Proceedings of the

58th Annual Meeting

of the

Academy of International Business

"The Locus of Global Innovation"

New Orleans, Louisiana, USA
June 27-30, 2016

Editors
Charles Dhanaraj, Program Chair
Tunga Kiyak, AIB Managing Director

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ABSTRACTS
Session: 0.8 - Plenary

AIB 2016 Opening Plenary

Presented On: June 27, 2016 - 17:15-19:30

Chair: Charles Dhanaraj, IMD

Official opening and greetings

Keynote Speaker:
Indra K. Nooyi, Chairperson and CEO, PepsiCo

Panel Discussion:
Ravi Ramamurti, Northeastern University
Paul W. Beamish, Western University
Rosalie L. Tung, Simon Fraser University
Indra K. Nooyi, Chairperson and CEO, PepsiCo

(For more information, please contact: Charles Dhanaraj, IMD, Switzerland: charles.dhanaraj@imd.org)
ABSTRACTS FOR TUESDAY, JUNE 28, 2016

Session: 1.1.1 - Panel

Globalizing Education: Challenges, Opportunities, and the AIB (AIB Fellows’ International Educator of the Year Special Session)

Presented On: June 28, 2016 - 09:00-10:15

Chair: Raj Aggarwal, University of Akron

Panelists:
Joseph Aoun, President, Northeastern University; 2016 AIB Educator of the Year
Raj Aggarwal, University of Akron
Sidney Gray, University of Sydney
Robert Grosse, Thunderbird School of Global Management
Srilata Zaheer, University of Minnesota

This panel will examine the challenges and opportunities for globalizing education with a focus on business education and the possible role of the Academy of International Business in this globalization process. This panel will also celebrate the AIB Fellows pick for the 2016 Educator of the Year award, President Joseph E. Aoun of Northeastern University (see award description on the AIB website and below). The panel will start with introductions of President Aoun and the panel members followed by remarks by President Aoun. His remarks will be followed by comments from the other panel members (all current or previous business school deans in multiple continents). These comments will include reactions to President Aoun’s remarks and the panelist’s thoughts on globalization of education and business education. Depending on time availability, we hope to respond to comments and questions from the audience. (For more information, please contact: Raj Aggarwal, University of Akron, USA: aggarwa@uakron.edu)

Session: 1.1.2 - Competitive
Track: 9 - Emerging Markets: Institutional Voids and Beyond

Governance Mechanisms in Emerging Economies

Presented On: June 28, 2016 - 09:00-10:15

Chair: Nan Jia, University of Southern California

Institutional Development and Family Firms in Emerging Markets
Luis Alfonso Dau, Northeastern University
Saptarshi Purkayastha, Indian Institute of Management Kozhikode
Kimberly A. Eddleston, Northeastern University

Building on agency theory, this article studies the relationship between institutional development, family control, family management, and firm profitability in emerging markets. We propose that institutional development reduces agency costs and improves profitability of emerging market firms, but that this effect varies depending on their control and management characteristics. Using data for 503 Indian firms for 2003-2012, we find that although institutional development tends to increase the profitability of local firms in general, the greatest beneficiaries are family-controlled firms. Furthermore, we find that family-controlled firms that are family managed tend to perform better than those that are not family managed, even once institutional improvements
Friends in the Right Places: Board Connections and Institutional Change
Laura Gasiorowski, Temple University
Susan Feinberg, Temple University
Jun Ito, Temple University

Institutional change, when implemented, can take many years to evolve into the day-to-day practices of business firms. Firm directors and managers build their careers around the exigencies of a particular institutional environment. When that environment changes, a country’s cadre of existing managers and directors may have skills, experience and connections that have much less value in the new context. We investigate whether the composition of directors’ networks match specific features of the institutional environment such as corruption and financial market development. (For more information, please contact: Laura Gasiorowski, Temple University, USA: tue83210@temple.edu)

Evolution at the Top: Multi-Dimensional Institutional Reforms and Board Human and Social Capital in Emerging Markets
Bersant Hobdari, Copenhagen Business School
Victor Zitian Chen, University of North Carolina at Charlotte
Pei Sun, Fudan University
Jerry Goodstein, Washington State University

Boardroom is a firm’s central arena where strategic responses are made to the dynamics and complexities of external environments. But whether and through what mechanism the board’s makeup and structure are related to the changing institutional environments remain unclear. In this study we study the dynamics of board capital and its antecedents in the changing characteristics of a firm’s institutional environments. We argue that changing characteristics of a firm’s external institutional environments can reconfigure its resource dependence relations and thus the makeup and structure of its board capital as a strategic response to changes in these relations. Specifically, changes in a firm’s institutional environments may shift a firm’s dependence on the same resources from one provider to another and at same time generate an emerging dependence on new types of resources. Employing a panel sample of 1,042 firms from 22 emerging markets over 2004–2012, we find both the speed of institutional developments in three complementary dimensions (i.e., economic liberalization, property rights protection, and rule of law) and the degree of synchronization among these developments influence the representation of board human and social capital. First, the speed of development in economic liberalization, property rights protection, and rule of law respectively leads to higher representations of industry, financial, and legal expertise in the board’s human capital. Second, a lower degree of synchronization leads to higher representations of board members with political connections and external, corporate interlocks. These results are robust to the outside board members and alternative measures of key variables. (For more information, please contact: Bersant Hobdari, Copenhagen Business School, Denmark: bh.int@cbs.dk)

The Impact of Institutions in Influencing IPO Firm Voluntary Disclosure of CEO Salary
Bruce Allen Hearn, University of Sussex
Lars Oxelheim, Lund University
Trond Randoy, University of Agder

This study examines the influence of the structure of the institutional environment in determining whether a firm voluntarily discloses CEO salary or not. Using a unique sample of 202 IPO firms from across Africa between 2000 and 2014 we find that firm’s with higher proportions of board comprised of indigenous social elites are less likely to voluntarily disclose CEO pay while this is positively moderated by institutional quality. However CEO pay disclosure is much less likely in civil code law jurisdictions – in line with a lack of institutional
complementarities between common law Anglo-Saxon framework within which executive pay disclosure is embedded and civil code law – and less likely in societies that have extensive ethnic fractionalization. This latter finding is a reflection of the necessity of a degree of institutional homogeneity within which successful assimilation of foreign “best practice” such as CEO pay disclosure can take place (For more information, please contact: Bruce Allen Hearn, University of Sussex, United Kingdom: b.a.hearn@sussex.ac.uk)

Session: 1.1.3 - Competitive
Track: 11 - Global Strategy, Alliances and Acquisitions

Managing MNC-Subsidiary Relationships

Presented On: June 28, 2016 - 09:00-10:15

Chair: Gabriel R. G. Benito, BI Norwegian Business School

Does Subsidiary Embeddedness Determine Subsidiary Strategy? Evidence from the Information and Communication Technology Industry

Marina Papanastasiou, Middlesex University
Shasha Zhao, Middlesex University
Ioanna Constantiou, Copenhagen Business School
Emma Ball, Middlesex University
Zainab Kazim, Middlesex University

Extending subsidiary strategy research, we conceptualise the role of subsidiary embeddedness in determining subsidiary strategic options. Building on the work of Meyer et al. (2011) and Oladottir et al. (2012) on ‘multiple embeddedness’, we distinguish three levels of ‘internal’ subsidiary embeddedness (corporate, network, and self-reliant) and four types of subsidiary strategy (horizontal integration, vertical integration, lateral integration, and diversification) to empirically test whether and how varied levels of internal embeddedness lead to distinct strategic options. We argue that a subsidiary’s ability to follow a specific strategy reflects the subsidiary’s ‘varying degrees of internal embeddedness’. Subsequently, we develop a conceptual model at the subsidiary level to examine how these relationships are interacted, based on a sample of 1866 subsidiaries of eight of the largest global ICT MNEs across four continents (Europe, North America, Asia, and Africa). Implications for research on the relationship between subsidiary embeddedness and subsidiary strategy are outlined and managerial implications are discussed. (For more information, please contact: Marina Papanastasiou, Middlesex University, United Kingdom: m.papanastasiou@mdx.ac.uk)

A Subsidiary Perspective on Organizing Costs in Multinational Corporations: The Roles of Distance, Coordination, and Relationship Atmosphere

Randi Lunnan, BI Norwegian Business School
Sverre Tomassen, BI Norwegian Business School
Ulf Andersson, Mälardalen University
Gabriel R. G. Benito, BI Norwegian Business School

Previous studies of organizing costs in multinational corporations have taken the view of the parent corporation. In this study, we turn the table around and examine how subsidiaries experience organizing costs as they deal with demands from and interactions with corporate headquarters. Specifically, we examine how distance, coordination mechanisms, and atmosphere influence the level of organizing costs in the headquarter-subsidiary relationship. We focus on two types of organizing costs; bargaining costs and information costs. Using survey data collected among subsidiary managers in two Norwegian companies in the consulting and certification services industry, we show that business atmosphere significantly reduces both types of organizing costs, whereas distance increases bargaining costs. Organizing costs are also influenced by the coordination
mechanisms used in the headquarter-subsidiary relationship. We find that centralization and formalization reduce information costs, whereas social integration, contrary to our hypothesis, increases bargaining costs. (For more information, please contact: Gabriel R. G. Benito, BI Norwegian Business School, Norway: gabriel.r.g.benito@bi.no)

The Sequential Response Process to Institutional Duality in MNC Subsidiaries
Alison Holm, Vienna University of Economics and Business
Phillip Nell, WU Vienna
Patricia Renee Klopf, WU Vienna
Benoit Decreton, Vienna University of Economics and Business

We examine responses to institutional duality by analyzing how multinational corporations’ subsidiaries respond to pressures from both their headquarters and their local environments. We used data from a 6-month participant-observation study in a Western MNC subsidiary located in Sub-Saharan Africa and interviews to analyze 20 cases of conflicting pressures. We found that the subsidiary gained time in the response process by using response strategies (postponing and testing) that were intended to be temporary. These intended temporary strategies allowed for information gathering and / or negotiations and always led to a second response. Other responses were non-intended temporary and followed by a second response forced by the internal or the external context of the subsidiary. (For more information, please contact: Benoit Decreton, Vienna University of Economics and Business, Austria: benoit.decreton@gmail.com)

Making Transfers Happen: Headquarters Transfer Management and Its Influence on Subunit Commitment and Assimilation Capacity
Olof Lindahl, Uppsala University
Henrik Dellestrand, Uppsala University

This paper sheds light on the issue of capability transfer in multinational corporations. More specifically it explores how headquarters manages transfer activities and thereby fosters the ability of subunits to assimilate transferred capabilities. We argue that fostering an assimilation capacity, which is a main sub-dimension of absorptive capacity, in subunits is a critical pre-condition to the efficiency and effectiveness of capability transfers. While received research has provided initial findings with regards to the role of the sender on subunits ability to receive transferred capabilities, and of headquarters involvement in transfers between subunits, we know little about the role of headquarters transfer management in influencing subunit assimilation capacity. Applying an exploratory multiple-case design, this paper investigates headquarters transfer management in 18 cases of capability transfers from headquarters to subunits of an MNC. The study identifies a number of dimensions in which the transfer management activities of headquarters affect the ability of subunits to assimilate a transferred capability. In identifying these dimensions, this paper enhances and expands our understanding of the role of headquarters in managing transfers, suggesting that the role of headquarters as a manager of capability transfers is both more important, as well as more challenging, than previously suggested. (For more information, please contact: Olof Lindahl, Uppsala University, Sweden: olof.lindahl@fek.uu.se)
**Understanding the Role of Cultural Intelligence in Individual Creativity**

Dilek G. Yunlu, Northeastern Illinois University
Rachel Clapp-Smith, Purdue University Calumet
Margaret Shaffer, University of Wisconsin, Milwaukee

Employing the creative cognition theory, we investigate the relationship between Cultural Intelligence (CQ) and creativity. Using data from 394 full-time employees, we found that CQ metacognition, cognition, and motivation have a positive relationship with individual creativity. In addition, CQ cognition’s positive effect on creativity was more pronounced when curiosity was high. However, CQ metacognition’s influence on creativity was enhanced when curiosity was low. We make several contributions to the multicultural creativity literature. *(For more information, please contact: Dilek G. Yunlu, Northeastern Illinois University, USA: d-yunlu@neiu.edu)*

**How Do Previous International Experiences Influence Future International Careers? The Role of Global Identity**

Eren Akkan, IESE Business School
Yih-Teen Lee, IESE Business School
B. Sebastian Reiche, IESE Business School

Making use of identity theory, this study aims to disentangle how individuals’ international career choices unfold. We propose global identity as a fully mediating mechanism with which the richness of employees’ past international experiences, and future international relocation choices are interlinked. This mediator is hypothesized to influence aspiration of international relocation, which in turn manifests itself in the future choice of moving to a culturally distant country for work. Furthermore, learning goal orientation is proposed as a compensating moderator to the main model. Through a multistage longitudinal data collected at four time points, we provide evidence for our theoretical model. *(For more information, please contact: Eren Akkan, IESE Business School, Spain: eakkan@iese.edu)*

**Leveraging Short-Term International Mobility for Intercultural Competence Development**

Franziska Bergdolt, University of Bamberg

With international expansion of companies’ businesses, organizations face an increasing need for employees with intercultural competencies. In this paper, we investigated global mindset in international business travelers (IBTs) along with its personal, motivational and job-related antecedents. Data were collected from 625 IBTs using self-report surveys. Structural equation modelling revealed that effective levers for increasing the effectiveness of international business trips for the development of a global mindset are openness to experience, agreeableness and work-related travel readiness on the individual level and complexity of global role and contact quality with foreign nationals as job-related factors. International human resource management can apply the results by fostering conducive learning conditions when sending IBTs abroad. *(For more information, please contact: Franziska Bergdolt, University of Bamberg, Germany: franziska.bergdolt@uni-bamberg.de)*
This study suggests that it is critical for executives to develop transnational social capital (TSC), or professional relationships and ties that span national borders. We therefore examine the effect of three key determinants—opportunity, investment, and ability—on TSC of executives. Using detailed survey data on 227 executives, our analysis has revealed that international relocations, investment in communicating with cross-border ties, and cosmopolitan attitude have a direct effect on TSC. We depart from traditional discussions of social capital because our approach determines a “rich” perspective on TSC, and we have also operationalized social capital and established which factors drive the TSC of executives in the modern MNC. (For more information, please contact: Orly Levy, IMD, Switzerland: orly.levy@imd.org)

Session: 1.1.5 - Competitive
Track: 1 - Global Innovation and the Multinational Enterprise

Global Innovation and Emerging Market Multinationals

Presented On: June 28, 2016 - 09:00-10:15

Chair: Elitsa Banalieva, Northeastern University

Does Chinese FDI into Europe Facilitate Intangible Strategic Asset Creation?
John Robert Anderson, University of Northern Iowa
Dylan Sutherland, Durham University
Sean Severe, Drake University

We use a location choice approach supported by event study methodologies to analyze: first, what motivates Chinese MNEs to invest in Europe and; second, decomposing FDI by entry mode, we consider what implications this has for intangible strategic asset creation in the domestic parent firms of Chinese MNEs. Our results show Chinese MNEs do target strategic assets in Europe and that the intangible assets of their domestic parent firms also significantly increase in the wake of both acquisition and greenfield FDI. In the latter case there is a longer time-lag though larger final increase in intangible asset creation. While time series data on intangible asset creation is rather limited in our European acquisition target sample, this also indicates target firms perform weakly in the post-acquisition period, providing some indication that greenfield FDI may be a better method for asset seeking in Europe by Chinese MNEs. (For more information, please contact: John Robert Anderson, University of Northern Iowa, USA: john.r.anderson@uni.edu)

Leviathan as an Inventor: Leader or Laggard? Patenting Intensity, Originality, and Impact in State-Owned Multinational Firms
Felipe Monteiro, INSEAD
Sergio Lazzarini, Insper
Luiz Mesquita, Arizona State University
Aldo Musacchio, Brandeis University

We theorize on the invention output of state owned multinationals (SOMNCs), in contrast to that of private ones. Against an almost self-evident portrayal of state-owned firms as inefficient organizations offered by popular belief and earlier literature, we argue instead that SOMNCs, unencumbered by short-term quarterly pressures, follow an investment mentality that we refer to as patient capital, such that – in contrast to their...
private rivals – it is able to invent new technologies more intensively (i.e., it files more patents), and more originally (i.e., the patents it files are novel). But we also warn that state ownership brings key governance drawbacks, insofar as meddling politicians appointed as managers by the government may prevent inventions by these firms to be impactful (i.e., their patents are less cited). We further conjecture two contingencies operate to increase these 3 base effects: strong institutional environments in the home country and minority (as opposed to majority) ownership by the state. Empirical evidence from over 900 private and state-owned multinationals, from 61 countries, examined through matched-pair regression analyses lends robust support to our theory. We draw implications for theory and practice. (For more information, please contact: Felipe Monteiro, INSEAD, France: felipe.monteiro@insead.edu)

Reverse Knowledge Transfer in Emerging Market MNEs: The Role of Multiple Embeddedness
Maite Alves Bezerra, University of Reading
Rajneesh Narula, University of Reading
Felipe Mendes Borini, PMDGI/ESPM

In much of the literature in emerging economy MNEs (EMNEs) it is claimed these MNEs can ‘jump’ catching-up stages by the acquisition of advanced economy firms. This implicitly assumes they can achieve reverse transfer more effectively than conventional MNEs. We argue that the same principles govern reverse knowledge transfer by firms of all nationalities. Competence-creating in subsidiaries largely reflects their degree of external embeddedness, and their ability to engage in reverse transfer is affected by their level of internal embeddedness. These two conditions remain a challenge to traditional MNEs and are even arduous for EMNEs, due to their inexperience in managing intra-MNE knowledge. Using data from a sample of 78 foreign subsidiaries of Brazilian MNEs, we find strong support for our hypotheses. While adaptations to meet local partners’ needs is an indication of external embeddedness, it is not sufficient to lead to reverse knowledge transfer. This relationship is mediated by the knowledge co-creation with external partners. Nonetheless, the relationship between external embeddedness and reverse transfer is moderated by the degree of intra-MNE interdependence. The recognition that the same principles of reverse knowledge transfer apply to all MNEs is a significant contribution to the EMNEs literature. (For more information, please contact: Maite Alves Bezerra, University of Reading, United Kingdom: m.alvesbezerra@pgr.reading.ac.uk)

Export-Led Innovation: The Role of Export Destinations
Claudio Fassio, CIRCLE, University of Lund

This paper analyzes the effect of exporting activity on the innovative performances of firms in France, Germany, Italy, Spain and UK. It argues that the positive effect of exporting on innovation usually found in the literature varies according to the specific destinations of exports and it identifies two dimensions along which export destinations might differ: the level of foreign technological spillovers available to exporting firms (the technological learning effect) and the type of foreign demand that exporting firms are able to access (the foreign demand effect). The empirical analysis, which takes advantage of firm-level information about the export destinations of exporters, shows that while the technological learning effect increases mainly the incentives to introduce brand new product innovations, the foreign demand effect fosters the adoption of process innovations. (For more information, please contact: Claudio Fassio, CIRCLE, University of Lund, Sweden: claudio.fassio@circle.lu.se)
Global Supply Management

Presented On: June 28, 2016 - 09:00-10:15

Chair: Anthony Goerzen, Queen’s University

Bottom-Up Collaborative Capability Development: Dynamics of Inter-Organizational Routines in Emerging Market Sourcing

Lutz Kaufmann, WHU - Otto Beisheim School of Management
Felix Reimann, Korea University
Tobias Kosmol, WHU - Otto Beisheim School of Management

The relational view holds that collaborative capabilities can drive competitive advantage in supply chains. However, extant research lacks full understanding of the process of collaborative capability development. This study examines how these capabilities develop in buyer-supplier relationships and the role that dynamics of inter-organizational routines play in this process. Using a grounded theory approach, we analyze dyadic data generated from 20 Western manufacturing firms sourcing from indigenous Chinese suppliers. The analysis explains that firms mitigate collaboration barriers by drawing on three inter-organizational routines: transplanting knowledge, interpretive bridging, and intervention mechanisms. We find two causal mechanisms whereby changes in these inter-organizational routines at the micro-level lead to the development of collaborative capabilities at the macro-level: 1) collaborative capability expansion via improvisation, and 2) collaborative capability refinement via bricolage. In contrast to the prevalent focus on decision making at higher management levels and on top-down processes, our grounded theory model highlights emergent, bottom-up processes as an alternative pathway to collaborative capability development. The findings contribute to research on resource heterogeneity in the OSCM discipline by integrating the practice-based view and the theory of routines. (For more information, please contact: Lutz Kaufmann, WHU - Otto Beisheim School of Management, Germany: kaufmann@whu.edu)

Relational Embeddedness and Supply Flexibility: The Moderating Role of Proactiveness and Culture Differences

Matevz Raskovic, University of Ljubljana
Anuska Ferligoj, University of Ljubljana
Davor Vuchkovski, University of Ljubljana
Jan C. Fransoo, Eindhoven University of Technology

The purpose of this paper is to analyze the impact of relational embeddedness on supply flexibility. We focus on relationship quality (RQ) and learning, which are two aspects of relational embeddedness. By analyzing an egocentric, two-mode, valued network of 55 international buyer-supplier relationships with an OLS regression, we established different types of relational embeddedness effects for operational, tactical, and strategic supply flexibility. The impact of RQ is stronger for strategic than for tactical supply flexibility, while the impact of learning is only significant for operational supply flexibility. In terms of moderation, proactiveness moderates both the impact of RQ and learning on supply flexibility. Cultural distance only moderates the impact of RQ on the supply flexibility relationship. Our results provide managerial implications for achieving operational, tactical, and strategic supply flexibility through different types of relational embeddedness effects. They also have clear implications for social exchange theory (SET) and relationship marketing theory, as well as the literature on strategic management in buyer-supplier contexts. (For more information, please contact: Matevz Raskovic, University of Ljubljana, Slovenia: matevz.raskovic@ef.uni-lj.si)
The foundational piece of the behavioral theory of the firm and many subsequent studies have assumed that prior firm performance (i.e., historical aspirations) and performance of competitors (i.e., social aspirations) parallel each other in influencing similar performance adaptations. Accordingly, past firm performance and peer-group benchmarks have long been entered into a single aspiration measure. During the last ten years, the advantage of a separate modelling for the different organizational aspirations has been increasingly recognized but the relationship between historical aspirations and social aspirations for triggering behavioral responses remains underexplored. By analyzing longitudinal data of social audit reports of the Business Social Compliance Initiative for 90 suppliers from Bangladesh, China, India and Turkey in the clothing and textile industries, this study finds that social aspirations mediate historical aspirations for adapting compliance with a minimum social standard. (For more information, please contact: Marc Mueller, University of St. Gallen, Switzerland: marc.mueller@unisg.ch)

Session: 1.1.7 - Competitive
Track: 8 - International Entrepreneurship, SMEs and Born Globals

The Role of Social Ties in International Entrepreneurship

Presented On: June 28, 2016 - 09:00-10:15

Chair: Spiros Batas, University of Northampton

Social Ties and Venture Creation by Transnational Entrepreneurs (TEs)
Sarika Pruthi, San Jose State University
Mike Wright, Imperial College London

The transnational links of ethnic entrepreneurs are extensive and rapidly being recognized as a key element of economic development in both host and home countries, yet, the nature of these links in the creation of transnational ventures (TNVs) is little understood. Based on 15 case studies of transnational entrepreneurs (TEs) of Indian origin in the UK, we explore the way TEs leverage social ties in the founding of TNVs in their home country. Our findings show that TEs leverage social ties in the host and home countries contingent on whether they have prior experience of a) entering the home country with a former employer and b) implementing the business idea underlying the TNV in the home country, respectively. The implications of these findings are discussed. (For more information, please contact: Sarika Pruthi, San Jose State University, USA: sarika.pruthi@sjsu.edu)

Exploring Guanxi Use by Internationalizing SMEs in China
Man Zhang, Bowling Green State University
Janet Hartley, Bowling Green State University
Qian Gao, Anhui University
Zhengyu Huang, Laishang County Bank

This paper offers a social capital and social network explanation for the purported relationship between guanxi, new product performance and customer relationship performance in the context of internationalizing SMEs in China. Existing literature shows that guanxi is important for doing business in China, especially for SMEs. Yet, there are a limited number of empirical studies of guanxi in a supply chain context. Further, we examine guanxi
as a multi-dimensional construct consisting of ganqing, renqing, and xinyong. Using survey data (n = 212) and PLS analysis, we find that guanxi with supply chain members can improve product development performance and ultimately customer satisfaction. The findings highlight the importance of informal social networks and their associated social capital. *(For more information, please contact: Man Zhang, Bowling Green State University, USA: mzhang@bgsu.edu)*

*Comprehending the Internationalization Process of INVs: the Role of Network Closure and Structure and Their Interrelation with the Three Roles of Social Capital*

Spiros Batas, University of Northampton  
Tanja Leppäaho, Jyväskylä University School of Business and Economics  
Mahmoud Abdel Khalik, University of St. Andrews

Our paper decodes the link between network closure and structure with the three roles of social capital: efficacy, serendipity and liability. We examine how this mechanism influences the internationalization process of nine Greek and Scottish INVs. Our study concludes that strong and formal ties were linked to the efficacious role, which was the most frequent role identified; weak, informal and intermediary ties were associated with the serendipitous role; and finally weak and formal ties were linked to the liability role, which was the least frequent role. Finally, we found that the change of ties follows the speed of internationalization. *(For more information, please contact: Spiros Batas, University of Northampton, United Kingdom: spiros.batas@northampton.ac.uk)*

**Session: 1.1.8 - Competitive**  
**Track: 6 - Institutions and Innovation**

**Institution, Organization, Learning and International Expansion**

**Presented On:** June 28, 2016 - 09:00-10:15

Chair: Li Dai, Western University

*Paradoxical Thinking, Top Management Team Job-Related Diversity and Organizational Innovation*

Guoguang Wan, Hong Kong University of Science and Technology  
Jiatao Li, Hong Kong University of Science and Technology  
Liangding Jia, Nanjing University  
Dequan Jiang, Wuhan University  
Yongjian Shen, Nanjing University of Finance and Economics

A cultural explanation for the mixed findings about the relationship between top management team (TMT) job-related diversity and organizational innovation was tested. Paradoxical thinking refers to individual lay belief that contradictory viewpoints can coexist fruitfully. Archive data of publicly listed firms and responses to a survey of Chinese managers were analyzed to show that regional (sub-national) and team paradoxical thinking strengthens the positive relationship between diversity and innovation. This may be because it facilitates the integration of different ideas, perspectives and knowledge while minimizing self-categorization and relational conflict. *(For more information, please contact: Guoguang Wan, Hong Kong University of Science and Technology, Hong Kong, SAR-PRC: wanguoguang@connect.ust.hk)*
Exploration of Many Unknowns by Adventurous Foreign Direct Investment
Michał Zdziarski, Warsaw University
Justyna Szwatowicz-Szczechanska, Poznan University of Economics
Łukasz Malyś, Poznan University of Economics
Mike Troilo, University of Tulsa

Current theories of foreign direct investment (FDI) focus broadly on either gradual learning or instant globalization. We identify a new category which we term “adventurous FDI”. The distinctive features of adventurous FDI include the exploration of many unknowns and the use of advanced internationalization relatively early in the firm’s internationalization process. We propose that embeddedness in country networks is instrumental to adventurous FDI as the rapid learning inherent in such network arrangements enables firms to overcome the ambiguity associated with vast geographic, psychic, and cultural distance. An empirical study of listed Polish companies from 2007-2009 illustrates the typology of adventurous FDI. (For more information, please contact: Michał Zdziarski, Warsaw University, Poland: m.zdziarski@uw.edu.pl)

Quality of Governance and Inward FDI: Does Within-Country Heterogeneity Matter?
Davide Castellani, Henley Business School
Roberto Basile, Seconda Università di Napoli
Riccardo Crescenzi, London School of Economics
Simona Iammarino, London School of Economics

This paper explores the role of sub-national institutional quality (Quality of Governance, or QoG) in attracting foreign direct investments (FDI) in Europe. Using count data on greenfield FDI in the European NUTS2 regions for the 2009-2013 period, we find that regional heterogeneity in the QoG affects the location of inward greenfield FDI: regions with better governance attract more foreign investors, even controlling for the QoG of their country. This is particularly true for investments in production and R&D activities, while service activities are only indirectly affected by the QoG. In fact, our results suggest that FDI in service activities are particularly concentrated where are production investments, which in turn are attracted by a high QoG. (For more information, please contact: Davide Castellani, Henley Business School, United Kingdom: d.castellani@henley.ac.uk)

Liability of Foreignness in IPO firms: Duration, the 2008 Global Financial Crisis, and Mitigating Factors
Christina H. Tupper, Old Dominion University
Orhun Guldiken, Old Dominion University

Liability of foreignness (LOF) research is unclear on how long LOF lasts and eventually turns into advantage of foreignness (AOF) as well as how certain firms mitigate LOF better than others. Through two studies using an explanatory sequential mixed methods design, we quantitatively analyze 549 IPO firms that listed in the U.S. from 2005 to 2010 and qualitatively analyze 1,233 units of data about foreign listed IPOs. Our quantitative results show that LOF does diminish after one year and indeed turns into AOF after 3 years. Our qualitative results reveal some strategies that foreign IPO firms pursue to mitigate LOF. (For more information, please contact: Christina H. Tupper, Old Dominion University, USA: ctupp001@odu.edu)
Fostering Innovation and Poverty Alleviation at the Base of the Pyramid

Presented On: June 28, 2016 - 09:00-10:15

Chair: Valentina Marano, Northeastern University

Assessing the Effectiveness of Microcredit for Poverty Alleviation: An Alternative Approach to Avoid Research in a Vacuum

Frithjof Arp, Nottingham University Business School China
Alvin Ardisa, Nottingham University Business School

International debate persists about the effectiveness of microcredit for poverty alleviation. Much of this debate is due to discipline-specific research approaches, methodological complexities, and a lack of focus on fundamental issues. Microfinance organisations around the world do not operate in a vacuum: other forms of collateral-free lending in various countries must be taken into account. We illustrate our argument with a study of collateral-free lending in Indonesia’s Yogyakarta region. Focused on the fundamental issue of competitive impact, we examine formal and informal microcredit through in-depth interviews with borrowers and lender representatives, permitting triangulation from multiple perspectives. Importantly, our study includes current and previous borrowing across formal and informal microcredit. We find two distinct informal schemes used by microbusinesses, one of which borrowers perceive as more effective than formal microfinance. We also find a mismatch of incentives and strategic objectives in the formal microcredit scheme. To help explain these phenomena, we conceptualise borrower needs and microcredit schemes along financial and operational dimensions, and develop a framework of business and profit logics that helps identify how shifts therein influence the competition scenario. We discuss implications for microfinance policy and practice around the world, and provide suggestions for further research. (For more information, please contact: Frithjof Arp, Nottingham University Business School China, China: frithjof.arp@nottingham.edu.cn)

Shifting the Locus of Innovation to Stakeholders: Lessons from IFC Projects

Lite Nartey, University of South Carolina
Hildy Jean Teegen, University of South Carolina

Throughout the developing world firms invest in large scale projects in infrastructure and extractive industries. These projects are characterized by significant investment funds, long term project horizons and great potential for community and environmental impact owing to the nature of the geographic and institutional context within which these projects take place. The International Finance Corporation (IFC) is the arm of the World Bank Group tasked with using its investment capital and expertise to join private investments with development impacts as a means of securing these needed investments throughout the world and to advance important social and environmental principles associated with these projects. The unique role the IFC can play in convening diverse stakeholders and shifting the locus of innovation to improve both contextual and stakeholder alignment for investing firms, resulting in more meaningful, purposeful and valued extractive and infrastructure projects, is the focus of this ongoing field project. (For more information, please contact: Lite Nartey, University of South Carolina, USA: lite.nartey@moore.sc.edu)
**Boundary Spanning by Foreign Representatives to Impoverished Regions: A Mixed Methods Quantitative and Qualitative Approach**

Skylar Rolf, University of Nebraska - Lincoln
Subrata Chakrabarty, University of Texas at El Paso

The purpose of our research is to conduct a mixed methods study of boundary spanning by foreign representatives who travel to impoverished regions. Following our quantitative analysis, we conducted a qualitative analysis of narrative accounts written by these boundary spanners followed by interviews. Several additional themes emerged from our qualitative research including: making the adjustment, the importance of sensemaking, and support during difficulties. Drawing on these themes, we suggest propositions for future empirical study that would add to the literature on boundary spanning at the base of the pyramid. *(For more information, please contact: Subrata Chakrabarty, University of Texas at El Paso, USA: chakrabarty@gmail.com)*

**Distinguishing Social Businesses: Three Dimensions of Social Entrepreneurship**

Anna Svirina, Kazan National Research Technical University
Adela McMurray, RMIT University

The paper analyzes existing approaches to defining social entrepreneurship by outlining specific features that distinguish social businesses from conventional ones. This is achieved through a literature review and the creation of three matrixes that present the differences of social entrepreneurship based on the literature review. The matrixes map social businesses in comparison to non-profits, socially responsible businesses, and conventional (Friedmanite) enterprises, following the Blake–Mouton model, and they are supported by examples of social entrepreneurship performance. The differentiation provided in the matrixes is used to define the key characteristics of social entrepreneurship, which are then used to determine best practices that conventional entrepreneurs can adopt from social entrepreneurs. The paper then provides suggestions for future research based on the stated research question of whether social entrepreneurship has specific features that distinguish it from other types of economic activity. *(For more information, please contact: Anna Svirina, Kazan National Research Technical University, Russia: anna_svirina@yahoo.com)*

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**Session: 1.1.10 - Competitive**
**Track: 7 - MNEs, Governments, and Non-market Strategies**

**Dealing with Corruption in Host Countries: New Challenges and New Perspectives**

**Presented On:** June 28, 2016 - 09:00-10:15

Chair: Michael A. Sartor, Queen's University

**Corporate Tax Compliance Decision in Transition Economies**

Seung-Hyun Lee, University of Texas at Dallas
Omer N. Gokalp, Suffolk University
Jinsil Kim, University of Texas at Dallas

In this study we look into corporate tax compliance decision in transition economies conceptualizing the relationship between firms and the government as that of an exchange. We argue that those firms that face a lesser probability of detection, experience a greater lack of governmental services and pay more bribes would comply less with their tax obligations. Despite the fact that fairness concerns from government inefficiency increases the likelihood of tax noncompliance, we argue that a higher level of law enforcement would lead firms to comply with their tax obligations. On the other hand, interestingly even under high law enforcement, those firms that bribe more tend to engage in more tax noncompliance. Data provided by the World Bank largely support our hypotheses. Findings of this paper underline the importance of understanding the social context.
upon which firm behavior is embedded. (For more information, please contact: Jinsil Kim, University of Texas at Dallas, USA: jxk132030@utdallas.edu)

Host Market Corruption and Foreign Subsidiary Investments in Emerging Markets
Michael A. Sartor, Queen's University

We examine the relationship between host market corruption and the structure of equity-based foreign subsidiary investments in emerging markets. New constructs are introduced that categorize corruption into two dimensions – public corruption pervasiveness and private corruption pervasiveness. We theorize that firms will employ different entry strategies depending upon the pervasiveness of each type of corruption. The primary mechanism that drives the distinct approaches to foreign entry is the firm’s anticipated reliance on different sources of bargaining power to reduce information asymmetries that it expects to encounter in its public sector transactions and private sector transactions in the host market. By focusing on the role of a firm’s bargaining power in shaping its strategic foreign entry decisions under conditions of more pervasive host market corruption, our work contributes to efforts to more closely integrate market and non-market strategy research and to enhance our understanding of the strategic relevance of contemporary non-market phenomena such as corruption. (For more information, please contact: Michael A. Sartor, Queen’s University, Canada: michael.sartor@queensu.ca)

Bribery Behavior of State Owned Enterprises
Noman Ahmed Shaheer, University of South Carolina
Sali Li, University of South Carolina
Jingtao Yi, Renmin University of China

This article extends commercial bribery literature by drawing attention to the ignored phenomenon of SOE bribery and investigates institutional deficiencies that induce SOEs to bribe fellow public officials. We suggest that under weaker institutional environments, SOE managers are likely to have noneconomic motives of managerial rent extraction while bribing for the economic purpose of organizational goal attainment. We complement previous research on commercial bribery by adding the missing component of noneconomic motivations which supplements economic ones of bribery to determine firms’ actual bribery behavior, particularly for SOEs. Our empirical evidence shows that involvement of noneconomic motivations in SOE bribery systematically differentiates SOE bribery from extensively researched economic bribery and that institutions have a more salient impact in determining the tendency of SOE bribery. (For more information, please contact: Noman Ahmed Shaheer, University of South Carolina, USA: noman.shaheer@grad.moore.sc.edu)

Sovereign Wealth Funds’ Internationalization Strategies: The Use of Investment Vehicles
Vittoria Giada Scalera, University of Amsterdam
Samuele Murtinu, Catholic University of Milan

In this work, we study the strategies driving cross-border sovereign wealth fund (SWF) investments worldwide. In particular, we investigate how SWFs internationalize their activities, studying whether the use of investment vehicles as signal of passive investment approach to access foreign markets is influenced by SWF- and deal-specific characteristics and the presence of bilateral trade agreements between the SWF’s and the target country. We use a new dataset on SWF investments, whose size is comparable with the datasets used in the most popular SWF studies. Our probit and multinomial logit estimates show that fund opacity, fund politicization, strategic industry targets, and majority ownership choices lead to a more likely use of vehicles, while bilateral trade agreements negatively affect such investment strategy. When we disentangle the different types of vehicles and their geographical location, we find that fund opacity increases the likelihood to use SWF-controlled vehicles, while fund politicization, strategic industry targets, and majority ownership choices increase the likelihood to use a corporate vehicle. While, bilateral trade agreements reduce the use of corporate vehicles.
As to the geographic location of the vehicle, politicized foreign SWFs are more likely to invest through vehicles located in third countries. Instead, targeting strategic industries leads to invest in vehicles located in the target country. Our results control for SWFs’ strategic goals, SWF experience (reliance on external managers or advisors, fund size), type of funding sources, crisis period, deal-specific effects, and legal and institutional differences across countries and over time. (For more information, please contact: Vittoria Giada Scalera, University of Amsterdam, Netherlands: vittoriagiada.scalera@polimi.it)

Session: 1.1.11 - Competitive

Cultural Variation and Friction

Presented On: June 28, 2016 - 09:00-10:15

Chair: Ramya Tarakad Venkateswaran, Indian Institute of Management, Calcutta

Cross-Country and Cross-Industry Differences in Workplace Practices

Andre van Hoorn, University of Groningen

This paper integrates the study of contextual influences on workplace practices, specifically job autonomy, with the growing literature on intra-country variation (ICV) versus between-country variation (BCV) in international HRM. While contexts such as industry or country are widely recognized to affect workplace practices, the influence of different contexts are seldom examined simultaneously or their relative influence systematically compared. Similarly, while much research considers the importance of BCV vis-à-vis ICV in international HRM, little attention is paid to variation that occurs between sub-national or supranational contexts. To move forward on both these counts, we use multilevel analysis and empirically assess the comparative importance of industry as a sub-national context and politico-institutional clusters as a supranational context in addition to country context as sources of differences in job autonomy. Results indicate that variation between supranational clusters can be substantially larger than inter-country variation, but that inter-industry dissimilarities tend to exceed both inter-cluster and inter-country dissimilarities. Hence, the main finding of our analysis is that dissimilarities in workplace practices, specifically job autonomy, associated with crossing country borders are not exceptionally large as employers and employees face larger dissimilarities in workplace practices when they move across industries. Implications of this finding both for international HRM and for international business and cross-cultural management more broadly are discussed. (For more information, please contact: Andre van Hoorn, University of Groningen, Netherlands: vanhoorn@gmail.com)

Cultural Friction in Foreign Entry through the Lens of Acculturation: A Multi-Level Study of Dimension Interactions

Ramya Tarakad Venkateswaran, Indian Institute of Management, Calcutta
Oded Shenkar, Ohio State University

In determining the foreign entry mode, the knowledge of how home and host national cultures interact with each other could be of immense value for both researchers and managers. We explain the entry mode decision as an adaptation outcome of the acculturation process in the pre-entry cross-cultural interaction. We operationalize cultural friction as the interaction of cultural dimensions, and propose that home and host country dimensions interact to influence the friction potential that determines the degree of control in the entry. We perform a multi-level analysis of 3669 deals across 507 unique country-pairs to discover cultural dimension interactions that matter. (For more information, please contact: Ramya Tarakad Venkateswaran, Indian Institute of Management, Calcutta, India: ramyatv@iimcal.ac.in)
A Comparative Analysis of Constitutions in View of Differences in National Organizational Culture
Eyal Yaniv, Bar Ilan University

The common values and beliefs that influence both national organizational culture and state constitutions are investigated in the current research. It is hypothesized that the norms expressed in a national organizational culture are the outcome of deeper values and beliefs that are also the infrastructure of the constitution in that country. A sample of six constitutions was investigated in light of Hofstede's five scales organizational culture. It was found that the dominant norms characteristic of the culture were expressed in the constitution. Inter-cultural differences were manifested in the constitution of the different nations. (For more information, please contact: Eyal Yaniv, Bar Ilan University, Israel: eyal.yaniv@gmail.com)

Session: 1.1.12 - Interactive

MNC as a Workplace

Presented On: June 28, 2016 - 09:00-10:15

Chair: Romie Frederick Littrell, Auckland University of Technology

Estimating the Determinants of Executive-Subsidiary Matches
Marketa Rickley, University of Iowa

Using a unique dataset on subsidiary executive appointments in multinational banks and a competitive assignment matching model, this study investigates executive selection in the international labor market. The international context is characterized by heterogeneous firms with varied human capital needs, allowing for a nuanced examination of the determinants of executive—firm matches along multiple human capital dimensions, with a particular emphasis on firm-specific versus general human capital. The study explores (i) the determinants of executive selection in MNC subsidiaries, (ii) how these determinants shift relative to economic conditions, and (iii) how they differ for two types of functional roles. I find that the relationship between human capital and the firm’s resource base is largely complementary; however, the importance of firm-specific versus general human capital shifts depending on external circumstances. Firm-specific human capital is the dominant determinant of an executive appointment during an economic upswing, but during an economic downturn firm-specific human capital is nearly four times weaker in driving an executive—subsidiary match than general human capital. (For more information, please contact: Marketa Rickley, University of Iowa, USA: marketa-rickley@uiowa.edu)

The Success of a Cultural Misfit
Farah Yasmine Shakir, IESE Business School
Mikael Søndergaard, Aarhus University

Several studies regarding subsidiary management stipulate the need for similarities between the local culture and managerial practices. In particular we consider practices of low organizational inequality within a cultural context of high levels of hierarchy. This study studies why being a cultural misfit in terms of high power distance and low organizational inequality can be an advantage when operating in a culturally opposite context. We use the empirical setting of the Pakistani subsidiary of a Norwegian multinational enterprise to uncover why having divergent managerial practices than the cultural context serves as an advantage. The inductive analysis we undertake highlights the importance of value-based identification as the baseline for the success of a misfit. Building on the evidence of rich descriptive qualitative data we develop theory on how this nature of organization identification can result in a unique competitive advantage when facing cultural differences. (For more information, please contact: Farah Yasmine Shakir, IESE Business School, Spain: fyshakir@iese.edu)
MNE Employees’ Perception and International Orientation as Predictors of Job Satisfaction
Kushal Sharma, ESSEC Business School
Jean-Luc Cerdin, ESSEC Business School

We examine how MNE employees’ perception regarding whether their organization considers them as talent or not affects their perceived career prospects in the organization as well as their job satisfaction. Specifically, we hypothesize that MNE employees’ self-perception as talent relates to their perceived career prospects. We predict that perceived career prospects affect job satisfaction, and that this relationship is moderated by employees’ cultural intelligence and internationalism career anchor. We find evidence of strong relationship between the direct effects we predict. However, contrary to expectations, cultural intelligence does not moderate the relationship between perceived career prospects and job satisfaction whereas internationalism career anchor shows a strong negative effect. We discuss the implications of such findings and suggest areas for future research. (For more information, please contact: Kushal Sharma, ESSEC Business School, France: kushal.sharma@essec.edu)

Exploring the Spirituality-Meaningfulness-Engagement Relationship: A Cross-cultural Analysis
Simone Meskelis, University of Dallas
Sri Beldona, University of Dallas
J. Lee Whittington, University of Dallas

Over the last two decades the traditional concerns for efficiency and effectiveness in organizations has been increasingly supplemented with a growing emphasis on employee engagement. While the interest in employee engagement has enjoyed a growing interest, two additional movements have also been gaining traction among scholars and practitioners: the quest for meaningfulness and to the role of spirituality in the workplace. In this paper we tested a model that answers that call by examining the relationships among spirituality, meaningfulness, and engagement in the United States and Brazil. Results show that meaningfulness fully mediated the relationship between spirituality and engagement in the US sample while only partial mediation was observed in the Brazilian sample. We discuss the impact that cultural differences have on these results. (For more information, please contact: Simone Meskelis, University of Dallas, USA: smeskelis@udallas.edu)

Koichi Nakagawa, Osaka University
Kazumi Tada, Kindai University
Hiroyuki Fukuchi, Toyo Gakuen University
Tomomi Imagawa, Osaka University

This study examines differences of the effects of headquarters’ organizational cultural integration approach on subsidiary’s local market innovation. For surviving in heterogeneous local context, multinational corporation subsidiaries are required to realize innovation for local market. Then, what types of organizational culture improve local market innovative performance? Past studies told us that headquarters’ cultural integration promotes information flows within organization, and results in innovation. However, there are some two types about headquarters’ cultural integration approach, and past studies do not consider that differences of integration types. One is convergence to headquarters’ culture, and another is crossvergence which refers to the creation of novel culture by mixing headquarters’ culture and local society’s one. By using samples of 162 Japanese multinational corporation subsidiaries in emerging markets, we find that organizational cultural convergence is negatively associated with local market innovation, while organizational crossvergence is positively associated with it. Therefore, we can conclude that mixing of home and local culture is vital when an organization intend to accelerate innovation in its subsidiaries. (For more information, please contact: Koichi Nakagawa, Osaka University, Japan: nakagawa@econ.osaka-u.ac.jp)
How We Do Things Around Here: The Relationship between Societal Values, Beliefs, and Ideal Organizational Culture

Catherine Tina Kwantes, University of Windsor
Cheryl Ann Boglarsky, Human Synergistics, Inc.

Societal culture may play a role in shaping what is considered an ideal organizational culture for better employee performance. To examine this relationship, the current project was undertaken in two phases. Study I drew on an employed student sample and examined cultural values and beliefs as predictors of respondents’ ideal organizational culture. The results suggest that both values and beliefs predict preferences for ideal organizational cultures. Study II examined descriptions of ideal organizational culture from employees at various types of organizations in 15 countries. Respondents’ descriptions clustered into two distinct cultures, with Anglo cultures the majority in one cluster and Latin cultures in the other. No significant differences emerged on preferences for Constructive organizational cultures, but Cluster 2 endorsed both Passive/Defensive and Aggressive/Defensive aspects of organizational culture more strongly than the other. These differences corresponded with higher levels of power distance and uncertainty avoidance in Cluster 2 and higher levels of Individualism in Cluster 1. Implications are discussed. (For more information, please contact: Cheryl Ann Boglarsky, Human Synergistics, Inc., USA: cheryl.boglarsky@humansynergistics.com)

Job Satisfaction and Institutional Distance: Far from Eye Far from Heart

Gwyneth Edwards, HEC Montréal
Abdulrahman Chikhouni, Mount Royal University
Rick Molz, Concordia University

In this research we question whether job satisfaction in the multinational enterprise varies between countries and, if so, what accounts for this variance. We also explore the impact of distance on job satisfaction, by testing if employees who are more distant from the headquarters (far from eye) receive less attention from the headquarters (far from heart) and, consequently, have lower job satisfaction. Using job satisfaction data of over 21,000 respondents from a Canadian-based multinational enterprise, we find between-country differences in job satisfaction and, contrary to our intuition, found that more distant employees have greater satisfaction compared to the employees within closer proximity to the headquarters. Implications for research and practice are discussed. (For more information, please contact: Gwyneth Edwards, HEC Montréal, Canada: gwyneth.edwards@hec.ca)

Session: 1.1.13 - Interactive
Track: 11 - Global Strategy, Alliances and Acquisitions

Multinational Firms and Global Strategy

Presented On: June 28, 2016 - 09:00-10:15

Chair: Hemant Merchant, University of South Florida St. Petersburg

A Guiding Beacon or a Burning Torch: Role of Emerging-Market Multinationals’ Leadership Style in Organizational Ambidexterity and Targets’ Employee Psychological Safety in Global Acquisitions

Rekha Rao-Nicholson, University of the West of England
Zaheer Khan, University of Sheffield
Hemant Merchant, University of South Florida St. Petersburg
Shlomo Yedidia Tarba, University of Birmingham
Pervaiz Akhtar, University of Hull
This paper examines 105 global acquisitions involving emerging-market multinationals to develop a deeper insight of how organizational ambidexterity and employees' psychological safety is related to leadership. The findings suggest that charismatic leadership style has a significant relationship with organizational ambidexterity and employees' psychological safety compared to transactional and laissez faire leadership style. The results also suggest that transactional leadership is positively related to ambidexterity and employee psychological safety than laissez faire leadership. In addition, organizational ambidexterity has a direct and positive association with employees' psychological safety. The implications for research and practice are discussed. (For more information, please contact: Shlomo Yedidia Tarba, University of Birmingham, United Kingdom: s.tarba@bham.ac.uk)

The Relationship between International Diversification and Performance and the Role of Firm Resources
Nejat Capar, Meliksah University

What is the role of firm resources for internationally diversified firms? Researchers in international strategy have been increasingly interested about the effect of firm resources on the internationalization-performance relationship. The common question and finding in the literature has been that international diversification affects firm performance positively. However, an important shortcoming of many existing studies has been the exclusion of firm resources in examining the relationship between international diversification and financial performance. The question directly deals with the source of financial performance in internationally diversified firms. Given the importance of firm resources, this study examined whether there are financial performance effects independent of firm resources. Results show that it is not international diversification but firm resources such as marketing assets that have a positive effect on firm performance. Moreover, innovation assets such as R&D assets have a positive effect on the level of international diversification. (For more information, please contact: Nejat Capar, Meliksah University, Turkey: ncapar@meliksah.edu.tr)

Multinationality and Performance: A Longitudinal Assessment of S-Curve Theory
Seong-Bong Lee, Seoul Women's University
Masaaki Kotabe, Temple University
Albert H. Yoon, US Bureau of Economic Analysis

This paper is the first effort to seriously examine the methodological aspects of S-curve theory on the relationship between multinationality and firm performance. To our best knowledge few studies in fact attempted to disentangle different analytical consequences implicated by methodological choice, making it difficult to apprehend various empirical results in the literature. In this paper, we formally discuss the limitation of using cross-sectional approach to quantify the relationship. Using our extensive panel data set of Korean Manufacturing firms, we confirmed the validity of S-curve theory from longitudinal, fixed-effect analysis. (For more information, please contact: Seong-Bong Lee, Seoul Women's University, Korea, South: sblee@swu.ac.kr)

Managing Complex MNEs: Structural Attributes of the MNE and Expatriation Strategies
Jongmin Lee, University of Reading

This study explores how multinational enterprises (MNEs) manage a complex organizational network comprised of multiple subsidiaries widely dispersed across a range of locations. Based on an interorganizational network view of the MNE, we advance the literature on expatriation strategies by demonstrating the influence of structural attributes of the MNE that originate from a unique composition of differentiated subsidiaries. Based on an empirical investigation of 124 Korean MNEs and their expatriation decisions in 1,621 downstream subsidiaries, this study demonstrates that MNE structural attributes, such as multinationality, power structure, and regional dependence, have significant effects on expatriation strategies in MNEs in terms of two different aspects: the intensity of expatriation and the variation of expatriation level among constituent subsidiaries. Our findings provide several important implications for both theory and practice. (For more information, please contact: Jongmin Lee, University of Reading, United Kingdom: j.m.lee@pgr.reading.ac.uk)
Relational and Knowledge Motives of Offshore Outsourcing and Effectiveness of Value Creation
Debmalya Mukherjee, University of Akron
Steven Ash, University of Akron

The extant literature has stressed the importance of high quality partnerships and external knowledge inputs in driving innovation and value creation in offshore outsourcing. In this paper we draw from the relational and the knowledge-based perspectives of firm to develop a typology of different knowledge outcomes that drive value propositions in client firms. To this end, we develop testable propositions and discuss the nature of value creation in terms of knowledge replication, refinement, renewal and recombination modes in offshore outsourcing. Additionally, we also highlight how client-vendor cognitive distance may moderate the effectiveness of value derived from aforementioned knowledge modes. Finally, we discuss the theoretical as well as practical ramifications of our conceptual model. (For more information, please contact: Debmalya Mukherjee, University of Akron, USA: dmukher@uakron.edu)

The Global Expansion of Family Firms: Propositions Derived from Eight Case Histories
Jose R. de la Torre, Florida International University
Jon I. Martinez, Universidad de los Andes

This paper aims to fill some of the gaps that exist in the intersection of research on the processes of corporate globalization with work on the particular strategic and growth challenges faced by family-controlled companies. Both of these fields have been widely and independently covered in the literature over the past four decades, but not so the confluence of issues that are found when family companies expand globally. We approach this task by first describing the issues faced by eight family-controlled companies based in Europe and South America as they each expanded into global markets. These case histories are derived from personal first-hand knowledge and experience where the authors worked closely with these companies in the design and execution of their respective global strategies over the past 35 years. We derive a number of lessons from each of these cases that, together with insights drawn from the extant literature, are then summarize into a series of propositions that can be used to guide future research in this important area. (For more information, please contact: Jose R. de la Torre, Florida International University, USA: delatorrejoser@gmail.com)

Session: 1.1.14 - Interactive

Enriching IB Courses

Presented On: June 28, 2016 - 09:00-10:15

Chair: Andrew Delios, National University of Singapore

Learning about Other Cultures: Let’s Go to the Movies
Alan Wright, Southern Arkansas University

Some of the most creative minds in the world work in the motion picture and television industries. While their view of the world doesn’t always match the professors in a business school, they present their ideas in an entertaining format. A picture is worth a thousand words. A moving picture with sound could be worth millions of words. This presentation extends this concept into the International Business field focusing on how movies are excellent tools to illustrate cultural differences. Because of the generational gap between students and the professor (in my case), I have used a group project to bring more modern and current videos into the classroom. The assignment can also be used in an online setting with little modification. (For more information, please contact: Alan Wright, Southern Arkansas University, USA: adwright@saumag.edu)
Integrating Reflection Assignments into Faculty-Led Study Abroad: Making the Most of Transformative Opportunities
Michelle L. Reina, University of Mary Hardin-Baylor
Roger L. Russell, University of Mary Hardin-Baylor

Faculty-led study abroad is a common form of experiential learning in international business education. As faculty, we recognize the importance of exposing business students to other countries, cultures, and ways of doing business as an essential part of their international business education. Ongoing reflection has been identified as a best practice in study abroad. We suggest that faculty leading short-term trips should integrate this requirement into their trip planning and student assessment. This paper provides an overview of transformative learning theory, its interconnectedness to reflection, and the importance of its utilization in faculty-led study abroad. (For more information, please contact: Michelle L. Reina, University of Mary Hardin-Baylor, USA: mreina@umhb.edu)

Enhancing the Global Mindset of College Students: Initial Evidence from a First Course in International
Sarath A. Nonis, Arkansas State University
Clint Relyea, University of Maine

The world is getting smaller. The new generation of college graduates must possess a “global mindset” to work effectively in diverse multicultural environments. The manuscript details an innovative pedagogy, an “international event” that is organized and hosted by students taking a first course in international. Certain critical knowledge and skills are better learned by doing, experiencing, and subsequently reflecting on them than from reading or hearing. Organizing and hosting this event provided the opportunity for students to improve their habits of inquiry and self-directed learning while expanding their “global mindset.” Initial survey results, discussion, and conclusions are also available. (For more information, please contact: Sarath A. Nonis, Arkansas State University, USA: snonis@astate.edu)

Using a Simulation in Integrative Learning: Insights from an Undergraduate Capstone in International Business
Joan Marie Lofgren, Aalto University
Andres Ramirez, Bryant University

This paper presents insights from the use of a strategy simulation in an undergraduate capstone course, drawing on pedagogical approaches to cognitive and affective learning and offering suggestions for the effective use of a business game in an undergraduate course. The discussion will be based on two years’ experience using Cesim’s strategy game Global Challenge with multiple teams and two universes. (For more information, please contact: Joan Marie Lofgren, Aalto University, Finland: joan.lofgren@aalto.fi)

The Game
Toon Larsson, Mälardalen University
Angelina Sundström, Mälardalen University

One of the requirements that practitioners have on educators is to prepare students for their future professions. A task for educators is therefore to introduce teaching methods and procedures for students that encourage them to develop their analytical skills and ability to solve real-world business problems. In this paper, we introduce a pedagogical tool named ‘The Game’ to help educators with this task. (For more information, please contact: Toon Larsson, Mälardalen University, Sweden: toon.larsson@mdh.se)
Teaching and Learning International Business through Global Virtual Teams (GVTS): The Case of X-Culture Challenge

Bindu J. Vyas, King's College London

Students learn the best when they are put into a situation and made to be part of the process. The challenges and problems of undertaking an experiential project involving Global Virtual Teams (GVTS) are student motivation, class size and integration of X-Culture into course activities, projects and lectures. Situational challenges include interpersonal communication, cross-cultural differences, language barriers, technological issues, distance and training, time zone differences, trust issues. The data reveals that initially students are not motivated to participate in the X-Culture project and have apprehension about working in a virtual environment and its effect on their performance in class but at the end the vast majority of students perceive that the use of virtual teams as a teaching tool facilitates cultural understanding and IB-relevant learning. This research suggests that online experiential exercises can be an effective approach in teaching IB, in developing cross cultural and virtual collaboration skills and attaining assessment of learning goals. (For more information, please contact: Bindu J. Vyas, King's College London, USA: bjvyas@kings.edu)

Session: 1.1.15 - Interactive
Track: 3 - The Future of the Multinational Enterprise

Internalizing Knowledge in Emerging Markets

Presented On: June 28, 2016 - 09:00-10:15

Chair: Roger Strange, University of Sussex

The Moderating Role of Group Affiliation on the Internationalization of Firms from Latin America

Cláudia Frias Pinto, Fundação Getulio Vargas - EAESP
Manuel Portugal Ferreira, Uninove - Universidade Nove de Julho & Instituto Politécnico de Leiria
Maria Tereza Fleury, Fundação Getulio Vargas - EAESP
Dan Li, Indiana University

There is wide curiosity on what drives the internationalization of firms from Latin America. These firms do not seem to possess valuable firm-specific resources and capabilities to leverage abroad and are subjected to severe domestic institutional voids. However, there is an important feature in these countries that has been little explored: affiliation to business groups. Using secondary data on over 12 thousand firms from 20 Latin American countries (LACs) we examine the effect that belonging to a business group has on the internationalization of firms from Latin America. Results show that group affiliation has a negative impact on internationalization, contrary to expectations and hence firms that belong to a business group have a larger focus on their domestic market than on foreign markets, than firms that are unaffiliated with these governance structures. Thus, the role of the Latin American business groups – or grupos econômicos – requires additional research. We also provide evidence that holding a foreign partner (foreign equity ownership) augments exports, and that in examining the impact of the home country institutional development of the LACs as a possible predictor of Latin American firms foreign expansion we need to examine the specific features of the institutional environment. (For more information, please contact: Cláudia Frias Pinto, Fundação Getulio Vargas - EAESP, Brazil: claudia.frias.pinto@gmail.com)

Untangling the Link Between IFDI and OFDI - the Role of Social Network and International Experience

Tao Bai, Xi'an Jiaotong-Liverpool University
Jianwen Zheng, Xi'an Jiaotong-Liverpool University

Prior literature has introduced inward foreign direct investment (IFDI) as an important determinant on firms’ outward foreign direct investment (OFDI). In this study, we advance this line of research by proposing that IFDI
plays an alternative role for domestic firms to develop social network and international experience at their home country, which facilitates the OFDI. And the facilitating effects from IFDI could be stronger when the level of IFDI diversity is higher, in terms of their ownership origins and industries, because the higher level of IFDI diversity brings larger scope of social network and greater varieties of international experience. We further examine the extent to which IFDI could influence OFDIs also depend on the local institutional environment and their own capabilities. These propositions are generally supported by our analysis of 2,632 OFDIs by 730 Chinese firms between 2002 and 2007. (For more information, please contact: Tao Bai, Xi’an Jiaotong-Liverpool University, China: tao.bai@xjtlu.edu.cn)

An Opportunity Based View of Internationalization - Evidence from Gems and Jewelry Sector in an Emerging Market
Venkatesh Kambla, Indian Institute of Management, Bangalore
S Raghunath, Indian Institute of Management Bangalore
Sumit K. Kundu, Florida International University

This paper aims to better understand internationalization of firms in the traditional industry such as gems and jewelry from India, an emerging market. The authors make use of the lens of opportunity based view (OBV) to understand the antecedents of internationalization. The authors gathered empirical evidence from 3 case studies of gems and jewelry enterprises in India. They find support for the proposition that behind internationalization lies a path-dependent process of opportunity development and international venturing activities shaped by the international networks rather than domestic networks in which the entrepreneurs and the firms have operated in the past and in which they are currently operating. In doing so, the authors find that the opportunity based view is a relevant venue of inquiry and underscore the importance of the entrepreneur's background and experience, and their associated network. The opportunity identification, realizing outcomes, learning through failures, and past international experience in identifying new and greater opportunities for internationalization do have a significant bearing on the internationalization process of these firms. (For more information, please contact: Sumit K. Kundu, Florida International University, USA: kundus@fiu.edu)

Reverse Knowledge Flow in Emerging Economy Multinationals - Role of Network Embeddedness and Absorptive Capacity
Nivisha Singh, Indian Institute of Management, Indore
Prashant Salwan, Indian Institute of Management, Indore

Within multinationals now the role of a parent as a prime source of knowledge and competencies is changing. Increasingly the parent firms are acting as a receiver of knowledge from their internationally dispersed subsidiaries. Leveraging knowledge from their geographically dispersed subsidiaries is emerging as a major source of competitive advantage. It helps EM-MNEs to overcome various liabilities such as liability of foreignness and ownership because of being late entrants in global market. This paper examines how the knowledge transfer from subsidiaries in developed nation impacts the performance of their parent based in emerging economies. This paper also examines much less researched role of network embeddedness and absorptive capacity on reverse knowledge transfer. We will see how various components of network embeddedness (trust, strength of tie and shared goals and norms) and potential and realized absorptive capacity impacts the reverse knowledge transfer process. This study will be in Indian context, we will study the impact of reverse knowledge transfer on Indian multinationals. (For more information, please contact: Nivisha Singh, Indian Institute of Management, Indore, India: f12nivishas@iimidr.ac.in)

An Integration of Knowledge Transfer and Strategy in Emerging Economy MNEs.
Joan Lilian Ogendo, Catholic University of Eastern Africa

This paper suggests an integrative framework for research on knowledge transfer, strategy, and external environment on organizational performance relationships. The proposed model has four variables. First, Knowledge transfer conceptualized on the aspects of socialization, internalization, externalization and
combination as the independent variable. Secondly, the external environment conceptualized on the aspects of complexity, dynamism and munificence as the intervening variable. Strategy conceptualized on the aspects of strategic stance and strategic action as the moderating variable. Performance conceptualized on the aspects of financial, customer / marketing, internal business processes, learning and growth; and non-market perspectives as dependant variable. The researcher proposes studies in the context of Multinational Enterprises including the International Entrepreneurship.  (For more information, please contact: Joan Lilian Ogendo, Catholic University of Eastern Africa, Kenya: joan_lilian@hotmail.com)

Transfer of Tacit Knowledge in Multinational Service Firms
Pavlina Jasovska, University of South Australia
Ying Guo, Xi’an Jiaotong-Liverpool University
Hussain Rammal, University of Technology Sydney

The ability to transfer tacit knowledge internationally through the movement of professionals (employees) is a source of competitive advantage for service firms. However, this movement can be restricted by national governments through regulative barriers to protect domestic firms and locally trained professionals. Using the knowledge based view and institutional theory perspective; we identify and analyze key barriers faced by Business services’ firms. We use the case of a multinational consultancy firm from India to highlight the key strategies used by the company to transfer knowledge. We find that the company uses global teams to transfer tacit knowledge, and facilitates inpatriation through an internship program that helps the firm overcome nationality requirement that restricts the movement of their managers to other countries, which in turn limits their ability to transfer knowledge in the intra-organizational setting. The Indian government provides support for this initiative by reducing barriers to entry for these individuals coming to India. (For more information, please contact: Pavlina Jasovska, University of South Australia, Australia: pavlina.jasovska@mymail.unisa.edu.au)

Session: 1.2 - Plenary

Conference Theme Plenary: The Locus of Global Innovation

Presented On: June 28, 2016 - 10:45-12:00

Chair: Charles Dhanaraj, IMD

Panelists:
  Kathleen M. Eisenhardt, Stanford University
  Yves Doz, INSEAD
  Vijay Govindarajan, Dartmouth College
  George S. Yip, CEIBS and Imperial College London

(For more information, please contact: Charles Dhanaraj, IMD, Switzerland: charles.dhanaraj@imd.org)
The Future of Globalization and the Multinational Corporation

Presented On: June 28, 2016 - 13:00-14:15

Chair: Pankaj Ghemawat, IESE

Panelists:
- Pankaj Ghemawat, IESE
- Steven A. Altman, New York University
- Geoffrey Jones, Harvard Business School
- B. Sebastian Reiche, IESE Business School

After decades of rapid increases in levels of globalization, the period since the onset of the global financial crisis has seen stagnation or worse, prompting much debate about the future of globalization and the implications for multinational corporations. This showcase panel will provide insights into both changes in the global environment and their business implications. The panel will draw on research summarized in The Laws of Globalization and Business Applications (Cambridge University Press, forthcoming), to which all the panelists have contributed as well as research prepared for and presented at a Global CEO summit in December 2015 in Hainan, China, in which Ghemawat and Reiche took part. (For more information, please contact: Charles Dhanaraj, IMD, Switzerland: charles.dhanaraj@imd.org)

What Do We Know about Location of MNE Headquarters?

