wal-mart) announces its intent to enter a developing market (South Africa). The paper draws implications for [retailing] MNEs intent on entering developing markets and also identifies policy implications for developing host countries when facing pressures to protect domestic interests, while striving to attract FDI. (For more information, please contact: Gladys Torres Baumgarten, Ramapo College of NJ, USA: torresbaumgarten@gmail.com)

Session: 1.3.12 - Interactive
Track: 10 - Economics, Finance and Accounting

Financial Liberalization

Presented On: July 1, 2012 - 13:00-14:15

Chair: Amir Shoham, Temple

Sovereign Credit Default Swaps and Emerging Equity Markets
Mitchell Ratner, Rider University
Chih-Chieh Chiu, Rider University
Sovereign credit default swaps (CDS) provide financial insurance in the event of a default in government bonds. This paper examines the relationship between CDS spreads and equity returns in seven emerging markets including Brazil, Chile, Mexico, Korea, Malaysia, Thailand, and Turkey. Using dynamic conditional correlation (DCC), the findings indicate that the correlation structure in all markets is non-constant, negative, and demonstrates strong evidence of a contemporaneous relationship. Causality tests provide some evidence that CDS spreads lead stock returns in a limited number of countries, and stocks lead CDS spreads in only Chile. As a secondary contribution, this study identifies several global factors that significantly interact with the DCC estimates, including U.S. stocks, stock volatility, and the U.S. dollar. (For more information, please contact: Mitchell Ratner, Rider University, USA: ratner@rider.edu)

Liquidity and Performance of Initial Public Offers
Venkata Vijay Kumar Pasupuleti, IIM Indore
Vijay Kumar Gupta, IIM Indore

Study identifies the liquidity in secondary markets as the important characteristic of the Initial Public Offer (IPO) stocks influencing the performance in post listing period. The data of 246 IPOs floated in the Indian equity markets are considered for the analysis. With the help of ordinary least square regression tests, it's found that the liquidity explains 16-19 percent variance in short term and 11-17 percent variance in the long term performance. The liquidity has significant and consistent impact upon the short and long term performance of IPO stocks. Study recommends the consideration of liquidity variable for portfolio formation. (For more information, please contact: Venkata Vijay Kumar Pasupuleti, IIM Indore, India: f07venkatav@iimidr.ac.in)

Volatility Transmission from Mature to Middle East and North African Stock Markets
Akash Dania, Alcorn State University
John E. Spillan, University of North Carolina at Pembroke

The objective of this paper is to model the dynamics of volatility transmission from mature global stock markets of France, Germany, UK and the US to MENA (Middle East and North African) markets of Bahrain, Egypt, Jordan, Kuwait, Lebanon, Morocco, Oman, Qatar, Tunisia, and the United Arab Emirates. GARCH, TGARCH models of returns are estimated to determine evidence of volatility spillover from global mature markets to emerging or less mature markets of MENA region. We find evidence of different level of volatility spillover and leverage effect. This varying response to global stock market shocks reveals that MENA stock markets are not fully integrated with global economy. (For more information, please contact: Akash Dania, Alcorn State University, USA: adania@alcorn.edu)

A Comparative Analysis of the Implications of the Islamic Religion on Corporate Capital Structures of Firms in Emerging Countries
Joshua Shackman, Trident University
Theresa Gunn, Alfred University

In this study we examine the impact of the Muslim religion on firm capital structure. We compare financing patterns in Muslim versus non-Muslim countries using of 658 firms in 16 countries covering a period of seven years. We find no significant difference between Muslim and non-Muslim countries in terms of total debt ratios, which is contrary to theoretical predictions made in this study. However, we do find a significant difference in the choice of short-term versus long-term debt, with firms in Muslim countries showing a strong preference for short-term debt which is consistent with theoretical predictions. (For more information, please contact: Joshua Shackman, Trident University, USA: jshackman@tuiu.edu)
Shariah Governance in Islamic Financial Institutions: A Multi-Country Analysis
Hussain G. Rammal, University of South Australia
Lee D. Parker, University of South Australia

Since its official launch in the 1970's, Islamic financing has grown at a rapid rate. Today Islamic banks are operating in nearly all Muslim countries and many non-Muslim countries like India, Singapore, Thailand, United Kingdom and United States. Unlike conventional financing, Islamic financing prohibits the use of interest in commercial transactions. To ensure compliance of the religious requirements, Islamic financial institutions are required to utilise the services of Shariah (Islamic law) scholars. There has been limited research undertaken in the area of Shariah supervision in Islamic financing and this study makes a contribution by analysing the Shariah governance model followed by the Islamic financial institutions operating in Pakistan, and comparing it to other national models used in Bahrain, Indonesia, Iran and Malaysia. Using the New Institutional theory frame, the study reveals that there is a lack of consistency in the application of the governance model and the pre-existing structures that exist in each country has an impact on how the national models have evolved. The findings also show that there is evidence for mimetic and normative isomorphism in the sector which may lead to greater consistencies in Shariah application and governance in Islamic financial institutions across the countries in the future (For more information, please contact: Hussain G. Rammal, University of South Australia, Australia: hussain.rammal@unisa.edu.au)

Session: 1.3.13 - Interactive
Track: 6 - Innovation and Knowledge Mgmt.

How to Enhance Innovation Performance?

Presented On: July 1, 2012 - 13:00-14:15

Chair: John W Clarry, Rutgers University

Impact of Global New Product Development Practice on Innovation Learning and Project Performance
Jeen-Su Lim, University of Toledo
John H. Heinrichs, Wayne State University

With increased global competition and globalized market, firms are required to commit to not only product development but also globalization of innovation efforts to gain a competitive advantage in the turbulent competitive environment. This study develops and tests a conceptual model that captures the relationships among two global product development practices (globalized new product development team and global product design focus), two types of learning (individual learning and collective learning), and project performance. Managerial and theoretical implications are discussed. (For more information, please contact: Jeen-Su Lim, University of Toledo, USA: jlim@utnet.utoledo.edu)

Sonya H. Wen, Tamkang University
Jennifer H. Chen, Nanhua University

How does technological innovation impact the financial performance of technology-intensive firms? From the knowledge-based view, we hypothesized and tested a firm performance model determined by patent scale and scope. For illustrating whether or not performance effects exist and how patent impacts performance, we analyzed the test-results on multiple subsamples of 106 Fabless firms in Taiwan, during 1995 and 2007. The t-test results on mean-differences of multiple performance indicators support our hypothesis that active innovators in terms of patent scale and patenting frequency perform better than passive innovators. Using the panel data of the full versus patenting subsamples, we further compared the lagging direct and mediated
effects among scale and scope attributes of patent portfolio. The results show that patent scale generates stronger direct effects than patent scope; contrastingly patent scope requires mediators to impact performance, but rarely demonstrates any effect in the patenting-sample. In addition, our findings on stronger performance effects of the full-sample than the patenting-sample imply that patenting may not sustain performance impacts among active innovators. Such a contingent view of innovation strategy may contribute to specify the applicable conditions for a firm to enhance its competitive advantage via strategic fitness between multiple patenting strategies and performance targets. (For more information, please contact: Sonya H. Wen, Tamkang University, Taiwan: sonya.wen@gmail.com)

Breeding the Competition? How Innovation Performance Varies across Partnerships between Foreign and Local Firms in China

Simon C. Collinson, Reading University
Kamel Mellahi, University of Warwick
Cherif Guermat, University of the West of England

Our central premise in this paper is that the level of knowledge transfer and resulting innovation performance in partnerships between MNCs and foreign subsidiaries are profoundly linked to the type of the partnership. We compare changes in innovation outputs from competitive and cooperative partnerships established by foreign multinational firms in China. Our strongest finding is that output innovation, measured by both the quality and reliability of products and the range of products and services produced by the partnership, is positively and significantly related to competitive partnerships. Some kinds of process innovation are also improved by competitive partnerships. Cooperative partnerships by way of contrast are negatively associated with both product and process innovation. Moreover, we find a strong link between long-term partnerships and superior performance in process innovation outputs. This suggests that particular kinds of resource relatedness and "combinational potential" underlie particular kinds of innovative outputs in international partnerships. (For more information, please contact: Simon C. Collinson, Reading University, United Kingdom: s.collinson@reading.ac.uk)

How Does a Child Teach Herself and Her Parent? Subsidiary Technology Acquisition from Multiple Sources and MNC Performance

Akie Iriyama, State University of New York at Buffalo
Sean Tsuhsiang Hsu, University of Pittsburgh

This study seeks to address two related gaps in the literature on the subsidiary's role in the development of MNC technological competence. First, whereas previous studies suggest subsidiary technology acquisitions from different sources influence subsidiary technology performance, few empirical efforts are made to test this in an integrated empirical framework. Second, there are no studies to examine whether a subsidiary's technology acquisitions from multiple sources contribute to the technology performance of its home country headquarters. Using the unique survey data compiled by Taiwan's government, we construct a panel dataset of 1,971 Taiwanese MNCs during the period between 2003 and 2006, and we examine the impact of nine technology acquisition sources of MNC subsidiaries on technology performance of the subsidiaries and their headquarters. We reveal that Taiwanese MNC subsidiaries mainly rely on three out of the nine technology sources, i.e. (1) headquarters, (2) its own local R&D activity, and (3) inter-firm collaboration. Regressions suggest that all of the three channels have a positive impact on subsidiary technology performance. We also find that the effects are contingent on subsidiary governance structure and experience in the host country. Finally, we find that subsidiary technology acquisition from its local R&D activity contributes to its headquarters technology performance. Overall, the results suggest that subsidiary technology acquisitions contribute to MNC technology performance for limited types of sources and under limited conditions. The study complements the literature of MNC competence creation by showing comprehensive evidence of the role of subsidiaries in technology acquisitions. It also has an implication for managers that they should consider the important role of local R&D
R&D Offshoring and Complexity: Performance Implications in Clinical Trials
Metin Onal Vural, IE Business School

I analyze the effects of R&D offshoring using a dataset from clinical trials. Such project work is characterized by varying levels of complexity and requires supervision and management of the process by coordinating organizations. I analyze several dimensions of offshoring of clinical trial projects and I look at the extent to which complexity plays a role in managing relationships with partners and overseeing distributed tasks related to clinical trial processes. I find that internationalization, collocation and proportion of dispersion of project sites are all significant factors affecting the successful completion of clinical trials. Using a unique dataset that comprises 227 clinical trials including 4569 clinical trial sites between the years of 1981 and 2009, I examine the effects of offshoring, complexity, dispersion, and collocation on the performance of project work. Despite economic benefits offshoring seems to be detrimental to project performance in this area and complex trials perform worse. I discuss the implications of my findings for theories of innovation, knowledge management and project work in international settings. (For more information, please contact: Metin Onal Vural, IE Business School, Spain: onalv@yahoo.com)
In this paper, we study international joint venture (IJV) dissolution from a legitimacy perspective. We propose that there is a tension between external and internal institutional pressures: the external institutional pressure encourages MNCs to take an IJV form while the internal institutional pressure forces MNCs to use a wholly-owned subsidiary (WOS) as a means to do business in local markets. Changes in this tension will influence MNCs' ownership choice regarding their foreign subsidiaries. The external legitimacy of the MNC, which influences the value of the IJV form, impacts IJV dissolution. The internal legitimacy of the subsidiary implies the influence of the subsidiary on the MNC's decisions. We argue that the attitudes of MNCs and IJVs toward ownership change will be different, and in hence the IJVs' on MNCs' decisions will be important for IJV dissolution. We also discuss the moderating effects of dependence conditions of MNCs and IJVs. (For more information, please contact: Chong He, Chinese University of Hong Kong, Hong Kong, SAR-PRC: hechong@baf.msmail.cuhk.edu.hk)

The Link between Cultural Distance and Survival of IJVs - The Moderating Impact of Relative Equity Control from the Perspectives of Transaction Cost Theory and the Resource-based View

Michael Hunoldt, Friedrich Schiller University of Jena

Focusing on the influence of national cultural differences on IJV performance and the inconsistency of prior findings in this field of research this study offers a novel approach by focusing on the effects of differences in each cultural dimension of the Globe-study on IJV survival separately. Additionally, this study investigates the cultural distance-survival link in the interplay of TCE and RBV arguments to combine oppositional theoretical assumptions and reinterpret conflicting findings. The results of a sample of 456 IJVs in Europe reveal that different Globe-dimensions affect IJV survival oppositely. Finally, the results support that equity control inequality decreases both negative and positive effects of cultural distance on IJV survival. (For more information, please contact: Michael Hunoldt, Friedrich Schiller University of Jena, Germany: michael.hunoldt@uni-jena.de)

The Influence of MNC Type on Public-Private Joint Ventures and the Performance Implications of the Partner's Political Embeddedness

Bradley R. Skousen, University of Illinois at Urbana-Champaign

Firms engage in political behavior to align government policy and processes with the firm's strategic objectives. Joint ventures with state-owned enterprises, a form of political behavior, are a common instrument used by Multinational Corporations (MNCs) to achieve such objectives. A review of the literature indicates that public-private joint ventures and the political embeddedness of the partner firm's managers with government officials are understudied. This paper seeks to increase current understanding by developing the theoretical framework to predict and explain which MNC type (i.e., international, multi-domestic, global, or transnational) is more likely to enter into public-private joint ventures and the performance implications of such ventures based on the partner firm's political embeddedness. (For more information, please contact: Bradley R. Skousen, University of Illinois at Urbana-Champaign, USA: bradleyskousen@gmail.com)

Effects of Ownership, Importance, and Alternativeness of Resources on Practice Standardization

Jun Xia, West Virginia University
Marshall Shibing Jiang, Brock University
Sali Li, University of Wisconsin - Milwaukee
Preet Aulakh, York University

Departing from existing literature that examines product or service standardization focusing on relative advantage of multinational corporations (MNCs) in the global market, we explore the power characteristics of alliance partners to understand their practice standardization. Drawing on resource dependence theory, we argue that MNC ownership and the resource importance of the MNC to the local firm in their formed alliances
both drive MNCs? practice standardization. In contrast, a local firm with established relationships with other MNCs in the home country is able to maintain their autonomy and accordingly the focal MNC partner may adapt their practices. The data collected from 257 Fortune 500 U.S. companies supported our predictions. (For more information, please contact: Marshall Shiping Jiang, Brock University, Canada: mjiang@brocku.ca)

**Session: 1.3.15 - Interactive**
**Track: 1 - Institutions, Governance, and CSR**

**International Business in Developing Countries**

**Presented On:** July 1, 2012 - 13:00-14:15

Chair: John Raymond Dilyard, St. Francis College

**Social Entrepreneurship in BOP Countries**

Vladislav Maksimov, University of Miami
Yadong Luo, University of Miami
Stephanie Lu Wang, University of Miami

We extend the emerging BOP perspective by examining how firms in BOP countries contribute to social wealth despite the multitude of institutional hardship conditions they face. First, we argue that a firm's awareness of social problems that can be solved by forming entrepreneurial ventures helps the recognition of social entrepreneurial opportunities. We suggest that a firm's domestic market orientation and foreign ownership foster such awareness. Second, we assert that the possession of capabilities that help firms mitigate the influence of institutional hardship conditions improves the exploitation of identified opportunities. We suggest that young firm age and large firm size indicate different aspects of such capabilities. Third, we posit that a firm's social entrepreneurial awareness and hardship survival capabilities are mutually reinforcing in the pursuit of social outcomes. In a sample of 1577 firms in 11 BOP countries from Africa and Asia, we find support for these propositions. We draw important theoretical implications at the end. (For more information, please contact: Vladislav Maksimov, University of Miami, USA: vmaksimov@bus.miami.edu)

**Exploitation and Empowerment at the Base of the Pyramid**

Denis G. Arnold, University of North Carolina, Charlotte
Andrew Valentin, University of North Carolina, Charlotte

We begin this article by clarifying the scope of the Base of the Pyramid (BoP) and the poorest segments of consumers within the BoP: those living in extreme and moderate poverty as defined by the World Bank. Next, we utilize research in development economics and consumer behavior to characterize the vulnerability of the extreme and moderately poor. We go on to defend an account of kind of benefits that should be conceived when targeting those living on less than US$2.00 per day grounded in the capabilities approach developed by Amartya Sen and recently adopted by the United Nations Development Programme. We then link this approach to an account of the human rights obligations of MNCs, an approach explicitly endorsed by many MNCs operating at the base of the pyramid. Some scholars have argued that the poor may be wrongly exploited by MNCs targeting the BoP, but it is not clear from their analyses in what way offering a product or service to consumers is objectionable from a theoretical perspective. We provide a theoretical account of exploitation tied to human rights that explains why offering some products or services to the MEP may be properly regarded as wrongfully exploitative. We defend a model of serving the MEP grounded in the empowerment of the poor. We conclude by offering theoretical and practical insights regarding the alleviation of poverty via business ventures that target the MEP and sketch a decision model for assessing the legitimacy of BoP activities. (For more information, please contact: Denis G. Arnold, University of North Carolina, Charlotte, USA: denisarnold@uncc.edu)
Critiquing the BOP Meta-Narrative: Inquiry, Engagement and Intervention
Suparna Chatterjee, Xavier University

In this paper, I argue that the Bottom of the Pyramid (BOP) thesis is fast approaching the status of a meta-narrative (a grand synthesizing framework) by providing business practitioners and academe with a template for future research on poverty alleviation through market development. This paper does not advocate rejection of the idea of private sector involvement in poverty alleviation rather it calls for a reevaluation of the underlying concepts and themes that have been used to substantiate the BOP thesis. Subjecting the BOP meta-narrative to both conceptual and theoretical scrutiny will make it more sensitive to its own dislocations and breaks, and thereby opening it up to creative transformations. (For more information, please contact: Suparna Chatterjee, Xavier University, USA: chatterjees@xavier.edu)

Exploring Technology Diffusion in Base of Pyramid markets - Evidence from Solar Home Systems
Florian Täube, EBS Business School
Christian Friebe, EBS Business School/ Sustainable Business Institute
Paschen Flotow, Sustainable Business Institute

One of the key challenges energy access in emerging markets and developing countries is how to reach households and communities at the Base of the Pyramid (BoP) that will most probably not benefit from a grid connection in the medium and long term or that are connected to the grid, but suffer from regular blackouts. While policy makers and development agencies try to approach this issue with various programs some private sector organizations manage to deliver electricity on a market basis either as commercial or as social business. These organizations are successful as they offer unique combinations of products and services such as maintenance and finance. By analyzing the case of Solar Home Systems, this study is one of the first attempts to quantify four different Product Service Systems (PSS). More specifically, we investigated the preferences of decision-makers in this sector across several countries. We found Cash, Credit, Leasing and Fee for Service to be suitable under certain conditions. However, all PSS share that one year of maintenance or even more, as well as customer support in financing their new asset, are key to success. Moreover, it seems as if private sector companies are in principle able to deliver Solar Home Systems to households with an income of USD 1000 per year or more. (For more information, please contact: Florian Täube, EBS Business School, Germany: florian.taeube@ebs.edu)

Impact of Institutional Forces and Availability of Slack on Corporate Environmental Behaviour: Evidence from a Developing Country
Farida Saleem, FUIEMS, Foundation University
C. Gopinath, Suffolk University

In this study we evaluated the corporate environmental activities within the framework of institutional forces, availability of slack and taking a developing country as the field of study. This paper integrates the institutional approach and slack resource theory to develop a model and then tests this model in a developing country context. Data were collected through a questionnaire survey from managers operating in a variety of industries in Pakistan. Stepwise hierarchical linear regression was used for analysis. The results validate previous findings from both developed and developing countries. (For more information, please contact: Farida Saleem, FUIEMS, Foundation University, Pakistan: farida-saleem@hotmail.com)

Inclusive Economic Ecologies for Poverty Alleviation: Developing Inclusive Business Within Inclusive Markets
Raed Elaydi, Roosevelt University
Charles Harrison, University of Pennsylvania
Cláudio Boechat, Fundação Dom Cabral
The following discussion promotes an Inclusive Economic Ecology perspective for poverty alleviation. The symbiotic relationship between inclusive markets and inclusive businesses is the center for the Inclusive Economic Ecology perspective. This view employs public policy and firm level poverty alleviation strategies to create an ecosystem that supports poverty mitigation and economic growth. The promotion and support of inclusive markets in the Base of the Pyramid is a significant public policy agenda, although dependent on working with businesses that engage in inclusive practices. Public policy cannot independently create economic activity, however, it facilitates contexts (e.g., by supplying the legal frameworks that lend stability, fairness, and transparency to enterprise) that support inclusive business initiatives incorporating local producers and providers into their value chains. (For more information, please contact: Raed Elaydi, Roosevelt University, USA: relaydi@roosevelt.edu)

Session: 1.4.P - Panel
Track: 1 - Institutions, Governance, and CSR

*Showcase Panel on Managing the Shifting Public-Private Boundary in an Institutionally Heterogeneous World*

**Presented On:** July 1, 2012 - 14:30-15:45

Chair: Bennet A. Zelner, University of Maryland, College Park

*Panelists:*
- Bennet A. Zelner, University of Maryland, College Park
- Anita McGahan, University of Toronto
- Christos Pitelis, University of Cambridge
- Paul Vaaler, University of Minnesota
- Andrew Spicer, University of South Carolina
- Sandro Cabral, Universidade Federal da Bahia

Since the dawn of the capitalist era, beliefs and policies about the appropriate roles and responsibilities of public and private sector actors have fluctuated significantly. The laissez-faire ideals prominent before the Great Depression of the 1930s subsequently gave way to Keynesianism and other forms of interventionist economic policy. By the late 1970s, the pendulum had swung back in the other direction as influential actors promoted neoliberal ideals—policymaking principles celebrating market mechanisms as a response to the perceived failings of the state-centered model—that fostered the adoption of market-oriented policy reforms in numerous countries around the world. Another shift now appears afoot. Advocates of both public and private sector solutions to the most pressing strategic issues of our time recognize the inevitable interplay between public and private organizations in creating, allocating, and stewarding resources. In some instances, public and private sector actors have adopted roles and responsibilities that depart from existing norms. More generally, the global financial crisis has instigated intense public debate about a range of issues—financial regulation, executive compensation, government assistance to the banking sector—that revolve around the appropriate roles and responsibilities of public and private sector actors. In the this panel discussion, prominent scholars from the fields of International Business and Strategic Management will consider the implications of the shifting public/private boundary for business strategy and public policy. What opportunities do public and private sector actors perceive or create in the face of such major institutional change? What sorts of challenges do they overcome, and how? More generally, what are the relative abilities—and disabilities—of public and private sector organizations in generating, deploying, and stewarding different types of productive resources? (For more information, please contact: Bennet A. Zelner, University of Maryland, College Park, USA: bzelner@rhsmith.umd.edu)
Session: 1.4.1 - Special Session

*Entrepreneurship and Policy: Insights from the Global Entrepreneurship Monitor (GEM)*

**Presented On:** July 1, 2012 - 14:30-15:45

Chair: Donna Kelley, GEM USA Team Leader; Babson College  
Discussant: Jose Ernesto Amoros, GEM Chile Team Leader; Universidad del Desarrollo

*Introduction to Developing Economies*  
Silvia Torres Carbonell, GEM Argentina Team Leader; IAE Business School

*Latin America Region*  
Leonardo Veiga, GEM Uruguay Team Leader; Universidad de Montevideo

*BRICS Countries*  
Mike Herrington, GEM South Africa Team Leader; University of Cape Town

*Eastern Europe Region*  
Slavica Singer, GEM Croatia Team Leader; J.J. Strossmayer University

*Next 11 Countries*  
Roland Xavier, GEM Malaysia Team Leader; Universiti Tun Abdul Razak

With the Global Entrepreneurship Monitor, academics have the ability to examine this policy/entrepreneurship relationship across multiple economies. In 2011, its 13th year, GEM surveyed 54 economies around the world, including 24 at the middle stage of development. This session will explore the frequency and nature of entrepreneurship in four developing regions: Latin America, Africa, Eastern Europe and Southeast Asia. GEM team leaders from these regions will participate in a panel discussion about the nature of entrepreneurship in these regions and some key areas for research and entrepreneurship and the conditions that may impact this activity in the developing world.

The session will open with an introduction to entrepreneurship in the developing economies and why these regions are unique as a basis for entrepreneurship research. This will be followed by a brief presentation by each of the panelists on the environment for entrepreneurship in their regions and implications for policy and academic research. The discussant will make some key observations about research using GEM data and opportunities for future research studies in developing economies. The audience will then be asked to join the discussion. *(For more information, please contact: Donna Kelley, GEM USA Team Leader; Babson College, USA: dkelley@babson.edu)*

Session: 1.4.2 - Panel  
Track: 9 - Cross-cultural Management and HRM

*Diversity, East and West: A Profit and Non-Profit Perspective of Women in International Business*

**Presented On:** July 1, 2012 - 14:30-15:45

Chair: Gabriele Suder, SKEMA Business School and ANUCES Fellow  
Co-Chair: Janet Y. Murray, University of Missouri-St. Louis
Diversity, East and West: A profit and non-profit perspective of women in international business
Diane Poirier, American Red Cross
Yuko Kimura, Daiichi Sankyo Co., Ltd.
Carol Pino, Daiichi Sankyo, Inc.
Christine Grosse, Thunderbird

This panel will address the management of diversity and gender in profit and non-profit organizations. It will be based on a cross-cultural perspective, comparing East and West, with testimonies of U.S. and Japanese executives. (For more information, please contact: Janet Y. Murray, University of Missouri-St. Louis, USA: murrayjan@umsl.edu)

Session: 1.4.3 - Panel
Track: 3 - IB Theory, FDI, and Entry Mode

Internationalization of Services Firms: Issues and Opportunities

Presented On: July 1, 2012 - 14:30-15:45

Chair: Elizabeth L. Rose, Aalto University School of Economics

Internationalization of Services Firms: Issues and Opportunities
Elizabeth L. Rose, Aalto University School of Economics
Hussain G. Rammal, University of South Australia
Pervez N. Ghauri, King's College London
Hemant Merchant, USF – St. Pete
Viveca Sasi, Aalto University School of Economics
D. Eleanor Westney, York University

Although increasingly critical to global business, the internationalization of services remains under-researched, with academic work in the field of international business lagging behind practice. While the existing literature on internationalization on the service sector has tended to focus on entry modes, this panel session aims to further the discussion by addressing a range of issues influencing the ability of service-sector firms to access foreign markets and to manage across borders, in a variety of institutional environments and contexts. We define services broadly, to include the full spectrum: from pure services (e.g., consulting), which are highly intangible, to hard services, which share attributes with manufacturing processes, to services that are associated with products (e.g., after-sales service) and are provided by manufacturing-sector firms. This session will be highly interactive, and will emphasize the exchange of ideas among members of the panel and the audience. The free-flowing discussion will address issues including (but not limited to): internationalization of culturally-embedded services; replication of service quality in international markets; overlap between services and products; mutual recognition of service professionals' qualifications; challenges faced by small firms; services internationalization in emerging markets, and moving down the income pyramid; and challenges associated with undertaking research in this area. (For more information, please contact: Elizabeth L. Rose, Aalto University School of Economics, Finland: elizabeth.rose@aalto.fi)
Session: 1.4.4 - Competitive
Track: 8 - Developing Country MNCs

Theorizing Multinationals from Developing Economies

Presented On: July 1, 2012 - 14:30-15:45

Chair: Alan M. Rugman, University of Reading

The Genesis of Developing Country Based Multinationals

Peter Buckley, University of Leeds
Niron Hashai, The Hebrew University

This paper utilises the global system view model to evaluate the conditions under which the emergence of a new global system led by developing country based multinationals (DMNCs) would occur. More specifically, we examine how the effects of: a) upgraded technological capabilities of DMNCs; and b) increase in the domestic market size of developing countries, affect the competitiveness of developing country based firms versus advanced country based ones. The model shows that, even without possessing a competitive advantage in terms of technology or brands DMNCs from rapidly technology advancing or large enough countries, are likely to dominate the predicted global system. Advanced country based multinationals (AMNCs) are only likely to outcompete DMNCs in highly technologically intensive and highly differentiated product markets. (For more information, please contact: Niron Hashai, The Hebrew University, Israel: nironh@huji.ac.il)

No New Theory Needed to Study MNEs from Emerging Economies

Alain Verbeke, University of Calgary
Liena L. Kano, University of Calgary

The recent surge of emerging economy multinational enterprises (EMNEs) has prompted a debate on whether existing international business (IB) theory, i.e., internalization theory, can accommodate this phenomenon, or whether new theory is required to study EMNEs. Advocates for a new theory cite three alleged shortcomings of internalization theory. First is its MNE-centric nature and related inability to account for institutional differences between emerging and developed economies. Second is the EMNEs' lack of firm-specific advantages (FSAs), which makes it inappropriate to study these companies through a conceptual lens that assumes strong FSAs. Third is the EMNEs' unique set of motivations for internationalization. Our view is that these flawed contentions stem from an incomplete understanding of internalization theory. We demonstrate that EMNEs indeed possess FSAs, and that contemporary internalization theory is sufficient to address the complexity of EMNEs, including the impact of institutional specificities and the unique nature of EMNEs' FSAs and FDI motivations. (For more information, please contact: Alain Verbeke, University of Calgary, Canada: alain.verbeke@haskayne.ucalgary.ca)

Do We Need Different Frameworks to Explain Infant MNEs from Developing Countries?

Rajneesh Narula, Reading University

Applying extant IB theory, I argue that initial firm internationalisation is shaped by the interaction between its O assets and the L assets of its home location. I also contrast the modus operandi of developing country (DC) infant MNEs with those from advanced economies. The O assets of DC MNEs are largely constrained by home country influences. Advanced economy MNEs have a larger set of L assets to draw from, because of a variety of factors. Strategy and host countries play a greater role once past the infant stage. I evaluate how globalization influences the propensity of firms to internationalise. Successful firms will increasingly explore internationalisation, but there is also no reason to believe that this is likely to happen disproportionately from the developing countries. (For more information, please contact: Rajneesh Narula, Reading University, United Kingdom: r.narula@henley.reading.ac.uk)
Emerging Market Multinationals and the Theory of the Multinational Enterprise
Jean-Francois Hennart, Tilburg University; Queens University; Singapore Management University

Can the OLI model explain the pattern of foreign direct investments by emerging market multinationals (EMMs)? I argue that the OLI model suffers from one basic flaw insofar as it assumes that all country-specific advantages (CSAs) are properties of a country and freely available to all firms operating there. But some CSAs have owners, usually local firms, and these owners can derive significant gains from the monopoly control of these resources, which they can then use to bargain for or to purchase the firm-specific advantages (FSAs) they lack, and compete with FSA-rich MNEs in their own market, and then internationally. I present a model that shows when local CSA owners are likely to capture most of the gains of putting together FSA-CSA bundles on emerging country markets, and how this has led to foreign direct investments by EMMs. (For more information, please contact: Jean-Francois Hennart, Tilburg University; Queens University; Singapore Management University, Netherlands: j.f.hennart@uvt.nl)

Session: 1.4.5 - Competitive
Track: 1 - Institutions, Governance, and CSR

M&A and International Business

Presented On: July 1, 2012 - 14:30-15:45

Chair: Wenjie Chen, George Washington University

Getting by with a Little Help from My Friends: Does Political Affinity Lead to Lower M&A Premiums?
Olivier Bertrand, SKEMA Business School
Marie-Ann Betschinger, Higher School of Economics
Alexander M. Settles, National Research University Higher School of Economics

The role that foreign policy plays in cross-border merger and acquisition (M&A) activities is an understudied issue. Building on the fields of International Business and International Relations, we argue that political affinity between nation-states produces a positive environment for cross-border deals since political affinity may lead to cooperation between governments, easing the transactions of firms from each country. We further theorize that the bid premium effect can be accounted for in the top-down actions of these government executives in setting the business environment or bottom-up actions from stakeholders in order to block or facilitate the acquisition. Using a dataset of 925 cross-border deals for the period of 1990-2008, we find that political affinity between home (acquirer) and host (target) country leads to lower bid premiums. We also confirm that the relationship between political affinity and bid premiums is moderated by the level of democratic governance in the host country. Moreover, effects are heterogeneous across firms: the size of the acquiring firm and the size of the target firm attenuate the effect of political affinity on the acquisition premium. (For more information, please contact: Alexander M. Settles, National Research University Higher School of Economics, Russia: asettles@hse.ru)

Value Creation through Cross-Border Acquisitions by BRIC-Based Firms: An Institution-Based View
Yinuo Tang, University of Pittsburgh

Emerging markets are increasingly important in worldwide economy and by 2020, BRIC countries will contribute 49% of global economic growth. One effective international strategy for emerging markets to engage global expansion is through cross-border acquisitions. However, whether cross-border acquisitions could create value for acquirers remains unclear. This study uses a sample of 1002 cross-border acquisition deals in the time frame...
2001-2011 and examines whether cross-border acquisitions will create value for acquiring firms' shareholders and also examines the impact of institutional distance between acquiring firms' home countries and target firms' countries on such values. I find that acquiring targets from more advanced economies will create greater values for acquiring firms' shareholders. Instead of using resource-based view and industry-based view, this study employs an institution-based view to explain the mechanisms. Also, limitations and future research directions are discussed. (For more information, please contact: Yinuo Tang, University of Pittsburgh, USA: tangyn04@gmail.com)

Do Institutional Factors Still affect M&A Markets in Integrated Regions of the World?
Caterina Moschieri, IE Business School / Universidade Católica Portuguesa
Roberto Ragozzino, University of Texas at Dallas
Jose Manuel Campa, IESE

This paper raises the question of whether regional integration has increased the volume and improved the efficiency of the market for cross-border mergers and acquisitions. More precisely, using the European Union as the backdrop for our investigation, we examine whether the effects of country-level barriers to cross-border M&A have weakened as integration has developed, thereby creating a more fluid market for corporate resources. Overall, the results do not show convincing support for this idea, revealing that despite on-going integration efforts in the region, M&A activity still suffers from country-specific challenges. A number of implications of these findings are discussed. (For more information, please contact: Caterina Moschieri, IE Business School / Universidade Católica Portuguesa, Spain: caterina.moschieri@ie.edu)

Cross-Border Mergers and Domestic Wages: Integrating 'Postive Spillover Effects' and 'Negative Bargaining Effects'
Joseph Clougherty, University of Illinois at Urbana-Champaign and CEPR-London
Klaus Gugler, Vienna University of Economics and Business
Lars Sørgard, Norwegian School of Economics

Two literature camps exist concerning cross-border merger activity's impact on domestic wages: one focusing on positive-spillover-effects; the other focusing on negative-bargaining-effects. Motivated by scarce theoretical scholarship spanning these literatures, we nest both mechanisms in a single conceptual framework, and predict that 'spillover' ('bargaining') effects are more dominant under low (high) unionization rates and with inward (outward) cross-border merger activity. Employing comprehensive US industrial sector panel-data (1986-2001) on wages, unionization and mergers, we find support for our propositions as cross-border merger activity generates wage decreases when unionization rates are high and when cross-border merger activity is outward. (For more information, please contact: Joseph Clougherty, University of Illinois at Urbana-Champaign and CEPR-London, USA: jaclough@illinois.edu)
An MNE that diversifies by entering a new product area usually first invests in one start country and subsequently selects target countries in which to carry out an international rollout. We study 788 new product area international rollouts by 90 German MNEs and find that rollout speed is positively affected by how closely related the new product area is to the product areas in the firm’s overall, start country, and target country portfolios. We also find that geographic proximity between start and target country, as well as more already established firm activities in the target country help increase rollout speed. *(For more information, please contact: Thomas Hutzschenreuter, WHU, Germany: th@whu.edu)*

**Foreign Entry Timing and Survival: The S-curve Hypothesis**  
Jing’an Tang, Sacred Heart University

While competitive dynamics literatures suggest firms to enter a foreign market as pioneers to gain first mover advantages, agglomeration-based location studies, on the other hand, recommend them to enter a market where a critical mass of their peers is already located, that is, to be late movers in order to benefit from the agglomeration economies. Density dependence theory, however, advises being neither early nor late entrants, but being entrants in-between for survival advantages. To resolve this apparent paradox, we draw upon multiple theories to build a foreign entry and survival model to integrate these three entry positions. We argue that multiple forces interact with one another during the foreign entry process, resulting in an S-shaped curvilinear relationship between entry order and subsidiary survival. An empirical analysis of a sample of nearly 4,000 Japanese FDI entries in over 40 countries from 1985 to 2003 supports our model. *(For more information, please contact: Jing’an Tang, Sacred Heart University, USA: tangj3@sacredheart.edu)*

**Foreign Direct Investment: Domestic Alliance Experience as an Antecedent to International Expansion**  
Linda Rademaker, Tilburg University  
Xavier Martin, Tilburg University

This paper examines how collaboration with MNEs may induce knowledge spillovers that can be used as the foundation on which local firms can build their attempts to expand internationally. Using a sample of FDI in- and outflows into China and the United States in the period 1978-2010 we analyze the likelihood of international expansion of Chinese firms. We find a positive effect of joint venture experience on the propensity of Chinese firms to conduct FDI in the United States, with strong country effects. In addition, we find that domestic alliance experience influences the entry mode chosen upon internationalization. *(For more information, please contact: Linda Rademaker, Tilburg University, Netherlands: c.h.a.rademaker@uvt.nl)*

**Development and Validation of a Vertical and Horizontal Internationalization Metric**  
Edmund R. Thompson, University of Bath

The lack of valid and reliable measures of firm-level vertical and horizontal internationalization is impeding the development and testing of hypothesized relationships between these two different dimensions of internationalization and a range of important MNE characteristics, actions, and effects. Through a series of qualitative and quantitative studies using data collected from a total of 3,146 senior MNE executives, this paper develops and validates a scale to measure both vertical and horizontal internationalization. Subscales for each type of internationalization prove to be unidimensional, reliable, temporally stable, and to have predictive, cross-cultural, cross-sectoral, and discriminant validity. *(For more information, please contact: Edmund R. Thompson, University of Bath, United Kingdom: e.r.thompson@bath.ac.uk)*
Trust and Information Asymmetry in International Alliances

Presented On: July 1, 2012 - 14:30-15:45

Chair: Ilya Cuypers, Singapore Management University

Information Asymmetry and Partner Selection in International Alliances
Amol M. Joshi, University of Hawaii at Manoa
Nandini Lahiri, University of North Carolina at Chapel Hill

We extend prior research on intra-firm language barriers by investigating inter-firm language barriers in cross-border alliances. Integrating concepts from sociolinguistics and information economics, we posit that language barriers between potential partners exacerbate information asymmetries, while market signals of the commercial value of a partner's knowledge counteract these asymmetries. To test these ideas, we quantify language barriers using a distance measure of linguistic differences and we analyze data on semiconductor alliances during 1988-2001. Controlling for cultural, geographical, and technological distances, our empirical results suggest that firms overcome large language distances by relying on market signals of a prospective partner's level of disclosure, stock of knowledge, and degree of specialization. Stronger signals significantly dampen the negative impact of language distance on the chances of forming an alliance. (For more information, please contact: Amol M. Joshi, University of Hawaii at Manoa, USA: amol@hawaii.edu)

Home Country Effects on Trust in International Joint Ventures
Gokhan Ertug, Singapore Management University
Ilya Cuypers, Singapore Management University
Niels Noorderhaven, Tilburg University
Ben Bensaou, INSEAD

Trust is an important factor in interfirm relations. Interorganizational trust in cross-border relationships is likely to be influenced by both home and host country factors. Using data on 165 international IJVs, we show that the trust expressed in the other IJV parent company is influenced by the general propensity to trust in the focal firm's home country. Moreover, trustors also differentiate between the home countries of the partner parent firm. This second effect is mitigated by experience between the partners. (For more information, please contact: Gokhan Ertug, Singapore Management University, Singapore: gokhanertug@simu.edu.sg)

Coping with Low Trustworthiness in International Joint Ventures: The Moderating Effect of Performance Satisfaction
Linda Hy Hsieh, University of Birmingham
Suzana Braga Rodrigues, Erasmus University

This paper contributes to the ongoing scholarly debate on the links between trust, performance satisfaction and governance. It draws upon the multi-method analysis of a survey of 71 international joint ventures (IJVs) and 4 case studies of IJVs in Taiwan. The survey results show that the relationship between trust and ex post governance is moderated by performance satisfaction. The case studies corroborate and enrich the survey findings by illustrating that the trust-governance nexus is more complex than previous research has indicated. Low trustworthiness may not necessarily lead to the extensive application of ex post governance. The cases suggest that the decision to revise governance, through the intensification of existing controls or the devising of new ones, is primarily taken under conditions of performance dissatisfaction. When low trust is combined with
performance dissatisfaction, more radical measures of control become likely, such as revision of the contract or even the termination of the venture. (For more information, please contact: Linda Hy Hsieh, University of Birmingham, United Kingdom: h.hsieh@bham.ac.uk)

Knowledge, Trust and Pixie Dust: Understanding the Complexities of Trust in IJVs
Mikelle A. Calhoun, Georgia Southern University
Akhadian S. Harnowo, Georgia Southern University

A critical commodity in international joint ventures ("IJV") is knowledge. IJV success often hinges on internal knowledge transfer. However, trust is required for the freest flow of information and trust is more difficult across cultures. The first contribution of this paper concerns the problem of trust and knowledge balance in IJVs. Sometimes partners bring to the venture knowledge with a similar level of value – both high or both low. The knowledge value contributed is balanced. In other IJVs, one partner contributes knowledge with higher value than the other. This imbalance creates higher risk for the former and the latter has a greater need to be trusted to gain access to the knowledge. Trust becomes the commodity that facilitates full and complete internal transfer of knowledge. The second contribution of this paper concerns liability of foreignness ("LOF") that attaches to the partner who needs to build trust. That partner does not have complete knowledge of the other partner's market and culture, which hinders trust-building efforts. Analysis explains how LOF complicates the IJV trust problem and reveals LOF is a problem that does not always or only attach to the foreign firm in the IJV. (For more information, please contact: Mikelle A. Calhoun, Georgia Southern University, USA: prof.calhoun@gmail.com)

Session: 1.4.8 - Competitive
Track: 8 - Developing Country MNCs

Institutions, Institutional Change and Internationalization of Developing Economy Firms

Presented On: July 1, 2012 - 14:30-15:45

Chair: Aya Chacar, Florida International University

Business Groups, Internationalization and Institutional Change: Evidence from India
Vikas Kumar, University of Sydney
Tamara Stucchi, Copenhagen Business School
Sumit K. Kundu, Florida International University

Business group affiliation is an important determinant of firm economic performance in the context of emerging economies. However, relationship between business group affiliation and internationalization of firms remains unclear. In the context of internationalizing emerging economy firms, many of which are affiliates of larger business groups, the question of whether such an affiliation serves as a boon or bane in firm internationalization is one of critical importance. We argue that institutional changes play an important role in shaping the relationship between business group affiliation and the degree of internationalization. Our results, based on empirical analysis of Indian firm data, indicate a negative relationship between business group affiliation and the degree of internationalization during the initial period of major institutional change. In the latter period with greater institutional stability, the negative relationship fades away. Our findings imply that advantages of business group affiliation are location bound and do not easily confer to international operations. Also, business group firms are slower than unaffiliated firms to adapt to a new institutional environment in times of significant institutional changes. (For more information, please contact: Vikas Kumar, University of Sydney, Australia: vikas.kumar@sydney.edu.au)
Breaking Out of the Cage? How Institutional-based Critical Resources Drive Emerging-Economy Firms to Expand into Advanced Economies or Prevent them from Doing So
Kiattichai Kalasin, Mahidol University
Pierre Dussauge, HEC Paris

This study investigates the impact of critical resources on the international expansion of emerging market firms into advanced economies. We argue that institution-based critical resources prevent emerging-market firms (EM firms) from expanding into advanced economies. Institution-based critical resources are resources that firms develop to respond to a country's institutional environment. Firms frequently develop this type of resource to fill institutional voids in a country. The differences in the environmental conditions, institutional frameworks, and rules of the game between emerging markets and advanced economies make it more difficult for EM firms to transfer their institution-based critical resources to advanced economies, and in turn, encourage firms to improve their current paths and remain in their domestic markets or expand into other developing countries, where the institutional environments are similar to those of their home markets. To test our hypothesis, we examined 847 firms from sixteen emerging markets over a six-year period. We found strong support that institution-based critical resources of EM firms negatively correlate to the international expansion into advanced economies. (For more information, please contact: Kiattichai Kalasin, Mahidol University, Thailand: cmkiattichai@mahidol.ac.th)

Sub-National Institutional Heterogeneity and Outward FDI: From an Emerging Market to Developed Markets
Victor Zitian Chen, University of North Carolina; Columbia University
Jing Li, Simon Fraser University
Daniel M. Shapiro, Simon Fraser University

We investigate how sub-national institutional heterogeneity contributes to the rising investments of emerging market firms in developed markets. We argue that sub-national institutional heterogeneity in the home country may lead firms from different regions of the same country to adopt different international strategies. Theoretically, we propose a twofold positive effect of the development of market-supporting institutions a local firm's outward FDI into developed markets: one is direct; the other is through the mediation of firm-specific advantages. Our findings using a survey of 553 Chinese firms from 68 cities support the theory outlined. Contributions, implications and possible extensions are discussed. (For more information, please contact: Victor Zitian Chen, University of North Carolina; Columbia University, USA: emgp.editor@gmail.com)

The Role of Home Country Political Resources for Brazilian Multinational Companies
Karina Regina Vieira Bazuchi, Fundação Getúlio Vargas/FGV-EAESP
Suelen Zacharias, Fundação Getúlio Vargas/FGV-EAESP
Rodrigo Bandeira-de-Mello, Fundação Getúlio Vargas
Laurent Broering, Fundação Getúlio Vargas/FGV-EAESP
Maria Fernanda Arreola, Fundação Getúlio Vargas/FGV-EAESP

This paper aims to analyze the interaction between home country governments and Developing Country Multinational Companies (DCMCs). Draw on evidences from Brazilian political environment and Brazilian multinationals we investigate the mechanisms governments use to influence the internationalization process of domestic companies and firm's political strategic responses to shape the home country political institutional environment in which they operate. FDI outflows from developing countries need to be understood considering contextual factors such as high levels of government involvement (Wright, Filatotchev, Hoskisson & Peng, 2005). Our main findings support this idea and indicate that home country government uses a series of formal and informal mechanisms in order to drive the international expansion of DCMCs in both entry and consolidation phase. Moreover, DCMCs political behavior in home country political environment is an important strategy to develop political resources and obtain above average returns from governmental benefits. (For more
Session: 1.4.9 - Panel  
Track: 1 - Institutions, Governance, and CSR

**MNE Response to Organized Crime, War and Violent Conflict**

Presented On: July 1, 2012 - 14:30-15:45

Chair: Jennifer Oetzel, American University

**MNE Response to Organized Crime, War and Violent Conflict**

Jennifer Oetzel, American University  
Nathan Ashby, University of Texas at El Paso  
Li Dai, Loyola Marymount University  
Tim Fort, George Washington University  
Chang Hoon Oh, Simon Fraser University  
Miguel Ramos, University of Texas at El Paso  
Michelle Westermann-Behaylo, American University

The objective of this panel is to examine firm response to political conflict, war and organized crime across a variety of countries and institutional contexts. The papers presented will address issues such as: (1) how variations in violence and regional governance across a country are related to inward foreign investment, (2) when and whether multinational enterprises will exit a host country in anticipation of war, (3) how violent conflict affects multinational firms’ new foreign direct investments into a country and when and under what conditions firms might expand their investment despite the presence of conflict, and finally, (4) how firms learn whether and how to respond to violent conflict and whether to work with nontraditional partners when doing so. A key focus of the panel will be to discuss what response options are available to firms and how firms can learn from their experiences with complex risks. (For more information, please contact: Jennifer Oetzel, American University, USA: oetzelj@american.edu)

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Session: 1.4.10 - Panel  
Track: 13 – Teaching IB

**Internationalizing the Undergraduate Business Curriculum by Strengthening your International Business Programs**

Presented On: July 1, 2012 - 14:30-15:45

Chair: Nicholas Athanassiou, Northeastern University

Panelists:

Nicholas Athanassiou, Northeastern University  
Allan Bird, Northeastern University  
Kiyohiko Ito, University of Hawaii at Manoa  
Fernando Robles, George Washington University  
Jerman Rose, Washington State University

The panel will focus on different aspects of the international business curriculum and how these have had an impact on the broader undergraduate curriculum. First, presenters from four universities with long-established undergraduate international business programs will discuss how these influenced their entire undergraduate...
business program. Specifically, the participants will hear how one university developed a special curriculum for the Bachelor of Science in International Business program and how this has induced the internationalization of the core courses of the mainline undergraduate business degree. Another university will discuss why and how its entire undergraduate business program evolved to focus on international business. The third university's presentation focuses on how the international business component of its concentration is delivered entirely overseas in one semester. Finally, the fourth presentation discusses how college led study abroad programs initiated with the international business concentration subsequently were redesigned to become integral to the Global Learning Requirement that every business student must complete prior to graduation. The concluding part of the panel discussion will focus on the broader topic of different paths to a solid undergraduate international business program for a specific IB degree/concentration and beyond. Participants will receive detailed descriptions of each panel module. (For more information, please contact: Nicholas Athanassiou, Northeastern University, USA: n.athanassiou@neu.edu)

Session: 1.4.11 - Interactive
Track: 11 - SMEs and Entrepreneurship

Emerging Domains for International Entrepreneurship Scholars

Presented On: July 1, 2012 - 14:30-15:45

Chair: Tanvi Kothari, University of Wisconsin Oshkosh

Exploring and Conceptualizing the Internationalization Pathway of For-Profit Social Entrepreneurs
Igor Kalinic, University of Groningen
Maximiliaan Johannes Pater, University of Groningen

Although there is an emerging interest for social entrepreneurs, limited attention has been devoted to their approach to internationalization. The present study aims at exploring and conceptualizing the internationalization pathway of for-profit social entrepreneurs. By qualitatively analyzing three for-profit social enterprises, it emerges that traditional models of gradual and rapid internationalization have less explanatory power for for-profit social enterprises. By combining literature on social entrepreneurship and internationalization pathways, we argue that social entrepreneurs have a distinct pathway and their 'social' nature influences how this pathway takes form. The formulated propositions serve as a base to further examine and empirically investigate the phenomenon. (For more information, please contact: Igor Kalinic, University of Groningen, Netherlands: i.kalinic@rug.nl)

Born to Learn - Knowledge Exploration and Exploitation of 'Born Transnationals'
Joerg Freiling, University of Bremen
Mareike Schmidt, University of Bremen

The globalization process stimulates more and more start-ups entering international markets at their earliest convenience. Supported by modern IT and logistics systems, this option is available for many ventures that become more and more independent from their country-of-origin. For transnational companies, as heterarchical networks without typical internal hub structures and a high degree of responsiveness, this holds particularly true. This is the reason why this paper focuses the 'born transnational' type of international entrepreneurship. The question arises how international ventures achieve international competitiveness. This paper argues that the pace and the alignment of processes of external and internal learning are of utmost importance. Knowledge generation, absorption, integration, and company-wide transfer play a pivotal role in this regard. Insofar, the research question of the paper is: What are the factors that accelerate organizational learning of 'born transnationals'? Based on competence-based theory and a particular model of organizational learning, the paper
presents research propositions on the learning process of 'born transnationals'. *(For more information, please contact: Joerg Freiling, University of Bremen, Germany: freiling@uni-bremen.de)*

**The Influence of Institutions in Founder-CEO Retention: IPO Firms in a Developing Country Context**

Bruce Allen Hearn, University of Sussex
Jenifer Piesse, Kings College London and University of Bournemouth

While there are considerable advantages for firms in the early stages of their lifecycles in having their entrepreneurial founders in leading CEO position these change during the initial primary offering (IPO) process and attraction of new minority outsider investors. As such the new firm-level corporate governance mechanisms as well as larger state-level institutional characteristics exert considerable influence in governance, incentive alignment and reduction of agency between entrepreneurial founder CEO and new outsider shareholders. Using a unique hand-collected sample of 97 IPO firms from across 18 Sub Saharan African (SSA) stock markets we find evidence that IPO firms are more likely to have founders as CEO with boards characterised by fewer foreign directors, fewer nonexecutives and greater proportions of these being independent and less ownership by nonexecutives. Additionally lower government effectiveness and weaker rule of law are associated with founding entrepreneur being retained as CEO while the opposite is true of informational environment quality, including corruption control and unrestricted media *(For more information, please contact: Bruce Allen Hearn, University of Sussex, United Kingdom: b.a.hearn@sussex.ac.uk)*

**Engaging Diasporas as International Entrepreneurs in Developing Countries: In Search of Determinants**

Jean Marie Nkongolo, University of Regina
Elie Virgile Chrysostome, State University of New York - Plattsburgh

Diaspora phenomenon is increasingly recognized by practitioners and scholars as an important factor of development in developing economies. Diaspora members send remittances, constitute an important source of foreign direct investments and improve managerial capabilities in these economies. Although the literature is glutted with examples of the impact of diaspora on fostering entrepreneurship and reducing poverty, a theoretical foundation and framework are needed to explain these impacts. This study explores the theoretical foundation of the diaspora's benefits in the context of international business and entrepreneurship. A framework identifying the determinants of the diaspora's benefits in the country of origin is developed. *(For more information, please contact: Elie Virgile Chrysostome, State University of New York - Plattsburgh, USA: elie.chrysostome@plattsburgh.edu)*

**Emerging Economies New Ventures Internationalization Strategy: Firm's Readiness VS Founder's Willingness**

Watcharaphong Leartsurawat, Florida International University

This study proposes a synergetic conceptual framework on the internationalization strategy of emerging economies new ventures based on the integration of strategy tripod and the person-environment fit concepts. The proposed integrative framework suggests that emerging economy new ventures decisions on their internationalization strategy are influenced from both their firm's internationalization capabilities and their founder's psychological international suitability. Bringing into play psychological work preferences, resource-based view, knowledge-based view, industry-based view, institutional theory and emerging economies setting, this study contributes to the international business field in two ways. First, it contributes to the literature a new venture from developing countries internationalization strategy research. Second, the proposed integrative framework explains how founder's psychological work preferences influence emerging economies new ventures' internationalization strategy, in addition to firm specific resources, industry based competitions, and institutional environments. *(For more information, please contact: Watcharaphong Leartsurawat, Florida International University, USA: wlear001@fiu.edu)*
Dynamics of Differentiation in International Business Research: A Relational Cluster Perspective
Stephan Manning, University of Massachusetts Boston
Werner Kunz, University of Massachusetts Boston

This study develops a relational cluster perspective on the evolution and differentiation of the international business research field. We show how over time distinct clusters of IB research have emerged and positioned themselves vis-à-vis each other thereby constituting and expanding the scope of IB as a research field along multiple dimensions. Based on a co-citation analysis of articles published in the Journal of International Business Studies (JIBS) from 1978 to 2011, we identify 19 distinct clusters of research which constitute the scope of IB research today. We find that the clusters are positioned within a space that is constituted by three dimensions: (1) issues of going abroad vs. operating across countries; (2) governance vs. location issues, (3) strategic decision-making vs. operational challenges and capabilities. Over time, IB research has shifted and expanded from a focus on governance and strategic decision-making to incorporate location and operational issues. Our findings have important implications for the IB research agenda and for a better understanding of the evolution and differentiation of research fields and the role research clusters and their relational positioning play in this process. (For more information, please contact: Stephan Manning, University of Massachusetts Boston, USA: stephan.manning@umb.edu)

Looking for the Nature of the Internationalization Performance Relationship: A Neuronal Network Approach
Hannah Noriko Richta, University of Mainz
Jan Gutenberger, EBS Business School
Michael-Jörg Oesterle, University of Stuttgart

Over the last four decades the impact of firms' internationalization on their performance has remained one of the key questions in international business research. Although extensive research has been conducted to understand this relationship, the results have been inconclusive. One reason for this is that there are several theoretical arguments for positive as well as negative relationships. Various shapes of the internationalization-performance (IP) relationship seem reasonable depending on the arguments a researcher chooses and the weight a researcher assigns to each argument. Against this background, this paper does not investigate the nature of the IP relationship by theorizing and model building but by using a relatively new artificial neuronal networks (ANN) approach. The application of ANN seems promising since this method needs neither a specification of a causal nor the assumption of a linear relationship. The analysis is based on a large dataset comprising data of 102 German manufacturing firms. We reach good levels of generalization for the ANN and the visualization of the functions computed by these ANN reveals the existence of a systematic IP relationship. The influence of firms' internationalization, however, is rather small and the operationalization affects the nature of IP relationship tremendously. (For more information, please contact: Hannah Noriko Richta, University of Mainz, Germany: hannahrichta@web.de)

Spatial Relativism: Toward a Fine-Grained Approach for Capturing the Effect of Space (and time) in Multinationality and Performance Research
Keith Kelley, Florida International University
The authors explore the largely marginalized role of distance or ‘space’ in multinationality and performance research from a liability of foreignness perspective. Treating space as though it is liability forming, the authors employ frequently contentious research issues in domain of multinationality and performance such as: 1) how multinationality is measured, 2) what moderating variables are considered, and 3) what performance metric is appropriate, as a framework to help illustrate the relativistic nature of space. It is argued that regions, and measures of regionalization, may be considered using multiple dimensions of space and that this is simply another method for capturing multinationality. Thus, the authors contend that the choice of dimensions along which the ‘spatial proximity’ defining regions is measured, affects the relationship between multinationality and performance. Furthermore, this relationship is also contingent upon other moderating variables that include: when (time) a spatial dimension is measured, the nature of the firm's business (industry), the firm's resources (e.g. human capital), and the measure performance considered (ROS, CSR), inter alia. Consequently, scholars should adopt a more fine-grained approach when considering which dimensions of space to employ, relative to the study at hand, to be both theoretically and practically relevant. (For more information, please contact: Keith Kelley, Florida International University, USA: kkelley@fiu.edu)

Is Opportunism Really Redundant in the Theory of the Multinational Enterprise?
Alex Eapen, University of Sydney
Rekha Krishnan, Simon Fraser University

Proponents of transaction cost theory (TCT) argue that MNEs exist due to failure of markets, a main stimulus of which is opportunism. On the contrary, proponents of the knowledge based view (KBV) argue that the opportunism assumption is redundant; the existence of the MNE can be explained without recourse to opportunism. This debate still persists (e.g., Fransson, Hakanson, & Liesch, 2011), but a key feature is that despite competing causal mechanisms, predictions of TCT and KBV are identical. We see this lack of predictive uniqueness as the main bottleneck in resolving the question of whether opportunism matters. We contribute to this debate in two main ways: (1) conceptually, we exploit the contingency logics inherent in KBV and TCT to build distinctive predictions from both theories, and (2) we empirically test the competing logics of both theories, bringing empirical evidence to bear on the debate which has this far been on conceptual turf alone. Our results suggest that opportunism matters. (For more information, please contact: Alex Eapen, University of Sydney, Australia: alex.eapen@sydney.edu.au)

A Review and Reconceptualization of Uncertainty in International Business
Hannah Xia Han, University College Dublin
Dorota Piaskowska, University College Dublin

The impact of exogenous and endogenous uncertainty on international activities of firms is one of the most commonly studied topics in international business. Building on theories such as transaction cost economics, real options, organizational learning, and institutional theory, prior research provided a range of theoretical arguments and empirical findings regarding how uncertainty impacts internationalization patterns and outcomes. Yet, inconsistencies persist both at the conceptual level and in empirical findings. In this paper, we review past research and propose that uncertainty may be usefully understood by highlighting its perceptual and cognitive aspects. We attempt to offer a definition of uncertainty by drawing insights from past conceptualizations and clarify some of the conceptual issues identified in prior research. We conclude with an agenda for future research. (For more information, please contact: Hannah Xia Han, University College Dublin, Ireland: xia.han@ucdconnect.ie)

An Alternative Approach to Measuring Internationalization
Sandra Seno Alday, University of Sydney
Building on scholarly assessments of extant measures of firm internationalization, this paper proposes an alternative measure grounded in transaction cost and internalization theories of international business. The proposed Internationalization Coefficient (IC) is designed to address the major issues of the most common measures, and suggested as a more robust operationalization of the concept of internationalization in theory. Implications on empirical international business research and potential contributions to theory testing and development are discussed. (For more information, please contact: Sandra Seno Alday, University of Sydney, Australia: sandra.seno-alday@sydney.edu.au)

**The Location and Co-Evolutionary Dynamics of Multi-National Enterprise in the Global Knowledge Economy**  
Brian Hilton, Nottingham University Business School

It is argued that the life cycle of technological cluster location is affected by the needs of design and governance in the value chain of Buckley's "Global Factory". This is sometimes not within Multi-National (Corporate) Enterprises (MNEs) but within networks of Multi-National Enterprise (MNE). International location is within the ambit of co-evolving institutions not just global ownership structures. This managerial fragmentation in the MNE value suggests that IB needs a frame of reference going beyond trade and FDI encompassing the location of knowledge creation in design cluster and supply chain value governance permitting those owning marketing (brand) equity to situate where they can best realise their equity. We argue that these two high value adding activities seem to locate in what North describes as Open Access Order (developed) societies that facilitates this, the new economic geographer's "North" and not in Local Access Orders (underdeveloped) societies, the "South", which do not. The theory developed is tested against the experience of the textile and garment industry where it is clear location occurs over periods far longer than the long run of capital flow but the even longer runs when technology and even the institutions of governance move. (For more information, please contact: Brian Hilton, Nottingham University Business School, China: brian.hilton@nottingham.edu.cn)

**Session: 1.4.13 - Interactive**  
**Track: 6 - Innovation and Knowledge Mgmt.**

**Innovation in Emerging Economies**

**Presented On:** July 1, 2012 - 14:30-15:45

Chair: Sheila M. Puffer, Northeastern University

**A Comparative Analysis of Innovation Outsourcing to China and India: The Location of Clinical Trials**  
Klaus Nielsen, Birkbeck, University of London  
Tariq Malik, Dongbei University of Finance & Economics

This study explores the reasons why foreign pharmaceutical firms prefer China rather than India as their location for innovation activities. We use clinical trials as the innovation activity and empirically compare the two locations with evidence for 2010 and 2011. Based on 1185 observations in two countries, we find that China is obviously the preferred choice and is increasingly becoming so. Large firms in particular tend to prefer China. European firms have relatively a higher preference for China as the location for clinical trials compared to American companies. Relatively small firms prefer India. The clinical trials in India are at earlier stages compared to the trials located in China which are typically at later stages. It appears that firms in China have entered earlier than those who locate in India for clinical trials. The paper discusses some possible explanations and suggests some implications. (For more information, please contact: Klaus Nielsen, Birkbeck, University of London, United Kingdom: k.nielsen@bbk.ac.uk)
**The Impact of Emerging Market Firms' International Engagement on Product and Process Innovation**

Deepak Somaya, University of Illinois at Urbana-Champaign  
Sandra Corredor, University of Illinois at Urbana-Champaign  
Bongsun Kim, University of Illinois at Urbana-Champaign

Emerging market firms are taking on an increasingly important role in the global economy, both through their internationalization and contributions to global innovation. However, our understanding about how emerging market firms' internationalization and innovative performance are related is quite limited. In this paper, we employ a unique survey of firms from ten emerging markets to study the relationship between the "international engagement" of these firms – measured through their exports, imports, competition with foreign firms, foreign joint ventures, and hiring of CEOs with international experience – and their product and process innovation performance. Our findings are broadly consistent with the idea that experiential and vicarious learning enables emerging market firms to access different types of knowledge through different types of international engagement, leading in turn to different types of innovative outcomes. (For more information, please contact: Deepak Somaya, University of Illinois at Urbana-Champaign, USA: dsomaya@illinois.edu)

**Emerging Innovation in Emerging Economies: Can Institutional Reforms Help Russia Break Through Its Historical Barriers?**

Daniel J. McCarthy, Northeastern University  
Sheila M. Puffer, Northeastern University  
Loren R. Graham, Harvard University  
Daniel M. Satinsky, Russia Innovation Collaborative

The Russian government has embarked upon a national innovation policy and has committed billions of dollars to that effort with the goal of developing a knowledge-based economy to enhance participation in the global arena. Despite many promising initiatives and an abundant supply of scientific talent, it is an open question whether Russia can develop the formal and informal institutions to support sustainable innovation. Historically, Russia has generally not succeeded with innovation beyond the idea and sometimes product development stages, with failures attributable to a lack of institutions necessary to commercialize the often breakthrough technologies and products. This article examines historical examples of Russia's attempts at innovation, followed by a report of current innovation initiatives. Both the historical and current initiatives are then analyzed using institutional theory. The inadequacy of formal and informal institutional support has created historical barriers in Russia, some of which are being addressed to develop an innovation ecosystem encompassing a more supportive institutional infrastructure. The participation of international partners increases the chances of successful results. The article concludes with implications for shaping national innovation policies in Russia, and for the roles of US firms and universities, as well as other international organizations involved in Russia's innovation activities. (For more information, please contact: Sheila M. Puffer, Northeastern University, USA: s.puffer@neu.edu)

**Frugal Innovation: What is new?**

Kazuhiro Asakawa, Keio University  
Alvaro Cuervo-Cazurra, Northeastern University

Frugal innovation, innovation that addresses constraints in the environment in which the firm operates, has the potential of improving the poor's lives, creating additional firm, and generating a new international business research agenda. We propose that, despite recent rhetoric, the concept of frugal innovation is not new, but what is new is the process by which frugal innovations are created in developing countries. In contrast to lavish innovation in which new technology drives innovation and a new market is created, in frugal innovation the constraint is the problem that is solved by applying existing technologies in different ways. Additionally, we provide depth to the concept of frugal innovation by introducing three types of frugal innovation (input, throughput and output) and explaining differences in their creation processes. We discuss these ideas by comparing frugal innovation in Japan after the Second World War with developing countries nowadays. (For
The International Dimension of Science Parks in East Asia: The Cases of Tsukuba Science City, Hsinchu Science-Based Industrial Park and Daedeok Innopolis

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

This paper examines the idiosyncratic features of science-based industrial clusters in East Asia. Japan's Tsukuba Science City, Korea's Daedok Innopolis and Taiwan's Hsinchu Science and Industrial Park (HSIP) are state-driven high-tech clusters which act as intermediaries for industry-university cooperation in their national and regional innovation system. However, there are distinctive characteristics and patterns of innovation that differentiate them. Firstly, Tsukuba Science City and Daedok Innopolis focus on basic and applied scientific research while the HSIP concentrates more on the development of industrial technology. Secondly, the Taiwanese government has invested heavily in infrastructure to attract foreign MNCs to establish manufacturing and R&D facilities in the HSIP. Thirdly, Taiwan's HSIP based on SME networks facilitates a closer linkage with outsiders in product innovation because of their lack of internal R&D resources. By contrast, in-house R&D by large firms and public research institutes has contributed more to the development of Tsukuba Science City and Daedeok Innopolis in Japan and Korea, respectively. While these science and industrial parks are significant sources of knowledge and innovation for the national economy, their sustained growth depends on the ability to attract knowledge-intensive R&D investments from MNCs and to connect to their global value chain. (For more information, please contact: Soo Hee Lee, Birkbeck, University of London, United Kingdom: s.lee@bbk.ac.uk)

The Impact of Institutions and Multinational Firms on Innovation Capability in Emerging Markets: A Case of Russia

Natalya Smith, University of Liverpool
Ekaterina Thomas, Staffordshire University

This paper examines the impact that institutions (i.e. corruption and legislative risk) and the allocation of multinational firms (MNEs) have on innovation output in a sample of Russian regions for the period 1997-2009. For this purpose, we regress the regional number of patents filed on two institutional indices and the number of MNEs, after controlling for a standard set of traditional economic determinants of innovation. Our results show that both institutions and foreign investment are significant determinants of innovation in Russian regions. Interestingly, we also observe a positive impact of corruption on innovation output through MNEs and a negative impact – through exporting. (For more information, please contact: Natalya Smith, University of Liverpool, United Kingdom: natalya.smith@liv.ac.uk)

Session: 1.4.14 - Interactive
Track: 5 - MNC Management and Organization

Organization and Leadership in Multinational Enterprises

Presented On: July 1, 2012 - 14:30-15:45

Chair: Romie Frederick Littrell, Auckland University of Technology

Effective Global Leaders: Beyond Mindsets and Skill Sets
Mary Boyden Teagarden, Thunderbird School of Global Management
Andreas Schotter, Thunderbird School of Global Management
MNCs face a global leader supply paradox—many in global leadership roles fall short when contributing to the organization's performance, while the need for quality global leaders has never been greater. We develop a synthesized model of global leader effectiveness based on the synthesis of global mindset and boundary spanner studies that independently identified elements of global leadership linked to global organizational effectiveness. This synthesis provides a comprehensive grounded model of global leader characteristics that underpin effectiveness. Such empirically based integration has yet to be accomplished. The overarching goal of this synthesis is to inform both scholars and practitioners. (For more information, please contact: Mary Boyden Teagarden, Thunderbird School of Global Management, USA: mary.teagarden@thunderbird.edu)

How Headquarters and Hierarchy Influence Intra-Organizational Networks in MNCs
William G. Egelhoff, Fordham University
Joachim Wolf, University of Kiel

Existing literature has failed to adequately distinguish the coordination capabilities of intra- and inter-organizational networks. It frequently assumes they are similar and has suggested that one can view MNCs as inter-organizational networks. The present paper uses an information-processing perspective to define and distinguish the coordination capabilities of intra- and inter-organizational networks in MNCs. It assumes intra-organizational networks are embedded in a common hierarchical context, while inter-organizational networks are not. The paper argues that the presence of a HQ and hierarchical context significantly enhances the information-processing capacities of intra-organizational networks. Thus, in addition to directly providing hierarchical information processing to an MNC, HQ and a hierarchical context also contribute to the coordinating capabilities of its intra-organizational networks. (For more information, please contact: William G. Egelhoff, Fordham University, USA: egelhoff@fordham.edu)

Marketing Management in MNC Subsidiaries: An Archetypal Analysis
David F. Midgley, INSEAD
Sunil Venaik, University of Queensland

The relative degree of control and standardization in the ways multinational corporations operate across the globe has been a central question in international business research since the inception of the discipline. Normatively, is it better to control from the center or should local subsidiaries be allowed to go their own way? Or is it more appropriate to globally standardize certain elements of operations but allow local adaptation on others? Moreover, due to the dynamism and diversity of the business environments in which MNCs operate, they constantly seek better strategies and decision-making structures to balance the evolving global and local pressures on their subsidiaries. Consequently there is considerable heterogeneity in the strategies and structures employed by individual corporations as they adapt to the specific circumstances in which they find themselves. And paradoxically, although the literature examines in depth the moderating influence of various pressures on strategy and structure, it does not describe the underlying empirical heterogeneity of these strategies and structures in any detail. In this paper, we use a relatively new statistical method—archetypal analysis—and detailed measures of the marketing mix to describe the heterogeneity of subsidiary marketing strategies and decision-making structures. Our preliminary results show this heterogeneity to be more complex than recognized by the literature. (For more information, please contact: Sunil Venaik, University of Queensland, Australia: s.venaik@business.uq.edu.au)

MNC Headquarters as Activity Systems: The Consequences of Differentiating and Relocating MNC Headquarters?
Phillip C. Nell, Copenhagen Business School
Marcus Møller Larsen, Copenhagen Business School
Recent literature has questioned why multinational corporations (MNC) relocate their headquarters activities overseas. In this paper, we investigate the consequences of this phenomenon. To do this, we conceptualize the MNC headquarters activities as an interdependent system, and develop a set of propositions that links headquarters unbundling and relocation to complexity and rising coordination costs. Moreover, we argue that the coordination costs are often neglected in the headquarters reconfiguration process. In sum, we provide a novel perspective on modern MNC headquarters configurations, derive consequences for MNC research, and develop a model that aims at explaining the stability of such systems. (For more information, please contact: Phillip C. Nell, Copenhagen Business School, Denmark: pcn.sm@smc.cbs.dk)

**Psychic Distance, Control Mechanism and Subsidiary Performance: An Empirical Study of Austrian MNCs**
Manfred Fuchs, University of Graz
Beatrix Jöbstl, University of Graz
Mariella Koestner, University of Graz

This study analyses antecedents that influence the performance of subsidiaries in psychically close and psychically distant countries. It focuses on the impact of control mechanisms between Headquarters and subsidiaries and how these control mechanisms are determined by psychic distance "effects". The study is based on the analyses of 28 Austrian MNEs and empirically tests HQ-subsidiary relations in 45 subsidiaries, differentiated in close and distant subsidiary locations. The major objective is to show how psychic distance and control mechanisms affect subsidiary performance. Our results show that a high level of psychic distance, indicating low familiarity with a host country, is positively associated with performance. Additionally, the mediating effect of control mechanisms provides evidence that subsidiaries located in psychically close host countries are controlled and integrated more intensively which in turn leads to lower subsidiary performance. (For more information, please contact: Manfred Fuchs, University of Graz, Austria: manfred.fuchs@uni-graz.at)

**Understanding the Construct of Administrative Heritage**
Birton Cowden, Saint Louis University

Administrative Heritage has previously been described as a constraint on existing businesses in making strategic decisions based on their existing configuration of physical assets and the management culture. This article provides additional items to aid in the understanding of the construct of administrative heritage and why existing firms make the decisions that they do. Furthermore, this article introduces the concept of administrative fit to help describe why some firms are constrained by their administrative heritage, while others are not. The purpose of this conceptual paper is to lay a foundation for several future studies. (For more information, please contact: Birton Cowden, Saint Louis University, USA: bcowden@slu.edu)

**What are the Consequences of Perceived Parent Company Arrogance?**
Jakob Lauring, Aarhus University
Poul Houman Andersen, Aarhus University
Marianne Storgaard, Kolding School of Design
Hanne Kragh, Aarhus University

Parent companies have a specific status due to size, home market position, and resources that grant them superiority over their subsidiaries. This superiority is sometimes expressed in situations that subsidiary employees interpret as arrogance. Such perceptions of parent company attitudes and behaviors could have a number of negative consequences for the general functioning of MNCs. In this article we argue that perceived parent company arrogance is an understudied but important subject in MNC management. We illustrate this by use of four qualitative studies. Our findings show that actions that lead to the labeling of parent company representatives as arrogant may be categorized as ignoring, by-passing, and educating. By use of social categorization theory and studies on group dynamics we argue that perceived arrogance could have highly
negative effects on parent-subsidiary relations as well as on MNC work outcomes. Results are discussed in terms of theoretical and practical implications as well as suggestions for further research. (For more information, please contact: Jakob Lauring, Aarhus University, Denmark: jala@asb.dk)

Session: 1.4.15 - Interactive
Track: 7 - Emerging Economies

The Implications of Institutional Differences in Emerging Economies

Presented On: July 1, 2012 - 14:30-15:45

Chair: Mahmood Zaidi, University of Minnesota

A Conceptual Investigation of the Effects of Culture on Economic Freedom in Emerging Markets

Chuck Bryant, Cleveland State University

The purpose of this research is to propose an investigation of the impact of culture on the relationship between economic freedom and economic growth in emerging markets. To eliminate any bias introduced by the relatively higher freedom index scores and/or relatively higher GDP per capita growth rates, our study focuses exclusively on emerging nations. The preponderance of literature on economic health indicates that economic freedom is a critical factor to a growing economy – especially in emerging markets where economic shocks can be particularly impactful. (Mauro, 1995). Additionally, much empirical research on macro level cultural studies, uses Hofstedes' cultural index as an indicator of the role of culture. This present work will rely on Hofstede's cultural index and data from the Heritage Foundations' Index of Economic Freedom, to investigate the impact of a culture on the relationship between economic freedom and per capita GDP growth rates. We posit that culture has a moderating effect on this relationship. (For more information, please contact: Chuck Bryant, Cleveland State University, USA: c.e.bryant@csuohio.edu)

Equity Culture and Transition Economies: Empirical Evaluation

Zita Stone, University of Kent
Fragkiskos Filippaios, University of Kent
Carmen Raluca Stoian, University of Kent

Equity culture is underdeveloped in Central and Eastern Europe. The question of the viability of equity financing development as an alternative to the traditional debt financing in the CEEs is the main focus of this study. We develop a theory-bridging conceptual framework through which we attempt to demonstrate what factors contribute to its formation. We maintain that firms seeking equity finance are the main drivers for equity culture development in a country. This demand is affected by the size of transaction costs these firms incur in the process of searching for, establishing and co-ordinating contractual relationships with equity providers. We establish that the size of transaction costs is determined by a set of conditions stemming from internal (managerial) and external (macro-economic and institutional) environments impacting the firm. Our findings suggest that CEECs can be clustered in three groups in terms of their potential for equity culture development. Firstly, CEECs belonging to the group of Leaders (Czech republic, Estonia, Slovakia) have the macro-economic and institutional conditions necessary for the development of an equity culture in place and that it is the equity-oriented financial institutions and the managerial capabilities which require further attention so that equity culture can be fully developed. By contrast, countries from the Potentials group (Hungary, Latvia, Poland, Slovenia) have the macroeconomic performance required for the development of an advanced equity-based financial system, however the conditions stemming from the institutional (including both quality as well as adequacy of equity-oriented financial intermediaries) and the managerial environment need improving. The results for the group of Laggards (Bulgaria, Lithuania, Romania) indicate that in order for an equity culture to be
able to develop, a complex set of macro-economic, institutional and managerial conditions requires attention. (For more information, please contact: Zita Stone, University of Kent, United Kingdom: z.stone@kent.ac.uk)

Internationalization and Entrepreneurship: Empirical Evidence on the Regional Formation of New Ventures in China

Julie Elston, Oregon State University

Extensive market reforms targeted at increasing both internationalization and entrepreneurial activity over the last three decades in China have resulted in dynamic but uneven growth across regions. This study examines the importance of location on the empirical link between internationalization and firm formation across China. Results indicate that location significantly impacts firm formation, with rural China outpacing highly internationalized Shenzhen and Hong Kong regions in entrepreneurial activity. Empirical results suggest that higher degrees of regional internationalization are significant in predicting lower levels of entrepreneurial activity. From a policy perspective this suggests that reforms have been effective in stimulating entrepreneurial activity in the mainland China region which not only has a high rate of necessity-based entrepreneurship but an opportunity-based entrepreneurship rate more than double Hong Kong's. (For more information, please contact: Julie Elston, Oregon State University, USA: julie.elston@osucascades.edu)

Rising Labour Disputes in China: Decoding of and Adapting to China's More Demanding Labour Relations

Audrey Heung Heung Tsui, National University of Singapore
Roy Ee Jin Goh, National University of Singapore

China witnessed in the past few years mounting outbreaks of labour disputes, strikes, protests and suicides, especially in the nation's coastal provinces that host many labour-intensive manufacturing investments. This involves, in particular, tens of thousands of migrant workers from inland China. Most export-oriented manufacturers, both local and foreign investments from Hong Kong and Taiwan, faced severe cash flow problem due to factory order cancellations in the global financial crisis. Many drastically retrench or closed shops as a consequence. In the bigger context, China's new aspirations of economic restructuring and industrial upgrading, and its determination to raise minimum wage, to strengthen union support, and to encourage arbitration and collective bargaining in settling disputes--all imply a tighter enforcement of laws to protect labour rights. The paper presents some guidelines for companies to read the signals of change and some action recommendations to address labour disputes by actively engaging relevant stakeholders. Harmonious labour relations will be one key driver for success for investors aspiring to have a long-term presence in the China market. (For more information, please contact: Audrey Heung Heung Tsui, National University of Singapore, Singapore: bizathh@nus.edu.sg)

Cross-National Gender Differences in Microfinance: Impact of Societal Trust and Other Characteristics

Raj Aggarwal, University of Akron
John W. Goodell, University of Akron
Lauren Selleck, University of Akron

In this paper we investigate the reasons why there is international variation in the extent to which women borrowers predominate with microfinance institutions. Using a measure of social trust from the World Values Survey we find a negative association of the percent of women borrowers with social trust suggesting that a preference for women borrowers reflects compensation for a lack of social trust. Consistent with the social mission of microfinance institutions, we find a positive association of the percent of female borrowers with the degree of "outreach" of the microfinance institution, especially as this positive association is even stronger for nonprofit microfinance institutions and those that target the lower end of the social economic spectrum. We also find a negative association between the percent of female borrowers with the average loan size, and with the microfinance institution being from Latin America. These results should be of great interest to policy makers
Local versus Multinational Companies: Inconsistent CSR Perception by Consumers in Emerging Markets
Omer Farooq, Euromed Management-Marseille

Where previous studies have examined the effects of perceived CSR on consumer related attitudes and behaviors, this study enhances our understanding of how consumers develop their perceptions from incomplete, asymmetrical and ambiguous information of CSR and explores the inconsistency in the development of CSR perceptions of consumers between multinational companies (MNCs) and local companies (LCs). The study also identifies the ways and means that assist the companies (especially MNCs) to optimize the benefits of their CSR investments in emerging markets. Furthermore, the study also reveals the differential effects of different CSR actions on consumers’ perceptions of CSR. The hierarchical data obtained from 54 local and multinational companies and 473 consumers in south Asia reveals interesting findings that have many implications for research and practice. It was found that CSR actions related to community development are most effective in the formation of consumer perception of CSR. The results also show that MNCs are at disadvantage in stimulating the perception of CSR in comparison of their local counter parts. However, MNCs can diffuse this disadvantage by an effective marketing strategy.  