Presented On: June 28, 2016 - 13:00-14:15

Chair: Torben Pedersen, Bocconi University

Panelists:
- Alain Verbeke, University of Calgary
- Gabriel R. G. Benito, BI Norwegian Business School
- Klaus Meyer, CEIBS
- Christian Geisler Asmussen, Copenhagen Business School
- Steve Tallman, University of Richmond

The question where the corporate headquarters (HQ) of the largest multinational enterprises (MNEs) are located around the world is intriguing policy makers, but has received little scholarly attention to date. However, do MNEs actually make deliberate decisions where to locate their HQ? And if they do make deliberate location decisions what do we know about the determinants? This panel brings together researchers that have tackled this issue from different perspectives like corporate strategy, location economics and economic geography. In the panel we will present different and to some extent conflicting views on this topic. These differences will make for stimulating debates and taken together the panel will present state-of-the-art of our knowledge on HQ location. (For more information, please contact: Torben Pedersen, Bocconi University, Italy: torben.pedersen@unibocconi.it)
How Institutional and Transaction Cost Influences Affect MNEs After Entry
Andre van Hoorn, University of Groningen

Whereas institutional and transaction cost influences are widely recognized to shape the front end of foreign market entry (e.g., entry mode strategy), pre-entry decisions are necessarily a one-time response, while transaction cost challenges operate on a continuous basis. In this paper, I seek to move beyond pre-entry decisions based on anticipated transaction costs to consider MNEs’ after-entry behavioral response to the actual host-country institutional environment, completing the use of institutional and transaction costs approaches in international management. I focus on one particular post-entry response, demanding prepayment of sales, which is the most flexible and easily implementable practice an MNE can adopt to safeguard against exchange hazards. Consistent with my predictions, results indicate that prepayment is more pervasive when host-country formal institutions are weak. Moreover, this effect is stronger when asset specificity is higher. Finally, these effects of host-country institutions and asset specificity on the demand for prepayment are independent of the adoption of standard risk-mitigating strategies such as a proactive political strategy. Main conclusion is that institutions and transaction costs vitally shape MNE behavior, also after entry. The paper contributes to the opening up of a broader research agenda on institutional and transaction cost influences on MNEs that goes beyond initial decisions on foreign market entry. (For more information, please contact: Andre van Hoorn, University of Groningen, Netherlands: vanhoorn@gmail.com)

The Partnership Strategy of IJVs in Europe - From the Institutional Perspective
Yi Yang, Yonsei University
Palitha Konara, University of Huddersfield

A firm entering a foreign country via an IJV can partner with (1) a local firm from the host country, (2) a firm from the same home country or (3) a firm from a different foreign country, i.e. a third country. Based on a large data set of 1373 IJVs, we examine the IJV partnership strategy from an institutional perspective. We first conceptualized how institutions in the host country and institutional distance between the host country and the home country can determine the partner choice, and then empirically show that foreign firms are more likely to partner with a firm from the home country or from a third country (compared to partnering with a local firm) when the host country institutions are stronger. We also find that foreign firms are more likely to partner with a firm from the home country (compared to partnering with a local firm) when the institutional distance between the host country and the home country is lower. (For more information, please contact: Palitha Konara, University of Huddersfield, United Kingdom: palitha.konara@hud.ac.uk)

How Adopting Competence-Creating Organizational Forms Abroad Affects MNE Innovation at Home: Indian EMNEs in the Biopharmaceutical Industry
Pooja Thakur-Wernz, Virginia Tech University
John Cantwell, Rutgers University
Shantala Samant, Virginia Tech University

Drawing on the internationalization-innovation literature, this paper suggests that the type of innovation activity a parent firm, from emerging economy, undertakes can be understood as a consequence of that firm’s choice of
different modes of outward foreign direct investments (OFDI). Specifically, we look at whether the choice between greenfield and cross-border M&As abroad impacts the nature of subsequent innovation activity at home, measured as a parent company’s focus on core versus non-core technologies as well as process versus product innovations. We posit that EMNE subsidiaries created through greenfield investments are relatively more competence-exploiting (CE) in nature, while those created through cross-border M&As are more competence-creating (CC). This difference in CE and CC modes suggests a positive association between greenfield ventures and feedbacks to core technologies as well as process innovations, while crossborder M&As are positively associated with non-core technologies and product innovations at home. Our research setting is the Indian biopharmaceutical industry and we look at 161 EMNEs from 1997 till 2013. Controlling for self-selection using the Heckman two stage model, we find that significant differences in EMNE parent firm’s innovations result from CC or CE-oriented choices abroad. (For more information, please contact: Pooja Thakur-Wernz, Virginia Tech University, USA: pthakur@vt.edu)

Ramya Tarakad Venkateswaran, Indian Institute of Management, Calcutta

Extending leading-edge frameworks on when does culture matter, we propose a nuanced multilevel theoretical model that explains the context and mechanism of how the home country’s national culture influences the managerial perception of transaction costs, conditional on the “situational-moderators” in the entry mode decision context. We examine the degree of equity “sought” as a variable illuminating the mechanism of influence. Through multilevel longitudinal analysis of cross-border deals, we find that “magnitude-of-impact” moderates the influence of power-distance and individualism, whereas “firm-level-uncertainty” moderates the influence of power-distance, masculinity, and long-term-orientation on the managerial preference to seek higher levels of equity ownership. The moderators act in concert and show stronger concurrent effects compared to their independent effects. (For more information, please contact: Ramya Tarakad Venkateswaran, Indian Institute of Management, Calcutta, India: ramyatv@iimcal.ac.in)

Session: 1.3.4 - Panel

How to Review and Why It's Good for You
Presented On: June 28, 2016 - 13:00-14:15

Chairs: Ilya Cuypers, Singapore Management University and Jesper Edman, Hitotsubashi University
Discussant: Alvaro Cuervo Cazurra, Northeastern University

Panelists:
Ilya Cuypers, Singapore Management University
Jesper Edman, Hitotsubashi University
Bo Bernhard Nielsen, University of Sydney
Elizabeth Rose, University of Otago

The review process is an inherent part of leading scholarly journals such as the Journal of International Business Studies (JIBS) and high quality reviews are essential to ensure the quality of publications in these journals and for the advancement of the field. Despite the indisputable importance of high quality reviews, few scholars are formally trained or mentored to write them. In light of increasingly sophisticated methodologies and JIBS becoming ever more multidisciplinary in content and methodology, the demands on reviewers are becoming greater and more diverse. Our panel aims to help scholars unlock their reviewer potential by discussing a number of approaches to write positive, constructive reviews. To do so, we have a number of participants which all sit on the Editorial Review Board of JIBS or hold Editorial positions, and whom have been acknowledged with
award-winning reviews. The participants will cover topics pertaining to reviewing both qualitative and quantitative studies, and what Editors are looking for in reviews. These insights will then be used as the starting point for a discussion with the audience. (For more information, please contact: Ilya Cuypers, Singapore Management University, Singapore: ilyacuypers@smu.edu.sg)

Session: 1.3.5 - Competitive
Track: 11 - Global Strategy, Alliances and Acquisitions

International Alliances and Contracts: Multidisciplinary Perspectives

Presented On: June 28, 2016 - 13:00-14:15

Chair: Malika Richards, Penn State University - Berks

Choosing an Appropriate Alliance Governance Mode: The Role of Institutional, Cultural and Geographical Distance in International Research & Development (R&D) Collaborations

Jeongho Choi, St. John Fisher College
Farok Contractor, Rutgers University

We identify a variety of R&D alliance modes in a knowledge-intensive industry (e.g., Pharmaceuticals), and classify them into four ordered categories which go beyond the traditional binary equity vs. non-equity alliance classification. This enriches our understanding of alliance governance structures and broadens the application of alliance modes in what is today a more complicated international R&D collaboration setting. We then explore national, industry and firm factors that determine the selection of an appropriate R&D alliance governance mode, using a sample of 237 international alliance deals. The likelihood of using a more-integrated alliance governance mode decreases as the difference or “distance” between nations of the partner firms increases in terms of human capital and cultural distance. On the other hand, a greater geographic and institutional difference is positively associated with the selection of more integrated alliance governance modes. Furthermore, firms in the research stage are more likely to use a more-integrated governance mode, as opposed to firms in the development stage. These findings advance research on alliance governance structure. They reveal the factors affecting the R&D alliance governance mode choice. (For more information, please contact: Jeongho Choi, St. John Fisher College, USA: jchoi@sjfc.edu)

The Power of Distance: Systemic Risk, Local Risk, and Geographic Distance in Interorganizational Partnerships

Sinziana Dorobantu, New York University
Jakob Müllner, WU Vienna

This study extends previous work on interorganizational partnerships by distinguishing the effects of external risk associated with the geographic location of the investment (i.e., local risk) and external risk that affects organizations irrespective of location (i.e., systemic risk) on the geographic distance between partners. Using data on 5,928 large-scale infrastructure projects in 160 countries, jointly financed by 2,647 banks between 2000 and 2013, we show that under conditions of high local risk, organizations form distant partnerships to increase their political leverage over local stakeholders. When external risk is systemic, however, they have a strong preference for proximate partners because of lower information asymmetry and costs of coordination. Our results suggest a trade-off between the internal benefits of working with geographically proximate partners and the political benefits of partnering with geographically distant organizations. We also show that the inclusion of intergovernmental organizations and local government-owned partners are potential substitutes for political leverage built through distant partnerships. (For more information, please contact: Sinziana Dorobantu, New York University, USA: sinziana.dorobantu@stern.nyu.edu)
Network Centrality, Prior Ties, Experience and Forming Alliances with Foreigners: Evidence from the Venture Capital Industry in China  
Jing Zhang, Old Dominion University

This study examines the factors that influence local firms’ forming alliances with foreign firms. We first argue for the homophily effect, that is, a centrally-positioned local firm is likely to ally with foreign partners also at a central position. Moreover, the path-dependence effect of prior ties makes the firms without a central position find it even harder to partner with centrally-positioned foreigners. To compensate for a low network centrality, local firms must develop general industry experience or successful performance track records. Our analysis of data on venture capital (VC) industry in China, with a focus on U.S. partners, supports our hypotheses. Uniquely, we find that the framework applies to the U.S. partners’ network centrality not only in China but also in the U.S. VC market, although both homophily and path-dependence effects are insignificant when the U.S. partners’ network centrality is examined in the U.S. market. The findings offer fresh implications to local firms that tend to develop international operation by leveraging their foreign partners’ networks in the home country.  
(For more information, please contact: Jing Zhang, Old Dominion University, USA: j3zhang@odu.edu)

Strategic versus Conventional Contracting with Foreign Intermediaries: A Contingency Approach  
Bent Petersen, Copenhagen Business School  
Kim Oestergaard, University of Southern Denmark

This paper aims to inform contracting with foreign intermediaries (e.g. commercial agents, distributors, and franchisees) with insights from organizational economics. The development of relationship-management practices has greatly benefitted from these insights, and the introduction of similar research-based practices to contract drafting offers the promise of high returns. We first contrast existing contracting practices – conventional contracting – for exporting via intermediaries with the practices promoted by the schools of proactive law and strategic contracting. More specifically, we compare and contrast conventional and strategic contracting along five dimensions: choice of intermediary, collaborative basis, commercial risk allocation, commitment, and conflict resolution. We then investigate the circumstances (or “contingencies”) impelling exporters to either maintain conventional contracting practices or adopt the principles of strategic contracting. On the basis of a contingency approach, we formulate propositions about fits (and misfits) between contracting circumstances and the choice of contracting mode (conventional or strategic), where a right fit pays off in better intermediary performance and, in turn, relational rent.  
(For more information, please contact: Bent Petersen, Copenhagen Business School, Denmark: bp.smg@cbs.dk)

Session: 1.3.6 - Competitive  
Track: 2 - Geographic Scope and Global Innovation

Global Innovation and Emerging Economies

Presented On: June 28, 2016 - 13:00-14:15

Chair: Jaeyong Song, Seoul National University

R&D of Multinational Subsidiaries in Emerging Economies  
Quyen Nguyen, University of Reading

There is extensive evidence that foreign subsidiaries actively engage in R&D and innovation, and generate new knowledge, capabilities and competences. In this study, we examine the effects of subsidiary-level internal equity financing and the regional collocation of the subsidiary in the same home region as the parent firm on its research and development (R&D) investments. We develop our hypotheses from the theory of the multinational enterprise in the international business literature and the pecking order theory in the finance literature. We
empirically test them using a new original dataset of publicly-listed multinational subsidiaries in five South East Asian (ASEAN) countries with parent firms headquartered across the broad triad of North America, Europe, and Asia Pacific. We present three new findings. First, we find that internal equity financing in the form of retained earnings is an important financing source, accounting for 24 percent of total funding for these subsidiaries. Second, they use their own retained earnings to finance R&D investments. Third, regional collocation has a significant and positive effect on subsidiary-level R&D investments. We advance the theoretical and empirical literature on subsidiary strategy. Our findings have important implications for MNE subsidiary managers and public policy makers. (For more information, please contact: Quyen Nguyen, University of Reading, United Kingdom: t.k.q.nguyen@henley.ac.uk)

Catch-Up of Latecomer Firms from Emerging Economies - the Role of Learning
Sangeeta Ray, University of Sydney
Pradeep Kanta Ray, University of New South Wales
Vikas Kumar, University of Sydney

This study tests the prescience of John Mathews the linkage-leverage-learning (LLL) model to explain catch-up by latecomer firms (LFs) – set in an evolutionary backdrop. The hypothesis harboured in this study is that while linkages may partly explain how LFs initially compete in international markets, it is learning that is crucial to catching up. We used panel data from 1994-2012 with 3074 observations from 225 firms and performed multiple econometric analyses to test our hypotheses. Our results suggest that internal effort towards understanding, absorbing and applying knowledge inputs rather than external borrowing appear to explain the success of Indian pharmaceuticals LFs. The learning may also be partly the automatic result of experience in doing some value added activity like production or marketing, but most likely comes as a by-product of internationalisation as a catalyst. LFs progress from being a recipient of knowledge in a global production network to a phase where they can become important contributors in the global innovation network. The study therefore provides valid and reliable constructs to explain further innovation capability development of LFs, enriching the Mathews LLL framework. (For more information, please contact: Vikas Kumar, University of Sydney, Australia: vikas.kumar@sydney.edu.au)

Outward Foreign Direct Investment and Home Country Diversification: Evidence from Chinese Firms
Shu Yu, National University of Singapore

To most Chinese MNEs, their home country markets are still their primary territory of operation. By investigating the effects of Chinese OFDI on their strategies in home country, this paper figures out how these Chinese MNEs leverage core competences at home and channel back their strategic assets and capabilities back to their home country. Drawing on learning theory and resource-based view, I propose that Chinese OFDI facilitate their domestic geographic diversification but hinder domestic industry diversification. Furthermore, international expansion and domestic diversification can reinforce each other for geographic diversification but substitute for industry diversification. The diversity of foreign markets negatively influences their subsequent domestic diversification. Using a unique, hand-collected panel data set of Chinese listed firms during 2001-2013, I find support for the arguments. (For more information, please contact: Shu Yu, National University of Singapore, Singapore: yushu@u.nus.edu)

Capability Building and Innovation in the Offshore IT Services Industry in India
Vinod K. Jain, University of Maryland (Former)

Capability building and innovation provide the foundation for strategy implementation and superior performance. The global connected economy offers MNEs the opportunity to leverage their knowledge, capabilities, and innovations in foreign markets. It also challenges them to acquire new capabilities and new innovations from their own efforts, from multiple geographies, and from multiple sources. Multinational enterprises from the developed world have been offshoring IT services to emerging markets since the early
2000s. What is relatively new is that, during the last 5-10 years, they have also been offshoring their core innovation and R&D functions to emerging markets – to their captive centers and to third-party vendors there. After discussing how MNEs build capabilities and how they innovate, the paper presents a detailed case study of capability building and innovation in India’s offshore IT services industry. The study is based on in-depth, personal interviews with about 20 senior and top-level executives of 15 leading Indian IT services firms and their foreign clients. Each of the interviews lasted one-and-a-half to two hours or more and was conducted onsite at the companies’ premises in India and the United States. (For more information, please contact: Vinod K. Jain, University of Maryland (Former), USA: vinod.jain@india-us.org)

Session: 1.3.7 - Competitive

Self-Initiated Expatriation

Presented On: June 28, 2016 - 13:00-14:15

Chair: Saba Colakoglu, Berry College

"A Promise Made Is a Debt Unpaid": Self-Initiated Expatriates' Psychological Contracts, Behaviors, and Cross-Cultural Adjustment

Alexei Koveshnikov, Aalto University
Heidi Wechtler, Macquarie University
Igor Kalinic, University of Leeds

In this paper we intend to shed some light on the nature of self-initiated expatriates’ (SIE) employment relationships. In particular, we examine how perceived employer’s psychological contract (PC) fulfillment (in terms of transactional, relational, and training obligations) affects SIEs’ exit, voice, loyalty, and neglect behaviors. In addition, we test whether perceived SIE’s PC fulfillment and cross-cultural adjustment (CCA) moderate these relationships. The analysis indicates that the fulfillment of employer’s relational and training PC obligations is more important for SIEs’ behaviors than the fulfillment of transactional PC obligations. Further, whereas perceived SIE’s PC fulfillment negatively moderates the examined relationships, no moderation effect is found for SIEs’ CCA. The analysis is one of the first attempts at investigating employment relationships of SIEs. It offers important insights into effective SIEs’ retention and management. (For more information, please contact: Alexei Koveshnikov, Aalto University, Finland: alexei.koveshnikov@aalto.fi)

Not All Those Who Wander Are Lost: Self-initiated Expatriate Success, Failure and Adjustment

Heidi Wechtler, Macquarie University
Alexei Koveshnikov, Aalto University

In this paper, we use the context of self-initiated expatriates (SIE) to critically discuss the concepts of “expatriate success” and “expatriate failure” as they are defined in the expatriation literature and to question the role of adjustment as the key mechanism of expatriate success/failure. Based on a sample of 214 SIEs, we expose different symmetrical and asymmetrical configurations of SIEs’ adjustment, success, and failure. By doing so we deduce a typology of SIEs based on how SIEs’ adjustment interacts with their success and/or failure. In this way, we distinguish between four types of SIEs: live to work SIEs; ideal reactive SIE workers; ideal proactive SIE workers; and work to live SIEs. All in all, with this explorative analysis we aim at contributing to the debate concerning the need to rethink how “success”, “failure” and their relationships with cross-cultural adjustment are to be conceptualized and defined in the expatriation literature. (For more information, please contact: Heidi Wechtler, Macquarie University, Australia: heidiwechtler@gmail.com)
Where Is the 'Initiative' in Research on Self-Initiated Expatriates?
Maike Andresen, University of Bamberg
Thomas Hippler, University of Essex

Self-initiated expatriates (SIEs) have to show personal initiative for obtaining international business experience abroad. Employees that demonstrate personal initiative have become increasingly important for organisations. However, an analysis of the sample descriptions in published SIE research and of existing definitions of SIEs shows that the operationalisation of 'self-initiation' has rarely been made explicit, despite a strong theoretical base for personal initiative. To better understand how and why SIEs from different professions, careers, industries, home and host countries differ from one another, we focus on the nature of personal initiative and compare and discuss samples used in extant research. By examining sampling issues associated with research into SIEs, we seek to enhance the validity of future research and thus increase the utility of the empirical evidence for organisations and policy makers alike. Based on our analysis we offer specific guidance for future research. (For more information, please contact: Maike Andresen, University of Bamberg, Germany: maike.andresen@uni-bamberg.de)

To Go or Not to Go: Insights Into Family, Societal and Career Pressures on Indian Information Technology (It) Women Who Accept International Assignments
Dhara Shah, Griffith University
Michelle Barker, Griffith University

Despite more than fifty years of research into gender and work, the topic is still under-represented in mainstream management literature. While most previous research has looked at the barriers women face in relation to international assignments (including motivation, organisational support, host nationals’ attitudes towards women, and family support before and during an assignment), the current qualitative study takes a more positive stance. Rather than assuming these barriers existed, interviews conducted with 23 Indian IT women explored the full range of their experiences during long-term assignments. We conclude that increased flexibility within the IT industry has enabled highly skilled, aspirational Indian IT women to enter this demanding sector to take on long-term international assignments during the early years of their career. Later, the demands of marriage, motherhood, and societal expectations put increasing pressure on them, resulting in most women changing their career trajectories and aspirations. The decision-making model developed from this research may offer new insights into the dynamic nature of women’s global work and suggest implications for the organisations in general and IT industry in particular. (For more information, please contact: Dhara Shah, Griffith University, Australia: d.shah@griffith.edu.au)

Session: 1.3.8 - Competitive
Track: 5 - Governance and Policy for Global Innovation

The Relationship between Institutional Environment and the Firm

Presented On: June 28, 2016 - 13:00-14:15

Chair: Renate Kratochvil, Vienna University of Economics and Business

Institutional Constraints, Firm Resources and Internationalization of Chinese Firms
Fangrong Li, Xi’an Jiaotong-Liverpool University

Home country institutional environment plays an important role in shaping emerging economy firm’s internationalization activities. While most studies focus on the positive and supportive role of state government in promoting internationalization, the role of negative side of the institutional environment is under explored. Drawing on escapism perspective and using China as the research context, this study explores the impact of...
institutional constraints on internationalization of Chinese firms. This study investigates the effects of three factors of institutional constraints, namely unbalanced resource allocation, dysfunctional competition and market fragmentation, on internationalization. Empirical results with over 240,000 Chinese firms in 2005-2006 provide strong support for the effect of institutional constraints. Findings also indicate that firm internal resources will mitigate the effect of external institutional constraints on internationalization. (For more information, please contact: Fangrong Li, Xi’an Jiaotong-Liverpool University, China: fangronli2@gmail.com)

Institutions and Foreign Direct Investment: A Meta-Analytic Review
Nicholas James Bailey, University of Northern Iowa

This study attempts to synthesize decades of research on the institutions – foreign direct investment (FDI) relationship. Using prior tests derived from 97 primary studies, we find support for most of the previous conclusions that institutional factors such as political stability, democracy, and rule of law have a positive effect on FDI, while others such as corruption, tax rates and cultural distance have a negative effect. However, the effect-sizes from the relationship are modest and exhibit a high level of heterogeneity, which suggests that uncovering the true nature of the relationship is still far from complete. The study also finds that the strength of the relationship differs across levels of development and in regional contexts, suggesting that institutional quality plays a larger role in FDI decisions in developing countries and Asia. In contrast, the relationship between institutional factors that have a negative effect on FDI is less understood at lower levels of analysis. Further analyses on moderating variables provides a more comprehensive understanding of the relationship, including an analysis of the significance of economic and methodological control variables. The authors make a number of suggestions on how to further contribute to this literature, including increased focused on contextual moderating and mediating factors at lower levels of analysis, as well as the systemic nature of institutional frameworks. (For more information, please contact: Nicholas James Bailey, University of Northern Iowa, USA: nick.bailey@uni.edu)

Who Eases Fiscal Downturn from Greenhouse Gas Emissions? The Moderating Role of Corporate Governance
Seonghoon Kim, Seoul National University
Tae Woo Roh, Soonchunhyang University
Jootae Kim, Dankook University

Existing studies on environmental corporate social responsibility (ECSR) have viewed climate change issue as a new area of business opportunity by indicating that reducing greenhouse gas emissions can help to increase corporate financial performance. In this study, we consider climate change as a threat to a firm and try to find out how a firm can strategically adapt to the environmental shift at the level of corporate governance. We hypothesize that there is a negative relationship between greenhouse gas emissions and financial performance and examine which corporate governance moderates such relationship under the concentrated ownership structure. As a result of the random-effects model with 550 unbalanced panel data of 165 manufacturing firms in Korea from 2007 to 2013, hypotheses are partially supported. In the current situation where institutional force related to climate change intensifies and the number of companies participating in environmental management increases, this study presents corporate governance that effectively counteracts environmental threat along with theoretical and managerial implications. (For more information, please contact: Tae Woo Roh, Soonchunhyang University, Korea, South: troh@sch.ac.kr)
**Ownership Influences on International Entrepreneurship**

**Presented On:** June 28, 2016 - 13:00-14:15

Chair: Antonio Majocchi, University of Pavia

*The Impact of Private Equity Ownership and Institutions on Founder Retention as CEO at IPO in Emerging Economies*

Bruce Allen Hearn, University of Sussex
Igor Filatotchev, Cass Business School

This study examines the influence of private equity retained ownership post-IPO in influencing whether the founder entrepreneurial CEO secedes at IPO. Using a unique sample of 136 private sector IPO firms from over 17 African equity markets between 2000 and 2014 we find that both Business Angel (BA) and Venture Capital (VC) retained ownership is associated with increased likelihood that founder is retained at IPO event. This is inversely moderated by formal institutional quality. We argue that in dense network political economies where relational governance is necessitated then private equity entities are more supportive of founder retention at IPO given the importance of founder’s social networks, capital and reputation in securing access to critical resources and information ensuring survival of firm. In high quality contracting environments there is relatively less importance in founder skills and attributes and a greater emphasis of the IPO marking a transition into professionalized management – thereby stimulating a succession event of founder as CEO. (For more information, please contact: Bruce Allen Hearn, University of Sussex, United Kingdom: b.a.hearn@sussex.ac.uk)

*Interaction between External Managers and Family Ownership in SME Internationalization*

Alfredo D'Angelo, Catholic University of Sacred Heart
Antonio Majocchi, University of Pavia
Trevor Buck, University of Glasgow

Family SMEs are vital to economic development but some are inert, local firms while others are dynamic and international. Do certain governance structures encourage internationalization? We respond to this question, extending the existing literature by considering finer measures of family ownership, and interactions between degrees of family ownership and professional managers recruited from outside the family. We found that external recruited managers are important to family SME internationalization, but only for lower levels of family ownership, suggesting synergistic combinations of ownership and control. It is the combination of external capital with external managers that really works for family SME internationalization. (For more information, please contact: Alfredo D'Angelo, Catholic University of Sacred Heart, Italy: alfredo.dangelo@unicatt.it)

*The Effect of CEO Compensation Structure on the Early Internationalization of Newly Public Firms*

Heejin Woo, California State University, Fullerton

This study suggests the incentive perspective is an antecedent of early internationalization. We argue that early internationalization is a risky strategy for a CEO in a relatively young firm and that a potential agency problem arises in such context between a CEO and shareholders. By drawing on the agency theory, we theorize that CEO compensation structure plays a critical role in the early internationalization decision. In a sample of 145 newly public U.S. firms, we find that the likelihood of early internationalization decreases as a CEO secured cash pay increases and as CEO compensation is more dependent on equity-based pay. In addition, we find that the positive association between an equity-based pay structure and the likelihood of early internationalization
becomes stronger with an increase in the tenure of a CEO. These findings show that the interest-alignment between a CEO and shareholders impacts the strategic decision of early internationalization. Our study contributes to strategic management and entrepreneurship literature by identifying ‘pulling’ factors that drive firms to internationalize early and by underscoring the importance of compensation structure as a significant driver in critical strategic moves. (For more information, please contact: Heejin Woo, California State University, Fullerton, USA: hwoo@fullerton.edu)

Session: 1.3.10 - Competitive

Trends in IB Education

Presented On: June 28, 2016 - 13:00-14:15

Chair: Francis Daniel Nina, University of Puerto Rico

Chinese Students’ Preferences for Postgraduate Programs in International Business

Xia "Anna" Chen, Ningbo University
Michal Lemanski, Nottingham University Business School China
Rajan Lamuel Gaikwad, Nottingham University Business School China

Chinese students are increasingly and in great numbers applying for postgraduate/master studies at business schools abroad, primarily in the English-speaking countries. The topic has attracted attention of journalists, policy-makers, and university authorities, and many universities even opened special admission departments dedicated solely to candidates from China. Yet little is known about the actual expectations of the Chinese candidates towards the study programs in international business. To put more light on this important contemporary phenomenon, we conducted a mixed method study of what Chinese students expect from curricula in international business. In our presentation we will share the received results, hoping to achieve two main outcomes: 1) generate a fact-based discussion on the Chinese students in IB programs in international universities, and 2) bring the debate on the Chinese applicants onto a practical level, complementing the already rich political discussions. We hope our presentation will be attended by university leaders and IB program directors, and our practical evidence and insights from own experience will help them to better understand the Chinese applicants, and so better incorporate expectations of candidates when designing and marketing IB curricula. (For more information, please contact: Michal Lemanski, Nottingham University Business School China, China: michal.lemanski@nottingham.edu.cn)

Attributes that Might Increase Perceived Teaching Effectiveness in Business Schools: an International Comparative Study

Maria Alejandra Gonzalez-Perez, Universidad EAFIT
Earl Simendinger, University of Tampa
Abdul-Nasser El-Kassar, Lebanese American University
John Crawford, Lipscomb University
Stephanie Thomason, University of Tampa
Judson Carter Edwards, Troy University
Philippe Reynet, Kedge Business School
Björn Kjellander, Jönköping International Business School

Determining the attributes of effective business teachers is critical to schools as they strive to attract and retain students, obtain and maintain reputation and accreditations, and place their alumni in the competitive job market. While educational opportunities and choices for students are global, studies of teaching effectiveness are often conducted on a population of students and teachers within a single country. The present study builds upon the extant research to examine students and faculty perceptions of teaching effectiveness in five culturally
disparate countries: Colombia, France, Lebanon, Sweden, and the United States. In addition, a comparative ranking by countries and gender is presented. Conclusions and implications are offered. (For more information, please contact: Maria Alejandra Gonzalez-Perez, Universidad EAFIT, Colombia: mgonza40@eafit.edu.co)

U.S. Business Needs for International Expertise by Functional Business Discipline

Shirley J. Daniel, University of Hawaii at Manoa
Ben L. Kedia, University of Memphis
Zhou Chen, University of Hawaii at Manoa
Fujiao Xie, University of Hawaii at Manoa

Many business school faculty are unclear about how much international knowledge and skills graduates are expected to know as they enter the workforce. Many faculty and students assume that most entry-level employees will have relatively little international exposure in their first few years of employment. However, the workplace is changing rapidly, and there is a need for a better understanding of employer needs for international business skills and knowledge at both the entry level and at the managerial level. Furthermore, there is little known about whether students from different functional majors may need differing levels of exposure to international business concepts as well as foreign language skills. Often departments with high levels of technical content, such as information management, accounting and finance argue that they do not have room in their curriculum to focus on international or cross cultural skills. Many business schools no longer require a foreign language for majors other than international business. This study aims to fill this gap by providing evidence from over 600 U.S. managers from a variety of industries and disciplines, and analyzes the international business skills needed by the different the functional areas that comprise the typical undergraduate business curriculum. (For more information, please contact: Shirley J. Daniel, University of Hawaii at Manoa, USA: sdaniel@hawaii.edu)

Doing Business in - How to Bridge the Cultural Gap through Business and Cultural Immersion: From Russia with Love

Alexander Settles, Rutgers University

In this presentation I will discuss the results of the Rutgers Business School’s (RBS) Doing Business in Russia course and the improvements we have made at RBS to improve the cultural immersion portion of studying tours and study abroad courses. One of the key problems in the social process of learning IB in the classroom is that students, even MBAs with work experience, have very limited international experience in business. Rutgers University – Newark regularly leads national polls in diversity and RBS has had students from over 100 countries as students. Even with this broad national origin diversity and our location near a major global city many students still have significant difficulty identifying key cultural differences important to understanding IB. (For more information, please contact: Alexander Settles, Rutgers University, USA: assettles@business.rutgers.edu)
Session: 1.3.11 - Special Session

Special Session of AJBS Best Papers

Presented On: June 28, 2016 - 13:00-14:15

Chair: Tom Roehl, Western Washington University

Should Japanese Multinationals Change Their Original Business Style in Emerging Markets?
Koichi Nakagawa, Osaka University
Mitsuru Nakagawa, Japan University of Economics
Hiroyuki Fukuchi, Toyo Gakuen University
Masato Sasaki, Hitotsubashi University
Kazumi Tada, Kindai University

This study examines whether Japanese companies should change their marketing approach in emerging markets, and whether this change is brought by the departure of conventional Japanese international management style. Japanese companies have a specific management style called Japanese Management. And they are used to bringing it into overseas businesses. However, such a transfer of the Japanese management style might be unsuitable in emerging markets, since business conditions in emerging markets are considerably different from those in Japan. We examine it using the survey data of Japanese subsidiaries in emerging markets. The results show that the transfer of Japanese original way of marketing does not contribute to improving subsidiary performance in emerging markets, but the departure from it does. In addition, conventional Japanese way of internationalization: Cultural convergence and headquarters' centralization of decision only enhance the transfer of Japanese way, but the alternative way: Cultural crossvergence and headquarters’ decentralization promotes the change of it within that subsidiary. (For more information, please contact: Koichi Nakagawa, Osaka University, Japan: nakagawa@econ.osaka-u.ac.jp)

Localization, Economic Distance, and Subsidiary Performance
Naoki Ando, Hosei University

Staffing of a foreign subsidiary changes over time depending on organizational and environmental factors. However, subsidiary staffing has been treated as a static construct in previous studies. Shedding light on an evolutionary nature of foreign subsidiary staffing, this study addresses the way in which a change in subsidiary staffing affects subsidiary performance. To this end, it focuses on localization in terms of human resources, which is a change in subsidiary staffing toward reliance on host country nationals. Assuming a nonlinear relationship between localization and subsidiary performance, this study explores moderators that interact with localization. The panel dataset consisting of 8,024 observations of foreign subsidiaries owned by multinational corporations is analyzed to test hypotheses. This study demonstrates that the relationship between localization and subsidiary performance is negatively moderated by difference in economic development between the home country and the economically less developed host country. (For more information, please contact: Naoki Ando, Hosei University, Japan: nando@hosei.ac.jp)

Foreign Subsidiary Motive/Function as a Moderator in Cultural Distance and Foreign Subsidiary Ownership Structure Relationships
K. Skylar Powell, Western Washington University
Eunah Lim, ISCTE-IUL

Past research on the relationship between cultural distance (CD) and foreign subsidiary ownership structure has offered competing theoretical expectations and empirical results have been mixed. In this analysis, we offer that
these competing theoretical expectations can be reconciled if we acknowledge that the function/motive behind a foreign subsidiary can act as a moderator of the CD and ownership relationship. More specifically, we offer that for manufacturing foreign subsidiaries, parent firms are more likely to use majority-owned structures in the face of greater CD to reduce transaction costs and ensure that they can control and coordinate activities across their multinational network. Alternatively, if a subsidiary’s function/motive is for market seeking, then parent firms are less likely to use majority ownership structures in the face of greater CD because they will see value in reducing risk exposure and also accessing knowledge from local international joint venture partners. These ideas are tested, and supported, in the empirical context of subsidiaries of Japanese automotive firms from 1993 through 2009. (For more information, please contact: K. Skylar Powell, Western Washington University, USA: skylar.powell@wwu.edu)

Session: 1.3.12 - Interactive

Management and Strategy

Presented On: June 28, 2016 - 13:00-14:15

Chair: Benjamin Bader, Leuphana University of Lüneburg

Four Models for the Globalisation of Health Care: Alternative Approaches to International Marketing

Erik A. Borg, Sodertorn University
P.M. Rao, Long Island University, Post Campus

The aim of this research is to describe and analyse four different strategies for the internationalisation of healthcare. We have looked at four major international hospitals that have taken alternative routes to reach a global health care market. The Mayo Clinic, Johns Hopkins Hospital, Karolinska University Hospital and Singapore General Hospital are all receiving international patients, but are pursuing different approaches to the international marketing of healthcare. We have conducted a large number of in-depth interviews with representatives for these hospitals and present four comparative case studies of the internationalisation of health care and what has become described as medical tourism. A growing number of patients are today seeking healthcare outside their country of residence. International health care is today one of the fastest growing industries with an annual growth rate of more than 20 per cent. Understanding the dynamics of this potent globalization is essential to researchers of international business. We have identified two variables that have been essential to the understanding of hospitals internationalisation. First, the price range they are operating which determines which international markets they can penetrate. Secondly, the stage to which they have come in their internationalisation which determines which move they have taken in the international market. The four cases represent four distinct corners in a two by two matrix. (For more information, please contact: Erik A. Borg, Sodertorn University, Sweden: erik.borg@sh.se)

Conceptualizing Cross-Border Differences in MNC Apologies as a Strategic Response to Culture

Eric Samuel Rhodes, University of Hawaii at Manoa

In today’s world a corporate blunder often leads to a swift apology, but what if the blunder happens overseas? A conceptual framework is presented for understanding cross-border differences in the form and content of apologies issued by multinational companies as a culturally-responsive tactic to restore legitimacy in the face of a perceived transgression. Based on a qualitative analysis of corporate apologies in the US and China and a quantitative comparison of pre and post-apology stock prices, it is posited that multinational company apologies are more effective when they are strategically adjusted for congruence with local consumer orientations for self-construal, high versus low context, and regulatory focus. Firms that are capable of culturally attuning their apologies in foreign markets may therefore possess a competitive advantage with regard to restoring perceptions of trustworthiness following a perceived offense, although transgression type (integrity versus
competence) and transgression severity should moderate apology effectiveness. Findings suggest that publicly perceived "good" apologies restore more legitimacy than "bad" apologies. (For more information, please contact: Eric Samuel Rhodes, University of Hawaii at Manoa, USA: esrhodes@hawaii.edu)

The Study of Small Business Internet Commerce Entrepreneurial Process—A Perspective of Entrepreneurial Marketing

Wen-Chiung Chou, Kainan University
Ying-Yu (Kerri) Chen, National Dong Hwa University

This study considers how entrepreneurial marketing can be undertaken in the small business internet commerce (SBIC) context (i.e., online entrepreneurial shops) to get the firm growth in the long run. We aim at online entrepreneurial shops and conduct quantitative research methods to examine their entrepreneurial processes. We try to explore the effect of the entrepreneurial orientation (i.e., EO) and marketing orientation (i.e., MO) on online shops’ performance in three stages of the process. We find that EO and MO both have positive impact on business performance in the whole entrepreneurial process. However, we further explore these impacts during three stages in the whole process, there is only significant influence of MO on the business performance in the various stages rather than the EO. In other words, there is no synergy existed in the interface between these two orientations. Moreover, there is stronger influence of marketing practices over time, and finally, that SBIC is seemly likely to expand in the online-shopping marketplace only if small firms will actually experience tangible performance in the future. (For more information, please contact: Wen-Chiung Chou, Kainan University, Taiwan: chouwc@mail.knu.edu.tw)

Export Pricing Decisions in SMEs: Theory and Practice

Andrea Setti, University of Pavia
Birgit Hagen, University of Pavia
Jorma Larimo, University of Vaasa

SMEs are the backbone of the European economy representing the most important employer and healthiness generator in the European market. The studies on export pricing strategies (EPS) still register a lack of clarity and confusion in the literature providing few clear guidelines for marketers’ export pricing formulations. This study is aimed at the identification of the main determinants that so far have been subjected to analysis by the literature that are at the centre of the EPS formulation in the actual context. Furthermore, a model comprehensive of these variables is assembled delivering new insights for more advancements in this research filed and providing guidelines for marketers that so far relies mainly on their personal capabilities and prior experiences. As total novelty was attempted to identify cultural dimensions involved in the export pricing formulation, resulted to be very important especially at the initial stage of the venture. Additionally, two new dimensions were found important in the formulation of the EPS that are cultural dimensions and firm/brand reputation providing new stimuli for further advancements in the filed. (For more information, please contact: Andrea Setti, University of Pavia, Italy: andrea.setti01@universitadipavia.it)

Global International Marketing Strategy and International Performance: The Roles of Positional Advantage, Environmental Dynamism and Organizational Capabilities

Dominic Buccieri, Cleveland State University
Jieun Park, Cleveland State University

The relationship between international marketing strategy and performance has been well documented in the international marketing literature; however the empirical work is fragmented with inconsistent findings. This conceptual paper examines how positional advantage mediates the international marketing strategy-international performance relationship within the context of multinational enterprises (MNEs). Furthermore we consider how environmental conditions impact MNEs positional advantage; and by building on the resource-
advantage theory, this paper advances the idea that organizational capabilities moderate the strength of positional advantage-international performance relationship. A global international marketing strategy is of particular importance for MNEs as they seek to capitalize on the convergence of global customers’ preferences. The purpose of this paper is to examine if cost-leadership positional advantage is a mechanism through which global international marketing strategy affects international performance, and consider how environmental dynamism as well as international market orientation, international entrepreneurial orientation, and cultural intelligence alter the strength of the international marketing strategy-performance relationship. (For more information, please contact: Dominic Buccieri, Cleveland State University, USA: dombuccieri@gmail.com)

**Do Strategic Motives Affect Ownership Mode of Foreign Direct Investments (FDIs) in Emerging African Markets? Evidence from Ghana**

Samuel Bucklock Ato Dadzie, Ghana Institute of Management and Public Administration

The study examines the impacts of ownership, location, and internalization-specific factors, and strategic motives on ownership modes of foreign subsidiaries in Ghana. It draws on a sample of 115 foreign subsidiaries in Ghana. Strong support has been found that contractual risk leads to the choice of wholly-owned subsidiary while cultural distance and country risk lead to the choice of joint venture. In the case of strategic motives, efficiency and resource seeking FDIs lead to the choice of JV. Managers should take particular account of location-specific factors when they are making decisions regarding the choice of ownership, which means that they should study each African country they want to enter on its own merits as an FDI destination. However, for each specific country, the neighboring markets and economic integration may also be relevant. Due to high risk and cultural distance, investing firms should seek specific knowledge of local partners. (For more information, please contact: Samuel Bucklock Ato Dadzie, Ghana Institute of Management and Public Administration, Ghana: sdadzie@gimpa.edu.gh)

**Key Account Managers’ Competencies Critical for Effective Performance in an Arab Context**

Fawaz Baddar Alhusan, IÉSEG School of Management

Faten Baddar Alhusan, Newcastle University London

This paper draws on an extensive qualitative enquiry into the challenges experienced by companies applying Western theory and practice in Key Account Management into the global, and specifically the Arab, context. What companies operating in Arab countries look for in a key account manager diverges markedly from what is suggested in the extant Western literature. Functional and task specific competencies such as experience, education, adaptive selling or planning skills are less important than personal qualities such as seniority, ethnic origin, religion, socialising skills and social networks (wasta), which are the predominant basis for employment. The article therefore questions the feasibility of truly integrated Global Account Management, especially if suppliers are managing key accounts in an Arab context (For more information, please contact: Fawaz Baddar Alhusan, IÉSEG School of Management, France: f.baddar@ieseg.fr)
Still Wondering about International Trade

Presented On: June 28, 2016 - 13:00-14:15

Chair: Jane Terpstra-Tong, Monash University

Functional Upgrading in China’s Export Processing Sector
Ari Van Assche, HEC Montréal
Johannes Van Biesebroeck, KU Leuven

We take advantage of a unique data set on the universe of trade transactions by Chinese export processing plants to evaluate the extent to which they have been functionally upgrading towards higher value-added activities that imply more control in the global value chain. We find that China’s export processing sector has seen strong functional upgrading during the period 2000-2006. Furthermore, we show that this functional upgrading has gone hand-in-hand with other types of upgrading that have been observed in the literature (process, product and inter-sectoral), suggesting that functional upgrading may well enhance export processing plants to jump onto more sophisticated global value chains. Interestingly, we do not find evidence of functional upgrading by Chinese export processing plants during the period 2007-2013. (For more information, please contact: Ari Van Assche, HEC Montréal, Canada: ari.van-assche@hec.ca)

Implications of Trade and Welfare in BIMSTEC: An Analytical Perspective
Debdeep De, Jaypee Institute of Information Technology
Rakesh Mohan Joshi, Indian Institute of Foreign Trade
U.M Amin, Jamia Millia Islamia

The growth of regional trading blocs has been one of the major developments in international relations in recent years. BIMSTEC (originally BIST-EC) is a sub regional grouping combining some geographically contiguous South Asian and ASEAN countries around the Bay of Bengal to exploit the synergies in their capabilities and resource endowments for their development. The present paper aims to analyse the trade potential and the welfare implications of trade creation for the BIMSTEC FTA which provides effective policy alternatives impacting the trade reforms. This will assist in anticipating any adjustment costs associated with reform implementation and would help to identify the sensitive sectors where negotiating efforts should be focused. (For more information, please contact: Debdeep De, Jaypee Institute of Information Technology, India: debdeepde@gmail.com)

Imports and the Survival of New Exporters in Colombia
Dirk Michael Boehe, University of Adelaide
Camila Souza Campus, Insper
Naercio Naercio Menezes-Filho, Insper & University of Sao Paulo

New exporters tend to export less and to exit markets more often. Despite significant sunk costs of exporting, the rate of survival in the first year of a product in a market is very low. In this paper we investigate empirically the determinants for this behavior using export and import transactions panel data from Colombia. Our data shows that only 30% of new exporting varieties survive after one year. We examine how survival relates to product characteristics and the role of synergies among firms and products. The main contribution of this paper is to examine whether changes in the volume imported by the exporting firm increase export survival. We use the countries of origin specific exchange rate index weighted by each firm’s share of imports in the previous period as instruments for the imports of Colombian firms. The main result shows that a one standard deviation
increase in imports of intermediate products increases the probability of export survival after the first year by 20 percentage points. (For more information, please contact: Dirk Michael Boehe, University of Adelaide, Australia: dirk.boehe@adelaide.edu.au)

_Cuba through the Looking Glass: A Study of Reform with Mirror Data_
Nichole M. Castater, Barry University
Manuel J. Tejeda, Barry University

Using a yearly event study and two sample t-test method, the author discovered significant growth in total trade (imports plus exports) between Cuba and its trading partners after Raul Castro officially came to power in 2006. Instead of relying upon data reported by the Cuban government, this study uses trade data reported to the United Nations by Cuba’s trading partners, or mirror data. (For more information, please contact: Nichole M. Castater, Barry University, USA: ncastater@barry.edu)

_The "Lost" Trade: Ignored Factors in the EU-Japan Free Trade Agreement Negotiations_
H. Richard Nakamura, University of Gothenburg
Claes-Göran Alvstam, University of Gothenburg

Free Trade Agreements (FTAs) have become instrumental for improving efficiency in trade, particularly in the light of the stalled multilateral negotiations within the framework of the Doha Development Agenda. Discussions between EU and Japan started in May 2011 by the initiation of the preparation work aiming for an FTA, which later was revised to an aim for an Economic Partnership Agreement (EPA). These negotiations should be viewed in the context of the Trans-Pacific Partnership (TPP) initiative, containing an even broader range of various commitments than a potential EU-Japan EPA/FTA. At the same time, the EU and USA are running an equally ambitious round of negotiations to create a Transatlantic Trade and Investment Partnership (TTIP). The core issue in this paper is to explore new approaches to understand the framework of bilateral trade negotiations, by focusing on the neglected role indirect trade in assessing bilateral trade relations. We introduce in this context the issue of indirect trade in a complex global production network, involving a number of third-country production locations, and present an adapted version of a traditional gravity model to estimate the significance of indirect trade between EU and Japan with the example of Japanese exports to EU within the automotive industry. (For more information, please contact: H. Richard Nakamura, University of Gothenburg, Sweden: richard.nakamura@gu.se)

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Session: 1.3.14 - Interactive

**Research Methods in IB**

**Presented On:** June 28, 2016 - 13:00-14:15

Chair: Robert J. Vandenberg, University of Georgia

_Moving Towards Equivalent Data Collection Procedures in Cross-National Research_
Agnieszka Chidlow, University of Birmingham
Pervez N. Ghauri, University of Birmingham

Following a number of earlier studies on data equivalence in cross-national international business research, this article uses a content analysis of articles published in four leading international business journals from 2000 to 2009, to uncover the equivalence in current state of data collection procedures used by researchers in mail surveys. The results show that, despite repeated calls and the existence of an established theoretical framework for mail survey data collection by Don Dillman (1978, 1999), international business scholars have not
been inspired to adopt and report the data collection procedures adequately in their work. We hope this work will draw scholarly attention to the development of creative methodological solutions assuring rigorous and equivalent data collection procedures for research undertaking in a cross-national setting, which forms an important part of the international business investigation. (For more information, please contact: Agnieszka Chidlow, University of Birmingham, United Kingdom: a.chidlow@bham.ac.uk)

**Beyond Mixed Methods: Toward a Better Understanding of Cultural Context in Under-Researched Countries Using an Emic-Etic-Emic Research Cycle**

Betty Jane Punnett, University of West Indies
David Ford, University of Texas at Dallas
Bella Galperin, University of Tampa
Terri R Lituchy, CETYS Universidad

This paper discusses the importance of understanding the context of management issues in under-researched areas of the world. Based on an indigenous perspective, we discuss the role of both emic, inside-out (developing culture specific concepts) and etic, outside-in (applying concepts across cultures) research in these locations. A research project including Africa and the African Diaspora is used to illustrate the proposed emic-etic-emic research cycle. We propose that this cycle can provide in-depth understanding of issues that are important to international management. The paper also discusses the need to have cross-cultural teams carry out this type of research, to avoid researcher-imposed biases. (For more information, please contact: Betty Jane Punnett, University of West Indies, Barbados: eureka@caribsurf.com)

**Good Old Fashioned Spectacles Are Not Enough for "Looking at the Elephant" You Need Bifocals: Multi Methods or Single Method in Empirical Cross Cultural Business Research in International Business**

Mikael Søndergaard, Aarhus University

This paper aims at displaying the main advantages and disadvantages of using two major methodological traditions in empirical cross-cultural research in the area of international business. The aim of the paper is motivated by a need to draw on alternative research traditions using multiple, triangulated methods in order to gain the most nuanced insights into the phenomena in question. Triangulation suggests a way to link the advantages and limit some of the disadvantages of the various methods and demonstrates the possibility and the usefulness of complementary perspectives in cross cultural research in international business. (For more information, please contact: Mikael Søndergaard, Aarhus University, Denmark: msoendergaard@mgmt.au.dk)

**Theoretical Issues in Cross-Cultural Research: Contributions, Past Developments, and Future Directions**

Lars Matthias Jensen, Technical University of Dortmund
Tobias Schäfers, Technical University of Dortmund

This paper analyzes 41 authoritative reviews published over a period of five decades to identify key issues pertaining to the theoretical challenges in cross-cultural research. We identify five theoretical themes that were regularly examined in review publications. These themes refer to the theoretical foundation of the cultural level (i.e., ontological and epistemological assumptions about culture), the theoretical foundation of the substantive level (i.e., theories with regard to consumer behavior), the link between these two levels, the level of theorizing, and the attention to rival hypotheses. Based on the analysis of these issues, we outline areas of persistent problems and stages of positive developments. Moreover, we identify five stepping-stones to more rigorous theoretical approaches in cross-cultural research. (For more information, please contact: Lars Matthias Jensen, Technical University of Dortmund, Germany: lars.jensen@tu-dortmund.de)
Empirical Evidence for Response Set and Response Bias across Cultures Using Likert Scales: Data in Search of Theory
Romie Frederick Littrell, Auckland University of Technology

In the process of a multi-researcher, multinational, long-term field survey research study, we find striking differences in the use of Likert item anchors across national samples. Two distinct types are identified, for samples using the “ALWAYS” anchor as a natural extreme of a 5=anchor set of responses, and another set of samples selecting “ALWAYS” much fewer times than “OFTEN”, indicating a unique interpretation of that anchor by study participants. I find no consistent relationships with cultural value dimensions, i.e. Hofstede’s seven dimensional model, with the exception of possible relationships with the Individualism – Collectivism dimension. A proposed future study to remedy the problematic issues is briefly described. (For more information, please contact: Romie Frederick Littrell, Auckland University of Technology, New Zealand: romie.littrell@aut.ac.nz)

Session: 1.3.15 - Interactive
Track: 7 - MNEs, Governments, and Non-market Strategies

Governmental Ties: How do they Impact Strategy and Performance?

Presented On: June 28, 2016 - 13:00-14:15

Chair: Aldo Musacchio, Brandeis University

Liability of Foreignness in Public-Private Partnerships: The Case of Project Finance Investments
Bernadine Dykes, University of Delaware
Charles Edward Stevens, Lehigh University
Nandini Lahiri, Temple University

The liability of foreignness (LOF) are the costs incurred by MNCs of operating in unfamiliar host environments. Most LOF research assumes the MNC enters the foreign market alone. In this paper, we test whether MNCs that partner with a host government can overcome LOF based on a sample of project finance investments; a type of public-private partnership. We also test the moderating effects of the size of the project finance investment and whether the investment is transferred to a third party. Our findings have implications for scholars as well as managers and institutions involved in project finance investments. (For more information, please contact: Bernadine Dykes, University of Delaware, USA: bjdykes@udel.edu)

Minority Government Ownership in Business Groups: Small Equity, Huge Results
Wlamir Xavier, UNISUL & Eastern New Mexico University
Rosilene Marcon, UNIVALI

In this article we analyze the effects of minor government ownership in business groups (BG) during times when institutional environments are undergoing changes. We argue that the minority government ownership is a way to establish a political connection, or a political tie, and the performance and size of BGs improve when the government holds a small equity in a group. Our final sample consisted of 1,502 observations in 285 distinct Brazilian BGs, from 2001 to 2010. Findings suggest that the institutional environment significantly affects BGs performance and size, and that this effect notably increases when the government is a minority shareholder. (For more information, please contact: Wlamir Xavier, UNISUL & Eastern New Mexico University, USA: wlamirxavier@gmail.com)
Political Connections and Outward Foreign Direct Investment: A Political Pecking Order Perspective

Ziliang Deng, Renmin University of China
Jiayan Yan, Renmin University of China

The recent literature has increasingly explored the role of home market institutional factors in the outward foreign direct investment (OFDI) of emerging market firms. A fundamental dimension of the institutional factors, however, has been largely neglected, namely the political pecking order. It refers to the preference of state policy for state-owned enterprises (SOEs), followed by private firms with political connections, and then private firms without political connections. To address this research gap, we encapsulate these three types of firms into an integrative research framework. SOEs enjoy the top political privilege at the home market, therefore they have the lowest commitment to explore overseas markets. Private firms without political connections exhibit stronger OFDI commitment, as they have to escape the unfair competition caused by their discriminated political position. Private firms with political connections gain better local market resources, but they will incur principal-agent problems and consequently engage in risky OFDI. Moreover they have to be the most responsive to the government OFDI initiatives as a return to resource exchanges with the state. Empirical results based on 482 Chinese firms during 2003-2013 support the above arguments. Our study extends the literature on political connections and OFDI of emerging market firms. (For more information, please contact: Ziliang Deng, Renmin University of China, China: dengziliang@rbs.org.cn)

Public Support Incentives and Strategy of Internationalisation

Miguel Matos Torres, University of Leeds
Jeremy Clegg, University of Leeds

Should public incentives towards internationalisation be channeled to firms resources and capabilities or are they more useful in reducing directly the difficulties encountered in the external environment? We examine which drivers are more likely to contribute for firms perceived importance of public support incentives towards internationalisation. Building on the assumptions of resource-based view and international business theory, in which the lack of resources and capabilities and the environmental conditions encountered in foreign markets are the main sets of difficulty in developing organisational decision-making processes, we develop a new theory that focuses on the interaction between firms real needs and use of public incentives applied to overcome directly and indirectly the difficulties of internationalisation. Linking reported impacts of public incentives on firms needs, we argue that resources and capabilities relate negatively to the level of importance attributed to public incentives, that is, less endowed firms rank highly such stimulus, and inversely, more endowed firms attach low levels of importance to the same type of catalysts. However, firms may face a set of complexities, either internally or externally triggered by their internationalisation strategies, which may influence this logic. Despite being in the realm of international business, this issue is not treated within the literature of efficiency-based paradigm, or even, within the market power explanation of foreign direct investment, neither within any international management or public policy theory. Using rich empirical data of firms with foreign direct investment from a small and open economy, our results suggest that with increased assets and under more demanding conditions; firms tend to become intensive users of public support. From this result, we infer that internationalisation could be a fertile ground to accustom firms to public support. Indeed, it allows us to think that firms are also impelled to explore foreign markets, not only by strategic objectives assisted by a real need of public incentives, but very likely, by the force of opportunism, which mainly aims to introduce public incentives as an alternative source of their revenues. (For more information, please contact: Miguel Matos Torres, University of Leeds, United Kingdom: busmto@leeds.ac.uk)

MNEs and Corruption: The Role of Business and Political Ties on Sequential Investment

Soonkyoo Choe, Yonsei University
Kang Jihoon, Yonsei University
An Young Hoon, Yonsei University

This paper investigates how business ties and political ties affect MNEs’ sequential investment in Vietnam. Findings from the survey of MNEs in Vietnam indicate that both business and political ties positively relate to
sequential investment. More importantly, we further argue that political ties can lead to less sequential investment when the foreign firms encounter a higher level of corruption situation. The relationship between social ties and sequential investment is more complex than previous researches have found. (For more information, please contact: Soonkyoo Choe, Yonsei University, Korea, South: skychoe@hotmail.co.kr)

Legitimacy Spillovers, Regional Political Strategies, and Competitive Advantage: The Case of Chinese FDI in the East African Community
Charles Edward Stevens, Lehigh University
Aloysius Newenham-Kahindi, University of Saskatchewan

Although the political risk literature has begun to consider how firms’ legitimacy affects their political risk, the role of legitimacy spillovers has not been addressed. We develop theory about how within-country and across-country spillovers can reduce firms’ political risk. Moreover, we consider isolating mechanisms that may lead to such spillovers resulting in performance differences that endure over time. We examine the case of Chinese FDI in the East African Community, noting important factors affecting these firms’ legitimacy such as the central government’s coordinating role, the accommodation of local socioeconomic needs, the role of a special economic zone, and the use of joint ventures. We observe how legitimacy spillovers reduce these firms’ political risk, and compare Chinese firms’ experiences with those of firms from other countries. (For more information, please contact: Charles Edward Stevens, Lehigh University, USA: ces213@lehigh.edu)

Building Legitimacy in an Adverse Environment: The Case of Foreign Banks in India
Paul Caussat, ESCP Europe

Although the banking industry is by nature risk-prone, network-based and subject to strong institutional barriers, banks going international generally operate alone. This paper tries to elucidate this paradox through an empirical study of a few foreign banks in India. Using a neoinstitutional framework, I find that banks resort to legitimacy-building strategies by negotiating and creating a niche market in which they face no local competitor: cross-border corporate investment banking. I argue that it is a combination of both a high level of expertise and a smart network strategy that enables them to successfully enter the market despite strong liability biases. (For more information, please contact: Paul Caussat, ESCP Europe, France: paul.caussat@edu.escpeurope.eu)

Session: 1.4.1 - Panel
Track: 4 - Social Innovation: Global Solutions for Local Problems

Social Innovation at the Base of the Pyramid: Scaling Impact through Collaboration

Presented On: June 28, 2016 - 14:30-15:45

Chair: Jonathan Doh, Villanova School of Business

Panelists:
Jonathan Doh, Villanova School of Business
Alnoor Ebrahim, Harvard University
Ted London, University of Michigan
Geoff Kistruck, York University

In this showcase session, three thought leaders working at the intersection of social innovation and international business will share their latest research and emerging themes on business development and social impact in base of the pyramid markets. Drawing from his newly released book, The Base of the Pyramid Promise, Ted London will review some of the latest BoP research to date and the associated implications for
practice. In particular, he will advance a set of strategies, frameworks, and tools for developing sustainable, scalable enterprises in BoP markets that have helped companies create innovative models that achieve both positive financial and social returns. Geoff Kistruck will focus on the power of field experiments - in collaboration with governments, NGOs, and businesses - to identify innovative solutions to base-of-the-pyramid challenges. He will summarize what has worked and has not, and what these findings mean for future research and practice in the area. Alnoor Ebrahim will discuss a vexing challenge of social innovation, namely, how best to measure and account for social impact, especially in early stage enterprises. Drawing from his work for a G-8 working group charged with developing guidelines on social impact, he will discuss recent innovations in gathering data that draw on lean design principles —Lean Data—to help investors and entrepreneurs test and improve the social impacts of their businesses in Base of Pyramid markets. Jonathan Doh, a scholar working at the intersection of international business and corporate responsibility with interest in corporate-NGO collaboration, will introduce the panel, moderate the discussion, and offer some closing comments. (For more information, please contact: Jonathan Doh, Villanova School of Business, USA: jonathan.doh@villanova.edu)

Session: 1.4.2 - Panel
Track: 7 - MNEs, Governments, and Non-market Strategies

**FDI Spillovers & Development**

**Presented On:** June 28, 2016 - 14:30-15:45

Chair: James Zhan, Investment and Enterprise, UNCTAD

**Panelists:**
Taotao Chen, Tsinghua University
James Zhan, Investment and Enterprise, UNCTAD
Donald Lessard, MIT
Afonso Fleury, University of São Paulo
Changqi Wu, Peking University
Maria Tereza Fleury, Fundação Getulio Vargas - EAESP

FDI Spillovers & Development has been a crucial topic for developing countries for many years. It is generally agreed that FDI plays an important role for economic growth, and FDI spillovers are good for national development. But how can developing host countries best benefit from FDI spillovers? What are the pre-conditions? How can host countries governments stimulate FDI spillover by dedicated policies? These questions are only partially answered by existing research, and in light of the evolving problématique new approaches are required. After decades of globalization, the world since the financial crisis has become more complex. On the one hand, with the accumulation of the experience of openness, many developing countries increasingly look to FDI with more critical eyes, including the extent and scope their international investment agreements (IIAs). A movement for reform of IIAs is underway. On the other hand, seeing the fast growth of emerging market MNEs (EMNEs), existing MNCs from developed countries have become more cautious about their technology transfers. These and related developments are having a huge impact on the re-distribution of global supply chain; and, as a result, the location of FDI, spillovers arising and development impact are all affected. (For more information, please contact: Taotao Chen, Tsinghua University, China: chentt@sem.tsinghua.edu.cn)
Session: 1.4.3 - Panel  
Track: 11 - Global Strategy, Alliances and Acquisitions  

*Internationalization and Global Value Chains: Dynamics, Trends, Frontiers*  

**Presented On:** June 28, 2016 - 14:30-15:45  

Chair: Pavida Pananond, Thammasat University  
Discussant: Alvaro Cuervo Cazurra, Northeastern University  

*Panelists:*  
- Pavida Pananond, Thammasat University  
- Gary Gereffi, Duke University  
- Axele Giroud, University of Manchester  
- Ram Mudambi, Temple University  
- Lucia Piscitello, Politecnico di Milano  

This panel centers on internationalization and global value chains (GVCs). It aims to raise theoretical, empirical and policy discussions on how the dynamics in and governance of the value chain in global industries change as the nature of internationalization among chain participants evolves. We address the links between internationalization and GVCs under four sub-themes: economic development and role of national economies; internationalization strategies of multinational enterprises (MNEs); upgrading and international expansion of emerging-market multinationals; and policy implications. These four themes yield a variety of questions, including: how changes in the global economy have reshaped the governance structure of global industries and altered the role of national economies in GVCs; how MNEs select locations under the reshaped GVCs; how they combine value-creating activities from internal and external sources; how emerging-market firms upgrade and react to changes under these dynamics; and how government and national economies can ensure growth potentials under GVCs. *(For more information, please contact: Pavida Pananond, Thammasat University, Thailand: pavida@tbs.tu.ac.th)*  

Session: 1.4.4 - Competitive  
Track: 3 - The Future of the Multinational Enterprise  

*Ownership and Governance in Multinational Enterprises*  

**Presented On:** June 28, 2016 - 14:30-15:45  

Chair: Geoffrey Jones, Harvard Business School  

*The Impact of Family Ownership on Establishment and Ownership Modes in Foreign Direct Investment*  
- Junichi Yamanoi, Waseda University  
- Shigeru Asaba, Waseda University  

In this study, we adopt a socioemotional wealth perspective to examine the influence of family ownership on foreign direct investment. In establishing foreign subsidiaries, firms with a greater degree of family ownership are more likely to engage in greenfield investment and full equity ownership. The greater control of foreign subsidiaries afforded by these activities helps family owners to maintain socioemotional wealth. In addition, these relationships are more pronounced in countries with higher levels of corruption. In corrupt countries, greater control over foreign subsidiaries is necessary to restrict the subsidiaries’ corrupt behaviors; these behaviors can seriously damage the firm’s socioemotional wealth and destroy the reputations of the family owners. Using a dataset of foreign market entries by Japanese public firms in the electronics industry, we found
Family Firm Internationalization: Essence of Decision
Liena L. Kano, University of Calgary
Alain Verbeke, University of Calgary

We develop a new conceptual framework to uncover determinants of family firms’ successful internationalization, as analyzed from a comparative institutional analysis perspective. We look at specific features of family governance that affect family firms’ internationalization and explore (1) whether family firms internationalize differently, in terms of location choice, operating mode and value chain configuration; (2) whether any unique features motivate/determine their internationalization patterns; and (3) whether there are any family firm-specific barriers for successful internationalization, and how they can be removed. We conclude that bifurcation bias, defined as a de facto differential treatment of family versus non-family assets, represents a major family firm-specific barrier to efficient international operations. We argue against broad, generic claims about family governance in an international context, and suggest instead that the key difference is between bifurcation biased family firms and all other types of firms, whether family or non-family. We formulate four sets of propositions to demonstrate how bifurcation bias leads to suboptimal international governance and propose managerial tools to safeguard against bifurcation bias. (For more information, please contact: Liena L. Kano, University of Calgary, Canada: liena.kano@haskayne.ucalgary.ca)

When Less Family is More: Ownership in the Relationship between Internationalization and Trademarks Acquisition
Birgit Hagen, University of Pavia
Stefano Denicolai, University of Pavia
Emilia Cubero Dudinskaya, University of Pavia
Antonella Zucchella, University of Pavia

This study examines the relationship between international performance and the acquisition of trademarks, and discusses family ownership as a moderator of this association. Contrary to expectations, the acquisition of this kind of intangible asset per se is not associated with the firms’ internationalization outcomes. Nevertheless, varying degrees of family ownership moderate the trademark acquisitions - international performance relationship. "Less family is more": we find a pronounced positive relationship of trademark acquisitions with the firms’ internationalization when family ownership is low, while it decreases as this variable grows. The empirical investigation relies on a cross-country sample consisting of listed companies. (For more information, please contact: Birgit Hagen, University of Pavia, Italy: bhagen@eco.unipv.it)