Bonding and Bridging Social Capital and SME Growth in Emerging Markets
Natalya Totskaya, Concordia University

This study examines the role played by bonding and bridging social capital in the choice of SME growth strategies in the context of emerging markets. A model specifying the effects of bonding and bridging relational capital on SME growth is developed based on analysis of extant literature. Human capital and institutional environment are identified as moderators of relationship between the structure of SME social capital and SME growth patterns. This study contributes to current literature by extending the knowledge of SME growth in specific context of emerging markets. By testing the effects of relational ties on the choice of growth strategies this study clarifies the role of intangible resources in SME development. In addition, it provides support for existing studies on importance of human and environmental factors for the process of firm growth. The implications of this study include practical recommendations for SMEs on building and using their social capital to assist development.  

Session: 1.5.P - Special Session

Farmer Dissertation Award Presentations

Presented On: July 1, 2012 - 16:15-17:30

Chair: Mike Peng, University of Texas at Dallas

External Threats and MNE Strategy: The Role of Exposure, Resources and Coping Mechanisms (Ph.D. Awarded by Texas A&M University)
Li Dai, Loyola Marymount University

No abstract available. (For more information, please contact: Li Dai, Loyola Marymount University, USA: li.dai@lmu.edu)
The International Expansion of Emerging-Economy Firms: The Influence of Path-Breaking Change and Its Antecedents (Ph.D. Awarded by HEC-Paris)

Kiattichai Kalasin, Mahidol University

No abstract available. (For more information, please contact: Kiattichai Kalasin, Mahidol University, Thailand: cmkiattichai@mahidol.ac.th)

A Follower in Need is A Follower Indeed: Exploring the Joint Effects of TMT Support, Contextual Shocks, and Individual Regulatory Focus on Foreign CEO Self-efficacy and New Venture Performance (Ph.D. Awarded by University of Washington)

Dong Liu, Georgia Institute of Technology

No abstract available. (For more information, please contact: Dong Liu, Georgia Institute of Technology, USA: dong.liu@mgt.gatech.edu)

An Institution-Based View of Ownership (Ph.D. Awarded by Erasmus University)

Marc van Essen, Utrecht University

No abstract available. (For more information, please contact: Marc van Essen, Utrecht University, Netherlands: m.vanessen@uu.nl)

Session: 1.5.1 - Panel
Track: 12 - Value Creation and Work

MNCs, Institutional Change, Shortage of Science and Engineering Talent in the Emerging Ecology of Global Innovation: China Vs India

Presented On: July 1, 2012 - 16:15-17:30

Chair: Arie Y. Lewin, Duke University
Co-Chair: Ram Mudambi, Temple University

Panelists:
- Ram Mudambi, Temple University
- Simon C. Collinson, Reading University
- Silvia Massini, University of Manchester
- Xing Zhong, Duke University
- Jonathan P. Doh, Villanova University

The dynamics driving the globalization of innovation has been evolving over the past two decades and in recent years the share of higher value adding activities involving science and engineering work performed outside of the advanced economies have begun to accelerate. The dynamic growth of global sourcing of innovation is indicative of the evolving ecology of global innovation that is expected to usher significant changes in firms, industries as well as careers of S&E talent, which are yet little understood. For example, Diaspora talent networks evokes a new way to examine organization of work, given the active role it has played ranging from stimulating entrepreneurship to facilitate global circulation of talent. This symposium is intended to advance discourse on a number of dimensions which are shaping the dynamic processes, including the role of MNCs with the challenges they face in transforming their organizations into globally distributed innovation networks, the institutional contexts in China and India that are affecting their domestic science and engineering based
entrepreneurship, as well as the increasing role of Diaspora talent networks in global innovation and circulation of talent as a way of moderating the anticipated worldwide shortage of S&E talent. (For more information, please contact: Arie Y. Lewin, Duke University, USA: ayl3@duke.edu)

Session: 1.5.2 - Panel
Track: 1 - Institutions, Governance, and CSR

**Government Role in Promoting International Business: Maintaining Good Business-Government Relationships**

**Presented On:** July 1, 2012 - 16:15-17:30

Chair: Joan Mileski, Texas A&M University at Galveston
Co-Chair: Susan Forquer Gupta, Monmouth University

**Panelists:**
- Joan Mileski, Texas A&M University at Galveston
- Susan Forquer Gupta, Monmouth University
- Michael R. Czinkota, Georgetown University
- Benny Holland, Jr., International Longshoremen's Association
- Tara Leiter, Attorney, Blank Rome LLP
- K. Denise Rucker Krepp, Maritime Administration
- Matthew T. McGuire, U.S. Department of Commerce
- Margareta S. Schettler, U.S. Department of State

This panel will address the mechanics of good relationships between government agencies and business entities and their advocates. The importance of good relationships to the success of international business is well documented. The key elements to these relationships are how the parties interact, the expectations of the parties and the continuity of these interactions and expectations. Understanding the view from each of the parties can help implement good strategies for maintaining these relationships. The panelist will bring their unique perspectives from government, business, labor and academics to analyze what makes for good interaction and long-term beneficial relationships. They will bring their experiences and expertise to the roundtable format for a discussion of what they have learned and the keys to a successful relationship. (For more information, please contact: Joan Mileski, Texas A&M University at Galveston, USA: mileskij@tamug.edu)

Session: 1.5.3 - Panel
Track: 1 - Institutions, Governance, and CSR


**Presented On:** July 1, 2012 - 16:15-17:30

Chair: Toshiya Ozaki, Rikkyo University
Co-Chair: Steven McGuire, Aberystwyth University
Panelists:

Toshiya Ozaki, Rikkyo University
Tazeeb Rajwani, Cranfield University
Thomas Lawton, EMLYON Business School
Chengang Wang, Bradford University
Fernando Fastoso, Bradford University
George O. White III, Old Dominion University
Adrian Kay, Australian National University
Robert Ackrill, Nottingham Trent University
Johan Lindeque, Amsterdam Business School
Stephen Kobrin, University of Pennsylvania

This panel explores both the current state of corporate political activity in sustaining, upgrading and utilizing of international market institutions, and the theoretical frameworks that account for such non-market strategy. The business community, especially of the US but also of major developed economies, played an important role in helping policy makers to design and develop the postwar international economic system. This liberalized international system, in turn, has led to internal adaptations in the political economy of emerging markets. These market institutions, however, increasingly show strains. How are firms of the early 21st century anticipating the growing challenges of growing void in international economic governance? Who are main corporate players, what are their interests, and what kinds of strategies are they pursuing? In what ways, do the current institutions influence the behavior of MNEs and, in turn, how do these firms engage with governments in shaping the institutional environment of the early 21st century? And what theoretical frameworks best analyze non-market strategy that account for their responses to institutional challenges? The panel should provide a one stop shop to cover these timely and critical questions surrounding the sustainability of international business in the 21st century. (For more information, please contact: Toshiya Ozaki, Rikkyo University, Japan: ozakit@rikkyo.ac.jp)

Session: 1.5.4 - Competitive
Track: 12 - Value Creation and Work

Reconfiguring the Value Chain: Offshoring

Presented On: July 1, 2012 - 16:15-17:30

Chair: Anna Dubiel, WHU

The Impact of Location Choice and Governance Model on the Offshoring Performance

Lucia Piscitello, Politecnico di Milano
Stefano Elia, Politecnico di Milano
Davide Luzzini, Politecnico di Milano
Federico Caniato, Politecnico di Milano
Stefano Ronchi, Politecnico di Milano

The present paper deals with the performance implications of the offshoring of service activities. Offshoring is intended as delocalization of business services in foreign countries that may occur either through a wholly-owned company (Captive Offshoring) or by outsourcing the service activity (Offshore Outsourcing). We investigate the relationship between distinctive location specific characteristics of the host countries (cost of labor, resource availability, cultural proximity, and the presence of local interests) and performance of the offshoring firm. We extend the literature by investigating both the direct effect of the governance model and its moderating role of the locations specific characteristics on performance. Our results show that the direct effect arises only when considering operational performance, while the moderating effect is more specific of strategic
A consequence of offshoring is increased coordination costs. To counter this, firms can strive to identify a cost reducing organizational configuration either ex ante or ex post to the offshoring implementation. In this paper, we investigate the performance implications of these contrasting strategies through a computational model of offshoring. We find that a proactive approach to offshoring is largely beneficial if the impact of geographic distance and coordination costs relative to production costs is sufficiently high, but that this changes more towards the reactive approach if this diminishes. Thus, we explicate important contingencies in the paradox that firms face when balancing between strategic rationales such as lower production costs in foreign locations and the changing costs of coordination when implementing such strategic rationales. (For more information, please contact: Marcus Møller Larsen, Copenhagen Business School, Denmark: mml.smg@cbs.dk)

Does the Global Fragmentation of R&D Activities Pay Back? The Home Region Perspective

Grazia D. Santangelo, University of Catania
Lorena M. D'Agostino, University of Catania

R&D offshoring has increasingly involved emerging countries as host locations and promoted a greater fragmentation of R&D activities across borders. As a result, a subtle international division of labor in knowledge production has yielded a fine-slicing of R&D activities with the highest value-added activities located in the most advanced countries and the lowest value-added activities in emerging countries. However, no study, to our knowledge, has investigated whether finely sliced foreign R&D activities complement each other in terms of greater knowledge production at home. Drawing on a rich dataset, we estimate a regional knowledge production function and apply a direct complementarity test. Our results suggest that the global fragmentation of R&D activities produces synergic effects on the knowledge production of the home investing OECD regions when R&D activities are optimally rather than randomly located. (For more information, please contact: Grazia D. Santangelo, University of Catania, Italy: grsanta@unict.it)

Spatial Linkages and Offshoring Location Choice

Ari Van Assche, HEC Montreal
Alyson C. Ma, University of San Diego

We argue that a firm’s offshoring location choice not only depends on a location's production costs, but also on its spatial linkages with other parts of the global value chain. A location that is closer to upstream suppliers and downstream markets should attract more offshoring activities. To validate this conjecture, we use detailed processing trade data for 29 Chinese provinces. We find that three types of spatial linkages affect a province’s attractiveness as an offshoring location: a province’s distance to its closest seaport, the proximity of this seaport to international suppliers, and the proximity of this seaport to international markets. (For more information, please contact: Ari Van Assche, HEC Montreal, Canada: ari.van-assche@hec.ca)
New Perspectives on MNE Strategy and Performance

Presented On: July 1, 2012 - 16:15-17:30

Chair: Elizabeth L. Rose, Aalto University School of Economics

The Circular Relationship between Geographical and Product Diversification in Spanish MNEs
Diana Benito-Osorio, Rey Juan Carlos University
Alfredo Jimenez, University of Burgos

Nowadays, the number of multinational enterprises that are pursuing product diversification strategies is increasing. Drawing on the Resource Based View of the Firm, the aim of this paper is to advance one step further, by investigating these strategies through the analysis of a circular relationship between product and geographical diversification. The results, obtained from a sample of the most relevant Spanish multinational firms, suggest that their adaptation to a wide range of different countries hinders the necessary coordination of activities that related product diversification requires and vice-versa. On the contrary, unrelated diversification strategies can provide financial synergies, experience and flexibility, which help the process of internationalization. Simultaneously, a higher geographical diversification allows each division to behave as an independent unit and to develop more efficient internal control systems and resource allocation. (For more information, please contact: Alfredo Jimenez, University of Burgos, Spain: ajimenez@ubu.es)

Diverse Strategies of Resource Commitment Development among Service Firms during Internationalization: A Dynamic Capabilities Perspective
Abhishek Shukla, Charles Darwin University

This study addresses the lack of research on the development of resource commitment after the initial entry in a new international market. Two aspects from the dynamic capabilities view, namely building and reconfiguration of resource commitment by service firms in a host market were investigated. Service firms were classified based on their asset intensity and were split into knowledge intensive services and capital intensive services. It is proposed that these two types of services exhibit different patterns in the pace of resource commitment build up and also in the type of reconfiguration adopted. A quantitative longitudinal research design is used to empirically test these two aspects of dynamic capabilities. Results indicate that knowledge intensive services build their resource commitment at almost twice the pace of capital intensive services. Also, knowledge intensive services reconfigure their resource commitment in small increments which is in contrast to the radical changes preferred by capital intensive services. (For more information, please contact: Abhishek Shukla, Charles Darwin University, Australia: abhishek.shukla@cdu.edu.au)

Host Country Location, Subsidiary-Level Firm-Specific Advantages, and Subsidiary Performance in South East Asia
Quyen T.K Nguyen, University of Reading
Alan M. Rugman, University of Reading

We examine the relationship of host country specific advantages (CSAs) in terms of market attractiveness, subsidiary-level firm specific advantages (FSAs), subsidiary sales strategy and asset exploitation FDI motives as they affect subsidiary performance. From a sample of 101 British MNE subsidiaries in six S.E Asian countries over five-year period (2003-2007), our analysis reveals three significant findings. First, host country market attractiveness and subsidiary-level FSAs can be operationalized as multi-item constructs. Second, host country market attractiveness, export sales by a subsidiary, asset exploitation FDI motives, general management
capability, marketing capability and invested capital have a statistically significant positive impact on sales growth, profit growth, market share growth, and performance of subsidiaries. Third, we find that asset exploitation FDI is the dominant FDI motives of British MNEs in South East Asia (97%) whereas strategic asset seeking accounts for only 3%. These subsidiaries generate on average 95% of total sales from the Asia Pacific region and 91% of total sales from external customers. These findings have important implications for subsidiary strategy and managerial practice. (For more information, please contact: Quyen T.K Nguyen, University of Reading, United Kingdom: t.k.q.nguyen@pgr.reading.ac.uk)

Innovations as Drivers of Headquarters’ Attention Allocation and the Orchestration of Transfer Projects
Henrik Dellestrand, Uppsala University

This paper analyzes headquarters' attention allocation within multinational enterprises in terms of involvement in subsidiary innovation transfer projects. It argues that the innovation attributes of complexity, codifiability, and perceived importance influence headquarters' decision to involve itself in innovation transfer projects. This extends the attention-based and knowledge-based views by emphasizing headquarters' role in innovation transfers in a model tested on a sample of 169 innovation transfer projects. The results indicate that gaining headquarters' involvement and attention during transfers is contingent on the innovations being complex and the subsidiary classifying the innovations as important. By involving itself in transfer projects, headquarters actively orchestrates innovations with specific attributes within the multinational enterprise and thereby also allocates its attention to selected innovation transfer projects within the organization. This study contributes to the understanding of when headquarters considers specific transfer projects interesting, thus attracting its strategic support. This explains attention allocation determinants and precursors to innovation orchestration in networked organizations. (For more information, please contact: Henrik Dellestrand, Uppsala University, Sweden: henrik.dellestrand@fek.uu.se)

Session: 1.5.6 - Competitive
Track: 9 - Cross-cultural Management and HRM

Societal Level Culture: When and How it Matters
Presented On: July 1, 2012 - 16:15-17:30

Chair: Paul Brewer, University of Queensland

The Hard or the Soft: The Ethics of Getting Ahead at Work across Asia
Charlotte M. Karam, American University of Beirut
David A. Ralston, Florida International University
Carolyn P. Egri, Simon Fraser University
Arif Butt, Lahore University of Management Sciences
Narasimhan Srinivasan, University of Connecticut
Ping Ping Fu, Chinese University of Hong Kong
Chay-Hoon Lee, Keppel Offshore & Marine
Yong-in Moon, Seoul National University
Yongjuan Li, Chinese Academy of Sciences
Mahfooz Ansari, University of Lethbridge
Min-Hsun Kuo, National Central University
Hung Vu Thanh, National Economics University
Andre Pekerti, University of Queensland
Philip Hallinger, Hong Kong Institute of Education
Yongqing Fang, University of Canberra
Ho-Beng Chia, National University of Singapore
We explored macro-level factors that shape perceptions of the ethicality of favors in Asian workplaces using the subordinate influence ethics (SIE) measure. We expanded the crossvergence model to examine the cross-level relationship between socio-cultural (i.e., traditional/secular; survival/self-expression; in-group favoritism) and business ideology influences (i.e., human development level and control of corruption) on perceptions of favor-seeking at work. We collected data on the ethical perceptions of a total of 4,325 managers and professionals in a diverse set of 11 Asian societies: China, Hong Kong, India, Indonesia, Malaysia, Pakistan, Singapore, South Korea, Taiwan, Thailand, and Vietnam. Our investigation focused on both the ‘softer’ (image management) and ‘harder’ (self-serving) sides of subordinate influence attempts to seek favors, as well as the degree of ethical differentiation across these societies. Key results based on hierarchical linear modeling suggest that both the World Value Survey’s socio-cultural values as well as in-group favoritism contribute to our understanding of influence behaviors in Asia. Likewise, level of human development and control of corruption also appear to be promising predictors of influence ethics. (For more information, please contact: Charlotte M. Karam, American University of Beirut, Lebanon: ck16@aub.edu.lb)

Are Values at the Societal-Level Acceptable as Cross-Cultural Predictors in Today’s Global Economy?

David A. Ralston, Florida International University
Carolyn P. Egri, Simon Fraser University
Olivier Furrer, University of Nijmegen
Min-Hsun Kuo, National Central University
Yongjuan Li, Chinese Academy of Sciences
Florian von Wangenheim, Technische Universitaet Muenchen
Maria Dabic, University of Zagreb
Irina Naoumova, University of Hartford
Maria Teresa de la Garza Carranza, Instituto Tecnológico de Celaya
Ping Ping Fu, Chinese University of Hong Kong
Vojko V. Potocan, University of Maribor
Andre Pekerti, University of Queensland
Tomasz Lenartowicz, Florida Atlantic University
Narasimhan Srinivasan, University of Connecticut
Tania Casado, University of Sao Paulo
Ana Maria Rossi, Clinica De Stress E Biofeedback
Erna Szabo, Johannes Kepler University
Arif Butt, Lahore University of Management Sciences
Ian Palmer, Royal Melbourne Institute of Technology
Prem Ramburuth, University of New South Wales
David M. Brock, Ben-Gurion University
Jane Terpstra-Tong, Monash University
Ilya Girson, University of Westminster
Emmanuelle Reynaud, IAE d'Aix-en-Provence
Malika Richards, Pennsylvania State University
Philip Hallinger, Hong Kong Institute of Education
Francisco B. Castro, CEMPRE-Universidade do Porto
Jaime Ruiz Gutierrez, Universidad de los Andes
Laurie Milton, Universidad de los Andes and University of Western Ontario
Mahfooz Ansari, University of Lethbridge
Arunas Starkus, CIBER-Vilnius
Audra Mockaitis, Mockaitis
Tevfik Dalgic, University of Texas at Dallas
Fidel León-Darder, University of Valencia
Hung Vu Thanh, National Economics University
Yong-il Moon, Seoul National University
Is the societal-level of analysis sufficient today to understand the values of those in the global workforce; or, do we need to apply individual-level analyses to accurately identify the predictive power of values across country workforces? Using hierarchical linear modeling across a 46-society sample, we test the predictive power for both the societal- and individual-level dimensions of collectivism and individualism values to predict ethical behavior. Our values-behaviors analysis indicates that values at the individual-level make a more significant contribution to explaining variance in ethical behaviors than do values at the societal level. Implicitly, our findings likewise question the soundness of using societal-level values measures. Implications for international business research are discussed. (For more information, please contact: David A. Ralston, Florida International University, USA: ralstond@fiu.edu)

**Clustering National Cultures: A Fallacy, or Not, or Not Always?**

Romie Frederick Littrell, Auckland University of Technology

"I invoke the first law of geography: everything is related to everything else, but near things are more related than distant things." --Waldo Tobler (1970) Clusters derived from various theoretical models of culture and leadership dimensions are compared. I find that theories with models of clusters of national cultural dimensions proposed by Hofstede et al. (2010), the GLOBE project (House et al., 2004), Minkov (2007, 2011), Schwartz (figure provided from personal communication), and the World Values Survey (from the WVS website) are indicative but not definitive. In most analyses I find clusters that can be defined as Anglo, Germanic, Nordic, and Latin (often without France and French-speaking Switzerland), and frequent appearances of Eastern Europe. Many clusters appear in some but not all models. I conclude that (1) theory-defining studies are subject to systematic error from lack of sample invariance; and (2) the theoretical models are incomplete in terms of defining a sufficient set of dimensions to identify differences between nations and culture areas within nations. The implications for practice in international human resource management, marketing, general management, and expatriate selection and training are that national and area cultures are different, and the most successful approach to dealing with the differences is to treat each nation or culture area as unique, and design business approaches to consider particular source and destination cultures as unique pairs and plan and implement on that basis. (For more information, please contact: Romie Frederick Littrell, Auckland University of Technology, New Zealand: romie.littrell@aut.ac.nz)
Informality, Expropriation, and Corporate Governance
Matthew Grady Smith, Rutgers Business School

Poor investor protection and a large informal economy are both endemic characteristics of less developed countries. In this study, I explore the links between corporate governance and participation in the informal economy. In particular, I argue that hidden (or under-reported) sales income can be viewed simultaneously as expropriation of shareholders and as participation in the informal economy. Building on the prior corporate governance literature, I hypothesize that the decision to hide sales is related to two dimensions of ownership structure: ownership concentration and affiliation with a business group. I also hypothesize that firms that choose to cross-list on foreign exchanges will engage in less expropriation. Using panel data on publicly listed Indian manufacturing firms, along with survey data, I find evidence that ownership concentration, business group affiliation and cross-listing are all significantly related to the decision to hide sales. (For more information, please contact: Matthew Grady Smith, Rutgers Business School, USA: matthewgradysmith@gmail.com)

Firm Size, Institutional Quality and the Impact of Securities Regulation
April Michele Knill, Florida State University
Douglas Cumming, York University
Nela Thomas Richardson, Bloomberg

We argue in this paper that it is appropriate to analyze the impact of regulation at the firm level due to disparate effects of regulation across firm size and institutional quality. In support of this logic, we find incongruent effects of regulation across both dimensions using a newly assembled dataset of 41,508 firms across 46 countries spanning the years 1996-2007. In G10 countries where institutional environments are relatively strong, we find that public enforcement facilitates small firm security issuance while private enforcement benefits large firms more than small firms. In Non-G10 countries where institutional environments are relatively weak and information asymmetries between firms and investors are more pronounced, the marginal benefit of both public and private enforcement requirements are more pronounced for opaque smaller firms. Stronger public enforcement gives rise to larger firms raising capital internationally both among G10 and Non-G10 countries. (For more information, please contact: April Michele Knill, Florida State University, USA: aknill@cob.fsu.edu)

Evolving Property Rights and Shifting Organizational Forms: Evidence from Joint-Venture Buyouts following China's WTO Accession
Fariha Kamal, Center for Economic Studies, US Census Bureau
Mary E. Lovely, Syracuse University

China's WTO accession reduced incentives for joint ventures while reducing constraints on wholly owned foreign subsidiaries and concurrently creating a more liberal investment environment for indigenous investors. Using newly created enterprise-level panel data on equity joint ventures and changes in registration type following China's WTO accession, we find evidence consistent with the property rights theory. More highly productive firms with higher value added and lower domestic sales shares are more likely to become wholly foreign owned, while less productive firms focused on the Chinese market are more likely to become wholly domestic owned rather than remain joint ventures. (For more information, please contact: Fariha Kamal, Center for Economic Studies, US Census Bureau, USA: fariha.kamal@census.gov)

The Disintegration of the German Directors' Network - An Empirical Discussion of the Impact of Domestic and International Informal Institutions on the Convergence of Corporate Governance Systems
Dominik Boehler, Karlsruhe Institute of Technology
Jana Oehmichen, Georg-August University Göttingen
Marc Steffen Rapp, Philipps-University Marburg
Michael Wolff, Georg-August University Göttingen
The development and transformation of corporate governance systems is a matter of country-specific institutions. Though studies already show the influence of national formal institutions such as regulations or informal national effects such as culture, there are no investigations of the interaction of domestic and international institutional forces on the shape of national corporate governance patterns. By applying the concepts of coercive, mimetic, and normative isomorphism processes to the context of convergence of corporate governance systems, our study provides evidence for the existence of an area of tension between the domestic and international informal institutional forces. Using the German strong directors' network as an example for a national institutional corporate governance norm, we can show that the level of the directors' embeddedness increases under domestic and decreases under foreign pressure. Our investigation is based on a unique dataset covering 41,698 supervisory board member positions of German firms from 1999 to 2007. (For more information, please contact: Jana Oehmichen, Georg-August University Göttingen, Germany: jana.oehmichen@wiwi.uni-goettingen.de)

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

Global Human Resource Management

Presented On: July 1, 2012 - 16:15-17:30

Chair: Mary Margaret Maloney, University of St. Thomas

Strategic International HRM: The Case of Chinese Multinationals in Australia

Di Fan, Victoria University
Mike Mingqiong Zhang, La Trobe University
Cherrie Jiuhua Zhu, Monash University

Strategic international human resource management (SIHRM) is crucial for effective leveraging of human resources in organisations so as to achieve the desired business strategies. There is a rich collection of studies on Western multinational enterprises (MNEs) in China, but few studies that explore the SIHRM of Chinese MNEs operating overseas. This study utilizes cross-level, in-depth interviews to analyse SIHRM of three large Chinese multinationals. The paper contributes to literature by addressing two contextual SIHRM issues, namely the nature of the SIHRM of Chinese multinationals and the extent to which their SIHRM orientation facilitates their investment and operation overseas. The findings indicate that organisational transformation is the starting point for latecomers matching their international human resource management strategies. Their SIHRM approaches, such as forming learning organisations, reliance on host country nationals, reconciling both home and host country effect and promoting 'best practices' facilitate their international operations. (For more information, please contact: Di Fan, Victoria University, Australia: di.fan@vu.edu.au)

Headquarter HRM Practices and Global Staffing in Japanese MNCs

Shiho Nakamura, University of Ritsumeikan
Andrew Staples, Doshisha Business School
Kozo Harimaya, University of Ritsumeikan

The purpose of this study is to clarify the impact of the human resource management policies of corporate headquarters on the utilization of three types of international managers – namely, parent-country nationals (PCNs), host-country nationals (HCNs) and third-country nationals (TCNs), and on foreign sales performance. This paper drew particularly on case studies of four Japanese electronic and electrical industry companies conducted in 2003, 2006, and 2009. Unlike the three other case companies, Company G reduced the number of Japanese expatriates, while increasing host-country national presidents and third-country national employees.
Of the human resource management methods adopted by corporate headquarters, we found that providing training and development to international managers is having an impact on changing how these human resources are utilized. We also found that the greater human resource management policies and practices led to high performance. (For more information, please contact: Shiho Nakamura, University of Ritsumeikan, Japan: snakamu@fc.ritsumei.ac.jp)

The Role of MNC Headquarters in Reverse Diffusion of HRM Practices
Michal Lemanski, WU Wien / UE Wroclaw

What is the role of the MNC headquarters in the process of reverse diffusion of HRM practices? A fast growing body of research provided valuable insights on diffusion of organizational practices from the corporate periphery, but to a lesser extent covered roles that organizational actors play in the process of such diffusion. Analyzing 117 instances of diffusion of human resource management practices that originated in emerging market subsidiaries of 45 MNCs we identified seven headquarters' roles that enhance or hinder diffusion but have not been identified in previous studies. We report on what is presumable the first large-scale study of the role played by the headquarters in the process of diffusion of practices from foreign subsidiaries, and discuss the implications of the results for research and practice. (For more information, please contact: Michal Lemanski, WU Wien / UE Wroclaw, Poland: leman@poczta.onet.pl)

Cultural Distance and the International Migration of Top Managers: Evidence from European Boards
Padma Rao Sahib, University of Groningen
Kees van Veen, University of Groningen

This paper investigates the role of various distance measures in explaining the presence of top managers of different nationalities on European boards. Based on data on 5500 board members from 15 countries in the period 2005-2007 we find that the greater the cultural distance between the country of origin of a top manager and the country in which the company is headquartered, the lower the percentage of top managers of that nationality in the board. We conclude that the labor market for European top managers remains un-even and seem to develop in a fragmented way. Managers of different countries have different opportunities and this depends on characteristics of the home and host county. (For more information, please contact: Padma Rao Sahib, University of Groningen, Netherlands: p.rao.sahib@rug.nl)

Session: 1.5.9 - Competitive
Track: 1 - Institutions, Governance, and CSR
Business and Society - Rethinking the Boundaries

Presented On: July 1, 2012 - 16:15-17:30
Chair: Paul Vaaler, University of Minnesota

International Standards Certification Matters More for Firms in Institutionally Weak Countries
Leo Sleuwaegen, Vlerick Leuven Gent Management School and University of Leuven
Micheline Goedhuys, Maastricht University, the Netherlands; Vlerick Leuven Gent Management School

This paper builds on a rapidly developing literature showing the importance of quality certificates, in particular ISO standards, for the efficient development of firms. The novelty of this paper is that it uses firm level data from 59 developing countries and systematically tests whether the propensity to obtain certification and its effect on firm performance is differently affected in countries where markets are missing or institutions are weak, in supporting the efficient use and allocation of inputs and outputs. We find evidence that certification is
more likely among high quality firms endowed with skill and capital intensity. Controlling for this, there is
evidence that firms in institutionally weak countries are more likely to use a certificate. The same holds for
foreign firms and firms with larger geographical markets, underscoring the strategic role of certificates as a
signalling device. Certification in turn appears beneficial for the productivity and sales growth of firms,
especially in institutionally less developed countries. *(For more information, please contact: Leo Sleuwaegen,
Vlerick Leuven Gent Management School and University of Leuven, Belgium: leo.sleuwaegen@econ.kuleuven.be)*

_Heterogeneous Effect of Ethnic Networks on International Trade of Thailand: The Role of Family Ties and Ethnic Diversity_

Jing-Lin Duanmu, University of Surrey
Yilmaz Guney, University of Hull

Ethnic networks have been found to have a pro-trade effect in previous research. However, the heterogeneous
effect of different ethnicities is under-studied. Drawing on the literature on social structure, this paper attempts
to untangle the heterogeneous effect of ethnic networks on international trade using trade data of Thailand. We
found that ethnic networks have a positive impact overall on trade, confirming the results of previous studies.
However, the magnitude of the positive effect varies across different ethnicities along two dimensions. First, the
strength of family ties in the culture of origin accelerates the pro-trade effect of its ethnic networks, suggesting
ethnicities with stronger family ties have a cultural preference for trading within their own ethnic community. In
comparison, ethnic diversity weakens the positive effect of ethnic networks on trade, suggesting an
informational value of diverse ethnic structure in promoting trade between different ethnicities. Our study
contributes new evidence of the enduring influence of social and cultural attributes on economic activities. *(For
more information, please contact: Jing-Lin Duanmu, University of Surrey, United Kingdom: j.duanmu@surrey.ac.uk)*

_Transnational Diaspora Entrepreneurship: A Theoretical Framework_

Kaveh Moghaddam, Old Dominion University

Transnational Diaspora Entrepreneurship can be considered a new stream of research where migrant
entrepreneurship and international business research fields intersect. This paper reviews the evolution of
Transnational Diaspora Entrepreneurship over the past decade and suggests a theoretical framework to extend
our understanding on how transnational diaspora entrepreneurs (TDEs) may develop their competitive
advantages to succeed in a global market. This framework exhibits how the social embeddedness of TDEs
affects their firm performance through the mediating effect of TDEs' global dynamic capabilities as a bundle of
two abilities (opportunity seeking and opportunity seizing) and the moderating effect of institutional distance
between countries of origin and residence. Several propositions describing the mediating and moderating
factors are developed for future empirical investigation. The managerial and policy implications as well as future
research directions are discussed. *(For more information, please contact: Kaveh Moghaddam, Old Dominion
University, USA: kmoghadd@odu.edu)*

**Session: 1.5.10 - Panel**
**Track: 13 – Teaching IB**

_Managing Course-Based Export/Import Projects_

**Presented On:** July 1, 2012 - 16:15-17:30

Chair: Nicholas Robinson, North Island College
Panelists:

Nicholas Robinson, North Island College  
Miroslaw Jarosinski, Warsaw School of Economics  
Michel Librowicz, Université du Québec à Montréal

In this presentation we discuss the use of course-based export/import projects as an instructional device. In such projects students investigate and report on export opportunities for real businesses as a major assignment in a course. We give suggestions for recruiting suitable businesses, minimizing free rider problems in student groups, and managing the relationship and communication among the project participants (businesses, educational institutions, and students). Our recommendations are based on our experience with the Interparse Project (International Trade Education in Partnership with Small and Medium Sized Enterprises) in which a consortium comprised of 3 European and 3 Canadian institutions exchanged 65 students and investigated export opportunities for 31 businesses between October 2007 and July 2011. (For more information, please contact: Nicholas Robinson, North Island College, Canada: nick.robinson@nic.bc.ca)

Session: 1.5.11 - Interactive  
Track: 6 - Innovation and Knowledge Mgmt.

Subsidiary Innovation Strategies

Presented On: July 1, 2012 - 16:15-17:30

Chair: Florian Täube, EBS Business School

Subsidiary Strategic Types and Functional Activities: The Importance of Knowledge in the Multinational's Differentiated Network

Odile E. M. Janne, University of London-Birkbeck  
Paz Estrella Tolentino, Birkbeck, University of London  
Pi-Chi Chen, Birkbeck, University of London

This paper explores the increasing significance of knowledge creation and exploitation in the differentiation of strategic roles of foreign subsidiaries and functional units within the differentiated network of the multinational corporation (MNC). Developing a knowledge-augmented integration-responsiveness (IR) framework the paper argues for a more explicit recognition of organisational learning and innovation processes within the MNC as core to the analysis of differentiation, interdependencies and evolution of subsidiary types and functional units. Empirical results, in the context of foreign subsidiaries and functional units of leading American MNCs in Taiwan's IT industry, shows the increasing relevance and differentiation of knowledge transfers across foreign subsidiaries and different kinds of functional activities. However, the composition and knowledge characteristics of different functional activities in each subsidiary strategy type require a more specific and detailed analysis that may reflect the particular features of this empirical study. This then points to directions of research fruitful for reconciling organisational issues discussed in the international business literature with the resource-based literature on the creation and transfer of knowledge within the MNC. (For more information, please contact: Odile E. M. Janne, University of London-Birkbeck, United Kingdom: o.janne@bbk.ac.uk)

Evolution of Innovation Networks across Geographical and Organizational Boundaries: A Study of Subsidiaries within Bangalore IT Cluster

Amit Karna, EBS Business School  
Petra Sonderegger, Independent Researcher  
Florian Täube, EBS Business School
In this paper, we investigate the evolution of MNC subsidiaries through development of innovation networks. Literature on innovation networks has seen them to develop in several different settings. These networks, during their evolution, span firm boundaries and geographic proximity. However, the evolution of innovation networks within and outside MNC subsidiaries has not been investigated from the perspective of these two dimensions: geographical and organizational distance. In order to find out a pattern, we chose the Information Technology cluster in Bangalore, India, where we find there are MNC subsidiaries that operate and innovate within and outside organizations, and have strong links with firms within and outside of Bangalore cluster. The globalized nature of the cluster helps us infer the evolution of innovation networks that takes place across four phases. We further find that the innovation networks of these MNC subsidiaries first develop as within-organization networks and then extend across organizations. Within the first part, the networks start with a non-local nature (phase-1) and develop into local networks (phase-2). However, within the latter part of the evolution, networks develop from local (phase-3) towards a non-local nature (phase-4). (For more information, please contact: Amit Karna, EBS Business School, Germany: amit.karna@ebs.edu)

A Study on the Key Factors for Successful Implementation of Knowledge Management Systems of Multinational Corporations

Chia Chen Hsu, Ting Hisin International Group
Ying Sheng Yao , National Chi Nan University
Tsai Chiao Wang, National Chi Nan University

The purpose of this study was to explore the current status and development trend of knowledge management system implementation in subsidiaries of multinational corporations in Taiwan and find out the key factors of successful implementation by conducting factor analyses. In addition, important issues were prioritized, so that managers can, with limited resources, effectively arrange their resources and schedules to increase chances of successfully implementing knowledge management systems. The findings of this study include: 1.Subsidiaries should be highly cooperative in knowledge management system transfers. 2.High-level managers should be involved personally and support implementation. 3.A good IT foundation is required. 4.A taskforce should be formed to step-by-step create all knowledge tools and define evaluation indexes. 5.The core of knowledge management is employees. 6.Parent companies of multinational corporations should pay more attention to accumulated knowledge resources in their subsidiaries. 7.Subsidiaries should speed up their processes of implementing knowledge management systems. (For more information, please contact: Chia Chen Hsu, Ting Hisin International Group, Taiwan: michelle_hsu@weichuan.com.tw)

A Behavioral View on Coopetition and Knowledge Sharing Dynamics in Multinational Corporations

Barbara Brenner, WU Wien
Shalini Rogbeer , WU Wien

Building on the unique bridging position of the Multinational Corporation (MNC) in accessing, sharing and (re)combining globally scattered knowledge, we suggest that intra-organizational networks evolve in a dynamic pattern of competition and cooperation depending on knowledge convergence. We use a case method to identify different drivers of intra-organizational knowledge flows. Drawing on behavioral theory we analyze under which conditions subsidiaries start and stop knowledge sharing and how convergence and coopetition affects network evolution in MNCs. Understanding these internal mechanisms is not only important for theory advancement but also has important practical managerial implications and allows us to gain novel insights into the dynamics of network evolution. Furthermore, our findings have concrete managerial implications for MNC managers acting on subsidiary coopetition and firm innovativeness. (For more information, please contact: Barbara Brenner, WU Wien, Austria: barbara.brenner@wu.ac.at)
The paper focuses on a ‘creative transition’ (CT) as a crucial tipping point in the strategic evolution of MNE subsidiaries. Before a CT a subsidiary’s operations will be based around application (in a market-seeking or efficiency-seeking strategy) of the successful established technologies and products of the MNE group. After the CT (as, for example, a Product Mandate) the subsidiary will be deriving new sources of technology, notably from its host country, and developing new products from these. Thus, we argue, the sources of technology accessed and/or generated by a subsidiary are crucial in defining its competitive status. Evidence cited from a study of MNE subsidiaries in China demonstrates the value of the concept of CT. Though pre-CT operations of an ES, export-oriented, nature have played a role in China it is shown that, to an increasing degree, it is now post-CT innovation that provides the dominant imperative. But, contrary to traditional Product Mandates, a major strand of this innovation targets an embedded position in China’s growth for MNEs. (For more information, please contact: Marina Papanastassiou, Copenhagen Business School, Denmark: mpa.smg@cbs.dk)

Session: 1.5.12 - Interactive
Track: 8 - Developing Country MNCs

Competitive Dynamics and Developing Economy Multinationals

Presented On: July 1, 2012 - 16:15-17:30

Chair: Luis Alfonso Dau, Northeastern University

The Internationalization of Private and State Firms under Reforms
Luis Alfonso Dau, Northeastern University

Building on the institution-based view of strategy, we study the impact of pro-market reforms on developing-country firm multinationality. We propose that reforms increase multinationality by reducing institutional imperfections and increasing domestic competition, thus inducing firms to expand internationally. However, we argue that the effect is higher for private firms than state firms because the former are compelled to be more responsive to institutional changes and opportunities in order to survive. The three-level RCM Poisson analyses of a panel of the largest firms in Latin America for the period 1989-2009 provide robust support for the arguments. (For more information, please contact: Luis Alfonso Dau, Northeastern University, USA: l.dau@neu.edu)

Innovation Blowback - How Competition between Advanced Economy MNEs Raises Competitors from Emerging Markets
Martin Ihrig, University of Pennsylvania
Philip Kappen, Uppsala University

This paper provides an evolutionary explanation to the rise of the emerging market MNE. It does so by presenting the innovation blowback framework which describes how competition between traditional advanced economy MNEs raises tomorrow’s new competitors from emerging markets. In particular, the paper provides a formal model of trade-offs that the advanced economy MNE faces when organizing its R&D activities either concentrated at home or geographically dispersed. Using the SimIntReDe software, the model is subsequently evaluated by simulation in the SimlISpace environment. The initial simulations lend support for the innovation blowback framework and the findings provide insights into the evolution of new competition, firm performance
A Conceptual Positioning Matrix for Firms in Developing Countries - Case of India
Ajay Kumar Singal, Indian Institute of Management, Lucknow
Arun Kumar Jain, Indian Institute of Management, Lucknow

Understanding and mapping global competitiveness of firms in emerging markets has been a burning issue for scholars and consultants in recent times. McKinsey suggested ‘strategic control map’ (SCM) that looked at market capitalization - using two parameters of book equity (size) and price to book ratio (performance) – as key driver of competitiveness of firms. However, this mapping leaves important gaps. SCM, formulated with a developed market focus, is not suitable in emerging market context and does not consider internationalization as a key driver. In this paper, we suggest a fresh framework ‘Global Competitiveness Matrix’ (GCM) to further augment the understanding about relative comparison of competitiveness of firms in emerging markets and developed contexts. Using the case of large cap firms based in India, we argue that ‘international intensity’ and market capitalization can be important measures to map the relative paths of growth. The paper also provides important leads for further research. Keywords: Global Competitiveness Matrix (GCM), Internationalization, Vulnerability (For more information, please contact: Ajay Kumar Singal, Indian Institute of Management, Lucknow, India: ajay.singal@iiml.ac.in)

International Location Decisions of Companies from Emerging Countries: When and How Distance Matters
Claudio Ramos Conti, EBAPE- Fundação Getúlio Vargas
Flávio Carvalho de Vasconcelos, EBAPE - Fundação Getúlio Vargas
Ronaldo Parente, Florida International University

We study the use of distance for international location decisions of companies from emerging countries, which have a growing importance for the world economy. In light of a call for scholars to study when and how distance matters, we investigate the circumstances under which distance matters the most, some of which atypical for companies from emerging economies. We propose that distance matters the most: (1) when the company is private-owned (as opposed to state-owned); (2) when its internationalization motive is market-seeking (rather than asset-seeking); (3) when it occurred in the first internationalization wave, in the 1970`s and 1980` s (instead of in the second internationalization wave, starting from the 1990` s); and (4) when it operates in services, low-technology industries (as opposed to manufacturing, high-technology, commodities and luxury industries). As most of these circumstances under which distance matters the most are typical of the internationalization of companies from developed countries, we also propose that: (5) distance is less important in the case of companies from emerging countries. With regard to how distance matters for international location decisions, we argue that it represents the disadvantages of the host countries and propose that: (6) it should be used in conjunction with factors that represent host country attractiveness. (For more information, please contact: Claudio Ramos Conti, EBAPE- Fundação Getúlio Vargas, Brazil: claudio_conti@hotmail.com)

Developing DMNCs' Learning Capabilities: From a Coopetition Perspective
Fiona Xiaoqing Ji, Kean University
Manisha Singal, Virginia Polytechnic Institute and State University

While the importance of international alliances has long been recognized in traditional multinational corporations (MNCs), its effects on MNCs from developing countries (DMNCs) learning and ultimately DMNCs growth remains undeveloped. In this paper, by building on the literature about coopetition, defined as simultaneously cooperation and competition as well as organizational learning, we identify and discuss factors influencing international learning decision and the effectiveness of such learning for DMNCs' international growth. Our multi-level conceptual model incorporates dyadic coopetition with foreign partners and geographic coopetition
conditions as well as contextual factors. We stress the importance of examining a multitude of factors in understanding what predicts DMNCs' international learning and under what conditions the learning will facilitate international growth. (For more information, please contact: Fiona Xiaoying Ji, Kean University, USA: xji@kean.edu)

**Emerging Market Firms Competing in Other Emerging Markets: Beyond Institutional Voids**
Venkat Subramanian, Vlerick Leuven Gent Management School
Nikhil Celly, University of Hong Kong

Academic research on emerging markets (EM), emerging market companies and their internationalization has increased in recent years. Much of the work though has been about the attractiveness of emerging markets to many developed market MNCs, and the threats to the established MNCs in their home markets. The focus of this paper is exploring the factors that influence success in the market-seeking activities of emerging market firms into other emerging markets. We advance the concept of institutional arbitrage to explain emerging market firm competitiveness in other EMs, introduce the concept of industry voids and propose that both institutional and industry conditions in home and host countries explain the potential likelihood of success of EM firms in emerging markets. Further, we argue that this potential success is only realized through business model innovation. We draw on examples of firms from the Indian market across a range of industries to illustrate the validity of our propositions and conceptual model. We suggest that EM MNEs may need to develop or possess a dynamic capability that enables them to innovate upon their existing business models developed in their home countries to truly take advantage of similar institutional and industry conditions in other emerging markets. (For more information, please contact: Venkat Subramanian, Vlerick Leuven Gent Management School, Belgium: venkat@vlerick.com)

**Session: 1.5.13 - Interactive**
**Track: 9 - Cross-cultural Management and HRM**

**Culture at the National and Individual Level**

**Presented On:** July 1, 2012 - 16:15-17:30

Chair: William Stopford Harvey, University of Sydney

*National Culture versus Individual Culture: The Importance of the Ecological Fallacy*
Paul Brewer, University of Queensland
Sunil Venaik, University of Queensland

This article challenges the understanding and use of the Hofstede and GLOBE national culture dimensions in much extant culture theory development. Both the Hofstede and GLOBE culture models are derived from individual survey data aggregated to, and analysed at, the national level. But culture scales that are correlated at the national (ecological) level will most likely not be at the individual level. To presume they are is known as the "ecological fallacy" in research literature. In spite of warnings, this fact has often been ignored by culture researchers. We analyse five research articles in top journals in general management, international business, marketing, accounting and operations and show that all five commit the ecological fallacy by projecting national level culture characteristics and associated scores onto individuals. The implications of this error are serious, and include the development of invalid culture theory and the persistence of false practitioner presumptions. We highlight the need for clarity and consistency in the interpretation and application of national culture constructs in future research. (For more information, please contact: Paul Brewer, University of Queensland, Australia: p.brewer@business.uq.edu.au)
An Exploration of the Effects of National Context and Organizational Performance: An Analysis of Sectors in Two Countries

G. Ronald Gilbert, Florida International University
Donald Roomes, Florida International University

This paper examines the performance of organizations in two unique national contexts—Jamaica and the USA. Jamaica is a more economically challenged nation and is characterized as having different cultural values and inferior infrastructures (e.g., economic, political, public safety, and communications) than the USA. Based on samples from working adults in Jamaica (N=704) and the USA (N=884) and differentiating types of organizations by sector (public, private, and not-for-profit), we analyze the performance of organizations between and within the two nations. All three sectors in the USA perform more effectively than those in Jamaica based on criteria associated with the productivity systems-service quality chain and human resources support systems in the organizations. We find that NFP organizations in both countries perform more effectively on most of the criteria used to assess performance. Public organizations tend to be rated lower than the other sectors in both national contexts. It is suggested that its lower performance is attributable to the political nature of its design, lack of clear outcome objectives, labor management relations, and employee motivational structures. Differences in performance of the organizations embedded in the two nations may be attributed more to economic and infrastructure conditions than cultural values per se. (For more information, please contact: G. Ronald Gilbert, Florida International University, USA: ron.gilbertems@gmail.com)

A Psychological Perspective on Cultural Difference: Epistemological Heterogeneity and Individual Heterogeneity Across Cultures

Kamal Fatehi, Kennesaw State University

A Psychological Perspective on Cultural Difference: Epistemological Heterogeneity and Individual Heterogeneity Across Cultures

Abstract
Most cross-cultural studies of management have been sociological type. Conventional view of cultures and sociological perspective has resulted in the assumption that within each culture members are homogeneous in their psychological make-up, logic, and perspective. Although researchers have reminded us that people vary on pivotal psychological dimensions, both on a between-country and within-country basis, these reminders were not heeded. Maruyama's theories and research was exception. Although, other disciplines have creatively used Maruyama's epistemological heterogeneity, and heterogeneity across cultures, international management literature, for the most part, has ignored this line of inquiry. This paper elaborates on Maruyama's research and suggests that researchers in international management could use this line of inquiry to expand upon our understanding of effective managerial practices dealing with individuals and cultures. (For more information, please contact: Kamal Fatehi, Kennesaw State University, USA: kfatehi@kennesaw.edu)

Intra-National Diversity and Regionalism within the Indian Diaspora: Effects on Reverse FDI

Masud Chand, Wichita State University
Majid Ghorbani, Renmin University of China

Intra-national diversity and regionalism are becoming increasingly important in countries with multiple ethnic and national groups. In this paper, we look at intra-national diversity within the Indian diaspora to find explanations for regional patterns in reverse FDI. We tested the effect of intra-national diversity among the Indian diaspora in the U.S. and Canada in a two stage empirical study that used both qualitative and quantitative methods. Our results point to the importance of regionalism in the diasporic reverse FDI to India from both countries. The results also point to the importance of having social networks in the target FDI state in the diaspora's decision to invest in that particular state. (For more information, please contact: Masud Chand, Wichita State University, USA: masud.chand@wichita.edu)
Emergence of Cultural Intelligence and Global Mindset Capital: A Multilevel Model
Jase Ramsey, University of Alabama
Amine Abi Aad, University of Alabama
Virginia Drummond Abdala, Fundação Dom Cabral
Livia Lopes Barakat, Fundação Dom Cabral

This article offers an application of recent work in multilevel research by applying it to two key constructs within the international management literature: Cultural intelligence (CQ) and the global mindset (GM). Using transformative learning and the resource based view theories; we discuss how an individual level CQ and GM can emerge to the unit level. This unit level capital is further examined in order to demonstrate how sustainable desirable unit level outcomes can be obtained by international organizations. Suggestions of which circumstances are ideal for the use of CQ and GM are provided along with an explanation of how they can be enhanced within the firm. (For more information, please contact: Jase Ramsey, University of Alabama, USA: jase@cba.ua.edu)

Emotional Intelligence, Role Stress and Performance of Customer Service Staffs in Outsourcing Call Center
Chia-Ying Lu, National Taiwan University

Many firms rely on international or local call centers to address customer concerns about problems with a product or service and provide product information. While the call center is increasingly known as a valuable resource for firms in managing customer relationships, it has also developed a stressful work environment. The purpose of this study is to explore the mediating effect of role stress on the relationship between emotional intelligence and performance, and trying to understand how the customer service staff through the emotion regulation mechanism to change their perception of the role stress, thereby affecting the performance. 370 questionnaires were used to survey customer service staffs of two call centers. One is an international call center and the other is a local call center in Taiwan. The results show that the emotional intelligence negatively influences role stress. While it positively influences service performance and doesn't significantly impact job performance. Furthermore, role stress negatively influences on service performance and doesn't significantly impact job performance. In lastly, emotional intelligence positively influences service performance through role stress. As a result, this study suggested that call centers emphasize on emotional intelligence and stress resistance of employees. (For more information, please contact: Chia-Ying Lu, National Taiwan University, Taiwan: d94724004@ntu.edu.tw)

Session: 1.5.14 - Interactive
Track: 4 - Strategy, Alliances, and Competitiveness
Managing Alliance Partners and Portfolios
Presented On: July 1, 2012 - 16:15-17:30

Chair: James Woodley, Ramapo College

When Do Alliance Portfolio Resources Matter? The Effect of a Firm's Market Experience
Seong-Young Kim, EMLYON Business School
Bernard Forgues, EMLYON Business School

This study investigates how diversity of alliance portfolio resources and firm's characteristics influence firm performance. Although firms are expected to benefit from increasing diversity of alliance portfolio resources, the performance effects could vary with types of diversity of alliance portfolio resources. Further, performance effects may depend on a focal firm's characteristics. By analyzing a sample of multinational semiconductor firms, we show that diversity of alliance functions positively affects firm's market performance, while high diversity of technological and positional resources has a negative effect on firm performance. However, this
negative effect depends on a focal firm's market experience. (For more information, please contact: Seong-Young Kim, EMLYON Business School, France: kim@em-lyon.com)

**How Do Alliance Partners Share the Value They Create? Determinants of the Value Split in International Technology Transfer Alliances**

Farok J. Contractor, Rutgers University  
James Woodley, Ramapo College

This paper tests different determinants of partner shares of alliance returns, for a sample of cross-border technology transfer alliances. Findings suggest the importance of bargaining power as an influence on partner shares of alliance returns and suggest that firms with better absorptive capacity gain more from alliances. There is a positive correlation between risk and return in alliances; in other words, firms that want a greater share of total returns from an alliance may be able to reach that objective by also agreeing to accept more risk or volatility. On a related point, shifting risk to a partner by insisting on minimum sales or minimum royalty requirements is typically accompanied by a smaller share of total alliance returns for the partner offloading risk. Finally, the findings suggest that return and risk are evaluated in a holistic manner by those negotiating and designing alliances. Implications for theory and practice are explored and further research about issues raised in this paper is recommended. (For more information, please contact: Farok J. Contractor, Rutgers University, USA: farok@andromeda.rutgers.edu)

**To Compete or to Cooperate: Contrasting Distance Determinants for Semiconductor Alliances**

Sonya H. Wen, Tamkang University

How do competitive dynamics between partners impact alliance strategies? To approach such inquiry, we devised a hypothesized governance model by applying the literature of competitive dynamics and knowledge-based view in the empirical context of technology intensive alliances. Two contrasting hypotheses driven by competitive tension versus cooperative incentives are developed and then tested on a sample of 1,696 Semiconductor alliances during 1985 and 2008. These sampled alliances formed by actual and/or potential competitors are intentionally selected to magnify the hypothesized contrasting governance effects of multi-dimensional distance determinants. We posit that driven by cooperation that the higher cooperative barriers or higher distance, and contrastingly driven by competition, the higher resource similarity or lower distance between alliance partners, the higher propensity of equity-base mode to safeguard their comparative advantages against competitors. We found empirical support of both hypotheses on the direct or contingent governance effects of six distance determinants. In comparison, our research demonstrates that the governance driver of cooperative incentives stronger than competitive tension, as well as weaker governance effects of cultural distance than the distance dimensions of power, coordination, knowledge, and experience. Such contrasting results support our call for more alliance research to analyze the strategic dynamics between competition and cooperation. (For more information, please contact: Sonya H. Wen, Tamkang University, Taiwan: sonya.wen@gmail.com)

**Exploring the Influence of Institutional Embeddedness of Partner Firms on Inter-Partner Dynamics in International Strategic Alliances**

Swetketu Patnaik, University of Kaiserslautern

The article aims to demonstrate the influence of institutional embeddedness on the practices that organizations adopt in international strategic alliances and their implication on alliance dynamics. Whereas most studies, in international business, explore the dynamics of institutional arrangements in the context of issues relating to host country partner selection, little is known on how institutional embeddedness of partner firms have an influence on the dynamics of inter-organizational relations. Our paper, based on a longitudinal study of two co-occurring international strategic alliances of an Indian biopharmaceutical firm explores how institutional embeddedness of partner firms influence their alliance formation activities, the approaches they adopt to
undertake research and development activities as well as the approaches that the firms adopt in sharing of information and conflict resolution. We find that institutional embeddedness of partner firms significantly influence inter-partner dynamics in international strategic alliances. (For more information, please contact: Swetketu Patnaik, University of Kaiserslautern, Germany: patnaik@wiwi.uni-kl.de)

Coordination Modes and IORs Relational Outcomes: The Mechanisms in between
Pei-Li Yu, National Cheng Kung University

Effectively governed inter-organizational relationships (IORs) are characterized by high interfirm adaptation and low ex post opportunism. Promoting interfirm adaptation and attenuating ex post opportunism is increasingly an important coordination function in collaborations. However, evidence for the role of interfirm governance mechanisms in engendering such a managerial focus is scarce. To address this issue, I link transaction cost economics and social learning perspective, and propose an integrated model for specifying the link: coordination mechanisms, interfirm adaptation and ex post opportunism. This model involves the interorganizational learning process as a mediator and cultural differences as a moderator. The general thrust of our reasoning is that interfirm relationships perform better because the parties involved have developed a valuable knowledge transfer mechanism, which may facilitate better interfirm adaptation and mitigate ex post opportunism. While there seems to be little doubt about the positive impact of learning processes on interfirm relationships, I posit that the direct effect is mitigated by a variable specific to the interfirm context, namely cultural differences. I find empirical partial support for our developed theory in the context of Taiwanese high technology industry. The results shown that hierarchical mode of coordination mechanisms influences interfirm adaptation through knowledge exploration; feedback mode of coordination mechanisms influences ex post opportunism through knowledge exploitation when a lower cultural difference exists. (For more information, please contact: Pei-Li Yu, National Cheng Kung University, Taiwan: h4584933@ms24.hinet.net)

Session: 1.5.15 - Interactive
Track: 14 - Methods in IB Research

Novel Perspectives on Research Methods: Emerging Markets, Born Globals & Linguistics

Presented On: July 1, 2012 - 16:15-17:30

Chair: Ilan Alon, Rollins College

Show, Don’t Tell - The Combination of Qualitative In-Depth Interviews and Metaphor Analysis in International Research Settings
Stefanie Paluch, TU Dortmund University

Modern information technologies alter not only the nature of services and their delivery process but also the interaction at the interface between service provider and customer. This research focuses on the exploration of a new type of technology-mediated services, remote service in a B2B-context based on a combination of qualitative in-depth interviews and metaphor analyses in three different countries. This study intends to contribute to literature by exploring how business customers perceive and evaluate remote services; revealing how transformation from close personal contact to technology-mediated interaction affects the relationship between provider and customer and by using qualitative techniques and metaphorical analysis to better understand customers attitude towards service technology in international research settings. (For more information, please contact: Stefanie Paluch, TU Dortmund University, Germany: stefanie.paluch@tu-dortmund.de)
An Emic-Etic Research Approach for Under-Researched Countries: Lessons from the LEAD Project for the International Business Research Community

Betty Jane Punnett, University of the West Indies
Terri Lituchy, Concordia University

This paper discusses the importance of understanding management issues in under-researched areas of the world, and the use of both emic and etic research to examine these issues. The paper uses a research project focusing on Africa and the African Diaspora, to illustrate the emic-etic combination. The project began with emic, culture specific, research the Lead project (Lituchy et al., 2011) and used this to develop an etic approach, a large scale survey, to be administered in a variety of African countries, as well as among the African Diaspora. Kamoche (2011) said "Africa remains relatively under-researched in the fields of management...international business" (p.1) and "the scope for further research into the management of people in Africa is enormous" (p.4). This supports earlier calls for research on management in Africa (Journal of Occupational and Organizational Psychology, 2009). Bolden and Kirk?s (2009) suggested that there is a need for grounded conceptualizations of leadership drawn from research within Africa, using a variety of methodological approaches. The paper builds on these ideas and explains why it is critical to understand management outside of Western, developed countries, and why the emic-etic combination design provides insights that cannot be identified with only one approach. (For more information, please contact: Betty Jane Punnett, University of the West Indies, Barbados: eureka@caribsurf.com)

Qualitative Insights into Concept Formation: The Case of the 'Born Global'

Lisa Hewerdine, University of Sydney
Catherine Welch, The University of Sydney

This paper highlights the potential for qualitative research to contribute to what is one of the fundamental activities of any field: the development, interrogation and reformulation of concepts. We draw on the born global literature as an illustrative example or case of concept formation but as the purpose of our paper is primarily methodological, our emphasis is placed on the central topic of concept formation, rather than a review of the BG literature per se. We present three vignettes and our empirical study showed us that qualitative case research can be extremely useful in demonstrating complexities associated with concepts that can otherwise be overlooked. To provide a framework for our analysis, we turned to the political scientists whose scholarship provided us with a vocabulary and framework for evaluating concepts. Using this literature, we argue that there are grounds for rethinking the born global concept as denoting a particular class of firm. We conclude by suggesting the term can be reconceptualised as an internationalisation pathway that firms may take, depending on contextual factors. (For more information, please contact: Lisa Hewerdine, University of Sydney, Australia: lisajane@bigpond.net.au)

Assessing Group Variation: Methodological Considerations for Emerging Markets Research

Alexander M. Settles, National Research University Higher School of Economics
Valentina V. Kuskova, National Research University Higher School of Economics
Liudmila V. Petrova, National Research University Higher School of Economics

While cross-cultural research is not new, available methodological recommendations are not always applicable for comparative studies in emerging markets. The purpose of this paper is to call more attention to comparative studies to expand our understanding of the differences between the emerging and developed markets, examine methodological trends in the field of emerging market research, and provide a comprehensive review of methods of assessing group variation. (For more information, please contact: Alexander M. Settles, National Research University Higher School of Economics, Russia: asettles@hse.ru)
Corpus Linguistics Tools and Qualitative and Quantitative International Business Research
Brian Hilton, Nottingham University Business School
John McKenny, English Studies Nottingham University

This interdisciplinary paper sets out to explore the use of a Corpus Linguistic tool as a means either to quantitatively test hypothesis about the development of ideas in International Business or to qualitatively ground theory on developing perceptions within the genre. In illustration of the former it tests the hypothesis that the Integration Responsiveness framework has become paradigmatically embodied in the genre. In illustration of the latter it shows how the descriptive material this tool lays out can be used to raise questions for qualitative exploration as potential new or developing ideas within the body of scholarship represented by articles in JIBS. (For more information, please contact: Brian Hilton, Nottingham University Business School, China: brian.hilton@nottingham.edu.cn)

By Eyesight - A Case of Mixing Methods in Qualitative Business Research
Sabina Jaeger, AUT University
Romuald Rudzki, New Zealand School of Export

The paper tells the story of a research process, a project with the aim to investigate critical export barriers to growth. Starting off with a quantitative method in the form of a mail survey the necessity for employing further investigative tools became quickly obvious. Ambiguous survey replies such as "by eyesight" demanded more in-depth investigation in order to understand the meaning of the data collected. Applying different techniques of data collection achieved the goal to comprehend what the respondents perceived as critical barriers and what made them decide to export in spite of sometimes adverse conditions. It appeared that the reality and extent of the barriers were conditional on the respondents' perception of, and attitude towards, the barriers. In conclusion a mixed method research approach (triangulation) provided superior insights into the complexities of making the decision for or against export activity than a survey alone. (For more information, please contact: Sabina Jaeger, AUT University, New Zealand: sabina.jaeger@aut.ac.nz)
Session: 2.1.P - Panel  
Track: 7 - Emerging Economies  

Showcase Panel on Institutional Change and Emerging Market Multinationals

Presented On: July 2, 2012 - 09:00-10:15

Chair: Elitsa R. Banalieva, Northeastern University
Co-Chair: Laszlo Tihanyi, Texas A&M University

Panelists:
- Michael Hitt, Texas A&M University
- Robert Hoskisson, Rice University
- Ruth Aguilera, University of Illinois at Urbana-Champaign
- Alvaro Cuervo-Cazurra, Northeastern University

Our panel will focus on presenting some of the latest scholarly advances in the fields of institutional change and emerging market multinational enterprises (EM MNEs). In particular, our expert panelists—Prof. Ruth Aguilera, Mike Hitt, Bob Hoskisson, and Pasha Mahmood—will present on three understudied issues: (1) comparative corporate governance and institutional change in EMs; (2) institutional polycentricity and its effect on EM MNEs' strategies and outcomes; and (3) new multinationals from former emerging economies. Our panel will present new ways to integrate and extend existing theories such as agency theory, institution-based view, and the resource-based view of the firm. (For more information, please contact: Elitsa R. Banalieva, Northeastern University, USA: e.banalieva@neu.edu)

Session: 2.1.1 - Special Session

UNCTAD WIR Panel II: TNCs, Global Value Chains and Development: the Investment and Trade Nexus

Presented On: July 2, 2012 - 09:00-10:15

Chair: James Zhan, Division on Investment and Enterprise, UNCTAD
Co-Chair: Hafiz Mirza, Division on Investment and Enterprise, UNCTAD
Discussant: Jeremy Clegg, University of Leeds

Panelists:
- James Zhan, Division on Investment and Enterprise, UNCTAD
- Hafiz Mirza, Division on Investment and Enterprise, UNCTAD
- Susan Feinberg, Temple University
- Christos Pitelis, University of Cambridge
- Ram Mudambi, Temple University
- Aaron Brickman, SelectUSA, U.S. Department of Commerce
- Ilan Alon, Rollins College

The topic of this panel has been selected for World Investment Report 2013, so this panel is a basis for establishing a firm conceptual and empirical foundation for further work, as well as a platform for AIB members to collaborate in the effort. The Investment and Trade Nexus, is an important, but difficult topic; albeit ostensibly touched upon by many researchers and policymakers worldwide in recent years, it remains
underexplored. In the new era of globalization, the rise of integrated international networks and the pivotal role
TNCs in Global Value Chains, and the attendant policy challenges, the topic is ripe for thorough and sustained
investigation. The issues to be raised in the panel include: • Given that increasingly the size, content, volume
and direction of trade is under the common governance of TNCs and their decisions on where to locate foreign
direct investment (FDI), or set up non-equity modes (NEM) operations with host-country entrepreneurs, what
are the salient issues to be addressed and which data are required for the analysis? • Value-chain based
analyses is one way of doing this (what are the alternatives?); and this approach require a "re-imagining" of the
traditional interpretations of both trade and FDI patterns. What does a remapping of (a) global and (b) regional
value chains reveal? • What are the implications for theory? How do we understand and differentiate between
or reconfigure absolute, comparative and competitive advantage conceptually in the modern world – and
integrate them into a common framework for FDI, NEMs and trade? • Given the pivotal role of TNCs in GVCs
and the investment and trade nexus, “responsible investment” also takes centre stage. How this issue is
analysed in conceptual/theoretical and practical terms has huge implications for sustainable development. •
Policymakers face the challenge of how to create synergies between investment and trade policies. How can
this be achieved? What are the main policy issues that matter in this context? (For more information, please
contact: Hafiz Mirza, Division on Investment and Enterprise, UNCTAD, Switzerland: Hafiz.Mirza@unctad.org)

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**Session: 2.1.2 - Panel**  
**Track: 6 - Innovation and Knowledge Mgmt.**


**Presented On:** July 2, 2012 - 09:00-10:15

Chair: Danica Purg, IEDC-Bled School of Management

**Panelists:**
- Danica Purg, IEDC-Bled School of Management
- Nancy J. Adler, McGill University
- Jonathan Cook, Gordon Institute of Business Science
- Sergei Filonovich, National Research University Higher School of Economics

Today’s leaders are challenged by issues which are complex, interconnected and constantly changing. The
challenges of today and tomorrow require innovative approaches, new visions – creative leadership. Traditional
forms of leadership and management development often fall short in preparing leaders for these realities as
they fail to cultivate reflective, holistic, socially responsible views and skills in leadership practice. As
Woodward and Funk have recently written, leaders must re-imagine the complex realities they face and re-
envision how to approach them. To achieve this requires innovative thinking – creativity – and the development
of creative approaches to leadership development and practice. Processes of re-imagining and re-envisioning
are driven by reflexive thinking. The panel will explore innovations which are aimed at learning from taking
leaders out of their comfort zones and provoking reflection, inspiration, and responsible behavior. Particular
emphasis will be given on learning from creative arts, science, history, nature, community, and context in
general. Based on the presented experiences and lessons learned, the panel will also address the implications
for leadership development, which should assume its own social responsibility for sustainable future and a
better world. (For more information, please contact: Danica Purg, IEDC-Bled School of Management, Slovenia:
danica.purg@iedc.si)
Session: 2.1.3 - Panel  
Track: 1 - Institutions, Governance, and CSR  

**A Global View on Sustainability and CSR**  

**Presented On:** July 2, 2012 - 09:00-10:15  

Chair: Bodo B. Schlegelmilch, WU Vienna  

**Panelists:**  
Bodo B. Schlegelmilch, WU Vienna  
Timothy M. Devinney, University of Technology, Sydney  
Michael R. Czinkota, Georgetown University  
Constantinos N. Leonidou, Leeds University  
Verena Gruber, WU Vienna  
Constantine S. Katsikeas, Leeds University  
Athina Zeriti, Leeds University  

In principle, there is broad agreement that governments and corporations should behave in a sustainable fashion and act socially responsible. However, when taking a more fine grained perspective on sustainability and CSR, differences abound. Not only is there little agreement on the definitions and dimensions of sustainability and CSR, there are also different views depending on economic- and social convictions, stages of market development and stakeholder roles. The sustainability and CSR debate is particularly relevant in an international context, as diverging opinions frequently relate to different vantage points in terms of geography, politics, and culture. The failure to strengthen the Kyoto Protocol at Durban in 2011 offers a stark reminder of the geopolitical nature of the disagreements. This panel aims to advance our thinking and perceptions about the role of sustainability and CSR from a theoretical, methodological and practical perspective. The unifying premise: taking a global view on these issues is imperative. *(For more information, please contact: Bodo B. Schlegelmilch, WU Vienna, Austria: bodo.schlegelmilch@wu.ac.at)*

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Session: 2.1.4 - Competitive  
Track: 6 - Innovation and Knowledge Mgmt.  