MNE Theory and the Importance of Corporate Governance
Roger Strange, University of Sussex

This paper makes a contribution to the theory of the multinational enterprise (MNE) and, in particular, to why firms undertake foreign direct investment (FDI) rather than alternative strategies. We first argue that it is vital to distinguish between asset-exploiting FDI and asset-augmenting FDI, as the alternative strategies available to the firm differ in each case and hence the rationales for FDI must also differ. Furthermore, given the predominance of controlling shareholders (family, State, institutional) in many firms worldwide, we stress that MNE theory should embrace consideration of the different objectives, risk attitudes and decision-making time horizons of important stakeholders. (For more information, please contact: Roger Strange, University of Sussex, United Kingdom: r.n.strange@sussex.ac.uk)
Emerging Market Multinationals and the Drivers of Internationalization

Presented On: June 28, 2016 - 14:30-15:45

Chair: William Newburry, Florida International University

The Role of Innovativeness, Strategy, Firm Size and Context in the Multinationality-Performance Relationship: the Case of Russian MNEs
Desislava Dikova, Vienna University of Economics and Business
Anna Veselova, GSOM, St. Petersburg University

We study how the degree of internationalization (DOI) of Russian firms affects their performance. We use Casson’s (1999) concept of (increasing) transaction and information costs adding to organizational complexity and expenditures, to arrive at an S-shaped relationship between DOI and performance. To capture contextual complexity, we consider critical boundary conditions for the relationship DOI-performance of Russian firms, namely 1) the impact of environmental uncertainty, 2) firm-level characteristics such as firm size and innovativeness and 3) the generic strategy followed by the Russian MNEs. We use survey data collected in 2010 to examine a sample of 213 predominantly private and mature Russian MNEs. Our results show support for our hypothesized S-shaped relationship between DOI and performance of Russian firms; this relationship is conditional on the Russian firms’ degree of innovativeness and differentiation strategy. Environmental dynamics and firm size affect performance of internationalizing Russian firms to a lesser extent. (For more information, please contact: Desislava Dikova, Vienna University of Economics and Business, Austria: desislava.dikova@wu.ac.at)

Do Family Ownership and Management Matter for Internationalization of Firms? Evidences from India
Arindam Mondal, Indian Institute of Management, Calcutta
Sougata Ray, Indian Institute of Management, Calcutta
Kavil Ramachandran, Indian School of Business, Hyderabad
Sarada Gadepalli, Indian Institute of Management, Calcutta

Even though family firms (FFs) constitute a significant proportion of the emerging multinationals (EMNEs) in some big emerging economies like India, but the role of family ownership and management in internationalization of FFs from these economies has rarely received scholarly attention. In this paper, we investigate how family ownership influences the internationalization of FFs and how the heterogeneity of FFs explains the full spectrum of internationalization of FFs - spanning from lower commitment mode of exports to higher commitment mode of overseas foreign direct investments and subsidiary formations. Anchoring our research in the socioemotional wealth perspective in family business literature and behavioral risk taking theory we theorize how internationalization trajectory of FFs differ from that of the non family firms and how non-family professional managers shape the internationalization trajectories of FFs differently than those shaped by owner-managers. We test our predictions using a proprietary, longitudinal panel data set of 213 EMNEs from India featuring in the S&P BSE 500 index covering a six year period from 2007-08 to 2012-13. We report general empirical support for most of our predictions. (For more information, please contact: Arindam Mondal, Indian Institute of Management, Calcutta, India: arindam.elec@gmail.com)
The foundational international business (IB) scholarship grappled with whether multinational enterprises (MNEs) are largely efficiency-enhancing or market-power inducing institutions. Contemporary scholarship, however, often associates foreign direct investment (FDI) with efficiency-enhancing properties and thus neglects the market-power interpretation of the MNE. Such an imbalance is problematic as the theoretical and empirical justification behind the field’s embrace of the efficiency interpretation is not fully evident; instead, both efficiency and market-power effects are seemingly present in cross-border investment activity. Employing a comprehensive sample of up to 4,361 cross-border investments materializing between 1986 and 2010, we present theoretically-grounded hypotheses with regard to when market-power effects will tend to dominate efficiency effects. We find that cross-border investments undertaken by emerging-market MNEs in both developed and emerging markets tend to involve substantial efficiency effects and minimal market-power effects when compared with the cross-border investments undertaken by developed-country MNEs in both developed and emerging markets. (For more information, please contact: Joseph Clougherty, University of Illinois at Urbana-Champaign, USA: jaclough@illinois.edu)

Emerging Market Multinational Companies and Internationalization: The Role of Industry Internationalization and Home Country Urbanization

Bo Bernhard Nielsen, University of Sydney
Sabina Nielsen, University of Sydney
Saul Estrin, London School of Economics

This paper furthers our understanding of the role of contextual conditions influencing internationalization of emerging market multinational companies (EMNCs). We develop a multilevel theoretical framework for investigating the role of contextual factors at home country as well as industry level for EMNC international expansion. We propose two new factors to explain internationalization of EMNCs, namely firms’ financial strength and home country urbanization, neither of which has been used previously in the international business context. Our hypotheses focus primarily on moderating effects at the different levels of analysis. The empirical counterpart studies the internationalization of 592 EMNCs from 18 different countries in 2010. Our findings confirm that EMNCs from countries that are highly urbanized are more likely to internationalize. However, while urbanization increases the proclivity of financially strong firms to internationalize, it decreases the positive association between firm level intangible resources and internationalization, highlighting the importance of paying attention to urbanization forces when studying international behavior of emerging market firms. (For more information, please contact: Bo Bernhard Nielsen, University of Sydney, Australia: bo.nielsen@sydney.edu.au)
**Holistic Approaches to Qualitative Research in IB**

**Presented On:** June 28, 2016 - 14:30-15:45

Chair: Catherine Welch, University of Sydney

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**An Identity Perspective on "National Culture" in the Post-Acquisition Organisation**

Fiona Moore, Royal Holloway University of London

This paper explores the implications of using an “identity” perspective, as opposed to a “national culture” perspective, as a means of analysing social and interpersonal factors in the integration process following a cross-border merger or acquisition. Using a qualitative case study of BMW MINI as seen through an identity lens, this paper demonstrates that what could be read as a straightforward case of an acquired organisation with two conflicting national cultures is, in fact, a much more complex, discursive social entity, in which national identity is realised as a shifting and changing self-conception shot through with regional, local and professional identities. The paper concludes by exploring the implications of adopting an identity perspective for researchers and practitioners, and suggesting theoretical and epistemological ways forward for the study of cross-border M&A which focus on, in Chapman (1997)’s phrase, exploring the meaning of managers’ actions rather than reductively analysing their behaviour. *(For more information, please contact: Fiona Moore, Royal Holloway University of London, United Kingdom: fiona.moore@rhul.ac.uk)*

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**International Business Research and Fuzzy Set Qualitative Comparative Analysis**

Ursula F. Ott, Kingston University
Rudolf R. Sinkovics, University of Manchester
Samia Ferdous Hoque, University of Manchester

This innovative approach to empirical scientific work integrates the key strengths of qualitative (case-oriented) and quantitative (variable-oriented) methodology in the social sciences for ‘small-N’ and ‘large-N’ research. It shows the causal effects between the conditions (themes of the qualitative research) using Boolean Algebra to show the comparison between cases. For twenty years, Charles C. Ragin (1987, 1994, 2000, 2008) researched this sophisticated analytical tool to show the capacity of set-theoretic analysis to strengthen the connection between the qualitative research’s depth of knowledge into the cases and the quantitative research’s elaboration into cross-case patterns. Strengthening the connection between theory and data analysis, Ragin (2000) advocated fuzzy set theory for sociology and political science. This paper introduces fsQCA to international business and shows with a literature review the applications in IB. In a practical example, it guides the reader through the technical procedures and then applies this to a recent publication on international negotiations in a Japanese MNEs with interviews, calibration and quantitative outcome. The use of fsQCA for IB research design will benefit the robustness of qualitative outcomes in this field of research. *(For more information, please contact: Ursula F. Ott, Kingston University, United Kingdom: u.ott@kingston.ac.uk)*

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**Breaking the Wall - Contextualization in International Business Research with a Mixed-Method Approach**

Niina Nummela, University of Turku
Leila Hurmerinta, University of Turku

By using metaphors from theater, this study aims at understanding how we could better integrate contextualization to international business research. We approach this question through two overlapping perspectives: theorizing and research methods. Understanding complex phenomena that extend across boundaries requires both contextualization and theorizing. However, the need for contextualized theorizing depends on the maturity of the research field: it decreases towards more mature fields. We also argue that a
mixed-method approach is a suitable research strategy for international business studies aiming at contextualization because it provides the researcher both the ability to generate evidence and means for contextualization. (For more information, please contact: Niina Nummela, University of Turku, Finland: niina.nummela@utu.fi)

Beyond Nation State Thinking in IB Research
Karsten Jonsen, IMD

I question if we as IB scholars ask the right research questions and I attempt to spark debate by providing thoughts and experiences on traditional approaches to cross-cultural management and IB, especially country values. I suggest considerations for when and how we think about and discuss unspoken assumptions behind the nation state approach and I develop thoughts on how to move forward from a methodological point of view, including holistic, process-oriented and multidisciplinary thinking. Throughout the paper I offer reflections on relevance and challenges in advancing our epistemological and ontological thinking, extensively accompanied by supporting literature and examples. (For more information, please contact: Karsten Jonsen, IMD, Switzerland: karsten.jonsen@imd.org)

How Should We Judge the 'Quality' of Qualitative Research in IB? A Re-Assessment of Current Criteria
Catherine Welch, University of Sydney
Rebecca Piekkari, Aalto University

This paper aims to generate an active debate in IB questioning the explicit as well as implicit standards that we use to judge the quality of qualitative work; highlight some 'methodological myths and urban legends' (Vandenberg 2006) about qualitative research that can still be found in the field; open up alternative quality criteria and provide an agenda for the future that will realise the potential that qualitative research offers; inspire the IB community to draw on the complex and multifaceted nature of IB phenomena as a resource to drive methodological innovativeness in qualitative research. (For more information, please contact: Catherine Welch, University of Sydney, Australia: catherine.welch@sydney.edu.au)

Session: 1.4.7 - Competitive
Track: 8 - International Entrepreneurship, SMEs and Born Globals

Capabilities Perspective to International Entrepreneurship

Presented On: June 28, 2016 - 14:30-15:45

Chair: Karl S.R. Warner, Edinburgh Napier University

Dynamic Capability in New Venture Internationalization: Micro-Processes to Capture Value from Changes in Social Capital
Karl S.R. Warner, Edinburgh Napier University
Marian V. Jones, University of Sheffield

Using a dynamic capability lens, we explore how entrepreneurs modify extant network ties to capture value from changes in their new venture social capital. To study these dynamics, we use international new ventures (INVs) as our theoretical and empirical context. Despite a well published body of literature on why social capital is important for new venture growth, it is unclear how such firms strategically manage changes in their social capital. Managing changes is particularly important, as social capital has been found to potentially harm new venture internationalization, but insight into this strategic management process is limited. To address this research problem, we take a micro activity-based view, and explore this process. We ask: How do
entrepreneurs modify network ties and capture value from changes in INV social capital? Using longitudinal multiple case study research, our findings depict that entrepreneurs use eliminating ties, prioritising ties, and reconfiguring ties as activities to modify their extant network ties. Secondly, we reveal the entrepreneur’s choice and timing of these networking activities are important for capturing value. This paper contributes to the microfoundations of dynamic capabilities and the study of strategic change in entrepreneurial networks. (For more information, please contact: Karl S.R. Warner, Edinburgh Napier University, United Kingdom: k.warner@napier.ac.uk)

**Business Modelling in the SME Internationalization Process**
Deirdre McQuillan, University of Bradford
Pamela Sharkey Scott, National University of Ireland
Vincent Mangematin, Grenoble School of Management

Rather than relying on the advantages of scale and resources of larger firms, small and medium sized enterprises (SMEs) often adopt a more entrepreneurial approach, using mental models to allow them to quickly and efficiently sense, categorise and respond to international opportunities. In the presence of uncertainty and ambiguity related to making international business decisions, SMEs may also re-frame their cognitive models in order to survive and improve performance. This study inductively explores business modelling as a sense making device within ten internationalizing architecture firms. Counterintuitive to extant explanations, our findings show how managers in SMEs use business modelling to bypass rather than reduce uncertainty of internationalization decisions. By envisioning who to target and how to get paid, our findings suggest that managers prefer to remain ‘naïve’ and deal with cross border challenges retrospectively in the implementation phase. Our findings contribute to the IE field by offering an alternate explanation for how firms internationalize, showing how SMEs choose customers as a way to overcome the uncertainties associated with decision making in the process. Secondly, we contribute new insights to the business modelling literature by highlighting the specifics of business modelling in the internationalization of SMEs. (For more information, please contact: Deirdre McQuillan, University of Bradford, United Kingdom: d.mcquillan@bradford.ac.uk)

**Immigrant Share and Entrepreneurship**
Chengguang Li, University Paderborn
Rodrigo Isidor, University Paderborn
Luis Alfonso Dau, Northeastern University
Rudy Kabst, University Paderborn

We examine the relationship between immigrant share and entrepreneurship in a country. Building on Knowledge-Based Theory, we hypothesize that immigrant positively relates to the creation, growth, and export activities of new firms through the influx of immigrants’ diverse knowledge into a country. We further suggest that favorable attitudes of natives toward immigrants positively moderate this relationship. Using data for 32 countries from the Global Entrepreneurship Monitor, we find support for the hypothesized direct relationships and for the moderating influence of a nation’s attitude toward immigrants. Our study has implications for Knowledge-Based Theory and research on entrepreneurship and immigration. (For more information, please contact: Chengguang Li, University Paderborn, Germany: chengguang.li@upb.de)
Influence of Institutional Environments on Innovation and Knowledge Seeking

Presented On: June 28, 2016 - 14:30-15:45

Chair: Sinead Monaghan, Rutgers University

Institutional Capitalism and the Scope of Knowledge in the Vertical Transformation of Patented Science: University-Sponsored Projects in the Biopharmaceutical Sector

Tariq H. Malik, Dongbei University of Finance & Economics
Tao Xiang, Northeast University
Xiaolong Xue, Harbin Institute of Technology

This study explores whether institutional variation affects the scope of knowledge in the vertical transformation of science into industrial products. In doing so, we use the VoC (varieties of capitalism) framework. Based on the evidence from university-sponsored biopharmaceutical innovation projects in 26 OECD economies, we analyzed some 56000 observations from 1991 to 2012. The findings partially support the existing literature. The LME (liberal market economy) engages in the broader scope of knowledge transformation than the CME (coordinated market economy). This finding is consistent with the original assumption that the VoC hypothesis that the LME has comparative advantage in radical innovation and the CME has comparative advantage in incremental innovation. However, with the emergence of the SDE (State-dominated economy) in the OECD club, we observe that the SDE engages in a broader scope of knowledge transformation in the innovation project than do the LME or CME respectively. This finding indicates that mixed market economies also engaged in relatively better scope of knowledge transformation than the CME in the industrial value chain. The similarity between the LME and SDE suggest that the opposite polls are LME versus SDE. Therefore, in the high technology sectors, an economy can join either the LME or SDE rather than joining either LME or CME. (For more information, please contact: Tariq H. Malik, Dongbei University of Finance & Economics, China: tmalik@dufe.edu.cn)

The Effect of Privatization on the Characteristics of Innovation

Marcelo Cano-Kollmann, Ohio University
Hyacinthe Y. Somé, Université de Sherbrooke

This paper explores the patterns of knowledge sourcing of firms before and after privatization. Privatization of state-owned enterprises generates the adoption of new management practices and changes in the companies' objectives. While the literature has abundantly explored the consequences of privatization over different aspects of firm performance, its effects on innovation have been scarcely explored. We hypothesize that privatized firms will focus on a narrower set of technologies as a response to increased pressure for profitability and short-term results. We also analyze the competing arguments regarding the privatized firms' willingness to disperse their innovation activities internationally. We use patent data for a sample of privatized firms from multiple countries to assess the validity of these hypotheses. (For more information, please contact: Marcelo Cano-Kollmann, Ohio University, USA: canokoll@ohio.edu)
A Springboard Perspective on the Political Embeddedness and Strategic Asset Seeking of a Privately Held Emerging Economy Firm: Geely’s Acquisition of Volvo Cars Corporation  
Bent Petersen, Copenhagen Business School  
Inge Ivarsson, University of Gothenburg

Political embeddedness in the home country appears to be key to understanding the internationalization of emerging economy firms, especially in terms of strategic asset seeking abroad. A longitudinal study of Geely’s transformation from a local to a global privately held Chinese company in the automotive industry sheds light on political embeddedness as a multifaceted process phenomenon and a probable antecedent to, as well as an outcome of, strategic asset seeking. Political embeddedness preceded Geely’s acquisition of Volvo Cars Corporation (VCC), but this and prior acquisitions seem to have furthered Geely’s position as a “national champion” in the Chinese automotive industry. The Geely internationalization case points to personal and organizational bonding with local and central political actors and government officials as important complements to the general management capabilities of privately held multinationals from emerging economies. (For more information, please contact: Bent Petersen, Copenhagen Business School, Denmark: bp.smg@cbs.dk)

Relational Financing and Innovation in Emerging Economies  
Sharon Poczter, Cornell University  
Aija Leiponen, Cornell University

While insufficient access to financial resources for innovative activity is exacerbated in emerging economies in the presence of institutional voids, relatively little is known about how external financing impacts innovation outside of industrialized environments. We develop and test a theory explaining how the relationship between external finance and innovation is moderated by financial market development, arguing that when markets exhibit institutional voids, innovators tend to strategically respond by financing projects via private, often personal, relationships. Examining a large set of emerging market firms, we find that the impact of external financing on innovation is larger in less-developed financial markets, and that relational finance from family, friends, and private investors is the most important financial driver of innovation, especially for smaller and less formally structured firms. (For more information, please contact: Sharon Poczter, Cornell University, USA: sharon.poczter@cornell.edu)

Session: 1.4.9 - Competitive  
Track: 12 - International Economics, Finance and Accounting

International Financial, Trade and Taxation Issues

Presented On: June 28, 2016 - 14:30-15:45

Chair: Lars Oxelheim, Lund University

Drivers of Economic Value Added (EVA) - Based on Performance of Top Global Market Value Added (MVA) Corporate Deliverers  
Sylwia E. Starnawska, SUNY Empire State College

I analyzed EVA correlation with stock price performance, and EVA-contributing components to determine the key focus for value-based management. It also helped distinguish main factors contributing to Economic Value Added (EVA) and Market Value (MV) delivery, suitable for the best stock selection for investment portfolio. The results of the research are very encouraging and easily applicable, directing interest to the most significant factors behind corporate performance, creating economic value added. The variables identified behind EVA creation, as enrooted in the corporate business model, are much easier to predict, and have strong prognostic
Bidding Behavior of Emerging Market Firms in Their Advanced Market Firm Acquisitions
Rama Krishna Reddy, University of Memphis
Ben L. Kedia, University of Memphis

This study examines the bidding behavior of emerging market firms (EMFs) in their advanced market firm (AMF) acquisitions. We argue that the state of institutions, factor market munificence, and the level of capital market development will determine the bidding behavior of EMFs. Using transaction level data of cross-border acquisitions (of AMFs) originating from 38 emerging markets, we find that the home country environment is in-fact important in determining the bidding behavior of EMFs. Our results suggest that home country institutional development and factor market munificence will promote aggressive bidding behavior of EMFs, while capital market development will restraint aggressive bidding behavior of EMFs. (For more information, please contact: Rama Krishna Reddy, University of Memphis, USA: rreddy1@memphis.edu)

Network Analysis of International Trade Using Product-Level Lower Frequency Directed Data and Weighted Measures
Yener Kandogan, University of Michigan-Flint

This paper modifies several social network analysis measures to get a more accurate picture of the topology of the international trade. Modifications improve estimations of actual network relationships by avoiding leaving out any trade links, considering directionality of trade, recognizing product-level networks and differences in relative importance of countries, products, and links by weighing the measures. These methods are adopted to modify measures of reciprocity, multiplexity, clustering, degree, betweenness and closeness centrality. Changes in the trade network over the most recent dozen years are analyzed and several observations are made about trends. (For more information, please contact: Yener Kandogan, University of Michigan-Flint, USA: yener@umflint.edu)

Session: 1.4.10 - Competitive

Expatriates and Cross-Cultural Adjustment

Presented On: June 28, 2016 - 14:30-15:45

Chair: Satwinder Singh, Brunel University

Cross-Cultural Adjustment and Expatriate Turnover Intentions - A Person-Environment Fit Perspective
Sebastian Stoermer, University of Goettingen
Albert Kräh, University of Bamberg
Arno Haslberger, University of Bamberg

Despite the prominence of cross-cultural adjustment in expatriate research, recent literature has criticized the theoretical foundation and dimensionality of this construct. Building on recent conceptual research and grounded in person-environment theory, we empirically analyze a multidimensional conceptualization of cross-cultural adjustment, considering expatriates’ abilities and needs as well as environmental demand and supply. We use “ratio scores” resulting from an ability-demands quotient, which captures the ratio of expatriate cultural intelligence and workplace racioethic harassment, as well as a need-supplies-quotient, representing the ratio of expatriate needs for satisfaction with organizational communication processes and perceived organizational support, to test our model on a sample of 174 expatriates in South Korea. Results of regression analyses show
that an imbalance of expatriate abilities and environmental demands as well as expatriate needs and environmental supplies are associated with higher turnover intentions. Furthermore, additional analyses indicate that our conception of cross-cultural adjustment as person-environment fit holds greater power in predicting turnover intentions than the commonly used measure for cross-cultural adjustment by Black and associates. Implications for theory and practice are discussed. (For more information, please contact: Sebastian Stoermer, University of Goettingen, Germany: sebastian.stoermer@wiwi.uni-goettingen.de)

Building Expatriate Managers’ Cross-cultural Competence Model: Qualitative Study Based on Chinese Multinational Companies
XiaoJun Xu, Fudan University

Based on experiential learning theory and social psychological adjustment theory, this article not only built the cross-cultural competence model of expatriate managers which includes leading competence and outcome competence, but also analyzed the roles each competence plays in different stages of cross-cultural adaptation of expatriate managers, revealing the mechanism of how cross-cultural competence affects cross-cultural job adaptation. The results will significantly contribute to cross-cultural management and expatriate management. The cross-cultural competence model built in this article is comprehensive, clearly defined, easy to operate, and can be directly applied to selection and training development of expatriate managers by Chinese multinational companies, and as reference to other multinational companies as well. (For more information, please contact: XiaoJun Xu, Fudan University, China: xuxj@fudan.edu.cn)

A Diary Study of Expatriate Adjustment: Collaborative Mechanisms of Social Support
Secil Bayraktar, Ozyegin University

Understanding antecedents of expatriate adjustment is crucial in order to avoid expatriate failures. Social support is one of the most critical predictors of cross-cultural adjustment. However, despite its importance, the dynamics of social support resources in the expatriate’s social network is an under-researched area. This study examines the differential and collaborative role of four different social groups in the expatriate’s social network, specifically host country nationals, home country nationals, same citizen expatriates, and foreign expatriates, on expatriate adjustment. For that purpose, an exploratory qualitative approach was adopted by using a diary study. The study was conducted with 42 single status expatriates working in 21 different countries. The results showed that the nature of support provided by each social group was distinct; contributing to expatriate adjustment via different mechanisms. Moreover, it was found that these mechanisms worked collaboratively towards facilitating the expatriate adjustment. (For more information, please contact: Secil Bayraktar, Ozyegin University, Turkey: secil.bayraktar@ozyegin.edu.tr)

Antecedents and Outcomes of Social Network Building: An Empirical Study of Western Expatriates in China
Ying Guo, Xi'an Jiaotong-Liverpool University
Hussain Rammal, University of Technology Sydney
Elizabeth Rose, University of Otago

Building social networks can assist expatriates’ adjustment and engagement with the local environment as they can acquire sufficient social support and local social values through the process of social network building. However, limited empirical studies focus on the antecedents and outcomes of expatriate social network building. This research collected quantitative data through a survey questionnaire and analyzed with a sample of 441 Western expatriates in China. By using PLS-SEM, the survey findings examine the antecedents of expatriate social network building in China which include proactive personality, perceived organizational support, and job characteristic. It also confirms the impacts of expatriate social network building on their job satisfaction. The study implies that the relationship quality was more important than relationship quantity in determining expatriate job satisfaction in China. (For more information, please contact: Ying Guo, Xi'an Jiaotong-Liverpool University, China: ying.guo@xjtlu.edu.cn)
Perspectives on Internationalization

Presented On: June 28, 2016 - 14:30-15:45

Chair: Saeed Samiee, University of Tulsa

The Effect of New Venture Internationalization on Post-IPO Investment Performance

Rod B. McNaughton, University of Auckland
Fazli Wahid, University of Waterloo

This study examines the relationship between post initial public offering (IPO) investment returns and relative volatility, and the intensity and scope of internationalization using a sample of 264 new ventures headquartered in the United States. Combining literature on internationalization with the financial concepts of signaling and information asymmetry, we hypothesize that internationalization is a signal to investors of capability building and effective exploitation of firm resources, but that investors perceive the signal as positive only up to a point; thereafter, higher levels of internationalization detract from the perceived value of the firm. We also postulate that international new ventures (INVs) go public earlier than other ventures do and experience higher returns and lower volatility. An inverted U-shaped relationship between the relative volatility of returns and scope of internationalization is found, but there is no relationship between either compound holding period returns or the volatility of returns and the intensity of internationalization. While INVs go public earlier than other new ventures do, they do not have higher returns. This study contributes to research on the internationalization-performance relationship by examining market returns rather than financial or organizational performance in the context of new ventures, and to the literature on post-IPO investment performance by focusing on how the internationalization of a firm influences the value perceived by investors. (For more information, please contact: Rod B. McNaughton, University of Auckland, New Zealand: r.mcnaughton@auckland.ac.nz)

Lean Internationalization

Erkko Autio, Imperial College London
Ivo Zander, Uppsala University

We draw on transaction cost economic theory and foreign entry mode literature to explore the effect of digitalization on new venture internationalization. We argue that digitalization attenuates location specificity, vertical and horizontal asset specificity, cross-border information asymmetries, and new venture-specific inhibitors of international expansion. Combined, these effects give rise to a new mode of resource-lean, proactive, and iterative form of internationalization, labelled here as ‘Lean Internationalization’. In addition to the Lean Internationalization concept, this paper contributes by providing a theoretical exploration of how new ventures organize and govern the assets that underpin their international operations. (For more information, please contact: Erkko Autio, Imperial College London, United Kingdom: erkko.autio@imperial.ac.uk)

Knowledge Cost and SME Internationalisation from a Developing Economy

Dimitrios Tsagdis, Kedge Business School
Kais Mejri, IHEC Sousse
Jason Alexander MacVaugh, Kwansei Gakuin University

This paper explores the knowledge configurations of SMEs internationalizing from a developing economy. Semi-structured interviews were conducted with 33 owners/managers of knowledge-intensive SMEs that have internationalized from Tunisia to establish their knowledge types and sources. In spite of their many differences
and atypical pathways (i.e. idiosyncratic solutions to their home, smallness, and foreignness liabilities) they have been sharing a surprising empirical regularity. Namely, they have not developed internationalization knowledge. The findings show how these SMEs internationalised at the face of severe liabilities, with limited knowledge resources by leveraging personal networks and home advantages. The implications for theory, policy, and practice are discussed. (For more information, please contact: Dimitrios Tsagdis, Kedge Business School, France: dimitrios.tsagdis@kedgebs.com)

The Impact of Government Equity Investment on Internationalization: The Case of Brazil
Jean-Francois Hennart, Tilburg University
Hsia Hua Sheng, EAESP
Jose marcos Carrera Jr., EAESP

We examine the impact of government equity ownership on the degree of internationalization of emerging market firms. Our analysis of 173 Brazilian publicly traded firms from 2002 to 2011 shows that the higher the equity held by the state through the state investment bank and the pension funds of SOEs and privatized SOEs, the higher the firm's degree of internationalization. Firms in which the government shared control with families, and with both families and foreigners, had a higher degree of internationalization. Our findings underline the importance of the institutional context in explaining the internationalization of Brazilian firms. (For more information, please contact: Jean-Francois Hennart, Tilburg University, Netherlands: j.f.hennart@uvt.nl)

Session: 1.4.12 - Interactive
Multicultural Leaders and Multinational Teams

Presented On: June 28, 2016 - 14:30-15:45

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

A Conceptual Model of Multicultural Leaders in Multicultural Teams
Lee Martin, University of New South Wales
Bo (Jeff) Shao, RMIT University

Intercultural interactions in multicultural teams may bring a range of challenges that hamper team effectiveness, which effective team leadership can address. Multicultural individuals (who embody more than one culture) might have advantages over monoculturals in leading multicultural teams. However, evidence on important differences among multiculturals suggests not all multiculturals will be equally capable of leading multicultural teams. We develop a conceptual model that explores how different types of multiculturals – innate or achieved multiculturals – engage in different leadership behaviors that can enhance team effectiveness (i.e., improving information sharing and reducing conflict among team members), depending on team contexts (i.e., level of within-team interdependence). In doing so, we integrate multiculturalism, team diversity, and leadership literature, and offer new insights into the potential impact multicultural leaders can make in culturally diverse workplaces. (For more information, please contact: Lee Martin, University of New South Wales, Australia: lee.martin@student.unsw.edu.au)

Challenges and Coordination in Cross-Cultural Teams
Yumei Wang, Shanghai Jiao Tong University
Ningyu Tang, Shanghai Jiao Tong University
Chen Zhuang, SVW

This study reveals the challenges and coordination mechanisms in cross-cultural teams. Through in-depth interviews with 15 cross-cultural teams, we identify the main challenges facing by the cross-cultural teams and
how the teams cope with the challenges. Then we develop an adaptive coordination model in cross-cultural teams.  

(For more information, please contact: Yumei Wang, Shanghai Jiao Tong University, China: wangyu_188@163.com)

**Multicultural Individuals: How They Enhance Team Creativity and Problem Solving through Engaging in Brokerage Activities**  
Salma Raheem, London School of Economics

As organizations become more diverse, global and dependent on geographically dispersed heterogeneous teams, identifying employees who can integrate teams and enhance their outcomes has become critical to business. Multicultural individuals (MCIs)-individuals who identify with two or more cultures and have internalized associated cultural schemas- have been posited to bring value to heterogeneous teams, specifically, to enhance team creativity and problem solving abilities. Recent research has shown the positive effects of multicultural experience on individual creativity and cognitive ability. However, whether MCIs can enhance team level performance is has yet to be studied. Further, the process by which this additive effect of MCI membership in teams, if any, enhances team performance is also unknown. Drawing from recent advances in social networks research, I posit that MCIs are able to enhance team performance as MCIs, acting as cultural brokers, engage in tertius lungens behaviour- i.e. connecting people by either introducing disconnected individuals or facilitating new coordination between connected individuals- for the benefit of all. Additionally, I hypothesize that MCIs enhance team outcomes such as team creativity and problem solving through the process of brokerage by extracting and synthesizing information from these diverse networks.  

(For more information, please contact: Salma Raheem, London School of Economics, United Kingdom: s.raheem@lse.ac.uk)

**The Impact of Language on Team Effectiveness**  
Ting Liu, Osaka University  
Tomoki Sekiguchi, Osaka University

Using a sample of 264 Chinese students studying Japanese, we conducted an experimental study to examine the impact of language on stress, team cohesiveness, and satisfaction in a team setting. We also examined how language interacts with psychological empowerment and communication in influencing team outcomes. We found that team members' use of the foreign language rather than their native language had a direct and negative impact on team outcomes. Moreover, language moderated the relationship between psychological empowerment and team cohesiveness such that the relationship was weaker when team members used the foreign language. We found a three-way interaction between language, psychological empowerment, and communication in influencing team cohesiveness and satisfaction. Our findings indicate that it is important for firms to apply an explicit language strategy, enhance empowerment, and foster communication within teams.  

(For more information, please contact: Ting Liu, Osaka University, Japan: tliu@cbi.osaka-u.ac.jp)

**From Global Experiences to Global Careers: A Review and Future Research Agenda**  
Kevin L. McKouen, University of Wisconsin, Milwaukee  
Margaret Shaffer, University of Wisconsin, Milwaukee  
B. Sebastian Reiche, IESE Business School

Based on a review of the literature, this paper first draws an important distinction between global careers and the global work experiences from which they are formed. With this distinction drawn, a framework for examining the relationship between global work experience cycles and global careers is developed. The remainder of the paper uses this framework to organize current scholarship into a clearer picture of where we are, to provide a platform from which several theoretical propositions are made, and to illuminate areas in which future research would be most beneficial. Finally, the paper concludes with a discussion of two suggested paths for future research, both of which focus on the antecedents and outcomes of different sequences of
Global Talent Management: Theoretical and Empirical Perspectives at the Micro and Meso Levels

Tomas Alexander Parks, Cleveland State University
Susan F. Storrud-Barnes, Cleveland State University
Rajeshkhar Javalgi, Cleveland State University
Richard Reed, Cleveland State University
Doren Chadee, Deakin University

The subject of global talent management, GTM, is a current and popular avenue for research in both academic and practitioner publications. This article supplies a much needed, critical review of GTM by analyzing the current literature and supplementing it with new information that will clarify the field's theoretical and empirical perspectives. This article is centralized around two key tenets. The first tenet is that the use of GTM in MNEs is rooted in two theoretical perspectives: the RBV (Penrose, 1959; Barney, 1991) and Agency Theory (Jensen & Meckling, 1976; Fama, 1980; Fama & Jensen, 1983). This is a contribution because it reveals a solid theoretical explanation for GTM's proposed ability to impact firm performance positively. The second tenet is that much of the discord in the field of GTM may be the result of applying a theoretical or empirical perspective to a phenomenon without first ascertaining the impact of the level of analysis. The second contribution to the research is the separation of the research based on the unit of analysis, yielding Micro and Meso Levels of interest. The result is a clear 2x2 matrix through which GTM literature can be interpreted. (For more information, please contact: Tomas Alexander Parks, Cleveland State University, USA: t.a.parks@csuohio.edu)

Session: 1.4.13 - Interactive
Track: 1 - Global Innovation and the Multinational Enterprise

Inter- and Intra-firm Knowledge Transfer

Presented On: June 28, 2016 - 14:30-15:45

Chair: Nandini Lahiri, Temple University

Environmental Turbulence, Alliance Knowledge Transfer, and Innovation Performance of Emerging Multinationals

Ping Deng, Cleveland State University
Yang Liu, South China University of Technology
Ying Ying, Zhejiang University of Finance & Economics
Jiang Wei, Zhejiang University

In this study, we examine the relationship between knowledge transfer activities in an asymmetric international R&D alliance, environmental turbulence, and independent innovation for emerging market multinational enterprises (EMNEs). By drawing arguments from knowledge-based view and particularly from absorptive capacity perspective, we unpacked knowledge transfer into two mechanisms (knowledge replication and knowledge adaptation) and home country environmental turbulence into three components (technology, market and institutional turbulence) in exploring their differential effects on the innovative capabilities of EMNEs. Based on a sample of Chinese firms, we find that the innovation performance of EMNEs is positively influenced by knowledge adaptation and market turbulence, while negatively influenced by institutional turbulence. In addition, different aspects of environmental turbulence moderate the relationship between knowledge transfer activities and innovation performance of EMNEs differently. This study deepens our understanding of how international R&D alliances affect firm innovation performance by building the linkage between environmental turbulence and absorptive capacity through knowledge transfer activities in an asymmetric international R&D alliance. (For more information, please contact: Ping Deng, Cleveland State University, USA: p.deng@csuohio.edu)
Multidimensional Embeddedness and Global Knowledge Sourcing by Overseas R&D Subsidiaries
Kazuhiro Asakawa, Keio University
YeonJin Park, Seoul National University
Jaeyong Song, Seoul National University
SangJi Kim, Samsung Economic Research Institute

We investigate determinants of global knowledge sourcing of overseas R&D subsidiaries, shedding light on various types of cross-border embeddedness and their effects on global knowledge sourcing, a neglected topic in the literature on global innovation. Drawing on social capital theory, which assumes that embeddedness facilitates knowledge transfer, we examine the extent to which various types of global embeddedness – internal vs. external, vertical vs. horizontal, and administrative vs. knowledge – facilitate global knowledge sourcing. We find that vertical administrative embeddedness inhibits global knowledge sourcing, while both vertical knowledge embeddedness and horizontal external embeddedness promote it. We also find that the positive impact of vertical knowledge embeddedness on global knowledge sourcing is weakened by vertical administrative embeddedness as a moderator. (For more information, please contact: Kazuhiro Asakawa, Keio University, Japan: asakawa@kbs.keio.ac.jp)

The Impact of Relationship-Specific Investment on Innovation Performance of Developing Market OEM Suppliers
Danchi Tan, National Chengchi University
Jyh-Shen Chiou, National Chengchi University

Relationship-specific investment is a key concept in transaction cost economies. Recent studies suggest that in the presence of dominant customers, the commitment of relationship-specific investments may be a strategic move by weaker suppliers in gaining positive knowledge spillovers in order to improve their market position in the industry. This study examines the innovation performance of relationship-specific investments on innovation performance of developing market producers that serve global customers under original equipment manufacturer (OEM) arrangement. We propose that relationship-specific investments are a double-edged sword to innovation capability of suppliers. On the one hand, relationship-specific investments assist the learning processing of the suppliers through reducing coordination costs between transaction parties. On the other hand, relationship-specific investments tie the suppliers with particular customers, creating expertise, technology and strategy lock-in effects that may negatively influence the innovation performance of the suppliers. Empirical results in general provide supports to the arguments. (For more information, please contact: Danchi Tan, National Chengchi University, Taiwan: dctan@nccu.edu.tw)

Globalizing Product Development and Knowledge Linkage: Case Study of Headquarter and Six Overseas Units of Denso
Heejin Kim, Tohoku University

The purpose of this paper is to investigate the challenges and solutions of globalizing product development by MNCs. In-depth case study of Denso’s ongoing process of globalizing product development in it’s headquarter and six overseas product development units revealed the limit of conventional way of knowledge transfer in MNCs. That is, for globalizing product development function, knowledge should not only be transferred from headquarter to overseas units, but also be linked among them. For the knowledge linkage, reconfigurations of communication channels in headquarter organization, and utilization of inpatriate engineers turned out to be useful. While most of existing studies in global R&D focus on types, functions, and innovations of overseas units, this study shed light on the opposite side and argue the importance of headquarter organization changes for more effective global product development. (For more information, please contact: Heejin Kim, Tohoku University, Japan: happykimsan@yahoo.co.jp)
Transfers of practices from foreign subsidiaries give multinational corporations a competitive advantage over local firms, affect position of subsidiaries and headquarters, and relations between them. Yet literature focused on positive consequences of such transfers, while negative phenomena associated with the process remain largely unexplored. In particular, we know very little about consequences of allocation of credit for practice sharing, in particular the perceived fairness of the credit attributed by the headquarters to subsidiaries for transfer of practices. This paper puts under scrutiny acts of alleged plagiarizing of subsidiary practices by the headquarters, i.e. acts of reverse transfer without authorship recognition. Building on insights from literatures on dominance effects, intra-corporate entrepreneurship, and micro-politics, and drawing on case study data from three multinational companies operating in Central and Eastern Europe, we discuss implications of the alleged intra-corporate plagiarism for transfer of practices in multinational corporations, and offer recommendations for practice and for advancing research. (For more information, please contact: Michal Lemanski, Nottingham University Business School China, China: michal.lemanski@nottingham.edu.cn)

EMNCs’ Knowledge Transfer in Emerging Markets
Huaichuan Rui, Royal Holloway University of London
Miao Zhang, Kingston University
Alan Shipman, Open University

This paper examines emerging market multinational corporations’ (EMNCs’) knowledge transfer (KT) in emerging markets using case studies of Chinese MNCs (CMNCs) in Africa. We identify the knowledge CMNCs transferred to Africa as “relevant knowledge”, the existing knowledge reconfigured for a new context so that recipients can apply it more effectively with less effort. Such knowledge is created and transferred through recipient ownership of the KT process, which ensures that African recipients exerting influence on what to transfer and how it is transferred. Our findings lead us to propose a “relevant knowledge recipient ownership model” for EMNCs’ KT in emerging market, and further a “relevance-based view” suggesting that knowledge relevance achieved through this model is a significant contributor to EMNCs’ competitive advantage in emerging markets, and underpins the cost advantages they are often assumed to rely on. The model contributes to KT theory by refining and empirically testing a new knowledge provider – EMNCs, a new type of knowledge - relevant knowledge and a new transfer model - recipient ownership. The relevance-based view complements and extends the composition-based view (CBV) by showing how EMNCs achieve competitive advantage by not only composing ordinary resources but also creating and transferring relevant knowledge to emerging markets. (For more information, please contact: Huaichuan Rui, Royal Holloway University of London, United Kingdom: huaichuan.rui@rhul.ac.uk)
The Study of Antecedents and Consequences of Servitization Capability: An Empirical Study of Top 1,000 Manufacturing Firms in Taiwan
Ku-Ho Lin, National Chung Hsing University
Tsung-Piao Chou, National Chung Hsing University
Wei-Kuo Tseng, National Chung Hsing University
Chueh-Chu Ou, Corporate Synergy Development Center

The purpose of this paper is to examine whether collaborative capability, organizational learning capability and e-business capability facilitates the development of servitization capability and the influence of servitization capability on firm’s performance. The study collected data through a survey and utilized hierarchical regression analysis to examine the hypothesized relationships. It is found that the firms’ collaborative capabilities positively influence servitization capability. The influence of managerial capability is not evident. In addition, organizational learning and e-business capabilities are also positively related to servitization capability. The servitization capability is positively related to corporate performance. Finally, implications of the present study are discussed. (For more information, please contact: Tsung-Piao Chou, National Chung Hsing University, Taiwan: ns1199729@gmail.com)

Sawing off Dead Branches: Proactive Divestiture and Innovation Performance
Tae Woo Roh, Soonchunhyang University
Kyung Suk Lee, Seoul National University
Dong Kee Rhee, Seoul National University

We investigate the impact of post-divestitures on innovative activities at firm-level. In an extremely competitive environment such as high-tech industries, innovation is required for a firm to achieve sustainable competitive advantage and thus survival of the organization. While divestiture has been treated as only a mirror image of M&A and merely a tool to overcome past mistakes, in a recent business practice, it has been recognized as a significant independent strategy for firms to gain growth of core competency. Consistent with recent positive-view on divestiture, we further investigate divestiture as a proactive strategic option as opposed to a traditional perspective that illustrates divestiture as a reactive action owing to settle inner organizational problems. Research concerning the relationship between proactive divestiture and innovation performance remains unexplored and requires a close investigation. To explore such relationship, this study integrated research on knowledge-based view and organizational inertia and encompassed the model of financial distress in order to evaluate firm’s proactive-ness. We hypothesized that proactive divestiture increases both firm’s R&D intensity and number of patents. Furthermore, we propose that prior divestiture experiences and divested-unit size would moderate this relationship. Results indicate that proactive post-divestiture firms have increased in R&D inputs but not significantly in output. This relationship was more significant for input as prior experiences increased but not in output. Furthermore, when divested-unit size was bigger, both R&D input and output have decreased. This study contributes to our understandings of how proactive divestiture can reinforce knowledge capacity, distant from a traditional resource-based view that, particularly, regarded divestiture as a responsive action vis-à-vis financial pressure. (For more information, please contact: Tae Woo Roh, Soonchunhyang University, Korea, South: troh@sch.ac.kr)
Dynamic Vision of the Implementation of Competitive Strategies and Their Impact in the Performance Enterprise: Case of Study in the Agribusiness of Emerging Economies

Jorge Antonio Heredia, Universidad del Pacifico
Juan Alejandro Flores, Universidad del Pacifico
Walter Heredia, Universidad del Pacifico

The study includes the conceptualization, modeling and simulation of a system of strategic competence of two Peruvian exporting companies through the process of implementing competitive strategies (cost and differentiation). After validation model we experiment with the variables under the approach of "strategy tripod" that evaluates the effects; institutional, internal resources and industry to demonstrate the impact on company performance over time (dynamic view). We observe that the leader in differentiation has better performance (higher increase in operating income) when it gets more product technology (increasing technological gap) and operates in a growing market. For instance, when the total number of customers increased by 50%. On the other hand, the leader in costs has better performance when reducing the technology gap, for example, through a 50% increase in domestic export programs or an increase in customer order. Finally, we propose three propositions project for the construction theory based on the simulation with practical implications for decision-making manager. (For more information, please contact: Jorge Antonio Heredia, Universidad del Pacifico, Peru: ja.herediap@up.edu.pe)

Organizational Slack and Post-Merger Performance: Evidence from Domestic and Cross-Border Takeovers

Konstantinos Bozos, University of Leeds
Vassiliki Bamiatzi, University of Leeds
S. Tamer Cavusgil, Georgia State University
Tomas Hult, Michigan State University

We focus on the role of organizational slack on post-merger performance of domestic and cross-border acquirers. By employing a comprehensive sample of 9,345 M&A deals by US firms during the period 1995-2014, we examine the impact of different types of organizational slack - unabsorbed, absorbed, high and low discretion slack - on the acquirers’ post acquisition performance. We find that on average acquisitions lead to the destruction of significant value for the bidder. However, organizational slack that is not readily available, may aggravate the negative effects of a takeover, leading to further losses in market value. On the contrary, readily available slack, in particularly the abundance of cash reserves, mitigates the challenges associated with a large corporate takeover and acts as a defense mechanism against acquirers' losses. The above influences of organizational slack on post-merger performance are amplified in the case of international acquisitions. Therefore organizational slack is not only an important motivator for international activities as suggested in the past, but may also act as a facilitator for the success of cross-border investment decisions. (For more information, please contact: Konstantinos Bozos, University of Leeds, United Kingdom: kb@lubs.leeds.ac.uk)

Understanding Boundary Spanning in Information Technology Outsourcing: An Emerging Economy Perspective

Krishna Kumar Balaraman, Indian Institute of Technology, Madras
Madhu Das, Indian Institute of Management, Tiruchirappalli
S Raghunath, Indian Institute of Management Bangalore
Venkatesh Kambla, Indian Institute of Management, Bangalore

This paper explores an unexplored question as to how relationship managers (boundary spanners) facilitate the development and management of client-vendor relationships in information technology (IT) outsourcing projects of companies from an emerging economy like India. The authors gathered empirical evidence from 7 case studies with the unit of analysis being the relationship of the vendor manager with the client. They find that the relational dimension and the structural dimension of the social capital construct have an impact on the role of boundary spanners in the IT outsourcing industry. All the three dimensions of social capital - relational, structural and cognitive, have a role to play in the effective functioning of boundary spanners in the Indian IT outsourcing business. The relational dimension of establishing trust and addressing obligations based on
business relationships stands out as the single most important aspect in developing business in IT outsourcing. The structural dimension of access to information and broad connectivity is also required for effective functioning of the boundary spanner. This paper informs the social capital and outsourcing literature by connecting the dimensions of social capital with outsourcing the Indian IT context. (*For more information, please contact: Krishna Kumar Balaraman, Indian Institute of Technology, Madras, India: balakk@gmail.com*)

**Foreign Market Selection through the PRISM of Differences**  
Vinod K. Jain, University of Maryland (Former)

Foreign market selection is a critical step in any firm’s global strategy. Over the years, some approaches have been suggested to help companies make the foreign-market-selection decision, ranging from PEST, PESTEL, and ECLIPTER to the CAGE framework. All of these approaches, while making the market-selection process more systematic than what existed before, suffer from the basic deficiency in that they do not consider “resources” and “market potential,” the two most critical factors in foreign-market selection. Resources are important because firms go where they can find talent, capital, technology, and other resources they may lack. And, no company can ever consider venturing abroad without assessing competition and market potential in a proposed host market. We present the PRISM framework that incorporates the most important factors relevant for foreign market selection in a large variety of situations. These include Political Economy, Resources, Institutions and Infrastructure, Society and Culture, and Market Potential – all embedded in theoretical traditions deriving from international business, strategy, economics, sociology, and other related disciplines. Another key contribution of the paper is an extensive Appendix containing information sources that can be used to assess the PRISM dimensions. (*For more information, please contact: Vinod K. Jain, University of Maryland (Former), USA: vinod.jain@india-us.org*)

**An Exploratory Study of Factors in the Failure of an Indian Petrochemical Company**  
Kubilay Gok, Winona State University  
Sameer Deshpande, University of Lethbridge  
Nejat Capar, Meliksah University  
Anant P. Deshpande, University of Lethbridge  
Gordon Hunter, University of Lethbridge  
Ozgur Demirtas, Inonu University

While there have been numerous studies that examined the subject of organizational failure, it still remains an important topic worthy of investigation as it allows researchers and practitioners alike to draw highly valuable lessons. This is due to the fact there are very different types of organizations in different industries and contexts. While the consequences of decline and failure are quite similar, the conditions and causes that lead to it are often not. As such, firms that face decline and eventual failure may do so due to different combination of factors. This study examines the collapse of a major Indian petrochemical company and seeks to uncover the various factors that has led to its gradual decline and eventual failure. Our findings indicate that in addition to external factors, several internal factors related to the strategic leadership of the organization has led to the decline and fall of the company. (*For more information, please contact: Kubilay Gok, Winona State University, USA: kgok@hotmail.com*)
Technology Challenges of INVs from Emerging Markets

Presented On: June 28, 2016 - 14:30-15:45

Chair: Martina Musteen, San Diego State University

The Internationalization of Small and Medium-Sized Enterprises (SMEs) from Developing Economies
Everlyne Misati, Florida International University
Fred O. Walumbwa, Florida International University
Somnath Lahiri, Illinois State University
Sumit K. Kundu, Florida International University

Small and medium enterprises (SMEs) from developing economies are increasingly internationalizing yet research on this topic remains limited. Our qualitative study utilizes interview and secondary information to investigate three SMEs in the African coffee subsector that have internationalized rather rapidly beyond the continent. Our study explains the antecedents, timing, strategies, modes, and consequences of the SMEs’ internationalization, and explores how various elements of these African SMEs’ foreign expansion compare to those of previously studied firms. Our analysis reveals that the internationalization process of the SMEs in our study can be explained using multiple, not just one, internationalization theories. Managerial/policy implications, limitations, and suggestions for future research are discussed. (For more information, please contact: Everlyne Misati, Florida International University, USA: emisa001@fiu.edu)

Emerging Differently: Empirical Examination of Entrepreneurial Optimism and Performance in Developing Countries
Shouming Chen, Tongji University
Arpita Joardar, Clark University
Wanrong Hou, University of Texas-Rio Grande Valley
Sibin Wu, University of Texas-Rio Grande Valley

This paper examines how entrepreneurial optimism and performance are related in two developing countries, Laos and Kenya, by exploring the relationship between optimism and performance. The moderating effects of education and motive (opportunity vs. necessity) on the stated relationship are tested. By analyzing a sample of entrepreneurs in the two countries, we found that, unlike in Western countries where optimism generally leads to negative outcomes, optimistic entrepreneurs in developing countries tend to perform better. Our results also suggest that when optimism is held constant, entrepreneurs motivated by opportunity outperform those who are motivated by necessity. However, education appears to have negative effect on entrepreneurial performance. Additionally, the above effects were found to be stronger for entrepreneurs from Laos than those from Kenya, which could be attributed to different religious beliefs. Findings implications and limitations are also discussed. (For more information, please contact: Sibin Wu, University of Texas-Rio Grande Valley, USA: sibin.wu@utrgv.edu)

The Convergence of Born Global Phenomenon with Brazilian SME Cases: What Is the Role of National Export-Promotion Programs?
Marcelo André Machado, Universidade do Vale do Rio dos Sinos - UNISINOS
Diego Andrei Schuh, Universidade do Vale do Rio dos Sinos - UNISINOS
Diego Gaieski Lambiase, Universidade do Vale do Rio dos Sinos - UNISINOS
Larissa Loureiro de Souza, Universidade do Vale do Rio dos Sinos - UNISINOS
This paper aimed to analyze the convergence of the features found in born global studies to the case of four Brazilian SMEs of the leather-footwear industry and to identify the role of the state-sponsored programs in the fast internationalization of those firms. We conducted a multiple case study with four SMEs firms: Francesca Giobbi, LeatherTec, Gueto Ecodesign and Best Footwear and Components. The domain of unique untangible assets, the niche markets and the international orientation of the founders were the main features identified and related to the firms’ fast internationalization. We noticed that the founders have knowledge about export promotion programs, but with no impact on their firm’s internationalization speed and performance. This fact leads to the idea that the executive’s international orientation is associated with the knowledge about official support programs, but it does not mean that they are going to use them. (For more information, please contact: Marcelo André Machado, Universidade do Vale do Rio dos Sinos - UNISINOS, Brazil: mmachado@unisinos.br)

High-Tech Start-Up Ecosystems in East Asian Agglomerations: Are They Different?
Martin Hemmert, Korea University
Florian Kohlbacher, Xi’an Jiaotong-Liverpool University
Masahiro Kotosaka, Keio University
Chang-Ti Loh, Xi’an Jiaotong-Liverpool University
Franz Waldenberger, DIJ Tokyo

Start-up ecosystems within regional agglomerations have been intensively studied in Western countries, but much less in East Asia. Therefore, little is known on the specific features of East Asian start-up ecosystems. We study the high-tech start-up ecosystems within three leading East Asian agglomerations: Tokyo, Seoul, and Suzhou. Our case studies of these three start-up ecosystems reveal that they differ in various important aspects from their Western counterparts. They are located within very large urban agglomerations. Consequently, start-ups firms are co-located with many leading domestic and international firms, and research institutions. However, the networks with these partners tend to be relatively weak and segregated. Government support is strong and results in broad financial assistance for start-ups. We also find differences in the growth and internationalization across the three East Asian start-up ecosystems which can be related to features of the national economies they are located in. Overall, our findings suggest that studies of start-up ecosystems need to consider their regional institutional and cultural context, as there are strong differences between Western and East Asian countries. (For more information, please contact: Martin Hemmert, Korea University, Korea, South: mhemmert@korea.ac.kr)

Predicting External Management Risks for China-Based Family Businesses: An Exploratory Analysis Using the SVM Technique
Monika L. Hudson, University of San Francisco
Hailan Helen Yang, Shandong Jianzhu University
Peixing Zhou, Shangong Jianzhu University

All family-owned firms face a predictable challenge: once the business has evolved to a particular stage, the owners realize they need to incorporate some level of external management if they want to sustain the company’s growth. This transition is tricky for all firms but particularly for family-owned businesses in China’s rapidly evolving economy. In this paper, we identify adverse selection and moral hazard factors that may contribute to the difficulties China-based family companies have in scaling and utilize them as part of an exploratory project to determine if the support vector machine (SVM) technique can serve as a more accurate means of predicting the likelihood of successfully integrating external management. Preliminary results indicate that the SVM technique may be highly accurate in estimating how successful external management integration will be in the Chinese setting, with some potential for generalizability to non-China-based family-owned firms. (For more information, please contact: Monika L. Hudson, University of San Francisco, USA: mhudson@usfca.edu)
Factors Leading to Early Internationalization of New Ventures from a Central-Eastern European Emerging Market

Jurgita Sekliuckiene, Kaunas University of Technology
Agne Matiusinaite, Kaunas University of Technology

This article investigates the factors leading to early internationalization of new ventures from emerging Central and Eastern European (CEE) market, Lithuania. We analyse antecedents of accelerated internationalisation expressed by entrepreneurs of technology-based INVs. Case studies of entrepreneurial firms from Lithuania, that had successful internationalization and performed fast expansion into advanced markets during last year’s, are provided. The results revealed that the interaction of entrepreneurial, firm-related and contextual determinants have a positive impact on the expansion of INVs into foreign markets, however the essential factors leading to early internationalization of INVs operating in the context of emerging market Lithuania are entrepreneur-related factors. This research contributes to international entrepreneurship literature (IE) with new perspectives of studies on technology-based INVs from emerging CEE markets. (For more information, please contact: Jurgita Sekliuckiene, Kaunas University of Technology, Lithuania: jurgita.sekliuckiene@ktu.lt)

Session: 1.5.1 - Panel

AIB Women Fellows Panel

Presented On: June 28, 2016 - 16:15-17:30

Chair: Amanda Bullough, University of Delaware

Panelists:
Lorraine Eden, Texas A&M University
Rosalie L. Tung, Simon Fraser University
Nakiye A. Boyacigiller, Sabanci University
Patricia McDougall-Covin, Indiana University-Bloomington
Marjorie A. Lyles, Indiana University
Mary Ann Von Glinow, Florida International University
Eleanor Westney, York University
Stefanie Lenway, University of St. Thomas
Srilata Zaheer, University of Minnesota
Ruth V. Aguilera, Northeastern University
Elizabeth Rose, University of Otago

In celebration of the 15th anniversary of WAIB (Women of the Academy of International Business), WAIB will host a panel of some of the leading female scholars in the AIB: the women Fellows. Created in 1975, the AIB Fellows consist of a select group of distinguished AIB members recognized for their outstanding contributions to the scholarly development of the field of international business, or have made significant contributions to the AIB. Of the 85 current Fellows, women represent a short list of 12 (only 14%). With this panel, WAIB wants to applaud their accomplishments and provide a platform of storytelling so that other women and minorities within the AIB can learn from them. (For more information, please contact: Amanda Bullough, University of Delaware, USA: bullough@udel.edu)
**Research Crowdsourcing, Data Sharing, and Large-Scale Collaboration: Latest Developments and Opportunities in International Business Studies**

**Presented On:** June 28, 2016 - 16:15-17:30

Chair: Vasyl Taras, University of North Carolina at Greensboro

**Panelists:**
- Vasyl Taras, University of North Carolina at Greensboro
- Charles Wankel, St. John's University
- Piers Steel, University of Calgary
- Ernesto Tavoletti, University of Macerata
- Frank Bosco, Virginia Commonwealth University
- Maria Gil del Alcazar, University of North Carolina at Greensboro
- Soma Arora, IMT Ghaziabad

Open data sharing and research crowdsourcing have been shown to spur collaboration and greatly aid scientific discovery in a number of fields of study. Unfortunately, International Business research has been largely missing on the trend, even though our field, as no other, is uniquely suited to rely on international large-scale collaboration. However, a growing number of International Business researchers recognize the potential of open-source data and are eager to join the movement. The proposed panel will review experiences and best practices of data sharing and research crowdsourcing in various fields of discovery, discuss how this approach can be promoted in Management research and what its growing popularity may mean for researchers in our field. *(For more information, please contact: Vasyl Taras, University of North Carolina at Greensboro, USA: v_taras@uncg.edu)*

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**Session: 1.5.3 - Panel**

**Teaching with Cases in the IB Discipline**

**Presented On:** June 28, 2016 - 16:15-17:30

Chair: Vijaya Narapareddy, University of Denver

**Panelists:**
- Marilyn L. Taylor, University of Missouri-Kansas City
- J. Kay Keels, Coastal Carolina University
- Erica Berte, Texas Woman's University
- Mikael Søndergaard, Aarhus University
- Timothy Devinney, University of Leeds
- Theresa L. Coates, Limestone College

This proposed panel-discussion session will focus on the discussion of proven case teaching techniques adopted by instructors who are prominent case teachers respected for their expertise in facilitating case discussions. Participants will be able to observe the instructors teaching a case and have the opportunity to ask questions related to best practices in case teaching. Interactive round table discussions led by expert panelists will focus on case content and process issues relevant to conducting effective case discussions in IB classes.
Specimen topics to be covered in the panel session are selecting the right case for discussion, choosing an appropriate discussion format, facilitating cross-cultural discussions, creating shared learning, and assessing student participation. Additionally, one round table will cover issues unique to teaching cases in online course delivery. (For more information, please contact: Vijaya Narapareddy, University of Denver, USA: vnarapareddy@gmail.com)

Session: 1.5.4 - Panel

**UNCTAD WIR Panel: Responsible Investment: Lessons Learnt from a Decade of Research in the Agriculture Sector**

Presented On: June 28, 2016 - 16:15-17:30

Chair: Hafiz Mirza, Division on Investment and Enterprise, UNCTAD

Panelists:

- Axele Giroud, University of Manchester
- Marina Papanastasiou, Middlesex University
- Heinz Tuselmann, Manchester Metropolitan University

The “food crisis” of the mid-2000s gave rise to a major increase in investment in the agriculture sectors of developing countries, accompanied by significant media interest and panoply of views from protagonists and antagonists of the phenomenon alike. A decade on, research by academia, international institutions and others means that a much more considered and evidence-based assessment is possible, especially in terms of investment impact, and whether investors are behaving responsible. This panel presents the research findings from a systematic programme of work undertaken by the Inter Agency Working Group (IAWG) of UNCTAD, FAO, IFAD and the World Bank which has been working to generate a body of empirical knowledge on responsible agricultural investment, in the context of the Principles for Responsible Agricultural Investment (PRAI) which were proposed in 2009. The panel, in discussion with session participants, will seek to examine a number of key issues, e.g.: (a) How can corporate/MNE investment in agriculture best contribute positively to sustainable development? (b) Which business models and types of operation are more successful in ensuring that surrounding communities and the host country share in the potential benefits of agricultural investments? (c) What are the specific lessons for particular groups or issues e.g. women, smallholders, the environment, rural development? (d) What are the main challenges that host and home country governments, investors, local communities and civil society face in ensuring this positive contribution? What solutions are most effective? (For more information, please contact: Hafiz Mirza, Division on Investment and Enterprise, UNCTAD, Switzerland: Hafiz.Mirza@unctad.org)

Session: 1.5.5 - Competitive

Track: 11 - Global Strategy, Alliances and Acquisitions

**Cross-Border M&As: Buyers and Sellers' Perspectives**

Presented On: June 28, 2016 - 16:15-17:30

Chair: Benjamin Bader, Leuphana University of Lüneburg

Cross-Border M&As by Emerging Market Multinationals: A Multiple Performance Measurement and Analysis

Monica Yang, Adelphi University
Ping Deng, Cleveland State University

This paper aims to examine the performance of cross-border mergers and acquisitions (M&As) by emerging market multinationals (EMNCs) through multiple measures and also discover how multi-level factors jointly
affect the acquisition performance. Using panel data of completed cross-border M&As initiated by companies from five major emerging economies (i.e., BRICS – Brazil, China, India, Russia, and South Africa) from 2000 to 2012, we used a market-based measure (i.e., standard event study methodology) to assess the market reaction of a particular cross-border M&A and an accounting-based measure to investigate the acquiring firm’s profitability undertaking this acquisition deal. Our empirical study has supported that cross-border M&As by EMNCs are a valuation creation strategy. In addition, by cross-fertilizing arguments from institutional theory and absorptive capacity perspective, we empirically validate that the negative relationships between country-level factors (e.g., institutional distance and cultural distance) and the performance are weakened when acquiring firms have more experience in cross-border M&As. This study enhances our understanding of how multi-level factors jointly affect the level of performance of cross-border M&As by EMNCs by different accounts. (For more information, please contact: Ping Deng, Cleveland State University, USA: p.deng@csuohio.edu)

Asset Augmentation and the Role of Recombinant Advantages
Rajneesh Narula, University of Reading
Jongmin Lee, University of Reading

Building upon Hennart (2009) and Verbeke (2013), we argue that firm-specific asset (FSA) augmentation of the firm primarily originates from the recombination of complementary assets both within the firm’s existing asset portfolio and those of other economic actors, and that recombinant FSA of the firm is an essential element for doing so. We define three different types of asset recombination, intra-firm recombination, extra-firm recombination and network recombination, depending upon the source of complementary assets. Springboard investments can be a viable option for firms to surmount weaknesses in their asset portfolio. However, in this paper we warn against impetuous springboard acquisitions by contending that without corresponding recombinant FSAs, those acquisitions rarely leads the firm to FSA augmentation. We suggest that for EMNEs with insufficient recombinant FSAs, utilizing partnerships, rather than acquisitions, may provide better opportunities to augment their recombinant FSA, and thereby more credible chances to augment their FSA in the long run. (For more information, please contact: Jongmin Lee, University of Reading, United Kingdom: j.m.lee@pgr.reading.ac.uk)

Post-Divestment Performance of Foreign Divested Firms
Palitha Konara, University of Huddersfield
Panagiotis Ganotakis, University of Leeds

This study examines the post-divestment performance of subsidiary units divested by foreign owners compared to continuing foreign owned subsidiaries. This comparison allows us to single out the effect of foreign divestment on the divested units. We employ the propensity score matching method and difference-in-differences approach in order to control for the selection problem inherent in foreign firms’ divestment decisions. We find strong evidence suggesting that when foreign firms divest their subsidiaries to domestic owners, subsequent performance of the divested subsidiaries is weaker in relation to comparable continuing foreign owned subsidiaries. When foreign firms divest their subsidiaries to another foreign owner, subsequent performance of the divested subsidiaries is not significantly different from the performance of continuing foreign subsidiaries. We also find that the market orientation of the divested subsidiaries moderates the divestment-performance relationship. The negative effect of foreign to domestic divestment is weaker when the divested subsidiary has a domestic market orientation. In contrast, when foreign firms acquire divested units with domestic market orientation the performance of those acquired units suffers, whereas the performance of acquired subsidiaries with foreign market orientation is not significantly different from comparable non-divested foreign owned ones. (For more information, please contact: Palitha Konara, University of Huddersfield, United Kingdom: palitha.konara@hud.ac.uk)
Role of Sellers in Cross Border Acquisition Auctions
Noman Ahmed Shaheer, University of South Carolina
Yaqin Zheng, Nanjing University

We investigate how perspectives of selling firms influence the outcomes of cross border acquisitions and how institutional backgrounds of potential acquirers shape sellers’ perceptions about proposed acquisition deals. We focus on an important but less studied context, cross border multiple bidder acquisition auctions, in which multiple bidders from different countries compete against each other for acquiring a target. This context enables us to better understand sellers’ perspective by observing how sellers select or reject different bidders. Our results suggest that besides offer prices; sellers are also sensitive to synergies and collaboration potentials with prospective acquirers. Sellers even tend to reject higher price offers if bidders lack the “fit” with the target. Further, institutional backgrounds of bidders contribute to shaping sellers’ perspective about bidders and explain part of the variation in sellers’ choices. Our paper is among the first to introduce cross border acquisition auctions in management and international business literature. Using this novel context, we empirically demonstrate the importance of understanding sellers’ perspective in corporate acquisitions. (For more information, please contact: Noman Ahmed Shaheer, University of South Carolina, USA: noman.shaheer@grad.moore.sc.edu)