**Where is Knowledge in the Global Organization?**  

**Presented On:** July 2, 2012 - 09:00-10:15  

Chair: Shad Morris, Ohio State University  

**Multi-Country Knowledge Generation: Evolving Parent-Subsidiary Relationships and Global Innovation within MNCs**  
Heather K Berry, George Washington University  

I examine how more basic relationships associated with product integration can lead to higher level relationships that involve multi-country innovations within MNCs. I argue that product linkages provide communication channels, common knowledge and increased visibility that allow foreign subsidiaries to play increasingly important roles in innovation processes. Results from a dataset combining confidential data on the worldwide operations of US MNCs from the Bureau of Economic Analysis (BEA) with data on the patents of these firms from the USPTO reveal that multi-country patenting is significantly related to higher product integration in MNCs. Overall, this paper emphasizes the importance of evolving parent-affiliate relations in the global innovation strategies of MNCs, and documents changing patterns in the international patenting of US
Building Effective R&D Portfolios: Location Choices and Performance Consequences

Mario Kafouros, University of Leeds
Niron Hashai, The Hebrew University
Chengqi Wang, Nottingham University Business School

Though R&D internationalization is central to organizational strategy, its consequences for firm performance remain less well understood, thus limiting scholarly theorizing about the forces shaping the success of overseas innovation. The current study is designed to address this lack of understanding. In contrast to single-location analyses, our conceptualization extends prior theorizing on the globalization of innovation by capturing firms' entire portfolios of R&D labs, their location choices in the global landscape, and differences in the resulting distribution of R&D labs. Our contribution lies in explaining how, and the extent to which, R&D portfolios enable MNEs to exploit globally dispersed location bound resources. Our analysis generates implications for theory, indicating that the effects of R&D on performance not only depend on the degree of its internationalization, but also on how it is internationalized. (For more information, please contact: Mario Kafouros, University of Leeds, United Kingdom: mk@lubs.leeds.ac.uk)

Superstar Inventors in Foreign Subsidiaries of the MNC

Katarina Blomkvist, Uppsala University
Philip Kappen, Uppsala University
Ivo Zander, Uppsala University

This paper develops a micro-perspective on the geographical dispersion of technological renewal in foreign subsidiaries of the multinational corporation (MNC). We draw upon an original data set comprising 371 foreign subsidiaries of 21 Swedish MNCs and follow their patenting activity to document the distribution of inventive activity both across and within individual subsidiaries. Findings at the subsidiary level show that the distribution of technological activity and contribution to the overall multinational group is significantly skewed, and we proceed to empirically explore the assumption that a similar distribution applies also at the level of individual inventors. The results point to a pattern where most inventors make only occasional and limited technological contributions and more significant numbers of new technological discoveries are instead attributable to a select group of exceptionally inventive individuals. In the light of the results, we revisit the geographical distribution of technological capabilities in the MNC, and suggest the fruitfulness of applying a people-centric perspective on the sources of sustained competitive advantage of the MNC, the management of geographically dispersed capabilities in the multinational network, and the geographical sources of invention in the MNC. (For more information, please contact: Katarina Blomkvist, Uppsala University, Sweden: katarina.blomkvist@fek.uu.se)

Evolution of Global Innovation Network in MNEs

Charles Dhanaraj, Indiana University
Srivardhini K. Jha, Indian Institute of Management Bangalore
Rishikesha T. Krishnan, Indian Institute of Management Bangalore

Technological innovation is the cornerstone of competitive advantage—both for individual firms and for national economies. Advances in the institutional environment, and the changing dynamics of product and factor markets have systematically expanded the innovation networks of most multinational enterprises (MNEs) across the globe. As the innovation networks expand globally, achieving excellence or productivity in research and development (R&D) and ensuring appropriability of the innovation are the two major challenges for an MNE. While empirical research on MNE R&D has proliferated in recent years, theoretical development has been lagging significantly. Our paper fills this gap by addressing the central question in multinational R&D: How does an MNE's innovation network evolve? Specifically, we draw on institutional and resource-dependence perspectives to extend the network model of MNE. We develop propositions to predict the onset of R&D mandate in a subsidiary, and the scope of the R&D function at a node, and the level of autonomy and
New Perspectives on Internationalization

Presented On: July 2, 2012 - 09:00-10:15

Chair: Klaus Meyer, China Europe International Business School

Dispersion of Internationalization and Firm Performance: A Contextualist Three-Stage Model
Pham Hoanh Son Nguyen, ESC Clermont Graduate School of Management
Tugrul Atamer, EMLYON Business School
Alain Charles Martinet, University Jean Moulin Lyon 3

The academic interest in the relationship between Internationalization and Performance (RIP) has grown steadily during the last four decades. Based on different theories and methodological approaches, researchers propose and confirm empirically RIP of various natures. Consequently, they have developed various alternative approaches to model RIP such as negative, positive and linear, U standard and U inverted. In this context, the three-stage model of Lu and Beamish (2004) and Contractor, Kundu and Hsu (2003), emerges as an integrator model capable of reconciling other efforts to model RIP. However, this integrator model has, in our point of view, two limitations: (1) the absence of the context of internationalization, in particular, the cultural and institutional environment in the theoretical analysis and development; (2) the inability to show the nature of the impact of dispersion of internationalization on performance. To overcome these limitations, we propose, in this work, to use the dispersion of internationalization as a vector by which the context of internationalization is incorporated into the analysis on the impact of degree of internationalization on performance. This research, based on a sample of 69 large international French enterprises over 7 years, 2001-2007, contributes to RIP research by providing the following new theoretical, empirical and methodological elements: (i) the three-stage model applies not only to the relationships between the breadth of internationalization and performance, or the depth of internationalization and performance, but also to the dispersion of internationalization and performance; (ii) it is not only the degree of internationalization itself that explains the firm’s performance but also the context of internationalization. (For more information, please contact: Pham Hoanh Son Nguyen, ESC Clermont Graduate School of Management, France: pham.nguyen@esc-lermont.fr)

Modeling the Speed of Internationalization: Examining the Different Modes of Internationalization According to their Timing and Speed
Masahiro Kotosaka, University of Oxford

This research adopted an exploratory, case-based theorising approach and empirically examined the model of forces influencing the speed of internationalization developed by Oviatt and McDougall (2005). This study proposed a 4-by-4 matrix consisting of the time axis and the speed axis in order to compare the different modes of internationalization. By treating timing and speed differently, this study discussed potential refinements to the Oviatt and McDougall model, especially if it is to accommodate Born-again Global firms and International Small Firms. This study contributes to the understanding of the two distinguishing factors of internationalization: the timing and the speed. This paper argues the firm’s competitive advantage, which is a result of access to the knowledge, networks, and resource, works as the moderating force determining the speed of expansion, together with the opportunity, enabling, motivating, and mitigating factors explained by Oviatt and McDougall's
model. Further, it argues the timing decision is a decision variable that the firm can control, and is essentially a combination of the boundary and location decision. Therefore, one might benefit from applying the traditional theories about multinational enterprises, whereby the younger and smaller the firm, the stronger the influence of the entrepreneurial actor's perceptions. (For more information, please contact: Masahiro Kotosaka, University of Oxford, United Kingdom: masahiro.kotosaka@sbs.ox.ac.uk)

Cross-Listings, Stage of Internationalization and Firm Performance
Xueji Jessie Liang, National University of Singapore
Jane Lu, National University of Singapore

The internationalization process (IP) model suggests that firms internationalize through incremental steps in global markets, with accumulated knowledge and enhanced commitment. This study extends the IP model by arguing that cross-listing in global equity markets is a stage of internationalization process. More specifically, firms gain international recognition and legitimacy through cross-listings in major stock exchanges, which affect their knowledge accumulation and perceived opportunities in the global markets. Greater knowledge and more opportunities enhance firm commitment and thus facilitate further internationalization process. Our empirical results, based on a panel data analysis of Chinese firms, suggest that for firms from emerging market, global IPO increases the degree of internationalization and leads to better firm performance. Moreover, empirical evidence indicates that the strategic value of cross-listings is contingent on firm corporate governance structure, in which the better the corporate governance, the greater the value of cross-listings. (For more information, please contact: Xueji Jessie Liang, National University of Singapore, Singapore: xuejiliang@nus.edu.sg)

Understanding the Pre-Internationalization Phase Decision Heuristic of Australian SMEs
Alvin Tan, Queensland University of Technology
Paul Brewer, University of Queensland
Peter W. Liesch, University of Queensland

Since the 1970s, the Uppsala stages model has been one of the dominant explanations of firm internationalization. The model's focus on internationalization as a firm's gradual and incremental process of increasing international involvement has attracted much debate, with one criticism being that it is unclear in explaining how the internationalization process first originates within a firm. In this paper, the Uppsala model is extended through the incorporation of a pre-internationalization phase to explore the antecedents of firm internationalization. Adopting the Uppsala model's theoretical underpinnings, this paper develops and operationalizes a pre-internationalization phase decision heuristic in the form of an 'export readiness index'. Four constructs are proposed that drive and inhibit export commencement decision-making during a firm's pre-internationalization phase: export stimuli, attitudinal/psychological commitment, resources and lateral rigidity. Through a survey of Australian exporting and non-exporting small-medium sized enterprises (SMEs), the Export Readiness Index (ERI) is developed through factor analysis and tested using logistic regression. Results of the study and their potential implications are discussed. (For more information, please contact: Alvin Tan, Queensland University of Technology, Australia: ac.tan@qut.edu.au)

Session: 2.1.6 - Competitive
Track: 3 - IB Theory, FDI, and Entry Mode

M&As and Entry Mode Choices
Presented On: July 2, 2012 - 09:00-10:15

Chair: Olivier Bertrand, SKEMA Business School
Is There a Link Between Geography, Regional Integration and Governance? A Study of MNEs' Entry Mode Decisions in Europe

Roberto Ragozzino, University of Texas at Dallas
Caterina Moschieri, IE Business School / Universidade Católica Portuguesa
Brian C. Pinkham, University of Texas at Dallas

This study uses an economic geography lens and it focuses on supra-national institutions as determinants of entry mode. We examine the relationship between geographic distance and the choice of governance implemented by firms seeking cross-border corporate growth in Europe. We are also interested in determining whether the evolution of Europe as a business environment and membership of the host country in the European Union affect this outcome. The results strongly support our predictions. Namely, geographic distance, the process of integration of Europe and EU membership directly shape the manner in which MNEs choose to expand internationally. (For more information, please contact: Brian C. Pinkham, University of Texas at Dallas, USA: brian.pinkham@utdallas.edu)

Entry Mode Choice: Is MNEs' Behavior Space-Neutral?

Lucia Piscitello, Politecnico di Milano
Sergio Mariotti, Politecnico di Milano
Stefano Elia, Politecnico di Milano

This paper assesses the role of spatial heterogeneity on the MNEs' entry mode choice, by analyzing foreign acquisitions of local manufacturing firms occurred in Italy in the period 2001-2010. We claim that the MNEs' behavior is not space-neutral, and that the degree of ownership in cross border acquisitions is influenced by sub-national subtleties. In particular, the country core, the border areas, and the industrial districts generate information and knowledge spillovers that partially substitute those embedded in local target firms. Hence, the need of relying on local partnership to overcome the liability of foreignness, and to access distinctive country- and business-specific competences, decreases accordingly. (For more information, please contact: Lucia Piscitello, Politecnico di Milano, Italy: lucia.piscitello@polimi.it)

Environmental Munificence, Prior Experience, and the Prevalence of Cross-Border Mergers & Acquisitions

Rimi Zakaria, Florida International University
W.G. Douglas Fernandez, Florida International University
William Schnepner, Florida International University

This study examines the implications of organizational learning and the scarcity of economic resources on the types of merger & acquisitions (M&A) undertaken by large US firms. We explore whether companies are more likely to pursue foreign M&As over domestic M&A’s during periods of low environmental munificence in the home country and low organizational slack at the firm level. We further evaluate the moderating effect of the focal firm’s prior relevant experience on the relationship between its environmental munificence and nature of M&A attempt. Thus, drawing on the literature on environmental munificence, organizational search, and organizational learning perspectives, this study seeks to explain the resource-, learning-, and routine-based antecedents of cross-border M&A activities. Results analyzed from a sample of 8,410 cross-border M&A activity attempted by the S&P 500 companies during the period of 1994 to 2009 generally support our theoretical understanding that resources and learning significantly influence a firm’s acquisition behavior. (For more information, please contact: W.G. Douglas Fernandez, Florida International University, USA: wdooug002@fiu.edu)

Asset-Seeking Acquisitions: Performance Consequences for Service Sector EMNCs

Sathyajit Gubbi, University of Groningen
Padma Rao Sahib, University of Groningen
This study examines the role of home market context and nature of business in cross-border acquisitions by service sector and non-service sector firms. Beginning with the assumption that international acquisitions by EMNCs are primarily strategic asset seeking investments, we propose that due to inherent differences in market conditions and nature of business, service sector acquisitions outperform those by non-service sector. Furthermore, though the decision to acquire management control in the target has desirable consequences, it has a differential impact on acquisition performance depending on whether the acquiring firm is located in a service or non-service sector. Acquiring control of resources post-acquisition is more beneficial to non-service sector EMNCs than to service sector EMNCs. Our findings are supported by analysis of 540 cross-border acquisitions by Indian firms over the period 2000-2007. (For more information, please contact: Sathyajit Gubbi, University of Groningen, Netherlands: s.r.gubbi@rug.nl)

Session: 2.1.7 - Competitive
Track: 13 – Teaching IB

Assessing and Enhancing Multicultural Perspectives in IB Students

Presented On: July 2, 2012 - 09:00-10:15

Chair: Vas Taras, University of North Carolina Greensboro

Student Perceptions of Internationalization, Multiculturalism, and Diversity in the Business School
Matthew C. Mitchell, Drake University
Darcie Vandegrift, Drake University

Over the last five decades business schools all over the world have adapted their strategies for introducing the theoretical and pedagogical consequences of globalization. Educational institutions have gone to great lengths to internationalize their curricula to stay current with the most recent trends in the globalizing economy. As this evolution takes place, the issues of multiculturalism and diversity are increasingly included in the internationalization dialogue. Important questions are being asked and answered: What is the relationship between internationalization, multiculturalism, and diversity? How are they similar? How are they different? Can business schools successfully address all three? Can they afford not to? What is the role of the international business faculty in leading these initiatives? These questions and many others are explored in this article. We use qualitative focus groups to examine student's personal experiences of internationalization, multiculturalism, and diversity in the business school. Next, we examine the institutional response to the mandate to integrate all three issues into a coherent and effective curriculum. Finally, we offer brief concluding recommendations about how to balance these complementary educational goals. (For more information, please contact: Matthew C. Mitchell, Drake University, USA: matthew.mitchell@drake.edu)

Changing Minds: International Business and Student Attitudes towards Globalization in Qatar and Hong Kong
Amit Das, Qatar University
Pamsy P. Hui, Hong Kong Polytechnic University
Shobha Das, Qatar University

This paper reports on how student attitudes towards globalization changed upon completing International Business course in two mid-sized universities, one in the Middle East and the other in East Asia. We examined students' awareness of globalization – economic, political, and cultural – and their perception of its impacts through questionnaire surveys administered at the start and end of the IB course. Paired t-tests show that students' awareness of globalization and diversity, and their knowledge of international trade issues generally increased between the start and end of the course. On the other hand, their perceptions of impacts of globalization, tolerance for diversity, support for free market policies, and attitudes towards inbound FDI showed little or no change. Our paper illustrates a systematic approach to collecting evidence of the efficacy of
IB teaching in terms of shaping student attitudes. Our results suggest that it might be easier to raise awareness and conceptual understanding of globalization than it is to change more deeply held values on diversity, free market economics, and inbound FDI. The collective wisdom of IB instructors can be brought to bear on the design of IB curriculum that not only inform students, but also shape positive attitudes towards the world around them. (For more information, please contact: Amit Das, Qatar University, Qatar: amit.das@qu.edu.qa)

Preparing Students for Doing Business with the "Forgotten Majority": Curriculum Strategies and Research Activities for "Base of the Pyramid" Instruction
Les Dlabay, Lake Forest College

More than half of the people of the world live on $2 or less a day, and they are also doing business. To prepare to do business with all of the people in the world, students need an awareness of the varied cultural and business practices in these emerging market settings. This session will address curriculum topics, instructional strategies, and resources for doing business with the billions of people in low-income situations. Discussion will include coverage of the informal business environment, social entrepreneurship, microenterprise activities, and alternative financial services, including microloans, RoSCAs, and VSLAs. The topics for this session can be adapted to varied instructional settings to provide improved quality of life and expanded economic development through innovation among "base of the pyramid" businesses. During the session, participants will interact with others to determine where and how in their courses these concepts may be included. A curriculum framework will be used to plan and implement "base of the pyramid" topics, resources, and instructional strategies in various international business courses. (For more information, please contact: Les Dlabay, Lake Forest College, USA: dlabay@lakeforest.edu)

Anatomy of an Undergraduate Business Study Tour revisited: An Integrated Approach
Jolanta Aritz, University of Southern California

The paper addresses the topic of undergraduate business study tours (Howard, Keller and MacEwan,(2010) and proposes an integrated model of a business study tour that is grounded in a refined set of learning outcomes that promote the development of intercultural competence. More specifically, I propose an integrated model of a business study tour curriculum that positions a Business Study Tour as a learning process that has three distinct stages. Each stage contributes to the development of three sets of skills, knowledge, skills, and attributes, by incorporating academic, corporate and cultural aspect within each stage to fully address the learning outcomes of a business study tour. Whereas most business schools incorporate the first two components of a global model in their curriculum, I argue that the third stage – a post-trip debrief - is instrumental in achieving the learning outcomes of an undergraduate business study tour program. I will argue that such approach is better positioned to develop the intercultural communication competence that enables students to successfully translate the knowledge acquired during the study tour trip to a single country to future work assignments that may extend to other cultures. (For more information, please contact: Jolanta Aritz, University of Southern California, USA: aritz@marshall.usc.edu)

Session: 2.1.8 - Competitive
Track: 5 - MNC Management and Organization

Blended Family: Rethinking Culture's Consequences on Organization
Presented On: July 2, 2012 - 09:00-10:15

Chair: Mary Margaret Maloney, University of St. Thomas
Internal Communications, Shared Experience and Vicarious Learning: The Effects on Multinational Divisions' Strategy and Performance

Michael David Lord, Wake Forest University
Annette Ranft, University of Tennessee
Paul Nagy, Florida State University

This study explores how the strategic choice and performance of one division of a multinational enterprise might be influenced by the MNE's other divisions. Specifically, we examine whether a focal division's investment and performance during expansion into a new host country are influenced by other divisions' prior experience and learning. The richness of MNEs' internal communications is hypothesized to influence the interdivisional transfer of host country knowledge, which in turn should influence a division's strategy and performance. Using a broad sample of divisions within diversified MNEs, we find that knowledge transfer mediates the relationships between MNE experience and divisional investment and performance. Our results help explain mixed findings in the literature and further detail the heterogeneous dynamics and outcomes of MNEs' organizational learning processes. (For more information, please contact: Michael David Lord, Wake Forest University, USA: lordmd@wfu.edu)

Psychic and Cultural Distance Effects on Corporate Performance: Re-evaluating an Ambiguous Relationship

Fragkiskos Filippaios, University of Kent
Ruth Rama, CCHS-CSIC (Spanish National Research Council)

The main aim of this paper is to shed light on the effects of psychic and cultural distance on the performance of multinationals. Both types of distance present costs for the multinational and increase the liability of foreignness. Although both measures of distance have been included in a number of studies and thoroughly explored in the literature, their effect still remains ambiguous from a conceptual and empirical perspective. On a theoretical level we develop a conceptual framework that explains the channels through which culture and psychic distance influence the performance of multinationals and from an empirical perspective we use a dataset that allows us to empirically investigate the main arguments developed. By using a sample of the world's 100 largest Food and Drink Multinational Enterprises (F&D MNEs) over three time periods (i.e. 1996, 2000 and 2002) and their nearly 8,000 affiliates, per period, classified by line of business (e.g. food, retailing, etc.) we explore dynamic aspects in the MNEs' development. To the best of our knowledge this is the first study that sheds light to the effect of psychic and cultural distance on the performance of multinationals at the level of activity and by using a number of different distance measures rather than a combined distance measure. Our results show the significant need to understand further psychic and cultural distance and establish more detailed and better defined measures that could provide guidance for managers when making foreign direct investment decisions. (For more information, please contact: Fragkiskos Filippaios, University of Kent, United Kingdom: f.filippaios@kent.ac.uk)

R&D Investment, Performance above Aspirations and National Culture: Evidence from the Paper Products Industry

Krista Burrill Lewellyn, Old Dominion University
Shuji Bao, Old Dominion University

Investing in R&D to create knowledge and generate innovation is particularly relevant for MNCs competing in today's globalized knowledge-based economy. We theorize and demonstrate empirically with a sample of paper product industry firms from 11 countries that outperforming competitors in the past (performance above aspiration level) motivates R&D investment. We also generate theory and supportive empirical findings that show dimensions (power distance, uncertainty avoidance, and institutional collectivism) of a firm's home country national culture create a context that either encourages or discourages firm level R&D investment. (For more information, please contact: Krista Burrill Lewellyn, Old Dominion University, USA: klewelly@odu.edu)
A Cognitive-based View of the Impacts of Cultural Distance on New Product Development Performance in International Supply Chain Innovation Alliances
Robin N. Pesch, University of Bayreuth
Torben Bruder, University of Bayreuth
Ricarda B. Bouncken, University of Bayreuth

Being better and faster than competitors are major challenges in new product development. To meet these challenges, firms extensively use supply chain innovation alliances to gain access to complementary knowledge even beyond national borders. Such international innovation alliances are characterized by cultural distance. Concomitant with cultural distance, cognitive impacts such as divergent cognitive processes and mental models of alliance partners have so far been neglected in the academic literature about international supply chain innovation alliances. The aim of this study is therefore to provide insights on the impact of cultural distance on new product development performance from a cognitive-based view. In this context, we will particularly consider how alliance intensity and alliance duration influence the cognitive effects. The results of this study – based on a survey of 397 companies operating in engineering or medical technology – shows that cultural distance improves firms' performances in terms of new product superiority. Concerning speed to market, the results indicate a significantly positive relationship between cultural distance and speed to market only in the medical technology industry. Our findings further expose that the combination of complementary knowledge mediates the relationship between cultural distance and new product superiority. Interestingly, this mediation is moderated by alliance intensity. (For more information, please contact: Robin N. Pesch, University of Bayreuth, Germany: robin.pesch@uni-bayreuth.de)

Session: 2.1.9 - Competitive
Track: 11 - SMEs and Entrepreneurship

The Role of Learning and Knowledge in Entrepreneurial Firms

Presented On: July 2, 2012 - 09:00-10:15

Chair: Patricia Mcdougall, Indiana University

Go Out There and Learn! The Mediating Effects of International Business Competence on the Relationship between Internationalization and Firm Performance
Dinora Eliete Floriani, University of Vale do Itajaí
Maria Tereza Fleury, Fundação Getúlio Vargas
Afonso Carlos Correa Fleury, University of São Paulo
Rodrigo Bandeira-de-Mello, Fundação Getúlio Vargas

Existing literature on internationalization of Small and Medium Enterprises (SME) suggest that international business competences lead to superior international performance. We tested the hypothesis that the higher the degree of internationalization the higher the level of international competence development. We developed several models using structured equation modeling and, using a sample of 114 Brazilian SMEs, found strong support for the hypothesis. Therefore, international competences mediate the relationship between the degree of internationalization and firm performance. SMEs need to go abroad in order to develop capabilities, and not the other way around. (For more information, please contact: Dinora Eliete Floriani, University of Vale do Itajaí, Brazil: dinora@univali.br)

Small Firm Internationalisation Competence: An Owner-Manager Perspective
Peter William Lamb, La Trobe University
Jörgen Sandberg, University of Queensland
We examine competence as a phenomenon from the perspective of task accomplishment and what makes performance possible for owner-managers of small internationalising firms and move beyond knowledge as a free floating term to knowledge in action. By doing so, we contribute to the emerging topic of small firm internationalisation competence by focusing on the owner-manager rather than that of the firm. We also contend that competence is not attribute-based but rather relational in nature. By using a relational approach and phenomenography we reveal not only what constitutes small firm internationalisation competence but the variation in the way owner-managers organise their knowledge and skills into sets of distinctive competence. Our findings demonstrate that owner-managed small firm internationalisation competence is not defined primarily as a set of attributes or owner-manager characteristics/traits. Rather internationalisation competence is defined by the way owner-managers understand firm internationalisation. (For more information, please contact: Peter William Lamb, La Trobe University, Australia: p.lamb@latrobe.edu.au)

In Search of a Prince: An INV’S Quest for a Strong Tie with an MNE
Shameen Prashantham, Nottingham University Business School
Suresh Bhagavatula, Indian Institute of Management Bangalore
K Kumar, Indian Institute of Management Bangalore

Given the paucity of research on network outcomes (i.e. network ties as the dependent variable) and specific sources of social capital in studies on international new ventures (INVs), we ask: How does an internationalization-seeking new venture successfully forge a strong tie with a large MNE? Specifically, we identify ties with large multinational enterprises (MNEs) as an important but under-researched source of social capital for internationalization-seeking start-ups – in other words, aspiring INVs. Based on an inductive longitudinal case-study in Bangalore, India, our central argument is that an aspiring INV could build and leverage valuable MNE links through the interplay between its network actions and uncertainty reduction, which are engendered by the clarity of its strategic intent. Specifically, we identify the combined effects of network broadening actions and egocentric uncertainty reduction as potentially leading to the formation of an optimal partnering relationship with an MNE subsidiary. The combined effects of network deepening actions and altercentric uncertainty reduction potentially lead to the transformation of this local relationship into a globally embedded one involving the wider MNE. This, in turn, could lead to the MNE becoming a conduit for the new venture's international expansion. Our theorizing contributes a fine-grained explanation of how the interaction between strategic intent clarity, network actions and uncertainty reduction influence the network dynamics of an INV pursuing a specific network strategy viz. partnering with an MNE as a basis for international expansion. (For more information, please contact: Shameen Prashantham, Nottingham University Business School, China: shameen.prashantham@nottingham.edu.cn)

Session: 2.1.10 - Panel
Track: 14 - Methods in IB Research

How IB Journals Manage Qualitative Submissions: Best Practices and Future Directions?

Presented On: July 2, 2012 - 09:00-10:15

Chair: Catherine Welch, The University of Sydney
Co-Chair: Sylvie Chetty, Massey University

Panelists:
Catherine Welch, The University of Sydney
Mary Yoko Brannen, INSEAD
Sylvie Chetty, Massey University
Pervez N. Ghaure, King’s College London
Klaus Macharzina, University of Hohenheim
Peter W. Liesch, University of Queensland
This panel aims to discuss how IB journals currently handle qualitative submissions, how these practices may have changed in recent years, and possible best practices for the future. In 2011 JIBS signalled important changes to the way in which it regards qualitative submissions, making this panel particularly timely. Our panellists – editors from key IB journals (IBR, JIBS, JWB, MIR) – will address the following questions: What are best practices for managing the review process for qualitative manuscripts? What institutional changes and trends have occurred at their journal? What institutional barriers are still faced by qualitative researchers during the review process? Does their journal attract the best qualitative researchers in the field as authors and reviewers? What is the reputation of their journal as an outlet for qualitative articles? What role should their journals play in the future to encourage the publication of high-quality qualitative articles? The session will be run according to a roundtable format. As well as reflecting on the institutional practices at their journals, the editors will also respond to real-life scenarios reflecting the challenges that qualitative researchers face in having their work evaluated in the review process. (For more information, please contact: Rebecca Piekkari, Aalto University School of Economics, Finland: rebecca.piekkari@aalto.fi)

Session: 2.1.11 - Interactive
Track: 11 - SMEs and Entrepreneurship

Institutional Environments, National Culture and Learning

Presented On: July 2, 2012 - 09:00-10:15

Chair: Julie Elston, Oregon State University

A Cross-Cultural Study of the Ease of Doing Business and the Effect of Institutional Environment
Rakesh Sambharya, Rutgers University - Camden
Martina Musteen, San Diego State University

Drawing on the institutional theory, we develop arguments linking the regulatory, normative and cognitive dimension of local institutional environment to the level of entrepreneurship. Using a sample of 44 countries, we find support for most of our hypotheses. It appears that regulatory dimension of the institutional environment – measured as the number of days it takes to legally start a new business and enforce a business contract – impacts both opportunity and necessity entrepreneurship while the normative dimension (assessed as the level of government intervention) is only related to total level of entrepreneurial activity and opportunity-based entrepreneurship. We do not find any support for the link between the cognitive, culturally-based institutional dimension and entrepreneurship. (For more information, please contact: Rakesh Sambharya, Rutgers University - Camden, USA: sambhary@camden.rutgers.edu)

The Impact of National Culture, Type of Entrepreneurs on Outsourcing
Shouming Chen, Tongji University
Arpita Joardar, Clark University
Sibin Wu, University of Texas-Pan American

In this paper, we seek to answer two important questions. First, why does outsourcing go to countries with heavy entrepreneurial activities? Second, how are entrepreneurs related to outsourcing success? We argue that national cultures determine what type of entrepreneurs a country tends to produce. We contend that the number of entrepreneurs does not matter, but the type of entrepreneurs, promoters vs. trustees, does to outsourcing success. Specifically, we propose that promoters tend to outsource more. We also suggest that promoters are likely to select the wrong vendor, but they also find hidden cost quicker, find an exit strategy faster and tend to have more control of their outsourced activities. (For more information, please contact: Sibin Wu, University of Texas-Pan American, USA: sibinwu@utpa.edu)
International Entrepreneurship and Legitimacy: A Study of Chinese International Firms
Hairu Yang, Shanghai Finance University
Zhiqiang Liu, Huazhong University of Science and Technology
Daniel Ding, City University of Hong Kong

This study tries to explore in the domestic market what the motivation of international entrepreneurship is and how international entrepreneurial firms survive in foreign markets. Based on a sample of 212 Chinese international firms, this study examines the level of internationalization of organizational field as an antecedent of international entrepreneurship from a neoinstitutional theory perspective. We also investigate exploitative and exploratory learning as consequences of international entrepreneurship, because firms seek to achieve legitimacy in a host country. We further test the nonlinear relationship between exploitative and exploratory learning and performance in foreign markets. Findings suggest that isomorphic pressure from the organizational field will cause firms to engage in international entrepreneurial activities. In order to gain legitimacy in a host country, international entrepreneurship, in turn, is positively associated with the above two learning processes. Results also support that although exploitative and exploratory learning are beneficial, they can weaken a firm's performance in foreign markets, after a certain point. (For more information, please contact: Hairu Yang, Shanghai Finance University, China: cherryyang97@hotmail.com)

The Moderating Effect of Knowledge Transfer and Institutional Context on the Speed of Internationalization - A Proposed Framework
Niklas Akerman, Linnaeus University

Leaning on theory related to speed of internationalization, knowledge transfer and institutional theory this study proposes that an understanding of country-specific institutional contexts need to be taken into account in order to understand the variance in the speed of internationalization of traditional small and medium-sized firms. Responding to a need of better understanding the moderating factors determining the pace of internationalization processes this paper takes an integrative approach to suggest a number of propositions for future research. With the aim of contributing to internationalization process theory it is proposed that there are associations between successful intra-unit knowledge transfer across borders and a rapid internationalization process. It is further suggested that knowledge about how institutional contexts influence the transferring of experiential internationalization knowledge will influence the speed of future internationalization positively. (For more information, please contact: Niklas Akerman, Linnaeus University, Sweden: niklas.akerman@lnu.se)

The International Expansion of SMEs: High vs. Low Entrepreneurial Orientation
Patricia Todd, Western Kentucky University
Rajshekhar (Raj) Javalgi, Cleveland State University
Robert Scherer, Cleveland State University

The study presents a comparison of SMEs characterized as high in entrepreneurial orientation and those that are low. Surveys were sent to a cross section of exporting firms located in six states surrounding the Great Lakes region, including Ohio, Pennsylvania, Indiana, Illinois, Wisconsin and Michigan. The final number of usable surveys was 197, after dealing with outliers. The effective response rate was 14.1%. It was found that the best predictors for discriminating between firms with high or low entrepreneurial orientation are the satisfaction with the rate of new market entry and the perception of growth in total market share due to exporting. The significant economic contribution of SMEs is well understood but information concerning the differentiating characteristics between high and low entrepreneurial orientation are scarce. This study extends the literature by providing a preliminary investigation of these differentiating behaviors. (For more information, please contact: Patricia Todd, Western Kentucky University, USA: patricia.todd@wku.edu)
Entrepreneurship, Competitiveness and Economic Growth of BRICS Countries: An Empirical Analysis of Data From GEM and GCI

Raimundo Eduardo Silveira Fontenele, Universidade de Fortaleza
Paulo Francisco Barbosa Sousa, Universidade Federal do Ceara
Alexandre Oliveira Lima, Universidade de Fortaleza

Entrepreneurship can help economic growth in some countries by the introduction of new products on the market or by the evolution of existing products, as much as by changes in the production process and increases in market competition. This study investigates the influence of per capita income, health care and primary education, higher education and training, and technology and sophistication of businesses, in the differences in the total rate of entrepreneurship among BRICS countries, which refers to Brazil, Russia, India, China and South Africa. The survey was conducted with a multivariable statistical analysis. The regression was obtained in two models, of which the first used the overall value of the CGI (overall index) as a proxy for competitiveness, while the second model used the twelve indicators that make up the GCI each separately. The results reinforce the hypothesis that there is a positive relationship between the indices of competitiveness and the rate of entrepreneurship. (For more information, please contact: Raimundo Eduardo Silveira Fontenele, Universidade de Fortaleza, Brazil: fontenele@unifor.br)

Session: 2.1.12 - Interactive
Track: 12 - Value Creation and Work

The Geography of Value Creation: Clusters, Networks, Ethnic Ties

Presented On: July 2, 2012 - 09:00-10:15

Chair: Gabriele Suder, SKEMA Business School and ANUCES Fellow

International Input-Output Dynamics as a Measure of the Geography of Value-Distribution Across Asia and of Market Integration

Gabriele Suder, SKEMA Business School and ANUCES Fellow
Satoshi Inomata, JTRO- IDE
Irina Jormanainen, Aalto School of Economics
Bo Meng, JETRO- IDE

Regional integration, the interdependence in regional trade and production networks, has important implications for economic development and the location of international business activity. This paper adopts a novel approach to analyze the evolution of such production networks in Asia over time. We study its impact on the location of production hubs, indicating a high density of cross-border interaction and geographic dynamics as part of the interrelation of value addition and geographical location of cross-border production activity. We undertake a longitudinal study using empirical evidence about the period 1985-2000 and analyze interlinkages and underlying factors affecting the change in the geographic distribution of network hubs, with an emphasis on Country-specific advantages (CSAs). Our empirical methodology is based on the analysis of Input-Output data for nine Asian countries in three of the most integrated sectors of the manufacturing industry. We calculate their coefficient of variation and mapping, and assess countries’ gain and give-out potential of value in the production process. We support our results with an assessment of inward and outward investment flow locations and the convergence of locations of production network hubs and FDI. The findings demonstrate that the distribution of production hubs changes significantly over time; the emergence of Asian economies is embedded in overall regional integration. Value-added hubs center on and evolved around China and Japan. This is confirmed by the evolution of FDI locations. We argue that changes in country-specific advantages and specialization in Asian countries explain this result of rapid internal regional development and the need to respond to the pressures of the global business environment. (For more information, please contact: Gabriele Suder, SKEMA Business School and ANUCES Fellow, France: gabriele.suder@skema.edu)
The Rise of Global Service Delivery Networks: Network Conditions and Embedded Strategies
Stephan Manning, University of Massachusetts Boston
Pratyush Bharati, University of Massachusetts Boston

International business scholars increasingly acknowledge the embeddedness of internationalization strategies within global networks of client and supplier relations. Following this paradigm, we investigate the role of network conditions and embedded competitive strategies in driving the global distribution of service delivery in the global services industry. Based on comprehensive data from the Offshoring Research Network, we show that managing time differences through global delivery models is a major driver of internationalizing operations in this industry. Providers from developed countries thereby respond to increasing global competitive pressures as well as clients' interest in using qualified personnel from abroad. Providers from developing countries, in turn, internationalize to reduce time differences to clients and increase their overall global presence, which helps them stabilize client relationships, yet at the expense of margins. Our findings demonstrate the growing importance of global competitive dynamics, not least between developing and developed country firms, and the increasing role of global rather than domestic or regional client orientations in driving internationalization, in particular in business services. (For more information, please contact: Stephan Manning, University of Massachusetts Boston, USA: stephan.manning@umb.edu)

Information Processing Competency in Global Service Delivery: An Empirical Analysis of Knowledge Process Outsourcing in Service Supply Chains
Vaidy Jayaraman, University of Miami
Stephanie Lu Wang, University of Miami
Yadong Luo, University of Miami
Antony Paulraj, University of North Florida

We draw upon the information processing theory to develop a better understanding of how the fit between information processing (IP) needs and IP capabilities would influence firm performance. The model differs from previous studies by proposing a moderating effect of inter-organizational cultural friction and innovativeness orientation on the relationship between IP needs – IP capabilities alignment and firm performance. We also take a vendor's perspective and use survey data that we collected from 205 Indian KPO vendors and four different analytical techniques to rigorously analyze the hypothesized relationships. Our results provide strong support for the notion that the congruence between IP capabilities and IP needs will lead to superior firm performance – revenue growth, capacity enhancement and client satisfaction. We also find inter-organizational cultural friction and innovativeness orientation strategies to strengthen the association between IP needs – IP capabilities alignment and global service delivery performance. Implications for future research and practice within knowledge intensive service supply chains are offered. (For more information, please contact: Stephanie Lu Wang, University of Miami, USA: slu@bus.miami.edu)

Moving Along the Value Chain: The International Expansion of Thailand-listed Firms
Pavida Pananond, Thammasat Business School

This paper presents an overview of findings from the newly created firm-level database on Thai multinationals. It shows that Thai multinationals with substantial OFDI activities mostly hail from industries whose value chains are globalized across countries, either through a producer- or buyer-driven mechanism. With sufficient evidence suggesting that the international expansion of firms within these chains differ, we suggest that the international business literature on emerging multinationals should integrate the global value chain perspective in analyzing how the different mechanism and governance of the chains may influence the international expansion patterns of developing-country firms that initially serve as suppliers to foreign MNEs but later became multinationals themselves. (For more information, please contact: Pavida Pananond, Thammasat Business School, Thailand: pavida@tbs.tu.ac.th)
Harnessing Business Services Sourcing Capabilities for Economic Development in Newly Industrialized Economies
Xing Zhong, Duke University
Arie Y. Lewin, Duke University

The economic development potential of business services sourcing offers a new lever for economic growth. But so far a systematic roadmap is missing for guiding and assessing how to harness the benefits of attracting sourcing of business process services at a time when global sourcing of such services is becoming a new business normal. The extent to which a country can realize a full spectrum of economic development potential from business sourcing, ranging from income shift to moving up the global value chain given the country specific development paths and national absorptive capacity is currently under explored, as well as the effectiveness of policy instruments a country can deploy to promote its attractiveness for business services sourcing. In this paper, we propose a comprehensive two-stage model involving a multi-level analysis, and provide fresh insights on the global organization and reconfiguration of value chain and work, and how global sourcing of business services can contribute to developing countries economic growth. The model also considers the mediating effect of complementarities necessary for addressing the question of how piecemeal policies and economic development instruments can be bridged successfully and sustainably. (For more information, please contact: Xing Zhong, Duke University, USA: xing.zhong@duke.edu)

The influence of the National Institutional Environment on the Entry of Indigenous Firms into Global Value Chains: A Comparative Case Study Investigation in Tajikistan and Kyrgyzstan
Dilshod Makhmadshoev, University of Strathclyde

Much of the recent research on global value chains (GVCs) has focused on how relations amongst different participants in chains are governed, and further, how global governance structures (i.e. behaviours of lead firms) affect the process of entry into chains. In fact, the literature asserts that entry barriers (and therefore access to chains) are predominantly determined and defined by governance structures. This paper argues that policies, regulations, practices, and norms of doing business at local and national levels (especially in transition economies) could be as important as global governance structures in shaping the opportunities for indigenous producers to enter GVCs. (For more information, please contact: Dilshod Makhmadshoev, University of Strathclyde, United Kingdom: dilshod.makhmadshoev@strath.ac.uk)

Session: 2.1.13 - Interactive
Track: 7 - Emerging Economies

Studying Consumer and Employee Behavior in Emerging Markets

Presented On: July 2, 2012 - 09:00-10:15

Chair: Douglas Sanford, Towson University

Consumer Responses and Cross-border Acquisitions: Evidence from China
Cher-Min Fong, National Sun Yat-sen University
Chun-Ling Lee, National Sun Yat-sen University
Yunzhou Du, Anhui University of Finance & Economics

This study investigates Chinese consumer responses toward acquisition of a local firm by foreign multinational corporations (MNCs) from different animosity-evoking countries (High: Japan vs. low: Netherland). This study designs an experiment by manipulating the animosity-evoking and corporate reputation to examine the effects of consumer animosity and local target reputation on Chinese consumers' responses toward the post-acquisition target (foreign subsidiary). Results show that animosity against specific country does affect Chinese consumers'
responses toward the post-acquisition target. Chinese consumers demonstrate more negative attitudes toward the post-acquisition target and lower intentions to repurchase products of the post-acquisition target when the foreign acquirer comes from a high animosity-evoking country (Japan) than when it comes from a low animosity-evoking country (Netherland). The reputation of local target has a negative effect on Chinese consumers' responses toward the post-acquisition target. Such negative effect of local target reputation, however, only emerges for the foreign acquirer from a high-animosity evoking country. Implications and limitation of the findings are also discussed. (For more information, please contact: Chun-Ling Lee, National Sun Yat-sen University, Taiwan: d934010005@student.nsysu.edu.tw)

**Compromising Brands: Western Hotel Chains and Capitalism with Chinese Characteristics**
Brian Hilton, Nottingham University Business School
Beadle Frederick, Nottingham University Business School
Wang Yi, Nottingham University Business School

This study explores the impact of Chinese business culture on the performance of multinational hotel brands in China. This work is part of a larger research agenda and limits itself to producing grounded theory for later exploration. The focus is the relationship between franchisees and a franchisor in branded hotel chains in China. The research question posed was whether Western views on hotel management as specified in franchises were affected by the Chinese context. Interviews were conducted with Western Hotel staff employed in international hotels in a city of 7 million. While each brand has a clear statement of its service standard this was compromised by a mutual lack of interest in maintaining it by either franchisor or franchisee. If not corrected longer term this could damage brands. An oversupply of rooms prompts owners to interfere in hotel management as low profitability lowers the brand's value to them. This raises issues for hotel franchising at the margin in China. Global hotel brands cannot afford not to be there but our results suggest problems for brand integrity. (For more information, please contact: Brian Hilton, Nottingham University Business School, China: brian.hilton@nottingham.edu.cn)

**Understanding Cognitive Moral Development of Chinese Purchasing Professionals**
Yi-Hui Ho, Chang Jung Christian University
Chieh-Yu Lin, Chang Jung Christian University

While doing business in China, many foreign companies are usually confronted with the problem about ethical decision-making of Chinese purchasing professionals. Although considerable attention has been paid on purchasing ethics, little attempt has been made on examining moral development of purchasing professionals in emerging economies. This study applies a widely used instrument measuring moral development, the Defining Issues Test, to analyze moral development of purchasing professionals in China. This paper proposes that Chinese purchasing professionals focus more on the conventional level than on the post-conventional level of moral development because they are influenced by Chinese culture. The study also investigates the influences of age, gender, educational level, purchasing experiences, international experiences, management level, company size, industry type, and material category on purchasing professionals' moral development. The research findings will be helpful for international businesses to understand Chinese purchasing professionals' perceptions of ethics in business negotiation occasions. (For more information, please contact: Chieh-Yu Lin, Chang Jung Christian University, Taiwan: jylin@mail.cjcu.edu.tw)

**The Impact of Relation-Specific Investments on Channel Relationship Performance - Focusing on Mediators**
Yi Zheng, Nanjing University
Guocai Wang, NanJing University
Yanhui Zhao, Michigan State University
This study attempts to investigate the mediating mechanisms through which relationship-specific investments (RSI) can contribute to channel relationship performance. We identify two types of relationship-specific investments in channel relationship, namely property-based RSI and knowledge-based RSI. We propose that the two types of relationship-specific investments rely on different governance mechanisms to impact channel performance. Specifically, property-based RSI prompts the drafting and utilization of formal contract which ensure the stability of channel relationship, whereas knowledge-based RSI enhance relationship communication and relational trust which can improve long-term orientation and profitability of channel relationship. We further propose that relationship communication mediate the impact of RSI on formal contract and relational trust. We also predict that the culture aspects of China can influence the relative importance of formal contract, relationship communication and relational trust to channel performance. Results from an empirical study conducted in the context of China’s marketing channel basically support the proposed model. (For more information, please contact: Yi Zheng, Nanjing University, China: zhengyi5828790@163.com)

Antecedents of Service Climate in Emerging Markets: An Exploration of Local and Foreign Service Providers in Vietnam

Hung Trong Hoang, University of Adelaide
Susan Freeman, University of Adelaide
Vinh Nhat Lu, Australian National University
Sally Rao Hill, University of Adelaide

There exists limited knowledge about antecedents of service climate, especially from an emerging market context. The purpose of this paper is to obtain preliminary insights into how different internal and external factors foster a favorable service climate in local versus foreign-owned service firms. Three major theoretical underpinnings have been drawn upon, including the resource-based theory, the OLI paradigm, and social exchange theory to provide theoretical development. Data was collected through interviews with managers and service employees in 10 local and foreign service firms in Vietnam. Three groups of antecedents have emerged from the paper, namely firm-based, market-based and culture-based. Additionally, the paper provides evidence that foreign firms tend to perform better in several firm-based antecedents (eg. internal processes, service-oriented human resource management), and employee’s cultural orientation are different between local and foreign firms. Implications and directions for future research are provided. (For more information, please contact: Hung Trong Hoang, University of Adelaide, Australia: hung.hoang@adelaide.edu.au)

Cirque du Soleil's Venture in Macau: Chinese Tourists' Behavior within the Standardization-Adaptation Debate

Joseph Adea Sy-Changco, University of Macau
Alix Barasch, University of Pennsylvania
Chi Hin Chim, Haas Business School
Bernard Tan, University of St. Joseph

With China's recent economic growth, Chinese tourists have become a major target market for Western companies. In reaching out to this new market, Western firms must consider how much to standardize or adapt their products and strategies across cultures. This paper uses the case of Cirque Du Soleil's Macau show to evaluate this challenging decision. Through interviews with audience members and with a Cirque du Soleil executive, the authors analyze the decisions of Cirque du Soleil's Macau operation and contribute to the growing literature on standardization and adaptation from the vantage point of Chinese culture and consumers. (For more information, please contact: Joseph Adea Sy-Changco, University of Macau, Macau: josephs@umac.mo)
Business Strategies of Foreign Subsidiaries: Performance Effects and Customer Access Moderations
Anders Pehrsson, Linnaeus University

The market context of the foreign subsidiary is essential in determining an appropriate headquarter-subsidiary relationship in global strategy making. The study aims to extend the understanding of linkages between business strategy and performance of foreign subsidiaries by focusing on customer access moderations. Hypotheses were tested on 263 subsidiaries in Europe and the USA. The subsidiaries belong to Swedish manufacturing firms. The study found that the customer scope of the subsidiary positively triggers its performance if it encounters many obstacles to accessing customers. The study also found that a subsidiary emphasis on differentiation of products from those of competitors negatively triggers performance regardless of the number of obstacles, while customer responsiveness differentiation has positive effects where there are few obstacles. Contributions to global strategy literature are discussed. (For more information, please contact: Anders Pehrsson, Linnaeus University, Sweden: anders.pehrsson@lnu.se)

Antecedents of Multinational Enterprise Performance: A Literature Review
Lars Matysiak, Justus Liebig University Giessen
Andreas Bausch, Justus Liebig University Giessen

MNEs overarching goal is to maximize performance in the long run. Hence, research that focuses on explaining antecedents of MNE performance is particularly relevant to practitioners. Previous research in the fields of strategic management and international business suggest that key antecedents of MNE performance should be found on the firm level, industry level, and country level. In this regard, our review of literature published in three top business and management journals of high relevance for the field of international business reveals three worrying facts. First of all, the majority of research on antecedents of MNE performance utilizes an omnium-gatherum of theoretical arguments instead of a consistent and carefully developed theoretical framework. Secondly, researchers utilize a wide variety of different performance measures without specifically addressing this issue. Thirdly, the vast majority of studies focus on some measure of multinationality as an explicatory variable. According to the dominating theory of the MNE, internalization theory, multinationality is not related to MNE performance per se. Based on the three insights from our literature review, we suggest that future research must abandon multinationality and concentrate on firm-specific and country-specific advantages as well as industries in order to improve our understanding of antecedents of MNE performance. (For more information, please contact: Lars Matysiak, Justus Liebig University Giessen, Germany: research@matysiak.com)

Geographical Choice and Firm Strategy: Insights from the Oil and Gas Industry
Simon C. Collinson, Reading University
Colin Dale, Reading University

Rugman and Verbeke (2004) suggest most firms favour local or regional rather than global internationalisation strategies. In contrast, our analysis of intra-firm data from the oil and gas firms, segmented by both line of business and geography, finds these strategies are increasingly global. Longitudinal analysis on ten years of data, using a new methodological approach supports this less normative strategic perspective. We identify 'new'
global oil and gas firms, highlight the variation in geographic focus across the value chain of the vertically integrated oil and gas MNEs and find trends including movement away from home location. We also find no significant correlation between multi-nationality and performance for this industry. We suggest the explanatory variables of MNE performance are more complex than just as degrees of multi-nationality and believe a review of prior endowments, intra-firm competition and industry specific factors must augment theories based on Firm-Specific Advantages. This study does, however, reveal a correlation between multi-nationality and revenue, suggesting that, in this industry at least, size does matter. (For more information, please contact: Simon C. Collinson, Reading University, United Kingdom: s.collinson@reading.ac.uk)

Embeddedness for Global Innovation: An Investigation of Differentiated Ties at Overseas R&D Subsidiaries
Kazuhiro Asakawa, Keio University
Tina Claudia Ambos, Johannes Kepler University
Björn Ambos, Vienna University of Economics and Business

This papers aims to shed light on the question how embeddedness impacts the potential of international R&D subsidiaries to create innovations for the global – rather than the local – market. We examine the kinds (external vs. internal) and the locus (local vs. global) of ties that international R&D subsidiaries maintain and test their relationship with the unit’s global innovation potential drawing on a sample of 99 overseas R&D subsidiaries belonging to Japanese multinational corporations. Our results reveal that certain ties enable overseas R&D subsidiaries to pursue innovation for global markets more than others: Collaborating with overseas business organizations, with other intra-firm subsidiaries, and certain intervention by headquarters are positively related to subsidiary innovation for global markets; whereas ties with local business organizations turns out to be negatively associated with subsidiary innovation for global markets. Our findings partly reconfirm the established wisdom on subsidiary embeddedness and innovation but also challenge the value of host market embeddedness vis-à-vis other forms of ties. (For more information, please contact: Tina Claudia Ambos, Johannes Kepler University, Austria: tina.ambos@jku.at)

Global Networks in the High-Tech Industry: Structural Holes and R&D Performance
Susanne Johanna Scherer, WU Vienna
Gregor Binder, WU Vienna
Mario Glowik, Karol Adamiecki University of Economics in Katowice

This paper examines the influence of structural holes and closed networks on the performance of individual firms’ networks within the High-Tech Industry. Specifically, it argues that having closed networks is more favourable for participating firms. Moreover, the work intends to theoretically discuss this matter in order to allow gaining insights into the characteristics, emergence, and potential benefits of structural holes. Furthermore, the boundary conditions and contingencies are studied and the opposing network theory, viz. network closure, is presented. Despite ambiguous opinions in the available literature, we test the hypothesis that structural holes will hinder the performance of networking firms in the sample of R&D networks in the consumer electronics industry. The final sample of this longitudinal research setting included a period of more than ten years with 112 observations. Conducting random-effects generalized least squares (GLS) regressions, revealed that closed networks are increasing performance in R&D networks whereas structural holes are weakening performance. This outcome suggests that a dense network with many redundant ties is favourable and desirable. Interestingly, the prevalence of mainly collectivistic oriented players in the industry suggests that this specific cultural influence impacts the outcome accordingly. (For more information, please contact: Susanne Johanna Scherer, WU Vienna, Austria: susanne.scherer@wu.ac.at)
Organizational Ambidexterity and Performance: Quadratic and Moderating Effect Under Differing Degree of Market Orientation

Yao-Ping Peng, National Chung Hsing University
Ku-Ho Lin, National Chung Hsing University

This study employs the dynamic capabilities view to investigate the direct effect of development of an organization’s explorative and exploitative capabilities on organizational tensions. Two indicators are used to test ambidexterity; synchronizing the development of explorative and exploitative capabilities can reduce tensions. The research subjects consisted of electronics manufacturing firms in Taiwan developing new high-tech products. A total of 154 valid questionnaires were recovered. A hierarchical multiple regression model was used for hypothesis testing. The findings of this study indicate that exploitative capabilities have a positive effect on organizational tensions. In addition, ambidexterity and interaction of ambidexterity and environmental dynamism have negative influences on organizational tensions. Finally, there are some conclusions, theoretical and practical implications, limitations and suggestions provided for future studies. (For more information, please contact: Yao-Ping Peng, National Chung Hsing University, Taiwan: s91370001@mail2000.com.tw)

Investigating Profitability Differences between Hotel MNEs and DMEs in South Mediterranean European Countries

Ioanna Giannoukou, University of Patras
George Anastassopoulos, University of Patras
Christina Beneki, Technological Educational Institute of Ionian Islands

The aim of the paper is to investigate the determinants of performance of hotel multinational enterprises' subsidiaries and domestic firms in France, in Italy, in Spain, in Greece and in Portugal. The data permits a comparison between a group of MNEs subsidiaries and a group of DMEs for the period 2000 – 2009. An econometric model has been employed to find support for the ownership advantages model of foreign production. Estimation results indicate that, multinationality has a positive impact on firms' performance. The analysis also reveals that the determinants of performance of MNEs and DMEs partially differ. (For more information, please contact: Christina Beneki, Technological Educational Institute of Ionian Islands, Greece: christinabeneki@gmail.com)

An Investigation into the Cultural and Religious Determinants of National Competitiveness

Hamid Yeganeh, Winona State University

Relying on data drawn from the World Economic Forum, Schwartz Value Types, and World Value Survey, this study aims at investigating the cultural and religious determinants of national competitiveness. The empirical analyses show that after controlling for the effects of socioeconomic development, culture and religiosity still have important implications for national competitiveness. More specifically, it is found that Autonomy, Hierarchy and Mastery cultural dimensions are likely to foster, but Conservatism, Egalitarianism and Harmony dimensions tend to impede national competitiveness. Furthermore, it is found that regardless of the religious denomination, religiosity by itself remains a serious hindrance to national competitiveness. By referring to the Modernization Theory, the implications are discussed, and some avenues for future research are pointed out. (For more information, please contact: Hamid Yeganeh, Winona State University, USA: hyeganeh@winona.edu)
Politicians and Political Dynamics in International Business

Presented On: July 2, 2012 - 09:00-10:15

Chair: George O. White III, Old Dominion University

Why MNCs Should Invest in Foreign Countries During Political Elections

Charles Harrison, University of Pennsylvania
Raed Elaydi, Roosevelt University

As foreign direct investment (FDI) by multinational corporations (MNC) has dispersed to desolate regions of the globe, the significance of acquiring idiosyncratic host-country information has increased (Javernick-will & Scott, 2010). Embedding within and learning from the host-country institutional landscape has been shown to promote favorable outcomes related to foreign direct investment (FDI) strategy (Orr & Levitt, 2011, cited in Scott, Levitt, & Orr, 2011). However, this process is generally viewed as slow and incremental. This discussion presents a novel and practical, process-based narrative strategy for acquiring information pertaining to host-country investment climates. Pre-entry (prior to formal project proposal) via short-duration immersion and data gathering in contexts mired with political contestation such as presidential elections is presented as the alternative. (For more information, please contact: Charles Harrison, University of Pennsylvania, USA: harrison.charles.e@gmail.com)

Contagion and Risk Management Strategy: Navigating Exogenous Shocks in the Global Business Environment

J. Cameron Verhaal, University of Utah
Karin Fladmoe-Lindquist, University of Utah

We introduce a capabilities-based approach to managing the negative effects of contagion and international crisis. Ultimately, the investment profile of an MNC in both a host country and the region is affected by the firm’s ability to respond to unstable economic, political and social contexts. The mechanisms used to manage these contexts represent firm-specific capabilities. We identify three: deliberate learning and cognitive search, firm-specific political resources, and redeployment of resources. Moreover, we argue that these capabilities are moderated by both the nature of the investment (i.e. location and asset-specific investments) and cross-national distance considerations. Ultimately, our conceptual framework of contagion management attempts to unpack the micro and meso-level mechanisms that surround what has been largely understood as a macroeconomic phenomenon. We also highlight the need to view both an MNC’s actions and the multiple institutional environments that they operate in as highly interdependent. Finally, we argue that the implications of this research can help firms to identify potentially volatile and uncertain investment environments, ex ante, as well as manage environments that have already been struck by economic, political or social crises associated with contagion. (For more information, please contact: J. Cameron Verhaal, University of Utah, USA: cameron.verhaal@business.utah.edu)

Political Economy and Financial Architecture

Raj Aggarwal, University of Akron
John W. Goodell, University of Akron

While it is clear that some countries are bank oriented and others rely more on equity financing, there is little research on the degree to which national political economies determine the national architecture for financial intermediation. Using data for a recent fourteen-year period for thirty-six countries, we document that financial
architecture is indeed influenced by the nature of the national political-economy. We find that a greater predilection for market financing over bank financing is associated with less fragmentary, more centralized polities, with more political checks and balances and less political entrenchment (all associated with strong high quality polities). We also offer robust evidence that more economically left-leaning and social democratic governments are more market oriented while parliamentary systems are associated negatively with an orientation toward markets. We reconfirm that a predilection for markets is associated with greater concentration of equity market capitalization, more globalization, less regulation, greater cultural emphasis on hierarchy and lower ambiguity aversion. Our results should be of great interest to scholars and policymakers interested in the impact of the political economy on financial architecture. (For more information, please contact: Raj Aggarwal, University of Akron, USA: aggarwa@uakron.edu)

Corporate Political Actions, Nonmarket Positions and the Institutional Environment
Seong-jin Choi, Peking University
Nan Jia, University of Southern California
Jiangyong Lu, Beijing University

This study examines how a firm's nonmarket position – defined as how well the firm is positioned to handle political risks relative to all peer firms in the same institutional environment – influences the firm's use of political strategies, and how this relationship is moderated by different institutional contexts. Using survey data from a random sample of over 16,000 firms in 37 countries over four years, we demonstrate that firms that are in a less advantageous position to shield themselves from the hazards of state predation and private expropriation than their peers in the same country are more likely to bribe government officials and engage in lobbying activities. We also find that the relationship between a firm's relative nonmarket position and its political strategies is strengthened in a country with lower-quality market-supporting institutions. These findings have important implications for research on corporate political activities. (For more information, please contact: Nan Jia, University of Southern California, USA: nan.jia@marshall.usc.edu)

Antecedents and Performance Consequences of Subsidiaries' Political Activities in Emerging Markets: An Institutional Approach
Stefan Heidenreich, WU Vienna
Jonas F. Puck, WU Vienna
Phillip C. Nell, Copenhagen Business School

This paper analyzes antecedents of political activities deployed by MNC subsidiaries in emerging markets and subsequently examines their effect on subsidiary performance. Following institutional theory reasoning, we point towards institutional duality subsidiaries are confronted with, entailing isomorphic pressures stemming from their internal as well as their external environment. Our hypotheses are tested using a three-stage least squares method with data from 156 subsidiaries in emerging markets. Results contribute to theory by providing evidence on the effects stemming from internal vs. external isomorphic pressures on political activities, and delivering a deeper-level understanding of the latter relationship by differentiating the higher-level concept of external isomorphic pressures into pressures from national public and national private stakeholders. Finally, we find significant support for a positive effect of political activities on subsidiary performance, revealing strong implications for practitioners. (For more information, please contact: Stefan Heidenreich, WU Vienna, Austria: stefan.heidenreich@wu.ac.at)

Determinants of Voluntary Environmental Management Practices for MNE Subsidiaries in an Emerging Country
Erkan Bayraktar, Bahcesehir University
Ekrem Tatoglu, Bahcesehir University
Sunil Sahadev, University of Sheffield
Mehmet Demirbag, University of Sheffield
Empirical studies that have focused on the determinants of voluntary environmental management practices (VEMPs) of MNE subsidiaries operating in emerging countries have been rare. The present study explores the antecedent factors that drive MNE subsidiaries, located in a key emerging country – Turkey, to adopt voluntary environmental management practices. Drawing largely on the arguments of institutional theory and resource based view of organizations, a number of hypotheses are formulated to investigate the effects of stakeholder pressures, perceived polluting potential, customer focus and competitive intensity. With the exception of competitive intensity, all three factors are noted to positively influence the adoption level of VEMPs by MNE subsidiaries. Some of the parent-level and subsidiary-level control variables are also found to have significant effects on MNE subsidiaries’ extent of VEMPs adoption. (For more information, please contact: Erkan Bayraktar, Bahcesehir University, Turkey: erkan.bayraktar@bahcesehir.edu.tr)

**How Global Level Public Policy Impacts Domestic Clean Energy Technology Development**

Joel Malen, University of Minnesota

Increasing levels of global integration suggest that foreign policy choices are relevant to firms operating outside of the national context. This paper examines the conditions and mechanisms underlying how the adoption of policies supporting clean energy development by foreign governments influences the emergence of domestic industries focused on the development of clean energy technologies. We argue that foreign policies influence how favorable a domestic environment is for clean energy technology development in two ways. First, greater adoption of supportive clean energy policies in the global environment directly supports domestic industry emergence by increasing the total market size as well number of markets for new clean energy technology products and services. Second, a greater level of global policy indirectly works to enhance the effectiveness of domestic policies. Using a panel dataset on venture capital investing in solar energy firms and government policy adoption, We find empirical support for both effects. (For more information, please contact: Joel Malen, University of Minnesota, USA: male0110@umn.edu)

**Nonmarket Institutional Pressures and the Frequency of Nonmarket Actions: Evidence from Foreign Owned Firms**

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

This paper explores the relation and sources of variation in the strength of institutional pressures and nonmarket actions. Based on institutional, international business and corporate political strategy literature, we explore institutional factors explaining pressures from six types of institutions: national regulators, political institutions, standards agencies, interest groups, the media supranational regulators, on the frequency of nonmarket actions undertaken by foreign owned firms to deal with these pressures in an open regionally integrated economy. Evidence is provided by a survey sample of 160 foreign owned firms operating in the Netherlands. Results show that four types of institutions have the highest explanatory value for an increase in frequency of nonmarket actions are national regulators, standards agencies, interest groups, and the media along with the specific institutional factors elucidating these effects. Empirical outcome also indicates a strong dependency of national level institutions on the supranational echelon. This study further contributes to the discussion of plausible explanations for why firms adopt nonmarket actions. (For more information, please contact: Cosmina Lelia Voinea, Radboud University Nijmegen, Netherlands: c.voinea@fm.ru.nl)
Session: 2.2.P - Panel
Track: 12 - Value Creation and Work

*Showcase Panel on Global Organization and Reconfiguration of Value Creation and Work*

**Presented On:** July 2, 2012 - 10:45-12:00

Chair: Ram Mudambi, Temple University

*Panelists:*
- Ram Mudambi, Temple University
- Tarun Khanna, Harvard Business School
- Pankaj Ghemawat, IESE Business School
- Arie Y. Lewin, Duke University
- Bruce Kogut, Columbia University

*(For more information, please contact: Ram Mudambi, Temple University, USA: rmudambi@temple.edu)*

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Session: 2.2.1 - Panel
Track: 11 - SMEs and Entrepreneurship

*Women Starting and Leading Businesses in Adverse Conditions*

**Presented On:** July 2, 2012 - 10:45-12:00

Chair: Amanda Bullough, Thunderbird School of Global Management
Co-Chair: Susan Forquer Gupta, Monmouth University

*Panelists:*
- Amanda Bullough, Thunderbird School of Global Management
- Susan Forquer Gupta, Monmouth University
- Liesl Riddle, George Washington University
- Wynona Heim, Thunderbird School of Global Management
- Mary Boyden Teagarden, Thunderbird School of Global Management
- Margareta S. Schettler, U.S. Department of State
- Maria Peña, Vital Voices Global Partnerships
- Nakiye Boyacigiller, Sabancı University
- Elizabeth Vazquez, WEConnect International

The purpose of this panel is to begin a high-level dialogue on the various adversities facing women in business around the world. The goal is stimulate more research and education in the area of women's entrepreneurship in places with adverse working and living conditions. This is important because most empirical research has been done in a Western context, and business education initiatives are based on that context and might not be the most effective in areas of adversity. Getting the public, education, and private sectors together on this panel would open more lines of contact for this type of work, which is important for program and policy making. With all the good work being done by each of these sectors, we have a lot to learn from each other. That learning can be translated into knowledge and best practices to better serve women's advancement worldwide. In addition, while educators and policy makers in places with comparatively less adversity have something to offer, there is also a lot to be learned from women operating in places of more adversity. Another goal of this panel is instigate a discussion of how the level of adversity, or the different types of adverse conditions, might affect women differently and therefore require different strategies to promote women's advancement. *(For more information, please contact: Amanda Bullough, Thunderbird School of Global Management, USA: amanda.bullough@thunderbird.edu)*
Session: 2.2.2 - Panel
Track: 9 - Cross-cultural Management and HRM

Exploring Responsible Global Leadership

Presented On: July 2, 2012 - 10:45-12:00

Chair: Schon Beechler, INSEAD

Panelists:
Allan Bird, Northeastern University
Schon Beechler, INSEAD
Mark Mendenhall, University of Tennessee
Christof Miska, WU Vienna
Sheila M. Puffer, Northeastern University

The emergence of two new strains of leadership research – global leadership and responsible leadership – reflects an effort to better comprehend the nature of leadership in the 21st century. This symposium brings together recognized experts on global leadership and responsible leadership. After introductory, stage-setting remarks, the panel will lay a foundation for considering the challenges of the global environment and how contextual factors may constrain or facilitate responsible global leadership behaviors. This will be followed by a review of the global leadership literature with a focus on the emerging emphasis on responsibility, particularly as it relates to the ethical dilemmas associated with leadership in a global context. The panel will then move on to consider how responsible global leadership relates to the larger context of corporate social responsibility in global organizations. The call for responsible global leadership begs the question of what are its antecedents, the next area of exploration by the panel. Finally, the focus shifts and narrows to the challenge of responsible global leadership in emerging markets, where an absence of well-established institutional norms, mingled with significant cultural variation give rise to considerations not found when operating in OECD countries. (For more information, please contact: Allan Bird, Northeastern University, USA: a.bird@neu.edu)

Session: 2.2.3 - Panel
Track: 5 - MNC Management and Organization

Emerging Trends in Multinational R&D in Emerging Markets: Rethinking the Nexus between Institutions and Innovation

Presented On: July 2, 2012 - 10:45-12:00

Chair: Rishikesha T. Krishnan, Indian Institute of Management Bangalore

Panelists:
Rishikesha T. Krishnan, Indian Institute of Management Bangalore
Srivardhini K. Jha, Indian Institute of Management Bangalore
Anand Nandkumar, Indian School of Business
Kannan Srikant, Indian School of Business
Krishnan Narayanan, Indian Institute of Technology Bombay
Charles Dhanaraj, Indiana University

This panel brings together leading researchers from India on multinational investment in R&D to provide a rigorous and contextual perspective to the changing nature of multinational R&D investment in India. There is a silent revolution that is going on in many emerging markets, more conspicuous in the BRICS (Brazil, Russia,
India, China, and South Africa). Institutional regimes evolve rapidly to support such activities, and indigenous firms are re-engineering their search routines to enhance their R&D and shift it to riskier domains. Multinational R&D has broken off their well-tested routines of restricting R&D to home or home-like markets and investing significantly in emerging markets. So much so, these markets are redefining MNE strategies and products. This panel will address questions such as the motivation and rationale for such investment; its geographical and sectoral spread; and its interaction with the local innovation system. All these questions will be answered in a dynamic context and the changes over time will be identified and placed in a strong theoretical context. This panel is expected to generate rich insights into the changing nature of multinational R&D in emerging markets by taking a focused look at India, with important implications for theory and practice. (For more information, please contact: Rishikesha T. Krishnan, Indian Institute of Management Bangalore, India: rishi@iimb.ac.in)

Session: 2.2.4 - Competitive
Track: 7 - Emerging Economies

The Nature of Innovation in Emerging Markets

Presented On: July 2, 2012 - 10:45-12:00

Chair: Masaaki Kotabe, Temple University

Transcending Paradoxes: Managing Innovation and Growth in the Indian Biotech Industry

Shaista E. Khilji, George Washington University
Tomasz Mroczkowski, American University
Rashmi Assudani, Xavier University

Biotech companies in USA are generally faced with the paradoxes of simultaneously managing growth and innovation, as well as addressing exploitative and explorative aspects of innovation (Khilji, Mroczkowski & Bernstein, 2006). This has led to a high failure rate among them. Scholars have urged them to re-evaluate their business model (Pisano, 2006). With the purpose of exploring how biotech companies in emerging economies address these paradoxes, we focus upon the nascent biotech industry in India in order to investigate their growth and innovation patterns, as well identify the challenges that they may be faced with. Data indicates that Indian biotech companies are ambidextrous and have managed to transcend the aforementioned paradoxes by developing and maintaining distinct organizational capabilities. They were found to pursue an integrated model of efficiency and innovation and utilize both exploitative and explorative aspects of innovation to fuel growth and innovation. We also find evidence of some of the characteristics of the "India Way", proposed by Cappelli, Singh, Singh & Useem (2010a). We conclude that American biotech companies could glean some of the learning from their Indian counterparts in order to build new competencies and sustain innovation in today's competitive environment. (For more information, please contact: Shaista E. Khilji, George Washington University, USA: shaistakhilji@gmail.com)