Session: 1.5.6 - Competitive
Track: 9 - Emerging Markets: Institutional Voids and Beyond

Location Choice of Emerging Market Firms

Presented On: June 28, 2016 - 16:15-17:30

Chair: Yujin Jeong, American University

Location Strategy of Chinese Multinationals: Path Dependence and Home Country Institutions
Lin Li, Nottingham University Business School China
Lei Li, University of Nottingham Ningbo

This study examines two types of location strategy: geographical dispersion (global vs regional orientation) and economic development spectrum (developed vs developing country orientation). We draw upon the notion of organizational ‘imprinting’ and the institution-based view to analyze the effects of earlier major investments and home country institutions on location strategy of Chinese MNEs. The findings indicate that earlier major investments, state ownership, institutional change have significant impact on location strategy. The effects of home country subnational institutions are also substantial but complex. (For more information, please contact: Lin Li, Nottingham University Business School China, China: lin.li@nottingham.edu.cn)

How Does Agglomeration Affect the Entry Mode of Multinationals?
Shuna Ho, Simon Fraser University
Chang Hoon Oh, Simon Fraser University

This study examines whether geographic agglomeration influences the entry mode of multinational corporation (MNC). Using data from 190 MNCs and their 1,854 foreign subsidiaries that entered China between 1983 and 2008, we found that MNCs are more likely to use low-control modes when their entries are agglomerated with subsidiaries of other MNCs with different business functions from the same home country. Such external subsidiaries substitute direct control more effectively than sister subsidiaries, which is further amplified when MNCs have experience in the host city. The substitution effect for agglomerating with sister subsidiaries exists only for those with the same function, and only when the host city has high-levels of government effectiveness. Experience in the host city, however, leads the focal subsidiary to increase ownership under agglomeration with
the subsidiaries of other MNCs from the same home country with the same business functions. Overall, external subsidiaries with different functions play the role of indirect monitoring agents, which is not the case for sister subsidiaries and external subsidiaries with the same function. (For more information, please contact: Chang Hoon Oh, Simon Fraser University, Canada: coh@sfu.ca)

FDI-Based Entry Mode Strategies of Emerging Market Firms - the Role of Host Market Contextual Conditions
Mukundhan K V, Indian Institute of Management, Tiruchirappalli
Sreevas Sahasranamam, Indian Institute of Management, Kozhikode

In this paper, we develop a contextual model of host country level determinants of FDI-based entry mode choices of emerging market firms (EMF). Particularly, we consider the effects of three variables at the host country level - the volume of foreign capital inflow, the level of national level absorptive capacities and the degree of urbanization – in explaining an EMF’s choice of market entry modes. Further, we study whether the relationship between the aforementioned variables and entry mode choices vary with the level of institutional stability in the host countries. We tested our hypotheses on a sample of 5865 Indian FDI-based entries between 2007 and 2014. We find that Indian firms emphasize WOS entry modes when entering host countries with high levels of foreign capital flows. We also find that Indian firms prefer to enter countries with high institutional stability through cooperative modes like joint ventures (JV) irrespective of the level of foreign capital, absorptive capacity and the degree of urbanization in the respective host countries. We discuss the implications of our findings, discuss the limitations of our study and describe avenues for future research towards the end of the paper. (For more information, please contact: Mukundhan K V, Indian Institute of Management, Tiruchirappalli, India: kidambim@gmail.com)

Session: 1.5.7 - Competitive

Retailing and E-Commerce

Presented On: June 28, 2016 - 16:15-17:30

Chair: Saeed Samiee, University of Tulsa

Private Versus Public Online Interactions and Their Impact on Purchase Decisions in Different Cultures
Agnieszka Zablocki, Vienna University of Economics and Business
Bodo Schlegelmilch, Vienna University of Economics and Business

Online reviews and recommendations increasingly influence purchase intentions, since consumers around the world rather trust the opinions and observations of other consumers than advertising of companies. Hence, the focus of this study is on the type of content shared between consumers in different cultures. Our study is motivated by two insights: First, previous research shows that in offline settings, consumers tend to communicate primarily rational content with strangers and emotional content with people they know. Second, previous findings indicate that consumers in collectivistic cultures (predominantly interdependent self-construal) display more emotional content than consumers in individualistic cultures (predominantly independent self-construal). Our results reveal considerable differences between online and offline content of communications about branded products. In contrast to offline settings, we find that consumers share the same ratio of rational and emotional content online, independent of talking to friends (private online interactions) or strangers (public online interactions). There are also important cultural differences, as consumers with an interdependent self-construal share significantly more emotional content online with friends and strangers. Compared to consumers with an independent self-construal, they also share substantially more positive emotional content with friends. Moreover, culture also has an important impact on online consumer behavior, as our analyses indicate that consumers with an interdependent self-construal search and read online reviews and recommendations more frequently and are more influenced by such reviews in their purchase decisions than consumers with an
Influence Factors on the Market Selection of Online Retailers - A Dynamic Perspective
Matthias Schu, University of Fribourg
Dirk Morschett, University of Fribourg
Hanna Schramm-Klein, University of Siegen

Internationalization is a critical task for online retailers, yet the question how and in which order online retailers choose foreign markets is not clear. Based on institutional theory and dynamic capabilities, the authors identify, test and explain factors influencing the international market selection behavior of online retailers. Following a dynamic, path-dependent view of the market selection process, we test our hypotheses with a longitudinal database with observations of the international market selection behavior of 140 online retailers in Europe, counting for 825 market entries over 15 years. The results indicate that market size, rule of law, local market knowledge as well as a common language and logistics performance of a target country have a positive effect on the likelihood to select a target country. Though the internet is said to reduce the impact of distance, cultural and geographic distance as well as added geographic distance still show a negative impact on the selection of a foreign market by online retailers. Added cultural distance, though, exerts a positive effect instead. (For more information, please contact: Dirk Morschett, University of Fribourg, Switzerland: dirk.morschett@unifr.ch)

Motivators, Inhibitors and Moderators of Cross-Border Online Shopping
Hanna Schramm-Klein, University of Siegen
Gerhard Wagner, University of Siegen
Matthias Schu, University of Fribourg

Especially in their early stage of internationalization or as a first start to explore new country markets, retailers increasingly use the online channel to increase their international presence. This strategy ties in with consumer behavior: The share of online purchases that consumers conduct in foreign countries, i.e. cross-border online shopping, is increasing. Literature suggests that the general online shopping intention is determined by motivators (perceived benefits) and inhibitors (perceived risks) a consumer expects from shopping online. However, little is known which specific benefits and risks determine the intention of consumers for cross-border online shopping and what factors moderate this relationship. By using expected utility and consumer cultures theory as theoretical foundation we develop and empirically test a conceptual cross-border online shopping model that is suitable to guide retailers’ internationalization strategies. To advance the understanding of the “cross-border online shopper” we collect and analyze data of 202 online shoppers. Findings indicate that consumers’ cross-border online shopping intentions are influenced by specific benefits and risks of foreign online shopping. Moreover, this relationship is partly moderated by foreign traveling and consumer cosmopolitanism. (For more information, please contact: Hanna Schramm-Klein, University of Siegen, Germany: hsk@marketing.uni-siegen.de)

International Transfer and Perception of Retail Formats. An Inter- and Intra-Format Comparison Study in Germany, France and Romania
Lukas Morbe, Trier University
Bernhard Swoboda, Trier University
Dan-Cristian Dabija, Babes-Bolyai University, Cluj-Napoca

This study addresses the role of retail formats in transfer and positioning decisions of international retailers by analyzing the effects of country and format-specific core attributes for retailers’ local positioning as a strong brand in inter- and intra-format competition across borders. Based on categorization theory hypotheses on inter- and intra-format perspectives are proposed that are novel to international retailing research. Focusing on grocery retailers consumer surveys were conducted in two home countries (France, Germany, known as
formats’ origin) and one host country (Romania, accounting for expansion of Western retailers into emerging markets) to compare the effects of core attributes on retail brand equity (RBE) and conative consumer loyalty. Results show that similar core attributes affect RBE in inter-format competition, while the RBE-loyalty links differ between countries. Discounters rely mostly on price when expanding abroad; hypermarkets rely on assortment, store layout, and service. Further attributes are important in intra-format competition but core attributes are predominant. Retailers transferring formats abroad should place particular emphasis on managing core attributes when aiming to succeed in inter-format competition. In the intra-format competition country-specific positions are feasible but within format-specific boundaries. Especially for hypermarket retailers unique local positions require a strong local differentiation in certain attributes. (For more information, please contact: Lukas Morbe, Trier University, Germany: l.morbe@uni-trier.de)

Session: 1.5.8 - Competitive  
Track: 2 - Geographic Scope and Global Innovation

**Connectivity and Global Innovation**

**Presented On:** June 28, 2016 - 16:15-17:30

Chair: Grazia D. Santangelo, University of Catania

*Trans-Local Connectedness and Cluster Performance in Knowledge-Intensive Industries*

Ari Van Assche, HEC Montréal  
Ekaterina Turkina, HEC Montréal

We use a new dataset of formal firm linkages both within and across North American and European clusters in three knowledge-intensive industries (aerospace, biotech/biopharma, IT/Telecom) over the period 2002-2014 to study the relation between a cluster’s trans-local connectedness and its innovation performance. We find that a cluster’s innovation performance is positively and significantly related to its trans-local connectedness, but with important nuances. First, the positive relation varies significantly across linkage types, suggesting that not all types of trans-local linkages matter equally. Furthermore, we find that trans-local connectedness relates differently to innovation performance for developed-country versus emerging-market clusters. The innovation performance of developed-country clusters is primarily related to trans-local connectedness in "horizontal" partnership relations, whereas the innovation performance of emerging-market clusters is mainly related to trans-local connectedness in "vertical" buyer-supplier and investment linkages. (For more information, please contact: Ari Van Assche, HEC Montréal, Canada: ari.van-assche@hec.ca)

*Technological Focus and Connectivity: Evidence of Newly Industrialized Countries in East Asia*

Ahreum Lee, Temple University  
Eunkyung Park, Aalborg University

Sourcing diverse sets of knowledge globally through co-inventor networks constitutes an opportunity for innovation catch-up for less developed countries. In this paper, we analyze global connectivity of Korea and Taiwan, the two Asian economies that achieved remarkable economic development in a short period of time, in terms of co-inventor network during their catch-up period from 1980 to 2010. Our results suggest that these two countries are not well-connected to the rest of the world when it comes to innovation networks. Further analyses show that, the two countries developed capabilities rapidly by focusing on emerging technologies, which might be the one of the reasons why both countries did not need to source established knowledge through the linkages to the rest of the world. Our results also show that the existence and development of business groups in these countries partly explain the low level of connectedness to the global innovation system. (For more information, please contact: Ahreum Lee, Temple University, USA: ahrerum.lee@temple.edu)
The multinational enterprise (MNE) is the superior form of organization to play arbitrageur of country differences, particularly with respect to high knowledge activities. To this end, extant IB literature has devoted significant efforts to the transfer of knowledge across countries via local embeddedness. However, in a modern business environment characterized by dispersed value chain activities and falling spatial transaction costs, collaborative innovation relationships may be far more complex. In this paper, we argue that the connectedness of inventor networks – rather than knowledge spillovers - may transcend requirements of local embeddedness and serve as a crucial source of new ideas and exploration into new technologies. Further, we posit that these collaborations stem out of locations at the subnational level, such as cities, and fall along the somewhat orthogonal dimensions of foreign and domestic connections. Finally, we argue that the operational footprint of the firm serves as a positive moderator on the impact of connectedness on technological exploration.

(For more information, please contact: Vittoria Giada Scalera, University of Amsterdam, Netherlands: vittoriagiada.scalera@polimi.it)

Does the Structural Hole Brokerage Really Dominate Innovations in a Business Group Network? The Underlying Mechanism of Internationalization and Time Effect

Ying-Yu (Kerri) Chen, National Dong Hwa University
Thi Kieu Trang Do, National Dong Hwa University
Wei-Ren Yao, National Dong Hwa University
Yung-Chih Lien, National Taiwan University
Chin-jung Luan, National Dong Hwa University
Wen-Chiung Chou, Kainan University

Structural holes which play the brokerage role of nonredundant contacts demonstrating information and control benefits have attracted much theoretical attention in enhancing innovations or performance in strategic management. Yet, empirical studies of the benefits that can accrue to business groups’ strategic or economic outcomes remain scarce in the business group and structural holes literature. Conceptualizing the business group as an embedded group network, this study addresses research questions from social network perspective through investigating how the network position, together with the group DOI and the time effect through group development, influences core firms’ innovative outputs. Results from a longitudinal study indicate support for all our predictions. We found that increasing structural holes has a U-shaped effect on innovations. The more internationalization of the group, the richer and diverse information can be accessed by a core firm enriching positive effect on its innovations. As for time-evolving effects, although group’s maturity is beneficial to core firm’s innovations, the growing power and autonomy from its partners may jeopardize core firm’s innovations. Using theoretical lens mainly from structural holes in social network perspective and new Uppsala internationalization theory, this study contributes literatures of structural holes, business group and internationalization. (For more information, please contact: Ying-Yu (Kerri) Chen, National Dong Hwa University, Taiwan: kc615486@gmail.com)

Session: 1.5.9 - Competitive
Track: 7 - MNEs, Governments, and Non-market Strategies

Legal Institutions and International Expansion: New Perspectives and New Contexts

Presented On: June 28, 2016 - 16:15-17:30

Chair: Keun Lee, Hofstra University
Effective European Antitrust: Does ED Merger Policy Generate Deterrence?
Joseph Clougherty, University of Illinois at Urbana-Champaign
Tomaso Duso, DIW Berlin and DICE, Heinrich-Heine University
Miyu Lee, Humboldt University Berlin
Jo Seldeslachts, DIW Berlin, KU Leuven, and Univ. Amsterdam

We estimate the deterrence effects of European Commission (EC) merger policy instruments over the 1990-2009 period. Our empirical results suggest that phase-1 remedies uniquely generate robust deterrence as – unlike phase-1 withdrawals, phase-2 remedies, and preventions – phase-1 remedies lead to fewer merger notifications in subsequent years. Furthermore, the deterrence effects of phase-1 remedies work best in high-concentration industries; i.e., industries where the HHI is above the 0.2 cut-off level employed by the EC. Additionally, we find that phase-1 remedies do not deter clearly pro-competitive mergers, but do deter potentially anti-competitive mergers in high-concentration industries. (For more information, please contact: Joseph Clougherty, University of Illinois at Urbana-Champaign, USA: jaclough@illinois.edu)

Dealing with Institutional Entry Barriers: How Does Antidumping Protection Impact the Scope of the Firm
Lin Zhang, Peking University
Changqi Wu, Peking University

This study draws on the institution-based view to examine the impact of antidumping protection on the scope of foreign exporters. By utilizing the cases of antidumping protection by the United States against Chinese exporters, our difference-in-difference analysis indicates a “channeling effect” of antidumping protection which makes exporters to channel their exports to the unaffected product and geographic markets. Further, we find that the channeling effect is conditional on the size and the breadth of prior experience of exporters. Our findings contribute to the literature by stressing the impact of institutional entry barriers and its contingencies on the strategic choice of MNEs. (For more information, please contact: Lin Zhang, Peking University, China: zhanglin_cnbj@163.com)

International Standards Certification and Exports from Developing Country Firms
Leo Sleuwaegen, KU Leuven
Micheline Goedhuys, UNI/MERIT

This paper measures the impact of International Standards Certification (ISC) on the export participation and export scale of firms in developing or transition countries. The data cover a large set of manufacturing firms based in 89 developing and transition countries, and the results show that certified firms are more likely to export, and to export on a larger scale. The impact of ISC runs through two channels: productivity and transaction cost economies. We show that certification plays an important role in bringing down transaction costs in international markets, while also maintaining and raising efficiency. This finding is reinforced by additional evidence, suggesting that ISC matters more for the export participation of domestic firms than for foreign firms and is of greater importance for firms based in countries with less-developed institutional support for business. Our findings have important bearings for export strategy models and the associated expansion processes in foreign markets. (For more information, please contact: Leo Sleuwaegen, KU Leuven, Belgium: leo.sleuwaegen@kuleuven.be)

Institutional Origins of WOFs Formal Contracting: A Judicial Arbitrariness Perspective
George White, Old Dominion University
Thomas Weber, University of Southern Indiana
Kaveh Moghaddam, University of Houston-Victoria
Thomas Hemphill, University of Michigan-Flint
In drawing from organizational imprinting and the institution-based view, this study provides new insights concerning how the interaction between home country and host country firm-level institutional factors influence wholly owned foreign subsidiary (WOFS) formal contracting practices in an emerging market environment. Our analysis of 171 WOFSSs operating in the Philippines suggests that parent home country uncertainty avoidance, as an organizationally imprinted norm, is positively related to WOFS utilization of formal contracts in governing interorganizational relationships. Our results also reveal that perceived local judicial arbitrariness directly influences formal contract utilization and diminishes the positive relationship between parent home country uncertainty avoidance and WOFS formal contract utilization. Furthermore, we find that, when compared to perceived national judicial arbitrariness, perceived local judicial arbitrariness will exhibit a stronger negative direct and indirect influence on WOFS formal contract utilization. Implications and future research directions are discussed. (For more information, please contact: George White, Old Dominion University, USA: gowhite@odu.edu)

Session: 1.5.10 - Competitive
Track: 8 - International Entrepreneurship, SMEs and Born Globals

Challenges of Internationalization

Presented On: June 28, 2016 - 16:15-17:30

Chair: Luciano Ciravegna, King's College London

Individual International Entrepreneurial Orientation: Construct Definition And Measurement
Daniel Richard Clark, Indiana University

To further understanding of international venturing by entrepreneurs there is a need for an individual level measure of the entrepreneurial tendency to internationalize. The present study uses the international entrepreneurial orientation model from the literature and adapts it from a firm level measure examining retrospective behavior, to an attitudinally-based individual-level prospective measure. To ensure the validity and reliability of the new measure, termed individual international entrepreneurial orientation (IIEO), three studies were conducted: develop new scale items, examine their psychometric properties and construct validity, and demonstrate criterion validity. IIEO is herein shown to be a strong model using structural equation modeling (CFI =.95, RMSEA =.07), and through regression analysis using hierarchical linear modeling IIEO is shown to moderate the relationship between opportunity value and an entrepreneur’s likelihood to internationalize their business. (For more information, please contact: Daniel Richard Clark, Indiana University, USA: drc2@indiana.edu)

International Opportunity Recognition and Innovation: The Role of Cultural Intelligence
Melanie Lorenz, University of Alabama
R. Glenn Richey, Auburn University
Jase Ramsey, Saint Louis University

While previous international entrepreneurship research has suggested a wide variety of innovation-inducing factors, it has neglected the role of cultural competencies that expatriates may use during an international encounter. In this study, we suggest that expatriates high in cultural intelligence are able to recognize opportunities that lead to innovation. Specifically, expatriates that can both recognize and understand cross-cultural differences are able to leverage these skills in order to discover opportunities in an international environment. We contribute to previous international entrepreneurship research by extending the role of the expatriate beyond that of knowledge brokerage to one of opportunity recognition. (For more information, please contact: Melanie Lorenz, University of Alabama, USA: mlorenz@crimson.ua.edu)
What are the Antecedents of an Early Internationalization?
Olli Kuivalainen, Lappeenranta University of Technology
Sumit K. Kundu, Florida International University
Luis E. Lopez, INCAE

The literature on international business and international entrepreneurship provide multiple explanations for early internationalization. Using fuzzy set Qualitative Comparative Analysis, this study examines the antecedents of early internationalization for firms based in a small economy, focusing on entrepreneurs' attitudes to the economic opportunities available in their domestic market, the risk of internationalizing and the profitability of entering foreign markets. Three additional antecedents are examined: unsolicited orders, existence of underutilized capacity and the behavior of competitors. The study uncovers three distinct complex combinations of antecedents that lead to early internationalization, contributing to the literature through a multi-causal, configurational approach. (For more information, please contact: Olli Kuivalainen, Lappeenranta University of Technology, Finland: olli.kuivalainen@lut.fi)

Session: 1.5.12 - Interactive

Global HRM

Presented On: June 28, 2016 - 16:15-17:30

Chair: Allan Bird, Northeastern University

The Anthropological Comparative Method as a Means of Analysing and Solving Pressing Issues in Global HRM
Fiona Moore, Royal Holloway University of London
Mary Yoko Brannen, University of Victoria

This paper considers the actual and potential uses of the “comparative method”, as employed in anthropology, for analysing issues in international human resource management. While it is generally agreed that qualitative data and analysis has much to offer the study of people management in organisations, one key barrier to its use in IB is the lack of generalisibility. A solution to this issue is to look to other disciplines which do make successful use of qualitative data; the anthropological comparative method is here postulated as a way of generating usable conclusions from qualitative data without generalising. This postulate is then applied to a practical case study, that of cross-cultural management in retail MNC Tesco Plc, in which the company's Asian and British operations were studied by in-house ethnographers using the comparative method, in order to determine the "Essence of Tesco". In light of the results of the project, we consider the wider applicability of this method for HRM policy and practice. (For more information, please contact: Fiona Moore, Royal Holloway University of London, United Kingdom: fiona.moore@rhul.ac.uk)

High Performance Work Systems and Organizational Performance: Examining the Impact of Societal Culture in a Cross-National Study
Ali Dastmalchian, Simon Fraser University
Nicholas Bacon, City University of London
Paul Blyton, Cardiff University
Secil Bayraktar, Ozyegin University
Claudia Steinke, University of Lethbridge
Pinar Imer, Kadir Has University
Nicola McNeil, La Trobe University
Werner Auer-Rizzi, Johannes Kepler Universität
This paper examines the impact of societal culture on the adoption of high performance work systems (HPWS), and explores the impact of societal culture on the relationships between HPWS and a broad range of organizational performance outcomes. Using the ‘ability-motivation-opportunity’ (AMO) model, HPWS are considered in terms of its three dimensions. Using GLOBE project, the study includes Power Distance, Institutional Collectivism and In-Group Collectivism practices to measure societal culture. Drawing on large scale field data from 387 organizations from 14 countries involving matched employer-employee data, the findings show that skill, motivation and opportunity enhancing systems and practices do relate to organizational behavioural and business outcomes. The results further suggest that that Power Distance, Institutional and In-Group Collectivism aspects of societal culture’s practices moderate the relationships between HR systems and performance outcomes. (For more information, please contact: Ali Dastmalchian, Simon Fraser University, Canada: dastmalc@sfu.ca)

**Indigenization of Staffing in MNEs: The Case of Saudi Arabia**

Satwinder Singh, Brunel University
Tamer Darwish, University of Gloucestershire
Geoffrey Wood, University of Essex
Abdullah Alanezi, Institute of Public Administration

Within the Gulf States, the uneven and volatile nature of growth, and fears of instability have impelled a renewed emphasis on indigenization, and reducing reliance on foreign labour. In this article, we explore the uneven progress of indigenization drives in Saudi Arabia, and the reasons why it has proven so difficult to make headway, based on a firm level survey. We found that relative dependence of firms on government did not necessarily make for greater local advancement; rather close government ties may enable firms to reach accommodations or trade offs with key officials. However, advancement was most pronounced in the oil and gas industry, either because there were simply more opportunities for new job creation there and/or because it would be most likely to attract the attention of rent seeking officials seeking opportunities for clan members or other clients. What the findings point to is that a single set of national regulations yielded very divergent outcomes, reflecting the extent to which firms and other actors may devise their own solutions and reach local accommodations in coping with a particular national challenge. The outcomes are practices that are not necessarily aligned to formal regulations (or how firms perceive them), but represent the most viable path under the circumstances. Indeed, firms may resort to a coping mode, adjusting what they do in response to the not always predictable demands of the law and local power holders. (For more information, please contact: Satwinder Singh, Brunel University, United Kingdom: satwinder.singh@brunel.ac.uk)
Recruitment and Training Strategies of US and German Subsidiaries Abroad - Evidence from Switzerland

Benno Koch, University of Munich
Samuel Muehlemann, University of Munich

There is still an ongoing debate in the literature about the influence of headquarters on their subsidiaries located abroad. Using Swiss establishment-level data, we investigate the importance of alternative human resource (HR) strategies for US and German subsidiaries of multinational companies (MNCs) compared to domestic firms. Our results show that US subsidiaries find it more important to recruit university graduates and dropouts, whereas German subsidiaries find it more important to recruit skilled workers with a vocational qualification from the external labor markets. However, while (small) foreign subsidiaries are less likely to assign a high importance on dual apprenticeship training compared to domestic firms, we do not find statistically significant differences between US and German subsidiaries. Nonetheless, both domestic firms and foreign subsidiaries assign a higher importance of apprenticeship training when they find it difficult to find suitable skilled workers on the external labor market. Our findings suggest that HR strategies depend on a number of different factors, including the labor market environment, and a firm's wage policy, and other firm characteristics such as competitiveness, innovation, and the efficiency of production processes. (For more information, please contact: Benno Koch, University of Munich, Germany: koch@bwl.lmu.de)

About the Multinationals Influence in Austria and Three CEE Countries in the Field of Human Resource Management: An Exploratory Qualitative Study in Four Countries

Barbara Covarrubias Venegas, FHWien University of Applied Sciences
Katharina Thill, FHWien University of Applied Sciences
Julia Domnanovich, FHWien University of Applied Sciences
József Poór, Szent István University

Multinational Corporations are considered to be the driving force when it comes to innovation and internationalization of business. The contribution of this paper is to examine if multinational corporations do really shape the HR in a field by providing local HR entities with innovative instruments and structures. Qualitative interviews with HR managers of subsidiaries in Austria, Hungary, Czech Republic and Slovakia have been conducted. This preliminary analysis shows, in accordance with the literature, that HR work in the subsidiaries is shifting from a rather administrative role to being a strategic contributor to business success, often being described as innovative HR work. Subsidiaries from MNCs usually can be described as using more innovative HR tools than local HR departments, as the respective headquarter stipulates explicitly (sometimes even insist) what HR instruments to use. This sometimes poses the challenge of how adapting those to the national context. (For more information, please contact: Barbara Covarrubias Venegas, FHWien University of Applied Sciences, Austria: barbara.covarrubias@fh-wien.ac.at)

When Returnees Meet Commitment-Based HRM and Power Culture: How Do They Interactively Influence Organizational Innovation of Chinese MNEs?

Xiaoxi Chang, Rey Juan Carlos University
Chenxi Wang, Renmin University of China
Yu Zhou, Renmin University of China
Carmen de Pablos Heredero, Rey Juan Carlos University
Yufeng Zou, Utrecht University

This study examines the interactive mechanisms of commitment-based HRM system and power culture on organizational innovation, particularly with embeddedness of returnee talent in MNEs of emerging countries (EMNEs). By employing a multi-source design and surveying 124 MNEs in China, we explored the differential interact effect of commitment-based HRM system, power distance and returnees on new product development (NPD) and commercialization, which are the two stages of innovation. It was found that when the intensity of returnees becomes higher in EMNEs, low power distance and high usage of commitment-based HRM system can promote new product development, but inhibit commercialization. However, high power distance and high
usage of commitment-based HRM system may inhibit NPD, but improve commercialization. These findings contribute an interdisciplinary perspective on contingent international HRM, returnee-focused global knowledge spillover and organizational innovation in EMNEs context. (For more information, please contact: Chenxi Wang, Renmin University of China, China: wangchenxi@ruc.edu.cn)

The Fit between Organizational and Individual Drivers for Knowledge Sharing: A Multilevel Approach
Angels Dasi, University of Valencia
Torben Pedersen, Bocconi University
Paul Gooderham, Norwegian School of Economics, Bergen

The starting point of this paper was the AMO-framework for predicting individual’s knowledge sharing across departments. An important step forward is to acknowledge the multilevel nature of the AMO-framework as the Ability and Motivation obviously is related to individuals, while the Opportunity is associated with the organizational level. This recognition of the multilevel nature of the AMO-factors opens up for a deeper understanding of the interplay between these factors. Our proposal goes beyond previous models that have adopted a “more is better” approach where the level of the three dimensions determined the level of knowledge sharing. Instead, by introducing a multilevel perspective we highlight that the fact that the individual heterogeneity affects the effectiveness of organizational opportunities and opens the floor for analysing which mechanisms affect the interaction between the two levels. (For more information, please contact: Angels Dasi, University of Valencia, Spain: angels.dasi@uv.es)

Boundary Spanners or Routines? -Toward a Comparative Perspective on Subsidiary Staffing Strategy
Chun-Ping Yeh, National Taiwan University

The extant expatriation literature provides limited empirical evidences to how different subsidiary staffing strategies will determine the subsidiary structures and thereafter influence the subsidiary performances. Besides, the validity and reliability of the popular typology of subsidiary staffing strategy are barely examined. To fill these gaps, I, from the comparative perspective, design and test a synthesis model with a sample set of 1120 outbound FDI cases of Taiwan from 2012 to 2013, and find that: (1) different subsidiary staffing strategies determine different subsidiary governance structure in different cultural and institutional contexts; (2) ethnocentric MNCs rely more on social control via boundary spanners whereas polycentric MNCs implement more bureaucratic control via structure-embedded routines for the subsidiary governance; (3) ethnocentric MNCs will rely more on social control than bureaucratic control when CD increases; (4) the expatriation delivers an inverted sigmoid effect on the subsidiary performance whereas the subsidiary organizational complexity renders an inverted U-shape effect; (5) expatriation and subsidiary organization complexity are in a conflicting position which one will offset the positive effect on the subsidiary performance from the other, implying that the top management of MNCs needs to keep boundary spanners, i.e., social control, and routines, i.e., bureaucratic control, in optimal balance. (6) External uncertainty, i.e., CD and institutional voids, is more critical than internal uncertainty, i.e., employees’ agency problem and opportunism, to the staffing strategies and subsidiary organizational structures of MNCs who have highly dependency on local contexts by nature. (For more information, please contact: Chun-Ping Yeh, National Taiwan University, Taiwan: d01724007@ntu.edu.tw)
Global Value Chains

Presented On: June 28, 2016 - 16:15-17:30

Chair: Stephan Manning, University of Massachusetts Boston

The Impact of Operational Flexibility and Cultural Diversity on MNC Subsidiary Divestment

Seung-Hyun Lee, University of Texas at Dallas
HoWook Shin, University of Texas at Dallas
Jeoung Yul Lee, Hongik University/Leeds University Business School

While prior literature on MNC operational flexibility rarely examines difficulties in production shifts among subsidiaries other than foreign exchange rate changes, the reality is that other factors such as cultural differences are real. We fill this gap by adding cultural differences as a real factor in a multinational corporation’s (MNC) operational flexibility, examining how operational flexibility and cultural diversity affect the likelihood of an MNC’s foreign subsidiary divestment. We argue that while host country economic downturn is positively associated with the likelihood of an MNC’s foreign subsidiary divestment, the MNC’s operational flexibility and cultural diversity can either independently or jointly weaken this positive association. We find support for our arguments using a panel data of 511 Korean MNCs and event history analysis. (For more information, please contact: Jeoung Yul Lee, Hongik University/Leeds University Business School, Korea, South: 7consensus@gmail.com)

A Process-Based View of the Integration-Responsiveness Framework

Steffen Wuetz, University of St. Gallen
Joerg S. Hofstetter, University of St. Gallen
Anthony Goerzen, Queen's University

There is a change in multinational company (MNC) organization. While value-adding activities are traditionally organized within business functions (e.g., marketing), an increasing number of firms structure these activities along cross-functional business processes (e.g., order fulfillment). Since having implemented business processes as another organizational layer in their subsidiaries, the MNC is confronted with the decision to globally integrate these numerous business processes or to organize them locally responsive. However, the integration-responsiveness framework pays little attention on business processes. Whereas previous research has determined the degree of integration of subsidiaries in general, or of specific business functions, we are taking another view by looking at the MNC as a collection of business processes. We first incorporate the process-based view into the integration-responsiveness framework. The concept is then used to explain how business processes determine global integration and local responsiveness of subsidiaries within MNCs in global environments. A sample of 88 MNCs provides evidence that firms globally integrate some business processes, while other business processes are rather locally responsive. The empirical results suggest that academics and practitioners can base their international strategy considerations also on a process-based view of the integration-responsiveness framework to be synchronized with todays MNC organization in more detail. (For more information, please contact: Steffen Wuetz, University of St. Gallen, Switzerland: steffen.wuetz@unisg.ch)
A Balance between Global Integration and Local Responsiveness of Business Processes  
Steffen Wuetz, University of St. Gallen  
Joerg S. Hofstetter, University of St. Gallen  
Anthony Goerzen, Queen's University

An increasing number of firms implement business processes in their subsidiaries to structure activities of business functions along the value chain. But since multinational companies (MNCs) have implemented this alternative organizational layer in their subsidiaries, the management is confronted with the challenge to globally integrate these processes or organize them locally responsive. We applied a process-based view of the integration responsiveness framework to derive and test the effects of five exogenous pressures on the degree of global integration of business processes. A sample of 309 business processes of 98 MNCs shows that customer markets, supplier markets, regulation and innovation facilitate the degree of global integration of business processes. But a multiple linear regression analysis provides evidence that customer markets and innovation being the dominant pressures. While we tested established pressures from a process-based view, we also verified supplier markets as another pressure so far not sufficiently analyzed in the integration-responsiveness framework. We suggest that the results of this paper help to further develop the integration-responsiveness framework to be synchronized with today's managerial challenges. Also the results can support MNCs to identify their appropriate balance between global integration and local responsiveness of business processes. (For more information, please contact: Steffen Wuetz, University of St. Gallen, Switzerland: steffen.wuetz@unisg.ch)

Biomedical Manufacturing Location: Assessing Offshoring and Reshoring Decisions  
Gregory Theyel, California State University, East Bay

Biomedical companies are revisiting their manufacturing location decisions after decades of sending their production to lower-cost locations outside of their home country. This paper explores manufacturing location decision-making in the biomedical industry, and asks which factors are most important when biomedical companies make decisions about their manufacturing location, and how do these factors relate to companies’ manufacturing offshore and reshore decisions. This paper begins with a review of recent research on manufacturing location decision-making and presents survey data analysis from biomedical companies. The factors affecting manufacturing location decisions most are being able to hire people with needed capabilities, labor costs, proximity to research and development, and being able to integrate manufacturing with other business activities. Being close to research and development and being able to integrate manufacturing with other business activities are related to the percentage of manufacturing biomedical companies brought back to the US over the past three years. The implications of this research are that biomedical companies need to assess their specific market and competitive context in order to make better manufacturing location decisions that consider total cost and strategic positioning. (For more information, please contact: Gregory Theyel, California State University, East Bay, USA: gregory.theyel@csueastbay.edu)

On the Efficiency of Internationalisation: How Do Firms Perceive Barriers to Direct Investment Abroad?  
Miguel Matos Torres, University of Leeds

This paper presents a framework to better understand how firms perceive and overcome the barriers undertaking direct investment abroad (BDIAs). International business (IB) and strategic management literature highlight the differences between home and host countries, managerial perceptions and decisions of firms when they investing abroad, but is still lacking theories arrived through logic or observation. These would enable us to discern how in-house endowments, market power, and distance, either literal or figurative between home/host countries affect firms’ perception of barriers; and how these elements together with public policy are successful in overcoming the internationalisation difficulties of firms. Analysing a sample of foreign expansions by Portuguese companies, undertaken during 15 years, our results suggest that the in-house endowments have a negative impact on firms’ perception of barriers. In contrast, we found that both market power and differences between home and host countries have a positive impact on perception of barriers. In fact, the environment is
framed by official actions of both home and host countries, e.g., when public support incentives are available to promote and/or to attract direct investment, the perception is that the barriers is not as high as could be expected. These incentives are supposedly applied to overcome the barriers that firms might face when they are going abroad, therefore, we would expect that public incentives were more utilised when barriers are strongly perceived. However, this is not the case. There is a lack of empirical evidence that governmental support results in a lowering of barriers, despite the widespread belief that it should have this effect. (For more information, please contact: Miguel Matos Torres, University of Leeds, United Kingdom: busmto@leeds.ac.uk)

**Sustainable Supply Chain Management: A Network Based Empirical Analysis**
Bruno de Goes, Temple University
Jose-Mauricio Geleilate, Florida International University
Ronaldo Parente, Florida International University

This study empirically tests new conceptual developments in the emerging field of Sustainable Supply Chain Management (SSCM). It develops a set of testable hypotheses regarding whether stakeholder exposure plays a significant role in a firm's social and environmental sustainability (SES) performance, whether a firm’s resource dominance or dependence determines its effectiveness in propagating SES in its network, and finally, how different levels of resource dominance and their hypothesized SES propagation strategies relate to their actual SES propagation performance. Its contributions to SSCM literature lie on the validation of new theoretical SSCM concepts, and by adopting a large-scale multi-tier network approach to the study of SSCM. (For more information, please contact: Bruno de Goes, Temple University, USA: degoes.bruno@temple.edu)

**Session: 1.5.14 - Interactive**
**Track: 12 - International Economics, Finance and Accounting**

**New Insights on International Corporate Governance**

**Presented On:** June 28, 2016 - 16:15-17:30

Chair: Agnieszka Chidlow, University of Birmingham

*Inter Linked or Not: A Case-Study Assessment of the Business Evaluation Process in M&As*
Agnieszka Chidlow, University of Birmingham
Ibne Hassan, UHY Hassan Naeem & Co
Pervez N. Ghauri, University of Birmingham

Merger and Acquisitions have been on the rise since the last three decades and as such have attracted considerable attention from the research community. Conclusions drawn by the existing studies indicate that such transactions do not result in a better performance, they erode acquiring firm’s shareholders value, and also produce highly volatile market returns. A number of studies have analysed reasons for such inefficiencies and pointed out to several factors behind them. However, to our knowledge, very little attention has been given to the business evaluation process as an influencing factor. Therefore, by providing a holistic view, the aim of this work is to investigate how the components involved in the business evaluation process influence the outcome of merger and acquisitions. Overall, the findings reveal that strictly controlled and inter-linked components relating to the business evaluation process have a significant impact on the outcome of the cross-border transactions. Further, the results also point out that such components can ensure a much better chance of the success of the merger and acquisition. (For more information, please contact: Agnieszka Chidlow, University of Birmingham, United Kingdom: a.chidlow@bham.ac.uk)
Disaggregated CSR Measures, Time Preferences and Cost of Equity
Astrid Juliane Salzmann, RWTH Aachen University
Wolfgang Breuer, RWTH Aachen University
David Johannes Rosenbach, RWTH Aachen University

Based on a large international sample, we evaluate how time preferences relate to both, manage-rial tendency towards implementing individual CSR activities and corresponding assessment by taste-driven investors revealed by a firm’s cost of equity. First, depending on the prevailing time preferences in a particular society, executives acting in the interest of their investors implement different compilations of individual CSR activities depending on investors’ time preferences. Second, investors are only willing to sacrifice expected returns when CSR activities are in line with their temporal orientation. We ensure that our findings are robust to alternative variable definitions, a range of control variables, different sample compositions, and various methodo-logical specifications. Moreover, we employ two different measures for time preferences: coun-try-averages of long-term discount factors from Wang et al. (2016) and country-averages of the dimension of long-term orientation from Hofstede et al. (2010). In doing so, we extend scarce academic research on the importance of time preferences for corporate decision-making, as our evidence yields strong support that CSR activities need to comply with the national environment. (For more information, please contact: Astrid Juliane Salzmann, RWTH Aachen University, Germany: astrid.salzmann@bfw.rwth-aachen.de)

Market for Corporate Control, Global Integration, and Structuring the Board for Monitoring: A Multi-Country Investigation
Young Un Kim, University of Nottingham Ningbo
Salih Zeki Ozdemir, University of South Wales

No abstract available. (For more information, please contact: Young Un Kim, University of Nottingham Ningbo, China: youngun.kim@nottingham.edu.cn)

Efficiency Analysis of ‘Good’ Governance Policies in Addressing the Principal-Principal Conflict
Sabrina Ferdous Saleh, University of South Carolina
Marc van Essen, University of St. Gallen
Tatiana Kostova, University of South Carolina

Are the commonly recommended ‘good’ governance policies capable of addressing the Principal-Principal (Type II agency) conflict? A thorough investigation in this regard is necessary in the Corporate Governance (CG) research. Proponents of Convergence view of CG believe in the universality of a set of ‘good’ governance policies. They suggest that the recommended internal and external institutions are effective in addressing general agency conflicts in different forms of firms embedded within different contexts. Proponents of Embedded view of CG, on the contrary, express serious concerns regarding such universality assumption. They argue that the standardized approach is not actor and problem specific as the nature of firms’ agency conflicts and the contexts where various firms are embedded within vary substantially across economies. To conduct efficiency analysis of the suggested CG policies within the closely-held firms from Europe, Asia, and Latin America, we will develop alternative sets of hypotheses applying the Convergence versus Embedded views. Both the views present their arguments on the basis of policy alignment of the internal institutions in reducing the Type II Agency conflict and incorporate the local institutional and global contexts for analyzing the moderating influence of the external institutions; their theoretical insights, however, generate diverse inferences. (For more information, please contact: Sabrina Ferdous Saleh, University of South Carolina, USA: sabrina.saleh@grad.moore.sc.edu)

CEO Compensation, Asymmetry and Macroeconomic Fluctuations in Risk Taking Incentives
Clas Wihlborg, Chapman University
Jianhua Zhang, University of Goteborg
We analyze incentives of CEOs to exert effort in response to relative and macroeconomic shocks. A simple model is developed to identify factors that determine the optimal allocation of effort to respond to these kinds of shocks that differ in terms of volatility, serial correlation and ability of managers to exploit to improve performance. If managers are risk-averse and compensation schemes are not directly linked to shareholder wealth, incentives to allocate effort in response to relative and macroeconomic shocks may be distorted. In the empirical analysis we ask how CEO compensation and, thereby, incentives depend on relative and macroeconomic shocks. The asymmetry in compensation to response to positive and negative shocks is also analyzed in order to evaluate whether managers obtain a degree of protection against negative shocks. CEO’s firm-related wealth is used as an alternative to total annual compensation in the analysis of incentives of US CEOs during the period 1993-2012. The empirical results show that macroeconomic fluctuations explain a large part of the variances of compensation and firm-related wealth. We find only weak evidence of asymmetric incentives in both variables. Thus, if managers are risk-averse, their incentives to reduce the impact of macroeconomic fluctuations are strong and possibly excessive. We conclude that the role of macroeconomic fluctuations and the ability of the CEO to adjust operations in response to these fluctuations should be considered when designing individual CEO compensation schemes. (For more information, please contact: Clas Wihlborg, Chapman University, USA: wihlborg@chapman.edu)

Session: 1.5.15 - Interactive
Track: 9 - Emerging Markets: Institutional Voids and Beyond

Acquisition, Alliance, and Exporting Practices in Emerging Markets

Presented On: June 28, 2016 - 16:15-17:30

Chair: Arvind Parkhe, Temple University

Minority Equity Alliances and Outcome Dynamics: A Study of Why and When Chinese Firms Increase Their Stakes

Jie Wu, University of Macau
Matthew John Robson, University of Leeds

This study focuses on understanding alliance outcome dynamics by examining why and when focal, investing firms increase their stakes in minority equity alliances. In line with the strategic alliance instability literature, we argue that focal firms increasing their stakes in minority equity alliances is an objective indication of alliance performance. Stake increases also reflect guanxi utilization and, as such, we adopt a theory of multi-level institutional, organizational, and strategic factors that drive outcome dynamics of these alliances. Our analyses of longitudinal data, capturing ten years of minority equity alliance activities, show that these alliances have higher performance outcomes when: from the institutional domain, the partner firm has a highly concentrated TMT stock share and is from an institutionally developed region, and the focal firm has lower network brokerage; from the organizational domain, the focal and partner firms have higher knowledge-based stocks, and the equity alliance and focal and partner firms are younger; and from the strategic domain, the focal firm has higher strategic variation. The results offer fresh implications for the study of strategic alliances in emerging market (guanxi) networks—which has neglected the pragmatically relevant case of minority equity alliances—and for the subfield of alliance ownership instabilities. (For more information, please contact: Matthew John Robson, University of Leeds, United Kingdom: mjro@lubs.leeds.ac.uk)

Re-Using Uppsala Lens in Cross-Border M&As of Emerging Market: Challenging the Springboard Perspective

Manish Popli, Indian Institute of Management, Indore
The leading role of Emerging Market (EM) firms in international M&As challenges the paradigms in International Business (IB) literature, giving ground for academics to introduce new concepts and new conceptualizations. In a different direction, the present paper looks upon this new phenomenon through the reassessment of established theories, aiming to find the commonalities and idiosyncrasies in the internationalization pattern of Emerging Market (EM) firms. Specifically, we claim that EM firms may not consider higher equity entry modes of internationalization as risky. An exploratory qualitative analysis of multiple-case studies was undertaken based on archival data and supported by interviews in four large firms of India. From the analysis, a set of propositions was developed, suggesting that EM firms do follow a risk-management approach in their cross-border M&As, such as outlined in the risk-mitigating perspective of original Uppsala model (U-model). *(For more information, please contact: Manish Popli, Indian Institute of Management, Indore, India: manishp@iimidr.ac.in)*

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**Emerging Economy Firms and Speed of International Venturing**  
Vikas Kumar, University of Sydney  
Ajai Gaur, Rutgers University  
Manish Popli, Indian Institute of Management, Indore

Internationalization is recognized as a key strategic entrepreneurial action. This paper contributes to our understanding of international venturing by examining the speed with which firms conduct their first cross-border acquisition (CBA). Our findings encompassing emerging economy firms (27,058 Indian firms over 21 years from 1991 to 2011) suggest that younger firms are more likely to pursue aggressive internationalization through CBAs. Furthermore, we find support for the moderating impact of industry characteristics and business group affiliation on the relationship between firm age and the speed to internationalize through CBAs. *(For more information, please contact: Vikas Kumar, University of Sydney, Australia: vikas.kumar@sydney.edu.au)*

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**A Link between the Acculturation Process and Project Management Maturity Model (PMMM) in a Cross-Border M&A: A Case Study of an Acquisition of a Brazilian Firm in the Automobile Industry**  
Bruno de Oliveira Carvalho, Fanor - Devry Brazil  
Mario Henrique Ogasavara, ESPM

A number of firms in the automobile sector have adopting the Merger and Acquisition (M&A) strategy to improve their competitiveness. Towards this trend, this study aims at analyzing the relationship between modes of post-acquisition acculturation based on Nahavandi and Malekzadeh’s (1988) framework, and the project team maturity according to Holmes and Walsh's (2005) model. This paper is based on a case study of a Brazilian automotive industry acquired by a multinational enterprise from a developed market. This is a qualitative research based on a grounded theory. The data analysis showed differences between the modes of acculturation perceived by the acquired and the acquirer, and the existence of a gap between the maturity of the project team from both companies. This analysis revealed a direct relationship between mode of acculturation and maturity of the project team, which is one of the factors that drive the evolution of project management practices within the company. By recognizing this relationship, this research proposes and elucidates a framework that relates the mode of post-acquisition acculturation to the maturity of the project team. For managerial implications, this framework is useful for post-acquisition companies to understand good practices that the project team is able to go. *(For more information, please contact: Bruno de Oliveira Carvalho, Fanor - Devry Brazil, Brazil: brunodeoliveiracarvalho@hotmail.com)*
Management Practices and Export Behavior in a Transnational Context: Cross Country Evidence From Large Countries

Elena Beleska-Spasova, University of Reading
James T. Walker, University of Reading

In this study we investigate the role of a relatively novel type of firm specific competencies, management practices, in the firm’s propensity to export as well as its ability to grow its exporting activities in four developed nations - the US, UK, Germany and France – and three emerging markets – China, India and Brazil. We uncover considerable heterogeneity in the effects of managerial practices both within and between the developed and emerging countries examined. We provide a theoretical underpinning to management practices by arguing them to be capabilities derived from more process-based routines. We also show that ownership influences have differential impacts on firm’s propensity to export and its impact. The findings make novel contributions to the exporting literature by investigating a novel type of firm-specific competency based on a rigorous management quality survey data. They also illustrate substantive contextual differences exist in the relationship between management practice and exports largely between countries, but also between varieties of capitalism. (For more information, please contact: Elena Beleska-Spasova, University of Reading, United Kingdom: e.beleska-spasova@henley.ac.uk)

Knowledge-Sharing Network Intermediary: Explaining Ties with Industry Associations and Firms’ Export Behaviors in an Emerging Market

Yonglong Zhou, Peking University

In this study, we examine the relationship between firms’ ties with industry associations and their export behaviors in an emerging market. Because industry associations sit at the intersection of many firms, organizations and industries, they fulfill a network intermediary role for participating firms by serving as a repository of knowledge and by reducing search costs. We propose that firms’ ties with industry associations enable them to plug into these networks and contribute to their export behaviors. Moreover, we argue that the positive relationship between firms’ ties with industry associations and their export behaviors will become weaker when firms own political ties. Meanwhile, this positive relationship is weaker when the level of institutional development is lower. Based upon the analysis of survey data collected from Chinese private firms in 2008 and 2010, our results support these arguments. (For more information, please contact: Yonglong Zhou, Peking University, China: zhoyonglong@pku.edu.cn)

An Institutional Approach to Reference Group Selection of Foreign Entrants in the Least Developed Countries

Jooyoung Kwak, Yonsei University
Jisun Yu, Concordia University
In Sik Shin, Yonsei University

This paper examines reference group selection and the mimetic behaviors of foreign entrants in the least developed countries. We present the findings of a case study of four Korean construction firms in Africa from 2001 to 2013. Using interview data and archival sources, we explore the process of local isomorphism through which a foreign entrant becomes isomorphic to others over time in an attempt to overcome the liability of foreignness, encountering rapidly growing business opportunities in the host market. The paper finds that when foreign firms search new reference group in the least developed countries, the institutional distance between a reference country and a host market as well as the institutional distance between a reference country and an imitator country are equally important in selecting a reference group. After selection of reference group, firms began to imitate the organizational practices of the reference groups and, consequently, between-group differences were visibly observed in bidding behavior, profit-seeking strategy, technology type, or location choice. Unlike the existing literature, local firms or earlier entrants from the home country could not serve as a reference group due to the contextual constraints of the least developed countries. (For more information, please contact: Jooyoung Kwak, Yonsei University, Korea, South: jooyoung.kwak@yonsei.ac.kr)
TOWNHALLS

Session: 1.6.2 - Townhall

Meet the Expert: Building Research on Reverse Innovation

Presented On: June 28, 2016 - 17:45-18:45

Moderated by:
  Vijay Govindarajan, Dartmouth College
  Ravi Ramamurti, Northeastern University

This townhall provides an opportunity for scholars pursuing research on innovation in emerging markets and tracking the innovation trajectories from emerging markets to developed markets. It is an opportunity for informal interactions with Professor Govindarajan, who will share about his journey into Reverse Innovation. The interactions will focus on building some new ideas to advance the paradigm and integrate it to scholarship on MNE innovation. (For more information, please contact: Ravi Ramamurti, Northeastern University, USA: r.ramamurti@neu.edu)

Session: 1.6.3 - Townhall

Meet the Expert: Building Case Research Expertise

Presented On: June 28, 2016 - 17:45-18:45

Moderated by:
  Kathleen M. Eisenhardt, Stanford University
  Catherine Welch, University of Sydney

This townhall provides an opportunity for informal interactions with a renowned case methodologist, Professor Kathy Eisenhardt. Kathy will share about his journey into case research and her insights on the changing nature of case research and its relevance for advancing the new problems that are emerging in international business. The townhall will be an interesting forum to gather Kathy’s insights on the growing sophistication in case research and how scholars can build their repertoire in this field. (For more information, please contact: Catherine Welch, University of Sydney, Australia: catherine.welch@sydney.edu.au)

Session: 1.6.4 - Townhall

Where does AIB Stand on Diversity and Inclusion?

Presented On: June 28, 2016 - 17:45-18:45

Moderated by:
  Rosalie L. Tung, Simon Fraser University
  Masaaki Kotabe, Temple University
  Tomas Hult, Michigan State University

In this townhall, select AIB Board Members will join with AIB members-at-large to examine and discuss the results of the diversity survey that AIB conducted in late 2015. The focal aim of the survey was to gauge the
extent to which AIB members feel included in AIB, the Organization and/or AIB Chapters to which they belong; their perception of barriers to full participation and contribution to the Organization or Chapters; and suggestions for improvement. The aim of the townhall is to facilitate 2-way communication between the Board and AIB members on how AIB can better services the needs of the members and engender greater inclusivity in our organization. (For more information, please contact: Rosalie L. Tung, Simon Fraser University, Canada: tung@sfu.ca)

Session: 1.6.5 - Townhall

The World is Your Classroom: Innovation in Experiential Learning

Presented On: June 28, 2016 - 17:45-18:45

Moderated by:
Page Schindler Buchanan, COO, Global Business School Network
Stacey Kole, University of Chicago
Robert Sicina, American University

Experiential learning is not a new topic, but the demand for courses that provide international experiences has increased globally—and the faculty time required for shaping these innovative programs even more so. As institutions move towards providing more opportunities to work in cross-cultural teams and with diverse clients in far-flung locations, administrators and faculty still need to outline clear learning objectives, rely on strong international partnerships and create evaluation mechanisms that ensure that students are still learning and not just “doing”. This townhall will allow participants to learn about new innovative models that incorporate experiential learning in curricula, and through small group discussions participants will share what pedagogical tools they found to be most effective. Participants will learn more about the role of experiential learning at business schools, the diverse ways institutions are working with the private sector, and the new challenges in developing a pedagogy where the process is just as (if not more) important as the outcome. (For more information, please contact: Page Schindler Buchanan, COO, Global Business School Network, USA: pbuchanan@gbsn.org)

Session: 1.6.6 - Townhall

Best Practices of Incorporating the X-Culture Project in International Business Curriculum

Presented On: June 28, 2016 - 17:45-18:45

Moderated by:
Dawn L. Keig, Whitworth University
Alexander Assouad, Belmont University
Ernesto Tavoletti, University of Macerata
Daniel Rottig, Florida Gulf Coast University
Carri Tolmie, Elon University
Ramya Tarakad Venkateswaran, Indian Institute of Management, Calcutta
Srdan Zdravkovic, Bryant University
Maria Gil del Alcazar, University of North Carolina at Greensboro
Anna Svirina, Kazan National Research Technical University
Secil Bayraktar, Ozyegin University

X-Culture (www.X-Culture.org), launched in 2010, is gaining popularity: over 100 International Business professors from 40 countries take part in this international collaboration project with their 4,000 students every
TUESDAY

Session: 1.6.7 - Townhall

**How the AIB Community Can Best Contribute to the UN's Sustainable Development Goals?**

**Presented On:** June 28, 2016 - 17:45-18:45

**Moderated by:**
- John Raymond Dilyard, St. Francis College
- Yasir Fadol, Qatar University
- Hafiz Mirza, Division on Investment and Enterprise, UNCTAD
- Caroline Witte, Erasmus University Rotterdam

This Townhall meeting will be an open-ended discussion about how the multidisciplinary theoretical, research and practitioner-oriented work of the AIB community can contribute to the implementation and realization of the UN’s Sustainable Development Goals (SDGs). Of particular interest is how the AIB community can provide insight into the proper role of the private sector - particularly MNEs - in the successful achievement of the SDGs. Issues such as value chains, supply chains, corporate governance, knowledge transfer, human resource practices, public-private partnerships, economic development and poverty alleviation all have relevance in this discussion. A vast array of cross-disciplinary scholarship is an anticipated outcome.  
(For more information, please contact: John Raymond Dilyard, St. Francis College, USA: jdilyard@sfc.edu)

Session: 1.6.8 - Townhall

**Integrating Macro-Micro Research on FDI, Trade, and GVCs to Understand Cross-Border Innovation and Connectivity**

**Presented On:** June 28, 2016 - 17:45-18:45

**Moderated by:**
- Sjoerd Beugelsdijk, University of Groningen
- Francisco Moris, George Washington University
- Ram Mudambi, Temple University
- Ari Van Assche, HEC Montréal

Recent macro research has incorporated MNEs, intra-firm trade in 'tasks' (intermediate services or intangibles), and outsourcing to understand cross-border innovation (Grossman & Rossi-Hansberg 2012; Keller & Yeaple 2013). Related data development efforts address GVCs, 'world input-output' tables (Sturgeon 2013; Timmer et al. 2014), and official statistics guidance (new "R&D Globalization" chapter in OECD 2015). The relationship of these developments with policy (Van Assche 2012) and IB research on micro strategy, innovation, and connectivity (Cano-Kollmann et al. 2016) have yet to be discussed broadly. The Town Hall meeting seeks to address this gap by promoting macro-micro research on global production and innovation networks.  
(For more information, please contact: Francisco Moris, George Washington University, USA: morisf@gwu.edu)
Session: 1.6.9 - Townhall

How Smart and Connected Products are Affecting IB

Presented On: June 28, 2016 - 17:45-18:45

Moderated by:
   Torben Pedersen, Bocconi University
   Lucia Piscitello, Politecnico di Milano
   Steve Tallman, University of Richmond

The current integration of the physical and digital value chain is in many ways revolutionizing products and processes. New smart and connected products that create entirely new ways of serving existing needs and significantly disrupt existing industry value chains are appearing. On the demand side we will see more transparency and pressure for individualized products. This is made possible by simultaneous progress in many technologies like robotics, data analytics, 3-D printing, the Internet of things. (For more information, please contact: Torben Pedersen, Bocconi University, Italy: torben.pedersen@unibocconi.it)

Session: 1.6.10 - Townhall

Liability of Localness

Presented On: June 28, 2016 - 17:45-18:45

Moderated by:
   Petra Christmann, Rutgers University
   William Newburry, Florida International University
   Luis A. Perez-Batres, Central Michigan University

This Townhall meeting seeks to identify the extent of the liability of localness concept. To that end, we will explore if the concept may be used in both micro and macro levels of analysis. Moreover, the concept has been targeted at explaining emergent market phenomena. There is a need to evaluate if the concept also “travels” to developed markets. (For more information, please contact: Luis A. Perez-Batres, Central Michigan University, USA: perez1la@cmich.edu)

Session: 1.6.11 - Townhall

Teaching International Business through Experience

Presented On: June 28, 2016 - 17:45-18:45

Moderated by:
   Douglas Chun, University of La Verne
   Julio Cesar Botero, Universidad de LaSalle
   Susan Forquer Gupta, Monmouth University
   Marc Idelson, Nottingham University
   Miroslaw Jarosinski, Warsaw School of Economics
   Betty Jane Punnett, University of West Indies
   Vasyl Taras, University of North Carolina at Greensboro
   Andres Velez-Calle, Universidad EAFIT / Rutgers University

Experiential learning is a “hot” topic in International Business and Cross-Cultural Management (IB-CCM) Education, but the use of this approach is limited due to a lack of information and understanding on what tools
are available and how to incorporate them in the curriculum. The proposed panel will bring together academics who have developed and successfully used various experiential learning (EL) projects in IB education programs. The goals of the panel are to share information about the existing EL projects, share experiences, discuss challenges and best practices of using EL to improve IB-CCM education, provide a networking opportunity for academics interested in the EL approach, and discuss how this panel can contribute to further discussion on the role of EL in IB education, possibly through special issues on EL in academic journals, targeted conferences and seminars, and better research on the issue. (For more information, please contact: Douglas Chun, University of La Verne, USA: dchun@laverne.edu)

Session: 1.6.12 - Townhall

Beyond Bounded Rationality - Behavioral Strategy and IB

Presented On: June 28, 2016 - 17:45-18:45

Moderated by:
- Ilya Cuypers, Singapore Management University
- Jean-Francois Hennart, Tilburg University
- Dana Minbaeva, Copenhagen Business School
- Andre Sammartino, University of Melbourne

This Townhall meeting raises the provocative question of whether we have adequately modeled the individual within IB. In particular, we want to explore the roles of managerial cognition, judgment and expertise in shaping the strategic direction of MNEs. There are possible intersections with firm-level constructs, like absorptive capacity and strategic flexibility, and the cross-cultural overlay makes for very rich research settings. We hope to trigger cross-pollination from currently disparate conversations and excite IB scholars about the possibility of making early and impactful contributions to the emergent behavioral strategy literature. (For more information, please contact: Andre Sammartino, University of Melbourne, Australia: samma@unimelb.edu.au)

Session: 1.6.13 - Townhall

Pressures and Constraints in Building or Maintaining International Business Programs

Presented On: June 28, 2016 - 17:45-18:45

Moderated by:
- Mark Ballam, San Diego State University
- David Sprott, Washington State University
- Len Trevino, Loyola University New Orleans

In an effort to facilitate students graduating on time, undergraduate international business programs are currently experiencing pressures to reduce the number of units required to complete a bachelor's degree in IB. More specifically, there are pressures to remove study abroad programs, a long-standing differentiator of international business programs. Additional constraints include pressures to remove a second language requirement and international internships. These pressures have also increased the need for additional sources of funds for international business activities. We hope to evoke a discussion about how schools are handling these constraints and share this knowledge with interested colleges and universities. (For more information, please contact: Len Trevino, Loyola University New Orleans, USA: ltrevino@loyno.edu)
**Session: 1.6.14 - Townhall**

**Why do Internationalised Firms Die?**

**Presented On:** June 28, 2016 - 17:45-18:45

**Moderated by:**

Maria Alejandra Gonzalez-Perez, Universidad EAFIT  
Miguel Matos Torres, University of Leeds  

In this Townhall meeting we aim to explore the contemporary causes and effects of corporate cross-border insolvency (CCBI). In the realms of international business, CCBI could be mediated by events experienced during the internationalization of the firm, which may encompass a loss of capital, loss of revenue and loss of credit. Problems experienced that ‘dragon’ and are exacerbated by a tangled web of interconnected occurrences, like credit problems resulting from waiting for promised payments that never happen, accumulating unpaid bills and the accrual of situations that reduce the firm’s credit at home and abroad. The potential for small events to compound and morph in firms that control and manage production establishments located in two (or more) countries is greater than the same potential for those that keep a domestic profile (Teece, 1985; UNCITRAL, 2014). If unaddressed, these ‘business, as usual’ issues reach a point where a viable organisation is transformed into a dead firm.  

*(For more information, please contact: Miguel Matos Torres, University of Leeds, United Kingdom: busmto@leeds.ac.uk)*

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**Session: 1.6.15 - Townhall**

**Creating a Diversity and Inclusion SIG at AIB**

**Presented On:** June 28, 2016 - 17:45-18:45

**Moderated by:**

Varina Paisley, University of New South Wales  

The goal of this townhall meeting will be to discuss the creation of a discuss the creation of the Diversity and Inclusion Special Interest Group at AIB, with a purpose to unite the diverse range of individuals in the AIB to create opportunities work towards social justice, and to better understand diversity and inclusion issues in International Business through rigorous scholarship. We had a lot of support at last year’s conference gaining more than the required 30 signatures to create the group. We hope to use this townhall to discuss what you would like to see from this SIG, to outline what we are working on so far (a special issue will be our first activity, one the group is formally approved) and to move forward in the formalisation process. Please come along and be heard!  

*(For more information, please contact: Varina Paisley, University of New South Wales, Australia: v.paisley@unsw.edu.au)*
Session: 2.1.1 - Panel  
Track: 3 - The Future of the Multinational Enterprise  

Theory of Internalization - Past, Present and Future

Presented On: June 29, 2016 - 09:00-10:15

Chair: Sumit K. Kundu, Florida International University

Panelists:
Peter J. Buckley, University of Leeds
Christos Pitelis, Brunel University
Jean-Francois Hennart, Tilburg University
Alain Verbeke, University of Calgary

The purpose of this panel is to unveil and discuss the origins, present, and future of theory of internalization research with a focus on the seminal stepping-stones as well as the theoretical challenges and opportunities in the next decade in this line of research, practice, and education. After four decades of extensive research on Theory of Internalization, it appears to be the right time to take stock and reflect on what we know so far, the current state of research and to provide a roadmap for future research, practice, and education. We expect this session to pique a high degree of interest from conference participants for several reasons that are not limited to the profile of the participants involved, but also include the relevance of the topic to bridging the divide by linking IB to global innovation (the theme of the 2016 AIB Meeting in New Orleans). Also, we feel that such a session will provide great insights into the development of arguably one of the most important IB theoretical lens that has been developed in the past 40 years. These insights should elicit rich discussions and can potentially spur the next generation of IB challenges and opportunities for firms involved in globalization. (For more information, please contact: Sumit K. Kundu, Florida International University, USA: kundus@fiu.edu)

Session: 2.1.2 - Panel  

GLOBE Project’s CEO Study of Leadership Behaviour Across Societies: Reactions, Questions of Interest, Practical Applications and Next Steps

Presented On: June 29, 2016 - 09:00-10:15

Chair: Ali Dastmalchian, Simon Fraser University

Panelists:
Peter Dorfman, New Mexico State University
Mansour Javidan, Arizona State University
Paul Hanges, University of Maryland
Mary Sully de Luque, Arizona State University

This Panel (PDW) proposal has been organized to engage leadership and cross-cultural scholars in a discussion and examination of the latest GLOBE study findings (House, Dorfman, Javidan, Hanges & Sully de Luque, 2014). During the session, we intend to engage the audience, other leadership and cross-cultural scholars, in meaningful dialogue regarding our findings, and how they trigger research questions of interest to them. The session will also discuss the future plans for the continuation of GLOBE project next phase with the involvement the audience. We will start with about 30-minute overview of the latest GLOBE CEO study with findings about CEO leadership behaviours and effectiveness across 24 countries. This research completes the third GLOBE phase where we studied 1,000 CEOs with data from more than 5,000 Top Management Team members. During
the second part of the session, we will break the participants into groups to discuss: (1) our findings in relation
to their research interests; (2) the practical applications for teachers, consultants and executives; (3) their
thoughts and reactions to the next Phase of the GLOBE project; and (4) their insights into the methodological
issues. These ideas are developed in the body of the proposal. The last part of the session will be spent with
each group reporting a summary their conclusions to the whole group. (For more information, please contact:
Ali Dastmalchian, Simon Fraser University, Canada: dastmalc@sfu.ca)

Session: 2.1.3 - Panel

How to Generate an Interesting Research Question

Presented On: June 29, 2016 - 09:00-10:15

Chair: Susan Mudambi, Temple University

Panelists:
  Susan Mudambi, Temple University
  David M. Reeb, National University of Singapore
  Adamantios Diamantopoulos, University of Vienna
  Cheryl Nakata, University of Illinois at Chicago

What makes a good study? It starts with an interesting question. Not every research project is path breaking.
Much of the research in international business is incremental, building on a large body of published literature.
The first challenge to making a sufficient contribution is to identify a worthwhile research question. If you have
ever asked, "Why does the world need another paper on Topic XYZ," or wondered, "Why don't reviewers agree
that my research question is fascinating," this panel of experienced Editorial Review Board members will
generate relevant insights. The panel will embark on an interactive conversation on what makes an interesting
research question. Discussion will examine several popular IB research areas. Topic areas and panelists include:
board diversity (David Reeb), country of origin (Adamantios Diamantopoulos), national culture (Cheryl Nakata),
and offshore outsourcing (Susan Mudambi). (For more information, please contact: Susan Mudambi, Temple
University, USA: susan.mudambi@temple.edu)

Session: 2.1.4 - Competitive

Ethnocentrism and Animosity

Presented On: June 29, 2016 - 09:00-10:15

Chair: Vinod K. Jain, University of Maryland (Former)

The Contingent Role of Culture: Consumer Ethnocentrism in China and the U.S.
  Jie Yang, Saint Louis University
  Jieqiong Ma, Saint Louis University

The ethnocentric effect on consumer willingness to buy foreign products does not uniformly hold across
cultures. Based on an online survey from 188 participants, we find that ethnocentrism predicts well in cultures
featured with individualism, low masculinity, high uncertainty avoidance, low power distance, pragmatism, and
indulgence. Further, we find that psychological manipulation of self and other distinctions will exaggerate the
prediction failure of consumer ethnocentrism in a collective culture. (For more information, please contact:
Jieqiong Ma, Saint Louis University, USA: jma17@slu.edu)
How Can the Negative Impact of Consumer Ethnocentrism on the Patronage Behaviour at Foreign Retailers be Reduced?
Marta Keane, University of Fribourg
Dirk Morschett, University of Fribourg

This study investigates whether ethnocentric tendencies and consumer perceptions of the local CSR (L-CSR) activities of retailers have an impact on patronage behaviour (PB) at foreign retailers. In addition, it analyses whether domestic assortment, localised retail brand, or L-CSR moderate the impact of consumer ethnocentrism (CE) on PB at those foreign retailers. Empirically, we tested the hypotheses using partial least squares analysis on a sample of 351 consumers from four European countries. The results indicate that CE has a negative influence on PB at foreign retailers, but this influence is reduced if retailers integrate their brand into the local market. Furthermore, the perception of L-CSR has a direct influence on the PB at foreign retailers but no moderating effect on the impact of CE. The findings provide retail marketers with practical implications regarding the need to create a localised retail brand in the host market in order to attract ethnocentric consumers. It also implies that perceived L-CSR encourages PB, regardless of CE. (For more information, please contact: Dirk Morschett, University of Fribourg, Switzerland: dirk.morschett@unifr.ch)

Consumer Animosity and Product Localization - A Cross-Country Study
Hui Wen Wang, National Sun Yat-sen University
Cher Min Fong, National Sun Yat-sen University
Yun Zhou Du, Anhui University of Finance & Economics
Hsiao Hui Ho, Tajen University
Ming Ching Huang, National Sun Yat-sen University

Drawing on the non-quality country bias perspective, this research provides evidence regarding how product localization (manufacturing and design) affect purchase intentions in an animosity context. The authors conduct experimental studies in two host markets, one with high animosity (China), and the other with low animosity (Taiwan) toward a target market country (Japan). The results of Study 1 indicate that in the high-animosity host market, consumers prefer local-made products to foreign-made products. The results of Study 2 show that in the high-animosity country, consumers favor local-designed products rather than foreign-designed products. In contrast, in the low-animosity host market, product localization has no effect on consumer purchase intentions. (For more information, please contact: Hui Wen Wang, National Sun Yat-sen University, Taiwan: d984010008@gmail.com)

Vicarious Animosity: Taking Sides on Provocative Issues
Peter Magnusson, University of Alabama
Stanford A. Westjohn, University of Toledo
Srdan Zdravkovic, Bryant University

In this study, we examine what happens when consumers evaluate a geopolitical conflict in which they are not direct stakeholders. This study introduces and examines a new type of animosity. Vicarious animosity is animosity that consumers can feel against a country involved in a geopolitical conflict, even though the consumer’s home country may not be directly affected. Our study is grounded in cognitive-affective theory of emotions and we examine the discrete effects of anger and hope. Further, we present arguments for why Schwartz’s values of power, universalism, and openness to change may systematically predict anger and hope. We examine the conceptual framework among Croatian consumers evaluating the Israeli-Palestinian conflict, which largely support the conceptual framework. The introduction of the concept of vicarious animosity has important theoretical implications for our understanding of animosity and managerial implications for managers of brands from countries involved in geopolitical conflicts. (For more information, please contact: Peter Magnusson, University of Alabama, USA: pmagnusson@cba.ua.edu)
Institutional Environment and Firm Strategies

Presented On: June 29, 2016 - 09:00-10:15

Chair: Arjen Slangen, RSM Erasmus University

The Double-Edged Sword of Host-Country Institutional Improvement in International Expansion

Moritz Putzhammer, WU Vienna
Arjen Slangen, RSM Erasmus University
Jonas F. Puck, WU Vienna
Thomas Lindner, WU Vienna

The level of ownership in a foreign venture is an important strategic issue for managers of internationalizing firms. However, the pace at which firms proceed to increase their ownership levels in foreign countries remains poorly understood. To shed more light on the antecedents of that pace, we explore the separate and interactive effects of environmental and intra-organizational changes. Specifically, we hypothesize that a country’s rate of institutional improvement and a firm’s experience with ownership increases in the broader socio-political region have positive effects on the pace at which a firm locally effectuates an ownership increase. Moreover, while we hypothesize that each of these two factors will speed up ownership increases separately, we expect their interaction to slow down such increases. Correcting for possible sample selection bias, we find empirical support for these predicted effects in a multi-level analysis of 434 ownership increases effectuated by 56 Austrian firms in 21 countries in Central and Eastern Europe (CEE) over the period 1991-2014. Our findings point to a dark side of institutional improvement for internationalizing firms, in that such improvement complicates the deployment of relevant knowledge gained in related institutional settings. (For more information, please contact: Moritz Putzhammer, WU Vienna, Austria: moritz.putzhammer@wu.ac.at)

The Legacy of 9/11 in International Business Research: A 15 Year Review and an Outlook

Gabriele Suder, University of Melbourne
Benjamin Bader, Leuphana University of Lüneburg

This contribution explores the legacy of 9/11- influenced research in the field of International Business and assesses the impact that global terrorism has had on the body of research associated directly or indirectly with this phenomenon. IB is the business research field that is most likely to analyze global terrorism, and to develop or include it in theory building, along with risk analysis and risk management. It is also the field in which terrorism can be expected to play the most influential or prevalent role, with the potentiality of being a ‘change agent.’ Our approach uses the global value chain to explore the impacts of terrorism on business and the strategies of companies to deal with terrorism risk. While terrorism incidents and business-related terrorism threats have increased in scale and scope over the past fifteen years, we note that IB literature has only partially been reflective of this (tragic) trend. We assess the importance of alignment with international business realities, and evaluate the possibility of further research in this field, and its conceptual and theoretical potential for IB along the firm’s global value chain. (For more information, please contact: Gabriele Suder, University of Melbourne, Australia: gabriele.suder@unimelb.edu.au)

Home Market Importance, Domestic Uncertainty and Attention Allocated to International Expansion: Explaining Added Cultural Distance

Guus Hendriks, RSM Erasmus University
Pursey Heugens, RSM Erasmus University
Arjen Slangen, RSM Erasmus University
We enrich extant internationalization research by studying the effects of home market importance on the cultural distance added by market-seeking firms during expansion. We build on the attention-based view to hypothesize that home-country policy uncertainty will strengthen the negative relationship between home market importance and added cultural distance, while home-country demand uncertainty will weaken it. We find substantial and robust support for our framework in a panel data analysis of all foreign entries by 218 large retailers over the period 2000-2007, also when we take different dimensions of culture and correct for host-country market size. Our findings indicate, among others, that bold internationalization moves are not always deterred by high levels of home market importance, which holds when this country is characterized by exogenous demand rather than partly endogenous policy uncertainty. Moreover, our study highlights that firms self-select added distances, which points to the presence of self-selection bias in the many studies of the performance effects of distance. (For more information, please contact: Guus Hendriks, RSM Erasmus University, Netherlands: hendriks@rsm.nl)

Session: 2.1.6 - Competitive

**Intercultural Competency and Cultural Self-Awareness**

**Presented On:** June 29, 2016 - 09:00-10:15

Chair: Toru Yoshikawa, Singapore Management University

*Establishing a Factor Structure for Cultural Self-Awareness*

Rachel Clapp-Smith, Purdue University Calumet
Dilek G. Yunlu, Northeastern Illinois University

Cultural self-awareness represents one’s capacity to identify the influence of cultural upbringing on the beliefs and values that form one’s expectations for what is considered “normal” (Wernsing & Clapp-Smith). Drawing on cognitive dissonance, the working self-concept, and social identity theory, we identify cultural self-awareness as a critical component in cross-cultural management. In this paper we explain the first three steps of a multi-staged, construct development project in which study one addressed item generation, study two conducted a Q-sort technique, and study three analyzed an exploratory factor structure. Future stages of this research should involve a confirmatory factor analysis and tests of a nomological network. (For more information, please contact: Rachel Clapp-Smith, Purdue University Calumet, USA: rachel.smith@purduecal.edu)

*Cross-Cultural Competence and Immigrant Job Growth: A Paradox of Embeddedness*

Medha Satish Kumar, Simon Fraser University
Rajiv Kozhikode, Simon Fraser University
Mila Lazarova, Simon Fraser University

Studies have identified the importance of cross-cultural competence in the work context of immigrants, yet there is a lag in the careers of immigrants that is yet to be explained. The purpose of this study is to develop a systematic understanding of the components of embeddedness that operate in stalling the job growth of skilled immigrants through its influences on cross-cultural competence. We tracked the careers of 106 skilled Indian immigrants over a four-year period, using panel data and hazard rate modelling, and identified that having cross-cultural competence may actually hurt skilled immigrants in terms of their job growth. We explain the negative relationship we found between cross-cultural competence and job growth as an inherent trade-off between a social-focus and an economic or individualistic focus. We model this trade-off by interacting features of embedded-ties with the relationship between cross-cultural competence and job growth. We found that factors that enhance embeddedness (supportive environment and firm’s reputation) significantly strengthen the negative influence of cross-cultural competence. Conversely, factors that obstruct embeddedness (low trust and
work dedication) weakened it. We explain the extent of these influences to sensitize the need to consider a potential ‘blind-side’ of gaining cultural competence in future research and practice. (For more information, please contact: Medha Satish Kumar, Simon Fraser University, Canada: msatishk@sfu.ca)

How Are Migrant Employees Managed? An Integrated Analysis
Andre van Hoorn, University of Groningen

I integrate theories of acculturation, statistical discrimination and social distance with social identity theory to propose a comprehensive theoretical framework that accounts for the differential managerial treatment of social groups. I develop and apply this framework to study the extent to which migrant employees are managed differently than native employees are and to unpack differentials in managerial treatment between specific migrant groups. Hallmark of the framework is that it considers group membership as well as traits of the social group to which an employee belongs and the fluidity of group boundaries. I predict that migrants receive different managerial treatment than natives do but that this difference diminishes with acculturation. I further predict that the level of economic development of migrants’ home country and home-host country (dis)similarities explain differentials in managerial treatment between migrant groups. In a sample comprising up to 13,628 migrants from more than 160 home countries and focusing on job autonomy as a key feature of how employees are managed or supervised, I find strong empirical support for these predictions. This paper helps understand the mechanisms and factors that bias employers to make suboptimal use of human capital resources drawn from a cross-culturally diverse workforce. (For more information, please contact: Andre van Hoorn, University of Groningen, Netherlands: vanhoorn@gmail.com)

Toru Yoshikawa, Singapore Management University
Esther Del Brio, University of Salamanca
Rosa Hernández Maestro, University of Salamanca

We examine the impact of interpersonal justice among directors on the board and between a director and the CEO on the director’s monitoring and resource provision behaviors in different cultural contexts. We argue that directors from individualistic countries are more influenced by CEO interpersonal justice while directors from collectivistic countries are more affected by the board interpersonal justice. Our results indicate that interpersonal justice with board members is positively related to both monitoring and resource provision by a director, while and CEO interpersonal justice is related only to resource provision. Our results also show different effects on the director’s behaviors between three countries, i.e., Canada, Singapore, and Spain. We found that CEO interpersonal justice is positively associated with resource provision in Canada, while board interpersonal justice is positively related to both monitoring and resource provision in Singapore and Spain. These results suggest that directors discharge their board duties differently by how they are treated by other directors and the CEO and that their governance behaviors vary by culture. (For more information, please contact: Toru Yoshikawa, Singapore Management University, Singapore: toru@smu.edu.sg)
Dealing with Challenging Institutional Environments: Are Relationships the Key?

Presented On: June 29, 2016 - 09:00-10:15

Chair: Rishikesha T. Krishnan, IIM Indore

Do MNCs Follow Flags and Products? Comparing the Role of Networks in MNC-Subsidiary Strategy in Normal and Challenging Times

Chang Hoon Oh, Simon Fraser University
Jennifer Oetzel, American University

We investigate how the networks that managers seek out and follow vary depending upon the urgency and type of strategic decision at hand. Using a sample of 437 Fortune Global 500 firms and their entry information into Chinese provinces between 1955 and 2008, we find that for foreign subsidiary-level entry and expansion, firms tend to follow flags and products. The closer the network is to the focal firm in terms of industry and home country the more valuable the network appears to be to the focal firm. During or after a natural disaster, however, it appears that information from a firm’s intra-MNC network is more important than those gained from inter-firm network. This suggests managers may need context-specific knowledge that is proximate to their operations. (For more information, please contact: Chang Hoon Oh, Simon Fraser University, Canada: coh@sfu.ca)

Better Together: Network Strategies during Economic and Political Transitions - Evidence from Chile

Marcelo Bucheli, University of Illinois at Urbana-Champaign
Erica Salvaj, Universidad del Desarrollo
Minyoung Kim, University of Kansas

To study the persistence of network strategies and their associated governance structures during a transition in the institutional environment from a limited political and economic system to a more open one, we analyze the network strategies of domestic business groups, multinational corporations, and state-owned enterprises in Chile, relative to the wider historical context of institutional transitions in that nation between 1970 and 2010. We argue that (a) the effects of transitions at the institutional environment level are historically determined and therefore their understanding requires historically informed methodologies and analyses; (b) a transition from a more limited to a more open economic and political environment does not necessarily eliminate market imperfections, but it could change the nature of these imperfections from transactional to structural; and (c) open political and economic systems do not decrease incentives for network strategies, such as building interlocked corporate board networks and related governance structures. Rather, they create new incentives to continue using such pre-transition strategies and structures. (For more information, please contact: Marcelo Bucheli, University of Illinois at Urbana-Champaign, USA: mbucheli@illinois.edu)

The Legacy of the Past: Multiple Historic Events and the Distributions of Contemporary Inward FDI in Chinese Cities 1842-2011

Jiangling Yi, Nanjing University
Chenjian Zhang, University of Bath

This study addresses the recent call to bring history back into organizational studies. It focuses on how the historical legacy of Chinese cities’ affects their capabilities to attract and channel foreign direct investment (FDI) and how institutional upheavals affect this early international imprint. Testing our hypotheses on 284 cities, we find that two founding institutional conditions-Treaty Ports Policy and ethnic Chinese culture-influence cities’
subsequent capabilities in attracting investment resources and further lead to the contemporary unbalanced distribution of FDI in China. Our research contributes to imprinting research by including multiple sensitive periods into the analysis and depicting a rich picture of imprinting dynamics-persistence, decay, and reactivation. This study also contributes to institutional research by showing that ethnic Chinese culture has a more durable effect than the Treaty Ports Policy in resisting political turmoil and its interaction with recent policy support reactivates disrupted connections and business practice. (For more information, please contact: Jiangling Yi, Nanjing University, China: kuaileyjl@163.com)

Varieties of Capitalism and Institutional Comparative Advantage: A Test and Reinterpretation
Michael A. Witt, INSEAD
Gregory Jackson, Free University Berlin

How do national-level institutions relate to national comparative advantages? To shed light on this question, which has important implications for our understanding of location-specific advantages in international business, we explore two different sets of hypotheses based on the comparative capitalisms literature. Applying fuzzy-set qualitative comparative analysis (fsQCA) to data from 14 industries in 22 countries across 9 years, we find that comparative advantages in industries with radical innovation emerge in specific configurations mixing coordinated and liberal institutional features. Institutional comparative advantage in industries with radical innovation may thus be based on the "beneficial constraints" (Streeck, 1997) of opposing institutional logics rather than on the self-reinforcing institutional coherence envisioned in much of the Varieties of Capitalism literature. We further find that coordinated market economies may have comparative advantages in industries with incremental innovation. (For more information, please contact: Michael A. Witt, INSEAD, Singapore: michael.witt@insead.edu)

Session: 2.1.8 - Competitive
Track: 1 - Global Innovation and the Multinational Enterprise

Global Innovation in Emerging Markets

Presented On: June 29, 2016 - 09:00-10:15
Chair: Robert Salomon, New York University

The Evolution of MNCs' R&D Activities in China: A Dynamic Capabilities Perspective
George S. Yip, CEIBS and Imperial College London
Bruce McKern, University of Oxford
Dominique Jolly, Webster University

In this paper, we show that foreign MNCs supplement their resource base of capabilities by participating in the Chinese innovation ecosystem. We provide evidence that firms enter an environment that offers the opportunity to learn and dynamically adapt their capabilities, specifically technological capabilities. We describe the dynamics of the firm's changing R&D resources as a result of its adaptation to the local environmental conditions, expressed in three broad R&D strategies: cost-driven, market-driven, and knowledge-driven. The initial home country-based capabilities are not sufficient to cope with the dynamically changing capabilities of local firms, which in the Chinese case consist of deep understanding of the customer and close connections with government, both of which are more important in China than anywhere else in the world. MNCs increase their technological capability as a result of operating in that environment. We conducted in-depth interview-based research at the China R&D centers of 52 MNCs from twelve developed countries. We find evidence, not only of the rationale for entering China to improve resource capabilities, but also of the dynamic shift of capabilities to fit changes in the environment, and the nature of the new capabilities generated. (For more information, please contact: George S. Yip, CEIBS and Imperial College London, China: g.yip@imperial.ac.uk)
Foreign Ownership and External Knowledge Acquisition: International Subsidiaries Versus Local Firms in China
Tian Wei, Fudan University
Zhi Yang, Huazhong University of Science and Technology

This study examines the relationship between foreign ownership and external knowledge acquisition in China, and posits that international subsidiaries and local firms exhibit different rationales with regard to external knowledge acquisition. Using nationwide enterprise survey data on 320 Chinese firms, this study tests a model developed from resource dependency theory and institutional theory. We find that foreign ownership positively affects external knowledge acquisition, and that this relationship is moderated by both institution legislation hazards and contract enforcement hazards but with contrasting effects: the positive moderation of the former but the negative one of the latter. This study also provides important implications for the managers of international subsidiaries and local firms regarding their knowledge acquisition strategies. (For more information, please contact: Tian Wei, Fudan University, China: weitian@fudan.edu.cn)

Access to Local Knowledge and R&D by MNE subsidiaries in Emerging Markets
Anurag Sharma, University of Massachusetts Amherst
Mayank Sewak, University of Massachusetts Amherst

In this paper, we draw upon two streams of literature—multinational enterprise (MNE) subsidiaries and institutional voids—to identify factors associated with R&D expenditures incurred by emerging-markets MNE subsidiaries. We posit that MNE subsidiaries invest in local R&D to the extent they are able to overcome institutional voids and their status as outsiders in emerging markets. We then clarify factors that help them do so and develop several testable hypotheses to examine our theoretical expectations. We execute our empirical analysis using GMM models on a sample of manufacturing MNE subsidiaries during 2000-2013. We find strong support for our hypotheses and conclude with implications and directions for future research. (For more information, please contact: Mayank Sewak, University of Massachusetts Amherst, USA: msewak@som.umass.edu)

Learning Orientations and Subsidiary Mandates: An Institutional Distance Perspective
Indu Ramachandran, Texas State University
Kim Clark, St. Mary's University

We develop a conceptual framework that leverages institutional theory to explain how exploration and exploitation is managed within multinational corporations (MNCs). We propose that the institutional distance between home and host country influences how an MNC makes strategic choices to manage exploration (competence-creating mandates) and exploitation (competence-exploiting mandates) within their subsidiaries. Furthermore, using relational contextual factors we theorize how MNC-subsidiary relations can impact the effectiveness of these mandates. Our framework suggests that MNCs can pursue seemingly incompatible types of learning by carefully managing the learning orientation of its home country (headquarters) with the learning orientation of its subsidiaries. (For more information, please contact: Indu Ramachandran, Texas State University, USA: i_r38@txstate.edu)
Banking and International Financial Architecture

Presented On: June 29, 2016 - 09:00-10:15

Chair: Suparna Chakraborty, University of San Francisco

Liquidity Withdrawal and the Strategic Hoarding of Private Information: The Role of Bank Lending in International Mutual Fund Investing

Suparna Chakraborty, University of San Francisco
Linda Allen, Baruch College - CUNY
Sonali Hazarika, Baruch College - CUNY
Chih Hui (Debbie) Su, University of Saint Thomas

Banks obtain monopoly rents from private information obtained in the course of lending relationships. Although this information can be reused to manage mutual fund investment portfolios, the resulting trading gains in the equity market are balanced against the disclosure of the lender’s private information which we show dissipates monopoly lending rents. We find that U.S. banks increase their lending activity, but hoard valuable private information about cross-border, non-U.S. borrowers, and restrict equity holdings (withdraw liquidity) in order to preserve their informational rents on bank loans, thereby reducing returns for bank-affiliated mutual funds. This effect is most pronounced in emerging countries. (For more information, please contact: Suparna Chakraborty, University of San Francisco, USA: schakraborty2@usfca.edu)

Determinants of Expected Returns at US Public Defined Benefit Pension Plans

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

Pension plans are some of the largest institutional investors and their soundness is important for financial markets, plan beneficiaries, and public policy. But, public defined benefit (DB) pension plans present important financial and political risks as they seem to be significantly underfunded, even more so than is disclosed publicly. Correct estimates of expected returns (ERRs) on plan investments are critical as they influence plan characteristics including required asset levels and extent of plan under- or over-funding. Yet, there seems to be little literature on the determinants of these returns. This paper presents the panel analysis of data on the determinants of such returns used by US public defined benefit (DB) pension plans for the period 2001–2011. We find that real ERRs are significantly positively related to fund size and age, international asset diversification, and state income and corruption levels. More interestingly, we document that DB plan ERRs are positively related to state cultural measures of individualism and masculinity, and negatively related to uncertainty avoidance. These results have important implications for scholars and pension beneficiaries, but also for fund managers, other capital market participants, and policy-makers. (For more information, please contact: John W. Goodell, University of Akron, USA: johngoo@uakron.edu)
Performance Implications of INV Internationalization

Presented On: June 29, 2016 - 09:00-10:15

Chair: Adeoye Adegorite, University of Waterloo

Internationalization Breadth, Depth and Speed and the Renewal Capability of the Firm: a Multilevel Analysis
Monica Riviere, ISC Business School

Recent internationalization process scholarship has been more and more focused on the performance consequences of a firm’s post-entry internationalization. Relevant studies have linked the measures of a firm’s internationalization, such as breadth and depth to various performance measures. Additionally, studies have drawn attention to a third important internationalization aspect: a firm’s internationalization speed, and subsequent business success. We build on these distinct advances and contribute to internationalization literature in three ways. First, we tie post-entry internationalization to the capability of the firm to strategically align to its environment, also known as a firm’s renewal capability. In doing this, we take a holistic perspective of international entrepreneurship by taking into account the dynamics of multinationality -breadth and depth- but also the speed, our second contribution. Third, using a multilevel analysis with panel data, we are able to distinguish the variance in the renewal capability of a firm in two ways: between firms and within firms. Our results show that internationalization depth and speed, but not breadth, play a positive role on a firm’s renewal capabilities and that the role of our internationalization variables accounts for the between-firm variation in the renewal capability of the firm. (For more information, please contact: Monica Riviere, ISC Business School, France: mrviere@iscparis.com)

Internet as a Risk-Coping Mechanism in SME Internationalisation
Jonas Eduardsen, Aalborg University

Risk is a prominent construct in internationalisation research, where it refers to instabilities and vulnerabilities faced by companies engaged in international business, which impose limitations, restrictions or even losses. Yet, limited attention has been devoted to the question of how SMEs deal with these risks in order to increase their involvement in foreign markets. In this paper, the internationalisation process theory was used as a lens through which to examine the role of the Internet as a risk-reducing mechanism in the internationalisation of SMEs. Based on in-depth interviews with key informants in a range of Danish SMEs, results show how the Internet has the potential to reduce the risk associated with doing business in foreign markets by increasing the amount of international market information available to firms as well as reducing a number of costs associated with internationalisation. (For more information, please contact: Jonas Eduardsen, Aalborg University, Denmark: jse@business.aau.dk)

Do Technology INVs Benefit from Their Pre-IPO Internationalization?
Fiona Xiaoying Ji, James Madison University
Qian Mao, Kean University
Hui Sono, James Madison University

Research in international management has traditionally studied that early internationalization of new ventures impacts firm sales performance. Increased prevalence of international new ventures (INVs) calls into question whether such early internationalization at a young age impacts firm value creation. We find that the scope of pre-IPO internationalization impacts IPO valuation through reduced underpricing, and provides a source for long-term competitiveness of the firm. Specifically, in a sample of 180 IPOs in high technology industries
between 1998 and 2008, we find that firms entering into more countries before IPO receive less underpricing. We also find that a company’s technological innovation moderates the relationship between the scope of internationalization and IPO performance. (For more information, please contact: Fiona Xiaoying Ji, James Madison University, USA: fiona.jixy@gmail.com)

Exploring International Growth of Swiss SMEs: The Role of Product Knowledge and Network
Fiona Xiaoying Ji, James Madison University
Philipp Bubenzer, University of Applied Sciences Western Switzerland
Rico Baldegger, University of Applied Sciences Western Switzerland
Bill Wales, State University of New York at Albany

Although the international growth of entrepreneurial firms has received much attention over the past two decades, relatively little research has actually explored the effects that differences in the firm’s product knowledge may have on their internationalization outcomes. Moreover, we know little about how entrepreneurial firms can leverage networks to impact the effect of knowledge on different types of international growth. Using a sample of 279 Swiss SMEs, we find that product component knowledge drives international sales growth of SMEs while it negatively impacts international scope expansion of SMEs. And this relationship is moderated by the extent to which the SMEs we studied used their networks in their internationalization efforts. We derive implications for research on internationalization and technology. (For more information, please contact: Fiona Xiaoying Ji, James Madison University, USA: fiona.jixy@gmail.com)

Session: 2.1.11 - Interactive
Track: 2 - Geographic Scope and Global Innovation

Innovation and Emerging Markets

Presented On: June 29, 2016 - 09:00-10:15

Chair: Nandini Lahiri, Temple University

Bilateral FDI between Unequally-Developed Regions and Competence Convergence: A Path Dependence Logic
Yuanyuan Li, Rutgers University

This paper attempts to address what affects emerging markets catch-up in technological innovation. Based on path dependency logic, technology development is an evolutionary process incorporating both continuity from historical tradition and transformation from selected variation. However, economic geographers fail to tease out the role of multinational corporations in locational technology development and most IB research neglects the sequential and mutually supporting relationship between inward FDI and outward FDI. This paper proposes, with increase in global interaction, evolutionary approach ought to take into account international elements. Besides, with emergence of emerging market MNCs and a parallel surge in knowledge seeking FDI in advanced countries, technology communication between locations is not only from developed country MNCs parent group knowledge spillover to subsidiaries located in developing countries but also from subsidiaries located in of developing country MNCs reverse knowledge transfer to the parent group. This paper argues that both FDI inflow to emerging market and FDI outflow from emerging market to technological frontier countries are integral part of the locational innovation capability configuration. While inward FDI functions as a historical event that builds local knowledge base and absorptive capacity to understand more sophisticated knowledge, outward FDI enhance learning outcome from international connectivity. This study is designed to test whether frequent interaction via bidirectional FDI will facilitate convergence in technological innovation between developing and developed regions. Technology convergence is analyzed in terms of both level growth and field of specialization similarity. Evidence from Chinese provinces are provided to examine the hypothesis. In a specific sense, the research question is will Chinese provinces and technological advanced global regions
become assimilated in technology development owing to bilateral FDI activities? (For more information, please contact: Yuanyuan Li, Rutgers University, USA: yuanyuan.li@rutgers.edu)

The Internationalization of Innovation to Emerging Economies: The Case of China
Shasha Zhao, Middlesex University
Hui Tan, Royal Holloway, University of London
Marina Papanastasiou, Middlesex University

The internationalization of firms is increasingly concerned with locating innovation activities in the most appropriate locations, particularly for more strategic research and development projects. This paper reviews the historical development of AstraZeneca (AZ) in China since the 1990s and the establishment of one of its key global innovation centres in the country. The case reveals a newly emerged model in the internationalization of innovation and knowledge sourcing by MNEs from advanced economies to emerging countries – the South waves. A number of existing theoretical frameworks are discussed and contested with regard to their applicability in interpreting this new phenomenon. While the established concepts and theories capture to a certain extent the rather ‘contradictory’ actions of AZ in China, this paper challenges their explanatory power of the new waves of knowledge sourcing in the directions of South-South and South-North. This paper concludes by making a number of research suggestions as well as presenting key managerial implications. (For more information, please contact: Shasha Zhao, Middlesex University, United Kingdom: s.zhao@mdx.ac.uk)

Engaged Learning of Emerging Multinationals: A Fuzzy-Set Analysis of Chinese Firms in the European Union
Liang Chen, University of Sussex
Di Fan, Curtin University
Yi Li, CEIBS

Emerging multinationals’ (EMNEs) accelerated internationalization has challenged conventional international business theories. The recent growth of Chinese outward foreign direct investment in the European Union (EU) poses particular question about the asset-exploitation-based theory of FDI. This study draws upon the "Linkage-Leverage-Learning" (LLL) framework to show how this rising phenomenon may offer opportunities for researchers to refine the alternative FDI theory. We follow a set-theoretic approach, utilizing the technique of fuzzy-set qualitative comparative analysis (fsQCA) to examine the patterns of EMNEs’ engaged and diversified learning behaviour. We contribute to the literature by discovering a typology of Chinese firms – Regional Leader, Prospect Seeker and State Visioner – that are equally engaged in foreign knowledge sourcing. Also our findings guide further development of LLL by proposing alternative pathways to international learning. (For more information, please contact: Di Fan, Curtin University, Australia: david.di.fan@gmail.com)

Chinese Foreign Acquisitions Aimed for Innovation Upgrading: The Case of Geely and Volvo Cars
Ramsin Yakob, University of Gothenburg
H. Richard Nakamura, University of Gothenburg
Patrik Ström, University of Gothenburg

The impact that geography and host country region innovation dynamics have on FDI location decisions and management of Chinese OFDI overseas has yet to be discussed in existing literature. In particular, the integration of Western companies into Chinese business groups, and the consequences of such an industrial development pattern for the Chinese firm’s innovation capabilities, represents a void in existing literature. In this article we address this research gap by drawing upon an illustrative longitudinal case study of how a Chinese MNC utilizes the spatial dimension of a foreign acquisition to enhance its own innovation capabilities. By theoretically departing from the resource-based view and Dunnig’s FDI typology, we address regional location issues in Chinese M&A decisions and the influence and effects of target firm characteristics on post-M&A innovation capabilities. We show that Chinese M&A decisions indeed are influenced by post-M&A accessibility to, and leveraging of, firm-level capabilities (technological know-how and cost management skills), macro level
conditions (automotive industry clusters), and the ability to draw advantage from country region innovation dynamics to leverage global innovation capabilities. (For more information, please contact: Ramsin Yakob, University of Gothenburg, Sweden: ramsin.yakob@handels.gu.se)

Innovation of MNC Subsidiaries in Developing Countries
Nuruzzaman Nuruzzaman, Rutgers University
Deeksha Singh, Rutgers University

This study examines the innovativeness of multinational company (MNC) subsidiaries in developing countries. The extant literature assumes that MNC subsidiaries in developing countries are less likely to create innovative capabilities. In contrast, we rely on the capability perspective to argue that subsidiaries-level capabilities contribute significantly to the likelihood of subsidiaries innovation. Further, MNC subsidiaries in developing countries can outperform domestic firms in innovation only when those subsidiaries devote resources to develop process innovation, enhance research and development (R&D) and improve the quality of human capital. Additionally, we find that the marginal effect of R&D on innovation is greater in MNC subsidiaries than domestic firms, and is also dependent on the host country institutional environment for intellectual property protection. (For more information, please contact: Nuruzzaman Nuruzzaman, Rutgers University, USA: n.nuruzzaman@rutgers.edu)

Session: 2.1.12 - Interactive
Track: 9 - Emerging Markets: Institutional Voids and Beyond

Management and Governance in Emerging Markets

Presented On: June 29, 2016 - 09:00-10:15

Chair: Desislava Dikova, Vienna University of Economics and Business

The Effects of Gender Match between Auditor and CFO on Audit Price: Evidence from China
Jie Zhang, China Huarong Asset Management Co., Ltd.
Xiyou Liu, China’s National Development and Reform Commission
Jiawen Yang, George Washington University

Does gender play a role in clients-audit relationships? This question has attracted some attention in the audit literature. In this paper, we analyze the importance of gender by looking at sides of the audit transaction. Specifically, we aim to assess whether and how the client and auditor gender affect the audit price. Our empirical findings results that the Audit fees charged by auditor are significantly higher when the client’s CFO is female with higher proportion. We also results that Audit fees charged by auditor are significantly higher when the audit gender is female. Furthermore, we demonstrate that the female gender of the audit engagement partner is negatively associated with audit price, when the proportion of female CFO is higher. (For more information, please contact: Jie Zhang, China Huarong Asset Management Co., Ltd., China: jacquelinezhang35@gmail.com)

Salary Over-Invoicing: How Much Is Really Going to Employee's Pocket?
Arif Mahmood, Hong Kong Baptist University
Xin Yang, Hang Seng Management College

Salary over-invoicing is a common practice in many countries; hence the underline reasoning behind such deviant work is yet to be explored. Depending on the twenty dyadic interviews from ten employer-employee dyads, this study has explored the causal relationships of such deviant work ethics and relative market forces under constrains of institutional regulation. The results of the face-to-face interviews revealed that the market
forces influenced both the employers and employees to make their bounded rational choice, intrinsically and extrinsically to engage both parties in a dyadic deviant work behavior. Moreover, the deviant behaviors are influenced more and become more dominant by the relative future orientation of the individuals and institutional policy of the host country. As such, this study simultaneously contributes on organizational ethics literature and employee’s deviant work behavior literature from the perspective of rational choice theory. (For more information, please contact: Arif Mahmood, Hong Kong Baptist University, Hong Kong, SAR-PRC: amahmood_nsu@yahoo.com)

The Impact of Culture and Institutions on the Selection of Female CEOs: a Study of Emerging Markets
B. Elango, Illinois State University

This study investigates the role of culture and formal institutions in a firm’s decision to select a female as CEO across twenty-five emerging countries, using a sample of 21,302 firms during the years 2006 to 2013. Based on analysis of multilevel logistic models, we find that gender egalitarianism, humane orientation, and institutional quality increase the likelihood that a firm would be led by a female CEO, while performance orientation reduces this likelihood. Additionally, we find that humane orientation moderates the relationship between institutional quality and a female CEO. This study’s findings offer important insights on opportunities for women in emerging markets. (For more information, please contact: B. Elango, Illinois State University, USA: elango@ilstu.edu)

Designing the Board Composition and Corporate Leadership Structure in the Era of China’s Post-Institutional Transitions
Yong Kyu Lew, Hankuk University of Foreign Studies
Jing Yu, China Development Bank

It has been widely accepted that board independence positively influences governance effectiveness, and thus superior financial performance. However, prior studies reveal inconclusive results on the relationship. Further, studies regarding the performance implications of board structure in the post-institutional transitions in China are scarce. Based on agency and resource dependence theories, this research examines the impact of board composition and leadership structure on accounting- and market-based performance of Chinese manufacturing firms which went public on the Shanghai Stock Exchange and the Shenzhen Stock Exchange in 2010. The findings show that ‘CEO non-duality’ promotes better financial performance. However, ‘independent board composition’ does not significantly affect financial performance. This research partially supports for agency theory, and provides deeper insights into composing board structure in emerging economy firms. (For more information, please contact: Yong Kyu Lew, Hankuk University of Foreign Studies, Korea, South: yklew@hufs.ac.kr)

Analysis of Corporate Governance Disclosure: a Study Through BRICs Countries
Marcelle Colares Oliveira, Universidade Federal do Ceará
Domenico Ceglia, Universidade Federal do Rio Grande do Sul
Fernando Antônio da Silva Moraes Filho, M. Dias Branco

The objective of the study is to analyse the level of the disclosure of Corporate Governance practices by the companies that belong to the BRICS countries according to normative recommendations and coercive requirements considering the enforcement of laws and norms in the different legal systems and to explain it in the light of the Institutional Theory approach. We analysed the practices disclosed by a sample of 20 largest companies belonging to each BRICS countries and listed in them stock exchange using as parameter the 52 Corporate Governance practices recommended by United Nations. The research found that Brazil has the highest median of the number of companies disclosing corporate governance practices followed by India, Russia, South Africa and China. The analysis of collected data highlighted the important role of the professional associations and market institutions in terms of pressure of disclosure of corporate governance information in
these countries. (For more information, please contact: Marcelle Colares Oliveira, Universidade Federal do Ceará, Brazil: marcellecioles@uol.com.br)

Sovereign Wealth Funds: Enabling the Global Factory
Melodena Stephens Balakrishnan, Karlshochschule International University
Immanuel Azaad Moonesar, Mohammed Bin Rashid School of Government

With globalization leading to the reorganization of national power in the international arena, MNEs began to view the world as a global factory. Sovereign Wealth Funds (SWFs) are a growing and significant contributor of FDI but few studies look at the SWF from an international business perspective. This is surprising, considering that SWF are closely aligned to state-owned transnational corporations (TNCs), which account for 11% of FDI. The paper presents a conceptual model adding to our knowledge of SWF using the case of Mubadala from the Middle East. The theoretical model shows SWF are enablers of the global factory. (For more information, please contact: Melodena Stephens Balakrishnan, Karlshochschule International University, Germany: mstephensb@karlshochschule.de)

Institutional Changes and Stakeholder Management: Socially Adaptive Strategies for Multinationals in China
Meng Zhao, Rennmin University of China
Seung Ho Park, CEIBS

This study adopts a socially adaptive perspective to enrich the understanding of multinational companies’ (MNCs) stakeholder management in emerging markets during institutional changes. This perspective recognizes the pattern of social exchanges regarding the recurring direct and indirect reciprocities between MNCs and their local stakeholders as the institution changes. It then lays out different strategic options of adapting to this pattern to tackle stakeholder challenges. Examining MNCs’ consumer-initiated public crises in China, the results show that institutional changes such as regulatory changes, heightened consumer awareness, and aggressive media reporting incur distrustful relationships between MNCs and consumers. MNCs can lower the crisis risk in this distrustful environment by formalizing proactive and responsive engagements with consumers to build the perception of justice in transactions. Meanwhile, signaling goodwill through CSR activities aggravates the crisis risk due to the perceived discrepancy between MNCs’ transactional and social behaviors. (For more information, please contact: Meng Zhao, Rennmin University of China, China: mengzhao521@yahoo.com)

Can Voluntary Information Disclosure Mediate the Interactive Effect of Firm Performance and Policy on Foreign Institutional Investment?
Chin-jung Luan, National Dong Hwa University
Chengli Tien, National Taiwan Normal University
Ni-yun Chen, National Dong Hwa University
Hong-yi Jiang, National Dong Hwa University

Based on the theories of agency and international investment, this study aims to analyze dynamics of the process to attract foreign institutional investment through variables including foreign institutional investment (outcome), firm performance (treatment), voluntary information disclosure (mediator) and the policy effect (moderator), using the mediated moderation approach, to further seek evidence whether or not voluntary disclosure can mediate the interactive effects of firm performance and policy on foreign institutional investment. This study reveals mixed supports for the hypotheses. First, voluntary disclosure does not mediate the relationship between firm performance and foreign institutional investment. Second, firm performance can interact with the policy effect to affect foreign institutional investment. Third, the mediating process through voluntary disclosure does not account for the moderation effect of policy on the relationship between firm performance and foreign institutional investment. (For more information, please contact: Chengli Tien, National Taiwan Normal University, Taiwan: chtien@ntnu.edu.tw)
Global Managerial Competencies

Competencies Needed by Asian Managers in Japanese MNEs
Yoshitaka Yamazaki, Bunkyo University

To determine the competencies necessary for host country national managers to work successfully for subsidiaries of Japanese multinational enterprises (MNEs) in Asia, I employed a qualitative approach, conducting interviews with 267 managers from Japan, China, Hong Kong, Malaysia, and Thailand. Based on qualitative data analysis, I found 32 competencies in addition to professional/technical skills for managerial effectiveness. Twenty of the competencies applied only to certain countries rather than all of them, suggesting that distinctive and contextually specific competencies are needed to meet environmental demands in different Asian countries. Among the competencies identified, 12 emerged as important for all groups of Asian managers: leadership, relationship building, team management, goal management, communications, staff development, understanding of people, perception of situations, action directivity, integrity, positive mindset, and analysis. From these 12 competencies, I developed two competency models, an integrative model and a two-dimensional model addressing the dimensions of task vs people and of cognition vs behavior. Both models are applicable for Asian managers. (For more information, please contact: Yoshitaka Yamazaki, Bunkyo University, Japan: yyama@shonan.bunkyo.ac.jp)

Sense of Power: An Underlying Psychological Source of Cultural Intelligence? A Cross-Cultural Comparison of CQ Antecedents in the US and China
Jing Betty Feng, Farmingdale State College (SUNY)
AJ Corner, Georgia State University
Ulf Richter, Nottingham University Business School China

In this study, we focus on how the psychological factor Sense of Power influences the level of Cultural Intelligence (CQ) in different cultural environments. We argue that power dynamics in different cultures can influence individuals’ CQ. Comparing data from the US and China, we observe that Sense of Power drives the level of CQ among Chinese participants, fully mediated by self-efficacy; however, for US respondents, Sense of Power is a negative and quadratic moderator of the relationship between self-efficacy and CQ, such that both low and high Sense of Power can result in a lower level of CQ. This study identifies the dynamic role of Sense of Power in different social cultural environments. It also reveals the distinctive mental processes associated with CQ development in different cultures. The findings extend our understanding of the psychological root of intercultural competence, and suggest the need for cross-cultural educators to establish different CQ development programs for individuals from various cultural backgrounds. (For more information, please contact: Jing Betty Feng, Farmingdale State College (SUNY), USA: fengj@farmingdale.edu)

Making the Connection: Cross-Cultural Management Course and Cultural Intelligence
Kowoon Kim, Florida International University
Chen Wang, Florida International University
Mary Ann Von Glinow, Florida International University

As multinational corporations (MNCs) are likely to rely more heavily on expatriates to run their foreign operations, there has been a growing recognition about cultural intelligence (CQ) as one of the key predictors of expatriate success. Consequently, the importance of CQ becomes more apparent than it has ever been before in
The Influence of Intracultural Diversity on Self-Efficacy Beliefs: The Role of Cultural Dimensions and Religion  
Franziska Engelhard, Friedrich-Alexander University Erlangen-Nürnberg, School of Business & Economics  
Ritam Garg, Friedrich-Alexander University Erlangen-Nürnberg, School of Business & Economics

This study focuses on the impact of cultural heterogeneity on the workplace performance. Taking self-efficacy beliefs as a proxy for work performance, this study aims to explore the impact of intracultural diversity on self-efficacy beliefs of employees. Based on Hofstede’s cultural dimensions, along with religiosity, we developed and tested five hypotheses against the dataset of 146 Indian employees. Multivariate regression analysis shows a significant impact of religious affiliation, masculinity and uncertainty avoidance on self-efficacy beliefs of the Indian employees. Our study contributes to the cross-cultural research in general and provides new insights to the analysis of the specificity of the sub cultures in particular. *(For more information, please contact: Franziska Engelhard, Friedrich-Alexander University Erlangen-Nürnberg, School of Business & Economics, Germany: franziska.engelhard@fau.de)*

Beauty Is in the Eye of Beholder: Intra-cultural and Transcultural Heterogeneity of Individuals  
Kamal Fatehi, Kennesaw State University  
Jennifer L. Priestley, Kennesaw State University

Most cross-cultural studies mistakenly assume intra-cultural homogeneity of individuals. This research suggests otherwise, that there is intra-cultural and transcultural individual heterogeneity in thinking and logic, or ‘mindscape’. This research is a follow up on an earlier study by Fatehi et al. (2015) who, based on the Mindscape Theory, found the existence of transcultural variations in mentality and logic within and between cultures. Similar to that research, the present paper employs a unique way of data collection and analysis. The analysis of data that were collected from six countries supported the earlier findings. It confirmed the hypothesis and the existence of intra-cultural and transcultural heterogeneity of individuals. *(For more information, please contact: Kamal Fatehi, Kennesaw State University, USA: kfatehi@kennesaw.edu)*

Blurred Lines: Cultural Differences in Boundary Management Between Work and Non-Work  
Katarina K. Brant, Florida Atlantic University

Managing the work and non-work boundary has become a challenging task for employees in every nation. Yet, most prior studies on boundary management have tested U.S.-based theories using U.S. samples. Research in the work-life literature has largely ignored the role of culture. In this paper, I review the limited research attempts that have incorporated cultural considerations in some manner. Next, I consider how Hofstede’s cultural dimensions are likely to influence the work and non-work boundary and formulate propositions about how they may be incorporated into Ashforth, Kreiner, and Fugate’s (2000) role segmentation-role integration continuum. Finally, I offer an agenda for future research and discuss implications for theory, research, and practice. *(For more information, please contact: Katarina K. Brant, Florida Atlantic University, USA: kknutsen2013@fau.edu)*
What Do Managers Look for in Candidates for International Assignments?
Yener Kandogan, University of Michigan-Flint

This study examines the relative importance of factors considered in selecting a candidate for international assignments. Literature suggests considering the biological background of candidates, family situation, professional qualifications, level of international experience, and psychological characteristics. The article contributes to the literature by performing an analysis that incorporates the interaction of these factors with features of the assignment such as duration, destination, and the task to be performed. The role of matching manager characteristics such as biological background, family situation and international experiences is also examined. (For more information, please contact: Yener Kandogan, University of Michigan-Flint, USA: yener@umflint.edu)

Session: 2.1.14 - Interactive
Track: 7 - MNEs, Governments, and Non-market Strategies

Sustainability Issues in Foreign Direct Investment

Presented On: June 29, 2016 - 09:00-10:15

Chair: Sarianna M. Lundan, Bremen University

Environmental Kuznets Curve Hypothesis and U.S. Majority-Owned Foreign Affiliates in the E.U.
Miguel Matos Torres, University of Leeds
João Paulo Bento, University of Aveiro

Although the Environmental Kuznets Curve hypothesis has long been in usage, the evidence on the impact of world’s major channel of foreign direct investment, the U.S. foreign direct investment in the E.U., has been neglected. This paper aims at answering the following questions: (1) what is the impact of the transnational corporations (TNCs) activity on environmental quality in the long run? (2) there is any effect of business activity conducted by United States (U.S.) TNCs on the environmental quality of E.U. member countries? (3) there is any effect of income on the level of pollution in the European Union (E.U.) member countries? The economic rationale for offering special incentives to attract FDI frequently derives from the belief that foreign investment produces externalities in the form of technology transfer and spillovers. Our research explores the long run externalities that multinational companies may have on the environmental quality. Our research also has the virtue of highlighting the importance of the link between environmental quality and the impact of TNCs activity contributing to the ongoing debate on the Transatlantic Trade and Investment Partnership (TTIP).
(For more information, please contact: Miguel Matos Torres, University of Leeds, United Kingdom: busmto@leeds.ac.uk)

The Impact of In-House Certifications on Farmer’s Environmental and Social Conduct: Insights from the Coffee Industry
Elisa Giuliani, University of Pisa
Luciano Ciravegna, King's College London
Andrea Vezzulli, University of Pisa

We examine the impact of in-house certifications on the social and environmental conduct of coffee farmers from five countries of Latin America. We find in-house certifications to affect the environmental but not the social conduct of farmers, and that the effect to be moderated by the type of buyer. We also find that the level of economic development and the quality of institutions moderate the effect of certification with farmers based in poorer and institutionally weaker regions performing better than those based in regions with higher incomes and better institutions. (For more information, please contact: Elisa Giuliani, University of Pisa, Italy: elisagiuliani2015@gmail.com)
What Makes MNCs Sustainable? - Institutional Pressures as Drivers of Operational Sustainability
Rilana Riikkinen, Aalto University
Asta Salmi, Lappeenranta School of Technology

This study examines the relationship between institutional pressures, including mimetic, coercive, and normative pressures, and triple bottom line sustainability, comprising of environmental, social, and economic components, of MNCs purchasing function. In order to examine the relationships unique to MNCs, we contrast the findings to those generated by the case of Non-MNCs in a partial least square structural equation model using data from an international survey study. We find some communalities, but also differences in the results between the MNCs as opposed to Non-MNCs. For MNCs we find that normative pressures positively impact both environmental and social sustainability practices, while mimetic pressures impact both environmental and social sustainability performance negatively. Moreover, coercive pressures do not have an impact. (For more information, please contact: Rilana Riikkinen, Aalto University, Finland: rilana.riikkinen@aalto.fi)

When Sustainability Takes the Back Seat: How the Global Push for Deregulation Paves Way to Local Catastrophes
Alex Bitektine, HEC Montréal
Linda Bensalah, HEC Montréal

We use the case study of a major railway accident in Lac-Mégantic (Quebec, Canada) to explore the interplay between the logic of deregulation, grounded in neo-liberal ideology, and the logic of sustainable development (SD). The study shows that although the discourse of sustainable development is as prominent in modern society as the discourse of deregulation, there are contexts where one clearly trumps the other without any legitimate reason. The case of accident of Lac Megantic presents an interesting situation where the issue of sustainable development is strikingly absent from the discourse of key actors, leaving the stage for deregulation and market logics. We explore the consequences of displacement of SD logic by the market logic not only in firms, but also in the government. The regulatory outcomes of the crisis that we describe suggest that in extreme cases of deregulation, the government delegates not only standard-setting and oversight functions, moral dilemmas and difficult ethical decisions are also delegated to corporations. We conclude with a discussion of socially acceptable limits of deregulation. (For more information, please contact: Alex Bitektine, HEC Montréal, Canada: alex.bitektine@hec.ca)

Perceived Legal System Voids and Wholly Owned Foreign Subsidiary Performance in Southeast Asia
George White, Old Dominion University
Thomas Hemphill, University of Michigan-Flint
Roberto Galang, Ateneo de Manila University
Tazeeb Rajwani, Cranfield University

How do nonmarket assets affect the relationship between managerial perceptions of legal system voids and wholly owned foreign subsidiary (WOFs) performance in an emerging market? Our analysis of 181 WOFs in the Philippines suggests that managerial perceptions of legal system voids are positively related to the cultivation of nonmarket assets. Our findings also suggest that the relationship between managerial perceptions of legal system voids and the cultivation of nonmarket assets is strengthened for WOFs that are manufacturing intensive. Further, our results show that the maintenance of WOF nonmarket assets mediates the relationship between perceived legal system voids and performance. However, WOFs performance increases with the maintenance of nonmarket assets up to an inflection point, but then decreases beyond this point as the maintenance of nonmarket assets intensifies. (For more information, please contact: George White, Old Dominion University, USA: gowhite@odu.edu)
The wide application of information systems in multinational enterprises (MNEs) makes them vulnerable to information security breaches. Their subsidiaries face specific challenges in maintaining their information security because they operate in diverse environments that are different from the contexts in their home countries. When MNEs span across continents, their subsidiaries must gain legitimacy in their host countries. Institutional environments in host countries, specifically local legal environments, not only give them isomorphic pressure, but also offer them protection. In recent years, information security breaches perpetrated by insiders have been increasing and remain at a high level. Given the vital role of deterrence on employees’ information security protection, this paper explores how country level factors that influence the deterrence effect in a host country impact MNE subsidiaries’ information security. This paper predicts that the rule of law and the efficiency of the judicial system in a country negatively influence the extent of information security breaches experienced by MNE subsidiaries located in that country, that MNE subsidiaries located in common-law countries experience fewer information security breaches than those located in civil-law countries, and that MNE subsidiaries experience fewer information security breaches in host countries with a high level of income. (For more information, please contact: Yong Chen, Old Dominion University, USA: y7chen@odu.edu)

Session: 2.1.15 - Interactive
Track: 4 - Social Innovation: Global Solutions for Local Problems

Managing Socially-Oriented Business across Borders

Presented On: June 29, 2016 - 09:00-10:15

Chair: Amit Karna, Indian Institute of Management, Ahmedabad

Bridging Institutional Voids at the Urban Base of the Pyramid
Carlos Rufin, Suffolk University

Much of the BoP literature has focused on rural settings, yet urban poverty is rapidly growing in scale and importance. The urban poor in developing countries inhabit informal settlements characterized by significant institutional voids. This paper examines the strategies used to address these voids by companies that operate in such settings, through in-depth comparisons of the approaches used by three companies providing basic services in a major emerging-country metropolis. The paper shows that institutional voids at the urban BoP are characterized by their instability, diversity, and incompleteness. In this context, companies have no choice but to engage in institutional entrepreneurship to bridge the unfilled voids and to bring some stability and uniformity. In Rio de Janeiro, some utilities are attempting to do so through a combination of technology, which offers a stable and uniform basis of operation, and the engagement of multiple stakeholders along the lines of the collaborative governance concept. In order to implement these actions, however, the companies first have to gain a measure of legitimacy at the local level, overcoming the liability associated with their outsider status. (For more information, please contact: Carlos Rufin, Suffolk University, USA: crufin@suffolk.edu)

How Does Social Environment Influence Radical Innovation in Supply Chain Contexts? Evidence from Chinese Private Manufacturing Firms
Xiaomei Li, Tianjin University
Mengxin Wu, Tianjin University

Radical innovation is an effective strategy recently for firms that wish to increase their domestic and international competitiveness to survive and participate in global competition. Consequently, there is a great
need to for understanding how sources of innovations take effect on radical innovation in different social society. This study addresses this gap and theoretically and empirically analyzed the role of different innovation sources in supply chain in achieving radical innovation in different social environment. Using the 429 Chinese manufacturing firms, combined from worldwide ICS survey and WVS dataset, the findings support for most of our hypotheses. Source (in-house) and sources (suppliers) show a positive impact, while no any relation between sources (customers) and radical innovation. Social environment moderate the whole dynamic process from innovation sources to innovation outputs, has a positive effect with sources (suppliers), while the negative effect with sources (in-house). (For more information, please contact: Xiaomei Li, Tianjin University, China: lxm@tju.edu.cn)

**How Hybrids Manage Growth and Strategic Tensions in Global Production Networks: The Case of Impact Sourcing Service Providers**

Chacko George Kannothra, University of Massachusetts Boston
Stephan Manning, University of Massachusetts Boston
Nardia Haigh, University of Massachusetts Boston

This study contributes to research on strategic opportunities and challenges of hybrid organizations, which balance market profitability with social impact. We examine how the embeddedness of hybrid organizations in local communities and global production networks affects their growth strategies. Based on field studies in multiple countries, we investigate the case of ‘impact sourcing’ – hiring and training of disadvantaged youth for providing business services to global clients. Based on our case, we identify two major hybrid growth strategies – ‘embedded growth’ and ‘market-driven growth’ – which help manage tensions between social and commercial objectives by either integrating or decoupling client and community relationships and related expectations, while also creating new tensions in the process. Our study informs research on growth of hybrid organizations, and managing tensions between social and commercial objectives. (For more information, please contact: Chacko George Kannothra, University of Massachusetts Boston, USA: chacko.kannothra@umb.edu)

**Global Integration without Ownership: Designing Organizational and Governance Structures in International NGOs**

Alnoor Ebrahim, Harvard University
L. David Brown, Harvard University
Srilatha Batliwala, independent researcher

We develop a model of global integration under conditions of weak ownership. Most global integration research on multinational organizations focuses on settings where the center, or headquarters, exercises formal authority over its units through shareholding and employment contracts. In contrast, we examine this problem in an organizational context where ownership is especially weak and yet integration is essential: in international nongovernmental organizations engaged in coordinated global advocacy. Through a qualitative multi-case study of ten organizations, we identify a number of distinct organizational structures employed for global integration (federation, confederation, network, and constituency support organization). We show that the creation of both formal and informal authority at the center requires active efforts of legitimation as it can rarely be taken for granted in contexts of weak ownership. We assemble our findings into a model of global integration. (For more information, please contact: Alnoor Ebrahim, Harvard University, USA: aebrahim@hbs.edu)

**Towards the Institutionalization of Screening and Measuring for Social Impact: Implications for Islamic Finance**

Jeffrey Allen Kappen, Drake University
Kavilash Chawla, Baton Global
Matthew Mitchell, Drake University

This paper examines the institutionalization of values/mission-based metrics for conventional impact investors to identify best practices and potential points of convergence with Sharia based investment strategies. First, we
explore how individual and institutional conventional investors have applied positive and negative screens in the creation of their values/mission based investment strategies. Second, we provide a historical view of the organizational processes that led to the development and implementation of different impact metrics and regulatory frameworks that have influenced the growth of conventional values/mission based investment industry. Next, we propose how these findings could benefit the Islamic finance industry in general, and Sharia compliant asset managers and investors more specifically. Finally, we analyze the potential value of mission/values based investing for the economic development of the MENA region countries. (For more information, please contact: Jeffrey Allen Kappen, Drake University, USA: jeffrey.kappen@drake.edu)

Session: 2.2.1 - Panel
Track: 2 - Geographic Scope and Global Innovation

Managing Global and Local Innovation

Presented On: June 29, 2016 - 10:45-12:00

Chair: Kazuhiro Asakawa, Keio University
Discussant: Minyoung Kim, University of Kansas

Panelists:
Kazuhiro Asakawa, Keio University
Yves Doz, INSEAD
Felipe Monteiro, INSEAD
Ram Mudambi, Temple University
Jaeyong Song, Seoul National University

This panel features the state-of-the-art research agenda on global innovation and knowledge mobilization across borders. With a recognition that knowledge is among the most important sources of global innovation, this panel addresses how knowledge is sourced, generated, mobilized, converted and leveraged globally. The panel will explore the way multinational corporations (MNCs) orchestrate knowledge globally and locally to gain competitive advantage on a global scale. We shed light on global and local nature of innovation, and explores the way MNCs can effectively manage innovation in various geographic scope. The topics we cover in the panel include global boundary spanning, global knowledge sourcing, global new product launching, global value chain, organizing mechanisms for global knowledge mobilization, and evolving role of MNC subsidiaries from local innovator to global innovator, among others. Furthermore, the recent surge of emerging markets and emerging country MNCs as sources of innovation and its impact on MNCs’ global innovation strategies will be discussed. (For more information, please contact: Kazuhiro Asakawa, Keio University, Japan: asakawa@kbs.keio.ac.jp)
New Insights on Innovation by Firms in Emerging Economies: Implications for International Business Theory and Practice

Presented On: June 29, 2016 - 10:45-12:00

Chair: Somnath Lahiri, Illinois State University

Panelists:
- Robert Grosse, Thunderbird School of Global Management
- Anju Seth, Virginia Tech
- S Raghunath, Indian Institute of Management Bangalore
- Hussain Rammal, University of Technology Sydney

A key theme in contemporary international business (IB) and strategy research relates to understanding developing economies in general and emerging economies in particular, and the dynamics of firms that operate in these economies. Despite constrained ownership- and locational advantages, several emerging economy firms (EMFs) have been able to engage in high quality innovations at low costs. Scholarly interest in understanding how EMFs engage in innovation is growing. However the stream of research is still relatively thin. The purpose of the proposed panel is to share with the AIB members insights on how EMFs actually engage in innovative activities. The panel members will share new insights on (a) how firms in Africa innovate in relatively non-traditional ways, (b) cross-national comparison of innovation and technology development in emerging economies, (c) development of socially-focused innovative products by MNE in healthcare sector, and (d) brain return, reverse brain drain and innovation in emerging economies. The insights will shed new light and help conference participants better understand how innovation is fostered in emerging economies and undertaken by EMFs. We hope the insights will enable developing new IB theories on innovation and evolution of MNEs. We also hope that the insights will facilitate managerial practice. (For more information, please contact: Somnath Lahiri, Illinois State University, USA: slahiri@ilstu.edu)

Comparing Innovation In and From China and India

Presented On: June 29, 2016 - 10:45-12:00

Chair: Torben Pedersen, Bocconi University

Panelists:
- George S. Yip, CEIBS and Imperial College London
- Rishikesha T. Krishnan, IIM Indore
- Mark Greeven, Zhejiang University
- Shameen Prashantham, CEIBS

This panel brings together researchers from two of the most important emerging markets—China and India—and also the two EMs in which there is the most activity on innovation and R&D. The panel design has a paired structure in which we will compare and contrast both local companies and foreign MNCs in each of the two countries. A key feature of this panel will be this 2 x 2 comparison among the two countries, which will be the focus of the panel debate following the individual presentations. Comparing China and India is particularly
interesting because of the different development paths of the two economies and the different types of innovation taking place in them. These differences will make for simulating comparison and debate in this panel. All the panel presentations are based on extensive field research over a number of years with major local and foreign companies in China and India. (For more information, please contact: Torben Pedersen, Bocconi University, Italy: torben.pedersen@unibocconi.it)

Session: 2.2.4 - Panel

**UNCTAD WIR panel : Ownership and Control in MNEs: Implications for National Policy**

**Presented On:** June 29, 2016 - 10:45-12:00

Chair: James Zhan, Investment and Enterprise, UNCTAD
Discussant: Peter J. Buckley, University of Leeds

**Panelists:**
- Gary Gereffi, Duke University
- Hemant Merchant, University of South Florida St. Petersburg
- Hafiz Mirza, Division on Investment and Enterprise, UNCTAD

The World Investment Report 2016 examines the ownership of multinational enterprises and the control of affiliates in developing countries, analysing in detail policy areas where whether an affiliate is domestic or foreign can matter, including the nationality of parent companies. These areas include ownership-related operating and performance requirements, industry restrictions, and security concerns. Bringing together an innovative analysis of multinational ownership structures and relevant policies practices, the focus of the report is on the appropriateness and effectiveness of the latter. The report provides policymakers with a framework for considering ownership-related policies, including good and bad practices. (For more information, please contact: Hafiz Mirza, Division on Investment and Enterprise, UNCTAD, Switzerland: Hafiz.Mirza@unctad.org)

Session: 2.2.5 - Competitive
Track: 11 - Global Strategy, Alliances and Acquisitions

**M&A Integration and Value Creation**

**Presented On:** June 29, 2016 - 10:45-12:00

Chair: Nathaniel C. Lupton, University of Lethbridge

**Domestic M&As between Multinational Enterprises: Creating Value by Expanding and Integrating International Assets**
- Junichi Yamanoi, Waseda University
- Akie Iriyama, Waseda University
- Shige Makino, Chinese University of Hong Kong

Departing from extant mergers and acquisitions (M&A) research focusing on domestic and cross-border M&As, we study domestic M&As between two multinational enterprises (MNEs). We examine four aspects of value creation in terms of the effect of international assets on an MNE’s domestic M&A performance: asset expansion, asset diversification, cost reduction, and asset redeployment. Using an event study for 136 M&As between pairs of MNEs based in Japan, we found that an acquirer receives a higher market valuation when it expands geographic-market coverage, diversifies its international scope, and gains greater opportunities to restructure its
redundant international assets. We also found that an acquirer suffers a more negative market valuation when its international asset portfolio is culturally or geographically distant from that of the target. (For more information, please contact: Junichi Yamanoi, Waseda University, Japan: yamanoi@waseda.jp)

The Canon Acquisition of Océ: A Qualitative Analysis of a Successful Socio-Cultural Integration
Daniel Rottig, Florida Gulf Coast University
Jane Schappert, Barry University
Eytan Starkman, Bank Hapoalim International

Based on an inductive, qualitative research approach that comprises in-depth, semi-structured executive interviews, employee observations, internal company data and external media accounts, this study analyzes the recent large-scale acquisition of the Dutch Océ N.V. by the Japanese Canon Inc. Despite their significantly different national cultural heritages and considerably contrasting organizational cultural practices, both companies were able to successfully manage the socio-cultural integration process. Building on a recently published marriage metaphor model of socio-cultural integration, this study sketches out explicit links between national cultural value orientations and the respective organizational cultural practices, identifies and discusses key success factors for each of the three stages of the acquisition process (i.e. pre-acquisition, closing, and post-acquisition stages), and examines the interconnectedness of these success factors across the three stages by discussing interlocking best practices. In so doing, this study provides a more dynamic and encompassing account of the key factors that determine the success of the socio-cultural integration process in international acquisitions. Theoretical and practical implications are discussed. (For more information, please contact: Daniel Rottig, Florida Gulf Coast University, USA: drottig@fgcu.edu)

How to Integrate Target Firms in High-Technology Industries in International Acquisitions: A Combined Role of Strategic Resources and Environment Dynamics
Tian Wei, Fudan University
Jeremy Clegg, University of Leeds