The Structure and Performance of Reverse-Innovating Subsidiaries in Emerging Markets

Michael Sartor, University of Western Ontario

This paper explores the structure and performance of foreign subsidiaries that employ a reverse innovation strategy – the process of entering into emerging markets for the purpose of engaging in research and development (R&D)-related activities. Given the well-documented risk of intellectual-property (IP) leakage in these markets, we investigate how normative institutions in the host country market shape the structure and performance of these unique investments. While institutional theory tends to predominate in research related to host market institutions, we build on conceptual advances in transaction cost economics (TCE) and the resource-based view (RBV) to develop a set of competing hypotheses with respect to the impact of two distinct types of normative institutional distance (governmental and technological) upon the ownership mode choice and...
expatriate staffing strategy of reverse-innovating MNEs. We tested our hypotheses against a sample of 514 subsidiaries established in 15 emerging markets during the period between 1996-2006. The results support our development of an integrated TCE-RBV conceptualization of the impact of normative institutions on the strategy, structure and performance of foreign-investing MNEs. Within this framework, our results suggest that as governmental normative distance increases, reverse-innovating MNEs will prefer to employ more expatriates and to enter emerging markets via a wholly-owned governance structure. Conversely, under conditions of heightened technological normative distance, these same MNEs will choose to enter through joint venture partnerships. To examine the efficacy of these risk-reduction strategies, we investigated the performance implications associated with these strategic endeavors. Reverse-innovating MNEs' preference for full ownership was found to predict enhanced financial performance. (For more information, please contact: Michael Sartor, University of Western Ontario, Canada: msartor.phd@ivey.ca)

The Economic Impacts of Technological Capability, FDI and R&D in Emerging Economies
Hyun Shin, Long Island University
Steven Chang, Long Island University

In this paper, we investigate the dynamic, interdependent relations among technological capability (embodied vs. disembodied technology position), FDI (inward vs. outward FDI), R&D, and a nation's economic progress (GDP). We choose four emerging countries in two clusters: 1) Brazil and Mexico (Catching-up) and 2) Korea and Taiwan (Pre-frontier). We use Vector Autoregressive (VAR) modeling to analyze quarterly time-series data (1998:1Q-2007:4Q) between two important global economic events, i.e., the Asian Financial Crisis of 1997 and the Subprime Mortgage Crisis of 2008. We find that 1) technological capability has a positive long-run impact on GDP of Korea and Taiwan; and 2) enhanced embodied position helps Mexico and Brazil attract more inward FDI while improved disembodied position facilitates Taiwan and Korea to increase outward FDI over time. In addition, we observe that the relationship among technological capability, FDI, and R&D varies across countries. These findings provide insightful policy implications for emerging economies at different development stages, helping them compete successfully in a globalized economy. (For more information, please contact: Hyun Shin, Long Island University, USA: hyun.shin@liu.edu)

Export Intensity, Domestic Market Competition, and Product Innovation in an Emerging Economy
Zhenzhen Xie, Hong Kong University of Science and Technology
Jiatao Li, Hong Kong University of Science and Technology

Recent empirical studies have consistently found a positive relationship between firm-level export and product innovation, attributing this as "learning by exporting". We argue that in a large emerging economy such as China, this relationship could be inverted-U shaped. Exporters in emerging economies are usually technology leaders in their domestic market, but technology laggards in international markets. When the export intensity is low, the exporters pay attention to the domestic market and tend to make product innovation by combining their domestic market knowledge with superior technological capabilities gained from exporting. When export intensity exceeds a threshold, the exporters may shift their focus to overseas markets, where their competitive advantage might lie in efficient and quality manufacturing rather than in superior technological or market knowledge. This may prevent highly intensive exporters from making product innovation. When domestic competition is high, less intensive exporters are more likely to make full use of the knowledge they gain through exporting and make product innovations to compete domestically. Meanwhile, intense domestic competition might push exporters to focus more on efficient and quality production and abandon product innovation. An analysis on 6,197 manufacturers in China's automobile industry during 2005-2007 supports the above argument. (For more information, please contact: Zhenzhen Xie, Hong Kong University of Science and Technology, Hong Kong, SAR-PRC: xiezz@ust.hk)
Balancing Exploration and Exploitation
Presented On: July 2, 2012 - 10:45-12:00

Chair: Kazuhiro Asakawa, Keio University

International R&D Collaborations and Novelty of Product Innovation
Annique Un, Northeastern University
María Nieto, Universidad Carlos III de Madrid
Lluís Santamaría, Universidad Carlos III de Madrid

We analyze the impact of international research and development (R&D) collaborations on the novelty of product innovation. Prior studies argue that access to diversity of knowledge external to the firm is important for generating innovations; however, we do not know how it influences their novelty. We introduce two types of knowledge distances, newness and diversity, of the firm’s knowledge relative to its partners’, and explain how these distances impact the novelty of product innovation. Specifically, we argue that international R&D collaborations have a higher positive impact on radical than incremental product innovations, because, in contrast to incremental innovation, it requires greater knowledge distances, and foreign partners can provide such knowledge. However, the cross-national variation in knowledge distances of the country of origin of the partners lead to another proposition that, the higher the knowledge distances of the country of origin of the partner, the higher is the impact on radical than incremental product innovations. The analysis of a panel of firms operating in Spain for the period 2004-2007 supports the arguments. (For more information, please contact: Annique Un, Northeastern University, USA: a.un@neu.edu)

The Role of Cross-National Knowledge on Organizational Ambidexterity: A Case of the Global Pharmaceutical Industry
Denise Dunlap, Northeastern University
Tucker Marion, Northeastern University
John Friar, Northeastern University

Using a sample of 70 global pharmaceutical firms, this study examined how cross-national knowledge affected the creation of exploitative (incremental) and explorative (breakthrough) types of technological innovations both of which are necessary for organizational ambidexterity. We found that there were significant differences for effectively using cross-national knowledge, which reinforces the need for organizational ambidexterity. The data used to study cross-national knowledge consisted of patent analyses of commercialized products, which is a step further than most studies that stop at just the patents themselves. Through the use of double-log regression analysis, the results suggested a notable conclusion: while the sourcing of intra-firm, cross-national knowledge enhanced explorative or breakthrough innovation, it did not enhance the development of exploitative or incremental innovation. The paper concludes with managerial implications for managing ambidexterity. (For more information, please contact: Denise Dunlap, Northeastern University, USA: d.dunlap@neu.edu)

Proactive Knowledge Replication: The Choice and Performance Effects of Using Principles or Templates in Multinational Consulting Projects
James Oldroyd, Sungkyunkwan University
Shad Morris, Ohio State University

We seek to identify the antecedents and consequences of using two different forms of knowledge replication: principles and templates. We predict that MNE consulting project leaders with strong local human capital or strong international human capital are likely to differentially use knowledge. Moreover, we hypothesize that the
use of knowledge principles is likely to increase responsiveness; while templates are likely to increase project efficiency. Analyzing 267 globally dispersed consulting projects; we find support for our hypotheses. In general, this research highlights the importance of human capital in the proactive replication process and the performance effects of utilizing different knowledge replication forms. (For more information, please contact: James Oldroyd, Sungkyunkwan University, Korea, South: oldroyd@skku.edu)

**Session: 2.2.6 - Competitive**  
**Track: 4 - Strategy, Alliances, and Competitiveness**

**M&A, IJV’S and International Alliances**

**Presented On:** July 2, 2012 - 10:45-12:00

Chair: Yves Doz, Insead

*Exploring the Strategic Antecedents of Alliance Portfolio Configuration—An Empirical Study Based on A Two-Dimension Based Approach*

- Wei He, Florida International University  
- Sumit K. Kundu, Florida International University  
- Jinlin Zhao, Florida International University

Aiming at investigating the determinants of alliance portfolio configuration we develop a two-dimensional typology that incorporates both alliance attributes and partner attributes to demarcate different types of alliance portfolio. The resulting four types of alliance portfolio are employed for theory building. Drawing on resource-based view and resource dependency theory, we develop a framework demarcating the determinants of alliance portfolio configuration. The resulting conceptual model explains how alliance management experience, organizational slack and brand image interacting with degree of internationalization and environmental munificence can affect the type of alliance portfolio configuration selected by a firm. The empirical results suggest that the type of alliance portfolio chosen by a firm depends on the level of the above factors as well as their interaction with the focal firm's degree of internationalization. Overall, this paper sheds insights on how alliance portfolio configuration can be defined and predicted. (For more information, please contact: Wei He, Florida International University, USA: whe001@fiu.edu)

*Cross Border Acquisition Choice in the Services Sector: Evidence from Emerging Economies*

- Somnath Lahiri, Illinois State University  
- B. Elango, Illinois State University  
- Sumit K. Kundu, Florida International University

Corporate acquisition of emerging economy firms by foreign MNEs have been increasing over the years. Yet our knowledge of such cross-border acquisitions (CBAs), particularly those in the services sector, remains limited. In this paper we examine how acquirer's country-of-origin, type of service, and cultural distance influence ownership choice decisions in CBA in emerging economies. Analysis of a sample of 609 CBAs undertaken in multiple emerging economies over a 11-year time period by MNEs from 45 nations provide evidence that the direct and combined effects of country-of-origin, service type, and cultural distance does impact choice of partial versus full acquisition in significantly different ways. We conclude by discussing theoretical and managerial contributions of the study and highlighting limitations and directions for future research. (For more information, please contact: Somnath Lahiri, Illinois State University, USA: slahiri@ilstu.edu)

*Which Came First, The Chicken or the Egg? Using Propensity Score Matching to Determine Causality*

- Wenjie Chen, George Washington University  
- Alvaro Cuervo-Cazurra, Northeastern University
This paper explains the application of propensity score matching for analyzing causality relationships in international and strategic management. Unlike the controlled experiments available in natural sciences, it is extremely difficult in international and strategic management to establish causal treatment effects in firms. Most methods fall short in identifying proper control groups and, as a result, may generate misleading conclusions. We propose using a simple approach that allows researchers to preprocess data with propensity score matching and combine it with commonly used parametric techniques to identify an appropriate control group and evaluate the impact of treatment. We illustrate the power of this technique over others by analyzing differences in performance between firms acquired by foreign companies and those acquired by domestic ones. (For more information, please contact: Alvaro Cuervo-Cazurra, Northeastern University, USA: a.cuervocazurra@neu.edu)

Session: 2.2.7 - Competitive
Track: 3 - IB Theory, FDI, and Entry Mode

Enduring Distance

Presented On: July 2, 2012 - 10:45-12:00

Chair: David A. Ralston, Florida International University

Reconsidering the Concept of Distance in Internationalization Research
Thomas Hutzschenreuter, WHU
Ingo Kleindienst, WHU
Sandra Lange, WHU

In this study we offer a new perspective on the distance concept by raising awareness to the fundamental role of the reference point in determining distance. We question the IB field’s consistent use of the home country reference point and offer theoretically inferred alternative reference points. Specifically, drawing on insights from the organizational learning and MNE knowledge transfer literatures, we reason that a focal unit entering a new context may actually rely on knowledge sources other than the home country in order to narrow the knowledge gap in the new context. We illustrate the differences in distances resulting from the use of alternative reference points by means of several exemplary cases. Finally, the implications for distance-related research are discussed. (For more information, please contact: Thomas Hutzschenreuter, WHU, Germany: th@whu.edu)

Multidimensional Distances and Location Choice: An Empirical Study of Chinese Outward Foreign Direct Investment
Na Ma, Tsinghua University
Dong Chen, Loyola Marymount University

This study examines how multidimensional distances, including cultural, institutional, economic, and geographic distances, affect the location choice of Chinese outward foreign direct investment (OFDI). Assigning to the potential benefits and costs of various distances, we suggest that Chinese OFDI flow into different countries has a sigmoid (S-shaped) relationship with cultural distance, a positive relationship with institutional distance, an inverted U-shaped relationship with economic distance, and a negative relationship with geographic distance. The hypotheses are tested using country-level Chinese OFDI data between 2003 and 2009. Our empirical results provide support for the hypothesized effects of cultural, institutional, and economic distances. Furthermore, the effects on institutional and economic distances are negatively moderated by geographic distance. The study offers an integrative view of multidimensional distances between countries and provides important insights on the OFDI activities of Chinese companies. (For more information, please contact: Dong Chen, Loyola Marymount University, USA: dchen@lmu.edu)
Psychic distance has become a central concept in international business research. Despite its frequent use, its application to a variety of phenomena has produced inconsistent study results. We argue that part of this empirical ambiguity can be attributed to causal ambiguity and inconsistency. In order to better understand these issues, a systematic search and content analysis of published research on the psychic distance concept were performed. Covering major journals in the fields of international business, management, strategy and marketing, we identify 348 relevant academic contributions, outline the development of the concept and find evidence for its reification. Addressing the concept’s controversial contribution to the literature so far, we offer a theoretical advancement in regard to its conceptualization. We argue that future operationalizations will benefit from the inclusion of bilateral measurement which allows for the possibility of asymmetric psychic distances and its consequences. We propose a framework that captures the two dimensions of psychic distance asymmetry and highlight research areas that could benefit from its application. (For more information, please contact: Anja Maria Schuster, Vienna University of Economics and Business, Austria: anja.schuster@wu.ac.at)

Session: 2.2.9 - Competitive
Track:  10 - Economics, Finance and Accounting

International Resource Allocation

Presented On: July 2, 2012 - 10:45-12:00

Chair: Abigail S. Hornstein, Wesleyan University

Do Multinational Firms Shift Profits Out of China?: Subsidiary-level Evidence
Sea-Jin Chang, National University of Singapore
Jaiho Chung, Korea University
Jon Jungbien Moon, Korea University

Using data on financial information for foreign subsidiaries operating in China from 2001 to 2007, this paper uses a novel approach to offer evidence of income shifting at the subsidiary level and investigate how such income shifting is conditioned by three means at the subsidiary level: fixed asset investment, intangible asset investment, and capital structure. We find that multinational subsidiaries in China shifted profits to and from China depending on corporate tax rates and that the magnitudes of tax-motivated income shifting activities are larger among foreign subsidiaries possessing these three means. (For more information, please contact: Jon Jungbien Moon, Korea University, Korea, South: jonjmoon@korea.ac.kr)

Geographic Scope under Conditions of Confined and Connected Change: The Case of Telefónica
Rafael Lucea, George Washington University
Luis Vives, ESADE Business School

Traditional explanations of MNE geographic scope formation fit somewhat uncomfortably with recent empirical and theoretical work in IB that suggests (1) that wholesale (not just gradual) changes in MNE geographic scope may be more frequent than previously thought, and (2) that managers’ responses to a world increasingly characterized by random, unpredictable change are more experimental and less optimizing in nature than assumed in most models of international expansion. In this paper we draw from studies portraying industries as dynamic networks, and from the literature on managerial cognition to provide a complementary explanation of the evolution of MNE geographic scope that reconciles the insights of traditional IB models with the questions raised by more recent studies in this field. We illustrate the proposed model through a detailed account of the
Internationalization process of Telefonica, the Spanish telecommunications company. (For more information, please contact: Rafael Lucea, George Washington University, USA: rafel@gwu.edu)

Internationalization and CEO Turnover
Yu-Kai Wang, Soochow University
Kun Yang, Florida International University
Nathan Hiller, Florida International University

The requirements facing CEOs in modern organizations are generally challenging, yet also highly variable such that two CEOs may face entirely different degrees of complexity and challenge in their role. Using the concept of executive job demands (Hambrick cite), we posit that an MNE’s degree of internationalization (measured as firm-level international diversification, political complexity, and cultural complexity) is related to CEO turnover. Data from an unbalanced panel dataset of 208 U.S.-based manufacturing MNEs with 813 observations from 2004 to 2009 suggests that international diversification, firm-level cultural complexity, and firm-level political complexity are each positively associated with the likelihood of CEO turnover. These effects were not amplified by the dynamism of the industry and were present even when controlling for firm performance and other possible explanatory variables. Taken together, these results suggest that the demands faced by a high degree of firm internationalization are likely to present challenges that increase the likelihood of corporate disruption through CEO departure. (For more information, please contact: Yu-Kai Wang, Soochow University, Taiwan: ywang012@scu.edu.tw)

Session: 2.2.10 - Competitive
Track: 9 - Cross-cultural Management and HRM

Multicultural Teams & Managing Diversity

Presented On: July 2, 2012 - 10:45-12:00

Chair: Mary Elizabeth Zellmer-Bruhn, University of Minnesota

Language Differences as Impediments to Shared Mental Model Formation in Multinational Teams
Helene Tenzer, Tübingen University
Markus Pudelko, Tübingen University

Large corporations increasingly use multinational teams to integrate their global operations. To perform this complex task efficiently, team members need to develop shared mental models (SMMs), i.e. an organized understanding of the knowledge base they are sharing. In multinational teams, the heterogeneity of team members makes SMM formation especially challenging. While previous research has investigated the influence of different diversity factors on SMMs, the impact of language differences has surprisingly been neglected so far. To address this important gap we investigate how different elements of the language barrier impede the formation of different types of SMMs. Based on 84 semi-structured interviews with team leaders, members and senior managers of 15 multinational teams in three German automotive corporations we develop a model showing how pragmatic and paraverbal barriers between team members obstruct SMMs about roles, responsibilities and interaction patterns and how shortcomings in lexical, syntactical and phonetic proficiency impede SMMs about team members' preferences, strengths, weaknesses as well as values and attitudes. These findings integrate linguistic and psychological theories with management studies and complement our understanding of the antecedents of SMMs in multinational teams. This is of crucial importance since SMMs have been established as important prerequisites for team performance. (For more information, please contact: Helene Tenzer, Tübingen University, Germany: helene.tenzer@uni-tuebingen.de)
A Comparative Analysis of the Effects of Different Forms of Team Diversity on Global Virtual Team Performance
Vas Taras, University of North Carolina Greensboro
Pawel Bryla, University of Lodz
Dan V. Caprar, University of New South Wales
Alfredo Jimenez, University of Burgos
Peter Magnusson, Florida International University
Riikka Sarala, University of North Carolina, Greensboro

International on-line collaboration is an inherent feature of the modern workplace. Global virtual teams can enjoy benefits but can also experience challenges due to diversity of member backgrounds, values, and geographic dispersion. Advancing earlier research on the relationship between team diversity and performance, the novelty of the present study is that it offers a simultaneous comparative evaluation of the strength and the direction of the effects of various dimensions of diversity – demographic, geographic, time-zone, cultural, institutional, and perceived – on team performance. The data were collected as a part of a large academic experiential learning exercise that involved over a thousand undergraduate and MBA students from 26 countries working together in international teams of four-eight students for about eight weeks. The results confirmed a significant effect of diversity on team performance, but also revealed substantial differences of the effect strength and direction across diversity dimensions and measures. (For more information, please contact: Vas Taras, University of North Carolina Greensboro, USA: v_taras@uncg.edu)

Multinational Teams: Cultural Differences, Interactions, Organizational Context, and Performance
Aida Hajro, Brunel University
Markus Pudelko, Tübingen University
Cristina Gibson, University of Western Australia

This paper extents the literature on multinational teams (MNTs) in a series of ways: First, we demonstrate that the relationship between national cultural diversity and MNT performance is mediated by inter-cultural team interactions. Furthermore, we show that MNT interaction can lead to a process of hybridization in which cognitive convergence between team members takes place so that they can negotiate and manage successfully their cultural differences. Next, we re-veal how the macro-organizational context, in this study operationalized by corporate strategy, can either facilitate or impair the process of the inner-team negotiation of cultural differences, resulting in different degrees of team performance. Our study is based on 162 in-depth inter-views with team members and leaders across 89 different teams from eleven different companies plus extensive participant observations. (For more information, please contact: Aida Hajro, Brunel University, United Kingdom: aida.hajro@brunel.ac.uk)

Getting the Best from Cultural Diversity: Psychological and Structural Elements in a Five T-model
Geetha Garib, UCL

Previous models of diversity effects have either sought to promote diversity by monitoring its performance (De Anca & Vazquez, 2007) or included task characteristics and psychological aspects (Knippenberg et. al., 2004) in order to manage diversity. However, diversity models have not yet combined both structural and psychological elements. The Five T model (Training, Time, Talk, Threat to the majority and Together) builds further on the CEM of Knippenberg et. al (2004) and combines structural and psychological elements to manage cultural diversity effectively, as it includes main elements to decrease negative effects and increase positive effects of cultural diversity. (For more information, please contact: Geetha Garib, UCL, United Kingdom: y.r.garib@uvt.nl)
Where Experience Matters More: Effects of Learning on Value Creation in Cross-Border Acquisitions by U.S. Firms in the Service Industry

Dynah A. Basuil, Asian Institute of Management
Deepak K Datta, University of Texas at Arlington

Based on a sample of 312 cross-border acquisitions by U.S. firms in the service sector, our study examines the impact of industry knowledge and cross-border acquisition experience on shareholder value creation. We used the BHAR (buy and hold abnormal returns) methodology to assess the extent of value creation in the year following an acquisition. Our findings indicate that both industry knowledge and cross-border acquisition experience (number of cross-border acquisitions undertaken in the five years prior to the acquisition) are positively associated with shareholder value creation; however, the relationships are contingent on cultural distance. Our analyses indicate that the positive effects are more pronounced when cultural distance is low, than when it is high. Implications of our findings from the standpoint of researchers and practitioners are discussed. (For more information, please contact: Dynah A. Basuil, Asian Institute of Management, Philippines: dbasuil@aim.edu)

Entry Mode and Distance: An Experimental Investigation of a Contentious Relationship

Douglas Dow, University of Melbourne
Daniel Baack, University of Denver
Ronaldo Parente, Florida International University

This paper adopts an experimental approach to explore the role of psychic distance in international entry mode choice. By directly measuring manager’s a priori perceptions the psychic distance using best worst scaling, the results indicate that perceptions of psychic distance play a significant role as a source of external uncertainty during foreign investment decisions. In a similar fashion, the tacit nature of the knowledge transferred during the investment is a major source of internal uncertainty; however, psychic distance does not appear to influence the magnitude of the internal uncertainty. (For more information, please contact: Douglas Dow, University of Melbourne, Australia: d.dow@mbs.edu)

Choice of Foreign Market Entry Mode: The Moderating Effect of Cultural Distance on Separability and Foreign Expansion

Maziar Raz, University of Western Ontario

This paper investigates the moderating effect of cultural distance on the relationship between separability and choice of foreign entry mode. To that aim, it compares 11740 cases of Japanese foreign direct investment into manufacturing and service industries (retail trade, wholesale trade, and finance and insurance). The empirical model supports the hypothesis that in service firms, where separability of production and consumption is low, increase in cultural distance reduces the likelihood of entry by a wholly owned subsidiary. From these results, this paper draws implications for the literature on internationalization of service firms. (For more information, please contact: Maziar Raz, University of Western Ontario, Canada: mraz.phd@ivey.ca)
**Success in Entry Mode Choice in a High Animosity Host Country Market**
Cher-Min Fong, National Sun Yat-sen University
Chun-Ling Lee, National Sun Yat-sen University
Yunzhou Du, Anhui University of Finance & Economics

Drawn on the institutional perspective, this study investigates the effects of the choice of entry mode (greenfield vs. joint venture), the ownership arrangement of international joint venture (IJV) (majority vs. minority), and the selection of local partner (positive reputation vs. negative reputation) on gaining market legitimacy (acceptance by local consumers) in the host country by a multinational corporation (MNC) from an animosity-evoking home country. Specifically, this work investigates Chinese consumers' (with high animosity against Japan) responses toward the products of a Japanese wholly owned subsidiary and four Japanese-Chinese joint venture firms with different ownership structures and local partners. The results show that Chinese consumers have higher product purchase intentions if the Japanese MNC adopts a joint-venture entry mode than a greenfield entry mode. Furthermore, Chinese consumers exhibit higher product purchase intentions when the Japanese partner has minority equity as opposed to having majority equity in the IJV. With respect to local partner selection, Chinese consumers demonstrate higher product purchase intentions for an IJV in which the local partner is a positive reputation firm. Theoretical and practical implications of the findings are discussed. (For more information, please contact: Chun-Ling Lee, National Sun Yat-sen University, Taiwan: d934010005@student.nsysu.edu.tw)

**Determinants of Foreign Direct Investments (FDI) Ownership Mode Choice in China: Evidence from Nordic Manufacturing Investment**
Yi Wang, University of Vaasa
Jorma Larimo, University of Vaasa

This study analyzes factors influencing the choice of Nordic manufacturing firms (Denmark, Finland, Norway, and Sweden) between international joint venture (IJV) and wholly-owned subsidiary (WOS) of their subsidiaries in China. The sample consists of 254 manufacturing investments made by 115 Nordic firms in a period of 1982-2008. The empirical analysis of this study indicates that R&D intensity, internationally experienced firms, degree of diversification of the investing firm and subsidiaries operating in resource-intensive industry increased the propensity of Nordic firms to choose international joint ventures. Whereas business experience in China, subsidiary location (SEZs and open coastal cities), deregulated host government policy toward FDI and Greenfield investments positively associated with increased probability of Nordic firms to choose wholly-owned subsidiary. Further on, cultural distance, parent firm size and country of origin provide no marginal information for predicting ownership mode choice of Nordic MNEs entering China. This study also supports the view that host government investment policies interact with some transaction cost variables to influence ownership mode choice of MNEs entering to China. (For more information, please contact: Yi Wang, University of Vaasa, Finland: wyi@uwasa.fi)

**Service Characteristics as Moderators of the Entry Mode Choice: Empirical Evidence in the Hotel Industry**
Jose Pla-Barber, University of Valencia
Cristina Villar, University of Valencia
Fidel León-Darder, University of Valencia

Although a considerable amount of research has explored the entry mode choice, results regarding the direct influence of some variables on the entry mode choice evince a lack of a clear consistency. By introducing the moderator effect of the nature of the services being provided by the firm, we explain some of these inconclusive results. We use a comprehensive database on the Spanish hotel industry which covers practically all the operations carried out by the majority of Spanish hotel chains up to 2011. We found that both intangibility and complexity of the services offered by the hotel moderate the relationship between environmental uncertainties and entry mode choice by increasing the propensity to use greater commitment entry modes when faced with
conditions of country risk and cultural uncertainty. (For more information, please contact: Jose Pla-Barber, University of Valencia, Spain: jose.pla@uv.es)

The Entry Mode Choice in Family-Owned Firms
Yi-Chieh Chang, St. John's University
Chih-Hao Tsai, National Sun Yat-Sen University
Chih-Fang Chiu, National Taiwan University

Our study is designed to shed further light on the foreign direct investment (FDI) decision by the family business, and address the question: Under what situation family-owned firms make the entry mode with high risk commitment. To explore this scenario, we import from knowledge-based view (KBV) to explain how the family business with local knowledge affect the FDI decision. (For more information, please contact: Chih-Fang Chiu, National Taiwan University, Taiwan: juju0802@gmail.com)

Session: 2.2.12 - Interactive
Track: 10 - Economics, Finance and Accounting

Ownership Change

Presented On: July 2, 2012 - 10:45-12:00

Chair: Liu Wang, Providence College

Corporate Cash Holdings and Global Financial Crisis: An Empirical Study of Chinese Companies
Mohamad Sepehri, Jacksonville University
Yujun Lian, Sun Yat-Sen University
Maggie Foley, Jacksonville University

This study investigates the determinants of cash holdings in the period 1999-2009 in China. The sample period covers the time of financial crisis. The focus in this study is on how firm characteristics, especially financial constraints and investment options, are associated with cash holdings. The findings show that: • Compared to "normal" times, Chinese firms tend to increase their cash holdings during the financial crisis. • In general, the firms with more financial constrains, and with more investment opportunities, tend to hold more cash. • Further, the firms with lower leverage, less net working capital (NWC), and lower capital expenditures, are more likely to increase their cash holdings as well. Likewise, those firms tend to save more cash from cash flow. • The evidence suggests that Chinese firms are precautious with their cash holdings. (For more information, please contact: Mohamad Sepehri, Jacksonville University, USA: msepehr@ju.edu)

Gold for the Golden Years: Cross-Border Acquisitions and Inside Debt
Krista Burrill Lewellyn, Old Dominion University

In the wake of new SEC disclosure rules, the business media and academics have begun to highlight the substantial levels of "inside debt“ e.g., defined pension benefits, many U.S. chief executive officers (CEOs) have garnered. This study draws from the accumulated body of knowledge of executive compensation from multiple disciplines, to assess MNC firm level outcomes of this under-analyzed variable. Results indicate cross-border acquisition activity is positively related to CEO levels of inside debt, suggesting CEOs may use this corporate strategy as a means for diversifying their personal risk and increasing the firm's liquidation value, putting them in alignment with firm bondholders as opposed to equity holders. (For more information, please contact: Krista Burrill Lewellyn, Old Dominion University, USA: klewelly@odu.edu)
Ownership and Premium in Foreign Acquisitions: Impact of Geographic Distance and Payment Method  
Ajai Gaur, Rutgers University  
Shavin Malhotra, Ryerson University

This paper examines the effect of geographic distance and payment method on equity participation and premium payment decisions in cross border acquisitions. Drawing on insights from information economics, we propose that firms seek flexible ownership arrangements by way of lower equity position, and make a premium payment when faced with a high level of information asymmetry. Further, stock-based payment method creates a bonding arrangement, minimizing the problems of adverse selection and moral hazard in high asymmetric information environments. There is, however, a significant cost of such bonding arrangements. The premium that firms pay in high asymmetric environment is significantly higher if firms use stock payments as compared to cash. (For more information, please contact: Ajai Gaur, Rutgers University, USA: ajai@business.rutgers.edu)

The Role of National Distances and Subsidiary Experience of Target Firm in Cross-border M&A  
Hyejin Cho, Korea University

This paper investigates the effect of national distances (cultural, institutional, and economic) and subsidiary experience of target firm on shareholder value of acquiring firm. An analysis of 2374 cross-border M&A announcement transactions during 1995-2010 shows that acquiring firms experience abnormal stock returns when there are economic and institutional distances between target firms and acquiring firms and when target firm has a subsidiary experience. Moreover, the moderating role of subsidiary experience of target firm on the effect of national distance and previous M&A experience of acquiring firms on shareholder value are discussed. (For more information, please contact: Hyejin Cho, Korea University, Korea, South: hyejinstory@korea.ac.kr)

Privatization and Natural Advantage  
Jean-Claude Cosset, HEC Montreal  
Artyom Durnev, University of Iowa  
Igor Oliveira dos Santos, HEC Montreal

This paper examines the role of natural advantage (e.g., substantial oil reserves or mineral deposits) in the shaping of privatization policies. First, we analyze the role of agglomeration economies stemming from a natural advantage in the government’s reluctance in divesting from their natural advantage based state-owned firms. Then, we examine from the firm size perspective the ultimate State ownership pattern in the natural advantage based industries. In addition, we study the relation between the vulnerability to resource curse and the ultimate State ownership. Finally, we pay attention to the accessibility to sea and its implications in privatization policies. We find evidence that governments tend to retain higher ownership in natural advantage based when strong agglomeration occurs in the corresponding industries, irrespective of political orientation. Also, we confirm the existence of the too-big-to-relinquish firms in the natural advantage based industries, particularly located in emerging economies. Finally, we conclude that accessibility to sea plays an important role in privatization policies, regardless of resource abundance, country size, or geographical blessing (For more information, please contact: Jean-Claude Cosset, HEC Montreal, Canada: jean-claude.cosset@hec.ca)
Cultural Aspects of Innovation
Kalanit Efrat, Ruppin Academic Center

Innovation’s centrality and importance in international operations undergo changes in scale and scope in the age of globalization. One such change concerns the effect of national culture on the ability to be innovative. Based on Hofstede’s (1980) cultural dimensions, possible changes that occur in their impact on nations’ innovativeness are examined here, following Shane’s (1992, 1993) research. While controlling for nations’ investments in innovation, cultural dimensions are found still to impact all types of innovation examined, with even greater force. (For more information, please contact: Kalanit Efrat, Ruppin Academic Center, Israel: kalanite@ruppin.ac.il)

Emigrants’ Willingness to Share Knowledge with Compatriots Still Living in their Country of Origin
Helena Barnard, GIBS, University of Pretoria
Catherine Pendock, GIBS, University of Pretoria

Migrants are increasingly recognized as "bridges" between their original and adopted countries, sources of knowledge and innovation for their country of origin. However, previous work focused on individuals with an ongoing commitment to their country of origin, rather than emigrants who choose to seek a new future in an adopted country. But migrants often experience strong and even contradictory emotions about their decision to emigrate, and knowledge sharing is known to be affected by attitudes, and it cannot be assumed that knowledge will be shared. This study on South African emigrants connects the literatures on emigration, country of origin attitudes and knowledge sharing, and finds that emigrants' willingness to share knowledge is affected by their attitudes towards their country of origin: The willingness to share knowledge increases when emigrants have a positive attitude to their country of origin, but decreases when they experience it negatively. (For more information, please contact: Helena Barnard, GIBS, University of Pretoria, South Africa: barnardh@gibs.co.za)

Optimizing Cross-cultural Team Knowledge in Conceiving and Introducing Global Products
Karina R. Jensen, ESCP Europe

Globalization, time to market, and customer responsiveness present new challenges for achieving product innovation across cultures. Organizations need to leverage cross-cultural collaboration in order to facilitate idea generation and knowledge-sharing that produce successful market solutions. How can organizations facilitate collaboration for conceiving and delivering new products? An exploratory study is used to examine this question through interviews with 45 executives and senior team managers responsible for global product introductions and cross-cultural teams in 35 multinational organizations based in Europe, Asia, and the US. By examining organizational processes and tools that influence knowledge-sharing between the project leader and the globally distributed team, this study contributes to the understanding of cross-cultural collaboration and knowledge-sharing challenges for new product introductions while highlighting research needs for a topic that has significant impact on the MNEs international market performance. (For more information, please contact: Karina R. Jensen, ESCP Europe, France: karina.jensen@escpeurope.eu)

Global Dissemination of the Toyota Way in Sales & Marketing
Osamu Tsukada, Kagawa University

Besides building a global organization capable of identifying new consumer trends in one country, it must link those trends through new technologies to other countries, innovate knowledge, and diffusing the knowledge rapidly around the world. How can a corporation facilitate the knowledge exchange required for this globally? Toyota has been striving to disseminate its corporate philosophy and values, the so-called Toyota Way 2001 and Toyota Way in Sales & Marketing (hereafter called TW/TWSM), among 170 distributors around the world.
To disseminate these abstract concepts it applies a unique problem-solving approach called Kaizen. This approach has brought Toyota success in disseminating the TPS (Toyota Production System), a philosophy and set of values in Production. Toyota developed a new problem-solving method called the Toyota Business Practice (TBP) as a mechanism to disseminate the Toyota Way in its white collar universe. Can this problem-solving mechanism be effective in Sales & Marketing, an arena quite distinct from Production? Do Toyota's 170 distributors understand and practice the TW/TWSM across borders? The results from the interviews and nine-country survey conducted as components of the joint research project by Toyota and Hitotsubashi University provided interesting insights into these questions. (For more information, please contact: Osamu Tsukada, Kagawa University, Japan: otsukada0929@gmail.com)

'Non-Verbatim' Transfer of Routines Across Borders: The Interplay of Institutional Context and Routine Complexity
Majid Eghbali-Zarch, University of Western Ontario

There is a dearth of research on the transfer of routines within multinational enterprises (MNEs). This study addresses this gap and investigates how routines get transferred across border within MNEs. Building on the literature on deinstitutionalization and diffusion of organizational practices, this study identifies technical, cultural, and political elements that impact the transfer of routines across borders. It also highlights the role of routine per se, and its characteristics and interactions with the contextual elements. Attributes of routines are analysed to help future empirical measurements of routine and its complexity. Further, to clarify the levels of analysis in this study, three types of routines in MNEs are introduces, namely micro-routines, meso-routines, and macro-routines for each of the individual, subsidiary, and MNE levels respectively. (For more information, please contact: Majid Eghbali-Zarch, University of Western Ontario, Canada: meghbali-zarch.phd@ivey.ca)

Deep Sea versus Inshore Fishing - The Impact of Market Information Internationalization on New Product Development Performance
Anna Dubiel, WHU
Christoph Grimpe, Copenhagen Business School

Our study examines market information processing in three different stages of the new product development (NPD) process (concept generation, development, and commercialization) and its impact on overall NPD performance. In particular, it zooms into the geographic location of the market information by distinguishing between domestic and international sources. It demonstrates that using domestic market information is important over the whole NPD process while international market information is beneficial only in the idea generation stage. Thus looking at faraway markets though a possible source of unique, ahead of the trend information may not always enhance NPD. As this information is often costly and difficult to decipher firms might be better off by fishing for market information in familiar nearby ponds. We test our hypotheses using a panel sample of more than 1,500 German companies from both manufacturing and services. (For more information, please contact: Anna Dubiel, WHU, Germany: anna.dubiel@whu.edu)
Advantages of Foreignness: Benefits of Creative Institutional Deviance
Wei Shi, Rice University
Robert Hoskisson, Rice University

The liability of foreignness has long been acknowledged as a key concept in international business research. Departing from the cost side of foreignness, this paper explores intangible benefits of foreignness exclusive to multinational enterprises in a host country in addition to tangible benefits such as preferential tax policies. Intangible benefits of foreignness are defined as advantages of foreignness so as to distinguish from assets of foreignness—tangible benefits of foreignness. Drawing on institutional theory and social comparison theory, we propose that advantages of foreignness can lead to important firm specific performance-related outcomes, which have been generally underestimated in the international business literature. (For more information, please contact: Wei Shi, Rice University, USA: ws9@rice.edu)

Dependence Change and the Divesture of Formerly Acquired Foreign Subsidiaries
Jun Xia, West Virginia University
Xufei Ma, Chinese University of Hong Kong

Why do firms divest their formerly acquired foreign subsidiaries? Building around the core concept of dependence change, we argue that increased environmental dependence and subsidiary power reduce the hazard rates of divestitures simultaneously. A sample of firms engaging in cross-border divestitures after acquisitions is collected to test the argument in a multiple country setting. The results show that the hazard rates of divestitures are lower if the mutual trade dependence between a firm’s home and host countries increases. Moreover, subsidiary power, as measured by three dimensions -- subsidiary acquisition expansion, subsidiary network building, and reduced intrafirm competition -- also reduces the hazard rates. (For more information, please contact: Xufei Ma, Chinese University of Hong Kong, Hong Kong, SAR-PRC: xufei@cuhk.edu.hk)

HRM Issues and Practices of Emerging Market Multinationals: The Case of Brazilian Multinationals
Kamel Mellahi, University of Warwick
David Collings, National University of Ireland, Galway
George Frynas, Middlesex University

As emerging market multinational enterprises (EM-MNES) increase their activities across borders, a key research question is whether they are deploying host country or home country practices in their overseas subsidiaries. This study aims to contribute to this ongoing conversation. Specifically, we examine the extent to, and mechanisms by, which three major Brazilian MNEs adapt their HRM practices to local contexts. Four major findings emerge. First, Brazilian MNEs exhibit a high degree of standardization of home country HR practices and exhibit a considerable desire for global integration. Second, there are surprisingly few local, especially cultural, adaptations to HR practices and corporate level practices appear to meet little or no resistance in subsidiaries. Third, HR practices in Brazilian MNEs have evolved over time - in the early stage of internationalisation, there was a considerably higher degree of local adaptation in all three cases. Fourth, contemporary HR practices themselves originate from Western countries and Brazilian MNEs tend to "re-export" Western practices rather than diffuse conventional local ones. These findings underscore the need for broadening the conventional narrow view of home and host country practices and call for further research on the supply-side of HRM practices in EM-MNEs. (For more information, please contact: Kamel Mellahi, University of Warwick, United Kingdom: kamel.mellahi@wbs.ac.uk)

Knowledge Inflows and Subsidiary’s Global Initiative in MNCs: The Perspective of Human Capital Theory
Wan-Ching Chen, Sun Yat-Sen University
This research investigates the determinants of subsidiary’s global initiative by integrating human capital, knowledge management, and network theory. In the perspective of network theory, the knowledge-based resources within MNCs network are the basis of subsidiary initiative. Taken from knowledge management perspective, subsidiary’s learning mechanism determine subsidiary’s initiative. In the perspective of human capital theory, the practices of human capital investment can foster subsidiary’s learning mechanism and than lead to subsidiary’s global initiative. This research expects to do investigate research by using questionnaires during the period of research abroad in Asian area and hope to find out how subsidiary can use the plentiful knowledge-based resources within MNCs network and lead to subsidiary's global initiative. (For more information, please contact: Wan-Ching Chen, Sun Yat-Sen University, Taiwan: paospaos@gmail.com)

*The Effects of Non-Proximity on Staffing in Foreign Investments*

Kevin K. Boeh, Pacific Lutheran University
Paul W. Beamish, University of Western Ontario

While evolving technologies are surely enabling better management across geographic distances, physical separation remains important in the choice of leadership and staffing of expatriates in foreign investments. The distance between parent firms and their foreign subsidiaries is measured by dyad travel time, the time required to transit the distance. Controlling for the effects of separation on governance choice, distal subsidiaries are staffed with fewer expatriates and more often have host country leadership. The results show that firm resource allocation decisions are affected by the (non-) proximity of investments, and an employee preference for proximate assignments. (For more information, please contact: Kevin K. Boeh, Pacific Lutheran University, USA: boehkk@plu.edu)

*The Influences of High Performance Human Resource Practices on Knowledge Capacity and Innovation Performance - An Example of Taiwanese MNCs*

Huei-Fang Chen, Soochow University

In view of research limitations concerning the high performance human resource practice, I examined processes linking high performance human resource practices and innovation performance. This study conducted a survey of Taiwanese MNC subsidiaries in foreign environments. A LISREL model was used to test the research hypotheses. The major results of this research reveal that high performance human resource practices have a positive and significant influence on a foreign unit’s knowledge capacity, knowledge management process, and innovation performance. Moreover, it confirms the mediating role of knowledge capacity between high performance human resource practices and innovation performance. Research implications are discussed and future study suggestions are recommended lastly. (For more information, please contact: Huei-Fang Chen, Soochow University, Taiwan: hfchen@scu.edu.tw)

**Session: 2.3.P - Special Session**

**International Business-Government Relations: Quo Vadis? (AIB Fellows Session in Honor of Jean Boddewyn)**

**Presented On:** July 2, 2012 - 13:00-14:15

Chair: Robert Grosse, George Mason University

**Guest Speaker:**
Jean Boddewyn, Baruch College, CUNY
In November 2011, The Economist Magazine devoted a cover story to ‘The magic of diasporas’ indicating the rising awareness of politicians about the relevance of diasporas to the world economy, both in emerging markets and industrialized economies. Diasporas are emigrants who “demonstrate a strong link with their migration history and a sense of co-ethnicity with others of a similar background” (Cohen 1997, p. IX). In the context of international business and especially in the case of emerging economies, an active diaspora can be an invaluable asset to a nation, acting as a source of developmental capital. In fact, as of 2011, remittances from migrants to developing countries totaled $351 billion dwarfing other forms of cross-border capital flow such as international lending, portfolio investment, and government to government aid (World Bank, 2011). Yet, an engaged diaspora is much more than a "cash-pot" for nations to tap for resources. The human and
social capital that diaspora investors and entrepreneurs possess and their relative familiarity with home nation markets can help them overcome traditional liabilities of foreignness such as language, culture, and lack of access to local networks. The typically informal nature of such "people and ethnic networks" is likely to be especially relevant and valuable when doing business in countries where the role of formal institutions (i.e. the rule-of-law) is weak or non-existent. This panel will focus on the ability of the diaspora to innovate in their home nations by engaging in acts of entrepreneurship and institutional change. With their ability to "navigate both worlds" and harness their experiences from abroad, a nation's diaspora can be an important conduit for the flow of new ideas, the transmission of institutions, and the adoption of innovative entrepreneurial practices. The panel will bring together leading scholars and practitioners with a deep expertise in international business and public policy. The audience will gain an in-depth understanding of the literature on diaspora entrepreneurship, network with others with similar research interests, and identify new ideas for continued contributions in this areas of international business, entrepreneurship, technology and innovation management, and strategy. (For more information, please contact: Florian Täube, EBS Business School, Germany: florian.taeube@ebs.edu)

Session: 2.3.3 - Panel
Track: 1 - Institutions, Governance, and CSR

Opening Global Markets to U.S. Health Care Exports: A Cooperative Approach

Presented On: July 2, 2012 - 13:00-14:15

Chair: Jonathan P. Doh, Villanova University

Panelists:
Edward Gresser, Senior Advisor, Alliance for Healthcare Competitiveness
Trevor Gunn, Senior Director, International Relations, Medtronic
Jim Sherry, Director, Center for Global Health, George Washington University

The Alliance for Healthcare Competitiveness (AHC) proposes to organize a panel session at the upcoming AIB Conference, entitled "Opening Global Markets to U.S. Health Care Exports: A Cooperative Approach" Participants will discuss the American health ecosystem and its potential to spark long-term growth, high-wage employment and global health outcomes through rising exports. The panel, seeking to bridge the divide between practitioners and academics, will be composed of: Jonathan Doh, Herbert G. Ramrod Endowed Chair in International Business, founding Director of the Center for Global Leadership, and Professor of Management and Operations, Villanova University (Moderator) Ed Gresser, Senior Advisor, Alliance for Healthcare Competitiveness Trevor Gunn, Senior Director, International Relations, Medtronic Jim Sherry, Professor of Global Health and International Affairs; Director, Center for Global Health, George Washington University The AHC is a coalition of leading businesses, industry associations, academics and other influential thought leaders who are working to support and promote the competitiveness of the U.S. healthcare industry in international markets. (For more information, please contact: Jonathan P. Doh, Villanova University, USA: jonathan.doh@villanova.edu)

Session: 2.3.4 - Competitive
Track: 2 - Marketing and Supply Chain

Cultural Considerations in International Marketing

Presented On: July 2, 2012 - 13:00-14:15

Chair: Peter Magnusson, Florida International University
The Relationship between Individual Cultural Values (ICV) and Nation Brand Personality (NBP) Traits
José I. Rojas-Méndez, Carleton University
Mohammed Alwan, Carleton University
Nicolas Papadopoulos, Carleton University

This is the first study exploring the relationship between Individual Cultural Values (ICV) and nation brand personality (NBP) traits. A survey was conducted among Saudi Arabia citizens, living in Saudi Arabia, regarding their perceptions of the personality projected by the U.S. brand. Results show a critical view by the Saudis because some negative brand personality traits (i.e., materialistic, egocentric, and authoritarian) rank at the top of their evaluations. Collectivism emerges as the most related ICV with NBP traits. This study confirms some relationships accepted in the personality psychology field between the Big-five and cultural dimensions, and at the same time proposes new such as masculinity with extraversion and conscientiousness, and collectivism with agreeableness and conscientiousness (all negative). Implications, limitations, and further research ideas are also presented. (For more information, please contact: José I. Rojas-Méndez, Carleton University, Canada: jose_rojas@carleton.ca)

Impact of National Culture on Organizational Culture: A Comparative Analysis of the Implementation of Market Orientation across Nations
Ahmet H. Kirca, Michigan State University

This study tests the effects of national cultural values on organizational cultures with a comparative meta-analysis of the studies that investigate the implementation of market orientation across nations. The findings indicate that the often-cited effects of senior management factors (e.g., top management emphasis), interdepartmental dynamics (e.g., interdepartmental conflict), and organizational systems (e.g., centralization, formalization, reward systems) on market orientation are context dependent and the implementation of market orientation across nations is a function of the national cultural environment in which firms operate. As such, the present study provides useful insights for researchers and managers regarding the challenges that companies face when implementing market orientation in diverse country markets. (For more information, please contact: Ahmet H. Kirca, Michigan State University, USA: kirca@msu.edu)

Stephen Gould, Baruch College, CUNY
Mike Chen-ho Chao, Baruch College, CUNY
Andreas Grein, Baruch College, CUNY
Rania Semaan, Baruch College, CUNY

Country-of-origin (COO) effects on product evaluations have been widely applied in international marketing, albeit with mixed results and suggesting that how COO is framed is a factor in its relative impact. We apply one such framing perspective based on preference reversals and their biasing effects to a study of COO and willingness to pay (WTP) for a cellphone in the U.S., China and Taiwan. Similar results are mirrored across all three countries except for the separate condition in Taiwan where the U.S. COO image is relatively respected. When evaluated separately, consumers are willing to pay more for a domestic-made cellphone than a foreign-made one even though the former is not as good as the latter on an important attribute, amount of internal memory. However, when the domestic and foreign-made phones are presented in joint evaluations, the better foreign-made product is favored. Possible explanations and implications are offered. (For more information, please contact: Mike Chen-ho Chao, Baruch College, CUNY, USA: chen-ho.chao@baruch.cuny.edu)
Bundling Cultural Intelligence and Marketing Adaptations to Improve Export Performance
Stanford Westjohn, University of Toledo
Peter Magnusson, Florida International University
Srdan Zdravkovic, Bryant University

The importance of expanding exports has been stressed by world leaders as a means to improve their economies, and is important for all firms wishing to expand their markets. In this study, we build a theoretical case and offer evidence from a pilot study that cultural intelligence plays a role in crafting international marketing strategy and ultimately export performance. A key component of international marketing strategy is the degree that the marketing mix is standardized or adapted for international markets. While a standardized strategy implies the benefits of economies of scale, an adaptation strategy is designed to better appeal to the tastes and preferences of the culture. We propose that "culturally intelligent" export managers are better prepared to assess culturally diverse marketplaces and suggest more appropriate adaptations resulting in improved export performance. (For more information, please contact: Stanford Westjohn, University of Toledo, USA: stanford.westjohn@utoledo.edu)

Session: 2.3.5 - Competitive
Track: 1 - Institutions, Governance, and CSR

Corporate Governance and International Business

Presented On: July 2, 2012 - 13:00-14:15

Chair: Andrew Delios, National University of Singapore

Board Structure: An Empirical Study of Firms in Anglo-American Governance Environments
Maureen I. Muller-Kahle, Penn State

With boards of directors playing both monitoring and guidance roles, we examine the impact of board structure in large US and UK firms on firm performance using the lenses of agency and resource dependence theories. We find that distinct differences in the impact of board independence, board size and outside director busyness on firm value in UK firms. Specifically, we find that board independence has a significant positive impact on firm value in the UK, but no impact in the US. We also find larger boards are positively associated with firm value in the UK. However, in the UK, board busyness has a positive impact on firm value. Thus, we find support for resource dependence theory in UK firms. (For more information, please contact: Maureen I. Muller-Kahle, Penn State, USA: mim10@psu.edu)

Corporate Governance in Context: Regulatory, Cognitive, and Normative Institutions of Investor Protection
Anthony Paul Cannizzaro, George Washington University

This paper introduces a framework of regulatory, cognitive and normative institutions specific to the domain of corporate governance. Viewing the arche of good corporate governance as strong minority investor protection, I seek to understand how each of these pillars within a society might influence agency conflicts within the firm. Prior work approaching corporate governance from an agency theoretic perspective tends to operationalize institutions too simplistically, imposing the assumption that de jure (regulatory) and de facto (cognitive) institutions impact firm-level governance equally. Furthermore, work on corporate governance in the institutional theory literature has neglected the impact of institutional context on the principal-agent and principal-principal problems that shape corporate governance at the firm level. To address these gaps, I rejoin the divergent institutional and agency theoretic perspectives. Using data from 21 developed countries, this analysis shows that regulatory, cognitive and normative institutions uniquely impact a firm’s corporate governance through both direct effects and by moderating the impact of firm-level characteristics on
In this study we view directors as active participants in strategy making and examine the effect of board capital diversity on organizational learning orientation (exploration versus exploitation). We argue that the influence of board capital on organizational learning orientation is contingent on how different governance models facilitate integration of director's knowledge resources in strategy-making. We propose a contingency model by highlighting the influence of different cross-national board structures on the relation between board capital and organizational learning. Drawing on the distinction between the Anglo-Saxon (one-tier) and Rhineland (two-tier) model in the UK and Germany respectively, we test hypotheses on a panel of firms in the pharmaceutical industry from 2005-2009. Our pattern of findings suggests that though board capital diversity matters more generally for firm-level organizational learning orientation, the crux for harnessing the value of board capital for different learning orientations may rest in how country-specific board structures enable or constrains the actual realization of value out of board capital. We discuss implications for theory and practice. (For more information, please contact: Mariano L.M. Heyden, Erasmus University, Netherlands: mheyden@rsm.nl)

In this paper the interaction between financial reporting, especially based on national codes of corporate governance, and management control systems is analyzed, with focus on the development of both disclosure and design of the compensation of the members of the management board. National corporate governance codes provide principles of remuneration systems of the management board. Variable remuneration components are of considerable importance for such designs of compensation systems. Regularly the calculation of the variable components is linked to corporate management target systems, and thus is based upon internal management control systems. Also, the reporting requirements are functional for the aims of management control systems. This interaction is analyzed based on the annual reports (for the financial years 2006-2010) of the companies listed in the ATX on the Vienna Stock Exchange. We obtain the following results: disclosure of management remuneration has considerably increased in scope, although most of the underlying rules are based on self-regulation. Also the quality of the applied designs of compensation systems has improved. Deficits are found regarding the chosen assessment bases for variable components. (For more information, please contact: Karina Sopp, University of Vienna, Austria: karina.sopp@univie.ac.at)
The Effectiveness of Business Entertainment in Facilitating Transactional Relationships: The Case of Chinese Sales Managers
Francis Yonglin Sun, Woodbury School of Business
Shih-Fen S. Chen, University of Western Ontario

We develop and test a theory that can predict the effectiveness of business entertainment in facilitating transactional relationships. Our analysis is based on a broader theoretical framework where exchange relationships are regulated through a transaction governance structure (TGS) featuring a combination of market, social, and legal sanctions. Business entertainment serves to reinforce the power of social sanctions in regulating the behavior of economic agents, especially in cases where market and legal infrastructures are less developed. Survey data collected from a sample of Chinese sales managers indicate that the effectiveness of business entertainment in facilitating transactional relationships is associated with the intensity and format of the focal entertainment practice. These findings support our transaction governance approach to business entertainment. (For more information, please contact: Francis Yonglin Sun, Woodbury School of Business, USA: francis.sun@aya.yale.edu)

Social Capital and its Necessary Evolution for Internationalization
Angelika Lindstrand, Stockholm School of Economics
Sara Hånell Melén, Stockholm School of Economics

In this study we examine the continuous effects of social capital on SMEs' exploitation of international business opportunities during their international expansion. To do so, we test the effects of two forms of social capital, conceptualized as the preceding and the current social capital of the internationalizing SME. Based on internationalization process theory and social capital theory we argue for an evolutionary development of social capital during a firm's internationalization process. Three hypotheses are tested using structural equation modeling and linear regression on a data set covering 308 Swedish internationalizing SMEs. The results show no support for a direct positive effect of internationalizing SMEs' preceding social capital on their international opportunity exploitation. However, when the preceding social capital is mediated by the use of the firm's current social capital, the model demonstrates a positive effect. The overall results contribute to internationalization process theory by highlighting the necessity of internationalizing SMEs to be able to develop and extend their social capital during the international expansion. (For more information, please contact: Angelika Lindstrand, Stockholm School of Economics, Sweden: angelika.lindstrand@hhs.se)

The Role of Formal and Informal HQ-Subsidiary Relationships for Knowledge Transfer in Multinationals
B. Sebastian Reiche, IESE Business School
Anne-Wil Harzing, University of Melbourne
Markus Pudelko, Tübingen University

This study draws on foreign entry mode, organization and social capital theories to investigate the role of formal and informal HQ-subsidiary relationships for knowledge transfer from the corporate headquarters to foreign subsidiaries. Building on a large-scale empirical study of 817 subsidiaries located in nine different countries/regions, we find support for our hypotheses that both formal and informal social structure are conducive to knowledge transfer from headquarters. We also identify two specific conditions – subsidiary type and language proximity – that moderate these relationships. Implications for research on MNC knowledge flows, social capital and international business are discussed. (For more information, please contact: B. Sebastian Reiche, IESE Business School, Spain: sreiche@iese.edu)
The Role of Power-Dependence on Innovation Generation in International Customer-Supplier Relationship
Ruey-Jer Bryan Jean, National Chengchi University
Rudolf Sinkovics, University of Manchester
Daekwan Kim, Florida State University

While innovations generated by supply channel relationships, as opposed to individual partners, are playing an increasingly important role in the success of all supply chain partners, there has been a dearth of research in the literature on how supply chain relationships cultivate the process of such innovation generation. This study explores supplier market intelligence generation, relationship learning, systems collaboration, and technological uncertainty, as antecedents of supplier innovation generation, which is, in turn, hypothesized to positively affect the relationship performance of the supplier. Furthermore, supplier dependence on the buyer is investigated as a moderator of the effects of such antecedents on supplier innovation generation. According to the empirical tests, which used a sample of 236 Taiwanese executives, most of the hypotheses in the study are supported. Some implications of the results are discussed at the end. (For more information, please contact: Ruey-Jer Bryan Jean, National Chengchi University, Taiwan: bryan@nccu.edu.tw)

Session: 2.3.7 - Competitive
Track: 3 - IB Theory, FDI, and Entry Mode

Emerging-Market MNEs

Presented On: July 2, 2012 - 13:00-14:15

Chair: Lin Cui, Australian National University

Macro Determinants of Chinese Cross-border Mergers and Acquisitions in Developed Markets
Monica Yang, Adelphi University

This paper investigates the factors determining the level of cross-border mergers and acquisitions (CBMA) by emerging market firms in developed markets. We draw on traditional economic and the organizational learning perspectives to develop several hypotheses. Using panel data of Chinese CBMA in nine developed markets from 1996 to 2010, we found that economic factors (e.g., the wealth and strategic asset of host market) and financial factors (e.g., the size and liquidity of financial market) positively affected the number of CBMAs by China in developed markets. Other economic factors (e.g., the size of market and the level of openness to international trade) and the effectiveness of government were negatively influenced the number of CBMAs in these developed markets. Finally, the growth of market and the "learning from others" factor had no significant impact. (For more information, please contact: Monica Yang, Adelphi University, USA: yang2@adelphi.edu)

Sub-National Institutional Heterogeneity and Entry Ownership: Evidence of Investment from Mexico, India, and China into Developed Markets
Victor Zitian Chen, University of North Carolina; Columbia University
Jing Li, Simon Fraser University
Daniel M. Shapiro, Simon Fraser University

This paper focuses on the decision of entry ownership of emerging-market (EM) MNEs into developed markets (DMs). First, I argue that, all else being equal, the direct effect on the choice of full-ownership entry is positive, because whereas MNEs from EMs with weaker market-based institutions must engage in joint ventures for adaption to local external legitimacy in DMs, institutional development at home will reduce uncertainty with respect to legitimacy, and the resulting need for joint ownership, and thus increase the likelihood that firms will choose full-ownership entry. Second, institutional development at home encourages EM MNEs to build FSAs such as technological capabilities, which in turn lead them to seek full ownership of their foreign subsidiaries.
Using a cross-country (Mexico, India, and China) firm-level sample of 492 entries into triad DMs (North America (USA and Canada), Western Europe, and Japan), and adopting state-/province-level measures of institutional quality, I find results supporting both direct and indirect mediation effects. Conclusions, implications, and suggestions for future extensions are discussed. (For more information, please contact: Victor Zitian Chen, University of North Carolina; Columbia University, USA: emgp.editor@gmail.com)

**Drivers and Motives for Chinese Outward Foreign Direct Investments in Africa**
Katarina Blomkvist, Uppsala University
Rian Drogendijk, Uppsala University

The main part of Chinese OFDIs is located in neighboring countries in Asia, with China's Special Administrative Region, Hong Kong, as the foremost receiver of Chinese OFDI (Gugler and Fetscherin 2010). However, during recent years Chinese OFDI to Africa has seen an unprecedented increase and trade flows between China and Africa in 2008 totaled more than 106 billion US dollars. The introduction in 2006 of China's official Africa policy by the Chinese government and its intensified diplomatic links with the African continent has opened up for a new era of bilateral trade and economic cooperation. The aim of this paper to systematically test the explanatory power of established theories and motivations for investments by Chinese firms in Africa. Our findings suggest that all else equal, African countries have a higher likelihood to receive investments from Chinese firms. Moreover, we find that Chinese firms perform both market seeking, natural resource seeking, and strategic asset seeking FDI in Africa. (For more information, please contact: Katarina Blomkvist, Uppsala University, Sweden: katarina.blomkvist@fek.uu.se)

**Accessing Country-specific Advantages: The Case of Chinese Enterprise Management Software Industry**
Feng Wan, University of Cambridge
Peter Williamson, University of Cambridge

Country-specific advantages (or location advantages) have long been studied in the literature. Contrary to the implicit assumption of OLI model and internalization theory, we argue national advantages are not always freely or fully accessible by all firms. Grounded on the case studies of four firms in Chinese enterprise management software industry, we develop a theoretical framework to explain how firms access country-specific advantages. Unexpectedly, we found the ability to access national advantages is not evenly distributed among firms. The accessing framework has important implications for multinationals to explore market in host countries, and for firms in general aiming to develop new firm-specific advantages. (For more information, please contact: Feng Wan, University of Cambridge, United Kingdom: fw269@cam.ac.uk)

**Session: 2.3.9 - Competitive**
**Track: 9 - Cross-cultural Management and HRM**

**Culture and Cognition: Identity, Attachment and Global Mindset**

**Presented On:** July 2, 2012 - 13:00-14:15

Chair: John Mezias, University of Miami

**Dual Attachment in Multinational Enterprises: The Roles of Perceived Prestige, Positive Interaction, and Organization-Based Self-Esteem**
Davina Vora, SUNY New Paltz
Tatiana Kostova, University of South Carolina
Research has long considered the issue of control in multinational enterprises (MNEs), and suggests that informal control, or normative integration, may be vital. Psychological attachment to the MNE is one way to achieve such control. We study the antecedents of dual attachment of subsidiary managers in MNEs, hypothesizing that perceived prestige of and positive interaction with the MNE and subsidiary positively relate to organizational identification with and commitment to each entity. In addition, we examine the cross-level mediating role of organization-based self-esteem on these relationships. Results support the direct effects, but only partially support the mediating role of organization-based self-esteem. (For more information, please contact: Davina Vora, SUNY New Paltz, USA: vorad@newpaltz.edu)

Demystifying the Myth about Marginals: Implications for Global Leadership
Stacey Fitzsimmons, Western Michigan University
Yih-teen Lee, IESE Business School
Mary Yoko Brannen, INSEAD

Marginalized biculturals are individuals who have internalized more than one culture, but do not identify strongly with either or any of them (Berry, 1980). Despite persistent assumptions to the contrary, marginalized biculturals sometimes excel at global leadership activities, even surpassing the performance of other types of biculturals. In this paper, we propose a conceptual explanation for why marginalized biculturals may excel as global leaders, and propose implications for both practitioners and researchers. (For more information, please contact: Stacey Fitzsimmons, Western Michigan University, USA: stacey.fitzsimmons@wmich.edu)

Tracking Global Mindset: Are Chinese Executives Poised to Become the New Global Leaders?
Schon Beechler, INSEAD
Nandani Lynton, CEIBS

Chinese investments in overseas companies, property or plants are expected to reach as much as $2 trillion over the coming decade. Managing those overseas investments and running international Chinese companies presents formidable challenges because globalization is a manifestation of complexity and the lack of global leaders able to manage the complexity has been named as a major factor in the poor performance of many Chinese firms operating globally. In order to understand the level of global leadership in Chinese managers, our data analysis focuses on the values indicative of two crucial components of global mindset associated with global leadership, cosmopolitanism and cognitive complexity, which can be inferred from the Schwartz Value Survey (SVS) and narrative interviews. The analysis suggests that Chinese executives show lower cosmopolitan values but high levels of competing values, an indication of the cognitive complexity underlying behavioral complexity and managerial effectiveness. The Chinese executives in our sample may not currently have the requisite knowledge and experience needed to be effective global leaders but they have a mindset that embraces contradictions and ambiguity, which may well be ultimately better attuned to the complex realities of global business than that of many Western executives. (For more information, please contact: Schon Beechler, INSEAD, USA: schon.beechler@gmail.com)
Panelists:
Robert Kennedy, William Davidson Institute at the University of Michigan
Marc Robinson, William Davidson Institute at the University of Michigan
Guy Pfeffermann, Founder & CEO, Global Business School Network
Sandra Draheim, William Davidson Institute at the University of Michigan
Roberto Garcia, Indiana University

The panel will offer perspectives on the importance of international business education in the U.S., as well as in emerging and transitioning economies. Because education and training are key drivers of global economic growth, so the panel will provide insight into future global business education needs and the challenges in developing and delivering solutions for those needs. Robust, high-quality, international business teaching materials are critical to the successful education of the world’s future business leaders. The development and distribution of case studies – which enable high-level, experiential learning – will be addressed by experts in the fields of academic educational design, marketing, and case method teaching. (For more information, please contact: Sandra Draheim, William Davidson Institute at the University of Michigan, USA: draheims@umich.edu)

Session: 2.3.11 - Interactive
Track: 7 - Emerging Economies

**Competitive Dynamics and Firm Strategies in Emerging Economies**

**Presented On:** July 2, 2012 - 13:00-14:15

Chair: Karin Fladmoe-Lindquist, University of Utah

The Role of Context in the Globalization of Chinese Firms
John Child, University of Birmingham
Svetla Trifonova Marinova, Aalborg University

The most important argument in this paper, and its main original contribution, is that in order to fully appreciate OFDI and its implementation, we require an analysis that is sensitive to both home and host country contexts, taking account of the ‘triangle’ of resource, institutional and political factors that apply in those contexts. We have illustrated that it is a recognition of the different combinations of home and host country characteristics that permits an adequately nuanced understanding of the challenges facing Chinese overseas-investing firms and how they are likely to cope with them. An analysis of home-host country contextual similarities and differences opens the door both to more adequate theorizing as well as to a better understanding of policy options for ensuring that foreign investment is successful. (For more information, please contact: Svetla Trifonova Marinova, Aalborg University, Denmark: svetla@business.aau.dk)

Unexpected Dynamics in Doing M&A in the Informal Economy: A Case of Acquiring a Chinese Firm
Tian Wei, Fudan University

This paper makes attempts to explore the dynamics of mergers and acquisitions (M&A) in the informal economy, particularly in emerging countries. An idiographic case that a UK firm acquired a Chinese firm has been selected as sources of data for this nascent field. Data were collected through the M&A process with a focus on due diligence and integration. In the case analysis, six propositions are developed to present the emerging findings from the observations. Seven key constructs are identified from these propositions as major factors for successful M&A in the informal economy. These constructs are then categorized into two groups: people and standardization. The seven propositions and two types of key constructs are the major contributions of this study. (For more information, please contact: Tian Wei, Fudan University, China: weitian1983@gmail.com)
How Do Foreign MNCs and Local Firms Compete? An Integrative View
Wei Yang, China Europe International Business School

The resource-based view (RBV) and the competitive dynamics perspective are central to the strategy research. But their tight linkage and re-enforcing nature have been largely ignored. This paper integrates these two views into one theoretical framework and use survey data to test the interrelationships of the strategic resource endowment and competitive response, and their influence on firm competitive advantage. We deem that strategic resources have both direct and indirect impacts on firm competitive advantage. The indirect impact is realized through the mediating effects of competitive response speed on the relationships of strategic resources and firm competitive advantage. *(For more information, please contact: Wei Yang, China Europe International Business School, China: ywei@ceibs.edu)*

How Uncertainty Avoidance, Risk and Relatedness Matter in Emerging Economy Acquisitions?
Somnath Lahiri, Illinois State University

Drawing on entry mode literature we examine in this study how three important factors: (a) cultural distance along the uncertainty avoidance dimension, (b) difference in country risk, and (c) relatedness between acquirer and target industry impact cross-border acquisition choice of foreign MNEs in emerging markets. Analysis of a sample of 1389 acquisitions undertaken in two emerging economies by MNEs from 33 nations over a 11-year time period generally support our hypothesized relationships on the direct and moderating influence of uncertainty avoidance difference, country risk difference and relatedness on the choice of partial acquisition over full acquisition. In addition, our results suggest similar choice of acquisition when the aggregate measure of national cultural distance is used in place of uncertainty avoidance difference. We conclude by discussing various implications of the study and providing directions for future research. *(For more information, please contact: Somnath Lahiri, Illinois State University, USA: slahiri@ilstu.edu)*

Strategic Alliances, Institutions and Performance in Emerging Markets
Rand Gerges Yammine, EMLYON Business School

This study tackles two research questions. First, how do institutional contexts impact the decision of foreign firms to opt for strategic alliances as entry strategies in emerging markets? Second, are strategic alliances linked to superior performance in specific institutional contexts? Building on institutional theory and a network perspective, we investigate the relationships between strategic alliances as entry strategies, home and host countries’ institutional contexts, and performance consequences. In particular, we argue that foreign firms are more likely to enter emerging markets with strategic alliances to counteract market inefficiencies through access to valuable inter-firm networks. However when the institutional context is similar, foreign firms prefer alternative entry strategies which allow greater control namely acquisition or greenfield. We also argue that in a weak institutional context, strategic alliances are associated with superior performance in comparison with other entry strategies. We opt for a multi-industry, cross country dataset comprising 300 FDI projects in 20 emerging markets from 1995 to 2005. *(For more information, please contact: Rand Gerges Yammine, EMLYON Business School, France: gergesyammine@em-lyon.com)*

Barriers to Bilateral Business Relations: The Case of Australia and Ukraine
Genrikh Salata, Australian National University
Pierre van der Eng, Australian National University
Vinh Nhat Lu, Australian National University
Vesna Sedoglavich, Australian National University
Existing knowledge about the specific trade barriers that undermine firm performance in emerging markets, particularly those in the Central and Eastern European region, is fragmented. In this paper, we empirically investigate of the differences in the perceived business environments of two countries, namely Australia and Ukraine, and how they could undermine the potential for further business operations of internationalized firms. In depth interviews with executives of nine companies involved in business between Australia and Ukraine as well as industry experts. The findings suggest that the perceptions of environmental barriers by the Australian firms match the views expressed by Ukrainian businesses, in that Ukraine presents barriers to internationalization that are distinct to other emerging markets. Political instability remains the main obstacle and is considered above macroeconomic variations or other factors that undermine the relations with Australia. (For more information, please contact: Genrikh Salata, Australian National University, Australia: genrikh.salata@anu.edu.au)

When Will International Joint Ventures be Inflexible to Exit?
Sungjin J. Hong, University of Texas at Dallas
Seung-Hyun Lee, University of Texas at Dallas

This paper aims to identify boundary conditions of real options theory in the context of international joint ventures (IJVs). Drawing upon institutional perspective and experiential learning perspective, we argue that IJVs will provide high divestment flexibility when environmental uncertainty is high and legitimacy pressures are low. If normative and regulative legitimacy pressures are high, IJVs would not provide high divestment flexibility even if host country economic environments are volatile. In a similar vein, we argue that, even though prior country and partner specific experience would reduce perceived uncertainties in the host country, increased legitimacy gained through prior experience would also raise the expected level of local legitimacy and embeddedness for those foreign parents of IJVs. Therefore, reduced perceived uncertainties may not necessarily lead to higher IJV divestment flexibility. (For more information, please contact: Sungjin J. Hong, University of Texas at Dallas, USA: sungjin@utdallas.edu)

Session: 2.3.12 - Interactive
Track: 10 - Economics, Finance and Accounting

Corporate Governance

Presented On: July 2, 2012 - 13:00-14:15

Chair: Ursula F. Ott, Loughborough University

An Exploratory Study on the Impact of Economic Development on the Relationship between Cultural Differences and Foreign Direct Investment
Yener Kandogan, University of Michigan-Flint

The literature has long analyzed the effects of national cultural distance on the volume of cross-border foreign direct investments (FDI). Considering the increase in significance of FDI originating from emerging countries, this study compares the effect of cultural differences on the stock of FDI from and to countries of various levels of economic development to explain how level of economic development affect the impact of cultural distance on FDI. Results suggest that the cultural differences tend to be bigger barriers for multinationals from emerging countries, but they also learn quickly how to deal with such differences. (For more information, please contact: Yener Kandogan, University of Michigan-Flint, USA: yener@umflint.edu)
Structuring and Pricing of International Syndicated Corporate Loans
Ha-Chin Yi, Texas State University
Byung-uk Chong, Ewha Womans University, Seoul, Korea

This paper examines how syndicate structure affects the risk premium of internationally syndicated loans in both developed and developing countries. Syndicate structure is an organizational response to information asymmetry in syndicate composition. The lead bank assumes a risky position as a lender by retaining a fraction of the loan, and also acts as the intermediary between the borrower and the syndicate participants by allocating loan shares to participants. Between the two competing hypotheses of syndicate structure – concentration hypothesis versus diversification hypothesis, most of the estimations support the diversification hypothesis. This paper finds that a portion of loan retained by lead arranger is negatively related to loan risk premium. As the riskiness of borrowing firm increases, lead arrangers and participating banks share the loan amounts since participating banks may possess information through which they can assess the riskiness of the borrowing firm as accurate as the lead arrangers do. Therefore, a lead arranger intends to provide appropriate risk premium to participating banks in order to seek for their syndicate participation; otherwise, the lead bank should be willing to retain more loan shares to credibly signal to participants to certify loan quality. (For more information, please contact: Ha-Chin Yi, Texas State University, USA: hy11@txstate.edu)

Executives as Agents: Expatriate Managers in Subsidiaries of Multinational Banks
Hein Bogaard, George Washington University
Marketa Sonkova, Boston University

The theoretical and empirical literature on (international) banking identified a trade-off between the need for local "soft" information on clients and the creation of information asymmetries between the principal (bank headquarters) and the agent (a foreign subsidiary). This paper investigates how multinational banks manage the trade-off through executive staffing in their emerging market subsidiaries. In particular, we create a unique dataset to study how bank strategy and host country institutions affect the choice between home country and host country executives. We anticipate that (i) strategies that require local knowledge or soft information create a preference for host country executives and that (ii) weak institutions that reduce transparency and amplify information asymmetries between principal and agent increase the preference for home country executives. (For more information, please contact: Hein Bogaard, George Washington University, USA: hbogaard@gwu.edu)

Are Bank Dividends a Signal to Informed Depositors?
Cristiano Forti, Fundação Getúlio Vargas
Rafael Felipe Schiozer, Fundação Getúlio Vargas

This study investigates whether the composition of bank debt affects payout policy. We exploit the features of the Brazilian banking system, such as the existence of several closely held banks, owned and managed by a small group of shareholders, for which shareholder-targeted signaling is implausible, and find that banks that rely more on informed (institutional) depositors for funding pay larger dividends, controlling for other features. During the financial crisis, when the Brazilian banking system suffered the contagion of the liquidity freeze in international banking systems, this effect was even more pronounced, i.e. banks that relied on institutional investors paid even higher dividends. This relationship reinforces the role of dividends as a costly and credible signal about the quality of bank assets. (For more information, please contact: Rafael Felipe Schiozer, Fundação Getúlio Vargas, Brazil: rafael.schiozer@fgv.br)
The Impact of Double Taxation Treaties on Cross Border Portfolio Equity Flows, Corporate Equity Valuations and Firms’ Cost of Equity Capital

Bhavik Parikh, University of Memphis
Pankaj Jain, University of Memphis
Ronald Spahr, University of Memphis

Bilateral double taxation treaties (DTTs) have become very popular in recent years with over 2,289 treaties in place at the end of 2008. We find that inter country portfolio investment flows increase by 48.53% when countries sign DTTs. DTTs are also associated with an increase in corporate equity valuation, and appear to be a factor in lowering firms’ cost of equity capital in the treaty countries by approximately 0.012% per annum. These positive effects of DTT are robust in multivariate regression models with country fixed effects, differences in corporate tax rates, and other control variables. (For more information, please contact: Bhavik Parikh, University of Memphis, USA: brparikh@memphis.edu)

Corporate Governance, Board Networks and Firm Performance
Deeksha A. Singh, Temple University

In this paper I use an integration of agency theory with resource dependence view to examine the performance consequences of board structure, network centrality and ownership structure in case of emerging economy firms. I also investigate the contingency conditions which make board independence less or more valuable for emerging economy firms. Empirical findings based on the panel data analysis of 17,967 observations over a nine year period from 2001 to 2009 support all my hypotheses. I find that family ownership, presence of independent directors and separation of the role of CEO from board chair are positively related to firm performance. Additionally, directors also help firms become central in the network of other firms, and firms that are more central in a network outperform those that are less central. Board independence also interacts with family ownership and network centrality in affecting firm performance. (For more information, please contact: Deeksha A. Singh, Temple University, USA: deeksha@temple.edu)

The Exchange Rate as a Determinant of Cross-Border Mergers and Acquisitions
Wenjie Chen, George Washington University

Theoretical and empirical studies have generated mixed support for a link between exchange rates and foreign direct investment. Most existing studies lack the detail and quality of data that satisfy the stringent assumptions of the theoretical models. Moreover, the majority of empirical works has been exclusively conducted on US data, although a large share of FDI occurs outside of the US. Using transaction-specific data on worldwide cross-border mergers and acquisitions (M&A) between 1990 and 2009, this paper reexamines the relationship between bilateral exchange rate and FDI. The empirical analysis uses various econometric specifications and exploits the rich features of the M&A data that are closer to the underlying assumptions of theoretical models. I find strong evidence for a link between exchange rates and FDI. A depreciation in a home country's currency against a foreign country is accompanied by increased inflows of cross-border M&A from the foreign into the home country. This link between exchange rates and acquisition FDI is particularly strong in the case of target firms that are in the high-tech industry as well as for firms that are more prone to face credit constraints and asymmetric information; both features that have been predicted in the theoretical literature. (For more information, please contact: Wenjie Chen, George Washington University, USA: chenw@gwu.edu)
Trade, Investment and Innovation

Presented On: July 2, 2012 - 13:00-14:15

Chair: Christopher Williams, University of Western Ontario

Can Innovation Rescue Exporters? A Contingency Perspective
Ziliang Deng, Renmin University of China
Honglin Guo, Renmin University of China
Chengqi Wang, Nottingham University Business School

The massive collapse of exporters during the recent global financial crisis motivates researchers to explore what factors have helped exporters survive. Employing data for Chinese firms over the period 1998-2008, this paper examines the effects of technological innovation on exporter survival in foreign market. Departing from the conventional wisdom that innovation is always beneficial to exporting, this research shows that innovation at times can be detrimental to exporter survival due to the "double liability" of foreignness and innovativeness. However, we also find that innovation can enhance exporter survival when the firm is highly profitable and when the institutional environment in which the firm is embedded is highly business-friendly. By demonstrating the co-existence of the two opposing effects, we enhance understanding of how and under what conditions innovation promotes/impedes exports. (For more information, please contact: Ziliang Deng, Renmin University of China, China: ziliang.deng@ruc.edu.cn)

The Effect of Past Experience on the Frequency of Future International Acquisitions
Majid Eghbali-Zarch, University of Western Ontario

Experiences of a firm in international acquisitions and joint ventures can be beneficial in terms of the frequency of its future international acquisitions. From their experience with foreign acquisitions, firms learn which part of their existing knowledge is applicable to new and dissimilar settings. Learning effect of different types of acquisitions (partial and full acquisitions) and their impact on later acquisitive initiatives are investigated. Highly experienced firms in acquisitions develop routines for search and selection of target firms for acquisition. Further, the level of experience matter in its effect on future acquisitions. The study finds that initial acquisitive activities of a firm have higher learning impact than its later instances of acquisition. (For more information, please contact: Majid Eghbali-Zarch, University of Western Ontario, Canada: meghbali-zarch.phd@ivey.ca)

Experiential Learning and Innovation in Offshore Outsourcing Transitions
Christopher Williams, University of Western Ontario
Maya Kumar, University of Western Ontario

We develop a conceptual model of the process by which firms engage in offshore outsourcing for the purpose of sourcing innovation. We argue that this process requires offshore providers to become able to innovate on behalf of clients who are geographically and culturally distant. The model we develop is based on experiential learning theory applied at a functional team level. We develop an argument that there are different learning transitions (relationship-oriented and task-oriented) that enable offshore providers to attain the capabilities needed to innovate on behalf of their clients. These transitions in turn are influenced by the cultural context in which client and provider teams are embedded. The model we develop has implications for theory of offshore outsourcing as well as for practicing managers. (For more information, please contact: Maya Kumar, University of Western Ontario, Canada: mkumar@ivey.ca)
Exporting and Product Innovation of Chinese Firms: The Contingent Role of Institutional Development and Foreign Competitor Intensity
Alex Xin Chen, University of Hong Kong
Kevin Zheng Zhou, University of Hong Kong

Drawing on organizational learning perspective, we examine the curvilinear relationship between exporting and product innovation. The results of a survey of 262 Chinese exporters show that exporting has an inverted U-shaped relationship with product innovation. That is, a moderate level of exporting has the strongest effect on innovation, whereas a high level of exporting is inhibitive to innovation. Moreover, the inverted U-shaped effect is more prominent when institution environment is better developed and foreign competitor intensity is high. Our findings provide a more nuanced understanding of exporting and suggest a contingent view of exporting on product innovation. (For more information, please contact: Alex Xin Chen, University of Hong Kong, Hong Kong, SAR-PRC: alexchen@hku.hk)

Learning by Trading: Trade Vertical Specialization and International Technology Trade
Szu-Wei Yen, WuFeng University
Chun-Chen Huang, Asia University

This paper examines the relationships between trade vertical specialization and the international technology trade. The OECD proposed using the technology balance of payments to measure relationships between the technology imports and exports of a nation. In order to address the problem of such an index underestimating the contribution of technology imports to technology exports, this study attempts to construct an empirical model that measures this by considering the effects of interindustry diffusion, in order to estimate more precisely the level of change in industrial technology under international technical trade. Another objective of this paper is to measure vertical specialization levels and trends in the manufacturing industry, and to examine the relationship between international trade in vertical specialization and the contribution of technology imports to technology exports. Using longitudinal data and input–output tables from 1994 to 2002 for Taiwan's manufacturing industry, the empirical results reveal a strong relationship between international trade with vertical specialization and the contribution of technology imports to technology exports. (For more information, please contact: Szu-Wei Yen, WuFeng University, Taiwan: sword@wf.edu.tw)

Session: 2.3.14 - Interactive
Track: 2 - Marketing and Supply Chain

Market Entry, Relationships and Ethics

Presented On: July 2, 2012 - 13:00-14:15

Chair: Hongzhi Gao, Victoria University of Wellington

International Marketing Channels for Brazilian Beef: Comparison between Russia and the United Kingdom
Karim Marini Thomé, University of Brasilia
Luciana Marques Vieira, Unisinos
Antonio Carlos dos Santos, Federal University of Lavras

This paper compares international marketing channels for Brazilian beef in two different markets: Russia and the United Kingdom. The study is a multiple case study with qualitative variables where data were obtained through semi-structured interviews Brazilian meatpacking and the retailers and distribution agents in the Russian and British markets. The results show that the model hereby developed allowed to understand the
relationships between different theoretical perspectives and was able to identify the differences and the reasons for the organizational form of the marketing channels. Findings also show that there is difference in the organization of the international marketing channel searching for the efficiency of the transaction and that institutional attributes are able to influence organizational dependence and efficiency of the deal and the distinction between channels on the efficient transaction. (For more information, please contact: Karim Marini Thomé, University of Brasilia, Brazil: thome@unb.br)

**Subsidiaries' Ability to Innovate in Marketing in Emerging Economies: A Case Study**
Thelma Valéria Rocha, ESPM
Susana Costa E Silva, Universidade Católica Portuguesa

This study analyses the ability of subsidiaries to innovate in marketing. It highlights the importance of GMS - global marketing strategies - in the ability to innovate in subsidiaries in emerging economies, as Brazil. The objective is to find out how the level of autonomy displayed by subsidiaries influences the adaptation vs. standardization dilemma, and, consequently, the marketing-mix program. The methodology followed is qualitative research using a case-study approach in an American multinational from the food sector. In this case, we found out that firm's brands are very important to this firm's success overseas, which sustains that brand policies should be defined carefully at both levels: subsidiaries and headquarters. This brand policy influences direct the autonomy to innovate in marketing at subsidiaries level. This study is useful for managers at subsidiaries who need to understand the importance of global marketing strategies, and also for managers at headquarters who need to verify in which circumstances autonomy pays off. (For more information, please contact: Thelma Valéria Rocha, ESPM, Brazil: tvrocha@espm.br)

**Global Network Structure and International Manufacturing Joint-Venture Formations**
Steven Carnovale, Rutgers University
Sengun Yeniyurt, Rutgers University

This paper develops a network theory based framework of manufacturing equity-based partnership formations and provides an empirical test in the context of the global automotive industry. Specific theoretic hypotheses are formulated regarding the implications of the network structure for a firm's partner selection in global manufacturing Joint Ventures. The role of network theory constructs such as network centrality, tie length, and structural embeddedness are explored. A comprehensive dataset containing 1,158 automotive firms over the course of 19 years is utilized to test the hypotheses. Results provide empirical support for the role of network structure in mitigating the uncertainties of new equity based partnership decisions in global supply chain networks. (For more information, please contact: Steven Carnovale, Rutgers University, USA: scarnova@pegasus.rutgers.edu)

**A Three-Country Study of Unethical Sales Behaviors**
Ning Li, George Mason University
William H. Murphy, University of Saskatchewan

A major challenge in global sales research is helping managers understand sales ethics across countries. Addressing this challenge, our research investigates whether a few demographic variables and psychographic variables reduce unethical sales behaviors (USBs) in Canada, Mexico, and the USA. Further, using literatures associated with business ethics, national culture, and customer orientation advocacy, we hypothesize why sales managers should expect similarities and differences in USBs between countries. We tested hypotheses using a sales contest scenario and six USBs, examining survey responses from 948 business-to-business salespeople of a multinational company's sales force in Canada, Mexico, and the USA. The results reveal that several psychographic variables (such as commitment, relationship to sales manager, and achievement need) affect salespeople's tendency to engage in USBs differently in each country. Additionally, business ethics,
individualism, and customer orientation advocacy associated with each country can be used to anticipate similarities and differences in USBs between countries. This research offers important theoretical contributions and implications for more effectively managing sales forces and reducing USBs across countries. (For more information, please contact: Ning Li, George Mason University, USA: nli@gmu.edu)

**Guanxi Gatekeeping in Chinese-Western Business Relationships**

Hongzhi Gao, Victoria University of Wellington
John G. Knight, University of Otago
David Ballantyne, University of Otago

Culturally based relationship norms are collectively known as guanxi (??) in Chinese markets. A review of the international business and management literature reveals that coverage of intercultural guanxi dynamics is superficial despite the increasing recognition of guanxi in developing Chinese-Western business relations. The aim of this article is to explore how go-betweens (gatekeepers) facilitate the development of relationships between foreign outsiders and Chinese insiders in an intercultural environment, and to bring to the surface the cultural nuances of guanxi. Based on interviews with 58 managers in China and New Zealand, the workings of Chinese-Western business relationships are explored. Empirical findings reveal two key gatekeeping roles, namely reciprocal and symbolic, used for enabling or constraining the development of intercultural business relationships. This paper concludes with strategic implications of guanxi gatekeeping for foreign outsiders and recommends practical approaches for reaching the decision makers and resource integrators in guanxi networks. (For more information, please contact: Hongzhi Gao, Victoria University of Wellington, New Zealand: hongzhi.gao@vuw.ac.nz)

**Eclectic Perspectives on Inter-Organizational Cooperation: A Case Analysis of Korean Car Company**

Taehoon Park, Osaka City University

As the hybridization of the Japanese and US types of cooperation in the automobile industry advance, the eclectic theory proposes that transaction cost theory, resource-based theory and embeddedness theory should be combined to explain the present state of inter-organizational cooperation. In the eclectic theory, it is said that the formative factors in the product development and production processes are identical. However, through the case analysis of Hyundai motors company, we investigated that how the types of inter-organizational cooperation between the product development and production processes are different and how we should combine formative factors which are relevant to establishing cooperation in product development and production processes. The results of our case analysis are as follows: Firstly, there is a degree of freedom in how different types of product development and production processes are combined. Secondly, it is necessary to explain eclectically by taking into account of the factors that affect the process of product development and the factors which influence production. While the acquisition of resources is the major factor that effects the formation of a product development process, the reduction of production cost is the factor which leads to the formation of inter-organizational production process. (For more information, please contact: Taehoon Park, Osaka City University, Japan: taehoon@gsc.osaka-cu.ac.jp)

**Creating Legitimacy for International New Ventures: The Role of Business Model Storytelling across Institutional Contexts**

Poul Houman Andersen, Aarhus University
Morten Rask, Aarhus University

Based upon a conceptual model of legitimizing the business model through storytelling reflecting the difference in institutional contexts across national borders we use the Better Place venture as our case with which to explore how the storytelling efforts of new business ventures interact with institutional contexts to create legitimacy. Better Place provides infrastructure services for combining electrical vehicles and power grid
networks. Using content analysis to analyze the debate unfolding around Better Place’s attempts to communicate their business model to constituents in Denmark, Israel, Canada, and Australia, we demonstrate that the narrative process for creating legitimacy for the business model varies across the diverse contexts of these countries. This reflects different configurations of stakeholders and agendas in different institutional contexts and underlines the ongoing importance of institutional differences, even to very global issues such as sustainability. We contribute to the growing literature on institutions in international business research. (For more information, please contact: Morten Rask, Aarhus University, Denmark: mr@morten-rask.dk)

Session: 2.3.15 - Interactive
Track: 1 - Institutions, Governance, and CSR

Corporate Social Responsibility in International Business II

Presented On: July 2, 2012 - 13:00-14:15

Chair: Dorothee Feils, University of Alberta

A Comparative Study on Corporate Social Responsibility Communication between Chinese and German Companies

Yiqin Wang, Harbin Institute of Technology
Boxia Shi, Harbin Institute of Technology
Yanfang Hao, Harbin Institute of Technology

CSR communication is important for multinational corporations to convey a positive image and to gain legitimacy among stakeholders from different countries. This paper develops a comprehensive analysis framework to conduct the comparative study of CSR communication and to explore the reasons for the differences. Based on the framework, the paper compares the CSR communication in relation to the objects, contents and strategy of the communication by structuring CSR communication keywords index system between Chinese and German enterprises. Based on this empirical study, the paper argues that CSR communication is challenged by the global economy and the culture. (For more information, please contact: Yiqin Wang, Harbin Institute of Technology, China: yqw@hit.edu.cn)

Building International CSR on Solid Foundations: Location and Network Aspects of Nonmarket Environments

Rafael Lucea, George Washington University

Multinational companies’ (MNCs) corporate social responsibility (CSR) programs frequently comprise a portfolio of disconnected country-level programs or, alternatively, consist of blanket corporate policies that apply in the same way across the geographies where the company operates. Yet, the international nonmarket environment in which CSR programs operate is neither a completely fragmented nor a perfectly homogeneous one. Building on the concept of stakeholder-issue-networks, we develop a model that explicitly takes into consideration the role of geography in the characterization of a firm’s nonmarket environment. This allows us to develop a taxonomy of nonmarket environments on the basis of their geographic spread and their degree of cross-border connectedness. We then explore the strategic and organizational implications that different ideal types of (cross-border) nonmarket environments have for the development of international CSR policies. (For more information, please contact: Rafael Lucea, George Washington University, USA: rafel@gwu.edu)

Global Diffusion of CSR Standards: A Comparison of the Global Reporting Initiative and the Global Compact

Stephen Chen, University of Newcastle
Petra Bouvain, University of Canberra
Despite their claims to be global standards, implementation of both the GRI and the Global Compact has been highly geographically uneven. This paper examines the factors that have influenced adoption of both standards worldwide. Drawing from recent theoretical and empirical literature on global industry and standards, we develop a series of hypotheses about the relationship between GRI reporting and Global Compact membership counts and various characteristics of the national institutional environment. Our results suggest that adoption of the GRI has been influenced by certain features of the national institutional environment as well as foreign trade and investment. The reporting count by country is positively correlated with the level of exporting, the presence of foreign direct investment, and transparency of institutions in that country but negatively correlated with the strength of NGO's in the country. In the case of the Global Compact, however, we find that only economic factors (GDP, FDI and exports) are significant. (For more information, please contact: Stephen Chen, University of Newcastle, Australia: stephen.chen@newcastle.edu.au)

The Nature and Strategic Impact of Corporate Social Responsibility in Emerging Markets: The Case of Russia
Olga Hawn, Duke University

While most studies on corporate social responsibility (CSR) are conceptualized and conducted in the context of developed countries, there is little understanding of what CSR means both in terms of the nature and strategic impact on firms in emerging markets, where most of the current commercial activity takes place. This inductive paper seeks to understand and explain the implications of CSR for Russian firms by asking what it means in that context, how it affects their international expansion efforts and performance back at home. The results suggest significant differences by the nature of the firm (i.e. large or small-and-medium sized) as well as by relations with the state (i.e. mutual benefit or barrier). Implications for scholars and managers are discussed as to the drivers of CSR heterogeneity, and its importance in overcoming liabilities in international expansion. (For more information, please contact: Olga Hawn, Duke University, USA: olga.hawn@duke.edu)

Relationship Among Corporate Social Responsibility, Earning Management, and Audit Fee: An Event Historical Analysis
Gunae Choi, Rutgers University
Changhee Lee, Rutgers University
Sangcheol Song, Bryant University

Using the Kinder Lydenburg Domini (KLD) investment firm social ratings dataset from 2003-2010, this study examines the effects of CSR [ Technical CSR (TCSR) vs. Institutional CSR (ICSR)] on the probability of a firm's engagement in earning management (EM) and then investigates the effects of EM on the probability of paying positive or negative abnormal fees, considering the moderating effects of TCSR/ICSR. The results from a discrete time event history analysis with time-varying independent variables show that when a firm's TCSR- or ICSR strengths increases, the firm is likely to engage more in EM, but pay less audit fee. Likewise, when a firm's TCSR- or ICSR concerns increases, the firm is likely to engage more in EM; but only a firm with TCSR concerns tends to pay more audit fee. This indicates that a firm's increasing TCSR concerns can significantly affect the auditor's risk due to its relation to internal control, while a firm's increasing ICSR concerns tends not be connected to the auditor's risk. Such findings have implications for strategic philanthropy. A firm that focuses more on TCSR and tries to reduce TCSR concerns than ICSR concerns appears to gain a competitive advantage in terms of the auditor's risk. (For more information, please contact: Gunae Choi, Rutgers University, USA: choigunae@hotmail.com)

Developing a Legitimacy-based View of Political Risk: The case of Google in China
Charles Edward Stevens, University of Wyoming

Political risk remains one of the critical factors affecting firms' strategies and performance abroad. Yet, the nature of business-government interactions in an era of increased economic competition and
interconnectedness has changed. This has greatly reduced the explanatory and predictive power of traditional theories of political risk based on factors such as bargaining power or structural attributes of political institutions. In this paper, we examine the political risk faced by Google in China through the lens of both the traditional bargaining power approach as well as an emergent, legitimacy-based view, and find the latter perspective to better explain Google’s experience. Likewise, we find that Google’s experience can be used to create testable propositions and further conceptual development of this legitimacy-based approach to political risk. (For more information, please contact: Charles Edward Stevens, University of Wyoming, USA: csteve10@uwyo.edu)

Institutional Contexts and Diversification Patterns of Business Groups in Emerging Economies: The Case of Turkish Family Holdings
Bahattin Karademir, Cukurova University
Huseyin Ozgen, Cukurova University
Atilla Yaprak, Wayne State University

The formation of business groups in emerging markets has inspired a growing body of literature. While this literature has addressed the potential motivators of these groups' diversification into unrelated industries, their strategic response to changes in their institutional and market contexts has not been adequately explored. In this paper, we explore this question through examining the diversification of Family Business Groups in Turkey. We examine the diversification levels of 77 business groups, and find slight variation in the diversification level of business groups established in different institutional time periods. We also find that the earlier cohort of BGs is more heterogeneous than the recent cohorts in terms of their diversification. We also find that bank-affiliated groups are more diversified. The diversification of business groups is significantly associated with their size and time of founding. The larger size and the earlier cohort of business groups are more diversified. In contrast to conventional wisdom, we find a slight variation in the diversification level of business groups established during the state-centered and the liberalization periods of Turkey. We suggest that the state's increasing share in the economy and slow development of market institutions in the post-1980 Liberalization Period explain this finding. (For more information, please contact: Bahattin Karademir, Cukurova University, Turkey: bdemir@cu.edu.tr)

Session: 2.4.P - Panel
Track: 1 - Institutions, Governance, and CSR

Showcase Panel on Institutional Theory in International Business

Presented On: July 2, 2012 - 14:30-15:45

Chair: Timothy M. Devinney, University of Technology, Sydney
Co-Chair: Laszlo Tihanyi, Texas A&M University

Panelists:
Michael Hitt, Texas A&M University
Robert Hoskisson, Rice University
Stewart Miller, University of Texas at San Antonio
Torben Pedersen, Copenhagen Business School

This highly interactive panel focuses on the use of institutional theory in international business research. The goals of the session are to introduce new ideas and frameworks from the traditions of neoinstitutional economics and sociology and to provide answers to theoretical and methodological questions related to the design of empirical studies from the institutional perspective. The session is organized around ideas and papers in the forthcoming volume of the Advances in International Management series (Emerald) of the same title and presents a great opportunity for informed debate about the field. Using ""roundtables"" led by leading scholars,
the session will be structured around five themes: (1) Institutional Theory Development, (2) Multinational Enterprises and Country Institutions, (3) Institutional Polycentrism and International Business, (4) Institutional Change in Emerging Markets, and (5) Designing Studies of Institutions. (For more information, please contact: Laszlo Tihanyi, Texas A&M University, USA: ltihanyi@tamu.edu)

Session: 2.4.1 - Panel
Track: 1 - Institutions, Governance, and CSR


Presented On: July 2, 2012 - 14:30-15:45

Chair: Jonathan P. Doh, Villanova University

Robert Hemphill, AES Solar
Robert Kaplan, Inter-American Foundation
Tarun Khanna, Harvard Business School
Chris Jochnick, Oxfam America
John Stoner, McKinsey & Co.

This panel seeks to explore the implications for IB theory and practice of the changing roles of governments, private firms, and NGOs in the international business environment. In particular, we explore the increased private provision of public, collective goods, and the growing collaboration among all three sectors in the joint responses to social and institutional voids in developing and emerging markets. Panelists with extensive involvement studying or engaging in such efforts – including cross-sectoral collaborations – will reflect on their experience and what it means for international business theory and practice and the overall conference theme. (For more information, please contact: Jonathan P. Doh, Villanova University, USA: jonathan.doh@villanova.edu)

Session: 2.4.2 - Panel
Track: 9 - Cross-cultural Management and HRM

Bi/Multicultural and their Roles in Organizations

Presented On: July 2, 2012 - 14:30-15:45

Chair: Davina Vora, SUNY New Paltz

Panelists:
Mary Yoko Brannen, INSEAD
Stacey Fitzsimmons, Western Michigan University
Fiona Moore, Royal Holloway, University of London
Terry Mughan, Anglia Ruskin University
Anne-Marie Søderberg, Copenhagen Business School
Christopher Voisey, Nyenrode Business University
Davina Vora, SUNY New Paltz

Bi/multicultural, people who have internalized two or more cultures, are becoming increasingly common in today's global environment. These individuals not only have skills and capabilities that monoculturals do not, but they also have the potential to help firms fulfill organizational goals. Despite this, research on the roles of
bi/multiculturals in organizations is relatively limited. The purpose of this panel is to highlight bi/multicultural employees and the roles they play in organizations. The four qualitative studies suggest that biculturals influence firms at the individual, team, and organizational levels, and that organizations may leverage the skills and capabilities, and also minimize the negative effects, of these individuals. An open-ended discussion regarding the roles of bi/multiculturals in organizations is expected to shed further light on this issue. (For more information, please contact: Davina Vora, SUNY New Paltz, USA: vorad@newpaltz.edu)

Session: 2.4.3 - Panel
Track: 3 - IB Theory, FDI, and Entry Mode

From Whether to How Regions Matter: Past, Present and Future of the Regionalization Perspective

Presented On: July 2, 2012 - 14:30-15:45

Chair: Ruth Aguilera, University of Illinois at Urbana-Champaign

Panelists:
Jin Uk Kim, University of Illinois at Urbana-Champaign
Ruth Aguilera, University of Illinois at Urbana-Champaign
Elitsa R. Banalieva, Northeastern University
Charles Dhanaraj, Indiana University
Ricardo Gabriel Flores, University of New South Wales
Rafael Lucea, George Washington University
Luis Vives, ESADE Business School
Chang Hoon Oh, Simon Fraser University
Alan M. Rugman, University of Reading
Andre Sammartino, University of Melbourne

Recent advances in international business research show that regional differences are powerful enabling and constraining forces that influence firm behavior in profound ways. The objective of the current panel session is to establish a common platform for researchers engaged with the regionalization or semi-globalization perspective. The discussions will revolve around answering the following questions: 1) what has been our progress thus far; 2) what are the caveats in the extant literature; 3) what is the appropriate future direction? The panel session is composed of five presentations that aim to provide a platform for answering the above questions. By doing so, we hope to enhance the rigor and relevance of international business research and keep the discussion on regionalization lively and productive for current and future scholars. (For more information, please contact: Jin Uk Kim, University of Illinois at Urbana-Champaign, USA: jkim198@illinois.edu)

Session: 2.4.4 - Competitive
Track: 8 - Developing Country MNCs

Corporate Governance and the Internationalization of Firms from Developing Economies

Presented On: July 2, 2012 - 14:30-15:45

Chair: Vikas Kumar, University of Sydney

Corporate Governance, Board Networks and Growth Strategies
Deeksha A. Singh, Temple University
Andrew Delios, National University of Singapore
This paper examines the relationship between board structure and risk taking behavior of emerging market firms by looking at firms' growth strategies. I investigate two types of growth strategies – growth through international expansion, and growth through new domestic ventures. More specifically, I study the individual and joint effects of board structure, network centrality through board interlocks and ownership structure on firm's growth strategies. Using longitudinal data on 2152 publicly listed Indian firms from 2002 to 2009, I find that boards that are structured keeping in view the resource dependence role are more helpful in pursuing growth strategies. (For more information, please contact: Deeksha A. Singh, Temple University, USA: deeksha@temple.edu)

The Shareholder Value Creation Effects of Corporate Governance on the Internationalisation of Emerging Market Firms

Lutao Ning, Durham University
Roger Strange, University of Sussex
Jing-Ming Kou, Durham University

The rapid international expansion of firms from emerging economies has caught media attention worldwide and attracted considerable academic interests over the last decade. Previous research has emphasised emerging market firms' motivations and strategies for internationalisation. Understanding of whether their internationalisation through cross-border mergers and acquisitions (CM&As) has created value for shareholders is still relatively limited. There is also little empirical evidence on the value implications of good corporate governance for emerging market CM&As. Using a unique and manually collected firm-level dataset, this paper examines the stock returns upon CM&A announcements made by Chinese multinationals listed in the Hong Kong Stock Exchange from 1991 to 2011, where firms are subjected to stricter international reporting rules and accounting standards. The empirical findings support our hypotheses that CM&As by EMNEs create shareholder value. We also found that the magnitude of created value is positively associated with the effectiveness of corporate governance, which mainly stems from moderation of principal-principal rather than principal-agent conflicts as perceived by international investors. (For more information, please contact: Lutao Ning, Durham University, United Kingdom: lutao.ning@durham.ac.uk)

Returnee Managers and Internationalization of Emerging Economy Firms: The Moderating Role of Corporate Governance

Lin Cui, Australian National University
Yi Li, Australian National University
Zijie Li, University of International Business and Economics

Emerging economy (EE) firms recruit returnee managers with international experience to support their growth into the global market. This study investigates the effect of returnee managers on EE firms' foreign direct investment (FDI) decisions. Drawing on upper-echelon perspective and the principal-principal conflict perspective in the corporate governance of EE firms, we argue that the returnee managers have a positive effect on EE firms' FDI propensity, while this effect is moderated in opposite manners by shareholders who have conflicts in interests, in particular, the dominant state owner and the influential foreign owner. Our empirical results from an event history analysis of 164 Chinese listed firms over an 8-year period supported the hypothesized main effect, and the negative moderating role of foreign ownership. (For more information, please contact: Lin Cui, Australian National University, Australia: lin.cui@anu.edu.au)
Institutional Environment and FDI

Presented On: July 2, 2012 - 14:30-15:45

Chair: Jongmoo Jay Choi, Temple University

Substituting Local Institutions and Industry: How Status from Foreign Success Addresses Uncertainty Based on Host Country Context
Markus David Taussig, National University of Singapore

This paper demonstrates that successful foreign experience helps firms overcome global market uncertainty caused by weak host country institutions. I provide evidence from private equity (PE) across 49 emerging economies that a track record of foreign success grows in value under conditions of: i.) weaker host country contracting institutions at the time investments are sold; ii.) less developed host country PE industry at the time investments are sold; and iii.) higher growth in excess global capital over the investment period. I reconcile these findings with previous research emphasizing local experience as a substitute for contracting institutions by introducing a model wherein: a.) local resources address PE firms' own internal context-dependent uncertainty when selecting and investing into emerging economy deals; and b.) foreign resources reduce the external market's uncertainty about host country context when PE firms sell off these same investments. (For more information, please contact: Markus David Taussig, National University of Singapore, Singapore: markus@nus.edu.sg)

Institutional Misalignment as a Driver of OFDI: An Exploratory of South American MNEs
Jack Alan Clampit, University of Memphis
Ben Kedia, University of Memphis
Nolan Gaffney, University of Memphis

The phenomenon of multinational enterprises (MNEs) moving parts of their value chain abroad for traditional market and/or resource seeking reasons, i.e., to exploit or augment organizational level assets, has been well studied in the international business literature. Decisions to invest abroad as an escape response to situations where institutional factors at home are perceived to be misaligned with MNE goals, however, have not been as fully explored. In this paper, we examine the types and consequences of institutional misalignment, before testing our hypotheses via an examination of South American MNEs during times of institutional change. In order to delineate traditional gain based motives versus the predominantly loss-avoidance based motive we suggest, we employ Prospect Theory as a lens. While initial findings are mixed, they do suggest that firms may, indeed, view OFDI as an escape response to deteriorating home-country institutions. (For more information, please contact: Jack Alan Clampit, University of Memphis, USA: jclampit@memphis.edu)

Institutions sans Frontières: International Agreements and Foreign Investment
Robert J Weiner, George Washington University
Srividya Jandhyala, George Washington University

Do international institutions – institutions that transcend country borders– reduce MNEs' political risk? We examine whether the presence of International Investment Agreements (IIAs), negotiated among countries for increased foreign investor protection, lowers political risk for MNEs by limiting the ability of host governments to make discriminatory policy changes adversely affecting the value of firms' investment. Using detailed transaction level data for sale of petroleum reserves in 50 countries, we find that MNEs pay significantly higher
amounts for assets protected by IIAs than similar unprotected assets, an effect moderated by firm size. (For more information, please contact: Robert J Weiner, George Washington University, USA: rweiner@gwu.edu)

Does the Origin of the Firm Matter? Institutional Determinants of Acquisition Strategies in Russia
Marie-Ann Betschinger, Higher School of Economics
Olivier Bertrand, SKEMA Business School
Tomi Laamanen, University of St.Gallen

We aim at deepening the existing understanding of the antecedents of acquisitions by emerging market firms by providing a multi-layered analysis of the firm, industry, and region level determinants of acquisition behavior. We are interested in what causes firms to engage in a series of acquisitions and grow to become regionally, nationally, and eventually internationally influential firms. Based on a sample of 1500 of medium-sized and large firms in different regions of Russia, we examine what drives firms with little prior experience or capabilities to engage in acquisitions. Consistent with prior research, we find that firm size, slack, and low overall industry growth increase a firm's likelihood to engage in acquisitions. As a novel, to some extent counter-intuitive, finding we find that also the level of corruption in a region is a highly important determinant of acquisition behavior. Our paper contributes to an improved understanding of how informal institutions in emerging economies can affect firms' acquisition behavior. (For more information, please contact: Marie-Ann Betschinger, Higher School of Economics, Russia: mbetschinger@hse.ru)

Session: 2.4.6 - Competitive
Track: 1 - Institutions, Governance, and CSR

Politics and International Business

Presented On: July 2, 2012 - 14:30-15:45

Chair: Bernard M. Wolf, York University

Fortress Europe: ISO 9000 as a Device to Form an EU Standardization Union
Joseph Clougherty, University of Illinois at Urbana-Champaign and CEPR-London
Michal Grajek, ESMT European School of Management and Technology

Considering the trade-effects of one particular international standard (ISO 9000), we allow standardization to manifest via multiple (quality-signaling, information/compliance-cost, and common-language) channels, and use instrumental variable techniques to overcome endogeneity concerns. We find the quality-signaling and common-language effects to enhance country-pair trade, though host-nation standardization can impede trade flows. In particular, ISO-rich nations (most notably European) uniquely benefit from host-nation standardization, while the majority of nations (e.g., the US and all developing nations) actually find worldwide diffusion to represent a trade barrier due to compliance-cost effects. (For more information, please contact: Joseph Clougherty, University of Illinois at Urbana-Champaign and CEPR-London, USA: jaclough@illinois.edu)

Can the State be Trusted? The Antecedents and Consequences of Institutional-Based Trust in the Russian Bank Deposit Market
Andrew Spicer, University of South Carolina
Ilya Okhmatovskiy, McGill University

We extend research into the antecedents and consequences of institutional-based trust to the study of state-owned enterprises in emerging markets. We propose that if market participants trust the top political leadership in a country to oversee and monitor state-owned enterprises, then they may come to view state
ownership as a signal of safety and security in an otherwise turbulent market environment. We test our argument about the positive, trust-producing functions of state-owned enterprises using a survey of over 2,400 Russian individuals about their preferences of where to deposit their savings: in the Russian state bank, in a private bank or in no bank at all. We find that the antecedents and consequences of individual-level trust in state ownership differ from the antecedents and consequences of trust in state regulation, supporting the proposition that state ownership represents an independent mechanism by which institutional-based trust is produced. (For more information, please contact: Andrew Spicer, University of South Carolina, USA: aspicer@moore.sc.edu)

_interaction between MNCs, Political Units and NGOs - The Case of Ericsson’s CSR Strategy in Latin America_
Cecilia Pahlberg, Uppsala University
Anna Ljung, Uppsala University

Relationships between firms, governments and NGO’s have in recent years attained increased interest. Not least when it comes to activities in emerging markets, interaction among these counterparts become vital. Applying a business network perspective, this paper will focus on how a multinational company (Eriksson) interact with political counterparts, NGOs and other firms when it comes to their CSR strategy. Given the importance of emerging markets in the world economy today, and the lack of focus on Latin America in emerging economy studies, Ericsson’s subsidiaries in the emerging economies Argentina and Brazil are chosen as study objects. Differences between the networks in the two countries are discussed and the cases point to the importance of including relationships with both business and non-business actors in the analysis in order to understand the development of the firm’s CSR strategy. (For more information, please contact: Cecilia Pahlberg, Uppsala University, Sweden: cecilia.pahlberg@fek.uu.se)

**Session: 2.4.7 - Competitive**  
**Track: 10 - Economics, Finance and Accounting**

*Exporting, Importing and Firm Strategy*

**Presented On:** July 2, 2012 - 14:30-15:45

Chair: Jen Baggs, University of Victoria

_Exporting and Productivity: The Effects of Multi-market and Multi-product Export Entry_
Priti Vahter, University of Birmingham
Jaan Masso, University of Tartu

Empirical studies on the micro-level effects of exporting on productivity pay usually little attention to the potentially heterogeneous effects of the different modes of export market entry. We show that the early stage entry into several export markets or with several products leads to higher growth in productivity, compared with entry into only one foreign market or with only one product. This implies significant benefits from experimentation with different markets and different products. Our analysis is based on detailed export data from full population of firms in Estonia, disaggregated for each firm by export markets and individual products. (For more information, please contact: Priti Vahter, University of Birmingham, United Kingdom: p.vahter@bham.ac.uk)

*Does Finance Play a Role in Exporting for Indian Service Firms?*
Sandra Lancheros, Aston Business School
Pelin Demirel, Nottingham University Business School
The importance of finance for exporting goods is well understood in the literature. Yet, despite the growing magnitude and importance of services exports, the question whether service firms rely on external finance for exporting remains unanswered by the existing literature. In this paper we address this overlooked area by studying whether long and short term borrowing matters for the exporting decisions and the levels exported by Indian service firms. (For more information, please contact: Sandra Lancheros, Aston Business School, United Kingdom: spllancher@hotmail.com)

Import Competition and Business Strategies of Indian Firms
B. Elango, Illinois State University
Chinmay Pattnaik, University of Sydney

This study seeks to empirically test the specific relationship between the various strategies employed by Indian firms and the impact on performance under import competition using a panel dataset of about 3800 Indian firms for the years 1996-2007. This study therefore will bring a greater understanding of how emerging market firms successfully adapt to import competition. Study findings will contribute to the literature on this topic at both the micro and macro levels. (For more information, please contact: B. Elango, Illinois State University, USA: elango@ilstu.edu)

Session: 2.4.8 - Competitive
Track: 14 - Methods in IB Research

The Challenges of Mixed Methods in IB Research

Presented On: July 2, 2012 - 14:30-15:45

Chair: Catherine Welch, The University of Sydney

Mixing Qualitative and Quantitative Methods in International Business: A Research Journey
Vesna Sedoglavich, Australian National University

Researchers often face challenging tasks and serious problems in conceptualization and evaluation of constructs that appear to be either vague and imprecise, or difficult to define. The absorptive capacity (AC) construct falls into this category. Problems come from hidden assumptions and one-dimensional methodological approaches, diminishing the validity of the construct and challenging its role and application in management. These methodological dilemmas, their implications and the solutions are the focus of the present paper. The paper discusses how solving the research problem may require thinking outside of the well-known methodological traditions. The paper demonstrates how mixed methods could be utilized to develop a deeper understanding of ambiguous constructs such as AC. (For more information, please contact: Vesna Sedoglavich, Australian National University, Australia: vesna.sedoglavich@anu.edu.au)

Managing Fieldwork Challenges within a Professional Service Firm
William Stopford Harvey, University of Sydney

There has been a growth of work on qualitative methods in the last few decades, but one area that has been explored in less detail is the methodological challenges of firm-specific studies. This paper focuses on the difficulties faced when conducting a firm-specific study in multiple countries on a global professional service firm. I begin by providing some context to the background and design of the research project. I then discuss the content of preliminary meetings with gatekeepers as well as the agreement of the non-disclosure agreement. I subsequently analyse some of the challenges I faced during the fieldwork, including feedback from meetings, gaining control of contacts, hierarchical difficulties as a junior researcher, and attempts with
administering an online survey. I conclude by discussing feedback and provide some brief reflections on this particular fieldwork. The overall aim of this paper is to provide a critical insight into the challenges of conducting a firm study in order to help others who are conducting comparable studies. (For more information, please contact: William Stopford Harvey, University of Sydney, Australia: w.harvey@sydney.edu.au)

Mixed Methods as a Research Strategy in International Business - From Simple Designs to Value Added Contribution

Leila Hurmerinta, Turku University
Niina Nummela, Turku University

The aim of the research was to obtain a comprehensive picture of the empirical research design in IB studies having the focus on mixed methods studies. For that purpose we decided to conduct a systematic review process of recent studies in the field during ten years period. The objective of the review was threefold; first, we were interested in which research methods had been used, second, how they had been used and third, what was the value added that this research design had brought to the studies in question. The initial results confirmed our assumption of the increase in the use of mixed methods research design. Further, the correlation between the value added (facilitation, validity or knowledge) and the combination of mixed methods was not so simple. This required more in-depth analysis of the underlying factors determining the choice of the method. (For more information, please contact: Leila Hurmerinta, Turku University, Finland: lthupe@utu.fi)

Identifying International Strategies through Content Analysis

Birgitte Grogaard, University of Calgary
Inger G. Stensaker, NHH
Helene Loe Colman, Norwegian Business School

In this study, we propose the use of content analysis of readily available secondary data to identify international strategies. This method has several benefits. First, access to multinationals and key informants can be both difficult and time consuming to achieve. Second, measures found in increasingly sophisticated quantitative methods do not necessarily capture important complexities of international strategies. We compare the results of our content analysis with in-depth interviews and internal strategy documents from three of the largest Norwegian MNEs. The findings support our use of content analysis of secondary data, showing significant alignment with the results from our analysis of in-depth interviews and internal strategy documents. Based on our findings, we argue that the proposed research method can provide valuable insights to identify international strategies when access is challenging as well as complement other methods by providing more information about combinations of different strategic elements. We also suggest that this method can be a useful tool for comparison across larger numbers of firms. (For more information, please contact: Birgitte Grogaard, University of Calgary, Canada: bgrogaar@ucalgary.ca)

Session: 2.4.9 - Special Session

Current Issues in Japanese Business Studies: Special Session of AJBS Best Papers
Presented On: July 2, 2012 - 14:30-15:45

Chair: Elizabeth L. Rose, Aalto University School of Economics

The Effect of Two Staffing Decisions on Subsidiary Performance

Naoki Ando, Hosei University

No abstract available. (For more information, please contact: Naoki Ando, Hosei University, Japan: nando@hosei.ac.jp)
The Innovation System of Culture-Specific MNEs: the Effects of Diversified and Geographically Dispersed Knowledge Sourcing Mechanism

Chie Iguchi, Keio University
Takabumi Hayashi, Kokushikan University
Atsuho Nakayama, Tokyo Metropolitan University

No abstract available. (For more information, please contact: Chie Iguchi, Keio University, Japan: ciguchi@sfc.keio.ac.jp)

Structural Empirical Evaluation of Job Search Behavior: Evidence from Japan and Korea

Yuhee Jung, Meiji University
Norihiko Takeuchi, Aoyama Gakuin University
Tomokazu Takeuchi, Gakushuin University

No abstract available. (For more information, please contact: Yuhee Jung, Meiji University, Japan: hopejung@kisc.meiji.ac.jp)

Session: 2.4.10 - Competitive
Track: 5 - MNC Management and Organization

Issues in Managing and Strategizing MNE's

Presented On: July 2, 2012 - 14:30-15:45

Chair: William Newburry, Florida International University

Employee Incentives and Boundary Conditions for Geographically Distant Knowledge within the MNE
Shad Morris, Ohio State University
Bi-Juan Zhong, Ohio State University
Mona Makhija, Ohio State University

While scholars regard MNEs as superior to markets due to their ability to effectively manage knowledge across geographical boundaries, how they accomplish this has not been examined. We develop and test a model that highlights the role of organizational incentives in influencing employees to search for and employ geographically distant knowledge. Data from 166 knowledge-based MNE projects indicate that outcome-related incentives motivate employees to search outside their geographical comfort zone, which in turn enhances project performance. Moreover, more codified distant knowledge, while easier to obtain and interpret, is seen to be much less effective in this regard than tacit knowledge. (For more information, please contact: Shad Morris, Ohio State University, USA: morris@fisher.osu.edu)

Subsidiary Strategic Initiative: The Construct and its Antecedents

Wan-Ching Chen, Sun Yat-Sen University
Bih-Shiaw Jaw, Sun Yat-Sen University
Christina Yu-Ping Wang, National Dong Hwa University

This study focuses on multinational corporation's (MNC) foreign subsidiaries and aims to conceptualize the construct of subsidiary's strategic initiative through incorporating the theory of strategic entrepreneurship into MNC context. Additionally, this study extends our understandings on subsidiary initiative proposed by Birkinshaw by further explores the antecedents of subsidiary strategic initiative. Four enablers including TMT entrepreneurial leadership, entrepreneurial culture, subsidiary talent management, and absorptive capacity are proposed in our research model and the causal relationships between enablers are tested and supported by
empirical evidences. A total of 202 valid questionnaires were collected from subsidiaries in Asian area. Using structure equitation modeling (SEM), this study testifies that: (1) subsidiary's strategic initiative is equipped with multilayers of initiative-taking, including subsidiary distinctive capability, subsidiary local market initiative, and outbound knowledge creation. (2) subsidiary's entrepreneurial culture is the most critical mediator that can lead to subsidiary's strategic initiative. (3) TMT entrepreneurial leadership is the core engine to activate the activities of strategic value creations at the subsidiary's level. (4) the international human resource management (IHRM) practices of talent management in the subsidiary level plays an mediating role on the development of entrepreneurial culture, absorptive capacity, and the enhancement of subsidiary strategic initiative. (For more information, please contact: Wan-Ching Chen, Sun Yat-Sen University, Taiwan: paospaos@gmail.com)

Explicit Leader Behaviour Preferences: Turkish & Cross-National Sample Comparisons
Romie Frederick Littrell, Auckland University of Technology
E. Serra Yurtkoru, Marmara University
Handan Kepir Sinangil, Marmara University
Beril Durmus, Marmara University
Alev Katrinli, Izmir University of Economics
Gülem Atabay, Izmir University of Economics
Gonca Günay, Izmir University of Economics
Burcu Güneri-Çangarlı, Izmir University of Economics

Dimensions of explicit managerial leader behaviour are assessed for samples of businesspeople in Turkey, and compared within Turkey and across samples from Europe and the USA. Past research in Turkey has indicated strong preferences for Paternal and Authoritarian leadership styles. We however find that Turkish businesspeople tend to prefer leaders who focus on managing the business system over other considerations such as relationships with subordinates. We found in the business environment there appears to be little or no difference in preferences relating to gender; men and women have nearly identical ideal leader preferences. Concerning Paternal and Authoritarian style behaviours, our samples neither received nor expected Paternal leader behaviour. They expected and did receive moderately Authoritarian leader behaviour. Compared to both USA and European businesspeople, Turkish businesspeople have greater concerns for Predictive Accuracy—good planning and forecasting. (For more information, please contact: Romie Frederick Littrell, Auckland University of Technology, New Zealand: romie.littrell@aut.ac.nz)

Session: 2.4.11 - Interactive
Track: 11 - SMEs and Entrepreneurship
A Little Bit About Everything You Want to Know About INVs and Born Globals
Presented On: July 2, 2012 - 14:30-15:45
Chair: Viveca Sasi, Aalto University School of Economics

'Alternative Governance Structure': An Exploratory Study on Power in a Born Global Organization
Lin Yan, Anglia Ruskin University

In their seminal work, Oviatt and McDougall propsoed the notion of 'alternative governance structure' that enables Born Global organizations to sustain competitive advantages. Despite the proliferation of Born Global research, paucity remains on studies directly addressing the governance of Born Globals. Through a longitudinal case study, this paper explores the articulation and negotiation of power in a Born Global organization that spread across 18 countries. The findings suggest an emergent, negotiated and individualized form of power, different from the traditional notions of 'power over' and 'power to', which we termed as 'power
Resource Differences between Born Global and Born Regional Firms: Evidence from Canadian Small and Medium-Sized Manufacturers 1997-2004

Sui Sui, Ryerson University
Zhihao Yu, Carleton University
Matthias Baum, University of Giessen

While International Entrepreneurship research has intensively observed the creation and management of International New Ventures (INV), we only have a limited understanding on different types of INVs. More specifically, we do not know why some INVs pursue geographically restrained internationalization (so called Born Regional Firms), while others decide for a globally dispersed approach (so called Born Global firms). This study draws on resource-based theory and applies logistic regression on a longitudinal sample of 604 Canadian exporting manufactures to investigate how firm internal resources differentiate between Born Global and Born Regional firms. We find that, compared to Born Regionals, Born Globals have significantly greater global market knowledge, and have significantly higher initial performance. (For more information, please contact: Sui Sui, Ryerson University, Canada: sui.sui.66@gmail.com)

Models of International Entrepreneurship

Morten Rask, Aarhus University
Per Servais, University of Southern Denmark

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

Born Globals: Evolution and revolution as organisations grow

Vítor Corado Simões, ISEG, Technical University of Lisbon
Jacinto Antunes Celorico, ISEG, Technical University of Lisbon
Luís Filipe Laranjeira, ISEG, Technical University of Lisbon

This paper is intended to assess the relevance of the punctuated equilibrium model (Gould, 2002; Romanelli and Tushman, 1994) and Greiner's (1972) "evolution and revolution" models to explain how Born Global firms' (BGS) behaviors and structures change as they get older. Three main perspectives (Business model, Configuration of assets and responsibilities, and Top management logic) were used to enable the identification of "evolution and revolution" phases in two exploratory cases. The paper shows that BGS follow different stages, corresponding to new combinations of business models, configurations of assets and responsibilities, and top management logic. Changes are a result of internal perceptions, capabilities and tensions, and external
opportunities and challenges as framed by top management mental models. The punctuated equilibrium model was not supported. Greiner's (1972) approach may, at the least in the first phases, contribute to explain BG development. BGs face transitions that entail significant changes in the way how business is understood and how the company is organized. However, the result from the transition is not fully congruent archetype as Ambos and Birkinshaw (2010) suggested. Another important contribution is the finding that some pre-foundation features do persist for more than twelve years after company creation, namely the international commitment. (For more information, please contact: Vítor Corado Simões, ISEG, Technical University of Lisbon, Portugal: vcs@iseg.utl.pt)

The New Argonauts, International New Ventures and Performance Implication
Guohua Jiang, Temple University
Masaaki Kotabe, Temple University

International new venture (INV) is an important topic for scholarly inquiry in international entrepreneurship literature. A new venture with an ethnically diversified founding team could leverage international experience and network of each of its founders, thereby, influencing its recognition of opportunities and access to resources to pursue internationalization strategy. This study explores the effect of founding ethnic composition on a new venture's internationalization strategic choice. Then, we study the performance implication of new ventures. We test hypotheses using longitudinal data of 4,928 new ventures in Kauffman Firm Survey. It is found that more immigrant entrepreneurs are more likely to pursue INV strategy while more US citizen entrepreneurs will pursue domestic new venture (DNV) strategy. Furthermore, INV has higher revenues than DNV but there is no difference in profits between them. Finally, a new venture is established with the entrepreneur’s initial knowledge; while it is required to acquire and develop additional organizational technology knowledge. Both are important for new venture performance. (For more information, please contact: Guohua Jiang, Temple University, USA: tua63885@temple.edu)

An International Ambidexterity Model to Understand New Venture Internationalization and Growth
Fiona Xiaoying Ji, Kean University
Devi R. Gnyawali, Virginia Polytechnic Institute and State University
Donald E. Hatfield, Virginia Polytechnic Institute and State University

Firms use international operations to access external resources to exploit existing competences or explore new market or technological knowledge; however after initial internationalization at a young age, international new ventures might choose to go to similar foreign markets to leverage and exploit existing knowledge for growth or they might continue experimenting with less related foreign markets. In this study, we propose that international new ventures benefit from using an ambidextrous strategy for long-term performance employing both exploitation and exploration. Using a sample of 311 international new ventures to test our hypotheses, we found that the benefits associated with international exploration through early internationalization are realized when a firm continues further commitment to exploitation capabilities so they can accomplish ambidexterity learning from narrower scope of international expansion. (For more information, please contact: Fiona Xiaoying Ji, Kean University, USA: xji@kean.edu)

Session: 2.4.12 - Interactive
Track: 13 – Teaching IB

Internationalizing and Enriching the Business Curriculum

Presented On: July 2, 2012 - 14:30-15:45

Chair: Vinod K Jain, University of Maryland, College Park
International Business Boot Camp (An Intensive IB Course with Field Visits)
Vinod K Jain, University of Maryland, College Park

The "Introduction to International Business Management" course at the Robert H. Smith School of Business, University of Maryland, is a fairly standard, 3-credit IB survey course offered in business schools. In 2008, I started offering the course during the first summer session as an accelerated, intensive course, comprising both classroom learning and field visits; it is called the "International Business Boot Camp." The course is housed in our Washington D.C. location, and students participate in classroom activities in the mornings and visit international organizations, multilateral institutions, and foreign embassies in the afternoons. Students are required to have read almost half the textbook before starting the course and take a 30-minute exam on Day 1, and complete a team project after the course ends. The Boot Camp is open to students from throughout the UM campus, which creates interesting group dynamics and opportunities for business and non-business students to see the world through (each other's) interdisciplinary lenses. While Washington D.C. is a quintessentially international city and it is relatively easy to offer such a course here, most major cities in the United States and other countries have enough international resources available where such a course would be viable. (For more information, please contact: Vinod K Jain, University of Maryland, College Park, USA: vjain@rhsmith.umd.edu)

Assessing Study Abroad International Business Offerings
Chad Smith, Clarion University of Pennsylvania
Miguel R. Olivas-Luján, Clarion University of Pennsylvania

Assessment of Study Abroad programs is becoming a necessity for all stakeholders, in particular for International Business faculty members in accredited institutions. In this session, we will review pressures, offer suggestions and suggest components of assessment initiatives that participants can use in their home institutions. Our goal is to describe a general research design that can be used for assessment purposes in multiple locations to advance our knowledge of and facilitate this increasingly important component of International Business Education. Attendants to this session will take home references and a blueprint that they may modify to fit their professional needs. Robust, built-in assessment strategies in international study programs is a major contribution that International Business faculty can make to the internationalization of the curriculum in Business schools as well as in higher education more generally. (For more information, please contact: Miguel R. Olivas-Luján, Clarion University of Pennsylvania, USA: molivas@clarion.edu)

Leveraging the IB Learning Experience with Study Tours: A Must for IB Curriculum
Sri Beldona, University of Dallas
Scott Wysong, University of Dallas

With economic downturn in some of the advanced countries of the world, the economic turmoil of countries like Greece, Italy, Iceland, Ireland etc., the realization has sunk in that most sales for MNCs come from outside of their country, especially from emerging economies. Not that this is a new phenomenon but something that has hit home very hard in the recent few years. Despite this fact very few schools that offer IB curriculum have made it mandatory for their students to embark on a study tour to immerse them in the nuances of conducting business in emerging economies. This paper while arguing for making study tours a core requirement for IB curriculum also provides practical suggestions to improve and enhance study tours to have a lasting impact on the students. (For more information, please contact: Sri Beldona, University of Dallas, USA: sbeldona@udallas.edu)

Internationalizing the Business Curriculum at a Historically Black University: The Implementation Experience
Jun Wu, Savannah State University
Anshu Arora, Savannah State University
Suman Niranjan, Savannah State University
Reginald Leseane, Savannah State University
In response to the challenges of globalization, many universities have adopted the strategy of "internationalizing the curriculum". This research paper presents a case study about internationalization at a business school of a Historical Black College and University (HBCU) in the State of Georgia, United States. In order to provide students with capability for employment in the global economy, the business school introduced a new program - Global Logistics and International Business (G-LIB). In this study, we discuss the need to have an international business program at a HBCU, and the challenges and benefits of developing international collaborations with universities and companies that focus on international business. This paper provides practical implications for similar HBCU and other universities interested in internationalizing their curriculum. (For more information, please contact: Jun Wu, Savannah State University, USA: wuj@savannahstate.edu)

*Teaching Global Leadership*
Mansour Javidan, Thunderbird School of Global Management
Jennie Walker, Thunderbird School of Global Management

This paper provides a useful approach to teaching global leadership by identifying and defining the concepts and associated curriculum. It also identifies the critical learning outcomes of this curriculum. Perhaps most importantly, it highlights the dynamic learning methods required to create real and measurable impact in learning outcomes. (For more information, please contact: Mansour Javidan, Thunderbird School of Global Management, USA: mansour.javidan@thunderbird.edu)

**Session: 2.4.13 - Interactive**
**Track: 9 - Cross-cultural Management and HRM**

**Global Talent Management**

Presented On: July 2, 2012 - 14:30-15:45

Chair: Allan Bird, Northeastern University

*Returnees and MNE Staffing*
Huanglin Wang, Utica College
Jean-Louis Schaan, University of Western Ontario

Returnees, those who went overseas for higher education and then returned to their home countries, represent a unique group of employees for multinational enterprises (MNEs). However, they have been ignored in the MNE staffing literature which has developed a staffing typology based on nationality, specifically parent country nationals (PCNs), host country nationals (HCNs), and third country nationals (TCNs). However, the literature suggests that culture is a key element in overseas assignments. Ten top executives from multinational subsidiaries in China were interviewed in order to identify and delineate the unique characteristics of returnees. They suggested that returnees understand multiple cultures, possess cross-cultural communication skills, and a global perspective; and act as a "bridge" between expatriates and locals, between a subsidiary and the other units of the MNE (including headquarters and the other subsidiaries), as well as between the MNE and the local environment. The findings from the interviews strongly suggest that cultural understanding is a more appropriate criterion than nationality in categorizing staff in MNEs. Based on this criterion, we compare returnees with the existing categorizations of MNE staff from both headquarters' perspective and subsidiary's perspective; their contribution to the two staffing purposes including subsidiary control and organizational learning; as well as their positions in the two conflicting goals of global integration and local responsiveness. Returnees may be closer to the 'balanced individuals' that MNEs need compared with either expatriates or locals. Therefore, they may be a good staffing choice for MNE subsidiaries in China. This study contributes to the literature by proposing a new criterion for staffing categorization in MNEs, by studying a new type of staff – returnees. It directs us to a promising direction in MNE staffing research and has the potential to help managers
develop more effective overseas staffing strategies. (For more information, please contact: Huanglin Wang, Utica College, USA: huwang@utica.edu)

Strategy and Global Talent Management the Chicken or the Egg: An Analysis of the Impact of Strategy of MNEs’ Global Talent Management Systems
Tomas Alexander Parks, Cleveland State University

This article examines the relationship between a MNE's international marketing strategy and its GTM systems. The point of interest is to what extent a MNE's international marketing strategy impacts the GTM systems of its subsidiaries. Much literature in the strategy field proposes that strategy exerts a normative force on other systems in the MNE, contingency theory. This paper makes propositions about this relationship with regards to the way a MNE's subsidiaries' run their GTM systems. The propositions provide a few possible impacts and relationships of note. They also have some interesting implications for managers. (For more information, please contact: Tomas Alexander Parks, Cleveland State University, USA: t.a.parks@csuohio.edu)

Country Institutional Constraints: Interjecting a New Option into the "Best Practice" Versus "Best Fit" Debate in HRM
Nicholas R. Prince, University of Illinois at Urbana-Champaign
J. Bruce Prince, Kansas State University
Bradley R. Skousen, University of Illinois at Urbana-Champaign
Ruediger Kabst, Justus-Liebig-Universitat

We call into question the recently settled "best practice" versus "best fit" debate and propose a third option. We do so by integrating the comparative human resource management (HRM) and new institutional theory streams of research into the prior conversation on "best practice" versus "best fit". We provide a review of both literatures. Prior evidence suggests that "best fit" is the best answer based on multiple studies showing a lack of convergence towards a global "best practice". However, evidence from comparative HRM studies suggests a convergence towards a country level "best practice". Using the theoretical lens provided by new institutional theory we propose that organizations embedded in each country will have a limited set of institutional logics to choose from. These logics can be considered a country constrained "best fit" approach. We test this theory by testing the convergence/divergence of calculative HRM practices in 8 countries in four regional clusters (Anglo, Nordic, Germanic, and Confucian Asia). Our results indicate the convergence towards a country constrained "best fit" and suggest convergence within each regional cluster with the exception of the Confucian Asian cluster. Japan and Taiwan break from previously established cluster delineations by reporting differences in their usage of calculative HRM. (For more information, please contact: Nicholas R. Prince, University of Illinois at Urbana-Champaign, USA: prince4@illinois.edu)

The Effects of Global Orientation and Corporate Social Responsibility on Recruiting Success
Soyeon Kim, Korea University
Fabian Jintae Froese, Korea University

Attracting qualified personnel is crucial in today's globalized and knowledge intensive world because human resources are a source for competitive advantage. This study investigates the determinants of applicant attraction at the organizational level in a transformational Asian economy, namely South Korea. Data analysis of 284 Korean companies, demonstrate that similar organizational factors as in the West, e.g. size and reputation, also predict the actual number of applicants in South Korea. Going beyond simple replication of prior studies, this study examines the direct and interactive effects of corporate social responsibility (CSR), global orientation, and regional location on applicant attraction. Results show that global orientation, CSR, and location, are directly associated with applicant attraction. More importantly, the findings elucidate that location disadvantages
Determinants of Subsidiary Autonomy for Human Resources Management in Emerging Market Multinationals
Sergio Nunes Muritiba, University Nove de Julho
Patricia Morilha Muritiba, University Nove de Julho
Lindolfo Galvão Albuquerque, University of São Paulo
Eduardo Pinheiro Gondim Vasconcellos, University of São Paulo

One of the key aspects on the study of the role of the headquarters is the level of control they exert over subsidiaries. This paper analyzes the level of control exerted by emerging market multinational headquarters over their international subsidiaries' human resources management policies, based on the case of Brazil. A theoretical framework was then applied to twelve cases of Brazilian multinationals, exploring the determinants of different control levels. Results lead to proposing that while the higher levels of HQ control relate to smaller subsidiary sizes and greenfield investments, lower control is tied to the age of the subsidiaries – more years of international experience – and the strategic intention to promote flexibility and adjustment to local law. (For more information, please contact: Patricia Morilha Muritiba, University Nove de Julho, Brazil: pmorilha@gmail.com)

Gender Implications in Balancing Work and Family Among Today's Global Managers
Pamela Lirio, EDHEC Business School

Recognizing new entrants to global careers highlights the importance of global experience in career development, as well as the growing prevalence of global aspects in many jobs within today's organizations (Cullen, 2007). Traditionally, women have been underrepresented in global careers when examined from the perspective of expatriate assignments (Adler, 1984; Altman & Shortland, 2008; Thomas, Lazarova, & Inkson, 2005). However, scholars are increasingly exploring alternative forms of global careers such as frequent international business travel and virtual global work. These are thought to enable employees to work globally and develop or maintain global skills in the workplace while not uprooting the family (Collings et al., 2007), which may in turn encourage more women to undertake global work and those seeking work-life balance. This has significant implications for organizations in terms of HR strategies to maintain a diverse workforce and develop senior leadership in the future. This paper presents exploratory research on a subset of young women and men global managers who are balancing global work with family. Understanding issues of diversity is essential to managing the necessary talent for achieving organizational success in today's competitive global business environment (Beutell & Wittig-Berman, 2008). (For more information, please contact: Pamela Lirio, EDHEC Business School, France: pamela.lirio@edhec.edu)

Updating Cross Cultural Management: Exploring the Relationships between Cultural Values and Gender Inequality Practices
Andy Bertsch, Minot State University
Gillian Warner-Soderholm, Norwegian Business School

The purpose of this study is to explore relationships between societal cultural values and observable gender equality indices including the Gender Inequality Index (GII), the Women's Economic Opportunity Index (WEO), and the Global Gender Gap Index (GGGI). Correlations are explored using secondary data from published GLOBE societal cultural values against the three societal behavior indices (GII, WEO, and GGGI). Data analysis includes Pearson correlation, tests for significance, step-wise regression analyses, and R-squared analyses to explore possible operational models. Statistical analyses offer support for the development of two useable models whereby societal cultural value dimensions act as independent variables. This exploratory study identified two workable models: (i) the societal values of 'Uncertainty Avoidance' and 'Future Orientation' as
determinants for a society's placement along the GII index, and (ii) societal values of 'Gender Egalitarianism' and 'Uncertainty Avoidance' as determinants for a society's placement along the WEO index. An interesting discovery, and one that warrants further study, is the presence of 'Uncertainty Avoidance' as a determinant in both final models. We believe this adds to the debate on which cultural values and traditions may support or hinder the development of gender equality practices. (For more information, please contact: Andy Bertsch, Minot State University, USA: andy.bertsch@minotstateu.edu)

Session: 2.4.14 - Interactive
Track: 1 - Institutions, Governance, and CSR

Corporate Governance Issues in International Business

Presented On: July 2, 2012 - 14:30-15:45

Chair: Robert Grosse, George Mason University

Managerial Redeployment, Ownership Structure, and Family Ties
Sharon Belenzon, Duke University
Andrea Patacconi, Aberdeen University

It is widely acknowledged that the ability to redeploy and recombine internal resources is an important source of competitive advantage. This paper deepens our understanding of the factors affecting internal redeployment by exploring how shared ownership and managers' family ties influence top managerial mobility in business groups. We find that managerial redeployment is more common in affiliates that are wholly-owned by the group controlling shareholder than in affiliates that are only partly-owned. Consistent with property rights view of the firm, the effect of minority shareholders in a destination affiliate is especially large when the source affiliate is wholly-owned. A distinctive pattern is observed for managers who are related to one of the group's dominant shareholders. We discuss the implications of our results for the theory of the firm and the role of family in business groups. (For more information, please contact: Sharon Belenzon, Duke University, USA: sb135@duke.edu)

When is a Nexus of Contracts More Firm-Like? Theory and Evidence from Business Groups
Sharon Belenzon, Duke University
Andrea Patacconi, Aberdeen University
Bennet A. Zelner, University of Maryland, College Park

When is a nexus of contracts more firm-like? We theoretically and empirically address this question in the context of business groups. We develop a model where assets can be diverted from one group affiliate to another and asset redeployment is more valuable when firms operate in related industries. The group ownership structure affects both the controlling shareholder's propensity to expropriate and the minority shareholders' incentives to monitor. We show that specialized groups choose more vertical structures and may well exhibit greater ownership concentration than diversified groups. We then confirm these predictions using novel and comprehensive data on business groups from 15 European countries. Interestingly, however, we also find substantial cross-country variation. (For more information, please contact: Sharon Belenzon, Duke University, USA: sb135@duke.edu)

Multiple Paths to the Same Destination: The Role of Private, Public, and Civil Actors in Industry Emergence
Jocelyn M. Leitzinger, University of Wisconsin-Madison
Jennifer Spencer, George Washington University
MONDAY

Both social movements and national political institutional structures have been shown to influence or facilitate the emergence of new organizational forms. But, little research has examined the interactive role that civil society, the state, and incumbent industries play in the emergence of new markets. Building on institutional theory, this study builds a theoretical framework for categorizing the actions and reactions of social movements and incumbent industries as they interact with the institutional arrangements particular to each nation. Developing a 2x2 of state strength and the disruption to entrenched institutions, the framework depicts the typical path taken by social movements and incumbent firms in engaging the public and government in discourse on socially relevant issues. The varying paths to the successful emergence of new organizational forms through the iterative interactions of private, public, and civil actors are explored. (For more information, please contact: Jocelyn M. Leitzinger, University of Wisconsin-Madison, USA: jleitzinger@wisc.edu)

**Government-Business Relations and Financial Crises**  
Robert Grosse, George Mason University  
Albert Wocke, GIBS University of Pretoria

The global financial crisis of 2008-9 affected government-international business relations importantly, leading to adjustments of both government policies and company strategies. The crisis disrupted this relationship, affecting the relative resources of governments and companies, as well as what each had at stake in their relationships, and also the similarity of their interests during the difficult macroeconomic and financial times. This paper presents a dynamic conceptual framework for viewing the government-international business relationship, and uses four empirical bargaining contexts to demonstrate the usefulness of the model. In addition, evidence on government policy and financial crises is presented to show how in times of crisis the government side of the bargaining relationship has shifted. (For more information, please contact: Robert Grosse, George Mason University, USA: rgrosse@gmu.edu)

**Informal Institutions and Limits to International Convergence in Corporate Governance: The Reaction to Hedge Fund Activism in Japan**  
John Buchanan, University of Cambridge  
Dominic Chai, Seoul National University  
Simon Deakin, University of Cambridge

Using the example of the reaction to recent hedge fund activism in Japan, we observe how informal institutions, namely norms and conventions shaping the behaviour of managers and investors, mediate the effect of more formal ones based on laws and regulations. In our Japanese study, informal norms expressing the logic of the "community firm" are seen to subvert the impact of formal institutions potentially supportive of the principle of "shareholder primacy". The effect we identify helps to explain why global convergence of corporate governance practices, despite growing similarity of formal laws and regulations, has yet to take place. (For more information, please contact: Dominic Chai, Seoul National University, Korea, South: dchai@snu.ac.kr)

**Culture and Corruption: A Concurrent Application of Hofstede's, Schwartz's and Inglehart's Frameworks**  
Hamid Yeganeh, Winona State University

This study aims at investigating the effects of cultural values on corruption by integrating Hofstede's, Schwartz's, and Inglehart's frameworks. The empirical analysis confirms that after controlling for the effects of socio-economic development, cultural values have considerable influence on the level of perceived corruption. More specifically, it is found that Hofstede's High Power Distance, High Uncertainty Avoidance, Masculinity and Collectivism, Schwartz's Conservatism and Harmony, and Inglehart's Survival and Traditional-religious dimensions are associated with the corrupt behavior. By contrast, the opposite values namely Hofstede's Low Power Distance, Low Uncertainty Avoidance, Femininity, and Individualism, Schwartz's Autonomy and Mastery, and Inglehart's Self-Expression and Rational-secular dimensions tend to impede corruption. Building on a principal-agent perspective, the theoretical and practical implications are discussed and an integrative model is
How Do Top Managers and Powerful External Actors Affect the Relationship between Resistance and Adoption of Diffusing Practice? An Integrating Framework
Qian Lu, National University of Singapore
Jieyu Zhou, Hong Kong University of Science and Technology

We provide a framework to examine how resistance impacts firm's adoption of new diffusing practice. In our framework, Firm's adoption toward the new practice is classified according to two dimensions: completeness of implementation and fidelity of framing. We argue that the relationships among firm's resistance and the two ends of adoption are affected by different agents: Top manager's perception of the new practice moderates the effect of resistance on completeness of implementation, while resistance's influence on fidelity of framing depends on powerful external actors' perception toward the new practice. The national system serves as the boundary condition for the framework. (For more information, please contact: Qian Lu, National University of Singapore, Singapore: luqian@nus.edu.sg)

Session: 2.4.15 - Interactive
Track: 3 - IB Theory, FDI, and Entry Mode

MNEs from Emerging Markets, MNEs in Emerging Markets

Presented On: July 2, 2012 - 14:30-15:45

Chair: Jiawen Yang, George Washington University

FDI Outflows and Domestic Investment in the BRIC Countries: An Empirical Exercise
Nandita Dasgupta, UMBC