Through synthesizing two complementary theoretical perspectives: resource-based view (RBV) and resource dependence theory (RDT), this study explores how to integrate target firms in high-technology industries in international acquisitions. Using six in-depth cases in the medical technology industry, we develop a two by three matrix to present the integration risks from two dimensions: strategic resources and environment dynamics, which are drawn from RBV and RDT, respectively. Our study contributes to acquisition literature in three aspects. First, it answers the call for integrating several theoretical perspectives to examine organizational interdependence, particularly in acquisition. Second, it makes attempts to resolve the puzzle to prevent value destruction in post-acquisition integration. Third, it is among the first to understand post-acquisition integration from a more holistic view by linking pre- and post-acquisition processes. (For more information, please contact: Tian Wei, Fudan University, China: weitian@fudan.edu.cn)

Stakeholder Management in Cross-Border Mergers
Niels Noorderhaven, Tilburg University
Mikael Søndergaard, Aarhus University

Cross-border mergers are important strategic changes requiring careful management of multiplex stakeholder relations. In a cross-border merger many stakeholder demands will be salient simultaneously, making dealing with them more difficult. We explore how stakeholder relations were managed in two cross-border mergers, MD Foods – Arla and Air France - KLM. Our analysis shows that these companies in some cases gave precedence to some categories of stakeholder demands over others, while in other cases they were able to mold synergetic solutions. (For more information, please contact: Niels Noorderhaven, Tilburg University, Belgium: n.g.noorderhaven@uvt.nl)
Institutional Variety in Emerging Markets

Presented On: June 29, 2016 - 10:45-12:00

Chair: Sylwia E. Starnawska, SUNY Empire State College

Does Shareholder Value Increase with Cross-Border Merger & Acquisition for Chinese Firms? The Influences of Domestic Political Ties and Subnational Institutional Quality

Wenjun Tu, University of Nottingham Ningbo
Xiaolan Zheng, University of Nottingham Ningbo
Lei Li, University of Nottingham Ningbo

This study examines the influences of domestic political ties and subnational institutions on shareholder value creation of Chinese firms in the context of cross-border merger and acquisition (CBM&A). We find that CBM&A creates value for shareholders of Chinese acquirers from 1999 to 2013. Based on our sample, state ownership has a significantly negative effect on performance only if acquirers are located in region with higher development level of subnational legal institutions, while political connections always have significantly positive influence. Furthermore, politically-connected outside directors have more significant influence, compared with politically-connected CEOs. The quality of subnational institution is slightly positive correlated to shareholder value of Chinese acquirers, and also impacts the role of state ownership and political connections on shareholder value creation of Chinese CBM&A. (For more information, please contact: Wenjun Tu, University of Nottingham Ningbo, China: wenjun.tu@nottingham.edu.cn)

State-Owned Enterprises and Outward Foreign Direct Investment Activities: The Moderating Role of Home Institutions

Jing Li, Simon Fraser University
Jun Xia, University of Texas at Dallas
Daniel Shapiro, Simon Fraser University
Zhouyu Lin, Fuzhou University

Despite considerable theoretical and empirical evidence suggesting that state-owned enterprises (SOEs) underperform relative to private firms, they not only persist, but have also invested abroad. In this paper, we investigate the phenomenon of outward foreign direct investment (OFDI) by state-owned entities from China. We draw on institutional theory to argue that home-country subnational institutional factors can offset the “liability of stateness” sufficiently to allow some SOEs to move abroad. Using a sample of publicly listed Chinese firms, we confirm that state ownership does indeed have a negative direct effect on overseas investment activities. However, coercive pressures and mimetic forces generated from home subnational institutions can more than offset the liability of stateness. (For more information, please contact: Jing Li, Simon Fraser University, Canada: jingli@sfu.ca)

Varieties of Institutional Systems: A Contextual Taxonomy for the Understudied Regions of the Global Economy

Stav Fainshmidt, Florida International University
William Q. Judge, Old Dominion University
Ruth V. Aguilera, Northeastern University
Adam Smith, Arkansas State University

International business (IB) scholars are increasingly utilizing the Varieties of Capitalism and National Business Systems typologies for understanding the impact of institutional diversity on IB phenomena. In this study, we
seek to go beyond these two frameworks by exploring the varieties of institutional systems located in regions largely ignored by these conceptual typologies. We refine and extend prior frameworks to yield a new framework which we call “Varieties of Institutional Systems” by considering unique institutional aspects, such as state and family dominance, relevant to economies in Africa, Middle East, East Europe, Latin America, and Asia. Specifically, our new taxonomy better captures the institutional context provided by the state, financial markets, human capital, social capital, and corporate governance in these regions. We rely on qualitative data solicited from regional experts to compile the institutional profiles of 68 understudied economies and identify seven configurations of institutional systems. In so doing, we advance the understanding of the varieties of institutional systems in regions of the world that have been largely neglected in prior research, and contribute to a more global perspective of national institutional context. (For more information, please contact: Stav Fainshmidt, Florida International University, USA: sfainshm@fiu.edu)

**Functional Convergence in Emerging Market Firms**  
Luisa Fernanda Melo, Bentley University

Functional convergence is the ability of firms to adopt ‘best practices’ of corporate governance, independently of home country. This paper demonstrates firm-level changes in globally competitive emerging market firms (EMNEs), and the importance of firm-level practices in driving convergence despite ownership structures. I develop a uniquely constructed cross-sectional dataset on ownership and board structures of 81 emerging market firms (EMNEs) identified from the Global 500, representing 14 countries. Convergence is evaluated using quantitative regression for individual board practices, and through an Index of Functional Convergence to Anglo-Saxon standards (IFCAS) developed from the data. The Index operationalizes wholesale, rather than individual adoption of best practices, and a continuous rather than dichotomous process. Functional convergence is evident particularly in board practices. Controlling ownership can increase the likelihood of wholesale functional convergence; State ownership reduces the likelihood of wholesale adoption, but is not entirely limiting convergence of individual practices. (For more information, please contact: Luisa Fernanda Melo, Bentley University, USA: melo-lf@outlook.com)

**Session: 2.2.7 - Competitive**  
**Track: 8 - International Entrepreneurship, SMEs and Born Globals**

**Opportunity Identification in International Entrepreneurship**

**Presented On:** June 29, 2016 - 10:45-12:00

Chair: Pavlos Dimitratos, University of Glasgow

**Reconceptualizing International Entrepreneurship: An Opportunity Based Perspective**  
Mujtaba Ahsan, San Diego State University  
Stephanie A. Fernhaber, Butler University

Although the definition of international entrepreneurship (IE) has shifted in recent years from a contextual focus on new ventures to one that focuses on opportunities, there is still confusion as to the applicability of IE beyond the new venture context. In this paper, we develop an opportunity-based framework that considers the level and type of learning involved in the active pursuit of opportunities generally classified as IE. Four types of firm behaviors related to opportunities emerged: maintainers, internationalizers, innovators, and international innovators. While each behavior represents a shade of IE, international innovators offer the greatest promise for new scholarly insight. (For more information, please contact: Mujtaba Ahsan, San Diego State University, USA: mahsan@mail.sdsu.edu)
A Social Cognitive Approach to International Opportunity Identification: The Case of Chinese MNEs
Shuang Ren, Deakin University
Di Fan, Curtin University
Zijie Li, University of International Business and Economics

Identifying opportunities in a new international market is a behavioral outcome of firms’ understanding of and response to multiple contexts they experience in the internationalization process. Despite the role of context in international opportunity identification, this phenomenon remains under-researched and requires theory development. The current study builds upon social cognitive theory and the research on microfoundations to elaborate how and under what conditions emerging multinational enterprises identify international opportunities. Using a qualitative approach, this study firstly develops a theoretical framework for explaining the international opportunity identification behavior of emerging multinational enterprises (EMNEs) and secondly explores this behavior in the empirical context of Chinese MNEs. The findings establish cognitive mechanisms relevant to international opportunity identification and the interaction between top management team (TMT) cognition and context as conditions of international opportunity identification. A social cognitive model of international opportunity identification has practical value for top managers and leadership in managing, interacting and benefiting from contextual enablers of recognising and capturing opportunities in international markets. (For more information, please contact: Di Fan, Curtin University, Australia: david.di.fan@gmail.com)

Accelerated Multinationalization: Capturing Global Opportunities
Sinead Monaghan, Rutgers University
Esther Tippmann, University College Dublin

How do entrepreneurial firms internationalize to capitalize on large international opportunities? Drawing on in-depth case studies of high-growth firms, this study develops a model of accelerated multinationalization. We find that to exploit large international opportunities, a global entrepreneurial vision drives internationalization. Challenges of liability of outsidership, risk and uncertainty, and a liability of speed are evidently encountered, yet are handled through a conscientious pacing by the firm. By theorizing a new form of entrepreneurial internationalization, this study resolves a central conundrum in internationalization process theory - that of consistently high-paced international expansion. (For more information, please contact: Sinead Monaghan, Rutgers University, USA: smonaghan@business.rutgers.edu)

Entrepreneurial Opportunity Exploitation: A National Level Social Capital Contingency Perspective
Seyed Hooman Seyed Abootorabi, Old Dominion University
Amirmahmood Amini Sedeh, Old Dominion University

Many studies have addressed opportunity discovery and opportunity exploitation as two important concepts of entrepreneurial activity; however, very little research has focused on how differences in social context determine the decision to pursue an opportunity. In this study, we investigate how cognitive features of individuals as antecedents affect opportunity exploitation and then we examine how different dimensions of national level social capital as a contextual factor influence this association. As such, 36 countries across the world that participated in Global Entrepreneurship Monitor (GEM) and the World Values Survey (WVS) are selected for analysis. By using a hierarchical linear modeling (HLM) methodology, we find out that both self-efficacy and optimism are influential factors in entrepreneurial opportunity exploitation. Also, all three dimensions of social capital which are generalized trust, civic cooperation, and level of formal memberships positively influence the direct link between optimism on opportunity exploitation. Furthermore, our results show that the breadth of formal memberships across different countries moderates the relationship of self-efficacy and opportunity exploitation positively. This study as an attempt to integrate sociopolitical and cognitive schools reveals how the reaction of people who have perceived good opportunities on whether or not to start a new business can be affected by the social context. (For more information, please contact: Seyed Hooman Seyed Abootorabi, Old Dominion University, USA: s1seymeda@odu.edu)
**Session: 2.2.8 - Competitive**
**Track: 7 - MNEs, Governments, and Non-market Strategies**

**Revisiting Corporate Socially Responsible Activities: Diverse Drivers and Diverse Contexts**

**Presented On:** June 29, 2016 - 10:45-12:00

Chair: Tailan Chi, University of Kansas

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**Time Horizon and Corporate Social Responsibility: Multi-Layered Evidence from around the World**

Jongmoo Jay Choi, Temple University
Jimi Kim, Temple University
Oded Shenkar, Ohio State University

Drawing from agency and stakeholder/steward theories, we examine the effect of corporate ownership on corporate social responsibility (CSR) using a comprehensive firm dataset for 44 countries during the 2010–2012 period. In a departure from extant work focusing on CSR firms alone, we compare CSR with non-CSR firms and correct for selection bias using the Heckman selection model. As hypothesized, we find the CSR index to be higher when a controlling owner is long-term oriented, the firm is concerned with future value creation, and the country has a long-term orientation culture. *(For more information, please contact: Jongmoo Jay Choi, Temple University, USA: jjchoi@temple.edu)*

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Luis Ballesteros, University of Pennsylvania

When firms decide to engage in the provision of collective goods that benefit social welfare (i.e., to behave pro-socially), they may consider the economic relevance of such goods for their own market operation. The bigger the stake of the firm in a market, the greater its reliance on the market’s collective goods (e.g., communication networks, transportation infrastructure). Therefore, a market’s relative importance for a firm should be a significant predictor of corporate pro-social behavior. I test this argument by constructing a measure of corporate economic reliance on market systems and analyzing data of giving by multinational enterprises to all natural disasters that affected the world between 2003 and 2012, inclusive. I show that accounting for variation in economic reliance following the literature on club goods leads to a more accurate prediction of the frequency and magnitude of corporate pro-social behavior than widely invoked arguments rooted in the strategic philanthropy and organizational literatures. *(For more information, please contact: Luis Ballesteros, University of Pennsylvania, USA: luisf@wharton.upenn.edu)*

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**Webs of Influence: National Stakeholder Networks and Corporate Social Performance**

Kate Odziemkowska, University of Pennsylvania
Witold Jerzy Henisz, University of Pennsylvania

Drawing on stakeholder, social network and social movement theories, we argue that the prominence of environmental and social stakeholders within a country’s socio-political network and their ability to overcome collective action problems together influence Corporate Social Performance (CSP). We draw upon a novel dataset of over 250 million media-reported events to construct comprehensive national networks of organizations and individuals as well as sub-networks of environmental and social stakeholders. We empirically demonstrate that within country variation across time in the prominence of stakeholders in the broader country network and the heterogeneity of sub-network actors are both associated with increased CSP by individual firms among a sample of 3,600 firms spanning 48 countries. These results highlight the importance of taking a
holistic network approach to the stakeholder landscape for understanding corporate social responsibility practices. We argue that a similar approach may be applied for a wide array of corporate practices of relevance to various socio-political stakeholders. (For more information, please contact: Kate Odziemkowska, University of Pennsylvania, USA: kodzi@wharton.upenn.edu)

Session: 2.2.9 - Competitive

Innovative Ideas in IB Instruction

Presented On: June 29, 2016 - 10:45-12:00

Chair: Joan Marie Lofgren, Aalto University

Global Pitch Project: Social Entrepreneurship and the Teaching of Ethics in International Business

Madan Annavarjua, Bryant University
Diya Das, Bryant University
Elzotbek Rustambekov, Bryant University

In the International Business program at Bryant University, one of the key innovative pedagogic practices is the first year Global Pitch project. Every incoming IB student has to take a course Global Foundations of Business in their first semester. The course is a comprehensive introductory one in the field of International Business. The big project in this course is the Global Pitch project. This is a social entrepreneurship project that students are required to do in groups of 4-5 within the first two months of the course. The key idea is to formulate a business solution to a social problem for those who occupy the ‘bottom of the pyramid’ in various countries. The groups have to come up with an innovative business solution to the social problem that cannot be only dependent on charitable contributions. Rather they have to show a possible sustainable revenue stream to keep the enterprise going over a period of time. They also have to show why and how their proposed solution would be effective in addressing the specific problem. The groups present their proposed business plans in a 5 minute presentation. (For more information, please contact: Diya Das, Bryant University, USA: ddas@bryant.edu)

Develop Intercultural Effectiveness in the Classroom: An Application of Reflective Learning

Jing Betty Feng, Farmingdale State College (SUNY)

To enhance the intercultural effectiveness of undergraduate students, I integrated intercultural effectiveness development assignment with reflective learning approach for the business course of International Management. I propose a four-stage reflective development model to provided students the personal experience and educational environment in the traditional classroom context. The model also motivated students to engage in the intercultural interaction, make sense of their environment, and advance their learning of the course subject. Both quantitative and qualitative results indicate that the students achieved desirable outcomes of developing intercultural effectiveness based on their home environment. (For more information, please contact: Jing Betty Feng, Farmingdale State College (SUNY), USA: fengj@farmingdale.edu)

Irish-Dutch Sandwiches, Corporate Inversions, and Arm’s Length Transactions: Teaching International Tax in Your IB Course

James Francis Nebus, Suffolk University

International tax is a provocative, controversial topic which will engage students academically and often emotionally. Yet most IB professors are quick to delegate the tax topic to their accounting departments, while most accounting departments only focus on the details of domestic tax law. However, you don’t need to be a tax lawyer or tax accountant to teach international tax effectively. International tax is not only a contemporary
relevant IB topic by itself but it also provides a context for teaching bargaining power among MNEs and nation states, global governance, and how business is impacted when traversing borders. The paper provides materials, methods, and teaching hints that have been proven to help instructors be more effective, and students to better understand and be more engaged with this topic. (For more information, please contact: James Francis Nebus, Suffolk University, USA: jnebus@suffolk.edu)

Case Studies and Teaching Cases as a Teaching-Learning Strategy in Teaching International Logistics
Moema Pereira Nunes, Universidade Feevale

Though the traditional model of education, which places the teacher as the sole holder of knowledge, still prevails on teaching in undergraduate courses, the new forms of teaching and learning emerge as a para-pedagogical alternative to teaching the complexity of the management problems in organizations. The development of case studies by students and the use of cases as teaching tools represent an alternative to the traditional teaching model. With an already consolidated model, especially in teaching MBAs, this article presents an account of an experience of using these techniques when teaching International Logistics in the Undergraduate course of Business Administration. The innovativeness of this experience is that it deals with case studies developed by students, which become the teaching cases used in the classroom in later semesters. Moreover, the investigation and case studies of companies familiar to the students brought the scientific knowledge closer to the reality of the students, making the learning process easier. (For more information, please contact: Moema Pereira Nunes, Universidade Feevale, Brazil: moemanunes@hotmail.com)

Session: 2.2.11 - Interactive
Track: 8 - International Entrepreneurship, SMEs and Born Globals

Drivers of International Entrepreneurship: Opportunity Recognition, Rents, Growth

Presented On: June 29, 2016 - 10:45-12:00

Chair: Nicole Coviello, Wilfred Laurier University

The Pursuit of International Opportunity: A Planned Behavior Model
Daniel Richard Clark, Indiana University

To better understand the pursuit of international opportunities by individuals, the international business literature needs tools to both predict the selection, and model the evaluation of international opportunities. The present study develops a predictive model of internationalization behavior drawing from the theory of planned behavior, and applies it to an evaluative model of international opportunities based on the resource-based view. Structural equation modeling is used to examine the validity and reliability of the predictive model, and found that attitudes, perceived behavioral control and subjective norms are significantly indicative of an intention to internationalize (CFI =.97, RMSEA =.05). Hierarchical linear modeling is used to examine the likelihood of pursuing an international opportunity. The intention to internationalize predicts the likelihood of internationalizing. Additionally, the assessment of international opportunity can be modeled, based on the value, rarity and inimitability of the opportunity. Further, an interaction between the intention to internationalize, and the evaluation of the opportunity is observed. (For more information, please contact: Daniel Richard Clark, Indiana University, USA: drc2@indiana.edu)

How Organisational Identity Stories Lead to International Opportunities
Pavlina Jasovska, University of South Australia

A well-crafted organisational identity acts as capability which then leads to market opportunities and resource acquisition. While opportunity development has become central to internationalisation process and
entrepreneurship research little is known how the actual resources are acquired. The purpose of this paper is to set out a framework by using the perspective of entrepreneurial stories which mediate the relationship between the venture’s organisational identity and international opportunity exploitation. We propose that these stories represent actions purposefully created by founders and they are instrumental for the international market commitment. Overall, we develop a framework where entrepreneurs in order to gain “optimal uniqueness” need to adjust their stories according to venture and field characteristics. (For more information, please contact: Pavlina Jasovska, University of South Australia, Australia: pavlina.jasovska@mymail.unisa.edu.au)

A Transaction Cost Approach to International Entrepreneurship
Susan L. Young, Seton Hall University
Christopher Welter, Xavier University

Entrepreneurial ventures are shaped by the national institutional contexts within which they are embedded. However, not all institutional contexts are equivalent, and institutional voids can directly influence success or failure of de novo firms by impacting the transaction costs attached to firm activity. What can entrepreneurs do to overcome institutional contexts rendered ineffective by institutional voids? We identify four potential responses entrepreneurs take when facing ineffective institutions, depending on their motivation and knowledge: institutional entrepreneurship, institutional bricolage, institutional avoidance and institutional bridging. Specifically, we focus on how entrepreneurs embedded in contexts with ineffective institutions can use institutional bridging to connect with contexts with more effective institutions in order to reduce transaction costs. We argue that entrepreneurs’ willingness to bear uncertainty—that is, their motivation—enables them to overcome the increased uncertainty stemming from acting within multiple institutional environments. We provide a transaction cost model explaining the potential advantages of institutional bridging despite the uncertainty inherent in these new institutional environments. We find that while additional environments may increase transaction costs due to the uncertainty of a new, unknown context, institutional bridging may allow entrepreneurs to decrease the cost of transacting as a whole. (For more information, please contact: Susan L. Young, Seton Hall University, USA: susan.young@shu.edu)

To Acquire or Not: How Maturing Born Globals Survive over Time
Tamar Almor, College of Management
Stine Oyna, University of Agder
Shlomo Yedidia Tarba, University of Birmingham
Mohammad F. Ahammad, Sheffield Hallam University

Very few studies have examined the question how, if at all, born globals survive over time. Born globals, which are young, one-product firms at the outset, face multiple challenges when striving for long-term independence. This study focuses on the ability of born globals to survive independently by using mergers and acquisitions (M&A). The research is based on a longitudinal analysis of 44 high tech companies that were defined as born globals in 1999 and were followed on an annual basis until 2009. The results showed that acquisitions of other start-ups by the born globals, increased the probability of independent survival as well as financial growth, but only if the acquisition was for complementary purposes and enabled expansion of the product / technology line. Data further showed that survivability as well as financial success increased with the number of M&As. Independently surviving born globals increased their investments in R&D in conjunction with M&As that allowed them to expand their technology / product line, thereby enabling the exploitation of new entrepreneurial opportunities. While M&As seem pertinent to the independent survival of the born global over time, their financial performance was disappointing in the second decade of their lives. (For more information, please contact: Tamar Almor, College of Management, Israel: talmor@colman.ac.il)
What Influences the Internationalization Speed of Online Retailers? A Dynamic Perspective
Matthias Schu, University of Fribourg
Dirk Morschett, University of Fribourg
Hanna Schramm-Klein, University of Siegen

Numerous examples of online retailers that have internationalized shortly after their foundation indicate that they internationalize faster than and different from traditional brick-and-mortar retailers. Internationalization processes have been in the focus of IB research; market entry strategies and country selection dominate this literature. Speed, however, has hardly been on the research agenda. Research on international entrepreneurship and international new ventures highlights the role of speed, but these studies generally imply a uniform internationalization speed and do not focus on individual internationalization steps. In addition, hardly any study considers the internationalization process in retailing. This paper identifies and analyzes various influence factors on internationalization speed of online retailers and their impact on individual internationalization steps. Grounded in the resource-based view, the paper examines the effects of imitability of an online shop, the presence of venture capitalists, the scope of the country portfolio and distance and diversity within the country portfolio on the internationalization speed of online retailers, using a Cox proportional hazards model with a sample of 150 online retailers (1,110 market entries in 47 country markets over 19 years). (For more information, please contact: Dirk Morschett, University of Fribourg, Switzerland: dirk.morschett@unifr.ch)

Do Venture Capitalists Affect the Internationalization of Small Firms?
Antonio Amaral Moreira, Pontifical Catholic University of Rio de Janeiro
Jorge Carneiro, Pontifical Catholic University of Rio de Janeiro

While venture capitalists have been investing a substantial amount of equity capital in small businesses and several of these businesses have gone international, the evidence about the impact of venture capitalists on the internationalization processes and results of the invested firms is still scant. In search of evidence about the several aspects by which venture capital can contribute to (or, otherwise, hamper) the international path and success of small firms, this qualitative study, based on in-depth interviews, investigated the perceptions of such impacts from the standpoint of the executives of venture capital firms and of the founders or CEOs of small businesses that received financial (and also managerial) support. Data were collected on Brazilian firms, whereas, for the most part, the literature has focused on the USA, Western Europe or China. Findings bring mixed evidence as regards expected positive effects regarding access to financial resources, management support, access to networks, reputation/credibility, and organizational culture. (For more information, please contact: Jorge Carneiro, Pontifical Catholic University of Rio de Janeiro, Brazil: jorgemtc@iag.puc-rio.br)

International New Venture Performance: Leveraging Marketing Capabilities
Silvia Lozano Martin, California State University, Los Angeles
Rajshekhar Javalgi, Cleveland State University

There is not much empirical evidence in the international new ventures (INVs) literature to consider the strategy interplay of marketing capabilities in approaching new markets overseas. Few studies have examined the role of marketing capabilities as a source of competitive advantage in the international entrepreneurship (IE) field. Building upon the resource based view, we develop a model of marketing capabilities - competitive strategy - export venture performance. The sample used in this study are INV firms from an emerging country which provides a unique research setting and sheds additional light on these relationships. Our findings suggest that the relationship between marketing capabilities and competitive strategy is mediated by marketing communication. Moreover, our study reveals the moderating role of technological turbulence, which strengthens the link between marketing capabilities and marketing communication. Likewise, technological turbulence strengthens the link between marketing communication and competitive strategy. The study findings have important implications for research on IE and new venture decision-making. (For more information, please contact: Silvia Lozano Martin, California State University, Los Angeles, USA: sylvie.lzn@gmail.com)
**Issues on FDI**

**Presented On:** June 29, 2016 - 10:45-12:00

Chair: Isabel Alvarez, Universidad Complutense de Madrid

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**MNE Transparency and Country-Level Risk Disclosure**

Sidney Gray, University of Sydney
Helen Kang, University of New South Wales

Corporate transparency on a country-by-country basis provides more accurate insights into a multinational enterprise’s international activities and important country-specific risks. We investigate the country-level transparency behavior of UK MNEs. We test the hypothesis that firms are less likely to engage in disclosure on a country-by-country basis if their principal subsidiaries are operating in countries with high levels of business, economic, and political risks given the potential for closer stakeholder scrutiny and negative impact on capital market perceptions of risk and corporate value. We find, as expected, a significant negative relationship between the level of country-specific risks and country-level transparency. *(For more information, please contact: Sidney Gray, University of Sydney, Australia: sid.gray@sydney.edu.au)*

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**Distance Matters for Portfolio Investment - But What Kind of Distance?**

Brian Lucey, Trinity College Dublin
Raj Aggarwal, University of Akron
Colm Kearney, Monash University
Sam Vignes, Trinity College Dublin

Using the International Monetary Funds (IMF) Coordinated Portfolio Investment Survey (CPIS) across 174 originating and 50 destination countries, we apply extreme bounds analysis (Leamer (1983), Granger and Uhlig (1990) & Sala-i Martin (1997)) within a gravity framework to examine the interactions between geographic, institutional, cultural and psychic distances in shaping bilateral international portfolio positions throughout the world. We find that while psychic distance always matters, the other concepts are fragile in their contribution to explaining global investments. Our approach and findings have implications for many studies in international business, economics, finance and management *(For more information, please contact: Brian Lucey, Trinity College Dublin, Ireland: blucey@tcd.ie)*

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**Capital Market Development and Inflow of Foreign Direct Investment to Africa - Is There Any Relationship?**

Rafiu Adewale Aregbeshola, University of South Africa

The relationship between capital market development and inflow of FDI is well documented in literature. Documented evidence from Europe and American capital markets has been in affirmation of this thesis. However, a few similar studies conducted in Africa are largely country-specific and others marginalise various measurable indicators of capital markets. Using data generated through the World Bank databases for the six largest (and oldest) capital markets in Africa in a series of econometric techniques, this study reinforces the strength of capital market development and country’s attractiveness to inflow of FDI both in the short and in the long run. *(For more information, please contact: Rafiu Adewale Aregbeshola, University of South Africa, South Africa: aregbra@unisa.ac.za)*
Recover in Post-Conflict Affected Countries: The Unintended Effects of Foreign Aid on Foreign Direct Investment
Sander De Raad, University of Groningen
Vincent Kunst, University of Groningen

Recent literature tends to accentuate the positive effects of FDI inflows on the stabilization of post-conflict situations. However, in its current form, foreign aid does not directly incorporate beneficial FDI inflows in its post-conflict recovery strategy. Literature on the link between aid flows and FDI is scarce and yields mixed results. In this paper we address the question how foreign aid affects FDI-inflows by discussing it in a post-conflict context. We distinguish several ways in how foreign aid influences FDI: by lowering risks of conflict reoccurrence, the mitigation of operational risks through collaborations, its signaling function for local socio-economic conditions, and by increasing financial incentives for investments. We empirically test the effects of conflict-intensity, peacekeeping missions, and aid allocation, on a dataset including 161 observations of 48 conflicts within 31 countries in the period of 1995-2013. Our research shows that both peacekeeping missions and aid allocation have positive and significant effects on FDI inflows. We propose that more attention should be given to the complementary effects of FDI on conflict recovery strategies. (For more information, please contact: Sander De Raad, University of Groningen, Netherlands: a.r.de.raad@student.rug.nl)

Spillovers of Cross-Border Strategic Alliances on Rivals’ Values in Emerging Economies
Pawinee Changphao, University of Texas at Dallas

While there are many studies on the impact of cross-border strategic alliances (SAs) on market values of focal firms, research on the impacts of cross-border SAs on market values of local rivals in foreign countries is limited. We start filling this gap by examining how local rivals’ stock prices respond to SA announcements between US firms and foreign partners in emerging economies. We employ signaling theory and test our hypotheses by using event study analysis of cross-border SAs between US firms and foreign partners in China, India, and South Korea in the pharmaceutical industry during 2004-2013. Our findings show that the higher the institutional distances between alliance partners are, the greater the positive spillovers on local rivals’ value would be. We also find that R&D alliances generate more positive spillovers than marketing alliances do. However, the results reveal that the positive spillovers of cross-border SAs between partners with high institutional distances are attenuated with R&D alliances. This study provides insights on how institutional contexts play a significant role on the spillovers of cross-border SAs in emerging economies. (For more information, please contact: Pawinee Changphao, University of Texas at Dallas, USA: pchangphao@gmail.com)

Evaluating the Impact of Labor Flexibility on FDI into Europe
Mikhail Shengeliya, Trinity College Dublin
Louis Brennan, Trinity College Dublin

The analysis of FDI determinants has become increasingly important in international business literature. A number of theoretical models have been developed that study the determinants of FDI flows. The present research studies the effect of labor market flexibility on FDI activity and employs the model applied by Slaughter (2003. The framework has parallels with gravity equations featured in many related studies. The OECD’s strictness of employment protection is used to obtain a proxy variable for labor market rigidity. Theoretical and practical implications are drawn. (For more information, please contact: Mikhail Shengeliya, Trinity College Dublin, Ireland: shengelm@tcd.ie)
Role of Culture and Institutions in Global Strategy

Presented On: June 29, 2016 - 10:45-12:00

Chair: Marjorie A. Lyles, Indiana University

Home Is Where It Starts: The Influence of Home Culture Institutions on MNE Global Strategies
Brian Roy Tan, B.R.I.T. Management Consulting
Asda Chintakananda, National Institute of Development Administration

This study examines how MNEs’ global strategies relate to the institutional culture of the home country. Specifically, we examine how two cultural institutions, uncertainty avoidance and collectivism, present both opportunities and constraints for MNEs’ globalization strategy. We hypothesize that low uncertainty avoidance at home enhances MNEs’ global performance, and such relationship is accentuated by the stability of the government at home. At the same time collectivism at home enhances MNEs’ global performance, however such relationship is attenuated by the stability of the government at home. Our findings based on observations from countries from all cultural clusters support our hypotheses. (For more information, please contact: Asda Chintakananda, National Institute of Development Administration, Thailand: asda.chi@nida.ac.th)

Who Are Those Good to Do Together during Institutional Upheaval?: The Effect of Organizational Network Diversity in Chinese Film Industry after WTO Accession
Hyunjoo Min, University of South Carolina

This study begins from the question "Is it better to form organizational network with homogeneous partners or heterogeneous partners during institutional changes?" There are conflicting arguments over the effect of network diversity on the performance, but it is still a black-box that whether heterogeneous partners will be advantageous or whether that diversity backfires. Especially, in the middle of uncertain and dynamic management environment during the institutional upheavals, it is not clear if network diversity will help to overcome environmental complexities or complicates the difficulties. By using the data on Chinese film industry after WTO accession, our findings indicate that during the rearrangement period, the network diversity has negative effects on the performance, while it has positive effects as industry gets stabilized and government strategically supports the industry actors. In the analysis with several dimensions of network diversity, we find that organizations will have better performance when they form network with partners who have similar experience and diverse nationality. But, network diversity in value-chain shows contrasting effects, which we assume that the maturity of actors will differ and results in different results as institutional upheaval proceeds different stages. (For more information, please contact: Hyunjoo Min, University of South Carolina, USA: hyunjoo.min@grad.moore.sc.edu)

How to Create Trust in Multinational Corporations? Cross-Cultural Contingencies in Fair Strategy Process
Carine Peeters, Vlerick Business School
Koen Tackx, Vlerick Business School

This paper proposes a conceptual framework and empirical validation to explain how a culturally differentiated application of the procedural justice theory may enhance the functioning of a multinational corporation (MNC). Using original survey data on 103 managers of international corporations who are strongly involved in headquarter-subsidiary relationships, we study how power distance and individualism-collectivism dimensions of culture moderate the relation between the constituents of procedural justice and the trust subsidiaries have in their headquarters. The analysis suggests that for managers originating from a ‘low power distance’ culture, the perception of changeability in the strategy process has much more impact than for managers stemming from a ‘high power distance’ culture. Also, towards managers with a more ‘collectivist’ background, ensuring that
expectations and decisions are clear enhances trust more than for managers with a more 'individualist' background. (For more information, please contact: Carine Peeters, Vlerick Business School, Belgium: carine.peeters@vlerick.com)

**Institutional Environment and Cross-Border M&A Premiums**

Zhu Zhang, Peking University  
Marjorie A. Lyles, Indiana University  
Changqi Wu, Peking University

Institutional environment is a very important factor in studying cross-border M&As. However, the role of the institutional environment in influencing cross-border M&A premiums is under studied. This is an important gap because it is a common but under-recognized phenomenon that emerging economies, such as China, often overpay in acquiring foreign targets. To fill this gap, we study the role of the institutional environment in affecting the size of acquisition premiums. Based on cross-border M&A data of Chinese multinational firms, we find a positive relationship between institutional distance and premiums. The larger the institutional distance between home and host country, the larger the premium is paid for the target. Furthermore, in order to better understand the nature of institutional environment, we study the distinctive characteristics of the institutional environment of host country, the institutional quality. When the institutional quality of the host country is good, the premium is reduced. In addition, when the acquirer and target are in related industries, the effect of institutional distance on the acquisition premiums is mitigated. However, different from previous literatures, we find that the acquirer's cross-border M&A experience does not help as expected in reducing the premiums. The findings have both theoretical and practical implications. (For more information, please contact: Zhu Zhang, Peking University, China: zhangzhu19891219@163.com)

**Market Reaction to Cross-Border Acquisition Announcements: The Effect of Added Cultural Distance**

Hyun Gon Kim, Rutgers University

This study explains theoretical and empirical conflicts on the relationship between cultural distance and market reaction. This research examines the trend of adding cultural distance between newly entered target country and the closest previous cross-border acquisitions (CBAs), and the effect on an acquiring firm and its shareholders’ value in each CBA. I develop propositions for future empirical test on the impact of the added cultural distance (ACD) on market reaction in CBAs and moderating factors. This study will hire the event study analysis and collect the data from the Thomson SDC Platinum including CBAs between 1980 and 2014 involving U.S. acquirers and targets in 138 countries. This study will contribute to existing theoretical and empirical literature by connecting firms’ ACD trend which is theoretically based on the complexity and information asymmetry. (For more information, please contact: Hyun Gon Kim, Rutgers University, USA: hgkim.econ@gmail.com)

**Do Institutional Pressures Affect Divisional/regional HQs Relocation? An Empirical Study on Isomorphic, Coercive and Normative Effects**

Alfredo Valentino, Luiss University

Building on prior research, I investigate theoretically and empirically the institutional factors that push top managers to relocate HQ units overseas. To this end, I discuss how coercive, isomorphic, and normative pressures may differentially affect HQ relocation decisions. This paper contributes to the emergent research agenda on HQ relocations by providing a complementary explanation of HQ relocation, unravelling the institutional factors. Starting from the assumption that firm decisions are not always based on purely efficiency motives, it argues that the relocation of parenting activities can be considered as an answer to multiple institutional pressures faced by MNCs in their multiple institutional environments. For the empirical investigation I use a hand-collected dataset that is unique with regard to its comprehensiveness and scope, covering 126 relocation phenomena of regional and divisional HQs in Europe over a period of 13 years from 2000 to 2012. (For more information, please contact: Alfredo Valentino, Luiss University, Italy: valentinao@luiss.it)
Influence of Institutions on Innovation, Adoption and Development

Presented On: June 29, 2016 - 10:45-12:00

Chair: Charles E. Bryant, Florida Institute of Technology

Evolution of Technological Trajectories at MNEs: Dynamics in Japanese Big 3 Automakers
Hye Sun Kang, University of South Carolina

Why firms in the same industry even with same nationality show dynamics of technological trajectories? Against the conventional wisdoms for being homogenous based on the evolutionary economics and the institutional theory, we found missing piece of puzzle at MNEs context. This paper focuses on the global automobile industry, particularly the question how Japanese Big 3 automakers have developed their technological trajectories under the similar environments from industry and institutions. The primary goal of this paper is to resolve tension between the theoretically expected and observed MNE behaviors. Patent analysis used to measure dynamics of technological trajectories and supplemental qualitative assessment is followed to explain the antecedents of dynamics. Three antecedents of dynamics are defined at MNEs context – internalization knowledge source, rivalry reaction, and fitness with national innovation system. (For more information, please contact: Hye Sun Kang, University of South Carolina, USA: hyesun.kang@grad.moore.sc.edu)

The Institutionalization of Innovation Projects in 15 Countries through Varieties of Discursive Devices for the Technology Diffusion
Tariq H. Malik, Dongbei University of Finance & Economics

We explored how project sponsors diffuse their technology in the innovation projects to reduce the contest from their audience. Our 24 doctoral students selected individual innovation projects from 15 countries. This quasi-experimental study had two purposes. Firstly, it was to understanding the rhetorical discourse in the institutionalization of innovation projects. Second, it was to understanding the preference-performance in the learning of the student from through these projects. We observed two types of findings: organizational discursive practices and students’ learning. In the former case, the project sponsor uses malevolent-benevolent connotations for institutions and technologies to server their purpose. Sometimes institutions appear to be benevolent or malevolent; others times technology appears to be benevolent or malevolent. In the case of learning, we observed that one type relates to affective learning, and the other type relates to cognitive learning. In the affective learning process, motives, incentives and interest increased their satisfaction. In the cognitive learning outcome, the students improved their technical skills, social skills and actual performance about projects, industrial sectors and national cultures. (For more information, please contact: Tariq H. Malik, Dongbei University of Finance & Economics, China: tmalik@dufe.edu.cn)

Innovation in Emerging Economies: The Brazilian Case
Karen Esteves Fernandes Pinto, University of São Paulo
Paulo Roberto Feldmann, University of São Paulo

In this paper, we analyze the relevance of innovation concerning the emergence of important changes in the society. In order to verify which are the most relevant factors when it comes to the allocation of countries in an innovation ranking (Global Innovation Index), we accomplished a quantitative study, in which the procedure of multiple linear regression was used. The sample of our study comprised 33 countries and the analysis of the theoretical framework was carried out conducive to the creation of six independent variables. As result, the variables “GDP per capita”, “Public expenditures on R&D”, “Exports of high-tech goods”, “Public expenditures on education”, “Number of large companies” and “Number of patents” are in descending order the ones most
related to the innovation level reached by some countries. The only variable negatively correlated to innovation is the number of patents registered in a determined country; in other words, one may conclude that patents are not the most relevant indicator linked with the development of innovation. We also emphasize the role played by the government when providing a favorable institutional environment in order to encourage and support innovation. (For more information, please contact: Karen Esteves Fernandes Pinto, University of São Paulo, Brazil: karenefp@gmail.com)

When Too Little or Too Much Hurts: The Moderating Effect of Institutional Misalignment
Yousef Eiadat, University College Dublin
Alejandro M. Fernandez Castro, CESUGA

The impact of strengthening the coercive arm of state regulation on managerial decisions to adopt symmetric environmental strategies is well discussed by institutional theorists. The intuitive nature of the relationship is positive and monotonic, i.e., the continuous strengthening of coercive institutional demands prompts managers to adopt proactive environmental innovation strategies. This paper shows that (1) the overall relationship is curvilinear, i.e., the continuous strengthening of coercive institutional demands induces managers to bring their organizations’ environmental innovation strategies up to a certain optimum level beyond which its ability to trigger more proactive environmental innovation strategies begins to decelerate, while reactive and symbolic environmental innovation strategies accelerate; (2) perceived level of institutional alignment moderates the curvilinear relationship between coercive institutional demands and associated levels of environmental innovation strategies. Finally, results show that a curvilinear regression advances the long-standing and contentious debate about the relationship between state regulation and environmental innovation strategies. (For more information, please contact: Yousef Eiadat, University College Dublin, Ireland: yousef.husein@ucd.ie)

Institutionalizing EMS Adoption in Developing Countries
Yousef Eiadat, University College Dublin
Alejandro M. Fernandez Castro, CESUGA

This study argues that all institutional pressures do influence managerial decisions to adopt EMSs even though their relative strengths may differ. In particular, the significantly negative sign of mimetic pressure found in this study indicates that it is the single strongest disincentive to EMS adoption, rather than coercive pressures, among the chemical firms in Jordan. Normative pressures were ranked second. (For more information, please contact: Yousef Eiadat, University College Dublin, Ireland: yousef.husein@ucd.ie)

Session: 2.2.15 - Interactive
Track: 4 - Social Innovation: Global Solutions for Local Problems

MNCs and Social Responsibility: Responding to Local Issues and Challenges

Presented On: June 29, 2016 - 10:45-12:00

Chair: Christian Geisler Asmussen, Copenhagen Business School

Emerging Market Multinationals and CSR
Bindu Arya, University of Missouri-St. Louis
Jane Salk, University of Texas at Dallas

Given the increased importance of Emerging market Multinational Corporations (EMNCs) to global competition and investment and not just or mainly the fate of their home country markets, in this article we outline the nature and sources of institutional, organizational field pressures, and resource-dependence-based pressures driving the corporate social responsibility (CSR) practices of EMNCs. Given that greater competition from
Developed Country Multinational Corporations (DCMNCs) and growing internationalization of EMNCs augment EMNC attentiveness to CSR, we show that various theories that have been brought to bear upon DCMNCs and CSR, including Institutional Theory, Resource Dependence Theory, and Attention-Based theories surrounding isomorphism can and should be applied to EMNCs. (For more information, please contact: Bindu Arya, University of Missouri-St. Louis, USA: bindua@umsl.edu)

Rana Plaza Collapse: Are CSR Compliance Pressures Effective?
Noemi Sinkovics, University of Manchester
Samia Ferdous Hoque, University of Manchester
Rudolf R. Sinkovics, University of Manchester

The paper sets out to investigate the outcomes of CSR compliance in terms of social upgrading and social value creation. The study is carried out in the context of the Bangladeshi garment industry exploring the cases of four medium sized suppliers. The institutional changes that followed the Rana Plaza accident in April 2013 make Bangladesh in general and the garment industry in particular an interesting and suitable research setting. The analysis yielded two key findings. Firstly, the pressure for CSR compliance has lead the case companies to mainly focus on the implementation of measurable standards and neglect the socially grounded needs and priorities of workers. A closer investigation led to the observation that while certain compliance initiatives can be classified as social upgrading, instead of adding social value in fact destroyed previously existing social value. Secondly, the pressure for compliance created the necessity to find ways to cover the sizable cost of compliance. This prompted firms to pursue process upgrading mainly through technological advancements and through imposing increased work pressures on the labour force. These process upgrading initiatives did not only have zero impact on workers’ skills development and career prospects, they also brought about an increased power imbalance and led to the exclusion of unskilled workers from the job market. (For more information, please contact: Rudolf R. Sinkovics, University of Manchester, United Kingdom: rudolf.sinkovics@manchester.ac.uk)

Local CSR for Global Value: A U.S. MNE in China & Australia
Virginia Munro, Griffith University
Denni Arli, Griffith University
Sharyn Rundle-Thiele, Griffith University

Giving back to local communities is increasingly a part of many multinational enterprise (MNE) agendas in emerging markets. To examine the significance of international business and local collaboration, this paper focuses on the Social Initiatives of a major U.S. MNE in two countries and considers the employee’s perspective. Structural Equation Modelling (SEM) reveals significant differences between China and Australia in the same MNE. This is the first time employee perceived Corporate Social Responsibility (CSR) has been examined alongside identification of Social Initiatives (SIs), providing a unique contribution to CSR literature within the developing context of China versus Australia for a western-based U.S. MNE. (For more information, please contact: Virginia Munro, Griffith University, Australia: virginia.munro@griffithuni.edu.au)

Board International Experience and Corporate Social Responsibility in Emerging Economies: Evidence from Malaysia, Pakistan, and Philippines
Abdullah Al Mamun, University of Newcastle
Mariano L.M. Heyden, University of Newcastle
Michael Seamer, University of Newcastle
Qaiser Rafique Yasser, University of Malaysia Sarawak
Guido Rojer Jr., University of Curacao

Drawing on resource dependence (RDT) and agency theory (AT) we examine the influence of board of director foreign experience on corporate social responsibility (CSR) in Asian emerging economy firms. We argue from an
RDT perspective that firm CSR practices in an emerging economy could be influenced by the level of exposure the firm has to international practices by virtue of the foreign experiences of its directors—especially experience in developed countries. Complementing these insights from an AT perspective, we suggest that the presence of board independence plays a moderating role, allowing for directors with these experiences the firm governance infrastructure to challenge the status quo. We develop hypotheses along two core mechanisms (i.e., experience accumulation within international environments and reverse transfer of knowledge from developed economies) and test them on a unique sample of 300 firms based in three Asian emerging economies (Malaysia, Pakistan, and Philippines) from 2010-2014. Our findings show that the foreign members sitting to the board of emerging economies firms has a significant influence on CSR adoption. However, we find no such link between CSR adoption and board international experience and mixed results for the moderating role of board outsiders. We discuss implications for research and practice. (For more information, please contact: Mariano L.M. Heyden, University of Newcastle, Australia: mariano.heyden@newcastle.edu.au)

**Corporate Social Responsibility Implementation: Challenges for the Mining Industry in Brazil**

Fatima Annan-Diab, Kingston University
Carolina Molinari, Kingston University

The mining industry has been under intense scrutiny due to its potential environmental and social impact and unclear distribution of benefits. Strengthening corporate social responsibility (CSR) implementation is critical for the sector to avoid disruptions and prevent mining distrust. In this study, an exploratory, qualitative method used to investigate site-level CSR implementation in the mining industry from the perspectives of CSR practitioners. CSR implementation is an area that is underdeveloped within the CSR literature. According to the research, the main challenges to implementing CSR are related to communities’ maturity level, the way CSR is embedded within the company, not enough resources, and difficulties in implementing CSR tools. Ways to overcome these challenges include improving impact management, enhancing communities’ maturity level and communications. (For more information, please contact: Fatima Annan-Diab, Kingston University, United Kingdom: f.diab@kingston.ac.uk)

**Institutional Level Antecedents and Corporate Social Responsibility Adoption Interactions: Insights from Emerging Economies**

Abdullah Al Mamun, University of Newcastle
Michael Seamer, University of Newcastle
Mariano L.M. Heyden, University of Newcastle
Qaiser Rafique Yasser, University of Malaysia Sarawak
Guido Rojer Jr., University of Curacao

International business scholars emphasise and urge for significant research on institutional level antecedents and CSR adoption practices among emerging economies both from macro and mezzo directions, due to limited attention given to the emerging economies in regard to social and environmental practices worldwide. We employed economic growth, international trade, culture and rule of law as institutional level antecedents and examined using their influence on CSR adoption practices both from developed-emerging economy contexts and also from emerging economy context separately. We developed our arguments based on institutional theory in order to examine the hypotheses. Our sample size includes 83 economies data for five consecutive years. Our results evidenced that three institutional level antecedents (international trade, culture and rule of law) have significant positive influence on CSR adoption practices among emerging economies, while economic growth of nation failed to produce positive influence on CSR adoption practices. Theoretical and empirical prescription we arrived here is emerging economy face different pressures to conform with in order to adoption CSR adoption practices. (For more information, please contact: Abdullah Al Mamun, University of Newcastle, Australia: abdullahal.mamun@uon.edu.au)
Assessments of Multinational’s Payments for Ecosystem Services and Disclosure in CSR Reports: A Research Based on Fortune 500

Zhan Wang, Saint Louis University
Nitish Singh, Saint Louis University

Biodiversity and the economic value of ecosystem services have been hot topics both in the field of science and economics, also in business field. Payments for ecosystems services (PES) is one of the methods to create a market for the economic value of benefits that corporations get from the ecosystems. The aim of this study is to assess how the multinational corporations pay for their benefits from the ecosystem services and how they disclose the related information in the sustainability report. The present paper will contribute to the literature by generating the criteria to evaluate the scope and quality the multinational corporations disclose the PES activities in their sustainability reports. This study will also verify the coding scheme by evaluating the actual CSR reports through content analysis. (For more information, please contact: Zhan Wang, Saint Louis University, USA: zhanwang@slu.edu)

Session: 2.3.1 - Panel
Track: 8 - International Entrepreneurship, SMEs and Born Globals

Global Innovation and International Entrepreneurship

Presented On: June 29, 2016 - 13:00-14:15

Chairs: Shameen Prashantham, CEIBS and Vassiliki Bamiatzi, University of Leeds

Panelists:
Peter J. Buckley, University of Leeds
Gary Knight, Wllamette University
Nicole Coviello, Wilfred Laurier University
Alain Verbeke, University of Calgary

This panel seeks to generate ideas about future research directions in international entrepreneurship that are linked to 2016 AIB conference theme of global innovation. Notwithstanding the general association of rapid internationalization with innovative new ventures in knowledge-intensity, the influence of innovation on internationalization (and vice versa) is a rather complex issue, and warrants exploration from multiple perspectives that take into account insights from scholars of both international entrepreneurship and the large multinational enterprise. To this end, the panel brings together four leading scholars, two who have contributed immensely to research on new venture internationalization or born globals and two who are leading MNE scholars. The panel will be chaired and moderated by the co-chairs of the international entrepreneurship track. (For more information, please contact: Shameen Prashantham, CEIBS, China: sprashantham@ceibs.edu)

Session: 2.3.2 - Competitive
Track: 3 - The Future of the Multinational Enterprise

Antecedents of Multinational Enterprise Performance: Modes, Motives and Models

Presented On: June 29, 2016 - 13:00-14:15

Chair: Christos Antoniou, University of Leeds

Entry Mode Diversity: An Anomaly or a Reality
Elena Beleska-Spasova, University of Reading

The process of globalization has progressively changed the way firms enter and operate in foreign markets moving from the traditional model of fully internalized governance structures to a more dynamic model of
diverse ownership/control modalities based on semi-internalized or fully externalized relationships. While this increasing diversity is evident in the business practice we know little about the real scale and scope of this phenomenon. In this paper we use a survey data from 321 British international firms to explore how widespread is the phenomenon of entry mode diversity and its relationship with the firm’s performance. The findings reveal that firms not only employ a variety of entry modes concurrently but that higher mode diversity is associated with better performance. The study contributes to the emerging body of research evidence that mode diversity and combination is not an anomaly but very much a reality. (For more information, please contact: Elena Beleska-Spasova, University of Reading, United Kingdom: e.beleska-spasova@henley.ac.uk)

Dynamic Effects of the Liability of Foreignness
Yunok Cho, Renmin University of China
Robert Salomon, New York University

Multinational corporations are faced with additional costs when operating in foreign countries; this is termed the "liability of foreignness." In this paper, we explore the liability of foreignness from a dynamic perspective by tracking the effects of the disadvantage of being foreign over time and investigating the role of institutional distance. We demonstrate that the catch-up process in foreign plants is driven by learning-by-doing and by active learning from R&D investment. The learning curve is steeper for foreign plants as they age than their counterpart home plants. Foreign plants also tend to delay their R&D investment due to higher levels of uncertainty in foreign countries, which mediates the relation between foreignness and performance. We conduct a panel analysis based on a sample of foreign and home plants owned by the same MNCs. Our performance measure, total factor productivity (TFP), captures manufacturing efficiency. (For more information, please contact: Yunok Cho, Renmin University of China, China: yunok.cho@gmail.com)

Mental Models and the Multinational - Performance Relationship: Attention, Complexity and Fit
Alexander Leinemann, University of St. Gallen
Bjoern Ambos, University of St. Gallen

We depart with this paper from the controversial idea of a general relationship between multinationality and performance. Instead we develop a model that aligns firm-specific cognitive capabilities and multinationality. Based in internalization theory and the attention-based view we propose that every firm has an optimal level of multinationality contingent on its cognitive capabilities. We measure the strategic schema of 84 U.S. multinationals for the years 2009 and 2012 and put our proposition towards an empirical test. We find that complex mental models positively moderate the degree of multinationality and let firms achieve alleviated performance. (For more information, please contact: Alexander Leinemann, University of St. Gallen, Switzerland: alexander.leinemann@unisg.ch)

Dynamic Effects of Learning by FDI on the Innovative Outputs and Productivity of Spanish MNE Firms
Francisco Javier Santos Arteaga, Free University of Bolzano
Celia Torrecillas, Universidad Europea de Madrid

Several empirical studies have illustrated the existence of a relationship between the internationalization status of firms and their ex-post increments in productivity. However, these studies have provided only a few inconclusive works concentrated on exports, leading to the expression 'learning by exporting'. Few studies have considered the effects of learning by foreign direct investment (FDI), even though it has been largely recognized that the knowledge acquired abroad through investment is a source of competitive advantage that can have beneficial effects for firms. We use a sample of Spanish manufacturing firms in the period 2000-2009 to analyze the effect that the MNE status of a firm has on its ex-post innovative performance and productivity. That is, we study the effect of learning by FDI on the subsequent innovation performance of firms, considering both patent applications and product innovation as well as the impact of learning on productivity. Our findings reveal dynamic positive effects of FDI on the technological performance of firms, with increments in patents and
product innovation taking place before subsequent increments in productivity occur. Firms in industries with high and medium levels of technological content exhibit higher learning impacts when considering patents and product innovation. (For more information, please contact: Francisco Javier Santos Arteaga, Free University of Bolzano, Italy: fsantosarteaga@unibz.it)

Session: 2.3.3 - Panel  
Track: 2 - Geographic Scope and Global Innovation

**Better Together? Current Research and Practice in Strategy, Policy and the Economics of Clusters for Building and Sustaining Global Competitiveness**

**Presented On:** June 29, 2016 - 13:00-14:15

Chair: Hildy Jean Teegen, University of South Carolina

**Panelists:**
- Robin Barnes, Greater New Orleans, Inc.
- Sali Li, University of South Carolina
- Ann Marie Stieritz, South Carolina Council on Competitiveness
- Douglas P Woodward, University of South Carolina

There is a well-known literature around the impact of geographic co-location/agglomeration/formation and sustenance of industry clusters as a powerful business strategy and policy prescription for promoting competitiveness (cf. Wennberg and Lindqvist, 2010; Delgado, Porter and Stern, 2010; Woodward, 2012). Despite this, little consensus has emerged within policy spheres regarding cluster engagement as the preferred choice for promoting global competitiveness of firms and industries. Our conference theme of the Locus of Innovation speaks directly to the cluster phenomenon in that knowledge transfer fluidity and effective uptake through specialized labor markets and close-at-hand demonstration effects is regularly noted as a key driver of firm success within (as opposed to outside) a cluster setting. Policy makers and industry leaders the world over seek proven ways to promote highly productive firms offering compelling services and products and enjoying sustained market growth—at home and abroad. This panel will offer a unique mix of perspectives of academic scholars and policy practitioners working in several focal communities: the state of South Carolina, the Netherlands, townships in China and within our host city of New Orleans in discussing important current threads in our scholarly understanding and on-the-ground practice concerning clusters and international business competitiveness. (For more information, please contact: Hildy Jean Teegen, University of South Carolina, USA: teegen@moore.sc.edu)
Session: 2.3.4 - Panel

**Gender in International Business Research: Addressing the Importance and Overcoming the Obstacles**

**Presented On:** June 29, 2016 - 13:00-14:15

Chairs: Amanda Budde-Sung, University of Sydney and Everlyne Misati, Florida International University

**Panelists:**
- Amanda Bullough, University of Delaware
- Amon Chizema, University of Birmingham
- Fabian Jintae Froese, Georg-August-University Göttingen
- William Newburry, Florida International University
- Maria Alejandra Gonzalez-Perez, Universidad EAFIT
- Amir Shoham, Temple University

With this panel, WAIB (Women of the Academy of International Business) aims to discuss the barriers to gender-based research in the international business (IB) literature. In doing so, we will discuss why the topic is important, what are some of the real and perceived barriers to engaging in this research, and potential remedies to address this gap. The panel is made up of male and female researchers and editors based in multiple countries on several continents, including Australia, Germany, Colombia, the U.K. and the U.S., who engage in and/or supervise research that considers issues of gender in IB. The panelists will openly discuss several aspects they feel contribute to the status quo regarding gender research and engage the audience in a conversation about how to best encourage greater research in this important area. *(For more information, please contact: Amanda Budde-Sung, University of Sydney, Australia: amanda.budde-sung@sydney.edu.au)*

Session: 2.3.5 - Competitive

**Track:** 9 - Emerging Markets: Institutional Voids and Beyond

**Overcoming Institutional Voids in Africa**

**Presented On:** June 29, 2016 - 13:00-14:15

Chair: Joan Lilian Ogendo, Catholic University of Eastern Africa

**Human Capital Voids, Upgrading Mechanisms, and Firm Performance**

- Stephanie Wang, Indiana University
- Alvaro Cuervo Cazurra, Northeastern University

This paper analyzes how emerging market firms use upgrading mechanisms to overcome human capital voids and improve performance. Building on the strategic alignment literature, we argue that, for emerging market firms, imitation reduces the negative effect of human capital voids on firm performance improvement the most, followed by collaboration and finally by internal development. This is because the three upgrading mechanisms provide different degrees of strategic alignment with human capital voids. We also argue that, in countries with more developed human capital markets, the differences among the mechanisms in reducing the negative effect of human capital voids on firm performance improvement diminish because the strategic alignment becomes less important. We find support for these arguments in a sample of 2,149 firms from eight African countries. *(For more information, please contact: Stephanie Wang, Indiana University, USA: slwang@indiana.edu)*
Does Political Instability Hinder Innovation? Evidence from African Firms
Sorin M.S. Krammer, University of Groningen

Sub-Saharan Africa has been consistently plagued by political instability with long-lasting negative effects on economic growth and development. Given the importance of innovation in fostering growth, we posit that political instability will negatively affect firm innovative performance, and distinguishing between radical (i.e., process) and incremental (i.e., product) innovations. Further, we argue that this effect will be contingent on export and ownership status of firms. These hypotheses are tested using a dataset of 3,000 manufacturing firms from 15 sub-Saharan countries. Our results confirm that political instability is detrimental to all firm innovative efforts, but that export orientation moderates positively this relationship for product innovations. We do not find any significant difference in terms how foreign and domestic firms’ innovation is affected by political instability. (For more information, please contact: Sorin M.S. Krammer, University of Groningen, Netherlands: m.s.s.krammer@rug.nl)

How Political Hazards Influence Entry Mode Choice in Africa? The Contingent Role of Host Country Experience and Foreign Aid
Wen Li, Zhejiang University
Jane Lu, University of Melbourne
Aiqi Wu, Zhejiang University
Xueli Huang, RMIT University

Africa has achieved the fastest growth rate of inward foreign direct investment (FDI) recently. Yet heightened political hazards present substantial challenges to foreign firms in Africa. This study examines the entry strategies firms could take to mitigate such hazards by exploring the relationship between political hazards and the entry mode choice in Africa. We further consider how an investing firm’s host country experience and foreign aid provided by its home country government to host countries in Africa can influence this relationship. In a sample of listed Chinese firms’ investments in Africa from 2000 to 2014, we found that Chinese firms tend to use joint venture mode when political hazards are high in an African country. This relationship is weakened when they accumulate host country experience and when Chinese government’s foreign aid to an African country increases. Our findings point to firm-level strategies to mitigate political hazards as well as instruments available to home country governments to help their multinational firms operating in host countries characterised by unstable political environments. (For more information, please contact: Wen Li, Zhejiang University, China: wenlee@zju.edu.cn)

The Internationalization Process of African Banks: The Emergence of a New Banking Model?
Simona Gentile-Luedecke, Bremen University
Tilo Halasovitch, Bremen University
Sarianna M. Lundan, Bremen University

This study examines the cross-border expansion of four major African banks from 1988 to 2013 in order to identify patterns of internationalization and to explore the driving forces shaping these patterns. The case study approach is complemented by a quantitative analysis that identifies the factors influencing the banks’ location decisions. The results show that the banks build on their African roots and their deep understanding of local customers’ behaviour to rapidly expand regionally, following a similar path of expansion, in line with a mimetic behaviour. Results also show that internationalization in some countries follows a non-incremental approach, being influenced by sector-related opportunities, executive behaviour and the aim to have a developmental impact. (For more information, please contact: Simona Gentile-Luedecke, Bremen University, Germany: simona.gentile@uni-bremen.de)
Foreign Entry Decision and Entry Mode Choice

Presented On: June 29, 2016 - 13:00-14:15

Chair: W. Travis Selmier II, Indiana University

Entry Timing in International Markets: Looking Back and Ahead for Opportunities
Bernadine Dykes, University of Delaware
Kalin Kolev, Marquette University

The entry timing literature and its primary theoretical framework, first mover advantages (FMA), are pervasive areas of study, yet their attention to the global marketplace has primarily been limited to the continent of North America. Therefore, in this review, we examine the entry timing literature as it has been studied in international business research. We show how international business scholars have supported, extended or contradicted the existing entry timing research. We then identify opportunities for future research by focusing on cross-country level factors that may enrich the understanding of entry timing decisions and FMA for scholars and practitioners. (For more information, please contact: Bernadine Dykes, University of Delaware, USA: bjdykes@udel.edu)

Repeated Entry Modes and Growth Perspectives: Mindful or Inertial Learning?
Filippo Albertoni, Politecnico di Milano
Stefano Elia, Politecnico di Milano
Lucia Piscitello, Politecnico di Milano

Previous experience is traditionally considered an important predictor of firms’ entry choices, mainly because of the association between experience and the increased ability to reduce the uncertainty. However, beyond reducing uncertainty, we claim that the repetition of different experiences can affect the ultimate outcome in different ways, thus suggesting different underlying learning mechanisms. Namely, relying on the Offshoring Research Network’s database on companies’ offshoring decisions, we show that only the mindful repetition of previous entry modes (based on evaluation of the outcome of previous entry choices) leads to higher likelihood of better future outcomes, while the impact of the inertial repetition is not statistically significant. (For more information, please contact: Filippo Albertoni, Politecnico di Milano, Italy: filippo.albertoni@polimi.it)

A Real Option Model of the Firm’s International Investment
Ali Ahi, Lappeenranta University of Technology
Olli Kuivalainen, Lappeenranta University of Technology

We aim to develop a model of foreign market entry before and after a firm enters a market using real options theory (ROT). This is a holistic model of the firm’s international operation modes taking into account both pre- and post-entry phase of market entry choice, which addresses the complexity of entry mode choice decisions. Further, by suggesting several propositions, we extend the application of ROT in international business to explain the initial entry mode choice as well as subsequent mode changes. We explicate how ROT guides firms in their international operations to choose entry modes gradually with small initial commitment using a reallocation logic. We argue that this has also positive performance implications for the overall internationalization strategy of the firm. Instead of merely describing what companies do, we delineate in our model a process of what firms should be doing to be successful in global markets. (For more information, please contact: Ali Ahi, Lappeenranta University of Technology, Finland: ali.ahi@lut.fi)
Aspects on Foreign Direct Investment

Presented On: June 29, 2016 - 13:00-14:15

Chair: Raj Aggarwal, University of Akron

The Impact of Foreign Firms and Competition on Domestic Firm Survival
   Evis Sinani, Copenhagen Business School
   Klaus Meyer, CEIBS
   Bersant Hobdari, Copenhagen Business School

We argue that local firms do not react to foreign firm entry in a homogeneous fashion, and that their survival is heterogeneous depending on their distance from the technology frontier. To this end we rely on the management literature that argues that a firm’s response to entry in an industry is dependent on their own awareness, motivation and capability (Chen, 1996). We extend this framework to explain the variations in local firms’ survival in response to increased competition by foreign firms. We propose that the increased competition steaming from foreign firms entry and ultimately its presence in the industry introduces different responses from local firms based on the drivers of the AMC framework, depending on the distance of these firms from the technology frontier. We test our hypotheses on a sample of 3,171 Czech firms for the period 2005-2013. (For more information, please contact: Evis Sinani, Copenhagen Business School, Denmark: es.int@cbs.dk)

Knowledge Transfer from Multinationals through Labour Mobility: Learning from Export Experience
   Priit Vahter, Warwick University
   Jaan Masso, University of Tartu

This paper investigates knowledge spillovers through labour mobility from MNEs to domestic firms. Based on employer-employee level data from Estonia, we find that higher firm and individual level performance associated with mobility of MNE-experienced managers and top specialists reflects primarily the mobility of export-experienced employees, not knowledge transfer due to multinationality per se. An important channel how these spillovers function is the increase in propensity of export entry by domestic firms. The contribution of external international experience appears to be especially strong in the first stages of internationalisation of a firm. (For more information, please contact: Priit Vahter, Warwick University, United Kingdom: Priit.Vahter@wbs.ac.uk)

Tax Haven Networks and the Role of the Big 4 Accountancy Firms
   Chris Jones, Aston University
   Yama Temouri, Aston University
   Alex Cobham, Tax Justice Network

This paper investigates the extent to which multinational enterprise’s (MNEs) manage their networks of tax haven subsidiaries. We use internalization theory to construct a number of hypotheses that are tested using negative binomial count models. The analysis is based on a database covering 5,912 MNEs in twelve advanced OECD countries over the period 2005-2013. We find that MNEs who are audited by the Big4 accountancy firms are also more likely to engage widely in this type of activity. Furthermore, technologically intensive MNEs from liberal market economies have more extensive tax haven networks compared to their counterparts in coordinated economies. This suggests that public policy linked to the role of auditors in giving tax advice may have a major impact on the tax avoidance behaviour of MNEs. (For more information, please contact: Chris Jones, Aston University, United Kingdom: c.jones2@aston.ac.uk)
Is Group Affiliation Profitable for MNE Subsidiaries in Emerging Markets?