The emerging economies such as Brazil, Russia, India and China (BRIC) are aggressively pursuing international investment practices through outbound foreign direct investment (OFDI) activities since the implementation of their outward looking development strategies. The increasing FDI outflows from these countries have naturally raised concerns relating to the repercussions on their domestic investment and capital formation from the perspective of economic development and growth. The concern arises because OFDI activities could shift not only some of the production activities from home to foreign destinations but also could possibly threaten the availability of scarce financial resources at home by allocating resources abroad. All this have the potential to reduce domestic investment, thus lowering the long run domestic economic growth and employment. The central goal of this paper is to empirically investigate and evaluate the evidence of the macroeconomic relationship between OFDI and levels of domestic capital formation in the BRIC economies. This study is carried out in two broad steps. The first step is a time series data analysis where we have performed country level exercise to estimate the causal relationship between OFDI and domestic investment in each of the four BRIC countries. Given the limitations on data availability, we had to restrict ourselves to a bivariate analysis with gross capital formation (GCF: measure of domestic investment) and OFDI as the only two variables. In the next step, we have employed a balanced panel of four BRIC countries over the period of 19 years from 1992 through 2010. The choice of our variables is basically from the Feldstein (1995) model, which includes FDI inflows and outflows, domestic savings as well as other variables that might jointly influence domestic investment. (For more information, please contact: Nandita Dasgupta, UMBC, USA: nandita@umbc.edu)
Not for All: What Explains Cross-Border Acquisitions from Emerging Market Firms
Larissa Rabbiosi, Copenhagen Business School
Tamara Stucchi, Copenhagen Business School

Drawing upon the resource-based view, we examine how the degree of geographic fungibility of firm-specific resources (upstream, downstream and relational assets) relates to the location choice of international acquisitions made by emerging market firms. We test our hypotheses on 14,330 observations of Indian firms observed in the period 2006-2010. The results suggest that upstream (technological) resources enhance acquisitions in developed markets while acquisitions in other developing countries are more likely when the emerging market firm owns greater advertising resources. Relational assets also contribute in explaining the destination of acquisitions by emerging market firms: local-based ties inhibit the probability of engaging in cross-border acquisitions, while co-ethnic-based ties enhance the probability of acquisitions in advanced markets. (For more information, please contact: Tamara Stucchi, Copenhagen Business School, Denmark: ts.smgs@cbs.dk)

Foreign Listing: An Internationalization Approach of Emerging Market Firms
Yangwen Wang, Chinese University of Hong Kong
Xufei Ma, Chinese University of Hong Kong

Foreign listing is a surging phenomenon in global capital market. The financial motivations for listing abroad have been widely studied in finance and economics. However, explanations are lacking from strategic perspective. We argue that foreign listing is an important strategic decision to help with the emerging market firms' international expansion. Employing organizational learning theory, we suggest that foreign listing provides firms with fast and low cost learning experience, which helps EMFs to overcome their liability of foreignness and latecomer disadvantage. Furthermore, we investigate the special institutional environment EMFs facing. We suggest that served as institutional supports, business group affiliation, subnational institutional openness and industry popularity in the global market give the firm legitimacy in both the home country and the foreign stock market, and thus promote foreign listing. We further propose that these institutional supports facilitate learning process, and thus positively moderate the relationship between internationalization and foreign listing. (For more information, please contact: Yangwen Wang, Chinese University of Hong Kong, Hong Kong, SAR-PRC: yangwen@baf.msmail.cuhk.edu.hk)

The Direct and Contingent Value of Subnational Institutions on Emerging Market Firms' Internationalization
Zhujun Ding, Chinese University of Hong Kong
Xufei Ma, Chinese University of Hong Kong

This study examines the relationship between subnational institutions and emerging market firms' (EMFs) internationalization and suggests that these relationships are related to firm's nonmarket and market capabilities. Using survey data of 727 Chinese private enterprises in 31 provinces, we find that EMFs home-based subnational institutions, in terms of government market orientation, product market development, and labor market development, have a positive effect on EMF's internationalization, while EMFs' nonmarket capabilities and market capabilities play the contingent role to influence the above relationship. Theoretically, the findings highlight the importance of considering subnational institutions and firm-specific capabilities simultaneously in understanding EMFs' international strategy. Empirically, this study adopts a multilevel modeling to demonstrate both the direct and contingent nature of the role that subnational institutions play on EMFs' internationalization. (For more information, please contact: Zhujun Ding, Chinese University of Hong Kong, Hong Kong, SAR-PRC: zhujun@baf.msmail.cuhk.edu.hk)
Do the Biggest Aisles Serve a Brighter Future? Global Retail Chains and Their Implications for Romania
Yue Li, World Bank
Beata Javorcik, University of Oxford and CEPR

During the past two decades many countries have opened their retail sector to foreign direct investment, yet little is known about the implications of such liberalization for the economies of host countries. Using a unique dataset combining outlet-specific information on global retail chains with a panel of Romanian manufacturing firms, this study sheds some light on this question. The results from the difference-in-difference analysis suggest that the expansion of global retail chains led to a significant increase in the total factor productivity in the supplying industries. Their presence in a region raised the total factor productivity of firms in the supplying industries by 3.8 to 4.7 percent, while doubling the number of chains led to an increase of 3.3 to 3.7 percent. The conclusions are robust to a variety of specifications and supported by the survey evidence. These findings suggest that the opening of the retail sector to foreign direct investment may stimulate productivity growth in manufacturing industries through backward linkages, and they provide another piece of evidence in favor of services liberalization. (For more information, please contact: Yue Li, World Bank, USA: yli7@worldbank.org)

Bi-Directional Technology Spillovers between Foreign and Local Firms: Empirical Evidence from an Emerging Economy
Gerald Yong Gao, University of Missouri-St. Louis
Yao Amber Li, Hong Kong University of Science and Technology
Min Ju, University of Missouri-St. Louis

We examine the bi-directional technology spillovers between foreign and local firms. Extending the literature of FDI spillovers, we focus on new product development as the non-productivity spillovers outcome and further investigate the possible reverse spillovers effect from local to foreign firms. Moreover, we test whether the effect of technology spillovers is contingent on firm geography. Based on a seven-year panel data of manufacturing firms in China, we find strong evidence of the two-way technology spillovers. Interestingly, geographic proximity positively moderates the technology spillovers from foreign on local firms, but it has no effect on local firms’ spillovers on foreign firms. (For more information, please contact: Gerald Yong Gao, University of Missouri-St. Louis, USA: gaogy@umsl.edu)

A Non-Linear Model of Technological Spillovers from Foreign Direct Investment (FDI): A Comparison between Horizontal and Vertical Spillovers
Yoo Jung Ha, University of Manchester
Axèle Giroud, University of Manchester

This research investigates the non-linear form of backward and forward spillovers. To our knowledge, we present the first findings about the non-linear relationship of backward and forward spillovers with local firm performance. We demonstrate that the relationship of horizontal spillovers and backward spillovers with local firm performance occurs in an inverted-U shape, respectively. Forward spillovers are positive overall and marked by a constant marginal rate of incidence, and thus occurring almost proportionately with rising inward MNE investments. Based on empirical evidences, we propose a conceptual model where factors of curvilinear learning curve are fixed costs and marginal costs of learning. In other words, backward spillovers are underscored by low fixed costs and rising marginal costs of learning, while forward spillovers are underscored by relatively high fixed costs and constant marginal costs of learning. (For more information, please contact: Yoo Jung Ha, University of Manchester, United Kingdom: y.j.ha@sant.oxon.org)
AIB/AOM Ambassadors Plenary on Good Governance

Presented On: July 2, 2012 - 16:15-17:30

The Academy of International Business and the IM Division of AOM have coordinated to offer matched sessions in each conference program that present practical perspectives on investment in emerging markets. In the Ambassador’s Plenary session at AIB, Washington DC based Ambassadors will discuss the perspectives of their governments on the need to build institutional capacity and strengthen reform to boost domestic and international investment. The AOM session offers managers' perspectives on the challenges and opportunities of investment into emerging markets.
Global Entrepreneurial Ecosystems: The Interface between Multinationals and New Ventures

Presented On: July 3, 2012 - 09:00-10:15

Chair: Shameen Prashantham, Nottingham University Business School
Co-Chair: Charles Dhanaraj, Indiana University
Discussant: Peter Buckley, University of Leeds

Panelists:
Shameen Prashantham, Nottingham University Business School
Charles Dhanaraj, Indiana University
Julian Birkinshaw, London Business School
Ram Mudambi, Temple University
George S Yip, China Europe International Business School

Sam Palmisano, then Chairman of IBM made a prophetic statement in 2006, "The MNC of the late twentieth century had little in common with the international firms of a hundred years earlier, and those companies were very different from the great trading enterprises of the 1700s. The type of business organization that is now emerging -- the globally integrated enterprise -- marks just as big a leap." We are currently witnessing the confluence of two major research streams, international management and international entrepreneurship - that thus far have stood independent of each other; often for good reasons as their targets were two different ecosystems - multinational enterprises and international new ventures. There is gathering evidence that new ventures internationalize piggybacking on MNEs, and MNEs expand their geographic scope by leveraging externally the services of new ventures. However, scholarship is fragmented across 'entrepreneurship' and 'international management' that one group hardly gets to think through the eyes of the other. This symposium will address the emerging research opportunities of this globally integrated enterprise, that links MNEs and INVs, and identify some practical ways to advance the field and the practice of international business. (For more information, please contact: Shameen Prashantham, Nottingham University Business School, China: shameen.prashantham@nottingham.edu.cn)

Asian Business Systems: Cultural and Institutional Variations

Presented On: July 3, 2012 - 09:00-10:15

Chair: Michael A. Witt, INSEAD

Panelists:
Christina Ahmadjian, Hitotsubashi University
Michael Carney, Concordia University
Shige Makino, Chinese University of Hong Kong
Gordon Redding, INSEAD
Kyoung-Hee Yu, University of New South Wales
Daphne Yiu, Chinese University of Hong Kong
Our panel will discuss cultural and institutional variations across the Asian business context. In doing so, it seeks to shed new light on empirical patterns in the emerging economic center of gravity of the world economy with respect to important IB constructs such as liability of foreignness, cultural distance, and institutional distance. This panel will touch on topics such as the status and evolution of corporate governance in Asia (Ahmadjian); employment relations (Frenkel & Yu); cross-cultural differences and patterns (Javidan, Redding, & Witt); and the shape of social capital (Li). This panel has a sister panel exploring other aspects of the cultural and institutional context of Asia. (For more information, please contact: Michael A. Witt, INSEAD, Singapore: michael.witt@insead.edu)

**Session: 3.1.3 - Competitive**
**Track: 3 - IB Theory, FDI, and Entry Mode**

**Adaptation and Local Responsiveness**

**Presented On:** July 3, 2012 - 09:00-10:15

Chair: Ajai Gaur, Rutgers University

*The Impact of Mismatches between Local Practices and Values on Inward MNE Affiliate Activity: An Institutional Perspective*

Arjen Slangen, RSM Erasmus University
Sjoerd Beugelsdijk, University of Groningen

We draw on institutional theory to examine how intra-country mismatches between local business practices and local values influence inward multinational enterprise (MNE) affiliate activity. We argue that foreign MNE affiliates generally increase their local legitimacy by adopting local practices, but that this legitimacy increase is lower if there is a larger mismatch between local practices and values. We therefore hypothesize that this mismatch is negatively related to a country's inward MNE affiliate activity. We also hypothesize that this negative relationship will be stronger for developed countries and production-oriented affiliate activity than for developing countries and local sales-oriented affiliate activity. We find support for these hypotheses in a panel data analysis of U.S. foreign affiliate sales over the 1994-2007 period, using GLOBE data to measure a country's practices-values mismatch. Our study adds to institutional theory by shedding more light on the contribution of local practice adoption to affiliate legitimacy and extending the concept of institutional duality. (For more information, please contact: Arjen Slangen, RSM Erasmus University, Netherlands: aslangen@rsm.nl)

*Institutional Perspective on MNE Adaptation: An Empirical Approach*

Andrei Kuznetsov, University of Central Lancashire
Marcus Jacob, EBS European Business School

This paper contributes to a better understanding of global corporate and industrial change dynamics triggered at the firm level. Our focus is on convergence vs. divergence of national institutional systems. Data are drawn from a large N survey of German firms in the UK and British firms in Germany. Our results for adaptation behavior of British subsidiaries in Germany suggest that at the firm level the primacy of national institutions and institutional complementarity as determinants of the organizational behavior of MNEs could be overstated. Nonetheless, evidence that German MNEs in Britain strongly seek to opt for the strategic choices for which there is institutional support in the host country suggests that complementarity is functional enough to incite adjustment even in the absence of strong formal pressure. The evidence that both German and British firms seem to prefer practices characteristic of liberal market economies may pose a problem for institutional stability in Germany and generates implications for the likely pathways of institutional change. (For more information, please contact: Andrei Kuznetsov, University of Central Lancashire, United Kingdom: akuznetsov@uclan.ac.uk)
International Business Strategy in Emerging Economies: Insights from the Evolution of a Trading Company  
Karim Marini Thomé, University of Brasilia  
Janann Joslin Medeiros, University of Brasilia  
Cristina Lelis Leal Calegario, Federal University of Lavras

This case study investigates from a longitudinal perspective the drivers of trading company strategy and the determinants of trading company success in international business. The firm selected for study is a trading company that conducts the majority of its total transactions among emerging economies. The theoretical framework draws upon three approaches to international business strategy: industrial competitiveness, firm resources and capabilities, and institutional contexts and transitions. Data were collected using in-depth interviews, document analysis and non-participant observation. Rather than a single driver, we found that strategic choices were driven at times by the demands of industrial competitiveness, at times by firm resources and capabilities, and at times by institutional conditions. There was evidence neither of a linear chronological order for these drivers, nor of driver obsolescence. On the contrary, findings suggest that drivers are cumulative and interactive. Changes in organizational resources and capabilities or in competitive or institutional environments can force review and re-thinking of strategic objectives. The capabilities of managing the interfaces among internal resources and capabilities and the demands of the competitive and institutional environments and carrying out strategic redefinitions when necessary are identified as the determinants of success for the trading company studied. (For more information, please contact: Karim Marini Thomé, University of Brasilia, Brazil: thome@unb.br)

Factors Affecting Local Responsiveness: The Case of Chinese Multinationals Operating in Australia  
Di Fan, Victoria University  
Cherrie Jiuhua Zhu, Monash University  
Chris Nyland, Monash University

Utilising cross-level and in-depth interviews this paper extends empirical and conceptual studies that have clarified the underlying factors that determine how multinational enterprises (MNEs) respond to local contingencies. The study examines the applicability of these factors in the context of Chinese MNEs with operations in Australia. In so doing, it pioneers the use of qualitative methods to determine which factors affect emerging market MNEs' local responsiveness and how these elements function. The capturing of senior management perceptions at two levels of the firm enables intra-management comparison and notable perception gaps are discovered. Furthermore the study explores and discusses two new factors affecting Chinese MNEs' local responsiveness concerns, these being, national interest and social licence. (For more information, please contact: Di Fan, Victoria University, Australia: di.fan@vu.edu.au)

Session: 3.1.4 - Competitive  
Track: 6 - Innovation and Knowledge Mgmt.

The Geography of R&D

Presented On: July 3, 2012 - 09:00-10:15

Chair: Jennifer Spencer, George Washington University

Do Technology Leaders Deter Inward R&D Investments? Evidence from Regional R&D Location Decisions in Europe  
Dieter Somers, Katholieke Universiteit Leuven  
Rene Belderbos, Katholieke Universiteit Leuven
Asymmetry in knowledge spillovers between technology leading and lagging firms provides incentives for technology leaders to discourage other firms from setting up new R&D establishments in their vicinity, in order to reduce the threat of knowledge dissipation. We examine whether the presence of local technology leaders discourages inward R&D investments, in an analysis of the location of 301 cross-border R&D investment projects in EU-15 countries at the NUTS-1 regional level, 2003-2008. We identify the strength of industry technology leaders as dominant players in regional R&D from the concentration of regional patenting activity among local firms and control for the size of the regional technology cluster. Our preliminary results clearly indicate that while the strength of local relevant technology clusters attracts cross-border R&D projects, investors are discouraged by concentration of technology activities by regional industry leaders. Distinguishing between firms with the largest patent portfolios and firms with smaller patent activity, we find that these effects are only significant for smaller firms, indicating substantial firm heterogeneity in the responses to technology clusters and technology concentration. (For more information, please contact: Dieter Somers, Katholieke Universiteit Leuven, Belgium: dieter.somers@econ.kuleuven.be)

The Dual External Embeddedness of Geographically Distributed R&D
Suma Athreye, Brunel University
Georgios Batsakis, Brunel University
Satwinder Singh, Brunel University

We develop the conjecture that an R&D subsidiary can embed itself in the science base of the home country (more closely controlled by the parent) and/or the science base of the host country, depending upon the type of R&D it is mandated to perform, the threat of R&D leakage, strategic considerations of rival firms, and the characteristics of the host country’s business environment and scientific endowments. We test these conjectures on data obtained from 76 R&D subsidiaries in 14 international locations. Both types of external embeddedness are important and complementary. Global competitors and location specific advantages have determine the extent of host country embeddedness, but location specific disadvantages, geographical proximity to the parent and relative autonomy in subsidiary operations favour external embeddedness in the parent country networks. (For more information, please contact: Georgios Batsakis, Brunel University, United Kingdom: georgios.batsakis@brunel.ac.uk)

Dynamic Capabilities and Subsidiary Innovation: Towards an Integrative Framework
Zhan Wu, University of Sydney
Snejina Michailova, University of Auckland

This conceptual paper borrows the concept of dynamic capabilities from the strategic management literature and applies it to the examination of subsidiary innovation in global context. The paper proposes an integrative framework which a) differentiates between generative, sourcing and integrative capabilities, b) relates these to the new proposed construct of dynamic knowledge capability and c) establishes a link between dynamic knowledge capability and subsidiary innovation. The framework addresses the levels of subsidiary, the multinational corporation and the host country. A set of theoretical propositions is developed and research and managerial implications as well as future research are discussed. (For more information, please contact: Zhan Wu, University of Sydney, Australia: w.zhan@econ.usyd.edu.au)
How Does Structural Position Impact Subsidiaries' Knowledge Development and Reverse Knowledge Transfer?
Zhaleh Najafi Tavani, University of Leeds
Rudolf Sinkovics, University of Manchester
Tamer Cavusgil, Georgia State University

Employing the well established dimensions of external embeddedness and subsidiary-parent firm embeddedness, a four quadrant framework of subsidiary structural position, Partner, Fencesitter, Receptive, and Detached subsidiaries, was developed. Variation within the four groups of subsidiaries is then analysed in terms of knowledge development and reverse knowledge transfer. Results from 184 subsidiaries operating in Knowledge Intensive Business Service (KIBS) sectors in the United Kingdom indicate significant inter-group differences in terms of knowledge development and reverse knowledge transfer. Moreover, the empirical data show that, while high degree of external embeddedness is the pivotal element of subsidiary knowledge development, high level of subsidiary-parent firm embeddedness is the main determinant of reverse knowledge transfer. (For more information, please contact: Zhaleh Najafi Tavani, University of Leeds, United Kingdom: z.najafitavani@leeds.ac.uk)

Knowledge Co-Creation across National Boundaries: Trends and Firms' Strategies
Wan-Ting Su, National Tsing Hua University
Bou-Wen Lin, National Tsing Hua University

In the era of global knowledge economy, knowledge creation has noticeably thrived across the national boundaries; it plays an increasingly important role in the open innovation paradigm. What are patterns and characteristics of knowledge that is co-created across national boundaries? How is it different from knowledge created within the border? How is co-created knowledge used by companies? How is internationalization related to firms' strategies of knowledge co-creation? In spite of their central importance to the theory and practice of knowledge management, these questions have not been discussed. Our paper identifies a patent whose initiative owners are from different countries as an indicator of knowledge co-created across national boundaries and shows the trends of cross-border knowledge by using the longitudinal patent data analysis over 30 years. Our results show that knowledge co-created across borders displays higher value and there exists heterogeneity of knowledge co-creation patterns in Triad regions. In order to enter global markets, to discern trends in local markets, to tap into the local knowledge and to access further sources of new technology, firms can use mechanisms for co-creating knowledge with local firms. (For more information, please contact: Wan-Ting Su, National Tsing Hua University, Taiwan: szlin0831@gmail.com)

TMT Identification, Knowledge Creation, and International Joint Venture Performance: Does National Diversity Matter?
Bi-Juan Zhong, Ohio State University
Yaping Gong, Hong Kong University of Science and Technology
Oded Shenkar, Ohio State University
Yadong Luo, University of Miami

The literature about the role of organizational identification on knowledge creation in teams has mixed findings. This study proposes that team national diversity constitutes an important condition to curtail the potential drawbacks of a team's superordinate identification. We proposed that knowledge creation potential in multinational teams will be best achieved when national diversity and superordinate identification are acknowledged and promoted simultaneously. Using data from 185 top management teams of international joint ventures (IJVs), we found our model supported. TMT IJV identification was positively related to IJV performance via increased knowledge creation and this benefit was realized only when TMT national diversity was high. (For more information, please contact: Bi-Juan Zhong, Ohio State University, USA: zhong_40@fisher.osu.edu)
An Integrated Process Model of Knowledge Management in International Joint Ventures
Yong Suh Pak, Yonsei University
Wonchan Ra, Hankuk University of Foreign Studies
Jongmin Lee, Yonsei University

This paper examines how knowledge evolves from the initial knowledge migration stage through adaptation and creation eventually to the reverse knowledge migration stage in an international joint venture (IJV). While the extant literature has focused on and analyzed each stage of knowledge management (e.g., mostly knowledge transfer), we tried to show the path-dependent nature of knowledge flow in IJVs. Accordingly, we present that the transferred knowledge from parents to IJVs needs to be adapted first before it reaches a creation stage and that also only created knowledge is expected to be reverse transferred back to parents. We used 136 survey responses from parent companies of IJVs to test the process model of knowledge management. The test results show a significant relationship among steps of knowledge process which are all combined to result in an integrated model of knowledge management in IJVs. Our study clearly demonstrates that the knowledge adaptation stage mediates between the knowledge migration and knowledge creation stage and that created knowledge is harvested back to the parents. Managerial implications and discussion are presented at the end of the paper. (For more information, please contact: Wonchan Ra, Hankuk University of Foreign Studies, Korea, South: wonra@hufs.ac.kr)

Session: 3.1.6 - Competitive
Track: 10 - Economics, Finance and Accounting

Country and Firm Competitiveness

Presented On: July 3, 2012 - 09:00-10:15
Chair: Joseph Clougherty, University of Illinois at Urbana-Champaign and CEPR-London

The Determinants of National Competitiveness
Mercedes Delgado, Temple University
Christian Ketels, Harvard Business School
Michael E. Porter, Harvard Business School
Scott Stern, MIT

While competitiveness has become an increasingly important part of the economic policy debate, the academic discussion of this concept has over the last twenty years suffered from terminological confusion. In this paper we define national competitiveness as the expected level of output per working-age individual given the overall quality of a country as a place to do business. The focus on output per potential worker, a broad measure of national productivity, reflects the role of prosperity as the central goal of economic policy. Our framework highlights three interrelated drivers of national competitiveness: social infrastructure and political institutions, macroeconomic policy, and the microeconomic environment (including the business environment and the sophistication of company operations and strategy). The estimation of this framework is based on the integration of several data sets covering more than 130 countries during the 2001 and 2008 period. Our results establish the separate and distinct influence of each of these three drivers in determining country-level differences in output per potential worker. Our approach offers a novel methodology for the estimation of a theoretically grounded and empirically validated index of national competitiveness. (For more information, please contact: Mercedes Delgado, Temple University, USA: mdelgado@temple.edu)

Country Relatedness and International Coherence
Sokol Celo, Suffolk University
Aya Chacar, Florida International University
The conventional approach in international business research is to consider and/or compute country distance as independent of individual and firm actions. Borrowing from Teece et. al. (1994), we propose in this paper an alternative approach that relies on ‘survivor’ data culled from the very actions of these individuals and/or firms to compute ‘country relatedness’, the inverse of distance. We then focus on country relatedness for investment decisions, defined as the degree to which there are economies to joint operations and/or ownership in these countries by a multinational enterprise (MNE). To test the predictive validity of country relatedness for investment decisions, we hypothesize that MNEs characterized by high levels of international coherence, the degree to which they operate in related countries, will have a superior performance. Our empirical test starts by computing country relatedness for 24,000 country pairs, using investment data for the full sample of 20,000 public MNEs worldwide. We then measure international coherence for a sample of 1,000 U.S. MNEs and find support for our hypothesis and the validity of the measures proposed. (For more information, please contact: Sokol Celo, Suffolk University, USA: scelo@suffolk.edu)

Making the Most of the Second Best: Synchronization of Reforms Rhythms, Slack, and Performance of Transition Economy Firms
Elitsa R. Banalieva, Northeastern University

We analyze the understudied impact of synchronization of reforms rhythms on the performance of transition economy firms. We argue that higher synchronization of reforms rhythms improves the firms' performance due to timing synergies among the different reforms types. Additionally, we propose that excess high-discretion slack further strengthens the performance benefits from a higher synchronization of reforms rhythms because it allows the transition economy firms to more quickly adapt to their changing institutional environment. Thus, we extend the institution-based view of the firm by shifting its traditional focus on institutional differences across countries to a new research direction that accounts explicitly for the timing of implementation—concurrent or sequential—of the different types of reforms rhythms within a country over time. Our test on a sample of 430 firms from 13 transition economies during 1991-2009 supports our arguments. (For more information, please contact: Elitsa R. Banalieva, Northeastern University, USA: e.banalieva@neu.edu)

Session: 3.1.7 - Competitive
Track: 9 - Cross-cultural Management and HRM

Negotiation and Conflict Resolution Across Cultures

Presented On: July 3, 2012 - 09:00-10:15
Chair: Allan Bird, Northeastern University

Business as Unusual: A Comparison of the Tactical Preferences of Chinese and Australian Negotiators
Cheryl Rivers, Victoria University of Wellington
Roger James Volkema, IAG/PUC-Rio

How do Eastern and Western perceptions of questionable or unethical (tricky) negotiation tactics differ? We address this question by comparing 161 Chinese and 146 Australian negotiators' ratings of appropriateness of different types of negotiation tactics. We predict that their different cultural values and cultural differences in the implicit theories of how negotiation ought to be conducted will be salient in their perceptions of tactics. Rather than thinking about tricky tactics as a generic group, we explore differences in Chinese and Western negotiators’ perspectives of different types of negotiation tactics. Awareness of The Secret Art of War: The 36 Stratagems means Chinese negotiators think very differently about some types of tactics compared to Western negotiators who have no equivalent of the 36 stratagems in their tactic repertoire. We found Chinese negotiators rated tactics that are related to the 36 stratagems as significantly more appropriate than did Australian negotiators. Also, Australians were significantly more approving of tactics that use negative emotions
than were Chinese negotiators, which we link to concern about face in China. Our findings suggest that Western thinking about negotiation has much to learn from Eastern negotiation thinking. How do Eastern and Western perceptions of questionable or unethical (tricky) negotiation tactics differ? We address this question by comparing 161 Chinese and 146 Australian negotiators' ratings of appropriateness of different types of negotiation tactics. We predict that their different cultural values and cultural differences in the implicit theories of how negotiation ought to be conducted will be salient in their perceptions of tactics. Rather than thinking about tricky tactics as a generic group, we explore differences in Chinese and Western negotiators' perspectives of different types of negotiation tactics. Awareness of The Secret Art of War: The 36 Stratagems means Chinese negotiators think very differently about some types of tactics compared to Western negotiators who have no equivalent of the 36 stratagems in their tactic repertoire. We found Chinese negotiators rated tactics that are related to the 36 stratagems as significantly more appropriate than did Australian negotiators. Also, Australians were significantly more approving of tactics that use negative emotions than were Chinese negotiators, which we link to concern about face in China. Our findings suggest that Western thinking about negotiation has much to learn from Eastern negotiation thinking. (For more information, please contact: Roger James Volkema, IAG/PUC-Rio, Brazil: volkema@american.edu)

Attitudes towards Questionable Negotiation Tactics in Peru
Abraham Stefanidis, St. John’s University
Moshe Banai, City University of New York
Ulf Richter, Pontifica Universidade Catolica del Peru

This research investigates the influence of three theoretically valid independent variables, horizontal and vertical individualism-collectivism, ethical idealism and trust propensity on employees' attitudes towards ethically questionable negotiation tactics in Peru. 233 usable responses were collected from participants employed in various industries in the capital area, Lima. The results empirically corroborated a classification of three groups of negotiation tactics, namely pretending, deceiving and lying tactics. Peruvian employees who scored high on vertical individualism tended to score high on the endorsement of pretending, deceiving and lying tactics; those who scored high on horizontal collectivism tended to score low on the endorsement of the deceiving and lying tactics; those who scored high on vertical collectivism tended to score high on the endorsement of the deceiving and lying tactics. Emphasizing the non-US and non-Western European nature of the empirical data collected, the originality of this research further stems from the development of a comprehensive research framework about the antecedents of employees’ attitudes towards questionable negotiation tactics in Peru, a country where human resource management studies are limited. (For more information, please contact: Abraham Stefanidis, St. John’s University, USA: stefania@stjohns.edu)

Patience Is a Virtue: An Analysis of Reactive Bargaining Behavior in International Negotiations with or within Multinational Enterprises
Ursula F. Ott, Loughborough University
Yuko Kimura, University of Leicester

This paper is based on the intercultural negotiation framework of activity-based bargaining types called linear-active (time-is-money approach), multi-active (negotiation-is-an-art approach) and reactive (building-up-trust approach) categories of culture. The complexities of international negotiations are analyzed and used in a one-sided incomplete information game to show the uncertainty about the cultural adjustment process and its impact in international negotiations. The results of the games show the equilibrium concepts and a possibility to circumvent problems in international business negotiations which are related to different time perceptions and strategic behavior. We add to the theoretical analysis an empirical test conducted in a Japanese MNE as a representative for reactive cultures. This helped us to test the strategies, initial offers, processes and the approach of reactive cultures in an international negotiation setting. The outcome is a surprise, since the patience and win-win strategy approach are a cognitive program which can be adjusted to, but will overall not be changed in light of a short-termist or haggling cultural approach. We can conclude that the cultural programs
are a strong cognitive program which only slightly changes with international experience, but seems to be good way to create cooperative outcome in an international setting. (For more information, please contact: Ursula F. Ott, Loughborough University, United Kingdom: u.f.ott@lboro.ac.uk)

Combining Two Complementary Systems Approaches to Conflict in Multinational Mergers: A Japanese-American Merger as an Extreme Test Case
Patricia (Tish) Robinson, Hitotsubashi University

Mergers and acquisitions between multinational firms often entail conflict. Due to the organizational complexity involved, a systems perspective is useful in approaching the organizational change often necessary to address this conflict. This paper explores the nexus of two models of organizational systems set out by William Isaacs and Arnold Mindell. It applies these models jointly to assess and then implement organizational change around conflict in mergers and acquisitions between American and Japanese multinational firms operating in Japan. The paper proceeds on the premise that resolving organizational conflict at a deep level often involves deep-seated change. These two models complement each other and enhance our ability to diagnose where organizational change needs to occur and how we might address conflict. Drawing on participant observation, this study develops and pilot tests an application for facilitating organizational dialog around conflict and organizational change, based on Arnold Mindell's Process Work model of group facilitation. The framework proposes several major concepts: 1) primary and secondary identities; 2) roles and polarities; and 3) how the marginalization of views can spawn conflict. (For more information, please contact: Patricia (Tish) Robinson, Hitotsubashi University, Japan: probinson@ics.hit-u.ac.jp)

Session: 3.1.8 - Competitive
Track: 10 - Economics, Finance and Accounting

Exchange Rates and International Finance

Presented On: July 3, 2012 - 09:00-10:15
Chair: Robert Grosse, George Mason University

Exchange Trading Rules, Surveillance and Insider Trading
Feng Zhan, York University
Douglas Cumming, York University
Michael Aitken, ASB, University of New South Wales

We examine the impact of stock exchange trading rules and surveillance on the frequency and severity of suspected insider trading cases in 22 stock exchanges around the world over the period January 2003 – June 2011. Using new indices for market manipulation, insider trading, and broker-agency conflict based on the specific provisions in the trading rules of each stock exchange, along with surveillance of such rules, we show that differences in exchange trading rules and surveillance over time and across markets significantly affect the frequency and severity of insider trading. Surveillance reduces the number of cases and profits per case. Exchange trading rules reduce the number of cases but increase the profits per case. (For more information, please contact: Feng Zhan, York University, Canada: fzhan09@schulich.yorku.ca)

Exchange Rate Movements and Firm Dynamics in Retail Trade Industries
Jen Baggs, University of Victoria
Loretta Fung, National Tsing Hua University
Beverley Lapham, Queen's University
Eugene Beaulieu, University of Calgary
This paper analyzes firm-level data to estimate the effects of real exchange rate movements on Canadian retail firms. Using comprehensive firm-level data for Canadian retailers from 1986 to 1997, a period characterized by a large appreciation and subsequent depreciation of the Canadian dollar, we are able to examine the impact of exchange rate changes on firm size, profitability, and survival. Our results indicate significant adverse effects of a real Canadian currency appreciation primarily along the intensive margin (firm size measured by sales and employment) and profits. We find that the effects diminish for firms located farther away from the border and the rate at which the effects decline differs across different retail trade industries and the measures of firm performance. (For more information, please contact: Jen Baggs, University of Victoria, Canada: jenbaggs@uvic.ca)

Do Multinational Corporations Flexibly Respond to Exchange Rate Fluctuations? : A Tale of Two Korean MNCs
Young-Ryeol Park, Yonsei University
Sangcheol Song, Bryant University
Gunae Choi, Rutgers University

We examine in this study whether Korean multinational corporations (MNCs) in electronics and steel industries shift their production across their foreign subsidiaries located in different countries as exchange rates fluctuate. From a case study of two Korean MNCs (LG Electronics and POSCO), we find that even facing heightened production costs associated with host-country currency appreciation, Korean MNCs do not shift their production to less costly locations due to industrial characteristics, limited capacity, and high tariff barriers. We also find that they reduce the production costs internally, and they also negotiate the costs with employees and suppliers to adjust the production costs associated with appreciated currency. Our findings imply that certain industrial and environmental constraints make it difficult for MNCs to take the flexible actions that multinational—operational—flexibility perspective predicts. (For more information, please contact: Gunae Choi, Rutgers University, USA: choigunae@hotmail.com)

The Financial Crisis and Cross-Border Perceptions of "Too Big to Fail"
Raquel Oliveira, Central Bank of Brazil
Rafael Felipe Schiozer, Fundação Getúlio Vargas
Lucas Ayres Barros, University of São Paulo

We examine how the perception of an implicit too-big-to-fail policy affects depositor behavior, exploring the exogenous shock caused by the international turmoil of late 2008 to the Brazilian banking system. We document a run to the systemically important banks during the crisis, and provide evidence that this movement is better explained by the depositors' perception of an implicit too-big-to-fail policy than by bank fundamentals. Nonfinancial firms' decision to run has greater economic importance, but institutional investors run more heavily. We also find that the share of deposits held by institutional investors affects the decision to run by other depositors. (For more information, please contact: Rafael Felipe Schiozer, Fundação Getúlio Vargas, Brazil: rafael.schiozer@fgv.br)

Session: 3.1.9 - Competitive
Track: 3 - IB Theory, FDI, and Entry Mode

Risky Business

Presented On: July 3, 2012 - 09:00-10:15

Chair: Stephen Kobrin, University of Pennsylvania
Legal System Uncertainty and FDI Attraction in Southeast Asia
George O. White III, Old Dominion University
Anne Canabal, University of Maine
Amon Chizema, Loughborough University
Mark J. Perry, University of Michigan-Flint

Conventional wisdom suggests that legal system uncertainty will negatively affect foreign direct investment (FDI) attraction. However, to date, research on the effects of legal system uncertainty on FDI attraction in emerging markets has received very little attention. In this paper, we hypothesize that (1) the relationship between legal system uncertainty and FDI attraction is curvilinear in nature, such that FDI attraction decreases with legal system uncertainty down to an inflection point, but then increases beyond this point, and (2) that the relationship between legal system uncertainty and FDI attraction is moderated by government intervention in the host country economy, such that the strength of this relationship is greater when government intervention is high rather than when it is low. Moreover, we suggest that these relationships exist because uncertainty will provide opportunities for FDI that seek this form of operating environment, leveraging legal system uncertainty as a basis for competitive advantage. We test and find support for our hypotheses using FDI data from nine Southeast Asian countries for the years 1995 to 2005. Implications of our findings and suggestions for future inquiry are presented. (For more information, please contact: George O. White III, Old Dominion University, USA: gowhite@odu.edu)

Internationalization Decisions and Political Hazards: Managerial Intent in a Risky Location
Elizabeth Maitland, University of New South Wales
Andre Sammartino, University of Melbourne

How decision-makers incorporate assessments of political risk into internationalization decisions is a 'black box' in international business (IB). Research on the interplay between states and multinational enterprises (MNEs) almost exclusively utilizes data aggregated at the national, industry and firm levels. Yet, assessment of risks and locations is a task undertaken, at least initially, by individuals. We introduce and explore the cognitive aspects of such decisions. Utilizing extensive evidence from a mining MNE’s expansion into West Africa, we demonstrate the crucial role of individuals’ decision heuristics and schemas, and argue for greater consideration of such elements in IB research. (For more information, please contact: Andre Sammartino, University of Melbourne, Australia: samma@unimelb.edu.au)

Legal Legitimacy, Political Stability and MNE Entry into Developing Countries: The Role of BIT Design
Christopher Williams, University of Western Ontario
Candace A. Martinez, Saint Louis University
Tatiana Vashchilko, University of Western Ontario

We investigate the impact of bilateral investment treaty (BIT) design on the likelihood of choosing majority-controlled entry modes as political stability changes across host countries. We extend institutional and transaction choice theories by focusing on the joint impact of domestic and international political institutions as well as on the variations in their design. We argue that the stringency of BIT design, rather than the mere presence of BITs, has a significant effect on entry mode choices. However, this effect is conditional on the degree of political stability in host countries. The sample includes 201 foreign expansions made by AEX-listed Dutch MNEs between 2004 and 2008 into 30 developing countries with which The Netherlands had ratified BITs. As hypothesized, we find that both political stability and BIT stringency have a positive impact on seeking majority control in the investment and that BIT stringency has a stronger impact on majority control decisions in less politically stable countries. We conclude with research and management implications. (For more information, please contact: Christopher Williams, University of Western Ontario, Canada: cwilliams@ivey.uwo.ca)
Corruption, Strategy and Foreign Subsidiary Survival
Michael Sartor, University of Western Ontario

This study focuses on the multinational enterprise's (MNE) pursuit of external legitimacy and the survival implications associated with various strategic initiatives that are implemented at the subsidiary level to secure legitimacy in increasingly corrupt host market environments. In this context, the strategic insights proffered by resource dependence theory (RDT) and institutional theory (IT) are characterized by distinct spatial orientations. RDT predicts that subsidiaries will implement proximal localization strategies in which local (host country) partners and employees are hypothesized to be best-suited to efforts to enhance the subsidiary's legitimacy and reduce its likelihood of exit from the host country market. Conversely, IT suggests that distal localization strategies in which subsidiaries that prefer to engage home country partners and employees in the subsidiary investment are better-suited to reducing the likelihood of subsidiary exit from increasingly corrupt host country market environments. We develop a set of competing hypotheses based on RDT and IT to examine the relationship between host market corruption levels, MNE strategy and the likelihood of exit. The hypotheses were tested against a large sample of subsidiaries established between 1995 and 2006 in 44 host countries. Our results reveal the enhanced efficacy of distal localization strategies. Subsidiaries that prefer transnational joint venture partnership arrangements (constituted by home country partners only), employ a greater proportion of expatriates and engage fewer host country partners in subsidiary investments enjoy a diminished likelihood of exit under conditions of heightened corruption. (For more information, please contact: Michael Sartor, University of Western Ontario, Canada: msartor.phd@ivey.ca)

Session: 3.1.10 - Panel
Track: 13 – Teaching IB

Large-Scale Multi-Country Experiential Learning Projects in IB/IM Education: Challenges and Best Practices for Enhancing Teaching and Research

Presented On: July 3, 2012 - 09:00-10:15

Chair: Vas Taras, University of North Carolina Greensboro

Panelists:
Vas Taras, University of North Carolina Greensboro
Alexander Bode, Darmstadt University of Technology
Douglas Chun, University of Hawaii at Manoa
Louise Curran, Toulouse Business School
Susan Forquer Gupta, Monmouth University
Josephine Igoe, National University of Ireland, Galway
Peter Magnusson, Florida International University
Riikka Sarala, University of North Carolina, Greensboro
Anja Maria Schuster, Vienna University of Economics and Business
Alfredo Jimenez, University of Burgos
José G. Vargas-Hernández, University of Guadalajara
Norhayati Zakaria, University of Wollongong in Dubai
Xavier Ordenana, ESPAE Graduate School of Management
Betty Jane Punnett, University of the West Indies

Using the X-Culture project as an example, the panel session will review challenges and best practices of using large-scale multi-country collaborative exercises and simulations to enhance learning in IB/IM courses and provide a platform for high-quality research. A total of over a thousand students from over two dozen countries participate in the project every semester. The project is administered by the instructors on a voluntary basis and participation in the project is complete free for the students and their institutions. The presentations will focus...
on challenges and best practices of participant recruitment, effort coordination, learning and transfer of training to real-life settings, data collection, performance monitoring and evaluation, student feedback and course and instructor evaluations, and use of large-scale student collaboration projects for teaching, research, and inter-institutional and professional networking. Of 30+ instructors who have participated in the project over the past two years, about 20 will be attending the session, although only 11 will be formally presenting on behalf of the group. (For more information, please contact: Vas Taras, University of North Carolina Greensboro, USA: v_taras@uncg.edu)

Session: 3.1.11 - Interactive
Track: 7 - Emerging Economies

Developing Technological Capabilities in Emerging Markets

Presented On: July 3, 2012 - 09:00-10:15

Chair: Robert Pearce, University of Reading

Search Behavior and Knowledge Creation of Firms in Emerging Markets

Yuzhe Miao, Kyung Hee University
Jaeyong Song, Seoul National University

This study investigates how search behaviors influence knowledge creation of firms in emerging markets by classifying search behaviors of an organization into vertical search (time span) and horizontal search (field span). We suggest that that in order to innovate successfully, firms in emerging markets should adopt idiosyncratic search strategies different from those of established large firms in advanced countries. Based on an empirical test of 204 Chinese firms, we find that given high recombination potential of new knowledge, and insufficient organizational experience with past knowledge, firms in emerging economies should focus on emerging and new knowledge rather than mature, old knowledge in order to improve innovation performance. In addition, due to their underdeveloped absorptive capacity, firms in emerging markets should avoid searching in diverse knowledge fields, as established large firms in advanced countries are encouraged to do, in order to innovate successfully. This study provides new theoretical insights into and practical implications about knowledge creation for firms in emerging markets, by investigating two distinct search behaviors. (For more information, please contact: Yuzhe Miao, Kyung Hee University, Korea, South: yzmiao@gmail.com)

National Innovation System and Globalization: The Implication for Technological Catching-up

Feng Zhang, St. Mary’s University
Robert Pearce, University of Reading

This article reviews early literature about national innovation system (NIS) that was introduced to analyze postwar Japanese technology policy and economic growth. We initiated an application of NIS concept on China in the context of globalization. We adopted the broad definition of NIS to include foreign-owned firms operating in China as a part of China’s NIS, and speculated that foreign-owned firms may not only draw upon China’s NIS but also significantly contribute to the system. Some implications of early literature on the further development of China’s NIS are also discussed. (For more information, please contact: Feng Zhang, St. Mary’s University, USA: fzhang@stmarytx.edu)

Balancing External and Internal Knowledge in Host Country Environment: Evolution of R&D focused MNE Subsidiaries in India

Amit Karna, EBS Business School
Petra Sonderegger, Independent Researcher
Florian Täube, EBS Business School

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We investigate subsidiary innovation of MNEs, which is influenced by both subsidiaries and headquarters. Through a qualitative study, we analyse tradeoffs in knowledge flows faced by MNEs setting up R&D subsidiaries in India. Our findings indicate a slow inflow of external, i.e. local knowledge into the subsidiary. There is also decreasing and later increasing internal, i.e. non-local knowledge flow between headquarters and subsidiary. A framework of knowledge flows points at tradeoffs between the two. This study contributes by strengthening linkages between subsidiary evolution and knowledge flows. It has implications for subsidiary management, in particular those aimed at innovation. (For more information, please contact: Amit Karna, EBS Business School, Germany: amit.karna@ebs.edu)

The Role of Government-business Interdependence in Firm Growth: A Contingent Perspective
Zheng Yan, National University of Singapore

Prior literature on business-government relations has mainly focused on the dependence of firms on government for resources. In this study, we advance this literature by investigating the governments' dependence on business and its effect on firm growth, using China's steel industry as the empirical context. Considering the divergent interests between governments at different levels, we propose that local governments depend on firms for tax revenue and foreign investment, while the central government favors firms with higher state ownership and technological capability. Furthermore, the performance effects of governments' dependence are moderated by firm size, central government's policies, and the province's significance in the national economy, leading to different levels of firm growth. Our results supported these propositions. (For more information, please contact: Zheng Yan, National University of Singapore, Singapore: zhengyan@nus.edu.sg)

A Contextual Examination of the Strategic Investment Decision Making Process in Singapore
Christine Soh, University of Edinburgh
Chris Carr, University of Edinburgh
Konstantinos Bozos, University of Leeds

In today's internationalisation, the ASEAN countries have merged to develop a global identity for enhanced trade relations and increased competitiveness. The continuous institutional and governmental encouragement for more MNEs to enter the local economy of Singapore have contributed to its status as the only developed economy out of the 6 countries, with the highest GDP. The inputs of strategic investments by companies largely contribute to the success of the Singaporean economy. It is therefore important to understand the influence of contextual factors shaping the strategic investment decision making process (SIDMP) in Singapore for further collaboration globally. We interviewed 18 decision makers from 9 companies using a detailed, semi-structured questionnaire. The mapping of the 9 companies in a 4-category contextual typology and the GLOBE framework suggests that Singaporean firms are more financially focused in comparison to their Asian counterparts. Decision making (DM) speed is higher in unpredictable environments of rapid change. Decision rationality is found to be independent of organisational type and decision topic. These divergences from the more often researched Asian examples of China and Japan and convergence to the Anglo-Saxon context give room for further cross-cultural research. (For more information, please contact: Christine Soh, University of Edinburgh, United Kingdom: christineclarissesoh@hotmail.com)
**Backsourcing: A Conceptual Framework**  
Pooja Thakur, Virginia Tech

Backsourcing is the full or partial re-internalization of previously outsourced activity. This emerging phenomenon occurs when the firm terminates its outsourcing contract before completion or does not renew the contract and chooses to bring the activity back in-house. In this research we propose a framework to understand the different types of backsourcing and its performance implications. Using the Transaction Cost Economics (TCE) and Resource Based View (RBV) as theoretical lenses, we posit that there are two dimensions involved in backsourcing and they are the cost to reinternalize the activity and the internal capabilities of the firm for re-internalization. Using these two dimensions we created a two-by-two matrix where backsourcing can be categorized into: failure backsourcing, operational backsourcing, strategic backsourcing and profitability backsourcing. Prior literature has viewed backsourcing as a failure of the outsourcing strategy however this paper suggests that it may be advantageous to bring the activity back in-house under certain circumstances. Our research proposes that backsourcing is the most beneficial when the firm has low costs for re-internalization and high internal capabilities.  
*(For more information, please contact: Pooja Thakur, Virginia Tech, USA: pthakur@vt.edu)*

**A Multilevel Analysis of Strategic Timing and Cost Savings in Offshoring**  
Oli Mihalache, Free University Amsterdam  
Shiko Ben-Menahem, Erasmus University

Despite the prevalence of cost reduction as reasoning behind offshoring, the understanding of the factors influencing cost savings through offshoring remains limited. To address this gap, we provide a multilevel contingency perspective proposing that the timing of offshoring activities affects the degree of cost savings and that the relationship is contingent on activity and firm-level factors. Using data on 639 offshoring activities at 214 firms, we find evidence of an early-mover cost advantage in offshoring. In addition, we find that this relationship is stronger in the case of labor rather than knowledge-intensive functions. We further propose that firms' breadth and depth of geographical experience (i.e. international and host country experience) are important firm-level contingencies. Results indicate that the depth dimension of geographical knowledge affects the influence of timing on cost savings, but not the breadth dimension. Thus, our study highlights that the multilevel dynamics between activity and firm-level factors influence the cost savings of offshored activities.  
*(For more information, please contact: Oli Mihalache, Free University Amsterdam, Netherlands: oli.mihalache@gmail.com)*

**The Value of Flexibility: Evidence from Outsourcing**  
Jongmoo Jay Choi, Temple University  
Lenos Trigeorgis, University of Cyprus  
Xiaotian Tina Zhang, Saint Mary's College of California

Although it is commonly believed that flexibility is valuable, there is little direct empirical evidence on whether flexibility actually enhances corporate performance. Viewing outsourcing as a switching real option, this paper presents evidence regarding the value of flexibility for US firms engaged in outsourcing activities. We construct a corporate flexibility index and examine how flexibility affects market valuation of corporate outsourcing decisions. The results show that market reaction to outsourcing announcements is positive and significant. After controlling for switching transaction costs related to outsourcing, flexibility gains are shown to be associated with a firm's strategic growth options. The likelihood of outsourcing is related to prior growth prospects. These results are consistent with flexibility being a motive for outsourcing as suggested by real options theory. The results also confirm the importance of good internal corporate governance as a requisite for realizing potential flexibility gains from outsourcing.  
*(For more information, please contact: Jongmoo Jay Choi, Temple University, USA: jjchoi@temple.edu)*
How Offshore Outsourcing Affects Costs and Value Creation: A Process Perspective on Knowledge-Intensive Business Services
Kristin Martina Brandl, Copenhagen Business School
Michael J Mol, Warwick Business School

Although academic and public interest in service offshoring has increased in recent years, research remains focused mainly on antecedents and benefits of activities, overlooking process aspects. For that reason, we take a process perspective when conceptualizing around offshore outsourcing of knowledge-intensive business services (KIBS) in this research. We characterize and dissect the production process of KIBS into five stages (problem-finding & acquisition, problem-solving, choice, execution, monitoring & evaluation) and consequently are able to analyze how offshore outsourcing differentially affects costs and value creation in the respective stages. The reconceptualization enables us to provide a clearer and more fine-grained picture of the effects of offshoring and outsourcing decisions, thus helping to further develop our understanding of the reasoning to relocate services geographical and organizational. (For more information, please contact: Kristin Martina Brandl, Copenhagen Business School, Denmark: kbr.int@cbs.dk)

Face to Face Communication, Business Travel and the Outsourcing of Services
Barry Scholnick, University of Alberta
Runjuan Liu, University of Alberta
Adam Finn, University of Alberta

This paper develops and tests new hypotheses concerning the impact of face-to-face communication on the offshore outsourcing of services. We use the existing literature on face-to-face interactions to develop new hypotheses for when face-to-face interactions will be most important for international service outsourcing. We argue that face-to-face interactions will be greater for: (a) services with greater complexity, (b) interactions involving individual's at higher levels within the organization, (c) interactions with individuals not from diasporas, (d) interactions not involving trade shows, (e) interactions where the costs of travel relative to electronic communication are relatively lower. We measure face-to-face interactions using data on international business travel. We test our hypotheses by matching data from the Survey of International Air Travelers (SIAT) conducted by the Office of Travel and Tourism Industries (OTTI) with data on the nominal dollar value of 11 types of services outsourced by US firms to 29 countries, provided by the US Bureau of Economic Analysis. Our service-level measure of complexity uses job task and occupation level data from the US Occupation Information Network (O*NET). In general our empirical results support our hypotheses. (For more information, please contact: Barry Scholnick, University of Alberta, Canada: barry.scholnick@ualberta.ca)

Creating Value through Offshore Outsourcing: A Resource Management Perspective
Debmalya Mukherjee, University of Akron

In this paper we present an analytical framework explaining value creation through offshore outsourcing. Specifically, we attempt to address the question: how do firms create value by outsourcing their business functions to foreign external providers? Given the growing prevalence of offshore outsourcing as a dominant business practice in the world of global business, this question merits further research attention. We propose that firms embarking on offshore outsourcing create value by effectively managing their internal and external resources in the face of changing environment. The value creation framework discussed in this paper draws from the 'strategic resource management' and disintegration-location-specific resourcing- externalization (DLE) perspectives. We discuss implications for theory and practice and offer recommendations for future research. (For more information, please contact: Debmalya Mukherjee, University of Akron, USA: dmukher@uakron.edu)
Does Culture Affect How People Receive and Resist Persuasive Messages? Research Proposals about Resistance to Persuasion in Cultural Groups
Renata Kolodziej-Smith, Wayne State University
Daniel Friesen, Wayne State University
Atilla Yaprak, Wayne State University

Even though persuasion has been a widely researched topic in consumer behavior, the great majority of these studies have involved American consumers and focused on persuasion itself, with very few addressing resistance to persuasive attempts. None has addressed resistance to persuasion in a cross-cultural context. We aim to contribute to closing this gap in the literature with this paper. Specifically, we aim to expand knowledge of the persuasive process by applying the cultural dimensions of self-construal and identity negotiation theories to Gopinath and Nyer’s (2009) work conducted on American consumers about the effect of public commitment on resistance to persuasion. Our research focus is on why people from different ethnic/cultural backgrounds will receive or resist persuasive messages differently. We anchor this notion in identity negotiation theory (Ting-Toomey, 2005). This perspective addresses different stages of an individual's cultural assimilation in a multicultural environment, thus shedding light on processes underlying persuasion and resistance to persuasion mechanisms as influenced by culture. Understanding the effects of cultural differences on a person's reception of, or resistance to, counter-attitudinal persuasion should be valuable to managers who make decisions about cultural adaptations and target audience changes. (For more information, please contact: Renata Kolodziej-Smith, Wayne State University, USA: rksmith@wayne.edu)

Communication Style as Extensions of Internalized Cultural Values: Behavioral Consistency and Inconsistency in Intercultural Encounters
Andre Pekerti, University of Queensland

Empirical evidence supported the notion that communication behaviors during intercultural encounter are effectively extensions of internalized cultural values. Study 1 established that communication behaviors of Asians and New Zealanders (NZs) are consistent with vertical-collectivism and horizontal-individualism, respectively. In particular, argumentativeness is positively related to the independent self-construal and negatively related to the interdependent self-construal. This supports Markus and Kitayama’s (1991) independent and interdependent self-construal theory. Study 2 showed that NZs exhibited more idiocentric and argumentative behavior while Asians displayed more sociocentric and less argumentative behavior during two actual interactions demonstrating that in intercultural interactions, participants diverged in their communication styles to be more consistent with their cultural values. Finally, analysis of decision outcomes showed that culture moderates cognitive consistency behaviors, such that NZs exhibited inconsistency-reduction behaviors, whereas Asians exhibited inconsistency-support behaviors. (For more information, please contact: Andre Pekerti, University of Queensland, Australia: a.pekerti@uq.edu.au)

Cross-Cultural Voice: Effects of Manager/Subordinate Communication Styles
Anna-Katherine Ward, University of South Carolina
Elizabeth C. Ravlin, University of South Carolina
Nancy R. Buchan, University of South Carolina
Brian S. Klaas, University of South Carolina
While cultural diversity among employees can increase firm performance, its full benefits are often not attained, as managers can be (intentionally or unintentionally) deaf to the input of culturally-different subordinates. This paper presents a theoretical model of cross-cultural workplace voice that explores the effects of cultural communication style on subordinate influence. I draw on high-/low-context theory, leader-member exchange theory, and the affect-infusion model to demonstrate the role of emotions and manager/subordinate relationships in the link between cultural communication style and influence. The propositions presented here have theoretical implications for the employee voice and cross-cultural communication literatures and practical implications for managers in culturally-diverse organizations. (For more information, please contact: Anna-Katherine Ward, University of South Carolina, USA: annakward@hotmail.com)

A Comparison of German, Sloven and Slovak Negotiation Styles: An Empirical Analysis
Marko Kek, ESC Rennes Business School
Mohammad Niamat Elahee, Quinnipiac University

This paper compares the negotiation styles of German, Slovene, and Slovak people. The analysis of empirical data collected from these three countries shows that culture has a significant impact on negotiation style. The largest difference was found between German and Slovak negotiation style. Difference between German and Slovene styles was smaller than that between Germans and Slovaks while the Slovaks and Slovenes had the smallest difference. The analysis further shows that gender has moderate impact on negotiation style, while age, education, and length of experience do not seem to have much impact on negotiation style. (For more information, please contact: Mohammad Niamat Elahee, Quinnipiac University, USA: mohammad.elahee@quinnipiac.edu)

The Effects of Leadership Styles, Rank, and Seniority on Organizational Commitment: A Comparative Study of American and Korean Employees
Gahye Hong, Korea University
Youngsam Cho, Korea University
Fabian Jintae Froese, Korea University
Man Soo Shin, Korea University

This study developed a theoretical model based on the culturally endorsed implicit leadership theory to investigate differences in the relationships between leadership styles and organizational commitment in the U.S and South Korea. Survey results from 455 American and Korean employees show that the positive relationship between consideration leadership (i.e., people-oriented leadership) and organizational commitment was stronger among U.S. employees than Korean employees. Initiating structure leadership (i.e., task-oriented leadership) was negatively related to organizational commitment in the U.S., whereas this relationship was positive in South Korea. Further, these relationships were moderated by rank and seniority in Korea. That is, the positive relationship between consideration leadership and organizational commitment was stronger when employee's rank was higher, whereas the positive relationship was weaker when employee's seniority was longer. There were no moderating effects in the U.S. The findings provide important managerial recommendations how U.S. and Korean managers can lead local employees more successfully. (For more information, please contact: Fabian Jintae Froese, Korea University, Korea, South: fabian.froese@gmail.com)

Culture Under Strain? Leadership Challenges of Japanese Managers in the UK and China
Hyun-Jung Lee, London School of Economics
Katsuhiko Yoshikawa, Institute for Organizational Behavior Research, Recruit Management Solutions
Carol Reade, San Jose State University
This study explores the leadership challenges of Japanese expatriate managers in the UK and China. Based on data from 18 in-depth interviews in two companies, we investigate the extent to which cultural differences explain such challenges. Findings from the UK mostly support predictions from the cross-cultural leadership literature, though indicate the importance of high-low context which has been largely ignored in the literature. In the case of China, we find that the economic and institutional environment substantially influences leadership challenges, while cultural differences appear to provide only a partial explanation. Implications for research and practice are discussed. (For more information, please contact: Carol Reade, San Jose State University, USA: carol.reade@sjsu.edu)

Impact of Leader-Follower Ethnicity Differences on Followers' Perceptions of Authentic Leadership and Job Satisfaction
Andrei A. Lux, Auckland University of Technology
Romie Frederick Littrell, Auckland University of Technology

This study tests the effects of ethnicity as a moderating variable for the relationship between a follower's perceptions of a leader's authentic leadership behaviours and the employee's job satisfaction. Two measures were constructed and validated from parts of the Authentic Leadership Questionnaire and the Abridged Job Descriptive Index. These were administered as a survey to an opportunistic, though representative, sample of New Zealand adults working in small to medium-sized businesses. The results confirm that followers' perceptions of authentic leadership are significantly and positively correlated with their job satisfaction. Ethnicity did not demonstrate a moderating effect on this relationship. Both of the scales developed for this study proved to be reliable measures of a follower's perceptions of authentic leadership and their job satisfaction respectively. (For more information, please contact: Romie Frederick Littrell, Auckland University of Technology, New Zealand: romie.littrell@aut.ac.nz)

Innovative Culture and Professional skills: The Moderating Role of Power Distance Orientation and Mediating Role of Supportive Leadership
Pei-Li Yu, National Cheng Kung University

Improving employees' development of professional skills is increasingly an important function of an innovative culture. However, the empirical evidence for the role of innovative culture in engendering development of professional skills is scarce. To address this issue, the authors link positive and negative extrinsic motivators in an integrated model. In addition to identifying the influences of innovative culture on development of professional skills, this study focuses in particular on the mediating effects of supportive leadership and the moderating effects of individual power distance orientation, which have largely been neglected in the previous literature. Results from a study of Information Technology (IT) 317 technical professional workers confirmed that innovative culture works through supportive leadership, which in turn interacts with power distance orientation and enhances development of professional skills. This relationship was more positive when power distance orientation was lower, rather than higher. (For more information, please contact: Pei-Li Yu, National Cheng Kung University, Taiwan: h4584933@ms24.hinet.net)
Corporate Reputation, Entry Mode Strategy, & Competitive Advantage: New Insights from an Integration of Resource-based and Transaction Costs Logics
Charles Edward Stevens, University of Wyoming
Erin Elizabeth Makarius, Canisius College

Choosing the correct entry strategy is critical to firms' global success and survival. Traditional studies using transaction cost economics (TCE) predict a firm's entry mode based on the degree of opportunistic behavior expected based on transaction attributes. However, this does not consider that firms can—and often do—engage in forbearance: choosing not to act opportunistically even when the ability to do so is present. To address this, this paper incorporates the resource based view (RBV) with TCE to explore how a key attribute of transacting firms—corporate reputation—affects firms' likelihood of forbearance, and thus their foreign market entry strategy. (For more information, please contact: Charles Edward Stevens, University of Wyoming, USA: csteve10@uwyo.edu)

Agglomeration, Entry and the Liability of Foreignness
Anna Lamin, Northeastern University
Grigorios Livanis, Northeastern University

Foreign entrants suffer from a liability of foreignness, influencing their location choices and leading them to prefer clusters with other firms. However, prior research only examines foreign entrants, while the liability of foreignness implies that these entrants would be more strongly attracted to clusters of firms than domestic firms. We compare the location choices of 437 foreign and domestic entrants in India during 2005-2009 and find that domestic firms exhibit a stronger preference than foreign ones for these city clusters. This suggests that foreign entrants may not suffer from a liability of foreignness, anymore so than domestic entrants. (For more information, please contact: Grigorios Livanis, Northeastern University, USA: g.livanis@neu.edu)

BOT Outsourcing Contracts - Boon or Bane to Emerging Market Vendor Firms?
Peter D. Oerberg Jensen, Copenhagen Business School
Bent Petersen, Copenhagen Business School

Build-operate-transfer (BOT) contracting has been widely used in the engineering and construction industry, but has only recently been introduced in services industry domains. Notably, service provider firms from emerging markets have recently started offering BOT outsourcing contracts. In this paper we investigate under which circumstances a BOT outsourcing contract (i.e. a contract where the client firm exercises its call option) is beneficial, or the opposite, to the emerging market vendor firm. We draw on various theoretical literatures (transaction cost economics, real options, inter-firm linkages) and develop three scenarios for the implications for vendor firms. We find that BOT contracts, under certain circumstances, may imply benefits of process and knowledge upgrading for the emerging market vendor firm. However, given different sets of circumstances, engaging in a BOT contract carries important competitive risks for the vendor firm, in terms of a gradual downgrading of the vendor firm's role in the collaboration with clients, and the ensuing hollowing out of knowledge competences. (For more information, please contact: Peter D. Oerberg Jensen, Copenhagen Business School, Denmark: poe.smg@cbs.dk)

Does FDI Increase Market Concentration? An Evaluation of the Portuguese Manufacturing Industries
Rosa Portela Forte, University of Porto
Paula Sarmento, University of Porto

The impact of foreign direct investment (FDI) on host country market concentration has been a controversial issue, both at the theoretical and the empirical levels. Most existing empirical studies point to a positive relationship, enhancing the negative effects of FDI on competition conditions, but there are also studies that
support the argument that FDI reinforces competition. In this paper we analyze the impact of FDI on market concentration considering the Portuguese manufacturing industries in the period 2006-2009. Using panel data estimation we found a significant negative impact of FDI on industry concentration, which is in line with the results of other studies for developed countries, and gives support to arguments that FDI has positive effects on domestic firms, eventually through positive externalities. (For more information, please contact: Rosa Portela Forte, University of Porto, Portugal: rforte@fep.up.pt)

The Effects of Institutional Actors on Investments in International Business Relationships
Sara Jonsson, Royal Institute of Technology
Kent Eriksson, Royal Institute of Technology
Oystein Fjeldstad, Norwegian Business School

This paper contributes to global strategy research by connecting institutional theory with relationship level international business research in the internationalization process of firms. The paper provides empirical evidence that one kind of institutional actor assumes different functions depending on whether it operates in host or home country and can have different effects on investments in international business relationships. These effects occur because different institutional actors contribute differently to the knowledge development in the internationalization process of firms. The findings suggest that management of institutional actors is a key strategic issue that should be included in the business plans of global firms. (For more information, please contact: Sara Jonsson, Royal Institute of Technology, Sweden: sara.jonsson@abe.kth.se)

Confidence in Learning from Salient Failures: Why (not) Un-adopt the Failed Strategy in Other firms?
Jing Yu Yang, University of Sydney
Jiatao Li, Hong Kong University of Science and Technology
Andrew Delios, National University of Singapore

We examine how other firms' failures of a strategy affect a focal firm's adoption of the strategy. Drawing on the outcome-based learning perspective, a firm generally responds to others' failures in a strategy by un-adopting the strategy. We argue the intensity of such response is affected by the salience of each failure and the observers' confidence in learning from the overall failures. Our analysis of 925 Japanese firms' entries into China from 1979 to 2000 largely supports the argument. We find that (1) a firm is in general less likely to launch new entries when observing more salient failure experiences of early entrants in the host market, reflected in the failures' timing, duration, and also their investors' status; whilst (2) such effects become weaker when the causes to the failures are perceived diverse or transient, making the firm less confident in learning from the failures. This study highlights important conditions why not firms always avoid adopting the failed strategy in other firms. (For more information, please contact: Jing Yu Yang, University of Sydney, Australia: grac.y.yang@sydney.edu.au)

The Decision of Entry Mode in International Cooperation Strategies: Cultural Distance or Relative Size of the Host Country?
Francisco Figueira de Lemos, Uppsala University
Miguel Matos Torres, University of Aveiro

This paper proposes a decision model wherein International Joint Ventures and International Alliances play as two possible entry strategies. The conceptual model, based on the risk management conceptualization of Figueira de Lemos, Johanson and Vahlne (2011), was tested on a probabilistic model with a dataset of 9263 alliances and joint ventures established in 65 different countries, being at least one partner from the United States. Having cultural distance and country economy size as dependent variables, the model's results show that US firms prefer to engage in alliances to enter more culturally distant countries, whereas the use of joint ventures more probable as larger the host country's economy. Important to notice at theoretical level is this
Corporate Strategy and Structure in International Business

Presented On: July 3, 2012 - 09:00-10:15

Chair: Chang Hoon Oh, Simon Fraser University

The Influence of Home Country Institutions on the Effectiveness of Firms' Geographic Diversification Strategies
Brian R. Tan, Nanyang Technological University
Asda Chintakananda, Nanyang Technological University

This paper develops an institutional framework to explain and test how various institutional factors influence the effectiveness of a firm's geographic diversification strategy. The results indicate that while firms operating from countries with politically stable environments have more effective geographic diversification strategies, an increase in regulatory effectiveness actually reduces the effectiveness. From a social institutional perspective, the level of in-group collectivism positively influences the effectiveness of a firm's geographic diversification strategy, while the level of uncertainty avoidance reduces the effectiveness. These findings highlight the importance for researchers to develop specific theoretical grounding as to how different institutional constructs influence the effectiveness of firm strategy. (For more information, please contact: Asda Chintakananda, Nanyang Technological University, Singapore: asda@ntu.edu.sg)

Japan's Orientation towards Foreign Investments: Inertia Effects and Driving Force of Institutional Changes
Nir Kshetri, University of North Carolina
Ralf Bebenroth, Kobe University

We use an institutional perspective to develop a framework for understanding the contexts, mechanisms and processes associated with institutions and institutional changes related to foreign investment in Japan. We examine power dynamics and relational boundaries between diverse actors and analyze why and how some components of institutions have changed and others have not. Also explored in this paper are the conflicting discourses that have been raised in regards to the participation of foreign investors. We also examine purposive efforts of various institutional entrepreneurs to change prevailing institutions in Japan. We assess structural factors working as sources of inertia in Japan's openness to FDI including the nature of capitalism, power of bureaucracy and culture and analyze various internal and external sources associated with exogenous shocks and gradual changes in institutions. (For more information, please contact: Nir Kshetri, University of North Carolina, USA: nir.kshetri@gmail.com)

National Culture and Takeover Activity
Astrid Juliane Salzmann, RWTH Aachen University
Wolfgang Breuer, RWTH Aachen University

We investigate the influence of national culture on takeover activity in a cross-disciplinary study across nations. Cultural differences are measured with the individualism index developed by Hofstede (2001), which is related to overconfidence. Overconfident managers overestimate their ability to create value through mergers and acquisitions. We argue that higher individualism induces more takeover activity as managers exhibit more
overconfidence bias. Our empirical evidence supports the positive relationship between the cultural dimension of individualism and the level of takeover activity in a cross-country empirical analysis with 47 countries. The results are robust to controlling for several institutional variables and corporate governance indicators as well as using other proxies of takeover activity, other time periods, and subsamples of countries. (For more information, please contact: Astrid Juliane Salzmann, RWTH Aachen University, Germany: astrid.salzmann@bfw.rwth-aachen.de)

Exploiting Economic Distance: The Influence of Home Country Formal Institutions on International New Entrants
Lin Cui, Australian National University
Xiaoming He, Beijing Jiaotong University

This paper examines the effect of home country formal institutions on international new entrants' decisions to exploit economic distance in their foreign direct investment. We advance an analytical framework that incorporates the governance quality and executive power dimensions of home country formal institutions. Using data from 366 international new entrants and their foreign market entry activities, we found empirical supports to our theoretical arguments. Specifically, our results suggest that the two home country institutional factors promote firms' decision to exploit economic distance, and that the factors reinforce the effect of each other. Moreover, we examine the moderating effects of firm characteristics. Specifically, we found that home-based international experience positively moderates the home country institutional effects, whereas the moderating effect of unabsorbed organizational slack was not supported. (For more information, please contact: Lin Cui, Australian National University, Australia: lin.cui@anu.edu.au)

Impact of Institutional Norms on Knowledge Sharing: The Mediating Role of Trust
Yu-Fang Yen, National Quemoy University
Hsing-Kuo Wang, National Quemoy University

Based on the Chinese schema, we propose that social capital can manifest itself in the form of guanxi, trust, and norms. We discuss the concept of interpersonal relationships within the context of Chinese culture embedding the concept of guanxi in the model to further investigate relationships among there three dimensions. We used a survey-based methodology to collect from 230 employees of the top 100 high-technology firms in Taiwan and Structural equation modeling (SEM) with LISTERL 8.54 to examine the hypotheses model. Results revealed that at the individual level, guanxi is positively related to both trust and norms. In addition, trust and norms are positively related to knowledge sharing. The mediating effects of trust and norms were also found to be significant. Trust direct influences knowledge sharing, and plays a mediating role between guanxi and knowledge sharing. This suggests that knowledge sharing is likely to occur when trust exists among employees. Furthermore, the results indicate that norms mediate the relationship between guanxi and knowledge sharing. On the other hand, guanxi among members influences knowledge sharing, and organizations require a feasible solution through the mechanism of relational norms. Past studies have emphasized the direct influence of social capital or regarded all variables to be of similar importance with regard to knowledge sharing; however, no clear explanations have been provided explaining how it influences knowledge sharing. The present study advances our understanding regarding the reasons social capital enhances knowledge sharing among employees and means by which this occurs. (For more information, please contact: Yu-Fang Yen, National Quemoy University, Taiwan: yvonne@nqu.edu.tw)
Session: 3.2.P - Special Session

2012 JIBS Decade Award

Presented On: July 3, 2012 - 10:45-12:00

Chair: John Cantwell, Rutgers University

Retrospective on his 2012 JIBS Decade Award winning article, 'Institutional, cultural and transaction cost influences on entry mode choice and performance', JIBS, 33(2):203-221.
Keith D. Brouthers, North Carolina State University

Discussants and Commentators:
Xavier Martin, Tilburg University
Myles Shaver, University of Minnesota

(For more information, please contact: John Cantwell, Rutgers University, USA: cantwell@business.rutgers.edu)

Session: 3.2.11 - Interactive
Track: 8 - Developing Country MNCs

Foreign Market Entry Strategies of Developing Economy Multinationals

Presented On: July 3, 2012 - 10:45-12:00

Chair: Nikhil Celly, University of Hong Kong

The Motives and Performance of Cross-border Acquirers from Emerging Economies
Rekha Rao Nicholson, University of Bath
Julie Salaber, University of Bath

During the recent decade, the world has witnessed the rapid growth of MNEs from emerging economies. Their increasing participation in cross-border mergers and acquisitions (M&As) has raised great attention in the extant literature. This study evaluates the value creation from these cross-border transactions from two representative emerging countries, namely China and India, and determines factors that result in the different performance of these international acquisition activities. Cross-border M&As conducted by these countries' companies indeed lead to significant shareholder wealth creation. Furthermore, Indian shareholders are more likely to benefit from deals in English-speaking countries, while Chinese investors gain favorable returns from the cross-border expansion of manufacturing companies. Location also affects the performance of cross-border M&As, with acquisitions into developed countries generating higher returns to shareholders. These results are based on a sample of 203 Indian and 63 Chinese cross-border M&A deals over the period 2000-2010 and hold after controlling for various deal-level and firm-level characteristics. (For more information, please contact: Julie Salaber, University of Bath, United Kingdom: js509@management.bath.ac.uk)

Queen Bee Colonization Strategy - Metaphor for Capturing Hyundai Motor's Entry into the India Automotive Market

Hyeong-Deug Kim, Simon Fraser University
Rosalie L. Tung, Simon Fraser University
This paper examines how the Hyundai Motor Company (HMC) became a global automaker through its Foreign Direct Investment (FDI) experience in India. HMC outperformed its competition through its rapid and aggressive expansion into foreign markets to become a major global automaker in a short period of time despite its limited international experience. We study HMC's previous FDI strategies and practices and examine how the lessons learned from its failed investment in Canada enabled it to overcome the challenges of establishing its operations in India. This paper also analyzes the reasons for HMC's success in India and how its experience can be imitated by other companies whose home countries are at a similar stage of development as that of Korea's or at the emerging market status. HMC's approach to the Indian market can be dubbed as a "Queen Bee" colonization strategy. The practical implications of HMC's FDI strategy are also discussed. (For more information, please contact: Hyeong-Deug Kim, Simon Fraser University, Canada: hdkim@sfu.ca)

Perspectives on Chinese Foreign Direct Investment in Australia
Robert Graham Jack, Macquarie University
Lijun Qin, Macquarie University
Monica Ren, Macquarie University

The sheer size and scale of China's internationalisation, and its significance for Australia's future trade and investment relations, encourages analysis of its overseas investment modes and strategies. By employing an exploratory, multiple case study methodology, across a diverse range of Chinese manufacturers in the Australian market, we seek to contribute to the literature on firm internationalisation from emerging markets as well as enhancing our understanding of firm strategies from one of Australia's most important trading partners. Four key research questions, drawn from an overview of the relevant literature, are presented. These questions focus on the reasons why Chinese firms target the Australian market; their choice of entry mode, and the value creating activities they locate in Australia. Among the key findings from our research is the use of the Australian market by Chinese firms for new product testing and the ongoing challenges these firms face in building brand preference for their products. (For more information, please contact: Robert Graham Jack, Macquarie University, Australia: rob.jack@mq.edu.au)

Are Mining Firms Just Internationalizing for Natural Resources? The Motives of Chinese Mining SOEs and POEs
Monica Ren, Macquarie University
Robert Graham Jack, Macquarie University

We present six comparative case studies detailing the outward foreign direct investments (OFDI) of three Chinese mining state-owned enterprises (SOEs) and three private-owned enterprises (POEs) to examine their motives for internationalization. Case studies indicated that their motives fulfill multiple aims and are multi-dimensional. Both mining SOEs and POEs have unique 'domestic comparative ownership advantages'. While the SOEs internationalize to exploit competitive advantages, the POEs move abroad to redress competitive disadvantages. This exploratory study suggests that POEs are not yet internationalizing to gain global competitiveness, but to sustain or improve their existing positions in the Chinese mining industry. (For more information, please contact: Robert Graham Jack, Macquarie University, Australia: rob.jack@mq.edu.au)

Foreign Acquisitions by Emerging Country Multinationals: Asset Exploitation or Asset Augmentation
Surender Munjal, University of Leeds and University of Delhi
Peter Buckley, University of Leeds
Nicolas Forsans, University of Leeds
Peter Enderwick, Auckland Technical university

Since the last decade, we witnessed a rise in the internationalisation of multinationals enterprises from the emerging markets (EMNEs). The traditional perspective of internationalisation puts forward asset exploitation as prime driver for internationalization. However, asset augmentation was further acknowledged as a determinant
of the EMNE's internationalization as the EMNE firm generally lacks firm specific ownership advantages (FSAs). In this respect, the extent literature has not addressed a gap that if the EMNE lacks FSAs and internationalize to augment assets, then what factors enables the EMNE to internationalise to augment assets. While examining asset augmentation activities of the EMNE undertaken through cross border merger and acquisitions, we find that the EMNE having absorptive capacity and financial capability internationalize to procure technological assets through acquisitions. (For more information, please contact: Surender Munjal, University of Leeds and University of Delhi, United Kingdom: smu@lubs.leeds.ac.uk)

Which Factors Determine the Acquisition Price of Cross-border Acquisitions: Do Emerging Market Multinationals Pay More for their Targets in Advanced Economies?
Dieter Somers, Katholieke Universiteit Leuven
Filip De Beule, KU Leuven

This paper examines which factors have an impact on the acquisition price and investigates whether emerging market multinationals pay on average more for their takeovers in advanced economies than their counterparts from developed markets. This study also contributes to the literature by analyzing whether emerging market multinationals pay more for vertically related target firms or target firms that are active in high-tech industries. After a linear regression with robust standard errors, we obtain surprising results. The empirical analysis confirms that emerging market multinationals pay more for their targets in advanced economies. Our analysis however also shows that emerging market multinationals are paying a lower acquisition price when their targets are vertically related or are active in high-tech industries. These last two findings contradict our hypotheses. (For more information, please contact: Dieter Somers, Katholieke Universiteit Leuven, Belgium: dieter.somers@econ.kuleuven.be)

Sequential Internationalization, Heterogeneous Process and Subsidiary Roles: The Case of Hyundai Motor Company
Chung-Sok Suh, University of New South Wales
Yue Wang, University of New South Wales
Myung Hyun Nahm, Hannam University

This paper proposes a new two-phase conceptualization of firm internationalization, combining routes to foreign production as the first phase and subsidiary development as the second phase. Focusing on modeling the second phase, we theorize alternative routes of subsidiary development and establish conceptual links between firm internationalization and subsidiary roles in relation to patterns of knowledge flows. The model is illustrated through a comprehensive analysis of a concrete empirical case. We demonstrate that the overall internationalization process of Hyundai Motor Company (HMC), especially the company's accelerated engagement in foreign production since the 1990s, shows both a sequential pattern from the headquarters' perspective and heterogeneous development at the subsidiary level. At the headquarters, the rationale of capability-building through sequential investment links the company's strategies toward its overseas subsidiaries. Learning from its initial entry failure, HMC adapted its investment strategy to build production subsidiaries in countries where the company enjoyed firm-specific advantages (FSA) over local competitors and faced a low degree of liability of foreignness (LOF) before moving further into markets where HMC faced less FSA and a higher degree of LOF. At the subsidiary level, however, the HMC experience shows a heterogeneous development of overseas subsidiaries, which led to individual subsidiaries playing different roles and shaping the knowledge-flow patterns within the company's global operations. (For more information, please contact: Chung-Sok Suh, University of New South Wales, Australia: c.suh@unsw.edu.au)
A Click, A Clip, and a World Apart: Cultural Influences on Multimedia Use in the Business Classroom
Amanda E.K. Budde-Sung, University of Sydney
Anthony Fee, University of Sydney

Many studies have indicated that Generation Y is more multimedia oriented than were previous generations of students, and it is generally agreed that students from Generation Y prefer multimedia tools in the classroom. However, culture can strongly influence learning styles, and the influence of culture on learning preference has not been tested with this cohort. This quantitative study therefore considers how culture impacts the preferences of students regarding multimedia use in the classroom. Culture emerges as a significant influence on students’ perceptions of the use of multimedia tools, with students from lower power distance and higher humane oriented cultures expressing greater preference for these types of tools. Implications of these findings are discussed. (For more information, please contact: Amanda E.K. Budde-Sung, University of Sydney, Australia: a.budde@econ.usyd.edu.au)

Empowering Students through Self Directed Collaborative Learning (SDCL)
Shankar Chelliah, Universiti Sains Malaysia

When the faculty introduces a new subject called Internationalization of New Ventures, the biggest challenge was finding the appropriate text book to teach the subject. In fact, the given subject has three major elements - entrepreneurship, new venture establishment, and internationalization of the new venture. Therefore, a new way of teaching the subject was mooted in 2009 using a self directed, collaborative and institutional learning modes. Lectures are delivered by the author of this paper. Whereas the tutorials are conducted by the students using the self directed collaborative learning (SDCL) mechanism. It is a profound group learning process in a shared-membership mode. SDCL will emphasize on learning, usually in small, face-to-face groups, to use the different strengths and expertise of the students to accomplish the learning objectives of this subject. After the data collection and analysis completes, SDCL functions to schedule the groups to present during the tutorials. The writings are converted and archived into case study books and will be used in the subsequent semesters as references. The private sponsors usually select the best report based on some predetermined criteria on applicability to award the winners. (For more information, please contact: Shankar Chelliah, Universiti Sains Malaysia, Malaysia: shankar@usm.my)

Developing Business Personality
Anne Marie Zwerg-Villegas, Universidad EAFIT

Pedagogical topic to be addressed: This proposed conference will cover how we, the professors, can discuss with the students what their responsibilities are in their own personal-professional development, why these responsibilities might be greater than what the student had expected, and how the student can assume these responsibilities creatively. Statement of impact and benefits: Students and faculty often have quite a dissimilar vision of what the university is all about. Many students expect much more "hand-holding" than most of us are willing or able to do. This session will discuss the changing role of business schools in the world today and will guide professors through how to motivate students to change their own definition of what university
education is and how to take more personal responsibility for their own professional development. *(For more information, please contact: Anne Marie Zwerg-Villegas, Universidad EAFIT, Colombia: azwerg@eafit.edu.co)*

**Building Bridges to "Knowhere": Arts-based Pedagogy in Management Education**  
David Trott, I-Shou University

In a Taiwan-based international business administration program, students from Haiti, Holland, Hong Kong, India, Indonesia, Malaysia, Mongolia, Taiwan, Thailand, Turkmenistan, USA, and Vietnam created original artwork as metaphors for business management concepts. Students were able to widen their capacity to make sense, deepen their knowledge of core course content and engage in extemporaneous English speaking through their interpretation of original creations of 3D art work or 2D black-and-white photos. A comparison group of 19 USA non-traditional students also participated in the study. In total, responses by 105 students to a 22-item survey indicated that learning outcomes were met in a fulsome, creative, innovative and meaningful fashion with a level of engagement perceived as substantially deeper than traditional methods/assessments. Art-as-metaphor provides an enriching complementary approach to ways of knowing, making sense, and offers an innovative way to facilitate verbal expression in a foreign language. This paper reviews the results of a two-year study and further contributes to a growing rationale to include arts-based pedagogy in management education as a proven classroom teaching methodology *(For more information, please contact: David Trott, I-Shou University, Taiwan: davidt@isu.edu.tw)*

**The Aracruz Simulation: Developing Stakeholder Dialogue Skills for an Emerging Economy Context**  
Joyce Osland, San Jose State University  
Asbjorn Osland, San Jose State University  
Carol Reade, San Jose State University

Emerging economies present increasing opportunity for business expansion. International business (IB) students therefore need to become better aware of the socio-political challenges that may arise in emerging economy contexts such as poverty and civil unrest, and to gain capacity for fruitfully engaging in dialogue with diverse stakeholder groups. The Aracruz Simulation is an experiential learning exercise that can be used in the IB classroom. It is based on an actual case of the Brazilian pulp company, Aracruz Celulose, and involves a land rights controversy with indigenous and landless people, the community, a government agency that advocates for indigenous people, and NGOs protesting against the company. This pedagogical tool helps students to develop stakeholder dialogue skills that are critical for global managers and leaders. *(For more information, please contact: Carol Reade, San Jose State University, USA: carol.reade@sjsu.edu)*

**IT meet "IB": The Why and How of Injecting Culture into "IT" courses**  
Mikelle A. Calhoun, Georgia Southern University  
Akhadian S. Harnowo, Georgia Southern University

Toward the end of the twentieth century, technological innovations fueled globalization, reshaped business practices and focused pedagogical and empirical attention on information technology ("IT"), and the emergent topic of global supply chain management ("GSCM"). While at first limited to one firm in one country, IT facilitated international expansion. IT systems soon spanned borders and not long thereafter, through incorporation in GSCM systems, spanned different firms from different host countries. The cultural contexts of IT systems increased in complexity. IT systems could be developed in one country for use by one or more firms operating across a network of different countries. As academic work caught up to international firms' IT use, studies revealed that culture influenced a range of IT concerns – from development to outcome. Notwithstanding a growing literature highlighting the significance of culture and cultural differences for understanding IT issues, review of IT curricula evidences a lack of attention to culture, cultural literacy and related social issues. The purpose of this paper is to present the argument for expanding IB into IT programs of
Export Performance, Branding, and Retailing

Presented On: July 3, 2012 - 10:45-12:00

Chair: Yupin Patara, Chulalongkorn University

Export Diversification and Firm Performance: Why and How Does Export Intensity Matter?
Dirk Michael Boehe, Insper Institute of Education and Research

This study develops a theory that seeks to explain the relationship between export diversification and firm performance under varying degrees of foreign over total sales (export intensity). By integrating conceptual building blocks from corporate diversification strategy, international marketing and the country-of-origin effect, we develop a three-stage theory that suggests a declining S-curve relationship between geographic export diversification and firm performance if exporters' export intensity is low and an inverted U-shape if export intensity is high. We examine our hypothesis using a panel of longitudinal archival data with roughly 2,000 firm-year observations, which cover all of the possible export destination countries served by large Brazil-based exporters from 2001 to 2009. Our results imply that the degree to which the country of origin's institutional, economic and market environments affect its exporters is paramount to understanding why the relationship between geographic diversification and performance varies. (For more information, please contact: Dirk Michael Boehe, Insper Institute of Education and Research, Brazil: dirkmb@insper.edu.br)

Conflicts and Export Performance: The Role of Company Specific Factors
Gregor Pfajfar, University of Ljubljana
Maja Makovec Bencic, University of Ljubljana
Aviv Shoham, University of Haifa

While the relationships between conflict and export performance have been studied, the findings have been equivocal. We argue that conflicts have impact on objective performance measures (financial and strategic performance), which further impact subjective measures (satisfaction with export venture). The empirical results among 105 exporters show that conflicts have impact on export performance only when the company is large, operating on many markets and coming from a high-tech industry. Reasons for somehow surprising results we may find in the concept of organizational inertia and the fact that SMEs are much more flexible and changing faster than large companies, while conflicts need time to arise. (For more information, please contact: Gregor Pfajfar, University of Ljubljana, Slovenia: gregor.pfajfar@ef.uni-lj.si)

Market Orientation in Chinese Retailer-Supplier Relationship: The Reference Group Perspective
Brenda Sternquist, Michigan State University
Jing Zhao, Michigan State University

Retailing evolves in developing economies as the nature of buyer-supplier relationships changes. At early stages of the development, manufacturers are given full range to determine what merchandise a retailer will offer. Retailers serve essentially as manufacturer's showrooms. In such circumstance, market orientation will not occur. With economic development retailers begin to play a more important role in merchandise selection and strategic positioning of the offering. BRIC countries are at this stage. This study investigates market orientation
in retailer-supplier relationships in a BRIC market, China. Results suggest that supplier market orientation significantly impacts perceived role performance of the supplier, and that both supplier market orientation and supplier role performance significantly impact retailer market orientation (with the exception of supplier role performance on retailer intelligence generation). Partial mediation of supplier role performance suggests that supplier's market orientation must establish superior role performance from the retailer's perspective in order to create retailer market orientation. We adopt reference group theory as the theoretical foundation to explain the expected association between supplier market orientation/supplier role performance and retailer market orientation. We discussed the findings and implications of this study to provide managerial insights to suppliers in BRIC countries. (For more information, please contact: Brenda Sternquist, Michigan State University, USA: sternqui@msu.edu)

When Do Foreign Owned Firms Use Fire-Fighting Actions to Deal with the Media? A Resource Based View
Cosmina Lelia Voinea, Radboud University Nijmegen
Hans van Kranenburg, Radboud University Nijmegen

This paper explores the types of actions chosen by foreign owned firms to manage the influences of the host media and to exploit the possible benefits that this media can convey to their business activities from a resource base perspective. As most comprehensive and inclusive types of actions dedicated to media, we explore two particular forms, namely fire-fighting and strategic actions. Evidence is provided by a survey sample of 160 foreign owned firms operating in the Netherlands. Results show that young foreign owned firms with a broad market focus and with low perception of media power in the host society are more inclined to utilize fire-fighting actions; while older foreign owned firms with a market focus on the host economy are predisposed to employ strategic actions to manage the media effects. Empirical outcome also indicates that foreign owned firms from the service industries prefer to employ strategic actions to manage the influences of host media institutions and issues. (For more information, please contact: Cosmina Lelia Voinea, Radboud University Nijmegen, Netherlands: c.voinea@fm.ru.nl)

The Global Impacts of World Event Sponsorships on Firm Market Performance: A Hierarchical Linear Modeling Approach
Daekwan Kim, Florida State University

While firms use sponsorships as a common promotional means to enhance its position in the market, the literature suggests that such promotional activities affect consumers' brand recall and recognition, enhancing overall brand image if used strategically. However, the literature is muted on whether or not such marketing activity is eventually leading to their market performance. This study addresses such gap by exploring how world event sponsorships affect sponsors' market growth rate, using data collected at three different levels: firm level, industry level, and country level with 2004 Olympic Games as its context. The results of Hierarchical Linear Modeling (HLM) indicate that world event sponsors accrue enhanced market share growth rate although such benefit gets stronger in industries with less competition and in countries with less trade barriers and high interest in the event. Furthermore, sponsors in an event related industry receive additional benefits in countries with less national income, closer geographic proximity, and less trade barriers. (For more information, please contact: Daekwan Kim, Florida State University, USA: dkim@cob.fsu.edu)
Do You Imitate Immediately? An Examination of the Location Choices for Foreign Direct Investment
HsienJui Chung, National Chung Cheng University
Wei Wan Liao, National Chi Nan University

This study applies recency effects on interfirm imitation studies. It investigates whether peer firms’ recent location choices of foreign direct investment (FDI) yield imitation pressure on a firm’s FDI location choices. This study examines FDI data of Taiwan listed companies. Results confirm the existence of recency effects. This study further indicates that peer firms’ remote experience and a firm’s own experience have negative moderating effects on recency effects. These results illustrate why the Matthew effects would not occur nor firms’ behavior would converge to highly homogeneous state even the imitation mechanism functions. The contribution of this study is to introduce time dimension in imitation studies and to propose new interpretation about the occurrence of imitation behavior from time aspect (For more information, please contact: HsienJui Chung, National Chung Cheng University, Taiwan: hjchung@ccu.edu.tw)

MNE Bargaining Power Under Constrained Location Choices: Evidence from the Tourism Industry
Nicholas James Bailey, University of South Carolina

This paper discusses the bargaining power of multinational enterprises (MNEs) when making investment decisions under constrained location choices. Building on the resource-based view, I argue that countries have competitive advantages in attracting industry-specific foreign direct investment (FDI) when they have heterogeneous and immobile resources desired by MNEs from certain industries. Under these conditions, the more powerful player in the firm-country relationship is the country because the MNE must invest where the limited resources they need are located. Therefore, investment will take place regardless of the level of incentives used by the country to attract FDI. I test this argument by studying hospitality firms in 158 countries. Results indicate that countries with high levels of unique tourist resources attract hospitality FDI regardless of the tax rate in those countries. (For more information, please contact: Nicholas James Bailey, University of South Carolina, USA: nicholas.bailey@grad.moore.sc.edu)

Does Knowledge Distance Matter? : The Impact of Distance on the Formation of International R&D Alliances in a Knowledge Intensive Industry
Jeongho Choi, Rutgers University

This study explores the impact of knowledge distance on the formation of international R&D alliances in a knowledge intensive industry. With a sample of 162 alliance deals from the year of 2000 to 2010, I found that distance in industrial knowledge intensity, industrial knowledge specialization and knowledge network connectedness increase the likelihood of international R&D alliance formation. In addition, the results support the view that firms in a competitive knowledge intensive industry and with knowledge-seeking motive are more likely to engage in regionalized international R&D alliances with foreign partner firms although there exists certain levels of institutional distance as well as knowledge distance between two nations of each partner firm. (For more information, please contact: Jeongho Choi, Rutgers University, USA: jhochoi@pegasus.rutgers.edu)

Institutional Distance, Firm Capabilities, and Foreign Market Entry
Nan Zhou, Moscow School of Management SKOLKOVO
Mauro Guillen, University of Pennsylvania

This paper offers the first systematic study of the impact of the various dimensions of institutional distance on the location choice of three different types of foreign direct investment (FDI): market-seeking, efficiency-seeking, and strategic asset-seeking. Building on the literature on location advantages, we propose that
different dimensions of institutional distance (administrative, cultural, demographic, economic, knowledge and political) have different kinds of effects on the three types of FDI. We also examine firm-specific moderator variables. We propose that ownership concentration, state ownership, intangible assets, and prior experience moderate the impact of institutional distance on FDI. We test these hypotheses in the context of Chinese listed firms investing abroad during the 1991-2007 period, finding support for most of the predictions concerning market-seeking FDI and some of those concerning efficiency and asset-seeking investments. (For more information, please contact: Nan Zhou, Moscow School of Management SKOLKOVO, China: nzhou@skolkovo.ru)

Chinese Telecommunication MNEs in Africa: Effects of Host Countries Economic Environment on IMNEs' Location choice
Yuxuan Tang, University of Reading
Robert Pearce, University of Reading
Christine Phillips, University of Reading

Chinese infrastructure investment is always considered as the part of China's ODA to Africa. However, the entities of this investment—the IMNEs (Infrastructure Multinational Enterprises) also have to consider host countries environment because of firms' mixed motivation. This paper, based on two stream of IB theory: institution-based view and location choice on host country, explains the cross-country differences on macroeconomic and institutional environment affect strategic behaviour of Chinese Infrastructure MNEs in Africa and examines why macroeconomic and institutional environments still matter and how host countries environments differentiate individual Chinese firm's location choice. Owing to the particularity of IMNEs in telecommunication sector, the paper is going to pick two major Chinese players as cases (Huawei Technologies and ZTE). The empirical study of this argument is tested by Panel probit model, using data of two companies' location choice in 40 African countries over 8 years. (For more information, please contact: Yuxuan Tang, University of Reading, United Kingdom: yuxuan.tang@pgr.reading.ac.uk)

Understanding Multinational's Location Choice Decisions: A Resource Based View Perspective
Fragkiskos Filippaios, University of Kent
Fatima Annan-Diab, Kingston University London

Understanding the nature of multinational investment decisions, both from a company and country perspective, is an important issue for economic growth and development. The question of where to invest, and which resources and core competences to align with which location advantages, is crucial for the creation of a firm's sustainable competitive advantage and the country's wealth and prosperity. Based on the notion that the way a firm utilise its resources leads to the development of its core competences, these core competences in turn influence the choice of the firm's strategies and investment decisions. Firms must examine and understand the resources and capabilities that enable them to generate above-normal rates of return and thus compete in the best possible way in dynamic global markets. This research adopts the resource-based view, with relevant key insights being drawn from international business theory to capture multinational foreign direct investment motivations and explain multinationals' investment decisions. To achieve this multinational investment motivations and their underlying resources and core competences are presented in a set of propositions developed from both the strategic management and the international business literatures and embracing the firm and country perspective. An empirical application to Ireland then allows exploring the validity of our propositions and discussing effective recommendations for multinational enterprises and suitable policy implications for host countries. (For more information, please contact: Fragkiskos Filippaios, University of Kent, United Kingdom: f.filippaios@kent.ac.uk)

Cause or Coincidence? Market Entry among Foreign Banks in Tokyo, 1907-2005
Joeri van Hugten, Tilburg University
Jeroen G. Kuilman, Tilburg University
Interarrival times between foreign entries into the Japanese banking industry are examined. We develop hypotheses on how the relationship between a prior entry and the likelihood of a subsequent entry varies over time. Piecewise-constant hazard models reveal a negative relationship, but with a spike in the pattern occurring after a number of months. It is theorized that the overall pattern is caused by coalescence, lagged imitation effects, and the weakening of these effects. These results allow scholars of (foreign) market entry to bridge the gap between interorganizational-level theories that do not consider the time dimension to their effects, and empirical models that require the specification of a time dimension of variables. (For more information, please contact: Joeri van Hugten, Tilburg University, Netherlands: j.g.w.j.vanhugten@tilburguniversity.edu)

Policy Issues, Firm’s Characteristics and Foreign Direct Investment
Miguel Matos Torres, University of Aveiro
Celeste Amorim Varum, University of Aveiro

Firm’s competencies may determine its actions. Firm may use its own competencies to establish or maintain activities of foreign direct investment, or otherwise when internal competencies are not sufficient or the conditions of investment too demanding it may cooperate with other firms through international joint ventures, international alliances, with locals, firms of home country and third countries or develop a strategy that includes an arrangement to apply for external support provided by governments. With a binary probit model applied on a recent survey, a Bayesian filter calculates the probability of a given characteristic’s and the use of certain public support is related with the existence of foreign direct investment. The results show that some characteristics like the size, labour productivity, age, and domestic ownership, have a noticeable effect on the existence of foreign direct investment. In terms of use of public support, there is evidence of measures that promote informational services, fiscal benefits, and protocols between governmental agencies and banks have positive effects on existence of foreign direct investment. This study may add useful information to help scholars and policy makers to understand the role of competencies on the development of activities abroad. (For more information, please contact: Miguel Matos Torres, University of Aveiro, Portugal: miguel.torres@ua.pt)

Session: 3.2.15 - Interactive
Track: 1 - Institutions, Governance, and CSR

Social Dimensions of International Business

Presented On: July 3, 2012 - 10:45-12:00

Chair: Michael Sartor, University of Western Ontario

Social Disclosure of Brazilian and UK Firms in Light of Institutional Theory
Marcelle Colares Oliveira, Universidade de Fortaleza
Jonas Ferreira Araujo Junior, Universidade de Fortaleza
Oderlene Vieira Oliveira, Universidade de Fortaleza
Vera Maria Rodrigues Ponte, Universidade Federal do Ceara
Maísa de Souza Ribeiro, University of São Paulo

The objective of the study was to identify the main characteristics of social information disclosure of the top 30 Brazilian and top 30 UK public firms (Forbes Global 2000 ranking) compared against a set of 15 indicators recommended in the UN Guidance on Corporate Responsibility Indicators in Annual Reports, and to analyze disclosure patterns in light of Institutional Theory. The study was explorative and based on information retrieved from social reports and accounting statements. The frequency distribution of the data, mean values and equality of means were determined. The most frequently disclosed indicators were "total revenues", "total assets", and "total liabilities".

(For more information, please contact: Marcelle Colares Oliveira, Universidade de Fortaleza, Brazil: marcelle.colares@uef.br)
"payments to government" (explained by the regulative pillar of Institutional Theory), "voluntary contributions to civil society" (explained by the cognitive pillar of Institutional Theory) and "new investments" (explained by the influence of the stakeholders to whom this information is destined). The results of the statistical tests show that the level of disclosure was higher in Brazilian firms with regard to five UN indicators. The study represents a contribution to current research on social information disclosure by Brazilian firms, compared to firms in countries with more highly institutionalized CSR structures. (For more information, please contact: Marcelle Colares Oliveira, Universidade de Fortaleza, Brazil: marcellecolares@unifor.br)

Industrial Evolution on the Second Round: Missing Pieces from MNEs Context
Hye Sun Kang, University of South Carolina

Against predictions from both industrial evolution and institutional perspective, why the MNEs in the same industry with same nationality show heterogeneity of technological trajectories during the second variation in the industrial life cycle? To resolve this tension, we postulate that the evolutionary pattern of industry will be different in the second round of industrial evolution, especially if the firms are becoming MNEs as industry evolves. Based on case analysis of three Japanese automakers, we argue that the multinationality of automakers will lead heterogeneity in technological trajectories they pursue. Also, we predict that MNEs will be heterogeneous in technological trajectories, a) when they are differently getting advantages from home institutions, b) when they are differently interact with host institutions because of different level of institutional advantages. (For more information, please contact: Hye Sun Kang, University of South Carolina, USA: hyesun.kang@grad.moore.sc.edu)

Institutional Misalignment as a Cost of Doing Business Abroad: Varieties of Capitalism Approach
Kim J. Clark, University of Texas at San Antonio
Indu Ramachandran, University of Texas at San Antonio

Cost of Doing Business Abroad (CDBA) is an important construct in International Business. The variety of causes leading to the CDBA has been the subject of and many scholars’ examinations. Extending CDBA to an institutional level, we develop a new perspective on the CDBA by incorporating institutional misalignment between the home and the host country as a cause of CDBA. We propose that institutional misalignment should be considered as a component of the CDBA. Using the theoretical lens of Varieties of Capitalism (VoC), we explain why and how institutional misalignment can create additional cost for MNEs operating in foreign countries. Specifically, we discuss how the differences between institutional configurations of the home and the host country create institutional misalignment. Furthermore, we explain why institutional misalignment is inevitable as MNEs cross national borders and how it incurs economic as well as social cost that MNEs may not be aware of. By doing so, we extend the CDBA research to a national level of analysis and showed that a set of firms from a nation can lose its national comparative institutional advantage as they cross national borders. Finally, we assert that the larger the institutional distance between the two countries, the greater the institutional misalignment is. (For more information, please contact: Kim J. Clark, University of Texas at San Antonio, USA: kim.clark@utsa.edu)

The Effect of Corruption on International Technology Transfer and Spillovers: Evidence from the Wind Turbine Industry
Neli Kouneva Loewenthal, George Washington University

The paper examines the effectiveness of the United Nations climate change mandate on clean energy technology transfer from the developed to the emerging economies where corruption is perceived to be generally high. The MNCs as repositories of knowledge are the key mechanism of transfer of capabilities across borders. In the context of the wind turbine industry which is the focus of this study, foreign direct investment (FDI) is the key mechanism for technology transfer from developed countries to the emerging
The paper offers strong theoretical foundations and a detailed methodology that is expected to empirically indicate that in addition to the host-home country corruption distance, MNC's entry is influenced by host country natural resources, while the technology spillovers following that entry are largely influenced by host country corruption levels. Corruption is expected to be increasing the cost of FDI for the MNCs but decreasing the cost of imitation for the recipient of knowledge once the MNC has been located in the host country. By examining corruption, an informal institution, and its effect on FDI and the resulting knowledge spillovers, this paper extends the literature on the effect of institutions on international technology transfer. (For more information, please contact: Neli Kouneva Loewenthal, George Washington University, USA: nelik@gwmail.gwu.edu)

**Effects of Corruption on MNEs' Reinvestment Decisions**
Martina McGuinness, University of Sheffield
Mehmet Demirbag, University of Sheffield
Nizamettin Bayyurt, Fatih University

A range of studies have found that corruption has a significant impact upon FDI decisions, however to date there has been little investigation into longer term investments made by firms. Utilising 2005 World Bank Enterprise Survey data, this study explores the relationship between corruption and MNEs' strategic decision to reinvest profits. Drawing together institutional and transaction costs approaches, we find variation in the different dimensions of corruption and their impact upon relationship between corruption and reinvestment. We find that pervasive corruption impacts negatively upon reinvestment whilst bribery in not found to be significant. Perceived robust legal institutions have a positive correlation with reinvestment. Firm level attributes of increased size and age are important factors in positive reinvestment decisions. (For more information, please contact: Mehmet Demirbag, University of Sheffield, United Kingdom: m.demirbag@sheffield.ac.uk)

**Domestic Firms' Strategic Responses to Government Corruption: A Cross-Country Comparison**
Sungjin J. Hong, University of Texas at Dallas
Seung-Hyun Lee, University of Texas at Dallas
Mike Peng, University of Texas at Dallas

How do domestic firms develop strategic alternatives other than simply complying with bribery requests from their home country's government officials? Drawing on the property rights theory and institution-based view of strategy, we propose two strategic alternatives determined by firms' incentives vis-à-vis those of government officials: partial avoidance strategy and manipulation strategy. We predict that a partial avoidance strategy created via foreign market reliance will decrease a firm's perceived need to bribe, while a manipulation strategy constructed via government ties will increase a firm's perceived need to bribe. We also argue that the effect of a partial avoidance strategy will be weaker under a high level of policy discretion, while the effect of a manipulation strategy will be greater under a high level of policy discretion. We test our hypotheses using a multilevel modeling approach on the Business Environment and Enterprise Performance Survey dataset, and our results overall support the predicted relationships. Our study provides an important implication for scholars and managers in that the benefits gained from domestic firms' manipulation and partial avoidance strategies would vary by the country where they are embedded. (For more information, please contact: Sungjin J. Hong, University of Texas at Dallas, USA: sungjin@utdallas.edu)

**The Ethical Challenges of the UN's Clean Development Mechanism in the Solid Waste Management Sector**
Candace A. Martinez, Saint Louis University
J.D. Bowen, Saint Louis University

This paper examines the ethical implications of the Clean Development Mechanism (CDM), the United Nation's climate change initiative that provides incentives to countries and firms in developed countries to motivate
investments in greenhouse gas reduction projects in developing countries. We argue that the current program is leading to unintentional but avoidable negative outcomes. Using the tenets of agency theory, we present a solid waste management project in El Salvador as an illustrative example of how the CDM can produce a disproportionately high social cost for the most marginalized populations in the developing world. We extend theory and suggest that the UN needs to reformulate the CDM so that it more effectively aligns the divergent goals of multiple actors and upholds the UN's principles. By providing incentives for environmental, economic, and social value creation, an industry specific CDM would be a more appropriate riposte to climate change. It would not only promote ethical behavior by profit-seeking firms that participate in the program but also reinforce the UN's twin pro-poor and environmental targets. (For more information, please contact: Candace A. Martinez, Saint Louis University, USA: cmarti58@slu.edu)

Session: 3.3.1 - Panel
Track: 1 - Institutions, Governance, and CSR

New Directions in Nonmarket Strategy: An Integrative Approach to Value Creation in Diverse Settings

Presented On: July 3, 2012 - 13:00-14:15

Chair: Bennet A. Zelner, University of Maryland, College Park

Panelists:
Bennet A. Zelner, University of Maryland, College Park
Jonathan P. Doh, Villanova University
Thomas Lawton, EMLYON Business School
Kamel Mellahi, University of Warwick
Allison F. Kingsley, University of Vermont

Nonmarket strategy has been the subject of renewed attention in recent years as a consequence of the resurgent state following global financial crisis, as well as increasing incidence of Western multinationals operating in emerging market where governments play a prominent role in economics and business development. More recently, emerging multinationals – with complex and opaque state and private ownership structures – have been entering and operating in developed countries, posing challenges for those firms’ interactions with host governments and for competitors who seek to respond to the rise of developing country MNCs. Finally, the sustained interest in – and priority given to – social actors as a result of changes in consumer preferences, investor priorities, and media and popular interest, poses challenges for nonmarket strategists because it suggests different modes and mechanisms for developing and advancing strategies and a new set of influencers which firms must consider. Successful nonmarket strategies are therefore complex: they must target both private and public actors; they must align with overall commercial strategies; and they must be catered to diverse national business and political environments. This panel brings together leading scholars to discuss these challenges in a roundtable format. The moderator will ask each participant to make a brief set of opening remarks, followed by a moderated Q&A with the audience. (For more information, please contact: Bennet A. Zelner, University of Maryland, College Park, USA: bzelner@rhsmith.umd.edu)
Roundtable on Innovation and Global Value Chains

Presented On: July 3, 2012 - 13:00-14:15

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

Panelists:
- Vinod K Jain, University of Maryland, College Park
- Bahija Jallal, MedImmune, LLC
- R. Lemuel Lasher, CSC
- Carlo Pietrobelli, IADB and University of Roma Tre

The dispersion of production networks or value chains between developed and developing countries is decades old. A more recent feature of the global economy is the emergence of global value chains (GVCs) in service industries over the last two decades. Seeking efficiencies and talent, multinational enterprises (MNEs) from developed countries began offshoring a variety of corporate functions to developing countries, such as India and China. These included IT services, business process outsourcing, and pre-clinical and clinical trials for the biotechnology and pharmaceutical industries, among others. A still more recent feature of the global economy is the development and utilization of intra-firm and inter-firm GVCs for R&D and innovation by MNEs. While MNEs have been performing R&D in foreign countries for a long time, what is new is that they are now performing R&D work in developing countries. The proposed roundtable panel will explore different facets of these new developments related to innovation and global value chains, with a focus on emerging markets as key links in GVCs. The panelists include senior executives responsible for innovation and global R&D for pharmaceutical and IT industries, which have been at the forefront in developing and utilizing global value chains for innovation. (For more information, please contact: Vinod K Jain, University of Maryland, College Park, USA: vjain@rhsmith.umd.edu)

External Knowledge Sourcing in the Global Pharmaceutical Industry

Presented On: July 3, 2012 - 13:00-14:15

Chair: Felipe Monteiro, University of Pennsylvania

Panelists:
- Felipe Monteiro, University of Pennsylvania
- Denise Dunlap, Northeastern University
- Ram Mudambi, Temple University
- TJ Hannigan, Temple University
- Minyuan Zhao, University of Michigan
- Jan Hohberger, University of Technology Sydney
- Paul Almeida, Georgetown University
- Thomas Klueter, University of Pennsylvania

Research in international business has acknowledged that the search for knowledge around the globe is one of the key drivers of foreign direct investment and plays a very important role in increasing a multinational
corporation's innovation performance. Traditionally, research has focused on studying the implications associated with sourcing knowledge from established local subsidiaries through long-term FDI investments in particular host countries. Today, however, multinational corporations (MNCs) are increasingly investing in the sourcing of external knowledge via non-equity modes of international production (e.g., various types of research partnerships such as licensing, etc.) as it was highlighted in the most recent World Investment Report (UNCTAD, 2011). As much as this trend is affecting a multitude of industries, there is probably no better example of the importance and the prevalence of external knowledge sourcing than the global pharmaceutical industry. This panel will examine questions regarding the benefits, trade-offs and challenges associated with the modes through and the locations where external knowledge is sourced. (For more information, please contact: Felipe Monteiro, University of Pennsylvania, USA: luizm@wharton.upenn.edu)

Session: 3.3.4 - Competitive
Track: 2 - Marketing and Supply Chain

International Marketing and Logistics Strategy

Presented On: July 3, 2012 - 13:00-14:15

Chair: Timothy M. Devinney, University of Technology, Sydney

To What Degree Should Firms Standardize or Adapt Their Product Mix Across Countries? New Empirical Results Based on the Strategic-Fit Approach
Stefan Schmid, ESCP Europe
Thomas Kotulla, ESCP Europe

The question of whether to standardize or adapt the international product mix has been one of the central research questions in the international business and international marketing literature. However, despite a long research tradition, the empirical results are inconclusive. A main reason for the contradictory findings lies in the fact that performance effects have been either neglected or conceptualized differently across studies. Furthermore, performance implications have often been derived without reference to the theory of strategic fit. Our study is intended to provide new insights into the field by using foreign product profit as a performance variable and by applying the fit approach, rooted in contingency theory. In particular, we show which sub-elements of the product mix have to be internationally standardized/adapted to what degree in order to enhance foreign product profit, depending on the situation. In addition, based on the fit-as-matching perspective, we are able to identify the effects of over-adaptation and over-standardization on performance. (For more information, please contact: Stefan Schmid, ESCP Europe, Germany: sschmid@escpeurope.eu)

How and When Does Integrated Product Innovativeness Affect New Product Performance in Developed and Emerging Economies?
Nathaniel Boso, University of Leeds
John W. Cadogan, Loughborough University
Vicky M. Story, University of Nottingham
Grace Abekah, Gracious Pearl Academy

Using primary data from 319 UK and 221 Ghanaian companies, this study shows that in both developed and emerging economies the basic form of the relationship between integrated product innovativeness and business success is inverted U-shape, but that the strength and/or form of this relationship changes under differing levels of access to financial resources, market orientation, environmental dynamism and environmental hostility. Importantly, there are substantial differences in the ways that integrated product innovativeness is related to new product performance across the UK and Ghanaian samples. In Ghana, access to financial resources enhances the impact of integrated product innovativeness, unlike in the UK, where access to financial resources
has no significant impact. Furthermore, environmental dynamism is a good thing for Ghanaian innovators – providing market development and exploitation opportunities – but dynamism poses a challenge for Ghanaian firms after a point, such that too much dynamism reduces the effectiveness of Ghanaian firms’ innovativeness. For UK businesses, on the other hand, integrated product innovation is increasingly beneficial as markets become more dynamic. Across both UK and Ghanaian samples, the results also indicate that integrated product innovation can leverage stronger new product success when firms are more market oriented and when competition is more hostile. (For more information, please contact: Nathaniel Boso, University of Leeds, United Kingdom: n.boso@leeds.ac.uk)

Macro-Logistics Decision Factors and Information Measures for Scanning Global (Supply Chain) Environments in International Location Choice
Aseem Kinra, Copenhagen Business School

The spatial and placial scope of organisations has recently been reemphasised in the context of cross-border value chains and supply chain management. This scope is usually accompanied by uncertainty to organisations, especially for the cross-border value chain with geographically dispersed operations and activities, and poses environmental complexity in the form of risks and costs that organisations need to contend with. With this background, the purpose of this paper is to report on the most important macro logistics decision factors that describe environmental complexity for global/cross border logistics operations. The study applies a decision-making oriented approach in order to develop a set of macro-logistics factors that pose international uncertainty in cross-border flows of goods, information, payment and ownership. Similarly, a list of information measures that are relevant in scanning against this international uncertainty is also developed. For this purpose, the study deploys integrated literature reviews and content analyses. Finally, the study employs expert opinions in order to validate these factors and information measures and to present the findings in the form of a decision hierarchy. The findings suggest the importance of 17 generic decision factors at the macro-economic (country) level that pose constraints to international supply chain flows, and describe international uncertainty for firms. A catalogue of 187 information measures that aid in decisions on each relevant factor is also identified. The findings may be used by managers in different industry contexts for their scanning and strategic forecasting needs in relation to international risks. This may be done within the context of decision support systems that aid in global site location and other supply chain design problems. In contrast to solely utilizing widely-accepted environmental scanning indexes, managers may then prioritise macro economic factors with respect to their specific decision-making situations. (For more information, please contact: Aseem Kinra, Copenhagen Business School, Denmark: aki.om@cbs.dk)

The Impacts of Product Innovativeness on Performance: An Empirical Investigation of Exporters in an Emerging Economy
Nathaniel Boso, University of Leeds
John W. Cadogan, Loughborough University
Vicky M. Story, University of Nottingham

In a longitudinal study of Ghanaian small business exporters, we develop a model of business success in which product innovativeness levels have curvilinear relationships with performance, and in which optimal levels of product innovativeness are determined by financial resources and market turbulence. Results show that the impact of intensity of product innovativeness on performance is U-shaped; novelty of product innovativeness has an inverted U-shape relationship with performance; and that the curvilinear relationship between novel product innovativeness and business success is stronger (and more positive) when there is greater access to financial resource and more negative when environment turbulence increases. (For more information, please contact: Nathaniel Boso, University of Leeds, United Kingdom: n.boso@leeds.ac.uk)
Network Effects in Internationalizing SMEs

Presented On: July 3, 2012 - 13:00-14:15

Chair: Patricia Mcdougall, Indiana University

The Role of Organizational and Personal Networks in Exploring and Exploiting Opportunities in International Markets

Manuel Eberhard, Bond University
Justin B. Craig, Bond University

In a study of 1304 Australian manufacturing industry SMEs, we investigate the relationships among networking (i.e., inter-personal and inter-organisational networks), international market venturing (i.e., export intensity), and family ownership. We find evidence that (1) inter-personal networking and inter-organisational networking positively influence SME international market venturing, but this relationship is contingent on a time lag effect, and (2) family ownership negatively moderates the effect of inter-organisational networking on international market venturing. Implications for managerial practice and public policy are discussed. (For more information, please contact: Manuel Eberhard, Bond University, Australia: meberhar@bond.edu.au)

Effectuation and Networking of Internationalizing SMEs

Tamara Galkina, Hanken School of Economics
Sylvie Chetty, Massey University

We explore previously discarded phenomena in the internationalization process literature, namely non-predictive logic of foreign market entry. We use effectuation theory as a new lens to examine how small and medium size enterprises (SMEs) network during their international expansion. We develop a conceptual framework by contrasting how the network concept is used in the revisited Uppsala model from the International Business literature and in effectuation theory from the entrepreneurship literature. This comparison shows that the underlying assumptions of the network concept relating to trust, risk, uncertainty and coordination are essentially different in these two streams of literature. Consequently, we identify how effectuation theory can capture the unintentional aspect of networking by internationalizing SMEs. Our research design is a multiple-case study approach. Our findings show how entrepreneurs network with all interested partners instead of carefully selecting international partners according to pre-defined network goals. Entrepreneurs who network effectually enter markets wherever an opportunity emerges to commit to a network relation which will increase their means. Hence, the network relations determine which foreign markets the firm enters rather than vice versa. An implication for entrepreneurs in internationalizing firms is that their networks need not necessarily be planned, structured and coordinated. (For more information, please contact: Tamara Galkina, Hanken School of Economics, Finland: tamara.galkina@hanken.fi)

Internationalization of SMEs into Emerging Market Business Networks - Antecedents of the Network Entry Node Choice

Susanne Sandberg, Linnaeus University

As a result of the third wave of internationalization, Western SMEs have established themselves on a big scale in the emerging markets of the world which offers a highly dissimilar institutional context. This paper aims to determine antecedents of the emerging market entry node, being the establishment point into the foreign business network, of 203 SMEs in Southern Sweden that entered the emerging markets of the Baltic States,
Poland, Russia and China. The theoretical framework used to analyze these highly internationalized SMEs builds on a network approach to internationalization. Hypotheses are formulated regarding the effects of the usefulness of former internationalization knowledge, market knowledge and social linkages on the current network entry node choice of the firm; either a direct relationship in the form of a dyad, or an indirect relationship in the form of a triad. Through a logistic regression it was shown that market knowledge and social linkage favors a dyadic entry node into the emerging market business network, while general internationalization knowledge did not significantly affect the choice of entry node. In addition, moderations were found between the antecedents and the current network entry node of the sample SMEs. (For more information, please contact: Susanne Sandberg, Linnaeus University, Sweden: susanne.sandberg@lnu.se)

**Accelerated Internationalization of Small Firms: Adjusting and Activating Networks for Opportunities**
Anita Juho, University of Oulu
Tuija Mainela, University of Oulu

The present study examines the behaviors of small firm entrepreneurs in their intensified efforts to increase the international business activities of their firms. The study builds on previous research on the use of networks and the development of business opportunities in both gradual internationalization and new venture internationalization models. The study combines the two to suggest networking and learning as the actions that drive the international opportunity development by the entrepreneur in accelerated internationalization of the firm. It is that triad of behaviors that might be the key driver of the accelerated internationalization any firm. In the empirical study we compare the networking, learning and international opportunity development behaviors by an international late starter and an international new venture longitudinally over a three year period. As a result of the study we suggest two primary ways of behaving in networks in accelerated internationalization of firms. The international late starter depicts "adjusting" type of behaviors whereas the international new venture depicts "activating" type of behaviors. We suggest these behavioral logics to circumscribe the acting of the entrepreneurs and lead to either sequential or cyclical process of accelerated internationalization. (For more information, please contact: Anita Juho, University of Oulu, Finland: anita.juho@oulu.fi)

**The Many Functions of Networks in International Business**

**Presented On:** July 3, 2012 - 13:00-14:15

Chair: Torben Pedersen, Copenhagen Business School

**Local Embedding Activity by the Competence-seeking MNE Subsidiary**
Shameen Prashantham, Nottingham University Business School

This exploratory study sheds light on how competence-seeking MNE subsidiaries build local embedded relationships. Drawing on over 50 semi-structured interviews spanning three technology alliances formed by a UK-based American MNE subsidiary, we argue that local actors' perceptions during interactions (e.g. meetings) with MNE subsidiaries powerfully affect how embedding unfolds. We contribute fine-grained, nuanced theorizing of perceptual barriers to embedding: negative process-related perceptions may derail trust-building while adverse content-related perceptions could impede information-sharing. Consequently, mutual commitment and therefore joint problem-solving are hindered. Embedding activity is thus no trivial matter and constitutes a make-or-break factor in MNE subsidiaries’ competence-creation via external networks. (For more information, please contact: Shameen Prashantham, Nottingham University Business School, China: shameen.prashantham@nottingham.edu.cn)
Cross-National Distance and Insidership in Networks: Japanese MNEs’ Ownership Decisions on Their Overseas Subsidiaries
Megan (Min) Zhang, University of Western Ontario

Combining country specificity with network specificity, this study reinvestigates the controversial question of MNEs' equity ownership decisions on their overseas subsidiaries. When studying ownership as a formal structure of overseas subsidiaries, most prior studies were only concerned with the influence of cross-national distance, but did not examine whether networks as informal structures of firms affect the decision-making. Moreover, most prior studies adopted aggregated constructs, time-invariant measures, and single level analyses, and thereby failed to capture the complexity of the phenomenon further. Some of them even resulted in mutually conflicting conclusions. To address these issues, the study first applies multidimensional and longitudinal measures to the investigation, and thereby captures the diverse influences of cross-national distance on MNE's ownership decisions. Moreover, the study takes inter-organizational collaborations into account, and thereby empirically addresses the insidership in business networks and their influences on ownership decisions. Finally, the study identifies that the insidership in networks alleviates cross-national distance's influences on ownership decisions. To capture this cross-level interaction, the study adopts Hierarchical Linear Modeling approach. Future research and implications for practice are also discussed. (For more information, please contact: Megan (Min) Zhang, University of Western Ontario, Canada: mzhang.phd@ivey.ca)

The Impact of MNEs' Competitive Network Positions on the Intensity of Competitors' Actions: The Moderating Role of Competitive Action Types
Yu-Ching Chiao, National Chung Hsing University
Keng-Hsiang Cheng, National Chung Hsing University

There has been little empirical research discussing competitive dynamics by considering competitive networks and how firms' positions in a competitive network impact competitors' actions. Using the awareness-motivation-capability (AMC) perspective, this study explores how a focal firm's structural hole and outward centrality in a competitive network affects its intensity of competitors' actions, and the moderate effect of competitive action types between competitive network positions and the intensity of competitors' actions. Examining a sample of top 20 container shipping multinational enterprises (MNEs) by collecting 2,984 competitive actions of 682 global competitive interactions news from Cyber Shipping Guide (CSG), we found that a firm with higher outward centrality of competition or higher structural hole in a competitive network is subject to less threat from its competitors' actions. The number of strategic actions taken by a focal firm will strengthen the negative relationship between structural hole of competition and intensity of competitors' actions. Moreover, the number of tactic actions of a focal firm will weaken the negative relationship between outward centrality of competition and intensity of competitors' actions. The implications of these findings for research and practice are also discussed. (For more information, please contact: Keng-Hsiang Cheng, National Chung Hsing University, Taiwan: kenghsiang.c@gmail.com)

The Private and Common Benefits of Spanning Structural Holes within the MNE Network
Lisa Katarina Gaerber, Copenhagen Business School
Torben Pedersen, Copenhagen Business School
Shalini Rogbeer, WU Wien

It is well established that spanning structural holes creates private benefits through innovation. However, the extent to which other network members profit from spanning structural holes remains unclear. This research considers how subunits that span structural holes within the MNE network reap private benefits in terms of innovation, as well as contribute to the common network benefits through knowledge outflows. Acknowledging that a direct relationship between knowledge sharing and innovation exists, we use a 3SLS model to elucidate
the various individual and simultaneous links among brokerage, innovation and knowledge outflows. In this way, we decompose some of the ways in which brokerage simultaneously affects knowledge outflows and innovation to map out the private and common benefits of brokering within the MNE network. We find that brokerage is indeed positively related to innovation but negatively to knowledge outflows, given also that, as expected, innovation is positively related to outflows. The reason that existing literature has ignored the knowledge outflow patterns of the broker, and as such its value-added to the network, may be that the total effect of knowledge outflow is indeed positive, although the direct effect of brokerage on knowledge outflow is negative. (For more information, please contact: Lisa Katarina Gaerber, Copenhagen Business School, Denmark: lg.smg@cbs.dk)

**Session: 3.3.7 - Competitive**  
**Track: 1 - Institutions, Governance, and CSR**

**Social Movements and International Business**

**Presented On:** July 3, 2012 - 13:00-14:15

Chair: Andrew Spicer, University of South Carolina

*Torts and Ticklers: The Impact of Human Rights Lawsuits on Multinational Stock Performance*
David Adam Wernick, Florida International University  
William Schneper, Florida International University

Activist groups have filed dozens of civil lawsuits in U.S. federal courts against multinational enterprises in recent years over alleged human rights abuses in developing countries, many in Latin America. Multinational business leaders complain that these lawsuits add to their cost of doing business and hamper their global competitiveness. Anecdotal evidence suggests that their concerns may be justified. But does the empirical evidence bear this out? To answer this question we conducted an event study of lawsuits filed against multinational enterprises between 1993 and 2010 under the U.S. Alien Tort Statute, a law that gives U.S. federal courts extraterritorial jurisdiction for cases involving allegations of serious offenses committed against foreign citizens. Our analysis shows that target firms experienced a significant decline in share price upon filing and that both industry and nature of the lawsuit had a significant and negative relationship to shareholder wealth. We offer conclusions and implications for practice. (For more information, please contact: David Adam Wernick, Florida International University, USA: wernick@gmail.com)

*Profits and Prophets: The Religious Determination of Corporate Legitimacy*
Matthew C. Mitchell, Drake University

The broad and complex relationship between religion and global businesses is investigated using the theoretical lens of institutional theory and qualitative methodological techniques of cultural analysis of discourse. Specifically, I examine the relationship between the corporation and the religio-institutional environments in which they transact by mapping the cognitive schematic elements of religious actors in three countries: Egypt (Islam), Israel (Judaism), and Sweden (Secular Humanism). Semi-structured participant interviews of 78 religious clerics and business executives are used to generate and analyze a focused discursive corpus. The result of this analysis is (1) a thick description of the cognitive and discursive relationship between religion and business for each national environment, (2) an identification of critical constructs and themes in the religious cognition of corporate legitimacy, and (3) proposed maps for the normative evaluation of corporate legitimacy in each national context (the Egyptian case is highlighted in this paper). (For more information, please contact: Matthew C. Mitchell, Drake University, USA: matthew.mitchell@drake.edu)
Business under Adverse Home and International Institutions: The Case of International Sanctions against Myanmar
Klaus Meyer, China Europe International Business School
Htwe Htwe Thein, Curtin University of Technology

We expand the institutional perspective of international business by exploring the range of institutions outside the host country that influence international business. We use an extreme case, Myanmar, as case study to explore the dynamics of institutional constraints and the reaction of business to such constraints. Crucially, this includes adverse formal and informal institutions, namely economic sanctions, created in the home countries and on the international stage by a variety of institutional actors. The impact of institutional pressures varies with the characteristics of business activities undertaken in the sanctions country, in particular the market orientation and the capital intensity. We provide an in-depth analysis of four industries varying by these criteria between 1996/97, the height of the sanctions, and the late phase when access was eased in 2010/11. On the basis of our case analysis, we propose a conceptual framework of institutional pressures influencing multinational enterprises on the international stage, and how the impact of such pressures varies across industries and firms. (For more information, please contact: Klaus Meyer, China Europe International Business School, China: kmeyer@ceibs.edu)

Session: 3.3.8 - Competitive
Track: 9 - Cross-cultural Management and HRM

New Perspectives on Expatriate Staffing

Presented On: July 3, 2012 - 13:00-14:15

Chair: Hein Bogaard, George Washington University

Host Country Relative Development Level and Expatriate Staffing: The Case of Korean Multinationals' Overseas Subsidiaries
Khan-Pyo Lee, Sogang University
Jong-Hun Park, Sogang University
Myung Suk Kim, Sogang University

This study examines how the development level of the host country relative to the home country affects the extent to which MNEs staff their overseas subsidiaries with home country expatriates. Building on the research on intergroup relations from social psychology, we hypothesize that the extent of expatriate staffing in a subsidiary is positively related to the host country's relative level of development. We further predict that host country relative development level also positively moderates the negative associations between the length of subsidiary operation and subsidiary performance on the one hand, and the extent of expatriate staffing on the other. The findings from the analysis of expatriate staffing in 1,294 overseas subsidiaries of 727 Korean firms operating in 47 host countries provide support for the hypotheses. (For more information, please contact: Khan-Pyo Lee, Sogang University, Korea, South: khanlee@sogang.ac.kr)

A Multilevel Framework of Expatriate Adjustment and Knowledge Stock on MNE Subsidiary Performance
Subhajit Chakraborty, University of Texas-Pan American
Jorge Gonzalez, University of Texas - Pan American

Multinational enterprises (MNEs) often assign expatriate senior executives to manage their newly formed subsidiaries, especially those in emerging economies. A multilevel moderated mediation model is proposed wherein individual level expatriate senior executives’ ability to adjust to a variety of foreign conditions moderate the relationship between organization level expatriate executives’ utilization and subsidiary knowledge stock. It
is further proposed that subsidiary knowledge stock mediates the relationship between expatriate utilization and subsidiary operating performance. Research implications are discussed. (For more information, please contact: Subhajit Chakraborty, University of Texas-Pan American, USA: schakraborty1@utpa.edu)

Exploring City Attractiveness: Drivers to Work in a Southeast Asian City
Michael Dickmann, Cranfield University
Jean-Luc Cerdin, ESSEC Business School

Within the boundaryless career framework, the decision to work in a particular location is under-researched. This paper explores the city attractiveness and career drivers of individual working domestic or foreign nationals in a prominent Southeast Asian capital. Twenty in-depth interviews were conducted to explore the attraction factors of living and working in the particular location. The data enabled us to distinguish the drivers of domestic citizens from foreign expatriates. The findings give detail to what are the specific national and regional, location, career and development, family and friends, organizational and individual career considerations that individuals consider when deciding to work in this South East Asian city. In a global ‘war for talent’ between cities, the Southeast Asian city had developed instruments to reduce barriers to entry (friendly immigration policies) or re-entry while attempting to bind people more closely to the city. While legal career barriers to work internationally may diminish, cities seem to work on increasing their attractiveness and, thereby, creating psychological, regulatory, network-based and cultural links that may serve as boundaries to careers. A number of managerial and theoretical implications are explored. (For more information, please contact: Michael Dickmann, Cranfield University, United Kingdom: m.dickmann@cranfield.ac.uk)

Intent to Become an Expatriate: An Application Of Ajzen's Theory of Planned Behavior and the Role of Gender in the United States, Russia and Turkey
Robert Louis Engle, Quinnipiac University
Nikolay Dimitriadi, Rostov State Economic University
Ekrem Tatoglu, Bahcesehir University

Using a sample of 575 subjects in Russia, Turkey and the United States a model of expatriate intention was developed using Ajzen's theory of planned behavior. Model variables included attitude towards the behavior, social norms, and perceived self-efficacy, as well as a number of control variables including gender. The model was operationalized with an emphasis on cultural adaptability and results suggested that the model explained 44% of the variance in job intention with 48% of the variance explained in the U.S., 41% explained in Turkey, and 25% explained in Russia. The social norms model element was constructed using three distinct social groups and this model antecedent on intention had the greatest overall impact across all countries, followed by attitude, and with gender explaining a small but significant percentage of the variance. The interaction between social groups, gender, and job intention was also explored with potentially important implications for both research and practice. (For more information, please contact: Robert Louis Engle, Quinnipiac University, USA: robert.Engle@quinnipiac.edu)

Session: 3.3.9 - Competitive
Track: 11 - SMEs and Entrepreneurship

The Critical Role of Capabilities in Entrepreneurial Firms

Presented On: July 3, 2012 - 13:00-14:15

Chair: Peter W. Liesch, University of Queensland
**Capability Presence in the Newly Internationalizing Firm**

Jay Weerawardena, University of Queensland  
Gillian Sullivan Mort, La Trobe University  
Peter W. Liesch, University of Queensland  
Gary Knight, Florida State University  
Sandeep Salunke, Queensland University of Technology

We investigate the enablers of early internationalization of the firm. We posit that for firms to internationalize early in their lifecycles, sets of capabilities must be present at the firm’s formative stage and that these capabilities build upon routines that the founders bring into the new firm. These capabilities are aligned to establish a platform for internationalization unencumbered by the administrative heritage often observed in well-established firms. We model this phenomenon, testing it in a cross-national setting of early internationalizing firms in Australia and the United States. To do so, we draw upon a dynamic capabilities framing, conceptualizing and measuring the dynamic capabilities that founders apply in their early internationalization activities. We then present and discuss the results of our analyses. In sum, we uncover and confirm a collection of vital capabilities – primarily innovation, learning, networks, and marketing – that drive early internationalization of the firm. (For more information, please contact: Peter W. Liesch, University of Queensland, Australia: p.liesch@business.uq.edu.au)

**SME Organisational Capabilities and Export Performance**

Serena Mascherpa, University of Pavia  
Antonella Zucchella, University of Pavia  
Roger Strange, University of Sussex

As a result of the increasing tendency towards a global economy, international business involvement is becoming particularly relevant for smaller companies. Exporting constitutes the most popular, quickest and easiest way for many small firms to internationalise. The aim of the paper is to provide a comprehensive picture of the export performance determinants of Italian small and medium sized companies (SMEs) by investigating the potential relationship between organisational capabilities and both objective and subjective measures of performance. Based on the literature review and mainly embedded in the resource-based view of the firm, we uncover a collection of organisational capabilities that are especially salient to these firms and their growing international involvement. The suggested conceptual model is tested within a sample of Italian exporting SMEs using regression analysis. The results show that entrepreneurial and innovative capabilities are the most influential antecedents of both objective and subjective measures of international performance. Environmental-learning capabilities are positively and significant related to the subjective indicator, whilst marketing capabilities are insignificantly related to both the measures. Finally, we discuss the managerial implications of our findings. (For more information, please contact: Serena Mascherpa, University of Pavia, Italy: serena.mascherpa@libero.it)

**How capabilities evolve in a knowledge intensive Born Global firm?: Case of an Indian Born Global firm**

Nishant Kumar, Stockholm University

In the recent studies on Born Global, emphasis has been on the question of where and how capabilities emerge in Born Global firms. The present paper is an attempt to address this question. On the basis of a longitudinal case study of knowledge intensive service firm from India, this study explores how global capabilities emerge and play an important role in the survival and international growth of the firm. The study shows that developing capabilities for global service delivery is crucial for the survival and growth of Born Global service firms; these capabilities are emerging through a mix of experiential and deliberate learning processes, and continuously evolving with the changes in the environment. Capability evolution follows different paths in the different phases of the evolution of Born Global firm. (For more information, please contact: Nishant Kumar, Stockholm University, Sweden: nku@fek.su.se)
Stakeholders and Marketing Capabilities in International New Ventures: Evidence from Ireland, Sweden and Denmark
Natasha Evers, NUI Galway
Svante Andersson, Halmstad University
Martin Hannibal Knudsen, University of South Denmark

This paper aims to extend the concept of dynamic capabilities in relation to the marketing function of the organisation, with particular focus on the role of stakeholders in marketing capability-building processes to deliver unique marketing assets for competitive advantage in international new ventures. Using a cross-country case approach of firms in Ireland, Sweden and Denmark, we identify and empirically examine the role of stakeholder groups in developing market-relating capabilities that enable firms to acquire and effectively respond to the dynamic international market environments. This study suggests that small internationalising firms must move beyond market orientation strategies for developing marketing capabilities to consider other stakeholder groups for driving firm performance. This study finds that various stakeholders play a critical role in influencing the nature of the firm's marketing capabilities. The nature of stakeholder groups can influence the learning processes of the firm and thus can determine the type of marketing capabilities and marketing assets the firm develops for competitive advantage. In particular, we find that managerial capabilities of entrepreneur/manager stakeholder are central in managing and leveraging the relationships between the firm and stakeholder relationships for capturing and regenerating marketing resources and capabilities for generating rents. (For more information, please contact: Natasha Evers, NUI Galway, Ireland: natasha.evers@nuigalway.ie)

Session: 3.3.10 - Panel
Track: 13 – Teaching IB

Teaching the Introduction to International Business Course in an Era of Black Swan Events:

Presented On: July 3, 2012 - 13:00-14:15

Chair: Tom W Roehl, Western Washington University

Panelists:
Tom W Roehl, Western Washington University
Roberto Garcia, Indiana University
Michael Geringer, Ohio University

In a world where our students are less likely to find predictable outcomes (Black Swans) and opportunities in their international careers, what changes do we need to make in the way we introduce our students to international issues? While we will continue to teach about the rules and the tools that are traditionally the core of a beginning international business course, how we teach the ideas and the mix of concepts we teach may need to be re-examined. This is especially important because many of us are required to teach both students with a commitment to international business and those for whom this course will be the majority of international exposure they will have in their business program. We think that we must let students struggle with a requirement to use combinations of tools, deal with a lot more uncertainty, and be able to adjust quickly to environments we cannot hope to fully prepare them for. Three professors showcase their attempts to make the introductory course more appropriate for this new environment, providing specific ideas to they have used to improve the courses. (For more information, please contact: Tom W Roehl, Western Washington University, USA: tom.roehl@wwu.edu)
**Consumer Ethnocentrism, Country Image, and Product Origin Effects**

**Presented On:** July 3, 2012 - 13:00-14:15

Chair: Vinh Nhat Lu, Australian National University

*Consumer Evaluation of Developing Country Products: The Moderating Role of Product Ethnicity*

Terence Motsi, Cleveland State University

Ji Eun Park, Cleveland State University

This paper seeks to explore the role product ethnicity plays in moderating the relationship between consumer values and product evaluation of developing country products. Previous research has shown that products from developing country are generally rated as inferior to developed country products, however product category effects are likely to confound the findings of this research. The product ethnicity of a product is a likely signal of its authenticity and quality to the consumer and reconciles previous research which has shown a negative relationship between consumer values and the general evaluation of developing country products. *(For more information, please contact: Terence Motsi, Cleveland State University, USA: t.motsi@csuohio.edu)*

**Consumer Ethnocentrism: A Re-Evaluation and Extension in the Context of Globalization**

Mohammad Niamat Elahee, Quinnipiac University

Tilottama Ghosh-Chowdhury, Quinnipiac University

Camelia Micu, Fairfield University

This study seeks to examine and re-evaluate our understanding of consumer ethnocentrism in the light of globalization that has resulted in the increase of number of people with bi-national/bi-cultural identities as well as in the growth of products made in multiple countries. This study presents a newly developed and validated scale on ethnocentrism with three dimensions: normative thinking, products made in a single county, and products made in multiple countries. Based on data collected from three distinct groups of US citizens, the study also discusses the similarities and differences between mono-cultural and bi-cultural people in terms of their ethnocentric scores with respect to the three dimensions validated in the scale. The paper concludes with directions for future research that may strengthen our understanding of the complex phenomenon of consumer ethnocentrism in this constantly evolving global market place. *(For more information, please contact: Mohammad Niamat Elahee, Quinnipiac University, USA: mohammad.elahee@quinnipiac.edu)*

**The Effects of Ethnocentrism and Cultural Aspects on Co-Branding Evaluations**

Yupin Patara, Chulalongkorn University

Nicha Tanskul, Chulalongkorn University

Co-branding strategy has been used in extending the brand into a new product category such as a product line extension and the new market entry. Several aspects of co-branding strategy have been explored in term of the impact of co-branding strategy and important factors which will influence the consumers cobranded evaluations. The differences in degree of ethnocentrism, self-complexity and consumers' thinking style (or cultural aspects) have been perceived as key factors that determine the success of co-branding as market entry strategy. *(For more information, please contact: Yupin Patara, Chulalongkorn University, Thailand: yupin.patara@sasin.edu)*
Decomposing COO for International Services: Perceptions of People, Places and Skill
Matt Stanton, South Australian Institute of Business & Technology
Roberta Veale, University of Adelaide
Pascale Quester, University of Adelaide

Country of origin (COO) is a complex multidimensional construct, decomposed in many studies pertaining to tangible products but not thus far for services. This exploratory research tests quality perceptions of international education services, and, in additional to the already established country of brand, reveals important new COO dimensions of services, namely: country of service delivery, home country of person providing the service and where they were trained. Using a best-worst discrete choice experimental design, the study demonstrates that each dimension contributes to expectations of service quality, with county training image the most important dimension, at least in the international education context. (For more information, please contact: Matt Stanton, South Australian Institute of Business & Technology, Australia: matt.stanton@unisa.edu.au)

Antecedents of Home and Foreign Product Country Images in Developed and Developing Countries: A Comparative Study
Zhongqi Jin, Middlesex University
Richard Lynch, Middlesex University
Samaa Attia, British University in Egypt
Bal Chansarkar, Middlesex University
Tanses Gulsoy, Beykent University
Paul Lapoule, Novancia Business School
Xueyuan Liu, Wuhan University
William Newburry, Florida International University
Mohamad Sheriff Nooraini, Universiti Teknolgi Mara
Ronaldo Parente, Florida International University
Keyoor Purani, Indian Institute of Management Kozhikode
Marius Ungerer, Stellenbosch University

Research into the comparison of consumer buying behavior between developing and developed countries has been growing rapidly in recent years. However, few research papers have explored the differences in the factors influencing product country image between developed and developing countries. This study proposes a new conceptual framework incorporating three life style variables, cosmopolitanism, ethnocentrism and materialism, and two types of product country image: home country and the most familiar foreign country. Twelve hypotheses are formulated regarding the relationship between these constructs particularly with regard to the possible differences between developing and developed countries. They are then tested with a sample of over 2,715 respondents from eleven countries: three developed countries and eight developing countries. Our findings reveal a rather complicated picture of the differences in product country image between developed countries and developing countries. They find that some life style variables and images are more important than others in explaining such differences. The results therefore have significant managerial implications for international marketing management. (For more information, please contact: Zhongqi Jin, Middlesex University, United Kingdom: z.jin@mdx.ac.uk)

Country of Export Destination Effects
Shenyu Li, Shanghai University of Finance and Economics
Rong Huang, Shanghai University of Finance and Economics
Tuan A. Luong, Shanghai University of Finance and Economics

This paper introduces a new international marketing concept: the country of export destination effect (COED) at a consumer level. The results of this study show that the COED influences domestic consumers' quality
evaluation, preference, and purchase intention regarding a product manufactured domestically, yet available both domestically and internationally. Specifically, consumers' product knowledge negatively moderates the COED effect on the quality evaluation of the car and mahogany furniture. This finding is similar to the halo effect in the country of origin (COO) literature. In addition, different export destinations have different effects on consumers' preference and purchase intention. In contrast to studies in the COO literature, this research demonstrates that nationalism and internationalism are positively related to the intention to purchase an exported product. Patriotism, however, is negatively related to the consumer's intention to purchase an exported product. (For more information, please contact: Shenyu Li, Shanghai University of Finance and Economics, China: li.shenyu@shufe.edu.cn)

Competitive Brand Evaluation: Does Cultural and Linguistic Fit Dictate the Effectiveness of International Branding Strategy?
David W. Pan, Prince Sultan University
Linda D. Clarke, University of Florida
Berna Mutlu, University of Florida
Alan Pan, Xiamen University

Consumers worldwide base their product/brand selection decisions upon their own "ethno-linguistic" contexts. An ethno-linguistic fit is therefore proposed and partially confirmed as a principle factor overriding brand effectiveness in determining effective international marketing strategies. Domestic and imported brands are compared on product-brand fit, brand-perception consistency, and brand-product/cultural-linguistic consistency in two nations with the following results: (1) The host ethno-linguistic function indeed serves an overriding factor for a foreign brand; (2) as long as a product and its brand do not conflict with the host ethno-linguistic norms, the foreign brand would be minimally sufficient to enter a market of a new ethno-linguistic context other than its own; (3) a transliterated brand that fits with the host ethno-linguistic context has potential in its host market that surpasses its brand equity in its home market due to the independency of a brand of a given ethno-linguistic context; (4) just being a foreign brand in a host market has its limitations in improving the brand equity rapidly; (5) consumers are more savvy with their own domestic brands and products by taking their consistency with their own ethno-linguistic context for granted than with foreign brands and their embodied products. (For more information, please contact: Linda D. Clarke, University of Florida, USA: clarkel@ufl.edu)

Session: 3.3.12 - Interactive
Track: 10 - Economics, Finance and Accounting

International Competitiveness

Presented On: July 3, 2012 - 13:00-14:15

Chair: Joseph Clougherty, University of Illinois at Urbana-Champaign and CEPR-London

How Does Export Price Competitiveness affect Geographic Diversification and Performance?
Dirk Michael Boehe, Insper Institute of Education and Research

This paper tests a model that describes how export price competitiveness affects geographic export diversification and firm performance. The hypotheses were tested on a panel of Brazilian exporters covering the years from 2001-2010. Using a firm-specific real effective exchange rate index to operationalize export price competitiveness, we find an inverted U-shape relationship between export price competitiveness and geographic export diversification. We also find that export price competitiveness moderates the relationship between geographic export diversification and firm performance: diversification is positively (negatively) related to performance for less (highly) price competitive exporters. By introducing a firm-specific real effective exchange
rate index, this paper unravels an important antecedent of geographic export diversification and integrates arguments from international economics with those of international business strategies. Practitioners may gain relevant insights on the intricate performance impacts of exchange rates. (For more information, please contact: Dirk Michael Boehe, Insper Institute of Education and Research, Brazil: dirkmb@insper.edu.br)

The Home Country Determinants of Outward Foreign Direct Investment from East Asia during Industrialisation Period
Ling Liu, University of Edinburgh

This article examines the home country macroeconomic determinants of outward foreign direct investment from Japan, Korea and China during their industrialization period. Error Correction Model is used to test relationships between OFDI and explanatory variables in the long run and short run. The results show that the three countries converge on the same macroeconomic variables GDP per capita, human capital and exports, indicating that firms are engaging in FDI as a response to export performance through economic development. The regression results show that the three countries exhibit different relationship with foreign exchange reserves, exchange rates and interest rates. Japan’s OFDI is affected by interest rates in the long run, Korea by exchange rates and China by foreign exchange reserves in both the long and short run. This implies that limited differences do still exist across the three countries. (For more information, please contact: Ling Liu, University of Edinburgh, United Kingdom: ling.liu@ed.ac.uk)

Country of Origin and Behavior of Institutional Investors: Evidence from Japan
Ralf Bebenroth, Kobe University
Nir Kshetri, University of North Carolina

This paper investigates whether country of origin and behavior of institutional investors matter for acquisitions in Japan. We investigate how the post-acquisition performance of target firms differs across domestic versus foreign and friendly versus unfriendly institutional takeovers. In applying the arms-length principle and geographic proximity theory, our results partly confirm that Japanese target firms acquired in an unfriendly attempt performed better right after the deal. Subsequently, performances were significantly higher for target firms acquired by foreign institutional investors compared to domestic ones. The number of employees after the deal decreased strongly for Japanese and for friendly attempts but increased for foreign and unfriendly ones. Implications are discussed. (For more information, please contact: Ralf Bebenroth, Kobe University, Japan: rbeben@rieb.kobe-u.ac.jp)

Drivers of Korean Exports: Testing the Influence of Governance Structure and Managerial Orientation
Young Soo Yang, Yonsei University
Yong Suhk Pak, Yonsei University
Young-Ryeol Park, Yonsei University

Determinants of internationalization through export have been perpetually examined for the Korean-context due to her export-driven economy. Despite the fact that prior literature focused on firm- or managerial-level analysis, a very distinctive ownership structure of Korean firms such as family- and chaebol-ownership has been barely examined and needs further clarification on its influence on exports. Also, little research attempted to examine whether outside directors have adequate knowledge and information to make meaningful contributions to exportation. As a result, this paper extends the study of export behavior of Korean firms by highlighting managerial experience of outside directors and governance structure of Korean firms. We tested the drivers of Korean exports using the samples of 453 Korean manufacturing firms which are listed in the Korean Stock Exchange (KSE) from 2005 to 2008. The results showed that the international experience of top managers and the distinctive Korean governance structure, Chaebol, positively affected internationalization through export, while family-owned enterprises was negatively associated with exportation. The contribution of outside directors
on exports was shown insignificant unlike of the cases of developed economies. This finding shows the limited influence of outside directors in managing Korean enterprises. Further business implications are discussed at the end of the manuscript. (For more information, please contact: Young Soo Yang, Yonsei University, Korea, South: seoukore@yonsei.ac.kr)

Employment Protection and Delocation with Firm Heterogeneity
Yama Temouri, Aston University
Gerda Dewit, NUI Maynooth
Holger Gorg, Kiel University

This paper examines the determinants of the decision to delocate activities abroad for MNEs that are located in 32 OECD countries. Higher employment protection in the home country discourages firms' delocation activity. Larger firms or firms with higher labour intensities have, ceteris paribus, higher propensities to delocate. Firm heterogeneity also plays a role for the link between employment protection and delocation, as suggested by our theoretical model. Employment protection lowers the propensity to delocate more for firms that are large or labour intensive. We also find, as expected, an inverted U-shape relationship between delocation and productivity. Hence, firms with medium levels of productivity are most likely to locate affiliates abroad. Employment protection, however, also affects those firms most, as the interaction terms of productivity and employment protection indicate. The results are consistent for firms operating in the manufacturing sector as well as the services sector. (For more information, please contact: Yama Temouri, Aston University, United Kingdom: y.temouri1@aston.ac.uk)

Managerial Status and International Diversification
K. Skylar Powell, University of Michigan-Flint

This research looks at the status, or reputation, of a firm's managerial ranks as a factor that may be related to the propensity towards international geographic diversification in contexts that meet certain boundary conditions. Using hand-collected longitudinal data in the empirical context of large US corporate law firms, results suggest that there is an inverted U-shaped relationship, where firms with managers at mid-to-high levels on the status hierarchy are more likely than firms with managers at the very highest or very lowest status levels to maintain greater numbers of foreign offices. In addition, this inverted U-shape appears to be further enhanced when firms are from highly competitive home markets. (For more information, please contact: K. Skylar Powell, University of Michigan-Flint, USA: kristans@umflint.edu)

Session: 3.3.13 - Interactive
Track: 6 - Innovation and Knowledge Mgmt.