Mayank Sewak, University of Massachusetts Amherst
Anurag Sharma, University of Massachusetts Amherst

In this paper, we draw upon research on institutional voids and multinational enterprise (MNE) subsidiaries to conceptualize MNE Group as comprising all independent subsidiaries of the same MNE operating in a given host country. We posit that affiliation with the MNE Group helps individual MNE subsidiaries in emerging markets overcome the challenges arising from institutional voids, especially given their foreignness. We theoretically develop the notion of MNE Group specifically in the context of emerging markets, and then empirically test several hypotheses pertaining to their association with the financial performance of affiliated subsidiaries. We find that MNE subsidiary performance is strongly associated with MNE group affiliation and also with MNE Group Size, MNE Group Diversity, and MNE Group Brand. (For more information, please contact: Mayank Sewak, University of Massachusetts Amherst, USA: msewak@som.umass.edu)

Session: 2.3.8 - Competitive
Track: 5 - Governance and Policy for Global Innovation

Collaborative Innovation in Technology Industries

Presented On: June 29, 2016 - 13:00-14:15

Chair: Esther Tippmann, University College Dublin

Supranational Institutions, Grand Challenges and Collaborative Search - How Advocacy Groups Can Make a Difference in Search Consortia
Wolfgang Sofka, Copenhagen Business School
Anders Ording Olsen, Copenhagen Business School
Christoph Grimpe, Copenhagen Business School

In this paper we examine the role of advocacy groups in the search for solutions to grand challenges issued by supranational institutions such as the European Union. Grand challenges are global challenges by nature. We view grand challenges as problems that firms can solve collaboratively by accessing external knowledge from a range of domains. We argue that involving advocacy groups in such consortia is important for developing an understanding of the problem and for devising an appropriate search strategy to solve it. Using data on 9,464 efforts to solve problems within 252 different areas, we find that involving advocacy groups increases the problem solving potential of a search strategy because it reduces mutual confusion and joint myopia within consortia. The benefits are particularly high when problems are more challenging and when multiple knowledge domains are required to address the problems. (For more information, please contact: Wolfgang Sofka, Copenhagen Business School, Denmark: ws.smg@cbs.dk)

Technological Uncertainty and Ambidexterity: The Use of Coordination Mechanisms and Entrepreneurial Orientation in High-Tech Industry
Pei-Li Yu, National Chung Cheng University

We investigated how technological uncertainty affects exploratory and exploitative innovation through impersonal (i.e., programming) and interpersonal (i.e., hierarchical and feedback) coordinating mechanisms, and how the direct effects are influenced by entrepreneurial orientation, based on the literature on organizational design and entrepreneurship perspective, and recent work studying their interaction. Our results indicate that hierarchical coordinating mechanism has an inverted U-shaped relationship with exploratory innovation and this relationship is positively moderated by entrepreneurial orientation in which the firm
operates. The indirect effect of technological uncertainty on exploratory innovation positively operates through programming coordinating mechanisms under a higher level of entrepreneurial orientation, while technological uncertainty on exploitative innovation negatively operates through feedback coordinating mechanisms under a higher degree of entrepreneurial orientation. (For more information, please contact: Pei-Li Yu, National Chung Cheng University, Taiwan: h4584933@ms24.hinet.net)

*Value Creation versus Value Capture in Public-Private Collaboration: An Emerging Market Perspective*
Emilene Leite, Uppsala University
Anna Bengtson, Uppsala University

This study contributes to the research on public-private collaboration. It comprehends how these hybrids organizational arrangements influence value creation and capturing mechanisms. A case study based on the development of a public transportation solution in Brazil is undertaken. This initiative involved collaboration between a range of partners including foreign and domestic MNCs, NGOs, government and SOEs (stated-owned enterprise). Using a business network approach, we propose a theoretical framework of value creation and capturing through public-private collaboration and argue that the value is constructed through the complementarity of resources and the cohesiveness of motives of the involved actors. Our findings suggest that the success of the collaboration goes beyond the benefits from simply generating revenues, thereby expanding the value capturing concept. (For more information, please contact: Emilene Leite, Uppsala University, Sweden: emilene.leite@fek.uu.se)

*China: From Imitator to Innovator?*
Juliane Proelss, Concordia University
Denis Schweizer, Concordia University
Feng Zhan, John Carroll University

China was seen for a long time as world's work bench rather than a global innovator. However, China was recently undertaking significant efforts to transform towards research and innovation orientation, by e.g. setting the research goals in the 12th Five-Year Plan, establishing the Chinese National Patent Development Strategy. In this paper we examine the factors fostering a higher research orientation measured by research intensity. We document that higher equity incentives for top executives, higher industry concentration, and the strategic shift by the Chinese government in 2008 is related to higher research intensities. We also find in a univariate setting that fraudsters spend significantly less in research compared to their law-abiding peers. (For more information, please contact: Feng Zhan, John Carroll University, USA: fzhan@jcu.edu)

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**Session: 2.3.9 - Competitive**
**Track: 10 - Global Operations and Supply Chain Management**

**Internationalization Decisions in Supply Chains**

**Presented On:** June 29, 2016 - 13:00-14:15

**Chair:** Carine Peeters, Vlerick Business School

*Internationalization Speed and Performance: The Service Firms' Context*
Naveen Jain, Middlesex University
Sokol Celo, Suffolk University
Vikas Kumar, University of Sydney

Service firms have been rapidly internationalizing in order to tap new markets and worldwide skillsets to enhance their competitiveness. In fact, for some service firms, such as those operating in high velocity
environment, rapid internationalization becomes a necessity to acquire location-embedded knowledge and sell their current service offerings rather quickly before the advent of a new technology. Though allowing firms to gain advantages, rapid internationalization also stretches organizational resources and leads to an inferior performance. Under these circumstances, it is of great interest for academicians and managers alike to explore ways to moderate the negative effects of rapid internationalization. We posit that service firms’ resources, such as process capability, relational capital, human capital and international experience, may mitigate some of the negative influences of internationalization speed on firm performance. We test our hypotheses on a sample of Indian software service firms in this paper. Our empirical findings largely support our predictions and depict a more nuanced influence of relational capital and human capital on the speed – performance relationship. (For more information, please contact: Sokol Celo, Suffolk University, USA: scelo@suffolk.edu)

Reshoring: A Strategic Renewal of Luxury Clothing Supply Chains

Pamela Robinson, University of Birmingham
Linda Hsiu-yun Hsieh, SOAS, University of London

Existing research on reshoring is limited in respect of two issues. The first concerns how a renewal of supply chain strategy through reshoring enhances value and firm competitiveness. The second is related to the potential for sustainable future-proofed reshoring to the country of the parent firm. This paper addresses these issues by examining the case of Burberry. The results suggest that Burberry has re-established its market prominence by focusing on the values and Britishness of their brand. In part, this has been achieved through a dynamic marketing campaign that draws on associations with British institutions, including the British monarchy, and in part on the firm’s ability to reshore certain manufacturing activities to ensure brand authenticity. The return of Burberry’s iconic trench coat and its easily recognizable check plaid lining to the UK underpins the resurgence of the brand, but whether this is simply a marketing ploy or a sustainable manufacturing strategy is still debatable. (For more information, please contact: Linda Hsiu-yun Hsieh, SOAS, University of London, United Kingdom: hh24@soas.ac.uk)

Barriers and Enablers in the Learning Process of Offshore Team Members: The Role of International Assignees

Carine Peeters, Vlerick Business School
Florence Duvivier, Neoma Business School

Through a longitudinal case study of a financial services company offshoring services to Poland, this paper provides insight into the barriers that prevent offshore team members to learn their tasks effectively. Findings also reveal that using expatriates and inpatriates to facilitate the learning process may in fact act as a double edge sword. While helping bridging the distance between onshore and offshore operation, over-parenting by expatriates may create detachment from the part of offshore members who are then less motivated to think independently and learn. And if inpatriation at first helps create social ties between onshore and offshore colleagues - thereby reducing the risk of onshore colleagues hoarding information - and opens careers opportunities that motivate offshore staff to learn; over time it may create frustrations by making offshoring, and in particular associated status and career path differences, visible to all. (For more information, please contact: Carine Peeters, Vlerick Business School, Belgium: carine.peeters@vlerick.com)

A Network View of Foreign Investments Determinants and the Role of Country Connectedness

Sokol Celo, Suffolk University
Aya Chacar, Florida International University
Yannick Thams, Suffolk University

International business research on the determinants of FDI location decisions traditionally examines the impact of firms’ host and home countries characteristics and the institutional distance between them. In so doing, it also assumes that the attraction of countries is independent of any ties that these countries might have. In this study, we instead propose a network view of FDI arguing that the position of a country within the broader
global investment network is also of importance. We introduce the concept of Country Connectedness to
describe the structural position of every host country in terms of its degree centrality. We then hypothesize that
the propensity to invest from a home to a host country - termed Home-Host Country Relatedness - is positively
associated with the host Country Connectedness. We test this hypothesis with data on 6407 country dyads,
built using investment data of all publicly traded MNCs worldwide and country and country dyad level data. Our
statistical results are robust and support our hypothesis and the proposed network view of FDI. (For more
information, please contact: Sokol Celo, Suffolk University, USA: scelo@suffolk.edu)

Session: 2.3.10 - Competitive
Track: 7 - MNEs, Governments, and Non-market Strategies

Being Accountable and Create Value in Local Markets: How Multinational Enterprises Engage Local Stakeholders

Presented On: June 29, 2016 - 13:00-14:15
Chair: Bernie Wolf, Schulich School of Business

Legitimizing Resistance to Global Activism: Royal Dutch/Shell’s Response to Anti-Apartheid Divestment Pressure, 1986-1990
Ishva Minefee, University of Illinois at Urbana-Champaign

International Business scholars have focused increasing attention on how social movement activists pressure
multinational corporations to divest from, or exit, countries rife with sociopolitical conflict. However, little is
known about the strategies to legitimize resistance to divestment pressure as well as the actors that implement
these strategies. In particular, how subsidiary responses to local activism influence the dynamic responses of
parent corporations to a global activist campaign is an unexplored avenue in research at the nexus of social
movements and organization theory. I conduct a historical analysis of Royal Dutch/Shell’s response to activists’
demand for divestment from South Africa during apartheid, and show how the multinational’s substantive and
rhetorical strategies of alignment with activists’ broader goal of removing an incumbent host government
legitimated a controversial investment abroad. This analysis contributes to a richer understanding of the
interactions between corporations and activists by theorizing corporate resistance in a global context. This study
also advances knowledge of organizational legitimation in the multinational corporation. (For more information,
please contact: Ishva Minefee, University of Illinois at Urbana-Champaign, USA: minefee2@illinois.edu)

Multilatinas’ legitimacy at a Crossroads: Accounting for Their Social Irresponsibility across Different Institutional Environments
Elisa Giuliani, University of Pisa
Federica Nieri, University of Pisa
Davide Fiaschi, University of Pisa

Emerging country firms are often considered to suffer from lack of legitimacy due to poor reputation and
institutional weaknesses in their home countries. Adoption of Corporate Social Responsibility (CSR) policies is
seen as a way to close this gap; however, legitimacy stems also from less social irresponsibility. This paper uses
evidence from a sample of large Brazilian and Mexican public firms (Multilatinas) to investigate the relationship
between their internationalization and their corporate social irresponsibility (CSIR), and to analyze how CSR
moderates this relationship. We find that Multilatinas that adopt CSR policies – in the form of either social
policies or CSR reporting, exhibit lower involvement in CSIR events, the more their investments are oriented
towards countries characterized by strong speech and press freedoms. We discuss these results in light of neo-
institutional theory and provide some implications for Multilatinas’ internationalization strategies. (For more
information, please contact: Elisa Giuliani, University of Pisa, Italy: elisagiuliani2015@gmail.com)
Valuing Stakeholder Governance: Property Rights, Autonomy, and Collective Action
Kate Odziemkowska, University of Pennsylvania
Sinziana Dorobantu, New York University

While a growing body of research has shown that good stakeholder relationships increase the value of the firm, considerably less is known about how the choice of stakeholder governance affects firm value. Our study examines under what circumstances one such stakeholder governance mechanism – negotiated stakeholder agreements – creates firm value. Acknowledging the benefits, costs and managerial discretion involved in choosing stakeholder governance mechanisms, we propose a contingent view of negotiated agreements in the context of local community relations. We argue that shareholders evaluate more positively negotiated agreements with communities who pose a credible hold-up threat for the firm. Our empirical results evaluating 117 community benefits agreements signed by mining companies with Canadian indigenous communities confirm that the value of negotiated stakeholder agreements is positively associated with the signatory community’s strength of property rights, their administrative autonomy, and their capacity for collective action. (For more information, please contact: Kate Odziemkowska, University of Pennsylvania, USA: kodzi@wharton.upenn.edu)

Session: 2.3.11 - Interactive
Track: 7 - MNEs, Governments, and Non-market Strategies

MNE Corporate Governance and International Investment Performance

Presented On: June 29, 2016 - 13:00-14:15

Chair: Alexander Settles, Rutgers University

The Study on the Speed of Asian Firms’ Changing Corporate Governance after 2008 Financial Crisis
Hyunjoo Min, University of South Carolina

This study tries to investigate the determinants and consequences of the speed of corporate governance change after 2008 financial crisis. Unlike most previous studies on corporate governance change, the focus of the study is to uncover the speed of corporate governance change which is one of dynamic aspects of organizational change. By using data on publicly-listed firms in Asia, the speed of changing corporate governance is explained through availability of internal and external firm resource based on resource dependence theory. The findings of this study offers implications on organizational change under institutional pressure by detecting which firms are first-movers in changing corporate governance and whether first-mover advantages exist in terms of firm performance. Finally, this study expects to contribute to corporate governance research by giving more context-based analysis with limiting time window from financial crisis. (For more information, please contact: Hyunjoo Min, University of South Carolina, USA: hyunjoo.min@grad.moore.sc.edu)

Board Dissent: The Director Primacy Perspective
Sunny (Li) Sun, University of Missouri-Kansas City
Jianqiang Xiao, Renmin University of China
Kangtao Ye, Renmin University of China

Based on agency theory in corporate governance, the conventional shareholder primacy perspective suggests that the main role of a board is monitoring the behavior of managers on behalf of shareholders. However, this perspective has been criticized for its underlying assumptions and the inconsistencies between theory and reality. From a legal view, the director primacy perspective treats corporation as a team production wherein the
directors play a mediating role to fill automatic fiduciaries. Using a novel dataset of Chinese public listed firms, we exam the latter perspective through board dissent phenomena which has not explored by the literature and always happens in the boardroom. We find two determinant factors that increase the likelihood of board dissent, namely board heterogeneity and earnings management. While board dissent reduces firm’s short-term performance, we find that this causal relationship is mediated by the extra strategy adopted by the manager.

(For more information, please contact: Jianqiang Xiao, Renmin University of China, China: sfxjq8086@ruc.edu.cn)

Trojan Horses or Local Allies: The Effect of LBMs in Foreign Subsidiaries

Jakob Müllner, WU Vienna
Patricia Renee Klopf, WU Vienna

Local board members in foreign MNE subsidiaries are associated with specialized knowledge, local social capital, and higher responsiveness to market changes, higher legitimacy benefits and yet companies seem to forgo these benefits. Based on agency theory and the bargaining model of Shleifer and Vishny (1994), we argue that Local board members can become Trojan horses, compromising the bargaining position of the MNE with local stakeholders. Local board members are more deeply embedded in local institutions, they are more vulnerable and, they have better means of colluding with local stakeholders and engage in favoritism. We link this Trojan horse argument with the institutional perspective and argue that MNEs will have low shares of Local board members if local institutions are weak. We find strong support for our Trojan horse hypothesis. In addition, we find that MNEs from institutionally weak home-countries have higher a priori bargaining capabilities and are less sensible to local risk and that high institutional volatility in the foreign market ameliorates the preference for non-Local board members. (For more information, please contact: Patricia Renee Klopf, WU Vienna, Austria: pklopf@wu.ac.at)

Outward FDI and Firm-Level Performance

Walid Hejazi, University of Toronto
Jianmin Tang, Government of Canada

The surge in Canadian outward FDI has transformed Canada into a net exporter of capital. Using a confidential Statistics Canada panel data set at the firm level, and adjusting for endogeneity, this paper allows for a careful assessment of the determinants and impacts of outward FDI. The analysis demonstrates that outward FDI firms are older, more profitable, larger, pay higher wages, are more capital intensive and more productive relative to non-outward FDI firms. Given the detailed data available, the analysis goes further than previous studies to demonstrate the following: foreign-controlled and multi-establishment firms have a higher tendency to undertake outward FDI; destination markets are important in assessing the impact of outward FDI; whether the tipping point vis-à-vis productivity in terms of the number of countries a multinational invests in; and whether the number of firms investing abroad in a particular industry creates network effects to further stimulate outward FDI. The analysis therefore provides enhanced clarity on the drivers and the effects of outward FDI at the firm level. (For more information, please contact: Walid Hejazi, University of Toronto, Canada: hejazi@rotman.utoronto.ca)

The Odyssey of South African MNCs and their Impact on the SADC

Mathew Eleojo Egu, University of South Africa
Rafiu Adewale Aregbeshola, University of South Africa

It has been observed that the pressures of globalisation and the lure for increased profitability have continued to motivate South African multinational companies (MNCs) to invest across international borders, especially in the Southern African Development Community (SADC). Furthermore, the deliberate policy to integrate the region has necessitated most of the governments of the SADC to encourage their largest companies to invest within the region, in order to tap from improved incentives created by the regional economic integration.
arrangement. Using both aggregate and firm level dataset from various sources between the period 1980 and 2011 in various econometric estimations, this study uncovers that there is correlation between the value of South African MNCs’ contribution to regional economic development and investment in the SADC. The main results from this study shows that South African MNCs contributes positively to regional economic development and investment in the region. Similarly, the findings of this study indicate that South Africa-originated MNCs operation within the region triggers the growth of the cumulative GDP of this region. The causality test affirmed the statistical significance of these relationships, and also ensured that spurious correlations did not impede the econometric estimation procedure. (For more information, please contact: Mathew Elejo Egu, University of South Africa, South Africa: 46242597@mylife.unisa.ac.za)

Session: 2.3.12 - Interactive
Track: 9 - Emerging Markets: Institutional Voids and Beyond

Political and Economic Ties in Emerging Economies

Presented On: June 29, 2016 - 13:00-14:15

Chair: Jennifer Oetzel, American University

Firm Strategic Orientation and Performance in Sub-Saharan African Countries: The Moderating Effect of Institutional Development Level and Foreign Firm Ownership

Soonkyoo Choe, Yonsei University
Young Hoon An, Yonsei University
Jihoon Kang, Yonsei University

IB theory emphasizes the influence of institution on firm strategy. Previous research have analyzed on the firm strategic responses to institutional pressure, but the effect of such strategic responses to firm performance remains ambiguous. Most importantly, the determinants of firm performance in sub-Saharan African context is under researched and requires attention. By utilizing enterprise survey from 5 sub-Saharan countries conducted by the World Bank, this study studies the relationship between firm strategies and performance, and the moderating effect of institutional development and firm ownership. The result shows that political ties and market-based strategy are positively related to firm performance. The strength of relationship between political ties and firm performance diminishes in relatively more institutionally developed countries. As for the relationship between political ties and firm performance, the relationship strengthens for foreign firms in relatively institutionally underdeveloped countries emphasizing that foreign firms are at an advantage over domestic firms. Market-based strategy is positively affiliated to performance in both high and low institutionally developed countries. (For more information, please contact: Soonkyoo Choe, Yonsei University, Korea, South: skychoe@hotmail.co.kr)

The Political Motivations of Diaspora Investors: Expanding Existing Models of Multidimensional Diaspora Investment Drivers

Liesl Riddle, George Washington University
Tjai M. Nielsen, High Point University

Diaspora investors are migrants and their descendants who invest in their countries of origin; this cross-border investment comprises a special case of foreign direct investment in many developing countries and emerging markets. Some argue that individual diaspora investment interest is multi-dimensional, motivated by financial, emotional, and social-status concerns. We extend existing models of diaspora investment motivation, positing that diaspora investors also may be motivated to invest in their countries of origin to gain political voice, by seeking increased political access, influence and protection. We discuss the uses and implications of such measures in future empirical research regarding diaspora investment. (For more information, please contact: Liesl Riddle, George Washington University, USA: lriddle@gwu.edu)
Regime Structure, Institutional Stability and Pro-Market Reforms: Deepening the Inter-Disciplinary Connection
Luis Alfonso Dau, Northeastern University
Elizabeth M. Moore, Northeastern University
Catherine Bradley, Lieberman Research Worldwide

What type of political regime is most conducive to effective pro-market reforms and how do these two factors interact to affect the performance of local companies? The literature within international business has studied the impact that reforms have on firm performance while the political economy literature discusses the impact of governance structure on economic prosperity at the macro level. However, little attention has been paid to how political regime and institutional stability affect reforms and performance at the firm level. This comparative case study, which examines the dissimilar path to pro-market reforms in Argentina and Chile, attempts to strengthen the tie between the political economy and international business literatures by showing the impact that regime type has on institutional stability and how these in turn affect the relationship between reforms and firm performance. This paper attempts to add to the debate between authoritarianism and democracy and – rather than promoting one regime type over another – suggests that a time-sequenced blend of the two may result in the most effective pro-market reforms. By examining the pro-market reform history of each country and exclusive interviews with CEOs and managers from the two countries, this paper serves as a vehicle to foment a deeper dialogue between political economy and international business. (For more information, please contact: Luis Alfonso Dau, Northeastern University, USA: l.dau@neu.edu)

A Theoretical Approach to the Internationalization of a Trade Block: Pacific Alliance Case
Andres Mauricio Castro Figueroa, Compensar Unipanamericana
Dalsy Yolima Farfan Buitrago, Pontificia Universidad Javeriana
Luis E. Torres, Georgia Gwinnett College

The main purpose of this paper is to identify and analyze not only the context of the internationalization of a trade block but also the economic data and trade behavior between Colombia, Chile, Peru and Mexico within the evolution of the Pacific Alliance Agreement from 2011 to 2013. The study seeks to have a specific scope of the integration process and block internationalization as well as the opportunity which this block represents for Colombia showing which has been the country’s performance within the agreement according to commercial relation with the countries of the block, and the implications for the economic development of an emerging economy such as Colombia. Innovation (For more information, please contact: Andres Mauricio Castro Figueroa, Compensar Unipanamericana, Colombia: amcastrof@unipanamericana.edu.co)

The Influence of Relative Institutional Challenge on Ownership Structure
Ehsan Derayati, Concordia University
Gwyneth Edwards, HEC Montréal

We present a new comprehensive perspective to the country’s institutional effects on firms’ internationalization process by developing a new construct called Relative Institutional Challenge and testing its effects on foreign firms’ ownership structure in host countries. We create the Relative Institutional Challenge Index that considers the combined effect of institutional differences (institutional distance), state of institutionalization (institutional development) and rate of institutionalization (institutional uncertainty) using extensive data from the Global Competitiveness Report, the Fragile States Index and Worldwide Governance Indicators. We then test the effects of this new index on ownership structure using extensive data extracted from the SDC platinum dataset. We conclude with a discussion on the potential role of Relative Institutional Challenge in the international business literature. (For more information, please contact: Ehsan Derayati, Concordia University, Canada: ehsan.derayati@concordia.ca)
Navigating Institutional Clusters within Sub-Saharan Africa: Small and Medium-Sized Oil Enterprises
Daniel Rottig, Florida Gulf Coast University
Beth Anderson, Florida Atlantic University
Ray Crespo, Florida Atlantic University
Daniel Diemont, Florida Atlantic University
Franchesca Martinez, Florida Atlantic University

This paper develops an institution-based typology of emerging economies to gain a more fine-grained and nuanced understanding about the nature and characteristics of these markets. We do so by developing a typology based on the formal and informal institutional qualities of these markets. We examine the applicability of this typology in the context of small and mid-sized enterprises (type of firm focus) in the oil business (industry focus) in the emerging market context of Sub-Saharan Africa (regional focus). We group Sub-Saharan oil producing countries into our institution-based typology using cluster analyses and discuss the implications of each cluster’s formal and informal institutional qualities for small and mid-sized enterprises (SMEs) in the oil industry. Based on semi-structured executive interviews, we further explore possible strategies SMEs may employ to be more successful when entering and operating in the different institution-based clusters of oil producing Sub-Saharan Africa countries. (For more information, please contact: Daniel Rottig, Florida Gulf Coast University, USA: drottig@fgcu.edu)

Direct and Bilateral Effects of Political-Economic Freedom Indices and Country Economic Variables
Ismatilla T. Mardanov, Southeast Missouri State University

The purpose of the present study is to test the bilateral effects of political and economic freedom indices and country economic variables. Political and economic freedom affects country economic variables, and in turn country economic parameters impact political and economic freedom. To do so, three groups of post-communist nations (PCN) from the classification of the Freedom House were analyzed. Results indicate that free, partly free, and not free nations have significant mean differences. The freedom indices and macroeconomic variables of the three groups of countries have significantly differing correlations of the same freedom indices and economic parameters. Many freedom indices and country economic variables have bilateral effects. Country economic conditions strengthen or weaken their political and economic freedom. Likewise, under the effects of political and economic freedom, countries improve or worsen their economic variables. According to these analyses, existing country freedom rankings were verified and adjusted. (For more information, please contact: Ismatilla T. Mardanov, Southeast Missouri State University, USA: imardanov@semo.edu)

Regional Determinants of FDI in Brazil: An Economic, Institutional and Political Perspective
Claudia Beatriz Batschauer da Cruz, University of Vale do Itajai
Dinorá Eliete Floriani, University of Vale do Itajai
Mohamed Amal, Columbia University and PPGAD/FURB

Most of the studies about FDI determinants are developed with a national perspective. However, these studies are limited when it comes to emerging countries such as Brazil, with its vast territory and marked regional differences. We investigate the determinants of FDI flows among the Brazilian States using economic and development variables. We also attempt to assess the effect of politics on the distribution of FDI. We run a panel data analysis to estimate the regional determinants of FDI in Brazil for the years 1995, 2000, 2005, 2010. We also run a Principal Component Regression. As the main results, we found a positive relationship between market size, productivity, HDI and taxes, and the FDI. However, the political variable has not been found statistically significant, which prompt us to look for ways to measure the regional political impact on the distribution of FDI in Brazil. (For more information, please contact: Claudia Beatriz Batschauer da Cruz, University of Vale do Itajai, Brazil: claudiabbc@gmail.com)
Cognitive Conflicts among Strangers: the Role of Organizational Cultural Intelligence and Socialization Practices in International Alliances

Robin Pesch, University of Bayreuth
Ricarda B. Bouncken, University of Bayreuth

Despite the interest in alliance management in the global strategy field, we have only limited insights into how firms can manage ambiguities in international alliances. This study introduces cognitive conflicts as a crucial mechanism to cope with ambiguities inherent in international alliances. We elucidate that cognitive conflicts enable alliance participants to develop a better understanding of each other and the alliance. Yet, cognitive conflicts demand cultural intelligence and socializing practices to overcome interaction problems associated with cultural and geographical distance. Data on 151 international alliances in the photonics and biotechnology industry reveals that firms’ managerial cultural intelligence improves cognitive conflicts that in turn enhance performance, especially in young alliances. Socializing practices, however, decrease alliance performance without sufficient levels of managerial cultural intelligence. (For more information, please contact: Robin Pesch, University of Bayreuth, Germany: robin.pesch@uni-bayreuth.de)


Swetketu Patnaik, Anglia Ruskin University
Ram Baliga, Wake Forest University
Mo Roohanifar, Manchester Metropolitan University

Alliance capability is increasingly viewed as a source of competitive advantage. Whereas most studies have explored how established firms in developed economies develop their alliance capabilities, little is known about how firms in emerging economies develop these. Although studies have suggested that alliance-experience acts as an antecedent to development of alliance capabilities, there is only a limited understanding on how firms translate alliance experiences into alliance capabilities. Our paper, based on a longitudinal and granular case study of a rapidly growing Indian biopharmaceutical company, provides insights on how such firms attempt to internalize and translate knowledge and insights generated from experiences gained in participating in initial international collaborations into developing specific pre-formational and post-formational alliancing capabilities. We find that development of alliance capability is an iterative, ongoing and often path-dependent process that is influenced by the organizational history and decision-making structure as well as prior alliance experience. (For more information, please contact: Swetketu Patnaik, Anglia Ruskin University, United Kingdom: swetketu.patnaik@anglia.ac.uk)

Do Local IJV Partners’ Political Connections Always Create Shareholder Value for Foreign Partners?

Yu-Kai (Mike) Wang, Soochow University
Jianfeng Wu, University of International Business and Economics

This study examines how the shareholder value created for a firm is influenced by the political connections of its local partner in a host country. Prior research has documented that local firms’ political connections can generate various benefits. Nevertheless, in addition to positive consequences, local partners’ political
connections may also generate hazards or negative impacts for their foreign partners. Consequently, this study proposes that local partner’s political connections have an inverted U-shaped impact on the shareholder value of foreign partner rather than a monotonically positive one. According to the political connection utilization and contingency perspectives, this study further argues that local and foreign prior firm performance play moderating roles for the above relationship. Empirical results largely support our arguments. To sum, this study contributes to research on performance consequence of the international joint venture announcements by exploring the impact of local partners’ political connections. Additionally, for practitioners this study expects to advance our knowledge on how to leverage local partners’ political connections effectively. (For more information, please contact: Yu-Kai (Mike) Wang, Soochow University, Taiwan: ywang01z@scu.edu.tw)

**Knowledge and Learning in IJV Management: A Process Understanding of a Highly Successful International Joint Venture**

Jeong-Yang Park, University of Nottingham
Simon Harris, University of Edinburgh

International Joint Venture (IJV) research has identified facilitating or hindering factors and processes within the multinational enterprises, but despite the evident and recognized importance of knowledge sharing processes for IJV success, little research attention has been paid in this area. We know very little what the knowledge sharing managers in IJVs may seek, what the difficulties they face, and how they overcome these difficulties by taking IJV managers’ perspective. This study aims to address this gap by exploring how the managers of a successful IJV overcame their parents’ differences, to achieve the knowledge sharing that they needed to generate a successful joint venture. The parents institutionalized knowledge sharing routines with its IJVs, and wrote manuals to transform tacit knowledge from international operations into explicit operating knowledge. They developed an organizational learning culture that was open to know-how sharing, especially of their ‘best practices’. Giving the IJV managers high levels of autonomy also promoted knowledge sharing; they built up strategies themselves to be appropriate for their own IJV context. (For more information, please contact: Jeong-Yang Park, University of Nottingham, United Kingdom: jeongyang.park@nottingham.ac.uk)

**The Formation of Equity Joint Ventures: An Empirical Examination of the "Hybrid" and "Asset Bundling" Views in Transaction Cost Economics**

Zheng Cheng, University of Kansas
Tailan Chi, University of Kansas

This study surveys the “hybrid” and “asset bundling” views of equity joint ventures (EJVs) in transaction cost economics (TCE) and then compares and contrasts their apparently conflicting predictions on the formation of EJVs. Using a sample of 2,958 inter-firm exchanges (contracts, EJVs, and mergers & acquisitions) formed among U.S public firms from 1994 to 2013, this study examines the relationship between the attributes of the assets from both exchange partners and their choice of EJVs. The empirical results shed light on the validity of those two perspectives and suggest that an integration of them will provide a more complete explanation of exchange mode within the TCE framework. (For more information, please contact: Zheng Cheng, University of Kansas, USA: chengzheng@ku.edu)

**International Portfolio Restructuring: The Role of Performance Feedback and Home Market Dependence in Adjusting Extant Network Diversity**

Guus Hendriks, RSM Erasmus University
Pursey Heugens, RSM Erasmus University
Arjen Slangen, RSM Erasmus University

This study perceives multinational enterprises’ foreign entry and exit decisions as interrelated and conscious efforts to restructure their country portfolios, either directed at expanding or contracting them to reposition the company. Based on the behavioral theory of the firm we argue that culturally and economically more diverse
country portfolios introduce governance complexity and overburden managers, causing greater portfolio diversity to result in portfolio contraction activities, whereas low levels of diversity allow portfolio expansion. Relative performance and home-country dependence moderate this relationship for the feedback the former provides on how portfolio diversity is managed and the latter's impact on the allocation of attention between international and domestic operations. We test our hypotheses using panel data that capture country entry and exit decisions of 186 retailers from 24 home countries over the period 2001 – 2007. Our findings support our framework and signal how extant portfolio diversity and the factors that influence managerial cognition in managing that diversity jointly shape portfolio adjustment decisions and thereby the (de-)internationalization strategies of firms. (For more information, please contact: Guus Hendriks, RSM Erasmus University, Netherlands: hendriks@rsm.nl)

Fairness Perception, Contractual Complexity and Learning in Inter-Organizational Exchanges
Cheng-Min Chuang, National Taiwan University
Chih-Pin Lin, Aletheia University
Chih-Fang Chiu, National Taiwan University

This study explores the contracting design based on justice perceptions that could induce to learning effects. In this paper, we contribute to research on the justice perspective within the domain of inter-organizational contracting by investigating the effects of contracting learning through the dimensions of contract complexity that include the provisions of exchanging commitment, enforcement and safeguarding, and contingency planning. Analysis 97 contracts demonstrate that both the distributive and interactive justice is positively associated with the contractual dimensions of exchange commitment and safeguard. Moreover, distributive and procedural justice lead to complex contracts when interactional justice is higher. This finding emphasizes exchange parties cognize directly distributive and interactional perceptions, and the interactional perception complement to the procedural justice during the process of contracting negotiation. We also find exchange parties learn more contracting and partner-specific knowledge after parties design a complex contract through justice perceptions. (For more information, please contact: Chih-Fang Chiu, National Taiwan University, Taiwan: juju0802@gmail.com)

Session: 2.3.14 - Interactive
Track: 8 - International Entrepreneurship, SMEs and Born Globals

Internationalization Process of SMEs

Presented On: June 29, 2016 - 13:00-14:15
Chair: Ivo Zander, Uppsala University

The Influence of the Entrepreneur's Network on the Internationalization during the Financial Crisis: Evidence from Turkey
Tugba Kalafatoglu, ESADE Business School/NEOMA Business School
Xavier Mendoza, ESADE Business School

This paper explores to explore empirically how the characteristics of entrepreneurs affect venture internationalization especially during the financial crisis, particularly the usefulness of the three main theories: Uppsala model, network theory and international entrepreneurship theory. This paper most importantly to respond the calls on internationalization in the service sector which remains understudied in the International Entrepreneurship field and the work on internationalization of new venture at entrepreneurial level. Thus, the research designed is a multiple-case study approach. The results show that entrepreneurs build on their previous international experience to mobilize international networks, and moreover especially during the financial crisis, their networks are key to drive the firm's international activities and to decide which foreign markets to enter. The paper concludes by discussing managerial implications, the limitations and areas for
Decisive Inaction in the Internationalization Process
Peter Wayne Liesch, University of Queensland
James Clarke, University of Queensland

In the context of the internationalization process model, we interpret the wait-and-see strategy as decisive inaction that maintains an existing network position. To explain why firms pursue a wait-and-see strategy, we develop the theoretical core of the Uppsala internationalization process model concerning relationship commitment decisions. This development explains that the wait-and-see strategy results from the decision to change the level of risk that the firm is willing to tolerate rather than to adjust the risk that it encounters by changing its network position. By explaining how a wait-and-see strategy is the result of a change in the tolerable risk level of a firm, we clarify that it is a strategy that need not be limited to situations of high uncertainty. While our development of the Uppsala internationalization process model retains its integrity as originally proposed, we offer a conceptualization that enables empirical estimation which extends the application of the Uppsala model. (For more information, please contact: Peter Wayne Liesch, University of Queensland, Australia: p.liesch@uq.edu.au)

Effectuation and Internationalization: A Review and Agenda for Future Research
Masoud Karami, University of Otago
Sylvie Chetty, University of Otago/Upssala University
Oscar Martín Martín, Public University of Navarre/ Uppsala University

Recent research on the internationalization of SMEs has been based on effectuation theory. However, this theory has been criticized lately. As noted in recent conversation articles, effectuation is a pragmatist theory that evolves over time. Thus, the status of effectuation theory in internationalization studies is not yet clearly determined. We systematically reviewed the literature connecting effectuation and internationalization of SMEs to clarify the use of the theory in the context of international business and international entrepreneurship. In particular, we focused on the critical concepts of limited resources, the unplanned approach and networking behaviors of internationalizing firms. We contribute to the international business and international entrepreneurship literatures by providing a systematic review of the links between effectuation theory and internationalization, and offering an agenda for future research. (For more information, please contact: Masoud Karami, University of Otago, New Zealand: masoud.karami@postgrad.otago.ac.nz)

The "Hidden" Stages of Internationalization of Western Small and Medium-Sized Enterprises in Emerging Markets: The Role of Experience, Feedback and Institutional Voids
Desislava Dikova, Vienna University of Economics and Business
Yusaf Akbar, CEU Business School
Bernardo Balboni, University of Trieste
Guido Bortoluzzi, University of Trieste
Andrea Tracogna, University of Trieste

Our goal is to improve the understanding of factors that support or hinder SMEs’ escalation of commitment in emerging markets (EMs) after initial market entry. We combine the internationalization and institutional theories to study SMEs’ escalation by choosing more risky modes of operation or committing more resources within the initial operation mode. Firstly, we examine the associations between SMEs’ experiential knowledge and market feedback and SMEs’ decision to escalate commitment in EMs. Secondly, we examine the impact of institutional voids (IVs) on SMEs’ escalation because unlike psychic distance (reduced over time), obstacles created by IVs are more difficult to overcome. Thirdly, we stipulate a negative moderating effect of IVs on the associations between SMEs market experience and feedback, and escalation of commitment. We test our hypotheses with a
sample of 197 Italian foreign operations. Our results suggest that while market experience and positive feedback encourage SMEs towards greater commitment in EMs, IVs discourage it and diminish the positive effect of market experience and feedback on escalation of commitment. (For more information, please contact: Desislava Dikova, Vienna University of Economics and Business, Austria: desislava.dikova@wu.ac.at)

Factors Affecting Entrepreneurship in Emerging Economies: A Case of Dubai
Christian Tabi Amponsah, Skyline University
Gouher Ahmed, Skyline University

This paper explores the antecedents of entrepreneurial success relating to emerging markets. Drawing on objectives, methodology and data (OMD) approach using principal components factor analysis with varimax rotation, the study investigates success factors underpinning the economy of Dubai making it an emerging economic power house attracting entrepreneurial talents from across the world. The empirical study was carried out using 500 random sample from entrepreneurs within the business enclave of Dubai from various industries. The findings indicate visionary leaderships, tax management, government support for new businesses, abundance of opportunity to create own destiny, opportunity to reap impressive profits, opportunity to contribute to society rank among the many factors the create entrepreneur success. The results show that entrepreneurship is quite an adventure in the great business world of uncertainty and risk, but there are good rewards of entrepreneurship as well. (For more information, please contact: Christian Tabi Amponsah, Skyline University, United Arab Emirates: chris_tabi@hotmail.com)

Resource Allocation Decisions in SME Internationalization: A Portfolio Theory Perspective
Adeoye Adegorite, University of Waterloo
Rod B. McNaughton, University of Auckland

This paper addresses the challenge of resource allocation decisions for small and medium-sized enterprises (SMEs) that internationalize. We develop a resource allocation decision framework that offers propositions based on Markowitz’s portfolio theory and Tobin’s theory of risk aversion. These propositions explain the risk-return trade-off associated with allocating resources to investments that pose different levels of risk. The paper provides suggestions for testing the propositions and for guiding future research. It also provides practical implications and recommendations to managers of SMEs for evaluating how their firm should allocate resources. It contributes to the literatures on small business and entrepreneurship by proposing a portfolio theory approach to understanding resource allocation in SME internationalization. (For more information, please contact: Adeoye Adegorite, University of Waterloo, Canada: aiadegor@uwaterloo.ca)

Session: 2.3.15 - Interactive
Track: 1 - Global Innovation and the Multinational Enterprise

Adaptation and the Role of Industry/Business Context

Presented On: June 29, 2016 - 13:00-14:15
Chair: Dan Li, Indiana University

Do Institutional Voids Promote Local Adaptation? Explorative Adaptation and Classical Adaptation
Defeng Sun, Kyoto University
Yasuo Sugiyma, Kyoto University
Tatsuya Kikutani, Kyoto University

While local adaptation concerns the attempt to respond to specific needs in host countries, empirical studies to date have not considered whether the development of new capabilities is required. Therefore, the concept of
local adaptation in existing studies is used without distinguishing between exploiting existing capabilities and developing new capabilities for local markets. In this paper, we define the local adaptation in existing research as classical adaptation and the local adaptation by developing new capabilities as explorative adaptation. We examine the effects of institutional voids relating to intellectual property rights, the inter-firm transaction environment, and the political institutional environment in emerging markets on classical adaptation and explorative adaptation. Our empirical analysis is based on data derived from a questionnaire survey of 397 Japanese subsidiaries in East Asia and South-East Asia. Through this analysis, we confirmed that the institutional void relating to intellectual property rights has negative effects on classical adaptation and explorative adaptation, whereas the inter-firm transaction environment has a positive effect on explorative adaptation, but not on classical adaptation. We contribute to the research by developing the concept of explorative adaptation and suggest that more attention should be paid to the opportunities presented by institutional voids. (For more information, please contact: Defeng Sun, Kyoto University, Japan: sundefeng@gmail.com)

The Differential Impact of Open Innovation on the Efficiency of Firms
Isabel Alvarez, Universidad Complutense de Madrid
Cipriano Quirós, Universidad Complutense de Madrid

The effects of open innovation strategies on the economic efficiency of firms is a topic often avoided, and about which little is known. This paper contributes to the exploration of that connection, revealing persistent collaboration and the embeddedness of firms within their environments to be two crucial aspects. Impacts on efficiency are conditioned by the type of external links employed, by the agents with whom a firm collaborates, and by the inherent differences between foreign and domestic firms. Findings obtained from fresh empirical evidence provided in this paper reveal that: 1) collaboration with competitors on innovation generates a direct effect on a firm's efficiency, whether foreign or domestic; 2) only persistent and vertical linkages have a positive impact; and 3) access to complementary sources of knowledge becomes increasingly relevant to a rise in efficiency as a firm increases its embeddedness within a location, making institutional collaboration especially significant for domestic firms. (For more information, please contact: Isabel Alvarez, Universidad Complutense de Madrid, Spain: isabel.alvarez@ccee.ucm.es)

National Context and the Organization of Early Phases in Innovation Projects
Roman Bartnik, University of Duisburg-Essen

Japanese and German innovation projects are embedded in distinct organizational contexts. Transferring practices between such contexts without careful adaptation may lead to mismatches. We look at the influence of contextual differences on project coordination. Based on survey data on 79 firms and analysis in a PLS structural equation model, we find that early departmental involvement has a positive effect on team effectiveness in German firms, but not in Japanese firms. Stronger project managers and more internal information search have indirect positive effects by increasing departmental involvement. By contrast, neither of these effects is significant for Japanese firms. Here, early external information search increases project effectiveness. We argue that these differences can be coherently linked to contextual influences and that such contextual analysis is a crucial step in practice transfer. (For more information, please contact: Roman Bartnik, University of Duisburg-Essen, Germany: roman.bartnik@uni-due.de)
**International Business Challenges in Global Value Chains: A Multidisciplinary View**

**Presented On:** June 29, 2016 - 14:30-15:45

Chair: Manpreet Hora, Georgia Institute of Technology

Panelists:
- Manpreet Hora, Georgia Institute of Technology
- Tomas Hult, Michigan State University
- Masaaki Kotabe, Temple University
- Janet Y. Murray, University of Missouri-St. Louis

The aim of this Showcase Panel is to further the agenda for global value chain research. Topics in this area are being concurrently studied in operations and supply chain management, marketing and international business. This panel examines viewpoints in these different research areas and discusses wide-ranging extant research in alliances, knowledge management, global sourcing, risk management in global operations, technology management and innovation. Panelists will also provide their understanding of how future research can advance current work, and suggest research themes what can be integrated across disciplines. We believe that what is unique about this panel is its timeliness, and the opportunity to explore multifaceted elements of the global value chain that will be insightful for researchers in operations management, international business, marketing and strategy. *(For more information, please contact: Manpreet Hora, Georgia Institute of Technology, USA: manpreet.hora@scheller.gatech.edu)*

**State Owned Multinationals**

**Presented On:** June 29, 2016 - 14:30-15:45

Chair: Felipe Monteiro, INSEAD

Panelists:
- Felipe Monteiro, INSEAD
- Aldo Musacchio, Brandeis University
- Alvaro Cuervo Cazurra, Northeastern University
- Klaus Meyer, CEIBS
- Juan Ma, INSEAD
- Sinziana Dorobantu, New York University

Today we see a pervasive presence of State Owned Multinational Corporations (SOMNCs) throughout the world and in a broad range of industries. In 2013, among the top-100 Fortune 500 companies, 25 were SOMNCs directly owned by the state or indirectly through several state-related investment vehicles. And this phenomenon is not simply due to the rise of interventionist emerging economies such as China or Russia; there is vast evidence that SOMNCs remain important even in developed countries. A recent survey of OECD countries, for instance, found that SOEs represented a total equity value of US$ 1.4 trillion in 2011, of which 61% involved firms with minority stakes—that is, firms with private management and partial state ownership. In this panel, we will discuss a number of issues related to SOMNCs, from their performance in different institutional contexts and internationalizations paths to their innovation strategies in different parts of the world.
It is important to highlight that the purpose of this panel is to be broad, allowing for agenda-setting discussions which provide an overview of extant research on how SOMNCs compete globally and present a research agenda on this multifaceted topic. (For more information, please contact: Felipe Monteiro, INSEAD, France: felipe.monteiro@insead.edu)

Session: 2.4.3 - Panel
Track: 2 - Geographic Scope and Global Innovation

Creating and Orchestrating Heterarchical Advantage in the Global and Local Context

Presented On: June 29, 2016 - 14:30-15:45

Chairs: Kiyohiko Ito, University of Hawaii at Manoa and Tanya A. Peacock, Baylor University

Panelists:
- Kazuhiro Asakawa, Keio University
- Yves Doz, INSEAD
- Tanya A. Peacock, Baylor University
- Eleanor Westney, York University
- Ivo Zander, Uppsala University

Heterarchy (Hedlund, 1993) in a dynamic environment is suitable as it creates organized chaos by eliminating rigidly defined tasks, job titles, and job responsibilities; it is the antithesis of hierarchy. The concept of heterarchy has been interpreted as an extension/part/variation of existing theoretical frameworks, such as geocentrism, transnational, metanational, differentiated network, matrix structure, etc. We argue that such interpretation of heterarchy within existing models is rather limited, and a new way of looking at this concept is called for. We aim at revisiting this old yet novel concept in order to redefine it in a new environmental condition. (For more information, please contact: Kiyohiko Ito, University of Hawaii at Manoa, USA: k.ito@hawaii.edu)

Session: 2.4.4 - Panel

AIB-CEE Chapter Panel: Research, Collaboration and Innovation in Emerging Markets: Forecast of Research Agenda for the CEE

Presented On: June 29, 2016 - 14:30-15:45

Chair: Lukasz Puslecki, Poznan University of Economics and Business
Discussant: Miroslaw Jarosinski, Warsaw School of Economics

Panelists:
- Andreja Jaklic, University of Ljubljana
- Marian Gorynia, Poznan University of Economics and Business
- Andrei Panibratov, St. Petersburg University
- Krzysztof Wach, Cracow University of Economics
- Michal Zdziarski, Warsaw University

Taking into consideration this year’s theme The Locus of Global Innovation this panel aims at university research, collaboration and innovation for Central and Eastern Europe (CEE) countries which are at the same time emerging markets. We will try to discuss the current role of universities in the development of
collaboration between business and academia and its outcomes in the form of research and innovative teaching methods. Three sets of question will be explored: 1) What are the promising research areas in Central & Eastern Europe (CEE)? How will they change in the future? In which direction is the IB field of research in CEE is developing? 2) What are the innovative teaching methods that can be applied and developed in the CEECs? 3) What are the main barriers and challenges for the universities in the region of CEE taking into account business-academia collaboration? (For more information, please contact: Lukasz Puslecki, Poznan University of Economics and Business, Poland: lukasz.puslecki@ue.poznan.pl)

Session: 2.4.5 - Competitive

Cross-Cultural Influences and Attributions

Presented On: June 29, 2016 - 14:30-15:45

Chair: Marcelo André Machado, Universidade do Vale do Rio dos Sinos - UNISINOS

A Cross-Cultural Study of an Integrative Model of Meaningfulness and Employee Engagement

Simone Meskelis, University of Dallas
Sri Beldona, University of Dallas
J. Lee Whittington, University of Dallas
Timothy Galpin, Colorado State University

Employee engagement has emerged as a dominant concern among managers around the globe. Although many organizations have attempted to address low levels of employee engagement through a variety of HR-driven initiatives, these organizational-level programs are not sufficient. These efforts must be supported at the individual employee level by managerial behaviors that affirm the positive contribution an employee makes to the organization’s mission and performance. The interest in engagement is paralleled by growing awareness of a fundamental need for meaningfulness in an individual’s work. The research reported in this paper is based on a cross-cultural investigation of an integrative model of the antecedents and consequences of meaningfulness and employee engagement. Results from four field studies conducted with individuals from multiple organizations in the southwestern United States and in Brazil indicate that the link between meaningfulness and engagement contributes to a variety of important organizational outcomes, such as affective commitment, job satisfaction, and organizational citizenship behavior. Our model suggests that enhancing this connection requires a comprehensive effort that involves both organizational practices, and attention to the more direct impact that job design and effective leadership have on an employee’s work experience. (For more information, please contact: Simone Meskelis, University of Dallas, USA: smeskelis@udallas.edu)

A Cross-Cultural Analysis on Moral Emotion Experiences: The Case of Korea and the United States

Tai Gyu Kim, Korea University
Young Kyun Chang, Sogang University

Despite the importance of individual’s moral self-regulation at work, moral emotions as a self-regulation property have received sporadic attentions in the organizational wrongdoing context. However, since individuals differ in the intensity and pattern of moral emotion experience from organizational wrongdoing involvement, this study investigates the individual differences in ways in which moral emotions are experienced. Drawn from self-discrepancy (Higgins, 1987) and self-construal theories (Markus & Kitayama, 1991), we hypothesize that moral identity and national culture contribute to the individual variances in moral emotion experience. We found that the intensity and pattern of moral emotion experience vary upon the centrality of moral identity as well as national culture within which moral emotions are embedded. This study contributes to unpacking the hidden mechanism that accounts for individual differences in moral emotion experience from organizational wrongdoing. (For more information, please contact: Tai Gyu Kim, Korea University, Korea, South: kimt@korea.ac.kr)
Attributional Complexity and Isomorphic Attributions: Empirical Evidence for Cognitive vs. Affective Factors
Lakshman Chandrashekhar, Tongji University School of Economics & Management
Linh-Chi Vo, Normandy Business School

Despite the recently identified theoretical link between Attributional Complexity (AC) and isomorphic attributions in cross-cultural contexts, this link has not been empirically examined. Additionally, despite the well known importance of isomorphic attributions in cross-cultural management and international business research, its antecedent predictors have been ignored at the expense of examining other relationships. We contribute to this body of literature by examining the relative influence of AC and Emotional Intelligence (EI), a cognitive and affective trait respectively, on isomorphic attributions. Drawing on the associated literatures, we develop and test hypotheses in the context of close versus distant cultures. Using a sample of MBA students from a premier business school in France, we find that while AC is a significant predictor of objective scores on culture assimilator based tests of isomorphic attributions, EI is not. We discuss contributions, limitations, future research directions, and managerial implications for IB contexts. (For more information, please contact: Lakshman Chandrashekhar, Tongji University School of Economics & Management, China: clakshman2007@gmail.com)

Does Multiculturalism Influence Salary Negotiation Strategy? An Examination of Hispanic-American Multiculturals and American Monoculturals
Davina Vora, State University of New York at New Paltz
Napatsorn Jiraporn, State University of New York at Oswego
Wendy Casper, University of Texas at Arlington

Building on the multiculturalism and conflict resolution literatures, we examine the salary negotiation behavior of monocultural American and multicultural Hispanic-American individuals. Using an experiment involving 298 full-time salaried employees, we explore whether, compared to monocultural Americans, multicultural Hispanic-Americans are more likely to adjust their negotiation style to reflect the cultural values of their negotiation partner (either American or Mexican). We also examine the effect of familiarity with Latino culture (among monoculturals) and bicultural identity integration (among multiculturals). We found some support for our hypotheses. For the compromising strategy, Hispanic-Americans tend to adjust their negotiation style to use a more culturally-appropriate approach, while Americans do not. When negotiating with a Hispanic, monoculturals who are more familiar with Latino culture are more likely to use compromising and integrating strategies than those who are less familiar with Latino culture. Among multiculturals, greater bicultural identity integration is associated with more frequent use of the avoiding strategy. Cultural intelligence is also significantly related to negotiation strategy. Implications of our research are discussed. (For more information, please contact: Davina Vora, State University of New York at New Paltz, USA: vorad@newpaltz.edu)

Session: 2.4.6 - Competitive

Rules of Engagement: Methods and Measures in IB

Presented On: June 29, 2016 - 14:30-15:45

Chair: Stewart Miller, University of Texas - San Antonio

Measuring Innovation Around the World
David M. Reeb, National University of Singapore
Ping-Sheng Koh, Hong Kong University of Science and Technology
Elvira Sojli, Erasmus University
Wing Wah Tham, Erasmus University

Research on corporate innovation often focuses on firms with positive US patent activity and reported R&D, thereby excluding over 90% of the firms in Compustat. By exploiting data from 30 global patent offices, we
investigate the nature of missing innovation data around the world. We find systematic and predictable patterns across firms and countries for missing patents and R&D. We further show how excluding or deleting these missing observations without reported R&D or patents provides biased coefficient estimates and standard errors in studies of innovation capacity. Further analysis underscores the importance of full-sample approaches in studies of innovation. (For more information, please contact: David M. Reeb, National University of Singapore, Singapore: dmreeb@nus.edu.sg)

MNC Internal and External Complexity and Effects on Performance: Insights from NKC-Methodology
Sokol Celo, Suffolk University
James Francis Nebus, Suffolk University
I. Kim Wang, Suffolk University

The global factory literature suggests that MNCs can take advantage of global operations by extensively offshoring and outsourcing activities. However, the added difficulty for the lead firm to coordinate the resulting complex structure is often underestimated. Evidence could be found in Boeing’s 787 Dreamliner project, in which the external complexity disrupted MNC performance. Motivated by the gap in the theory and practice, this study focuses on systems of MNCs connected with each other with supplier-client relationships and/or outsourcing. In particular it investigates the interplay of the internal and external complexity in such systems and how their balance affects the system performance. The study models the internal and external complexity by using the NKC-simulation methodology and adjusting it to the specific MNC context. The NKC methodology is widely used in biological and social sciences to study complex systems. Simulations comparing the performance of MNCs that produce entirely in-house with systems of MNCs that use outsourcing to different degrees indicate that a balanced level of internal and external complexity is beneficial for the system. We shed light on the ideal complexity that a value chain should maintain in the global factory organization. (For more information, please contact: Sokol Celo, Suffolk University, USA: scelo@suffolk.edu)

Decomposing the Benefits from Foreign Direct Investment: A New Methodological Framework
Randolph Luca Bruno, University College London
Nauro F Campos, Brunel University
Saul Estrin, London School of Economics

The prevailing consensus is that the effects of foreign direct investment (FDI) are conditional. Its “overall” effect depends upon minimum levels of human capital or financial development, while their “firm-to-firm effects” (f2f) depend on type of linkage (forwards, backwards, or horizontal). We propose a new methodological framework in which we conceptualize a decomposition of FDI effects into “overall” and “f2f” dimensions. We use Meta-Regression analysis techniques on a unique data set covering 564 f2f and 554 overall estimates of the effects of FDI. This is a completely new methodology in both the MRA and FDI literatures. The major finding is that these effects are shown to be substantially less “conditional” than commonly thought. We find that the magnitude of overall effects tend to be systematically larger than f2f effects and posit absorptive capabilities as a main explanation for the wedge or gap we identify between overall and f2f effects. (For more information, please contact: Randolph Luca Bruno, University College London, United Kingdom: randolph.bruno@ucl.ac.uk)

Scale Integrity: An Evaluation of Four Individualism Scales in International Business
Somak Banerjee, Wayne State University
Ahmet Koksal, Wayne State University
Aaron Johnson, Wayne State University
Attila Yaprak, Wayne State University

The social science disciplines measure abstract constructs regularly in an attempt to better understand human behavior. Thus, scales are commonly developed and used to measure underlying theoretical factors. Since scale development is an extensively used method in knowledge generation, this process requires rigorous standards
to ensure integrity of the measures. In this paper we highlight three criteria that can be used as guidelines to evaluate existing scales and develop new instruments. Furthermore, we draw upon four seminal scales from the individualism and collectivism literature to assess the extent to which these papers adhere to the aforementioned standards. (For more information, please contact: Somak Banerjee, Wayne State University, USA: fk4418@wayne.edu)

Session: 2.4.7 - Competitive  
Track: 8 - International Entrepreneurship, SMEs and Born Globals

The Learning Process of International Entrepreneurship

Presented On: June 29, 2016 - 14:30-15:45

Chair: Patricia McDougall-Covin, Indiana University-Bloomington

Learning Through Experience: The Impact on SME Entry Mode Choice  
Lina Hollender, Heinrich Heine University Düsseldorf  
Christian Schwens, Heinrich Heine University Düsseldorf  
Keith D. Brouthers, King's College London

Learning from experience has attracted considerable research attention over the last decades. Yet it is unclear how firms learn from past entry mode choices. In this paper we develop and test theory that suggests that entry mode learning might be non-linear and that firms learn from equity mode, non-equity mode and international experience. Drawing on a sample of 185 German SMEs, we show that non-equity entry mode experience leads to higher resource commitment if firms also possess complementary international experience. In contrast, equity entry mode experience shows signs of decreasing marginal effects. Our study contributes to the SME entry mode literature and offers implications for future research and practice. (For more information, please contact: Lina Hollender, Heinrich Heine University Düsseldorf, Germany: lina.hollender@hhu.de)

Response to Performance and Preparation in Internationalization Learning  
Margaret Fletcher, University of Glasgow  
Simon Harris, University of Edinburgh

Using a single, longitudinal case, we investigate what stimulates the INV managers’ learning, what it comprises, how they learn, and the changes and outcomes of the learning. We draw from Performance-Feedback theory, the behavioral theory of the firm, that underpins the idea of experiential learning. We find that performance-feedback learning, implicit in internationalization process theory, is used to identify and address internationalization problems. However, rapid internationalization learning requires extensive preparatory activities, involving the engagement of sources of knowledge beyond experiential, which helps more rapid and effective performance-feedback learning. (For more information, please contact: Margaret Fletcher, University of Glasgow, United Kingdom: margaret.fletcher@glasgow.ac.uk)

Founders’ Prior Shared Experience and the Survival of Born Global Firms  
Giuseppe Criaco, Jönköping International Business School

This paper investigates how founders’ prior shared experience in international firms impacts on the survival of born global firms. As the tenure of founders’ prior shared experience increases, born global firms are more likely to benefit from the existing routines and capabilities founders developed while working together in the same international firm. On the other hand, as the tenure increases, born global firms may find it more costly to explore new routines and capabilities. As the new firm survival can be seen as the coexistence of both exploitative and exploratory behavior, then an inverted U-shaped relationship between prior shared experience
and survival should exist. This paper also proposes the industry where such prior shared experience was acquired (versus the current industry) as an important contingency of the prior shared experience-survival relationship. I test these relationships on a sample of 1,930 Swedish born global firms. The study offers important contributions to the international entrepreneurship field. (For more information, please contact: Giuseppe Criaco, Jönköping International Business School, Sweden: giuseppe.criaco@ju.se)

Session: 2.4.8 - Competitive
Track: 4 - Social Innovation: Global Solutions for Local Problems

Governance, CSR and the Role of MNEs

Presented On: June 29, 2016 - 14:30-15:45

Chair: Bindu Arya, University of Missouri-St. Louis

Corporate Governance and CSR Approaches of Multinational Companies: An Integrated Perspective
Igor Filatotchev, Cass Business School
Günter K. Stahl, WU Vienna

Building on international business, corporate social responsibility (CSR), and corporate governance research, this paper explores inter-relationships between CSR approaches and corporate governance in multinational companies (MNCs). By focusing on the tensions and possible trade-offs between globally integrated and locally adapted CSR strategies, it introduces a typology of CSR approaches in MNCs and examines how these approaches may affect corporate social performance. Further, different approaches to CSR are linked to two key dimensions of corporate governance related to monitoring and incentives. This analysis builds on previous research that differentiates between monitoring based on “strategic” as opposed to “financial controls”, and explains how these types of control may affect trade-offs associated with different CSR approaches. In addition, we analyze the effects of different types of managerial incentives on managers’ attitudes towards CSR. The basic premise of the framework is that specific combinations of monitoring and control modes (strategic, financial) and managerial incentives (financial, triple bottom line) are associated with different CSR approaches and corporate social performance. Our theoretical arguments are supported by case studies of MNCs. (For more information, please contact: Günter K. Stahl, WU Vienna, Austria: guenter.stahl@wu.ac.at)

Does Internationalization of Emerging Multinationals Lead to a Good Corporate Citizenship in the Home Market?: The Stakeholder-Theory Approach
Eunwoo Kim, University of Michigan
Jooyoung Kwak, Yonsei University
Soonkyoo Choe, Yonsei University

The paper integrates stakeholder theory and international business theory to explore the relationship between international diversification of emerging multinationals and their corporate social performances (CSP) in the home market. Using the foreign direct investment (FDI) and corporate social responsibility (CSR) data of Korean multinational corporations (MNCs), we have found that international diversification enhances domestic CSP in a curvilinear shape. We argue that, as international diversification increases, the headquarters of emerging multinationals become more aware of the CSR at the global level, which increases the level of domestic CSP. However, as foreign stakeholders gain more bargaining power, domestic stakeholders may confront foreign stakeholders having different interests. Hence, the CSP growth induced by international diversification is not likely to permanently continue. Further, as high intensity in R&D and marketing in a home market represents strong presence of domestic stakeholders, emerging multinationals with high R&D or advertising intensity in the home market tend to have more tensions between domestic and foreign stakeholders, weakening the positive relationship between international diversification and the domestic CSP. (For more information, please contact: Eunwoo Kim, University of Michigan, USA: eunwoo@umich.edu)
Internationalization and Financial Performance: The Moderating Role of Corporate Social Performance
Xueji Jessie Liang, Sun Yat-sen University
Jane Lu, University of Melbourne

The existing research on the internationalization-performance link stresses the role of intangible assets in enhancing the positive effect of internationalization on firm performance. Successful stakeholder relationship can also be considered as a firm-specific intangible asset, whose value increases as a firm becomes more multinational. We propose that building and maintaining good relationships with stakeholders play a positive moderating role in the relationship between internationalization and financial performance. Further, the positive moderating effect of stakeholders is stronger for firms expanding into countries with high stakeholder demands because stakeholder relationships are more important in affecting firm performance in these countries than in countries with low stakeholder demands. We find empirical supports for the above arguments based on a sample of public firms in the U.S. between 2003 and 2008. (For more information, please contact: Xueji Jessie Liang, Sun Yat-sen University, China: xuejiliang@u.nus.edu)

Strategic Corporate Social Responsibility in Multinational Enterprises
Christian Geisler Asmussen, Copenhagen Business School
Andrea Fosfuri, Bocconi University

In order to reap the performance benefits of corporate social responsibility (CSR), companies invest significant amounts of resources in supporting social causes and proactively communicate their commitment to the relevant stakeholders, in order to build a ‘social brand’. At the same time, however, managers may be tempted by opportunities to increase profits in ways that are in conflict with corporate values and the socially responsible identity of the firm. In the context of multinational enterprises (MNEs), this dilemma is particularly pertinent because the decisions about the firm’s global social brand and the execution of the operational strategies may be made by different managers in different countries. This raises a number of interrelated questions: How much should MNE headquarters invest in developing a global social brand? How does this investment vary with the international scope of the corporation? Do multinationals invest more in a social brand and consistently behave more ethically than local firms do, or perhaps less so? More generally, when and how can MNEs reap performance benefits from global orchestration of CSR? To answer these questions, we develop a game-theoretic model of strategic CSR in the context of a multinational firm. Based on this model, we analyze the complex interplay between different contingencies that determine the coordination and control challenges facing MNEs when they attempt to implement global CSR strategies, including the strength of brand spillovers, the risk of public scandal caused by unethical actions, the size of the MNE network, and the heterogeneity of the countries in which the MNE operates. (For more information, please contact: Christian Geisler Asmussen, Copenhagen Business School, Denmark: cga.smg@cbs.dk)

Session: 2.4.9 - Competitive

Global Talent Management

Presented On: June 29, 2016 - 14:30-15:45

Chair: Paula Caligiuri, Northeastern University

Retaining Diverse Employee Talent Through Greater Organizational Embeddedness
Debjani Ghosh, Osaka University
Tomoki Sekiguchi, Osaka University

This article integrates the literature on organizational embeddedness and organizational diversity to develop a new theory and propositions that explain the effects of different types of organizational diversity on
organizational embeddedness of employees. In addition, we theorize how organizational justice, goal interdependence, and diversity climate moderate the relationship between organizational diversity and organizational embeddedness. We offer implications for future research, as well as practical implications for organizations attempting to retain their valued diverse employees with the intention of building a competitive advantage. (For more information, please contact: Debjani Ghosh, Osaka University, Japan: debjani.ghosh79@gmail.com)

Talent Development and Its Role in Shaping Emerging Market Firms’ Results: The Case of Russia
Marina Latukha, Saint-Petersburg State University

The study investigates talent development (TD) as a part of human resource development (HRD) using the emerging market context and its influence on a company’s performance in Russian companies. Attention is paid to the analysis of TD programs that are used to develop talent in Russia and the factors that influence the creation and implementation of TD in Russian firms. We also discuss what competencies are of primary focus in TD programs and we demonstrate the main direction of HRD extension in Russia. The paper explores and provides a number of ideas and conclusions about TD elaboration, realization and talent practices' improvement in the Russian context. Our data shows that the positive connection between TD efforts and a company’s performance can be found in emerging market firms. Our findings contribute to the field of HRD by proving that TD, as a part of HRD, significantly influences organizational results. (For more information, please contact: Marina Latukha, Saint-Petersburg State University, Russia: marina.latuha@gsom.pu.ru)