MNE Innovation and Knowledge Diffusion

Presented On: July 3, 2012 - 13:00-14:15

Chair: Ziliang Deng, Renmin University of China

Global Collaboration in MNE Patenting from Emerging Economies: Does it Protect IP?
Suma Athreye, Brunel University
Tufool Al-Nuaimi, Imperial College
Phanish Puranam, London Business School

Studies on MNE patenting from emerging economies have noted the larger than average shares of patents from these economies that feature global collaboration (i.e. where inventors that are resident outside these
economies are also listed as authors on the patents). We test the proposition that global collaboration reflects a task partitioning strategy to mitigate spillovers within weak IPR regimes in the emerging economies. For a sample of MNE subsidiaries in the telecom and semiconductor industries, our results indicate that whether it was intended to or not, global collaboration does not mitigate spillovers within the emerging economy and in fact increases aggregate spillovers outside the MNE. Rather, the high levels of global collaboration in MNE patents in emerging economies like India and China may simply reflect the fact that most of their R&D subsidiaries in these countries may still be relatively young. (For more information, please contact: Suma Athreye, Brunel University, United Kingdom: suma.athreye@brunel.ac.uk)

The Depth and Breadth of International Innovation: The Roles of Technological Diversity and Degree of Innovativeness
Yung-Ching Ho, National Chung Cheng University
Ying-Ying Hsieh, National Chung Cheng University

When does international research and development (R&D) lead to superior performance? In this study we examine the performance implication of R&D internationalization by taking into account the technological diversity and the degree of innovativeness. These two aspects cover the breadth and depth of innovation, and shall shed lights on the roles different types of innovation play in the overseas R&D-innovation outcome mechanism. Our hypotheses argue that technological diversity and degree of innovativeness negatively moderate the influence of R&D internationalization on innovation performance. They indirectly diminish the MNCs' ability to gain benefits from R&D internationalization. We analyze an 11-year data set from 2000 to 2010 of over 66 Taiwanese publicly listed firms in the semiconductor industry. Although this is only a preliminary study with further analysis in progress, and the hypotheses not fully supported, we gain a better picture about the direction and where this work should be proceeding. (For more information, please contact: Ying-Ying Hsieh, National Chung Cheng University, Taiwan: yy.hsieh@gmail.com)

Innovation and International Patenting trends in the Photographic Equipment Industry
John W Clarry, Rutgers University

Innovation is an essential form of competition in many industries. Normal innovation is focused on existing customers, but radical or disruptive innovation can create new customers and disrupt markets. This paper uses patents to track potentially disruptive changes from digital technologies in the photographic equipment industry. Patent counts indicate new knowledge is unevenly distributed internationally and amongst firms, which constrains disruption and fosters R&D rivalry. Discrete technological fields in the digital imaging industry indicate concentration of patents from a few nations and firms, especially from Japan. Patenting activities in the industry are increasing as international sales and production networks grow; but financial returns to patents and R&D efforts are uncertain due to rapid imitation and disruptive technologies from smartphones. (For more information, please contact: John W Clarry, Rutgers University, USA: jc1418@andromeda.rutgers.edu)

Are Dynamic Capabilities Influenced by the Geographical Location of Company Headquarters
Elzotbek Rustambekov, Old Dominion University

This is a conceptual paper, which looks at dynamic capabilities as a specific type of knowledge that is geographically localized. Dynamic capabilities are knowledge-based processes that are developed over time by means of interactions among company's resource bundles and capabilities. Dynamic capabilities enhance a company's capacity to leverage resources and organizational processes to increase profitability. Corporate headquarters were selected as a unit of analysis because of their knowledge-intensive nature. Empirical evidence suggests that about six percent of headquarters relocate every year and reasons for relocations are different than just tax incentives (Voget, 2010). It is argued that geographical proximity of headquarters causes spillover of operational knowledge during interactions between managers. That operational knowledge
includes various routines and contains dynamic capabilities. This research work links studies on dynamic capabilities and studies on geography of knowledge and headquarter relocations. The information gathered might help to explain how relocations of corporate headquarters take place, and how companies may increase profitability by moving their headquarters to locations favorable to building particular dynamic capabilities. (For more information, please contact: Elzotbek Rustambekov, Old Dominion University, USA: erustamb@odu.edu)

A Classic Approach to Finding an Innovative Source: Discovering Disruption in MNEs
Birton Cowden, Saint Louis University
Hadi Alhorr, Saint Louis University

Research has found that not all innovation can be treated the same. The most recent categorization of innovation is Christensen's (1997) theory on disruptive innovation. Most papers have tried to explain this phenomenon and have applied it to different industries. This paper takes the theory a step further in its operationalization by setting it in an international context and by beginning to see where internally MNEs can find ideas for disruption. Specifically, the paper asks, where do disruptive innovations originate in a MNE, from a central R&D site or from a subsidiary? Using the internalization theory and other seminal pieces in international business, it is proposed that disruptive ideas start in subsidiaries. It is further proposed that these subsidiaries require foreign direct investment and are collaborative in nature. This paper not only expands the boundary conditions of disruptive innovation, but also expands on the "where" question for knowledge acquisition in MNEs. (For more information, please contact: Birton Cowden, Saint Louis University, USA: bcowden@slu.edu)

The New Kid on the Block: Bringing the Visual to Knowledge Management Research
Miikka J. Lehtonen, Aalto University School of Economics

The purpose of this conceptual paper is to analyze the current state of knowledge-related research in eight journals relevant to IB in order to pave way for qualitatively oriented studies where knowledge is better grounded ontologically and epistemologically. Twenty pivotal articles were further analyzed and the results indicate that while scholars seem to agree that knowledge exists in both tacit and explicit form, further philosophical discussions are still lacking among IB and management scholars. This can be seen alarming given the current rise of qualitative studies in IB, as knowledge in qualitative settings cannot be understood as a static construction. Furthermore, according to the data scholars have tended to ignore visual communication means as relevant to knowledge management literature. To bridge these intellectual gaps, the author suggests we should incorporate visual communication to knowledge management research while drawing on the IB scholars' ability to theorize from research contexts. (For more information, please contact: Miikka J. Lehtonen, Aalto University School of Economics, Finland: miikka.j.lehtonen@aalto.fi)
Natural disasters create damage not only to a country's people and infrastructure but also to their firm's assets. The aftermath of a disaster brings uncertainty and changes to markets near and far the epicenter of the event. We posit that firms will respond to this uncertainty via expanding their global footprint, in particular sales abroad. We test our hypothesis using a large sample of almost one hundred thousand firm year observations and more than two thousand five hundred natural disasters in fifty countries from 1990 – 2004. We find that disaster damage is positively correlated with foreign sales, furthermore we show that this effect is persistent over time. Even 3 years after a disaster firms continue to increase their level of foreign sales. More interestingly we show that this effect is more pronounce for smaller firms and those from poorer countries. (For more information, please contact: Andres Ramirez, Bryant University, USA: aramirez@bryant.edu)

Model of Corporate Culture, Strategic Change and Corporate Performance: Evidence from the Chinese Construction Industry
Mingming Liu, Dalian University of Technology
Susan Freeman, University of Adelaide
Md. Wahid Murad, University of Adelaide

The extent to which corporate culture, strategic change and corporate performance influence each other has not been studied methodically, leaving a critical gap in the international business and strategy literature. Drawing upon strategy and organizational theories, we build a hypothetical model of corporate culture, strategic change and corporate performance. We extend current conceptualizations of 'corporate culture' (team spirit, science and technological innovation, customer orientation, organizational learning, and social responsibility) and 'strategic change' (strategic change speed, magnitude and depth). We surveyed 244 Chinese firms in the construction sector, using structural equation analysis and reliability test. The path coefficients were measured and relationships of significance were identified using confirmatory factor analysis, full measurement model analysis and competitive model analysis. We contribute new understanding, showing that team spirit and social responsibility have a positive influence, while science and technological innovation and organizational learning have a negative influence on strategic change speed, magnitude and depth. Customer orientation did not meet the requirements of factor analysis. Finally, we identify that strategic change has no intervening influence on the relationship between corporate culture and corporate performance. We conclude by outlining our new model of strategic change, and include suggestions for future research and managerial implications. (For more information, please contact: Md. Wahid Murad, University of Adelaide, Australia: wahid.murad@adelaide.edu.au)

The Effects of Structural Embeddedness on Innovative Capability and Internationalization of Business Group. Constrain or Opportunity?
Ying-Yu (Kerri) Chen, National Taiwan University
Yi-Long Jaw, National Taiwan University

This study successful links the research questions from sociological and economic aspects through investigating related economic effects under the context of group structural embeddedness. We test the research model by incorporating both business group and focal firm from different databases, which include 5,227 affiliated firms in 77 Taiwanese business groups and 77 corresponding focal firms, representing 16 industries in Taiwan. Using lagged cross-sectional regression models, this study extends prior business group research in effects of group, cross, and focal firm dimensions. In group dimension, we investigate previously untested role of group structure through using small world structure as proxy to verify its relationship with group diversification, and confirmed positively. Drawing upon social network theory and organizational theory, this study finds small world structure can facilitate group industrial diversification. Group diversification was also tested and found related to group's internationalization. In cross dimension effects, we found internationalization in group has positive effect on focal firm's internationalization. However, small world structure in group is not related to firm innovative capability. In focal firm dimension, the firm's innovative capability is positively related to its internationalization. Drawing on the results, embedded group structure creates both constrains and opportunities for focal firm. (For
Using the Joint Impact of 3Ds (Dispersion, Density, and Diversity) to unlock the M-P Puzzle?
Dina Abdelzaher, Florida International University
Jose de la Torre, Florida International University

Conclusive evidence of the multinationality to performance (M-P) has not been reached, with scholars calling for a revisit of underlying theory. This paper provides a network explanation for why and how multinationality can impact performance. We propose the examination of joint effects of three network dimensions (diversity, density, and diversification) using a contingency approach on financial performance while highlighting subsidiaries vs. headquarters perspectives. We analyze the subsidiary networks of 78 MNCs consisting of 3318 foreign subsidiaries. Results from this proposed integration provides a network based theoretical foundation for M-P relationship and insights into a three dimensional measure of internationalization. (For more information, please contact: Dina Abdelzaher, Florida International University, USA: dzahe001@fiu.edu)

Session: 3.3.15 - Interactive
Track: 1 - Institutions, Governance, and CSR

Technology and the Environmental Management in International Business

Presented On: July 3, 2012 - 13:00-14:15
Chair: Kun Liu, Wayne State University

Impact of Institutional Forces on Adoption of Environmental Management Strategy: Moderating Effects of Complementary Assets and Environmental Orientation
Yuanfei Kang, Massey University
Ximing He, University of New Castle

It is well argued that factors both internal and external to firms contribute to adoption of environmental management strategy. However, how these internal and external factors interact with each other is an understudied area. Building on institutional theory and resource-based view, we develop an interactive perspective to investigate how the influence of institutional forces on environmental management strategy is contingent on the presence of firm resources/capabilities. Empirical findings based on survey data from manufacturing firms operating in China suggest that possession of complementary assets is crucial for firms to adopt environmental management strategy in effectively responding institutional forces. Our analysis also suggests that influence of institutional force in terms of public constraint on environmental management strategy is moderated by environmental orientation embedded in a firm (For more information, please contact: Yuanfei Kang, Massey University, New Zealand: y.kang@massey.ac.nz)

Environmental Regulation and Proactiveness: What Does the Jordanian Evidence Tell Us?
Yousef Eiadat, University College Dublin

The role of environmental regulations in affecting the managerial decision to adopt different environmental responsiveness strategies is well discussed in the organizational literature. However, most of the empirical literature on the environmental regulation-environmental responsiveness strategies link have focused on analyzing linear relationships and neglected nonlinearity in empirical modelling. Hypothetically, there is a possibility that the relationship between environmental regulation and managerial decision to adopt environmental responsiveness strategies could be nonlinear. This paper considers the possibility of a nonlinear
effect of perceived environmental regulation on managerial decision to adopt environmental responsiveness strategy, using data from the chemical sector in Jordan. (For more information, please contact: Yousef Eiadat, University College Dublin, USA: yousef.husein@ucd.ie)

The Role of Environmental Proactivity in the Relationship between Consumer Ethnocentrism and Foreign Company Identification
Yung-Hwal Park, Saint Louis University
Morris Kalliny, Saint Louis University

A large body of research has explored the relationship between consumer ethnocentrism and local consumers’ attitude toward foreign goods, but there has been little research examining how consumer ethnocentrism interacts with foreign company’s eco-friendly practices. This study explores whether the foreign company’s environmental proactivity can mitigate the severity of local consumers’ bias against the company by appealing to their aspiration to enhance their self-image through identification with an environmentally responsible company. This study also examines the roles of three situational factors upon which the effect of the foreign company’s environmental proactivity is contingent. (For more information, please contact: Yung-Hwal Park, Saint Louis University, USA: ypark9@slu.edu)

The Impact of Stakeholder Management and Sustainability Practices: Evidence of Domestic and International Operations of Brazilian Multinationals
Flavia M. Alvim, Fundação Dom Cabral
Livia Lopes Barakat, Fundação Dom Cabral
Heiko H. Spitzeck, Fundação Dom Cabral
Sherban Leonardo Cretoiu, Fundação Dom Cabral
Isabelle C. Neves, Fundação Dom Cabral

This quantitative paper compares stakeholder management and sustainability practices of Brazilian multinationals applied at home and abroad. Valid responses have been collected from 49 firms, from a population of 78, by a questionnaire sent via e-mail. Results indicate that the surveyed firms take an instrumental stakeholder approach favoring primary over secondary stakeholders, and engage more intensively with stakeholders at home than abroad. On the other hand, stakeholder management may be considered an effective mechanism for increasing sustainability of multinationals abroad. Engagement with local communities, NGOs, and activists has fostered firms to adopt sustainability practices abroad, but not at home. Local communities were found to have a significant impact abroad on the formalization of practices and also on the adoption of environmental and social practices, while the effect of NGOs and activists was found only on the adoption of environmental practices. The study also finds probable evidence that companies associate sustainability with benefits related to risk minimization over opportunity identification, such as improved stakeholder relations and reputational gains. (For more information, please contact: Flavia M. Alvim, Fundação Dom Cabral, Brazil: flavia.alvim@fdc.org.br)

Green Firm Specific Advantages for Enhancing Environmental and Economic Performance
Nitish Singh, Saint Louis University
Carri R. Tolmie, Saint Louis University
Yung-Hwal Park, Saint Louis University

Several studies have explored the link between environmental and economic performance but strategic insights into how firm capabilities and resources can drive both environmental and economic performance simultaneously are lacking. This study uses a combination of content analysis method and case study approach to analyze how firms can leverage their green firm-specific resources and capabilities to achieve both environmental and economic performance. The project is expected to yield rich cross-industry and cross-country
insights into corporate sustainability efforts of top 395 firms on Dow Jones Sustainability Index. (For more information, please contact: Carri R. Tolmie, Saint Louis University, USA: creisdor@slu.edu)

Drivers of Investment in Corporate Sustainability Strategies of Retailers and Manufacturers in Developed and Developing Countries
Kudzai Mukumbi, Michigan State University
Brenda Sternquist, Michigan State University

This study develops a conceptual model for corporate sustainability investment strategies using institutional theory, transaction cost theory, and the business case perspective. The study seeks to compare institutional and financial drivers of investment in corporate sustainability for (i) firms using standardized corporate sustainability reporting guidelines (i.e., the Global Reporting Initiative) versus those that do not and (ii) developed versus developing country firms. Differences in transaction cost levels and institutional pressures between firms in developed and developing countries can influence corporate sustainability investment. Adoption of standardized corporate sustainability reporting may strengthen the relationship between institutional pressures and investment in corporate sustainability strategy. This is because the adoption can be used as a tool to increase legitimacy, transparency and credibility of the firm as well as reducing transaction costs of searching and monitoring firm's corporate sustainability strategies. In addition, institutional pressures are likely to influence firms from developing rather than developed countries because the institutional drivers help to reduce the higher transaction costs, uncertainty, and corporate sustainability governance gaps faced by firms from developing countries. (For more information, please contact: Kudzai Mukumbi, Michigan State University, USA: mukumbik@msu.edu)

Intellectual Property Rights and Competition Policy on the Development of Entrepreneurship across Countries
Kun Liu, Wayne State University
Kun Fu, Bocconi University

Institutions, as the rules of the game, influence the emergence and development of entrepreneurship in important ways. Most of the existing studies have investigated entrepreneurship within a given institutional environment without considering the variations of institutions in different national contexts. In this paper we study the impact of two economic institutions that are particularly relevant to entrepreneurship — the intellectual property rights (IPRs) and the enforcement of the competition policy, as well as their interaction effects on the development of entrepreneurship especially those dealing with technological innovations. We propose that IPRs is positively associated with entrepreneurial activity and this effect is contingent upon the enforcement level of competition policy. The hypotheses are examined within a framework of pooling a cross-section of 60 countries during the periods between 2002 and 2007. The findings show surprisingly that strengthened IPR protection adversely affects the entry of entrepreneurs adopting new technology and this relationship is attenuated by the increasing enforcement of competition policy. (For more information, please contact: Kun Liu, Wayne State University, USA: k.liu@wayne.edu)
Session: 3.4.1 - Panel  
Track: 1 - Institutions, Governance, and CSR  

Poverty Alleviation at the Local Level: What Works Best?

Presented On: July 3, 2012 - 14:30-15:45

Chair: John Raymond Dilyard, St. Francis College

Panelists:
John Raymond Dilyard, St. Francis College  
Susan Mudambi, Temple University  
Bindu Vyas, King's College  
Masud Chand, Wichita State University  
Sow Hup Chan, University of Macau  
Chung-Leung Luk, City University of Hong Kong  
Wendy W. N. Wan, Sun Yat-Sen University

Poverty alleviation has long been a purported outcome of foreign direct investment yet it has a rather disappointing record in that regard. Thanks in large part to the work of Muhammad Yunus and the success of the Grameen Bank, small scale lending or microfinance, has been seen as the key to poverty alleviation, job creation and economic development in developing countries. Often they are aligned with government programs and/or non-governmental organization (NGO) partnerships. International business scholars are starting to examine these small-scale local financing activities to find out what really might be best for poverty alleviation. This panel will provide a cross-section of studies covering this topic from a variety of perspectives. (For more information, please contact: John Raymond Dilyard, St. Francis College, USA: jdilyard@gmail.com)

Session: 3.4.2 - Panel  
Track: 7 - Emerging Economies  

Entrepreneurship in Islamic Societies

Presented On: July 3, 2012 - 14:30-15:45

Chair: Mehdi Farashahi, Concordia University

Panelists:
Mehdi Farashahi, Concordia University  
Abbas Ali, Indiana University of Pennsylvania  
Soumaya Ben Letaifa, Universite du Quebec a Montreal  
Abdulrahman Chikhouni, Concordia University  
Claude Marcotte, Concordia University

Recent uprisings in Islamic societies have created radical social changes and institutional upheavals in these countries. Fallen governments and the instability of political and economic systems in many Islamic societies have developed a new type of social entrepreneurship based on religious values in these countries. This is reflected in the recent elections in most Islamic societies, that brought parties with Islamic background in power. Fighting against corruption and seeking for justice and equality, as major Islamic values, have indeed become some of the main driving forces behind these social entrepreneurship. In the coming years we might experience the dominance of Islamic social norms and regulations in these countries with significant effects on economic and business activities. They can transform the missions, characters and strategic choices of business
firms both at home and in foreign markets. They can also influence their ability to innovate and take risks as well as foster entrepreneurship. The purpose of organizing this Panel Session is to identify and explore some of the potential changes and opportunities that will be experienced in the uprising Islamic societies and exchange research ideas and insights of how the expected "Islamic institutional environments" might encourage/discourage entrepreneurial activities of individuals and organizations. (For more information, please contact: Mehdi Farashah, Concordia University, Canada: mfarashahi@jmsb.concordia.ca)

Session: 3.4.3 - Competitive
Track: 8 - Developing Country MNCs

**International Strategies of Developing Economy Firms: Resources, Capabilities and Entry Modes**

**Presented On:** July 3, 2012 - 14:30-15:45

Chair: Douglas Dow, University of Melbourne

_The Bargaining Model Revisited: Theory and Evidence from China's Natural Resource Investments in Africa_

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

Recent years have witnessed rapid growth of Chinese OFDI in natural resource industries. Given the strategic importance of the natural resource sectors to host country governments, MNE-host country government bargaining occurs often in these sectors. The traditional bargaining models suggest that MNEs largely rely on their FSAs to negotiate for investment deals. Chinese firms, however, typically have weak FSAs. Our study investigates the role of the Chinese government in facilitating Chinese natural resource investments in Africa. Using interview information with firms and government officials in Tanzania, our study enriches existing bargaining models. We find that the Chinese government/firms engage in a modified one-tier bargaining model in which the Chinese government represents the collective interests of the Chinese firms in negotiating with the host country government and the Chinese firms act as executers of negotiation outcomes. To increase its bargaining power, the Chinese government promises to provide aids with no political conditions, improve host country infrastructures, and modernize local communities via multiple purpose projects. We further propose boundary conditions for the Chinese bargaining model. Finally, we conclude that the Chinese OFDI model in terms of the role played by the Chinese government is not new, nor is it unique. (For more information, please contact: Jing Li, Simon Fraser University, Canada: jingli@sfu.ca)

_Leverage or Develop? How Emerging Market Multinationals Manage their Business Models in their Internationalization Processes_

Margarete Kalinowski, ESADE Business School
Luis Vives, ESADE Business School

The phenomenal surge in internationalization by emerging market multinationals (EMNEs) has gained momentum in academic research. The existing literature has focused on either exploitation of ownership advantages or exploration of new advantages through opportunity seeking as the drivers of EMNEs' internationalization. We contribute to the growing stream of research by exploring the questions of how EMNEs manage their business models as they internationalize. We propose a conceptual framework depicted by two key variables: (1) the level of institutional difference in terms of entry into emerging or developed markets, and (2) strategic initiatives in terms of leveraging their own business models or developing new business models. We obtain four possible strategies to manage business models EMNEs can follow in their expansion to other...
emerging markets or developed economies. We illustrate the framework using case study examples of different emerging multinationals. The paper concludes with fruitful avenues for future research. (For more information, please contact: Margarete Kalinowski, ESADE Business School, Spain: margarete.kalinowski@esade.edu)

Turning Lead into Gold: The Case of Chinese and Indian Multinationals’ Internationalization
Filip De Beule, KU Leuven

This paper analyzes the internationalization pattern of Chinese and Indian multinationals by looking into the location determinants of their greenfield subsidiaries. On the basis of a conditional logit gravity model, it analyzes whether these determinants vary by the type of activity –such as extraction, manufacturing, sales of products or services, and R&D- being internationalized. Given that these Emerging Market Firms (EMFs) have developed competitive advantages that fit their home country environment, the analysis shows that they predominantly go to similarly economic environments but not to similarly institutional environments. In fact, a greater positive institutional distance attracts more investments, while a greater economic distance deters investment. This result is robust for all types of investment, except extraction. This latter type of subsidiary is predominantly drawn to resource intensive countries. R&D subsidiaries are also shown to significantly locate in countries with similar market and better institutional environments, indicating that both Chinese and Indian firms largely carry out knowledge exploiting greenfield investments abroad. (For more information, please contact: Filip De Beule, KU Leuven, Belgium: filip.debeule@lessius.eu)

Resources and Multinational Expansion of ASEAN Firms
Nuruzzaman Arsyad, International University of Jakarta
Peter Hwang, International University of Jakarta

This study investigates the type of resources that firms draw upon to expand internationally in the ASEAN context. This paper seeks to understand the impact of technological, networking, and accumulated knowledge resources on ASEAN firms' multinationality, moderated by labor intensity, the type of ownership and the stage of economic development. We found that technology resource is positively associated with multinationality. Moreover, the high labor intensity firms will benefit more from the impact of technology resource on multinationality than low labor intensive firms. For manager industry experience, we found an inverted U-shape relationship and for manager education we found a positive relationship with multinationality. Lastly, while networking is important across firms in ASEAN, over-networking applies to foreign firms but not local firms. As such, over-networking appears to be situation specific rather than a generalized concept. (For more information, please contact: Nuruzzaman Arsyad, International University of Jakarta, Indonesia: nuruzzaman@ssb.ac.id)

Session: 3.4.4 - Competitive
Track: 4 - Strategy, Alliances, and Competitiveness

Governance and Innovation in International Alliances

Presented On: July 3, 2012 - 14:30-15:45

Chair: Jean-Francois Hennart, Tilburg University; Queens University; Singapore Management University

Non-Complementary Governance Mechanisms in International Technology Alliances and Innovation Capabilities
Yong Kyu Lew, University of Hull

This paper investigates governance mechanisms in international technology alliances (ITAs), firm-level innovation capabilities, and performance outcomes in the mobile computing market. This high-tech market is characterized by numerous cross-border strategic technology collaborations between software and hardware
firms. Anchoring our work in interfirm governance theories and the resource-based view, we develop a model and empirically test relationships related to behavioral governance mechanisms, innovation capabilities and business performance. In the cross-industry and cross-border context, the empirical model explains to what extent complementary strategic resources, through a relational governance mechanism, contribute to the innovation capabilities of high-tech firms, providing a competitive advantage. The data, analyzed using partial least squares path modeling, indicates that technological commitment is a factor in expediting technology resource exchange in ITAs between heterogeneous firms. The results also show that firm-level performance is only influenced by market development capability, and not new product development capability, in product innovation. However, we did not find any significant moderating effects of firm size and industry type on the model. Furthermore, this paper offers insights into how high-tech firms benefit from interfirm governance in international technology resource exchange arrangements. (For more information, please contact: Yong Kyu Lew, University of Hull, United Kingdom: Y.Lew@hull.ac.uk)

Alliance or Going Alone: The Choice for Internationalizing Small and Medium-Sized Technology Enterprises
Gongming Qian, Chinese University of Hong Kong
Lee Li, York University

Small and medium-sized firms interested in entering international markets face a difficult decision with regard to the choice of governance modes. The options available to a firm include internalization and externalization. Existing theories contradict each other as to the strategic benefits of these options. This study compares these theories in the context of small and medium-sized technology-based enterprises (SMTEs). Findings from this study suggest that merits of internalization and externalization vary with market contexts and the resources under the firm’s control. Under certain conditions, one theory can be more powerful than the other. (For more information, please contact: Gongming Qian, Chinese University of Hong Kong, Hong Kong, SAR-PRC: qian@baf.msmail.cuhk.edu.hk)

Control Decisions of Offshored Activities: Drivers of Non-Equity Alliances
Gabriella Lojacono, Università Bocconi
Nicola Misani, Università Bocconi

Motivations of both offshoring and alliances have been intensively analysed in the international business field. However the interrelation between the two fields has not yet been investigated in depth. Given the commonalities in the drivers considered in the two streams of research, a combined theoretical framework is an interesting research field to investigate the motivations of the governance choice for delocalized collaborative agreements. Empirical analysis of 361 alliances realized on a global basis between 1986 and 2010 in the major appliances industry reveals that the activity content and the hosting location are strong drivers for deciding for a non-equity alliance. (For more information, please contact: Nicola Misani, Università Bocconi, Italy: nicola.misani@unibocconi.it)
The Changing Nature of Global Integration: Antecedents of Parent and Affiliate Product Transfers
Heather K Berry, George Washington University
Aseem Kaul, University of Minnesota

In this paper, we study the factors that drive the direction of resource transfers within MNCs. We argue that different benefits from global integration will drive different configurations of intra-firm transfers. More specifically, aggregation benefits from exploiting organizational endowments on a global scale will be associated with transfers from parents, while arbitrage benefits from accessing location-specific advantages will drive multilateral transfers from affiliates. Results from a unique panel of 33 US manufacturing industries between 1989 and 2004 show support for these arguments, highlighting a significant increase in intra-firm product transfers from affiliates, driven by foreign knowledge-seeking activities and the threat of foreign rivals. This paper thus extends our theoretical understanding of global integration, while providing empirical insights into the changing nature of global product transfers. (For more information, please contact: Heather K Berry, George Washington University, USA: berryh@gwu.edu)

Firms as Catalyst of Within Country Migration Evidence from a Randomized Intra-Firm Experiment in India
Prithwiraj Choudhury, University of Pennsylvania
Tarun Khanna, Harvard Business School

In the face of rapid growth, technology firms in countries like India face severe labor shortages. Such firms also face physical and informational barriers in hiring talented individuals from remote locations and from disadvantaged social groups. However, investing in hiring such individuals might lead to higher payoff in equilibrium. Our empirical setting is "INDTECH," one of India’s largest information technology (IT) firms where we exploit the pre-existence of a randomization of entering talent across the available projects in the 10 development centers INDTECH runs across India. This randomization helps us evade econometric problems that plague studies that measure employee productivity within firms. We use hand collected data on personal records and migration patterns for entry level employees recruited by INDTECH in 2007 from over 250 educational institutions all across India. We find that employees from remote locations outperform talent sourced from mainstream locations provided the distance of migration is less than 500 miles. Further, the non-mainstream talent appears disproportionately to use the firm as a platform for further advanced education. Also, talent from underrepresented social strata outperforms that hired from mainstream social communities. (For more information, please contact: Prithwiraj Choudhury, University of Pennsylvania, USA: prithw@wharton.upenn.edu)

The Role of Absorptive Capacity Routines and Attention Directing Mechanisms in Adoption of a Management Innovation
Carine Peeters, Université libre de Bruxelles
Silvia Massini, University of Manchester
Arie Y. Lewin, Duke University

This paper studies how the organization level of directing attention (C-level or local) mediates the absorptive capacity (AC) of an organization in the adoption and implementation of a management innovation. Drawing on two in-depth case studies, it provides empirical evidence of organizational routines underlying AC capabilities and shows that two different configurations of AC practiced routines in different organizations can lead to successful implementation of the same management innovation, namely the reconfiguration of firms' value chains through sourcing of business services from low cost countries. However, the organizational level for directing attention and guiding adoption of the innovation affects the time to successfully implement the management innovation. Specifically, the cases suggest that the C-level ‘attention-directing’ mechanism as it relates to legitimating and facilitating implementation of the new practice is more time efficient than problemistic search or local directing attention mechanisms. Moreover, the application of certain AC routines are more important in the early stages of articulating, developing and implementing the management
innovation while other routines become critical at a later stage. Differences in effectiveness of AC routines and underlying mechanisms in turn can be traced back to organizational antecedents and to individual actors involved in the implementation of the innovation. (For more information, please contact: Carine Peeters, Université libre de Bruxelles, Belgium: carine.peeters@ulb.ac.be)

The Global Co-Evolution of Firm Boundaries: Commoditization, Capabilities, and Paths Dependencies
Stephan Manning, University of Massachusetts Boston
Silvia Massini, University of Manchester
Carine Peeters, Université libre de Bruxelles
Arie Y. Lewin, Duke University

This paper contributes to the discourse on the co-evolution of firm boundaries and capabilities by focusing on the impact of process commoditization, changing external availability of capabilities and firm specific paths of governance decisions on the configuration of firm boundaries, and their co-evolution over time. Our analysis further incorporates the role of firm strategic orientation in decisions to source business services internally (captive) vs. from third party providers. We test our hypotheses on a unique and comprehensive panel of 930 discrete offshore operations across various business functions and locations from early experiments in the late 1980s through 2011. Our empirical findings suggest that the three mechanisms of process commoditization, changing availability of service suppliers, firm-level experiences and prior sourcing decisions, along with strategic orientations, affect choices of governance models for sourcing particular tasks and, hence, the co-evolution of firm boundaries in the context of global services sourcing. Yet, these three mechanisms affect governance model choices in different ways over time, which can be explained by the interplay of external dynamics (e.g. growing maturity of sourcing practices and supplier relations across firms) and internal dynamics (e.g. growing firm-level experience with and development of specific capabilities for global sourcing). (For more information, please contact: Stephan Manning, University of Massachusetts Boston, USA: stephan.manning@umb.edu)

Session: 3.4.6 - Competitive
Track: 3 - IB Theory, FDI, and Entry Mode

Spillovers: Here, There, Everywhere

Presented On: July 3, 2012 - 14:30-15:45

Chair: Ulf Andersson, Copenhagen Business School

Inter-regional Determinants of Innovatory Spillovers from Foreign Direct Investment: Evidence from China
Yi (Elizabeth) Wang, University of Leeds
Jeremy Clegg, University of Leeds
Chengqi Wang, Nottingham University Business School

This paper investigates the inter-regional impact of inward foreign direct investment (FDI) on the ability of domestic Chinese firms to generate their own technologies. Research on FDI spillovers' productivity effects argues that advanced technology employed by foreign-invested firms is adopted by domestically-owned firms, so raising their productivity. We know far less about the mechanisms through which FDI impacts upon the innovative capabilities of these domestic firms. We draw upon literatures on the multinational enterprises, knowledge diffusion (organisational learning), and economic geography to investigate empirically the relationship between inward FDI and domestic patent innovation (innovatory spillovers), and how and why this relationship varies spatially. We find that the baseline impact of innovatory spillovers is negative, in contrast with that generally found for productivity spillovers; patenting by foreign firms within the host economy perforce generates a near-perfect crowding out effect. We then identify an "inventing around" mechanism,
whereby indigenous firms patent around core technologies, moderated by a set of inter-regional factors. Beneficial inter-regional factors include short geographic distance between FDI-host regions (FHRs) and spillovers-recipient regions (SRRs), a high level of marketisation in FHRs, and a high degree of competition in FHRs. Policy recommendations are offered to raise balanced and sustainable technological development. (For more information, please contact: Yi (Elizabeth) Wang, University of Leeds, United Kingdom: y.e.wang@leeds.ac.uk)

Making Room for Something New: Foreign Direct Investment and Host-Country Entrepreneurial Activity
Phillip Kim, University of Wisconsin - Madison
Mingxiang Li, University of Wisconsin - Madison

This study presents new theory and evidence for how foreign direct investment (FDI) spurs entrepreneurial activity in host countries. Current theories provide limited guidance for why foreign investment and domestic societal conditions may jointly affect business creation. The findings from our panel analyses of 104 countries are consistent with our predictions that foreign direct investment positively relates to business creation and that this positive effect is strongest in countries with poor institutional support, weak political constraint, and low general human capital. Our work provides new insights into how cross-border investments and domestic societal conditions influence entrepreneurial activity especially in emerging economies. (For more information, please contact: Phillip Kim, University of Wisconsin - Madison, USA: pkim@bus.wisc.edu)

Subsidiary Linkage Patterns: Learning Prospects and Spillover Risks
Ulf Andersson, Copenhagen Business School
Alessandra Perri, Universidad Carlos III de Madrid
Phillip C. Nell, Copenhagen Business School
Grazia D. Santangelo, University of Catania

This paper investigates the pattern of subsidiaries' local vertical linkages under varying levels of competition and subsidiary capabilities. Contrary to most previous literature, we explicitly account for the double role of such linkages as conduits of learning prospects as well as potential channels for spillovers to competitors. We find a curvilinear relationship between the extent of competitive pressure and the quality of a subsidiary's set of local linkages. Furthermore, the extent to which a subsidiary possesses capabilities moderates this relationship: Very capable subsidiaries in strongly competitive environments tend to shy away from high quality linkages. We discuss our findings in light of the literature on spillovers and inter-organizational linkages. (For more information, please contact: Ulf Andersson, Copenhagen Business School, Denmark: ua.smg@cbs.dk)

Session: 3.4.7 - Competitive
Track: 10 - Economics, Finance and Accounting

Capital Structure

Presented On: July 3, 2012 - 14:30-15:45

Chair: Grigoris Livanis, Northeastern University

U.S. Listing and International Asset Pricing: The Absence of Cross-Listing Premiums
Liu Wang, Providence College

This paper explores the role of cross-listing in international asset pricing with a special focus on misvalued firms using a panel sample of Chinese firms with and without U.S. listings. In contrast with conventional theories that predict enormous cross-listing benefits, no significant premiums are found when Chinese firms cross-list in the
Further investigation indicates that in an environment with inherent stock overvaluation, the absence of cross-listing premiums is mainly a result of a downward price correction (toward the fundamental values) once U.S. listing allows for an enhanced capitalization of firm-specific information. Consistent with the price correction hypothesis, cross-listed firms are found to be generally less overvalued, more informative, and exhibit a stronger price-earnings relationship. (For more information, please contact: Liu Wang, Providence College, USA: lwang@providence.edu)

**Relationship Lending versus Arm's Length Debt - A Cultural Perspective**
Astrid Juliane Salzmann, RWTH Aachen University
Ron Christian Antonczyk, RWTH Aachen University
Wolfgang Breuer, RWTH Aachen University

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

**The Emperor's New Clothes: Characteristics of the Chinese Stock Listing Diaspora**
Abigail S. Hornstein, Wesleyan University

This paper provides two explanations for why Chinese firms are choosing to have only one listing on particular foreign stock exchanges. First, Chinese firms may present greater informational asymmetries to foreign investors as they are often parts of corporate pyramids or under state control. Second, there is substantial inter-provincial and international variation in the regulatory and operating environment of the headquarters' locations. The empirical results show that firms that list on the U.S. and U.K. exchanges are more likely to be at the top of a corporate pyramid, come from the better regulated provinces of China, and are less likely to have foreign headquarters. (For more information, please contact: Abigail S. Hornstein, Wesleyan University, USA: ahornstein@wesleyan.edu)

**SME Exporting**

**Presented On:** July 3, 2012 - 14:30-15:45

Chair: Shameen Prashantham, Nottingham University Business School

**Relationalism in the SMEs export channel**
Youngmi Baek, Sogang University

This research identifies affecting factors of relationship commitment and relations to the financial performance in the export distribution channel. For the theoretical basis of research model, this research adapted RBV, TCE and social exchange theory. Resource based determinants (firm size, brand value, technological capability and fame) and transaction cost determinants (environmental uncertainty, industry and psychic distance) are considered as the significant factors to affect relationship commitment in the export distribution channel.
addition, the relation between relationship commitment and financial performance is analyzed and adopts the social exchange variables (shared value, communication and dependence) as the moderating factors between relationship commitment and performance to specify the situational condition. For the empirical test, 455 samples of Korean exporting manufacturing companies are used and divided into two groups based on the firm size (small-medium sized firms and large sized firms). The empirical test result showed the significant difference in the effect of moderators in the two groups. Only in the sample of small-medium sized firms, the share value, communication and dependence activated as the moderators. In addition, more resource-based variables are verified significantly on the small-medium sized firms. (For more information, please contact: Youngmi Baek, Sogang University, Korea, South: youngmibaek@hotmail.com)

Export Orientation in the Economic Recession - An Empirical Investigation of New Zealand Wineries
Yang Yu, Victoria University of Wellington
Val Lindsay, Victoria University of Wellington
Stacey Hynes, Victoria University of Wellington

The study explores how firms' export orientations were affected in the recent economic recession. A conceptual model is developed from the extant literature and hypotheses are tested using data from 55 wine exporters in New Zealand. Results show that those wineries' export orientation in 2010 at the time of the research was related positively with their past export performance prior to the 2008 financial crisis (between 2005 and 2007), and negatively with their export performance deterioration soon after the crisis (from 2008 onwards). Equally important, these relationships between export orientation and performance variables appear to be contingent upon first, firms' managerial attitudes toward exporting and second, their perceived market uncertainty. Overall, the study enriches the literature on firms' strategic reactions in economic recession from small exporters' perspective; its findings in particular, help to understand the complexity of such reactions. (For more information, please contact: Yang Yu, Victoria University of Wellington, New Zealand: yang.yu@vuw.ac.nz)

Export Propensity, Export Intensity and Firm Performance: the Role of the Entrepreneurial Founding Team
Panagiotis Ganotakis, Leeds University
James Love, Aston University

We investigate how the characteristics and experience of the entrepreneurial founding team (EFT) affect the export orientation and subsequent performance of the businesses they establish, while allowing for the mutually-reinforcing relationship between exporting and productivity. Using a sample of UK new technology based firms, we find that the set of EFT human capital needed for entering export markets is quite different from that required for succeeding in export markets. Commercial and managerial experience helps firms become exporters, but once over the exporting hurdle it is education, both general and specific, that has a substantially positive effect. The overall pattern of human capital effects on productivity are similar to those for export propensity. We also find evidence that productive firms are more likely both to enter export markets and to be export intensive, and that exporting boosts subsequent firm productivity. (For more information, please contact: Panagiotis Ganotakis, Leeds University, United Kingdom: p.ganotakis@leeds.ac.uk)

Firms' Exporting and Importing Activities: Is There a Two-Way Relationship?
Davide Castellani, University of Perugia
Chiara Franco, University of Bologna
David Aristei, University of Perugia

The literature on firm heterogeneity and trade has highlighted that most trading firms tend to engage in both importing and exporting activities. This may be due to some common sunk costs or to a true state dependence. This paper provides some evidence that helps sort this issue out. Using firm level data for a group of 27 Eastern European and Central Asian countries from the World Bank Business Environment and Enterprise
Performance Survey (BEEPS) over the period 2002-2008, we estimate a bivariate probit model of exporting and importing. The main finding is that there is a positive correlation between import and export at the level of the firm, but after controlling for size (and other firm level characteristics) importing have a positive effect on exporting, but exporting to not increase the probability of importing. The evidence is thus consistent with the presence of common sunk costs and with a one-way link between importing and exporting. The positive effect of import on export is mainly due to an increase in firm productivity and product innovation. (For more information, please contact: Davide Castellani, University of Perugia, Italy: davide.castellani@unipg.it)

Session: 3.4.10 - Competitive
Track: 1 - Institutions, Governance, and CSR

Microfinance, Venture Investment and International Business

Presented On: July 3, 2012 - 14:30-15:45

Chair: Raj Aggarwal, University of Akron

National Institutional Configurations, Organizational Forms, and the Financial-Social Performance Relationship in Global Microfinance
Eric Yanfei Zhao, University of Alberta

In this paper, I develop a configurational approach to the financial-social performance debate and apply it to a study of the global microfinance organizations (MFOs) in 94 countries between 1995 and 2007. Based on their relative performance on both financial and social dimensions, MFOs are categorized into four ideal types: self-sustainable, mission-drifting, subsidized, and failing. According to the configurational approach, the specific ideal type an MFO falls into depends on both national institutional configurations and the MFO's organizational form. Results provide support for the configurational approach and have significant theoretical and policy implications. (For more information, please contact: Eric Yanfei Zhao, University of Alberta, Canada: eric.zhao@ualberta.ca)

The Dividends of Diaspora: Migrants, Remittances, and Changes in Home-Country Rule of Law
Michael Cummings, University of Minnesota
Paul Vaaler, University of Minnesota
Michael Barnett, University of Oxford

How do we explain the cross-country transmission of institutional norms vital to international business ("IB")? Since at least the 1970s, scholars have highlighted the role of governments, banks and business as means for transmitting institutional norms across countries. In the 2000s, migrants may constitute a new and increasingly important transmission source from developed to developing countries. We choose one such institutional norm, rule of law, and develop alternative theories to explain how rule-of-law norms might be transmitted to developing countries through migrants and their remittances. We then present evidence from regression analyses of migrants, migrant remittances and rule-of-law trends in 49 developing countries from 2001-2010. Results suggest that home-country rule of law strengthens as the host-country rule of law of remitting migrants strengthens. Migrants and their remittances matter, but their impact on institutional norms in the home country depends on where both reside abroad. (For more information, please contact: Michael Cummings, University of Minnesota, USA: cummings@umn.edu)

Business, the State, and Poverty Alleviation: Insights from the Backlash against Commercial Microfinance in India
Joshua K. Ault, University of Victoria
Andrew Spicer, University of South Carolina
We conducted a grounded study of a recent microfinance crisis in the Indian region of Andhra Pradesh to generalize more broadly about the role of the state in the success of business-led efforts to alleviate poverty at the base of the pyramid (BOP). While the existing BOP literature often sees business as a solution to failures of the state, our case analysis shows that market participants in Andhra Pradesh increasingly looked to the state as a solution to the perceived failure of the market. A comparison of the rapid rise and fall of the microfinance industry in Andhra Pradesh to the slower but more stable evolution of microfinance in Bangladesh further supports the argument that the state plays an important role in shaping the long-term success of BOP innovation. We discuss the implications of a more synergistic perspective on states and markets for future BOP research. (For more information, please contact: Joshua K. Ault, University of Victoria, Canada: jault@uvic.ca)

Session: 3.4.11 - Interactive
Track: 11 - SMEs and Entrepreneurship

**Strategic Issues in Internationalizing Entrepreneurial Firms**

**Presented On:** July 3, 2012 - 14:30-15:45

Chair: Kaveh Moghaddam, Old Dominion University

*Foreign Knowledge Acquisition Strategies and Start-Up Value to Venture Capital Investors*

Anupama Phene, George Washington University
Jennifer Spencer, George Washington University
Nidia Banuelos, University of Chicago

Our study examines the relationship between a start-up's foreign knowledge acquisition strategies and the level of venture capital (VC) investment it is able to attract. We evaluate start-up strategy to acquire foreign knowledge through three mechanisms, foreign knowledge sourcing, collaborations with foreign partners and overseas innovation activity by the firm. We hypothesize that adoption of these strategies increases the value perceived by VC investors and has a positive influence on VC investment in the startup. We posit that the strategies differ in the extent to which the startup is embedded in the global innovation system and propose that more embedded strategies lead to more VC investment. We test our hypotheses in a sample of U.S. biotechnology startups and find support for the effects of foreign knowledge acquisition strategies on VC investment. Interestingly less embedded strategies have a greater effect on VC investment. An analysis of foreign firm innovative presence in the location of the start-up, suggests that it operates as a complement to foreign knowledge acquisitions strategies. (For more information, please contact: Anupama Phene, George Washington University, USA: anuphene@gwu.edu)

*SME Adaptation for Survival in Economic Crisis: A Customer Relationship Orientation Viewpoint*

Melodena Stephens Balakrishnan, University of Wollongong in Dubai
Abraham Koshy, IIM A

This study looks at the adaptation strategies SMEs employ when faced with a financial crisis. The findings prove the current relevance of the Miles and Snow typology and provide a practical framework for organizations to monitor the impact of change. Through a detailed literature review it consolidates and classifies marketing strategies available to organizations during change. The study also highlights the importance of customer relationship orientation and its implication on adaptation to turbulent times. This exploratory study uses qualitative methodology to study the effect of turbulence on an organization looking specifically at their market strategy adoption. It is a cross-country study looking at 20 firms based in Taiwan and India. (For more information, please contact: Melodena Stephens Balakrishnan, University of Wollongong in Dubai, United Arab Emirates: melodenabalakrishnan@uowdubai.ac.ae)
Not Too Small, Not Too Big: The Rise of Medium-Sized Firms in International Markets
Alberto Pezzi, University of Roma Tre
Ottorino Morresi, University of Roma Tre

We study shareholder value creation in the form of stock market reaction to announcements of internationalization strategies by medium-sized firms listed on European stock exchanges. Recent preliminary evidence shows these firms to be superior in terms of accounting-based performance, efficiency and internationalization propensity than small and large firms. We find that medium-sized listed firms in Europe are able to create value through their global diversification. These firms appear to successfully manage the issues related to internationalization. Value creation is present in all sample countries. British, Italian, Belgian and French firms show the best performance while Dutch, German and Spanish firms show the worst results. According to international literature, the value created is dependent on some firm-specific, deal-specific, industry-specific, and country-specific determinants. (For more information, please contact: Alberto Pezzi, University of Roma Tre, Italy: pezzi@uniroma3.it)

Step by Step: A Hierarchical Model of SME Internationalization
David Pastoriza, HEC Montreal
Hugo Zarco, University of Navarra
Miguel Canela, IESE Business School

We empirically investigate the internationalization decision making process of SMEs. In contrast to the dominant rational analytic model, we argue that the managers of SMEs simplify the structure of the internationalization decision by decomposing it into a hierarchy of two different stages: First, they decide on the foreign expansion decision; and second, they decide on the degree of control of the entry mode choice. Based on a sample of 436 Spanish SMEs, our paper contributes to the literature of SME’s internationalization in two ways: First, it shows the explanatory capacity of the hierarchical model to split SME’s internationalization into two different stages; and second, it identifies which factors impact each of the two stages respectively. (For more information, please contact: David Pastoriza, HEC Montreal, Canada: david.pastoriza@hec.ca)

Entrepreneurial Orientation and International Performance
George Nakos, Clayton State University
Keith D. Brouthers, North Carolina State University
Pavlos Dimitratos, University of Glasgow
Lance Eliot Brouthers, Kennesaw State University

Entrepreneurial firms tend to expand abroad to improve performance. Yet because of liabilities of smallness and foreignness these ventures are often unsuccessful. To overcome these issues firms can engage in alliances. In this study we examine the moderating influence of alliances with non-competitors and competitors on the international performance of entrepreneurial SMEs. Based on a sample of 162 British and US companies our results indicate that a firm’s entrepreneurial orientation is significantly related to international performance. Our analysis also shows that alliances with non-competitors interact with entrepreneurial orientation to increase a company’s performance but that alliances with competitors do not have a similar impact on international performance. (For more information, please contact: Keith D. Brouthers, North Carolina State University, USA: keith_brouthers@ncsu.edu)

One For All? Transaction Cost Determinants and Entry Mode of SMEs vs. MNEs: A Meta-Analysis
Alexander H. Wisgickl, WU Vienna
Jonas F. Puck, WU Vienna
Arne Floh, WU Vienna
Existing findings on determinants of entry mode remain inconclusive, especially when looking on transaction-cost determinants. In this paper we argue that this inconclusiveness can at least partially be explained by missing out an important context factor: firm size. Based on meta-analytical evidence, specifically 130 effect sizes of 57 empirical studies, our findings strongly support this line of reasoning, as we find significantly different effect sizes and, in the case of internal and external uncertainty, even effect directions for SMEs and MNEs. We intensely discuss the implications of our findings following two directions. On the one hand, discussing how TCE and its measures could be better adjusted to the specific SME context. On the other hand, theorizing on how TCE could be supplemented by additional theories to improve its applicability to SMEs. (For more information, please contact: Alexander H. Wisgickl, WU Vienna, Austria: alexander.wisgickl@wu.ac.at)

Session: 3.4.12 - Interactive
Track: 8 - Developing Country MNCs

**International Diversification, Performance and Developing Economy Firms**

**Presented On:** July 3, 2012 - 14:30-15:45

Chair: Elizabeth L. Rose, Aalto University School of Economics

*Diversification and Performance of Business Groups in Emerging Markets: Taiwan as Example*
Cheng-Wen Yao, Tzu-Chi College of Technology
Angeline, Te-Yi Lin, National ChengChi University

As a distinctive phenomenon of emerging countries, business groups receive much attention of practitioners and academics. Although many studies examine the relationship between diversification and business group performance, most of them focus on the relationship between diversification and an affiliated firm’s performance. Due to the nature of business groups, and to explore a bigger picture of business group performance, this study proposed that the impacts of diversification on a business group were different from those on a single member firm. This study explored the impacts of different diversifications on the performance of the whole business group. An OLS multiple regression model was used to test the hypothesis. Results based on 101 high-tech business groups showed that diversification was beneficial to a business group. All three types of diversification, including related diversification, unrelated diversification, and international diversification, were positively related to business group performance. This finding indicated that a business group performed better when it diversified internationally and into different industries. (For more information, please contact: Cheng-Wen Yao, Tzu-Chi College of Technology, Taiwan: tomcwyao@gmail.com)

*The Impact of FDI Type on the Relationship between Institutional Distances and the Performance of Foreign Subsidiaries*
Hsiao-Wen Lin, ChenChi University

In the context of MNEs, there are different arguments about the relationship between institutional distance and foreign subsidiaries’ performances. This paper tries to integrate the FDI type, up-stream and down-stream FDI, into the model and propose that the construct will have a moderating effect. Because of the different motive of FDI, institutional development of the host country, and country of origin effect of the two FDI types, this paper provides propositions that under the situation of down-stream FDI, there is an inverted U-shaped relationship between institutional distance and the performance of LDCs MNEs foreign subsidiaries, while opposite U shaped relationship under up-stream FDI. (For more information, please contact: Hsiao-Wen Lin, ChenChi University, Taiwan: 96355506@nccu.edu.tw)
The Impact of Business Group Diversification on Emerging Market Multinationals: Evidence from Latin America
Armando Borda, Universidad ESAN/ Florida International University

Diversified business groups represent the most efficient organizational form to conduct transactions in the presence of large institutional voids because they reduce transaction cost by internalizing activities. However, Emerging economies are characterized by a reduction of government intervention and by the improvement of governance mechanisms. Under the adoption of market oriented institutions, the organizational costs of diversified business groups may be higher than their benefits and hence; these business groups face pressures to refocus their operations. Nevertheless, given that the majority of business groups are old and large; they also face strong inertial processes that constrain their capability to adapt to these environmental changes. In this article we explore this alternative avenue that diversified business groups have to distribute their large overhead: the internationalization of their affiliates. Considering that firm specific assets tend to be regionally bound and that the benefits of business group diversification are associated with the presence of institutional voids, we explore the capacity of business group diversification to generate value in the internationalization process of their affiliates and how this impacts varies depending on whether their affiliates expand to more or less developed countries and on whether their affiliates are regionally or globally oriented. (For more information, please contact: Armando Borda, Universidad ESAN/ Florida International University, USA: abord001@fiu.edu)

Firm Specific Advantages in Managing the Risks of Internationalisation in Frontier Markets: Exploring the Role of Government Linkages
Namukale M. Chintu, University of Cambridge

While there is a vast amount of research on firms' choice of ownership form when entering a foreign market, it has largely focussed on firms behaving in a reactive manner to host country circumstances. Little attention has been paid to how firms might overcome some of the root causes associated with the selection of joint ventures and internationalise using wholly owned subsidiaries in the first instance. Using an embedded case study developed in Zambia, we investigate the choice of ownership form among Chinese and Western firms. The analysis of these cases leads to the development of 3 testable propositions focused on the behaviour of firms with government linkages in nascent frontier economies. Our study aims to lay a foundation for future research on government linkages and the internationalisation of firms, particularly in frontier market contexts. (For more information, please contact: Namukale M. Chintu, University of Cambridge, United Kingdom: nc350@cam.ac.uk)

Innovation Process as a Mediator Linking Export Capabilities and Performance
Badri Munir Sukoco, Airlangga University
Muslich Anshori, Airlangga University
Indrianawati Usman, Airlangga University

Having export capabilities are necessary steps for exporters to be success in the international market. Based on learning-based view of internationalization, this study argues that the capability to acquire information from foreign market and being adaptive on foreign consumer needs need to go further through innovation process before having effects on export performance. The developed hypotheses are tested among Indonesian small- and-medium-size enterprises (SMEs) exporters. The results indicate that export capabilities contribute positively on innovation process and export performance, which is also apply on the effect of innovation process and export performance. Further findings indicate that innovation process partially mediates the effect of export capabilities on export performance. (For more information, please contact: Badri Munir Sukoco, Airlangga University, Indonesia: badri@feb.unair.ac.id)
Managing Overseas Assignments

Presented On: July 3, 2012 - 14:30-15:45

Chair: Naoki Ando, Hosei University

The Influence of Terrorism on Expatriate Performance: a Conceptual Approach
Benjamin Bader, University of Hamburg
Nicola Berg, University of Hamburg

This article presents a conceptual model of the influence of terrorism on expatriates' work attitudes and performance. After briefly discussing the challenges connected with terrorism and the expatriation of employees into high-risk countries, we develop a causal model based on the stress perspective. Several role and situational stressors contribute to an expatriate's individual stress level, which is then reflected in his or her work attitudes and performance. Then, propositions on the postulated relationships are derived and moderating influences are discussed. The paper ends with managerial implications and directions for future studies. (For more information, please contact: Benjamin Bader, University of Hamburg, Germany: benjamin.bader@uni-hamburg.de)

The Effect of Absolute and Relative Numbers of Expatriates on Foreign Subsidiary Performance
Naoki Ando, Hosei University

This study examines the relationship between foreign subsidiary staffing and the performance of foreign subsidiaries. In particular, this study emphasizes two practices of foreign subsidiary staffing, i.e., the ratio of parent country nationals to foreign subsidiary employees and the number of parent country nationals assigned to the foreign subsidiary. Hypotheses are developed that predict curvilinear relationships between foreign subsidiary staffing and the performance of foreign subsidiaries. Using the data consisting of 2,228 foreign subsidiaries of Japanese firms, empirical analysis is conducted to test the hypotheses. The results of the analysis show that the ratio of parent country nationals has an inverted U-shaped relationship with foreign subsidiary performance. The results also show that the number of parent country nationals assigned to the foreign subsidiary has a U-shaped relationship with foreign subsidiary performance. The results of this study suggest that the two distinctive but related staffing practices have different effects on foreign subsidiary performance. (For more information, please contact: Naoki Ando, Hosei University, Japan: nando@hosei.ac.jp)

Cross-Cultural Adjustment of Expatriates: The Role of Emotional Intelligence, Sex, Cultural Similarity and Experience
Alexei Koveshnikov, Hanken School of Economics
Heidi Wechtler, Sorbonne Business School
Cecile Dejoux, CNAM Paris

The role of emotional intelligence (EI) in cross-cultural adjustment (CCA) of expatriates on international assignments remains under-researched in extant literature. In this paper, we test a model which shows that EI is an important positive predictor of expatriates' general living, interactional and work-related CCA. Additionally, we find that cultural similarity facilitates general living adjustment only and not the other two dimensions of CCA. Finally, the analysis yields an interesting interaction effect between sex and appraisal of emotions in the self and others, showing that emotionally intelligent (in that particular adaptive ability) females are likely to experience slower CCA on all three dimensions than males. The adaptive ability of appraisal of emotions in the self and others has a relatively faster diminishing utility for females than for males, i.e. the improvement in CCA
(on all three dimensions) tends to get smaller for females than for males as the level of the ability increases. Overall, the paper contributes to the literature by providing evidence that EI has an important explanatory power for expatriates' CCA. (For more information, please contact: Alexei Koveshnikov, Hanken School of Economics, Finland: alexei.koveshnikov@hanken.fi)

The U-Curve Hypothesis: A New Examination of the Adjustment process of Cross-Cultural Adjustment through a Taxonomy of Expatriates
Heidi Wechtler, Sorbonne Business School
Olivier Wurtz, Ecole Hotelière de Lausanne

This study examines the trajectory of expatriates adjustment. We focus on six personal factors (sex, age, initiation of expatriation, prior experience abroad, position level, and presence of family members on assignment) that affect international adjustment in order to build a taxonomy of expatriates. On the basis of a sample of 584 observations, we show that the adjustment of these different types of expatriates follows different curves. In some specific cases (the youngest expatriates) a U-shape of interactional adjustment is observed. (For more information, please contact: Heidi Wechtler, Sorbonne Business School, France: heidi_wechtler@yahoo.fr)

Broadening our Understanding of Self-initiated Expatriates: A cross-discipline look at international volunteers' motivations
Anthony Fee, University of Sydney
Eliane Karsaklian, Université de la Sorbonne Nouvelle

Self-initiated expatriation takes many forms and is likely instigated by an equally diverse breadth of motivational roots. In this paper, we argue that understanding the complex motivations to expatriate may benefit from a cross-disciplinary approach. To demonstrate this, we draw on literature into consumer behaviour, specifically ethical consumption, as a way to expand the understanding of the factors underpinning the motives of one group of self-initiating expatriates; international volunteers. By doing so, we develop a framework suggests that international volunteers may be more motivated by social factors than current research suggests. (For more information, please contact: Anthony Fee, University of Sydney, Australia: anthony.fee@sydney.edu.au)

Willingness to Work in an International Context
Anci Borozan, Eastern Illinois University
David Boggs, Eastern Illinois University

The objective of this study is to 1) develop the concept of international context, and 2) explain and predict willingness to work in an international context. Global firms require employees interested in, and capable of, working cross-nationally; even domestic employees are expected to possess basic international skills in order to function effectively. This paper reviews research on receptivity to working internationally, proposes a model, and reports the results of a survey of 392 undergraduate and graduate students at an AACSB-accredited Midwestern university. The survey was administered to examine factors that influence willingness to work in an international context. Empirical results show that perceptions, preparedness and socio-biographical background variables affect willingness to work in an international context. The findings have relevance for companies that select employees for their global operations. (For more information, please contact: David Boggs, Eastern Illinois University, USA: djboggs@eiu.edu)

Foreign CEO Appointments in the Multinational Enterprise: Rational Motives and Homophilic Constraints
Yannick Thams, Florida International University
Aya Chacar, Florida International University
In this paper, we examine the drivers of foreign-born Chief Executive Officers’ (CEOs) appointment. We argue that rational or economic factors will drive these appointments albeit constrained by the homophilic tendencies of the firm’s board of directors. More specifically, we argue that the greater the internationalization of a multinational enterprise (MNE) the greater the challenges it faces and the greater the need for a leader who understands numerous foreign markets. Such a requirement narrows the potential candidates’ pool, increasing the likelihood of a foreign-born CEO appointment. Moreover, poor performance of international operations will bring to light the importance of a leader who can manage the foreign operations of an MNE, enhancing the likelihood of a foreign-born CEO appointment. Recruiting committees however are boundedly rational. As in all selection processes, homophilic tendencies, or the selection of individuals that are demographically similar to the recruiter(s), will be strong limiting the likelihood that foreign-born CEOs are appointed. This latter problem will ease as board members and top management teams become more international. As such, we propose that the link between firms’ the economic drivers of selection and foreign-born CEO appointment will be moderated by the national diversity of board of directors and top management team members. (For more information, please contact: Yannick Thams, Florida International University, USA: thamsy@fiu.edu)

The Job Demands-Resources Model and International Business Travelers: A Qualitative Study
Lucy Rattrie-Wilcox, University of Stirling
Markus Kittler, University of Stirling

This study explores the experiences of international business travelers. It highlights the job demands, job resources and personal resources that are most influential in determining well-being and performance related outcomes. It further points at the value of using the Job Demands-Resources Model (Bakker and colleagues) as a theoretical framework to classify such characteristics with individuals who operate in an international work context and discusses the potential for organizations to enhance the amount of resources available to employees in a cost-effective manner. Through twenty-five semi-structured interviews, the main job demands and resources identified were related to workload, infrastructure and administration, frequency and duration of travel, recovery time, building relationships and knowledge transfer. The important personal resources were health, organizational skills and openness to experience. (For more information, please contact: Lucy Rattrie-Wilcox, University of Stirling, United Kingdom: lucy.wilcox@stir.ac.uk)

Session: 3.4.14 - Interactive
Track: 3 - IB Theory, FDI, and Entry Mode

Internationalization Processes

Presented On: July 3, 2012 - 14:30-15:45

Chair: Elizabeth Maitland, University of New South Wales

The Speed of Export Expansion and Firm Performance
Dirk Michael Boehe, Insper Institute of Education and Research

This study addresses the speed of export expansion, which refers to the number of new export destination countries a firm enters per period. This widely under-researched topic in international business is important to export management because there is a likely trade-off between the economic incentives to rapidly expand to (or withdraw from) export markets on the one hand and the hazard of overstretching existing production and managerial capabilities on the other hand. Using a panel data base of Brazilian exporters, we test a model that simultaneously predicts firm performance as a function of export expansion speed and the latter as a function of both export strategy variables and a firm-specific exchange rate competitiveness. We find that "better" firms, i.e. firms that have higher export intensity, geographic diversification, serve more distant target countries and
source inputs from abroad, tend to show higher expansion (but also retraction) speed. Although higher expansion speed negatively influences export performance, firms with higher export intensity can mitigate this negative influence. (For more information, please contact: Dirk Michael Boehe, Insper Institute of Education and Research, Brazil: dirkmb@insper.edu.br)

Internationalisation as Market-Making: An Overlooked Concept in International Business
Peter William Lamb, La Trobe University

We contend market making as a concept and market making activities has been overlooked in IB and firm internationalisation enquiry. We explore the notion of market making by examining the process of small firm internationalisation and the internationalisation practices of their owner-managers. From our interpretive and phenomenographic study of small internationalising Australian wineries, we reveal an internationalisation activity cycle which represents and illustrates how they actually overcome obstacles to trade in establishing a footprint in international markets over time. We argue the internationalisation activity cycle to be a process of market making. As a consequence, we provide a comprehensive and nuanced explanation of how owner-managers of small firms practise firm internationalisation. (For more information, please contact: Peter William Lamb, La Trobe University, Australia: p.lamb@latrobe.edu.au)

An Integrative Model of Internationalization Strategies: The Corporate Entrepreneurship - Institutional Environment - Regulatory Focus (EIR) Framework
Xin Li, Copenhagen Business School
Jens Gammelgaard, Copenhagen Business School

This paper critically reviews the ownership, location, and internalization (OLI) model, and the Uppsala internationalization process (UIP) framework. Both the OLI model and the UIP model ignore to incorporate the insights of each other and fail to include corporate entrepreneurship in their analyses. We argue that regulatory focus theory can unify the managerial choice of internationalization between internalization and networking. In addition, host country institutions affect this managerial choice with regard to internationalization. Thus, we suggest that the inclusion of concepts such as corporate entrepreneurship, institutional environment, and regulatory focus in an integrated framework helps to explain firm internationalization. (For more information, please contact: Xin Li, Copenhagen Business School, Denmark: xl.int@cbs.dk)

Internationalization Speed, Firm Performance and the Moderating Role of International Diversity
Kuei-Yang Cheng, National Taiwan University

An appropriate internationalization strategy has been recognized as a determinant of firm success. A number of studies have tested the relationships between internationalization and firm financial performance, yet studies of internationalization speed are relatively few and our knowledge of its consequences is limited. Moreover, it largely overlooks the interaction effects of diversity and international expansion speed on firm profitability. This research distinguishes the direct and indirect impacts of international expansion speed on firm performance. Panel data on 656 publicly held firms in Taiwan confirms the differing influences of international expansion speed on firm profitability. Results indicate that there is an inverted U-shaped relationship between internationalization speed and firms performance. In addition, multinational and product diversity negatively moderate the impacts of internationalization speed on firm performance. This study develops causal logic for internationalization process influence on firm profitability. A proposed theoretical framework analysis provides insights into the interaction relationships of diversity and international expansion speed in this research, offering better understanding of the role of internationalization speed in internationalization process. (For more information, please contact: Kuei-Yang Cheng, National Taiwan University, Taiwan: d94724015@ntu.edu.tw)
What Matters More - Experience or Competitive Imitation? A Longitudinal Study of R&D Location Decisions
Pallavi Shukla, Rutgers University

Drawing on the internationalization process model and the knowledge-based theory of the firm, I develop a theoretical framework to examine the effect of (skilled) immigrant concentration on the research and development (R&D) location decisions of multinational firms. I argue that firms are increasingly relying on its skilled immigrant workers for enriching their social knowledge and that this knowledge in conjunction with prior experience is used by firms in making decisions to site R&D activities in international locations. However, the recent phenomenon of dramatic growth in the number of R&D centers in developing countries can also be seen as a mimetic behavior of firms and can be explained by the neoinstitutional theory. The purpose of this paper is to develop theoretical propositions that seek to examine the time-varying effects of experience, immigrant concentration and competitive imitation on the decision to locate R&D activities in an international location. (For more information, please contact: Pallavi Shukla, Rutgers University, USA: p.shukla.awasthi@gmail.com)

Do Firm Specific Intangible Assets Compensate Weak Legal Institutions? Empirical Evidence on the Relationship between Multinationality and Value from European Firms
Stefan Eckert, International Graduate School Zittau
Marcus Dittfeld, IHI-Zittau
Florian Meinfelder, University of Bamberg

We analyze the relationship between multinationality and firm value for a sample encompassing 42,866 firm-year-observations from different EU-countries for the period from 1990 to 2006. To obtain a deeper insight into the relationship we split our sample in four subgroups depending on the legal traditions mentioned in La Porta et al. (1998). Our findings document that corporate multinationality independent of other prerequisites only leads to value enhancement in the case of firms from countries belonging to the common law tradition, i.e. countries with a high degree of investor protection. On the other hand we find that, firms from countries belonging to the civil low tradition have to be in charge of certain firm-specific intangible assets if multinationality should have a positive impact on firm value. In this sense, firm-specific intangible assets seem to work as a kind of surrogate mechanism for legal institutions concerning investor protection. We further find that the lower the degree of investor protection, the higher the requirements concerning the nature of intangible assets as a prerequisite for investors' preparedness to pay a premium on firm value for corporate multinationality. (For more information, please contact: Marcus Dittfeld, IHI-Zittau, Germany: dittfeld@ihi-zittau.de)
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