Omission of Talent Pools?: Challenges in Japanese Companies’ Global Talent Management
Tamiko Kasahara, University of Shizuoka

The purpose of this study is to explore whether the basic premise underlying the global talent management literature on North America—that talent should be managed at pivotal positions regardless of nationality—is similar to that of an institutionally different environment, Turkey, while rethinking Japanese MNCs’ ethnocentrism. Through a detailed case study of 10 Japanese Turkish subsidiaries, first, this paper revealed that the HRM practices at Turkish subsidiaries are influenced by not only MNCs’ standardization and localization but also regional effect. Second, this paper suggests that the nationality of top management positions is influenced by the subsidiaries’ establishment form. Third, this study suggests that both institutional and cultural distances from HQs and the strategic importance of foreign subsidiaries influence talent pool inclusion. (For more information, please contact: Tamiko Kasahara, University of Shizuoka, Japan: kasahara@u-shizuoka-ken.ac.jp)

Fostering Local Managerial Capacity in China: HRM, Matched-Pairs, and Knowledge-Collectivities
Ramsin Yakob, University of Gothenburg

Our understanding of the organizing approach of MNCs when using socialisation as a conduit of knowledge transfer in emerging economy subsidiaries is still in its infancy. Further, we know little of how managerial capacity is generated, dispersed and absorbed within the MNC. In this article I address this research gap by drawing upon a four year longitudinal case study of Geely’s and Volvos attempts to, through socialization and knowledge transfer, develop local managerial capacity in its Chinese subsidiary. Empirically, I examine and discern underlying mechanisms of individual level and interpersonal-level micro-foundations of knowledge transfer by investigating the use of temporary shared leadership constellations (Matched-Pairs). Theoretically, the collectivity of practice concept is used to account individuals who are assigned to carry out specific tasks within tightly set time limits, and who operate on a limited basis of shared experience, knowledge, and understanding, generate increased locally based managerial capacity. Findings point to the importance of a ‘capacity context’ that promotes managerial capacity development through competence ambience and competence permeability. Secondly, findings suggest and discuss that local managerial ‘capacity expansion’ happens through means of competence accretion and competence pertinence. Contributions are made to the
wider literature on conduits of knowledge transfer and competence development within the MNC. (For more information, please contact: Ramsin Yakob, University of Gothenburg, Sweden: ramsin.yakob@handels.gu.se)

Session: 2.4.10 - Competitive
Track: 12 - International Economics, Finance and Accounting

International Corporate Governance and the Role of Institutions

Presented On: June 29, 2016 - 14:30-15:45

Chair: Ursula F. Ott, Kingston University

The Influence of Institutions on the Proportion of Social Elites on Boards of Business Group IPO Firms in Emerging Economies

Bruce Allen Hearn, University of Sussex

This study examines the differential impact of the quality and structure of institutional environment on proportions of boards comprised of social elites in business group constituents as opposed to unaffiliated firms. Using a unique sample of 136 private sector initial public offering (IPO) firms from 17 emerging African economies we find business group constituents are associated with marginally higher proportions of social elites in board roles. This is positively moderated by common law legal origin - underscoring the importance of elites in monitoring and oversight of market governance - and inversely moderated by institutional quality – reflecting narrow political economies. (For more information, please contact: Bruce Allen Hearn, University of Sussex, United Kingdom: b.a.hearn@sussex.ac.uk)

Linking Governance Quality and Derivatives Use: Insights from Firms’ Hedging Behavior

Quang Nguyen, Middlesex University
Trang Kim, Middlesex University
Marina Papanastasiou, Middlesex University

We examine the link between country’s governance quality and firm’s use of derivatives using a novel and hand-collected data set. Our panel data includes 881 non-financial firms across 8 East Asian countries. We find that firms in countries with lower corruption have higher incentives to use financial derivatives, and use derivatives with greater intensity than those firms located in high corrupt countries. Better governance induces firms to use derivatives to hedge exposures and mitigate costs. Firms in countries with weak governance use derivatives for selective hedging, speculating, or self-managerial interests. Overall, our findings strongly evidence the role of country’s governance quality in driving firms’ derivatives related behaviors. This macro-based effect on derivatives use is independent from firm-specific factors, which are frequently invoked by hedging theories. (For more information, please contact: Quang Nguyen, Middlesex University, United Kingdom: quangn@gmail.com)

A Global Compensation Analysis: Linking the Incentive Component and Incentive Theory with Performance-Orientation of the Globe Study

Ursula F. Ott, Kingston University

This paper draws upon incentive theory to focus on the incentive component in global compensation schemes of multinational enterprises (MNEs). Based on incentive theory, the incentive component is connected to the motivation and reward perspective using the performance-orientation index of the GLOBE study in a distance measure. This theoretical approach links the three levels of performance-orientation to the respective output variable in incentive schemes. The GLOBE indices and their cultural distance measure are used as parameters in
the incentive component to align differences in performance orientation between MNE HQs and subsidiaries. This prescriptive approach aims to bridge differences in performance-orientation, to reduce the tension of different cultural approaches and to encourage co-operation, within multinational firms. (For more information, please contact: Ursula F. Ott, Kingston University, United Kingdom: u.ott@kingston.ac.uk)

Session: 2.4.11 - Interactive
Track: 3 - The Future of the Multinational Enterprise

Ownership, Entry and Internationalization

Presented On: June 29, 2016 - 14:30-15:45

Chair: Somnath Lahiri, Illinois State University

The Effects of Added Cultural Distance on Ownership Decision in Cross-Border Acquisitions
Hyun Gon Kim, Rutgers University
Ajai Gaur, Rutgers University

This paper explains theoretical and empirical conflicts on the relationship between cultural distance and ownership decision strategy. This research examines the trend of adding cultural distance between newly entered target country and the closest previous cross-border acquisitions (CBAs), and the effect on ownership share decision in each CBA. We develop and test hypotheses on the impact of added cultural distance (ACD) and time in adding cultural distance on ownership share in CBAs, and moderating factors. For empirical analysis, the data come from the Thomson SDC Platinum including 13,084 CBAs between 1980 and 2014 involving U.S. acquirers and targets in 138 countries. This study primarily finds that the ACD negatively, and time in adding cultural distance positively affect an acquirer’s ownership share decision. In addition, CBA experience and geographic distance moderate between the ACD and ownership share decision. The finding explains that an acquirer tends to decide lower ownership decision in expanding trend of ACD, and vice versa. (For more information, please contact: Hyun Gon Kim, Rutgers University, USA: hgkim.econ@gmail.com)

Perceptions vs. Actualities: Examining the Effects of Perception of Liability of Foreignness and Cultural Intelligence on the MNEs Mode of Entry
Alexey V. Semenov, San Jose State University
Hadi S. Alhorr, Saint Louis University

Existing literature has examined the relationships between environmental factors, firms’ strategies and liability of foreignness (LOF). Yet, there is a lack of consensus in the direction of these relationships. While some scholars suggest that inherited disadvantages of foreignness govern firms’ entry mode choices; others argue conversely. Thus, this paper addresses this shortcoming by proposing that in various environmental contexts, it is not actual but a perception of LOF that firms consider when making entry mode decisions. Moreover, such perception is affected by firms’ intangible resources, such as cultural intelligence. The proposed theoretical framework is tested with a sample collected from the subsidiaries of the U.S. firms in 11 countries. The results support the proposed relationships and suggest that perception of LOF mediates the relationships between environmental contexts and entry mode. Furthermore, firms’ perception of inherited disadvantages of foreignness is determined by not only the environmental factors but also headquarters’ cultural intelligence. The proposed model provides theoretical contributions and shifts the managerial focus from less controlled environmental factors to more malleable construct of cultural intelligence which could be developed and enhanced. (For more information, please contact: Alexey V. Semenov, San Jose State University, USA: alexey.semenov@sjsu.edu)
International Entrepreneurship in MNEs' Technology Commercialization: A Case of Finnish Dairy Manufacturer
Naoto Nadayama, University of Otago

This study focuses on MNEs’ technological commercialization across borders, with entrepreneurial perspective. Following a process approach of entrepreneurship and corporate entrepreneurship, this study analyzes it with respect to the organizational process of opportunity identification and exploitation across borders. Through a single case study in Valio Limited, a large dairy manufacturer in Finland, this study extracts three patterns of the organizational process in the MNE. In addition, this study analyzes the paths of three technologies’ commercialization in the MNE and shows how the technology commercialization occurs through the organizational processes, in a coevolutionary manner, toward the globally technological diffusion. (For more information, please contact: Naoto Nadayama, University of Otago, New Zealand: naoto.nadayama@otago.ac.nz)

Expertise and International Strategy
Elizabeth Maitland, University of New South Wales
Andre Sammartino, University of Melbourne

We investigate the nature of strategy expertise among multinational senior managers. We propose that individual decision-makers use different types of knowledge schemas to make sense of a performance landscape. Some schemas will be more effective, and thus expert, in discerning critical structural relationships, informing diagnosis, policy choice and decision integration processes. We argue differences in individuals’ expertise will stem from their learning through experience, particularly in novel decision contexts such as international markets, which should particularly lead to more flexible processual strategy expertise. We examine a case of executive judgment in situ, investigating the schemas revealed by the senior managers and board members of a mining firm as they assessed an international acquisition opportunity. We show considerable diversity in the schemas applied, and strong links to experience along multiple dimensions. We argue that repeated engagement with novel decision contexts and the corresponding need to adapt and adjust what is known may be a key mechanism by which strategy expertise is ultimately attained. Our findings point to this as a possible microfoundation for firm-level capabilities in strategic decision-making and, thus, driver of heterogeneous firm performance. Individual strategy expertise may also inform TMT composition and warrant executive remuneration premia. (For more information, please contact: Elizabeth Maitland, University of New South Wales, Australia: e.maitland@unsw.edu.au)

Cosmopolitanism and Cosmobusiness: A Common Path
Nikolaos Papazoglou, University of Piraeus

It is common knowledge that multinational corporations have reinforced their power through their sales expansion and dispersion to all over the globe. This power can influence political and social decisions and lead to globalization. “Cosmobusiness” is a newly-introduced term which describes a new era that resembles to a new ideal form of globalization free of its numerous drawbacks. At the same time, cosmopolitanism tends to be the way modern people will think and act. It is found that globalization and cosmopolitanism are in the same evolving stage and it is a matter of time to lead to the final form. This paper provides the ground to think of a more sustainable future and Cosmobusiness is a step ahead of globalization. (For more information, please contact: Nikolaos Papazoglou, University of Piraeus, Greece: papazoglounick@hotmail.com)

Going International - Micro-Multinational: The Impact of Business Group Affiliation and Foreign Ownership in Internationalization Process
Tugba Kalafatoglu, ESADE Business School/NEOMA Business School
Joonho Shin, ESADE Business School
Xavier Mendoza, ESADE Business School

"Micro-multinationals" are internationalizing SMEs that control and managed value-added activities through constellation and investment modes in more than one country. The study extends the micro-multinational
notion by addressing the question: How affiliated to business groups and foreign shareholders affects to mMNEs in the internationalization process. Using the data from 982 Spanish mMNEs over the period 2006-2012, we find that both foreign shareholders from industrial and financial sectors are positively related to multinationality of non-affiliated firms whereas only foreign shareholders from financial sectors are positively related in the case of affiliated firms. Thus, affiliate mMNEs share not only financial resources but also local specific information and resources with their partners in host countries. Size, and age of the firm, as well as industry characteristics, are included in the empirical analysis as control variables. (For more information, please contact: Tugba Kalafatoglu, ESADE Business School/NEOMA Business School, Spain: tugba.kalafatoglu@esade.edu)

The Role of Patent Systems in Determining Foreign Direct Investment Horizontal Spillovers: A Meta-Analysis
Danai Christopoulou, University of Bradford
Nikolaos Papageorgiadis, University of Liverpool
Chengang Wang, Bradford University

Domestic enterprises may benefit from technological spillovers because of the presence of foreign firms in their country. The magnitude of such spillovers could be depended upon the will of MNEs to transfer advanced technology to their foreign affiliates, the ease of technology diffusion and the domestic enterprises absorptive capacity. In this study we argued that a decisive factor influencing foreign direct investment horizontal spillovers is the host country’s patent systems. From the existing literature we develop hypotheses on the effect of patent systems on foreign direct investment (FDI) spillovers and test them by employing a meta-analysis of the existing FDI spillovers. (For more information, please contact: Danai Christopoulou, University of Bradford, United Kingdom: d.christopoulou4@student.bradford.ac.uk)

Session: 2.4.12 - Interactive
Track: 9 - Emerging Markets: Institutional Voids and Beyond

International Expansion and Firm Capabilities in Emerging Markets

Presented On: June 29, 2016 - 14:30-15:45

Chair: George S. Yip, CEIBS and Imperial College London

What Drives International Expansion for Emerging Market Firms? A Dynamic Managerial Capability Perspective
Amit Karna, Indian Institute of Management, Ahmedabad
Anish Purkayastha, Indian Institute of Management, Ahmedabad
Sunil Sharma, Indian Institute of Management, Ahmedabad
Dhiman Bhadra, Indian Institute of Management, Ahmedabad

Dynamic managerial capability (DMC) has been defined in literature as capabilities with which managers build, integrate, and reconfigure organizational resources and competence”. We adopt a dynamic capabilities approach to investigate the dynamic managerial capability (DMC) that facilitates international expansion (of firms) in the context of emerging market firms. More specifically, we conceptualize managerial human capital (MHC) as a type of DMC in order to investigate the way emerging market firms undertake international expansion. We test our hypotheses using a unique manually created dataset containing 906 firm-year observations from 201 Indian firms between 2008 and 2012. We find support for DMC as a source of firm level heterogeneity in order to explain internationalization of emerging market firms. We also find that diversified MHC positively moderates the effect of aggregate MHC on international expansion of emerging market firms. We discuss implications of our research for theory and practice surrounding internationalization of emerging market firms. (For more information, please contact: Amit Karna, Indian Institute of Management, Ahmedabad, India: karna@iima.ac.in)
Is There an Advantage of Emergingness? Longitudinal Evidence from 43 Emerging Economies
Mark Mallon, Old Dominion University
Orhun Guldiken, Old Dominion University
Mirko H. Benischke, Rotterdam School of Management
Feng Dong, Old Dominion University
Trung Nguyen, Old Dominion University

The source(s) of competitive advantages of multinationals internationalizing out of emerging economies remains a central puzzle in international business scholarship, with some arguing that such firms are at a severe disadvantage and must “catch up” to their rivals, and others arguing that they possess unique advantages unavailable to firms from developed economies, such as abilities for coping with weak or volatile institutional environments. Using a sample of wholly owned foreign subsidiaries operating in a broad cross-section of emerging economies, we find that multinationals from developed economies outperform those from emerging economies, though the effect is modest and decreases over time. We discuss how these findings contribute to scholarly debates regarding the uniqueness of emerging-economy multinationals. (For more information, please contact: Mark Mallon, Old Dominion University, USA: mallon87@gmail.com)

Linking Innovation and Business Performance in Latin America. An Application to the Manufacturing Sector in Chile and Peru
Jorge Antonio Heredia, Universidad del Pacifico
Christian Kenyo, Universidad del pacifico
Cristian Geldes Gonzalez, Universidad de la serena
Juan Alejandro Flores, Universidad del Pacifico

In Latin America adoption of business innovation has been slow. It is important to analyze innovation and its link to corporate performance as a trigger for adoption, creating an integrative model. For manufacturing of Peru and Chile it is analyzed by structural equation and based on national surveys. The results indicate that the resources and internal capabilities of the firm and cooperation have greater positive impact that external factors on performance. In addition, non-technological innovations have greater impact than technological. The implications of this are discussed. (For more information, please contact: Jorge Antonio Heredia, Universidad del Pacifico, Peru: ja.herediap@up.edu.pe)

The Multinationality-Performance Relationship: Evidence from Emerging Economy Multinational Enterprises
Jinlong Gu, University of Sussex
Yong Yang, University of Sussex
Roger Strange, University of Sussex

The literature on multinationality-performance relationship has been limited to multinational firms from developed economies, and previous studies generally disregard the effects of location and ownership structure. This paper seeks to explain this relationship in the emerging market context, highlighting the importance of location decisions and ownership structure. We use panel data that include 2258 multinationals from 25 emerging economies over a period of 2004-2013. We find a significant positive relationship between multinationality and performance. In particular, investment in developed countries rather than developing countries has a significant positive impact on firm performance. Private owned enterprise has a better performance in foreign markets than state owned enterprise. These results indicate that emerging markets firms can improve performance by investing abroad and the better location choice is developed countries. In addition, firms with different ownership structure should have different internationalisation strategies. (For more information, please contact: Jinlong Gu, University of Sussex, United Kingdom: jinlong.gu@sussex.ac.uk)
**Performance Determinants of Brazilian MNCs**
Henrique Correa da Cunha, FURB - University of Blumenau
Mohamed Amal, Columbia University and PPGAD/FURB
Dinorá Eliete Floriani, University of Vale do Itajai
Maria Tereza Fleury, Fundação Getulio Vargas - EAESP

In the last two decades there are a growing number of Brazilian companies that started to expand their businesses internationally. Although many studies have addressed the implications of the degree of internationalization (DOI) to the performance of multinational companies, there is no consensus regarding this relationship. Studies have identified a direct and linear relation between DOI and performance meaning that there are immediate returns superior to the investment costs. Others have found an s-shaped, u-shaped, and inverted u-shaped relationships to be more adequate. The present study evaluates the implications of DOI, quality of home country institutions, the moderating effects of institutions on the DOI, export intensity, size and international experience to the performance of Brazilian multinational enterprises (BrMNEs). The results indicate a s-shaped relationship between DOI and the performance of BrMNEs and differently than size, export intensity and international experience do not seem to contribute to the performance of these organizations. The findings highlight the moderating effects of home country institutions, in particular the political stability and regulatory quality to the DOI of BrMNEs. *(For more information, please contact: Henrique Correa da Cunha, FURB - University of Blumenau, Brazil: henriquecorreadacunha@gmail.com)*

**The Determinants of Export Performance in BRIC Countries: The Role of Firm Resources and the Institutional Environment**
Sorin M.S. Krammer, University of Groningen
Frank Aanstoot, Dutch Ministry of Economic Affairs
Roger Strange, University of Sussex

We posit that export performance of firms in emerging economies depends both on their firm-specific resource endowments and on the institutional environments within which they operate. Specifically, we argue that firms will be likely to export when political instability is high, they face more informal competitors, and are able to grease the regulatory system via bribes. Furthermore, firm export intensity will depend on access to critical resources such as skilled workforce, managerial talent and product quality. We test these conjectures using a dataset of 5,600 firms in the four largest emerging market economies (Brazil, Russia, China and India). Our results confirm that the institutional environments affect export propensity through political instability and bribery, whilst the export intensity of firms depends on the availability of skilled workers and adherence to international quality standards. These findings provide new insights into the export performance of emerging market firms (EMFs). *(For more information, please contact: Sorin M.S. Krammer, University of Groningen, Netherlands: m.s.s.krammer@rug.nl)*

**Configurations of Productive Efficiency in Sub-Saharan Africa: Internationalization, Weak Rule of Law and Basic Human Capital**
Yanick Kemayou, Paderborn University
Martin R. Schneider, Paderborn University

Though industrialization is considered key for their future, Sub-Saharan African countries offer poor and diverse business environments for manufacturing. Single companies may still become productive and competitive because of their internal resources. In this paper, we explore configurations of company resources and national business environments that are associated with productive efficiency in manufacturing. A fuzzy-set qualitative comparative analysis (fs/QCA) for some 2,600 firms in 22 Sub-Saharan countries shows that all important configurations of productive companies involve internationalization resources: export orientation or foreign ownership or both. In some configurations, innovation and industry-specific managerial experience also matter as resources. Two of the configurations we find are located in economies with a higher level of school education and weaker rule of law. Conversely, the configuration of particularly inefficient companies involves the absence
of any internationalization resources and a business environment with a strong rule of law. As our findings suggest, governments in Sub-Saharan Africa can improve their companies' efficiency in particular through investing in school education and by stimulating internationalization. (For more information, please contact: Yanick Kemayou, Paderborn University, Germany: yanick.kemayou@upb.de)

Session: 2.4.13 - Interactive

*Branding*

**Presented On:** June 29, 2016 - 14:30-15:45

Chair: Susan Mudambi, Temple University

*Brand Loyalty Viewed from a Service-Dominant Logic: Brand Experience, Customer Engagement and Brand Community Attachment*

Chao-Chin Huang, National Kaohsiung University of Hospitality and Tourism

While the existing literature widely discusses brand loyalty, there is still a dearth of literature on this issue from the Service-Dominant Logic perspective. Therefore, this study focuses on S-D Logic constructs – i.e., brand experience, customer engagement and brand community attachment, and discusses their impacts on brand loyalty. Secondly, customer engagement is an important construct in the brand-customer relationship that has recently attracted much attention. However, prior literature tends to look at its definitions and measurement, than antecedents and consequences. This study fills this gap by examining all these. Thirdly, while brand community attachment and customer engagement are important constructs in brand and customer relationship, their mediating roles in the brand loyalty model seem under-explored. Therefore, this study answers this question by examining the mediating effects. It expects to collect 524 valid questionnaires from hospitality industry – restaurants and star-rated hotels, and analyze using Partial least squares (PLS). It expects to make the following contributions: 1. Propose an innovative model of brand loyalty using a S-D Logic; 2. Fill a research gap by examining antecedents and consequences of customer engagement; 3. Suggest managerial implications of how to build brand loyalty, by examining the mediating effects of customer engagement and brand community attachment. (For more information, please contact: Chao-Chin Huang, National Kaohsiung University of Hospitality and Tourism, Taiwan: charlie2007.iim@gmail.com)

*Incorporating Country-of-Origin Image into International Branding: Evidence from the Cosmetic Industry in Brazil*

Mariana Bassi Sutter, University of São Paulo
Maria Laura MacLennan, University of São Paulo
Janaina de Moura Giraldi, University of São Paulo
Edson Crescitelli, University of São Paulo
Edison Polo, University of São Paulo

The focus of the study is answering the question: How do companies operating abroad use emerging market COI attributes in the development of their brands? We adopted a qualitative approach, based on the case study method with two companies from the cosmetics segment taking Brazil as reference. We collected data through interviews and documentary analysis. In conclusion, both companies incorporate Brazil’s COI into its international strategy, but with different property, while L’Occitane decided to strategically work with Brazil’s image to open a new business front, Natura uses Brazil’s COI when it deems appropriate to relate the company’s brand to it. (For more information, please contact: Mariana Bassi Sutter, University of São Paulo, Brazil: mbsutter@gmail.com)
Can Global Expansion be a Defensive Strategy for Local Brands? The Moderating Effect of Country Favorableness
Hsiu Ying Huang, Feng Chia University
Chen-Yu Lin, Feng Chia University

Prior studies have suggested that the global expansion of a brand will enhance its brand value, but few explain how going global enhances the competitiveness of the brand in its home market. To fill the research gap, this study integrated the COC effect and the PBG/PBL framework to examine how global expansion contributes to the value of a local brand. This study combines quasi-experimental design and survey method to test the proposed model. Data were collected using a convenience sample of Taiwanese consumers. The research result showed that consumers’ perceptions of the country of expansion image (COEI) have impacts on the perceived brand globalness (PBG) and perceived brand localness (PBL) of local brands, and in consequence influences evaluation and purchase intention. Also the result showed that the country favorableness (vs. unfavorableness) moderates the effects of COEI on the PBG. The findings shed lights on our understanding of how global expansion can be used by local brands to defense the challenges from global brands. As a result, this study provides meaningful implications for both academics and practitioners. (For more information, please contact: Hsiu Ying Huang, Feng Chia University, Taiwan: huanghy@fcu.edu.tw)

Entering a Hostile Foreign Market: The Interplay between Consumer Animosity, Customer Citizenship Behavior, and Product Purchase Intention
Wootae Chun, Saint Louis University
Mamoun Benmamoun, Saint Louis University
Seung H. Kim, Saint Louis University
Morris Kalliny, Eastern Washington University

The main purpose of this study is to investigate the relationship between consumer attitude toward a foreign firm, customer citizenship behavior (CCB) toward foreign firm, and foreign product purchase intentions. Addressing the gaps in marketing literature, the study proposes two models, which investigate in the global context; (1) the impact of consumer animosity on CCB toward foreign firm, (2) the impact of CCB toward foreign firm on foreign product purchase intention, and (3) the impact of perceived other consumer trustworthiness on foreign product purchase intention. We found empirically that consumer animosity negatively affects CCB toward foreign firm. Meaningfully, the results explain that the negative impact of consumer animosity on CCB toward foreign firm can be moderated by consumer cosmopolitanism. Finally, this paper’s result shows that perceived other consumer trustworthiness has significant impact on foreign product purchase intention. To estimate the proposed models, we conducted two surveys in China and South Korea since both countries have historical and persisting animosity toward Japan due to wartime sensitivities. Models are tested using multilevel mixed-effects linear regression. (For more information, please contact: Wootae Chun, Saint Louis University, USA: wchun@slu.edu)

Brand Origin, Brand Fit, and the Dynamics of Brand Architecture: An Integrative Cross-Disciplinary Review
Melodena Stephens Balakrishnan, Karlshochschule International University
Leila Hamzaoui-Essoussi, University of Ottawa
Nicolas Papadopoulos, Carleton University

The objective of this paper is to examine brand fit in the context of a dynamic brand architecture framework that embeds place of origin by adopting a cross disciplinary approach. In today’s globalized markets, companies expanding the geographic scope of their activities have to manage the complexity of multiple brands’ associations with particular places of origin, which raises the issue of perceived brand fit by the firm’s target markets. In this context, with a majority of product brands and corporate brands being entangled with national, sub-national, or even supra-national “places”, brand fit and brand architecture can play a very important strategic role in effectively managing a firm’s brand portfolio. The paper first highlights the importance of brand architecture in today’s rapidly evolving global environment and the role of "place" in international marketing.
Brand architecture in the context of brand origins is then examined followed by a section focusing on brand fit. (For more information, please contact: Melodena Stephens Balakrishnan, Karlshochschule International University, Germany: mstephensb@karlshochschule.de)

From Counterfeit to Luxury: The Effects of China's Growing Middle Class on Genuine Luxury Products
Jennifer Pope, Grand Valley State University
Bradley James Koch, Grand Valley State University
Pamela Tremain Koch, Grand Valley State University

We use survey data of Chinese college students in two different parts of the country to explore perceptions and purchasing patterns of college aged Chinese consumers with regards to both counterfeit and genuine luxury goods. No correlation was found between attitudes towards counterfeit goods and ownership of genuine luxury goods, but several other factors such as positive China Attitude, being Fashion Oriented and having Poverty Anxiety were significantly associated with attitudes toward counterfeit goods. Several market segments of young Chinese consumers are identified and marketing implications discussed. (For more information, please contact: Bradley James Koch, Grand Valley State University, USA: kochb@gvsu.edu)

Global Brand Management: Marketing Capabilities and Performance in Three Regions
Andreas Friedrich Grein, Baruch College - CUNY
C. Samuel Craig, New York University
Bahriye Goren-Gulek, Baruch College - CUNY

As an extension of the resource-based view, marketing capabilities play a critical role in firm performance and the impact of brand management strategies. Based on the responses of managers in Asia, Europe and the U.S., this research identifies which types of marketing capabilities matter and also how their impact on performance varies by region. Four key factors are identified: the firm’s specific marketing capabilities (such as consumer engagement), the extent of communication and trust between the global and local marketing teams, the centrality of marketing in the firm’s strategic planning (such as whether marketing leads innovation in the firm), and the ability of the firm to use and leverage big data and analytics. Although broadly speaking marketing capabilities are important, this research highlights that some capabilities matter more than others and that their impact on performance varies between regions which include both advanced and emerging markets. (For more information, please contact: Andreas Friedrich Grein, Baruch College - CUNY, USA: andreas.grein@baruch.cuny.edu)

When Should the Foreign Chain Allow the Local Owner to Cobrand an International Franchised Hotel? A Principal-Agent View and Empirical Evidence
Chya-Yi Emily Liaw, City University of Hong Kong
Shih-Fen S. Chen, Ivey Business School

An international franchised hotel is a hotel developed by a local owner but operated by a foreign chain to serve travelers. In setting up an international franchised hotel, the foreign chain might allow the local owner to cobrand the hotel, which we call cobrand franchising—in distinction to conventional franchising where the focal hotel bears only the foreign chain’s brand. In this study, we propose a principal-agent model to predict the choice of conventional vs. cobrand franchising. In conventional franchising, the foreign chain claims all reputation gains in the hotel by paying a fee to buy out the reputation contributions made by the anonymous local owner. This is a special principal-agent setting, in that the brander is the principal; the non-brander is the agent. To solve this agency problem, the foreign chain can let the local owner cobrand the hotel through cobrand franchising. Empirical results obtained from China support this principal-agent model, that is, the decision on conventional vs. cobrand franchising can be purposely made by the parties to save on the agency costs of organizing their cooperation. (For more information, please contact: Shih-Fen S. Chen, Ivey Business School, Canada: sfchen@ivey.uwo.ca)
Session: 2.4.14 - Interactive

Expatriate Management

Presented On: June 29, 2016 - 14:30-15:45

Chair: Mila Lazarova, Simon Fraser University

The Double-Edged Experiences of Boundary Spanning, Creative, Stereotypically Unconstrained Individuals': Successful Acculturation Experiences of Expatriates and N-Culturals in MNEs

Andre Anugerah Pekerti, University of Queensland
Quan Hoang Vuong, University of Brussels
Nancy K Napier, Boise State University

A major challenge facing international human resource management is to understand the competing forces of globalization on individuals. In particular, a key question is how individuals and organizations effectively perform under exposure of multiple cultures that individuals encounter. The literature is scant concerning how individuals manage multicultural encounters and experiences in the workplace. Some are unable, while some choose not to acculturate to their new environment, and others choose to acculturate as well as maintain saliences of multiple cultures. This paper highlights the double edges of expatriate experiences, in particular the skills developed and struggles faced due to multiple conflicts brought on by acculturation challenges. It explores and deconstructs positive attributes of effective expatriates and those who master many cultures (i.e., n-culturals) to show that they are also associated with threats to self and others linked to the experience and context. The paper presents a number of possible ways that these individuals navigate through their multiculturality. A composite of experiences illustrate that expatriates are boundary spanners who place themselves in situations where they experience contact and push boundaries in ways that non-boundary spanners may not. However, there are individuals who may be threatened by these boundary spanning behaviors and reject these expatriates and n-culturals. The paper closes by offering ways to help individuals who may not manage their multicultural experiences easily thus require assistance in developing cross-cultural competences and making sense of their multicultural experiences through mentoring. (For more information, please contact: Andre Anugerah Pekerti, University of Queensland, Australia: a.pekerti@business.uq.edu.au)

Hassle Factor, Expatriates, and Subsidiary Performance

Dwarka Chakravarty, Western University
Andreas Schotter, Western University
Paul W. Beamish, Western University

This study examines how expatriate aversion towards certain foreign MNE host countries impacts subsidiary performance. It uses a Latent Growth Curve model, to longitudinally analyze subsidiary performance over time for a sample of 204 Japanese MNE subsidiaries in 29 countries. We find that in countries with higher travel and living hassles, lower levels of expatriate motivation negatively impact subsidiary performance in the initial years of operation. However over time, subsidiary performance improves at a greater rate in those higher hassle countries relative to countries with lower hassle levels. These findings suggest that certain learning, adjustment and new opportunity realization processes occur at the MNE-host country interface. This study adds to the knowledge based view in the area of expatriate effectiveness and to research on micro-level contextual characteristics that account for unexplained variance in FDI performance. (For more information, please contact: Dwarka Chakravarty, Western University, Canada: dchakravarty.phd@ivey.ca)
Applying COR Theory to Expatriates’ Turnover Intention - The Role of Sensory Processing Sensitivity
Maike Andresen, University of Bamberg
Paul Goldmann, University of Bamberg

Expatriates need to deal with numerous stimuli resulting from new environmental and cultural influences abroad, contributing to stress and high rates of failure and turnover. Based on conservation-of-resources theory, this study aims to explore the role of resources (including personality/sensory processing sensitivity (SPS), social capital, and subjective well-being (SWB)) in explaining expatriates’ perceived stress and turnover. This is the first study to examine the personality trait SPS, relevant for 20 percent of the population, in the field of expatriate management. High-SPS individuals tend to be easily overwhelmed by novel stimuli. Based on a dataset of 213 expatriates, SEM and mediation analyses proved partial mediation of the negative relation between SPS and SWB through perceived stress and social capital. Moreover, stress partially mediated the positive relation between SPS and turnover intention. Further, we took a closer look on antecedents of expatriates’ turnover intention and presented implications for both management and research. (For more information, please contact: Paul Goldmann, University of Bamberg, Germany: paul.goldmann@uni-bamberg.de)

Affective Networks, Informal Ties, and the Limits of Expatriate Effectiveness
Sven Horak, St. John's University
Inju Yang, EDC Paris Business School

Expatriate effectiveness research has so far rarely taken into account the influence of social networks on expatriate performance and adjustment. Likewise, antecedents of social networks remain poorly understood. We fill this research gap by exploring the situation of expatriates in South Korea. Based on expert interview data, we have discovered seven antecedents critical to expatriate effectiveness. Most antecedents hinder expatriate effectiveness due to the expatriates’ inability to become a part of so-called Yongo networks, a distinctive type of social tie in South Korea that is to a great extent determined by birth. As a consequence, it is in particular expatriates’ relational performance and interaction adjustment that is negatively influenced by Yongo. Based on the South Korean case, this study advises future research to more deeply study the nature and characteristics of the local social context, in particular affective ties, and extend research on expatriate effectiveness in this important dimension. Finally, we discuss practical implications important for multinational corporations and provide suggestions on how to better cope with exclusive informal social networks while on an assignment abroad. (For more information, please contact: Sven Horak, St. John’s University, USA: horaks@stjohns.edu)

Study of Work-Place Exchanges and Expatriate Adjustment: Role of Supervisor’s Nationality
Vineet Gupta, Indian Institute of Foreign Trade
Rakesh Mohan Joshi, Indian Institute of Foreign Trade

This study investigates the relationship of expatriates for work-place environment and its impact on adjustment process. Study focused on two kind of exchanges occurring in workplace: leader member exchange (LMX) and subordinate member exchange (SLMX). Eighty one European expatriates working in India participated in the survey and new relationship was found with various aspects of LMX and SLMX. Result suggested that, in general, LMX was positively related with work adjustment while SLMX was found to have insignificant effect on expatriate’s general, interaction and work adjustment. Having Indian as supervisor increased the impact of LMX on work adjustment and SLMX was also found to have significant impact on general and interaction adjustment. (For more information, please contact: Vineet Gupta, Indian Institute of Foreign Trade, India: shrivineetgupta@gmail.com)
Personality Traits, Mentoring, and Psychological Well-Being: An Investigation of International Assignments
Judith Ambrosius, University of Erlangen-Nürnberg
Benjamin Bader, Leuphana University of Lüneburg

This study analyzes the impact of the Big Five personality traits (Extroversion, Agreeableness, Conscientiousness, Emotional Stability, and Openness) as well as home- and host-country mentorship on expatriates’ psychological well-being. We argue that expatriates with certain personality traits derive more advantage from mentoring than others do. Based on socioanalytic theory, we develop hypotheses and test them against data of 334 expatriates currently on or recently returned from an international assignment. We find that all Big Five as well as home-country mentorship have a significant positive impact on psychological well-being, while home-country and host-country mentorship partially moderates the relationship between personality traits and psychological well-being. (For more information, please contact: Benjamin Bader, Leuphana University of Lüneburg, Germany: benjamin.bader@leuphana.de)

Increasing or Decreasing PCNs in a Subsidiary: The Implications for Subsidiary Performance
Naoki Ando, Hosei University

Previous studies that investigate the effect of subsidiary staffing on subsidiary performance have captured the relationship between them at a certain point in time. These studies demonstrate that subsidiaries with more (or less) parent country nationals (PCNs) tend to show higher performance. However, they are weak in showing whether the performance of a focal subsidiary improves by increasing or decreasing the deployment of PCNs to the subsidiary. To answer this research question, this study addresses the way in which the adjustment of staffing for a focal subsidiary affects its performance. The panel dataset consisting of 11,286 observations of foreign subsidiaries owned by multinational corporations is analyzed. This study demonstrates that a change in the deployment of PCNs has a U shape relationship with subsidiary performance. The U shape curve indicates that the performance of a focal subsidiary improves by both increasing and decreasing the deployment of PCNs. It also finds that the slope of the U shape curve is flatter in institutionally distant host countries than in institutionally similar countries. This indicates that difference in institutions between the host and home countries diminishes the positive effect of increasing and decreasing the deployment of PCNs. (For more information, please contact: Naoki Ando, Hosei University, Japan: nando@hosei.ac.jp)

Session: 2.4.15 - Interactive
Track: 8 - International Entrepreneurship, SMEs and Born Globals

Early Internationalization Strategies of INVs from Emerging Markets
Presented On: June 29, 2016 - 14:30-15:45

Chair: Rebecca Reuber, University of Toronto

Hub Internationalization - How Born Globals Conquer Southeast Asia by Building Local Bridgeheads
Markus Hammer, unIQue swiss GmbH
Patrick Schueffel, Hochschule für Wirtschaft Fribourg
Rico Baldegger, University of Applied Sciences Western Switzerland

The extant body of literature regularly describes the internationalization pattern of born globals as haphazard, random, chaotic, unstructured or nonlinear at best. Moreover it is said that born globals often venture abroad in an opportunistic fashion and that their internationalization efforts are often triggered by an unsolicited request of a potential client. Analyzing a group of eight Swiss born globals and born-again globals and their expansion trajectory into Southeast Asia we argue that the internationalization pattern of these firms is far more sophisticated than previously assumed. By systematically building local hubs in ASEAN countries the internationalization behavior of our sample firms contrasts the predictions of the leading literature. The purpose
Early Internationalisation of New and Small Indian Firms: an Exploratory Study
Pratik Arte, University of Vaasa
Andrew Barron, Toulouse Business School

This contribution is a response to the paucity of research into early internationalising firms based in India. It uses original, primary data gathered from in-depth, semi-structured interviews conducted with the managers of six such firms to explore the factors that might facilitate, motivate, or impede the efforts undertaken by young Indian firms to embark upon a process of early internationalisation. Findings suggest that, in line with their counterparts from other countries, the early internationalisation of small firms from India is driven primarily by the search for more favourable demand conditions overseas and facilitated by new technologies. However, we find no evidence suggesting that the emergence of early internationalising firms in India is driven by the search for more favourable production conditions or by the direct international experience and exposure of their founders. Contrary to prior scholarly work, our own research elucidates government support as an important facilitator of early internationalisation by small firms in the Indian context. (For more information, please contact: Pratik Arte, University of Vaasa, Finland: pratik.arte@uva.fi)

Internationalization and Firm Performance- A Study of Indian Born Global Firms
Mohammad Fuad, Indian Institute of Management, Lucknow
Mohammad Akbar, Indian Institute of Management, Lucknow

This paper provides novel insights into factors affecting firm performance for Indian born global firms incorporated in 1991-2010. We study the role of liberalization, degree of internationalization, and business group affiliation on firm performance measured by return on capital employed and price to book ratio. The study shows that there is no impact of business group affiliation but liberalization positively affects the firm performance whereas degree of internationalization also impacts the firm performance. These findings depart from the insights in US and European countries. (For more information, please contact: Mohammad Fuad, Indian Institute of Management, Lucknow, India: fpm15009@iiml.ac.in)

Drivers of Early Internationalisation - A Study of the Indian IT Industry
Sumati Varma, University of Delhi
Rishika Nayyar, Indian Institute of Foreign Trade
Vishakha Bansal, Lal Bahadur Shastri Institute of Management

This paper analyses the factors influencing precocity of early internationalizing technology intensive firms from India. Precocity is a temporal dimension of early international orientation. This study examines the drivers of precocity for a sample of 72 firms from the Indian IT industry, which is among the most internationalised sectors of the economy. It uses a logistic regression model to examine entrepreneurial, network and location specific factors as drivers of early internationalisation. The study is the starting point for an examination of the Born Global phenomenon for the Indian IT industry. The study contributes to the literature on early internationalisation in the context of an important emerging market and is the starting point for an examination of the Born Global phenomenon for the Indian IT industry. The study finds that firms led by young entrepreneurs with a background of foreign education and prior work experience in foreign markets are more likely to make an early debut in foreign markets. Our findings lend support to the importance of entrepreneurial resources in the early stages of firm internationalization and add to the relatively scant literature on early internationalising firms in the Indian context. (For more information, please contact: Sumati Varma, University of Delhi, India: varmasumati@yahoo.co.in)
The Internationalization of Micromultinationals - Comparative Perspectives From a Developed and an Emerging Economy

Luciano Ciravegna, King's College London
Christian Felzensztein, Universidad Adolfo Ibanez
Heini Vanninen, Lappeenranta University of Technology
Francesco Rattalino, ESCP Europe

The present study examines how service elements of the offering affect micromultinational’s decision to engage in FDI. Literature has often assumed that SMEs would use only low-commitment international market servicing modes such as exporting whenever possible. This study aims to integrate service internationalization and born global / international new venture research to study service micromultinationals, highlighting how being a service provider affects the multinationalization of these firms. We examine existing research in light of four case studies of Finnish and Chilean service providers that have operations in multiple countries. The findings suggest that the elements central to services internationalization research are among the explanatory factors also in service micromultinationals’ multinationalization. The characteristics of the service make it easy for firms to make foreign direct investments (FDIs) as assets are knowledge-based and relatively movable. This enables these firms to follow accelerated internationalization strategies but combine these with FDIs. Service micromultinationals’ internationalization combines features that are typical to service MNEs with the aggressive and entrepreneurial behaviour of BGs/INVs. (For more information, please contact: Luciano Ciravegna, King’s College London, United Kingdom: luciano.ciravegna@kcl.ac.uk)

Session: 2.5.1 - Panel

**AIB-SAMS Session on "Regional Strategy View: A Debate"

**Presented On:** June 29, 2016 - 16:15-17:30

Chair: Igor Filatotchev, Cass Business School

**Panelists:**
- Alain Verbeke, University of Calgary
- Ram Mudambi, Temple University
- Christian Geisler Asmussen, Copenhagen Business School
- Jonas F. Puck, WU Vienna

This panel will focus on one of the hottest current topics in international business (IB). Are multinational corporations regional or global? Beginning with the seminal Rugman and Verbeke article (JIBS, 2004), this literature has mushroomed to encompass all aspects of IB and has critical implications for theory, policy and practice. The panel will be run in a debate format with Pro (or Point) and Anti (or Counterpoint) views each espoused by a team consisting of two scholars. In the tradition of academic debates, a vote will be taken at the outset and at the conclusion, with the swing in support representing the success of the debaters. (For more information, please contact: Charles Dhanaraj, IMD, Switzerland: charles.dhanaraj@imd.org)
A Model of Subsidiary Manager Communication with HQ
Almasa Sarabi, Georg-August-University Goettingen
Soo Min Toh, University of Toronto

We conceptually examine subsidiary managers’ communication behaviors when in interaction with their headquarters and their motivations for engaging in silence or voice. We distinguish between subsidiary managers who have high and low levels of organizational citizenship behavior and examine their motivations to engage in unintentional and intentional forms of silence and voice. Our study tries to enhance our current understanding on this topic by concentrating on subsidiary managers’ upward communication vis-à-vis their HQ in a holistic way. (For more information, please contact: Almasa Sarabi, Georg-August-University Goettingen, Germany: asarabi@uni-goettingen.de)

Boundary Spanners and Intra-MNC Knowledge Sharing: The Role of Controlled Motivation and Immediate Organizational Context
Grazia D. Santangelo, University of Catania
Dana Minbaeva, Copenhagen Business School

Previous studies have emphasized the positive contributions of boundary spanners to MNC performance. In this paper, we examine the conditions under which boundary spanners contribute to intra-MNC knowledge sharing. Specifically, we argue that the knowledge-sharing behaviour of boundary spanners should not be taken for granted, as it is affected by the individual’s motivation to share knowledge and contingent upon the immediate organizational context in which the individual is located. An analysis of data covering 482 individuals located in eight business units of a Danish MNC confirms our hypotheses. (For more information, please contact: Grazia D. Santangelo, University of Catania, Italy: g santa@unict.it)

Inter-Organizational Knowledge Transfer across Borders: Skilled Returnees as Knowledge Brokers Moderating Cultural Distance
Leah Z. B. Ndanga, University of Massachusetts Amherst

This study establishes a typology of 4 types of board members in MNEs in a bid to assess the impact of the top management team’s diversity, in terms of the proportion of skilled repatriates, on knowledge transfer and performance. While the expatriate literature distinguishes between locals and expatriates, this study’s main contribution is the addition of the skilled returnees as a managerial group in the unique position of straddling both local and foreign cultures and knowledge. The study’s central argument is that the predominance of repatriates on the board of international firms will enhance knowledge transfer, and subsequently firm performance, in foreign located international firms. Repatriates effectively transfer both parent company knowledge to the subsidiary and local knowledge to the parent company, both of which will enhance performance. The results confirm the negative relationship between cultural distance and firm performance. However, it yields an interesting and unexpected negative relationship between the proportion of US educated board members and firm performance. The moderated positive relationship is also positive and statistically significant. The study points to the existence of a multi-identity for the individual personnel and the firm and brings to light the complexities of context. (For more information, please contact: Leah Z. B. Ndanga, University of Massachusetts Amherst, USA: l ndanga@som.umass.edu)
Temporalities in Synchronous Communication: Effects of Time Zones on Knowledge Transfer and Subsidiary Voice
Laurel Edwards Grassin-Drake, MIT

In today's interconnected knowledge economy, multinational firms must simultaneously access unique local knowledge and transform it into a globally usable form. To integrate valuable, 'imitable' tacit knowledge, current organizational models emphasize decentralized information flows and cross-regional collaboration. Other than costly face-to-face collaboration, research shows that synchronous communication is critical for building and sharing tacit knowledge. Using the theoretical concept of temporality, this paper explores the critical role of time zones. Results show that rather than solving the problem of time, technology amplifies it. Moreover, conflicts of temporality significantly shrink the available hours for global synchronous communication and generate structural disadvantages for specific geographies. (For more information, please contact: Laurel Edwards Grassin-Drake, MIT, USA: lgrassin@mit.edu)

Session: 2.5.3 - Panel
Women in Business: Evidence from around the World
Presented On: June 29, 2016 - 16:15-17:30
Chairs: Janet Y. Murray, University of Missouri-St. Louis and Malika Richards, Penn State University - Berks

Panelists:
Nakiye A. Boyacigiller, Sabanci University
Beth Colón, The Weinman Colón Cook Group, Morgan Stanley
Ann R. Tuennerman, Tales of the Cocktail
Rosalie L. Tung, Simon Fraser University

This panel provides professional guidance on the challenges and opportunities faced by women in business. Business executives and academics from Canada, Japan, Turkey, and the U.S. will bring their unique perspectives in discussing critical issues faced by women and strategies for success in the business world. (For more information, please contact: Janet Y. Murray, University of Missouri-St. Louis, USA: murrayjan@umsl.edu)

Session: 2.5.4 - Panel
The Locus of Acting Local while Thinking Global: Innovation and Best Practices at AIB Chapters
Presented On: June 29, 2016 - 16:15-17:30
Chairs: Daniel Rottig, Florida Gulf Coast University and Sumit K. Kundu, Florida International University

Panelists:
Sergio Garcia Agreda, Universidad Privada Boliviana
Gary Knight, Willamette University
Stephan Manning, University of Massachusetts Boston
Immanuel Azaad Moonesar, Mohammed Bin Rashid School of Government
William Newburry, Florida International University
Lukasz Puslecki, Poznan University of Economics and Business
The Academy of International Business (AIB) currently operates 18 chapters in order to facilitate networking and the exchange of knowledge at the local level. The purpose of this panel is to bring together former and current AIB chapter chairs to discuss innovation and best practices for managing and developing chapters. Former and current chapter chairs from the 6 continents on which AIB is operating chapters as well as the AIB vice president of administration in charge of chapters will attend the panel and provide the interested audience with an overview of AIB chapters, share valuable information about AIB’s chapter strategy and how to establish a new chapter including related AIB policies, discuss innovative practices for managing and growing a young chapter, for institutionalizing and developing an established chapter, and for operating and developing chapters in emerging markets. Panelists will further share knowledge and experiences across chapters, discuss best practices for cooperating with other organizations and developing cross-disciplinary meeting formats, discuss opportunities and challenges when managing chapters, and provide advice to current and future chairs and organizers of already established and potentially new chapters. (For more information, please contact: Daniel Rottig, Florida Gulf Coast University, USA: drottig@fgcu.edu)

Session: 2.5.5 - Competitive
Track: 6 - Institutions and Innovation

**Institution, Firm Capabilities and International Expansion**

**Presented On:** June 29, 2016 - 16:15-17:30

Chair: Joseph Clougherty, University of Illinois at Urbana-Champaign

*Exporting, Learning and Innovating among Emerging Market Firms: The Moderating Role of Institutional Development and Absorptive Capacity*

  - Zhenzhen Xie, Tsinghua University
  - Jiatao Li, Hong Kong University of Science and Technology

Building on the organizational learning theory and institutional perspective, this study investigated how the institutional development in the home market and the difference in institutional development between the home and export markets might influence the effectiveness of learning through exporting. We proposed that market-supporting institutions tend to enhance while openness of the home market tends to dampen the positive effect of exporting on firms’ innovation. Further, firms tend to learn more effectively from destination countries with a similar level of institutional development as the home, regardless of absorptive capacity for technology. These findings arise from two empirical studies of Chinese manufacturers. (For more information, please contact: Zhenzhen Xie, Tsinghua University, China: xiezhzh3@sem.tsinghua.edu.cn)

*Racing to the Bottom? Or to the Top? How Firm-Specific Capabilities for Pollution Reduction and Firm Multinationality Moderate the Effect of National Environmental Regulations on International Expansion Decisions*

  - Joel Malen, Hitotsubashi University
  - Junichi Yamanoi, Waseda University

We examine how stronger environmental regulations influence firm international expansion decisions by attending to two sources of firm heterogeneity that moderate this effect: possession of pollution reduction capabilities and firm multinationality. Empirical tests on 217 instances of international manufacturing expansion into 49 potential host countries by 96 Japanese chemical industry firms between 2001 and 2010 reveal that the market entry deterring effect of stronger environmental regulations is weaker for firms possessing unique capabilities for pollution reduction. Further, the effect of stronger environmental regulations on the likelihood of
host-country entry is positive (not negative) for firms with extensive pollution reduction capabilities. Finally, because more multinational firms have greater incentives and skills for modifying capabilities to work in new host-country environments, the positive moderating effect of PR-FSAs are strengthened yet further for high multinationality firms. (For more information, please contact: Joel Malen, Hitotsubashi University, Japan: malen@iir.hit-u.ac.jp)

The Impact of Home Market Institutional Conditions on Market Entry Strategies of Firms from Emerging Markets
Kelly Hewett, University of Tennessee
Alexander Krasnikov, Loyola University of Chicago
Adam Hepworth, University of Tennessee

In this study we explore how and to what extent two particular aspects of the regulatory institutional environment, corruption and the strength of the legal system in a particular market, influence the overall market expansion patterns of firms from a focal market to other foreign markets. Using data on international trademark registrations and institutional conditions for 14 countries over a period of 14 years (1999-2002), we demonstrate that corruption is negatively associated with both the overall intensity and scope of market expansion. In addition, we find that while the level of strength of the legal system in an emerging market is negatively associated with the scope of international expansion, it also is positively associated with the intensity of market expansion. (For more information, please contact: Kelly Hewett, University of Tennessee, USA: khewett@utk.edu)

Relative Mode Advantage in Local Market Penetration: Evidence from the Chemical Industries in China
Changhui Zhou, Peking University
Danxue Gao, Peking University

This study focuses on foreign subsidiaries whose primary goal is to penetrate local market in developing economies, and examines relative advantage between two modes, namely, international joint ventures (IJVs) and wholly-owned foreign subsidiary (WOFs), in a post entry context. We adopt a strategic insider’s perspective (Luo, 2007) and suggest that advantage of entry mode may exhibit relativity, hinging on how subsidiary and environmental conditions affect subsidiary learning and legitimacy. Using a sample of 302 foreign subsidiaries in chemical industries penetrating Chinese market during 1998-2007, we show that IJVs and WOFs do not differ significantly in terms of local market penetration; and that the subsidiary conditions (i.e. subsidiary innovation and experience) and environmental conditions (i.e. FDI presence and institutional regime) significantly moderate the mode advantage in local market penetration. (For more information, please contact: Changhui Zhou, Peking University, China: czhou@gsm.pku.edu.cn)

Session: 2.5.6 - Competitive
Track: 9 - Emerging Markets: Institutional Voids and Beyond

Innovation and Knowledge Sourcing in Emerging Markets

Presented On: June 29, 2016 - 16:15-17:30

Chair: Vikas Kumar, University of Sydney

Sourcing Technology from Home: Does Emerging Firms Always Benefit from Inward Licensing?
Stefano Elia, Politecnico di Milano
Surender Munjal, University of Leeds
Vittoria Giada Scalera, University of Amsterdam

External knowledge sourcing has been considered as a common strategy employed by emerging market firms (EMFs) to upgrade their technological competences and know-how in a relatively quick time. The acquisition of
foreign technology through in-licensing enables EMFs to access state of the art technology, enhancing their innovative capabilities, and ultimately boosting their performance. Using data about 233 Indian firms observed from 2001 to 2013, we investigate how in-licensing of foreign technologies affects EMFs performance, and how EMFs’ resource endowment moderates this relationship. We find that EMFs with a higher share of foreign inward licences report better financial performance. However, the positive impact of foreign inward technology licensing on firm performance is contingent upon EMFs’ resource endowment, as measured by i) internal R&D and ii) affiliation with business groups. While EMFs with higher level of internal R&D are able to extract more value from foreign technology, thus implying higher performance, EMFs affiliated to business groups gain fewer benefits from in-licensing foreign technology than non-business group affiliated firms. (For more information, please contact: Stefano Elia, Politecnico di Milano, Italy: stefano.elia@polimi.it)

The Global Diffusion of Knowledge to Weak Institutional Contexts
Heather Berry, George Washington University

Building on insights from the knowledge management and institutional theory literatures, this paper extends our understanding of the global diffusion of knowledge by exploring how firm and country characteristics limit and encourage knowledge diffusion by MNCs. I first hypothesize that MNCs will limit appropriation risks in weaker institutional contexts by diffusing less valuable or older firm knowledge to these countries. I then explore how MNC integrating structures offset some of these risks and allow MNCs to more diffuse their knowledge to weaker institutional contexts more quickly. Results from a panel of US MNCs merged with the Derwent family patent data show that US MNCs diffuse their knowledge significantly more slowly to weaker institutional countries. Further, the results show that knowledge integrating structures encourage the quicker diffusion of more valuable knowledge to weaker institutional contexts while manufacturing integrating structures encourage the quicker diffusion of less valuable knowledge to weaker institutional contexts. Overall, this paper documents a reluctance by US MNCs to diffuse their knowledge beyond their home country, but highlights how different integrating structures across firm value chain activities offset some of the risks and encourage the quicker diffusion of firm knowledge. (For more information, please contact: Heather Berry, George Washington University, USA: berryh@gwu.edu)

Chinese Expatriate Management in Emerging Markets: A Competitive Advantage Perspective
Huaichuan Rui, Royal Holloway University of London
Miao Zhang, Kingston University

Existing research draws attention to the large number of expatriate sent abroad by Chinese multinational corporations (CMNCs), especially to emerging markets, where they are assumed to exploit cheap labour, natural resources and the strong host-government support available for CMNCs. Our research, based on case studies of 27 CMNCs in 14 emerging markets, reveals broader motives and mechanisms by which CMNCs have used expatriates as a main human resource (HR) strategy to achieve competitive advantage in emerging markets. Expatriates reduce cost, speed up projects, improve services and reconfigure CMNCs’ existing knowledge to fit the needs and conditions of emerging markets. We trace these advantages to special characteristics of Chinese expatriates - who tend to be more hardworking, obedient and flexible than local or other MNC counterparts, and expatriate management practice, including tight control, use of monetary and non-monetary incentives and collective support. Our study supports the mainstream argument that expatriates facilitate knowledge transfer and create competitive advantage for MNCs, but contribute to this stream of research by showing that MNCs from emerging markets are able to create competitive advantage through transferring relevant knowledge by their expatriates at both managerial and operational levels. This study also advances our understanding of competitiveness of EMNCs, which is one of the theoretically and practically frontier topics relating to emerging market firms. (For more information, please contact: Huaichuan Rui, Royal Holloway University of London, United Kingdom: huaichuan.rui@rhul.ac.uk)
The Tortoise and the Hare: Catching up Process in the Chinese Hypermarket Industry from 1992 to 2011

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

The objective of this study is to elucidate the ‘catching up’ processes that exist when launching a novel industry in a new host country. Drawing on a longitudinal analysis of such a scenario in the emerging economy of China, we examine the processes of different groups of firms based on country-of-origin utilize for catching up in the new market. We identify a clear pattern of catching up processes of domestic firms group to close the gap to foreign entrants group in the host country. We use the data gathered to develop a five-stage model illustrating the evolution of the industry in question, with an emphasis on catching up phenomena. Our findings show that catching up process of the group of domestic firms to close the gap to the group of foreign entrants is a complex, heterogeneous and asymmetry process rather than a liner and continuous one. Our analysis adds to extant literature by providing a new level of analysis based on country-of-origin. It also extends research on the catching up practices of the technology industry with theoretical insights from other industries of which the technology trajectory is less predictable, thus creating new possibilities for the research domain. (For more information, please contact: Jie Xiong, ESC Rennes School of Business, France: jie.xiong@esc-rennes.com)

Session: 2.5.7 - Competitive

Teaching in Today’s IB Classroom

Presented On: June 29, 2016 - 16:15-17:30

Chair: Keun Lee, Hofstra University

Multiple Choice Exams in Global Business Classrooms: Worth Another Look?

Amanda Budde-Sung, University of Sydney
Sandra Seno-Alday, University of Sydney

This study investigates the role of the multiple choice exam in multicultural classes. In the Anglo world, there is much disapproval of multiple choice examinations, and yet many of the world’s international students come from Confucian Asian cultures, which often have educational environments that emphasize and favor these types of assessments. We draw on literature from both English and Chinese scholarly databases, and compare perspectives on multiple choice examinations in the multicultural learning environment. We evaluate the assessment performance of 1,367 undergraduate and postgraduate business students from 45 countries at a large Australian university, across three different subject areas, from 2010 to 2015. We find that performance on multiple choice examinations is unrelated to linguistic skills or cultural background, but the same is not true for other types of assessments. We thus argue that the multiple choice examination can be a valid and culture fair format for assessing certain types of learning, and form an important component of a comprehensive assessment strategy. We conclude by discussing some of the best practices in creating more culturally neutral multiple choice questions. (For more information, please contact: Amanda Budde-Sung, University of Sydney, Australia: amanda.budde-sung@sydney.edu.au)

Teaching a Multicultural Class: Benefits, Challenges and Solutions

Jane Terpstra-Tong, Monash University

This paper addresses two questions under Topic two of the special track on teaching international business: (1) “How can we tap into the unique experience of our international students in order to enrich the overall learning outcome?” And (2) “Is there a need for teaching innovation in emerging market environment or do replication in course curriculum from developed nations work perfectly well?” I answer this two questions using my experience in a recent international management class I taught. As explained in the main text, my international
management class had typical contents but an atypical student mix – students were from 16 different countries. To maximize the cross-cultural experience students could bring to the class, I encouraged students to participate in-class and online discussion and activities. To motivate them to speak up, I used both soft and hard tactics. The soft tactics involved positive reinforcement, positive classroom climate and psychological safety. The hard tactic involved reward of marks. Specific pedagogic tools used were online forum, extensive case discussion, and cases and readings on emerging economies. The feedback of students has been positive, leading the course to win three university-level awards. (For more information, please contact: Jane Terpstra-Tong, Monash University, Malaysia: jane.tong@monash.edu)

Experiential Learning: Integrating Simulations into International Business Curricula
Frank Cotae, Mount Royal University
Halia M. Valladares, Mount Royal University

The use of simulations in business education started in 1957, since then, hundreds of simulations have been developed. In this paper, we present a literature review of the impact that business simulations have in developing decision-making skills, integrative, experiential learning, and team work skills. Building on the generative learning theory, experiential learning theory and bloom's taxonomy, we tested the simulation Glo-Bus with a number of students divided in 4 groups. The objective was to obtain feedback of the applicability and benefit of using this software to teach decision-making in international business courses. Results showed Glo-Bus being applicable to senior level or capstone international business strategy courses and appropriate as an experiential learning tool. However, a series of difficulties and software inflexibilities were noted. We found supporting evidence for implementing a simulation into the international business curricula to represent an experiential learning prong, even if not Glo-Bus. (For more information, please contact: Frank Cotae, Mount Royal University, Canada: fcotae@mtroyal.ca)

Teaching International Business in "Mega"-Classes: Active Learning and Team-Building
John Thanopoulos, IST
Nikolaos Papazoglou, University of Piraeus

The paper presents the author’s more than 30-year insights from teaching both the graduate and undergraduate International Business (IB) class, in an interactive and team-building way primarily in self-administered classes "mega" classes. Obviously, this has been a cost-effective solution for the institutions which undertook the "risk" of allowing classes ranging from 40 to 320 students. Moreover, and as the reader will observe, it has been a highly rewarding and a cutting-edge learning experience for the students, the sponsoring institutions, the supporting personnel, many doctoral students, other faculty members and the instructor. The paper is comprised of three parts: The subject matter theory issues that affected the evolution of this course—IB teaching has dramatically changed during those years; main historical milestones of the class development; facilitating ideas in order to adopt such conceptualizations, in effect "how-to-do” propositions. In addition, the paper includes specific case studies relevant to the teaching of IB classes as well as forms that maybe used to facilitate progress recording of the attendees. The approach used followed modified routines taught in AACSB workshops. (For more information, please contact: John Thanopoulos, IST, Greece: thanioa@otenet.gr)
Prior studies have demonstrated that foreign firms co-locate with immigrants from their home countries, but whether this improves profitability is unclear. We demonstrate that co-national immigrant communities positively affect the performance of foreign firms, and that this effect depends on the type of firm (entrepreneurial venture or MNC subsidiary) and manager (foreign versus local). We found that without an immigrant community, a foreign CEO has a negative effect on the performance of foreign entrepreneurial firms. However, this effect becomes positive as the size of the immigrant community increases because entrepreneurial firms with foreign managers benefit more from their co-national communities than similar firms with local managers. Conversely, MNC subsidiaries derive equal benefits from co-locating with immigrants regardless of their CEO’s nationality. This is consistent with our expectation that entrepreneurial firms rely more on local communities than subsidiaries and that CEOs’ social networks allow entrepreneurial firms to relate to these communities. (For more information, please contact: Elena Kulchina, Duke University, USA: elena.kulchina@duke.edu)

During problem solving, how do managers in multinational corporations (MNCs) utilize innovative tacit knowledge to develop solutions of high value to the firm? To shed light on this question, we combine the literature on problem solving with a network mobilization perspective. We test our hypotheses on a dataset of 120 subsidiary-driven problem projects, representing 838 ties. We find support for our hypotheses: utilizing tacit knowledge, in the form of new and innovative ideas, is an antecedent of solution value. In addition, mobilizing internal, same-function ties across MNC units and external ties, as well as collaboration density are associated with obtaining and using innovative tacit knowledge. We discuss implication for the problem solving perspective in strategic management and knowledge-based perspectives of the MNC. (For more information, please contact: Esther Tippmann, University College Dublin, Ireland: esther.tippmann@ucd.ie)

This paper looks at the impact of foreign direct investment in the host country, and in particular of British business and British entrepreneurship on Brazilian economic development from 1875 to 1914, a period when Britain was the main foreign presence in Brazil. It combines conventional trade and investment statistics, with trademark registration data, and also detailed case study analysis, by focusing on the development of the
textiles industry in Brazil. It argues that accounts on the future of the multinational enterprise should also consider the past evolution of global business. For example, studies on the impact of foreign investment and trade from developed countries into developing countries should pay more attention to the role of the expatriate entrepreneur in the process of knowledge transfer. The paper shows that British expatriate entrepreneurs were key in transferring technological and marketing knowledge, contributing to the development of the Brazilian textiles industry. This knowledge transfer which is not accounted for by current foreign direct investment and trade statistics, often took place through the establishment and management of Brazilian textiles firms by British expatriate entrepreneurs. The paper draws on company archives and public records from Britain and Brazil, and also on original trademark data collected in Brazil for the first time, also showing that these sources provide novel, important, and complementary evidence to studies on the impact of foreign investment in host countries. (For more information, please contact: Teresa da Silva Lopes, University of York, United Kingdom: teresa.lopes@york.ac.uk)

Organizational Adjustment in Internationalized Enterprises: A Dynamic Capabilities Re-Configuring Process
Myropi Garri, University of Portsmouth
Nikolaos Konstantopoulos, University of the Aegean

This paper articulates a dynamic capability (DC) perspective on international strategy, as it examines organizational adjustment in internationalized enterprises, perceiving it as a DCs building process towards the adjustment of the company to a changing environment, and the achievement of competitive advantage. It identifies the areas and the structure of the adjustment- DC reconfiguring process. It interconnects the organizational adjustment - dynamic capabilities building/ reconfiguring process in internationalized enterprises, to the level of internationalization of the company, to the level of competition in the industry, and to the other strategies of the company. (For more information, please contact: Myropi Garri, University of Portsmouth, United Kingdom: myropi.garri@port.ac.uk)

Rhetorical Discourse in Mitigating Cultural Asymmetries in International Business Negotiation
Tariq H. Malik, Dongbei University of Finance & Economics

We examine the role of rhetorical theory in the international business negotiation for collaborative innovation projects. In particular, we analyse the application (how) and implication (consequences) of rhetorical devices in mitigating the structural influence of cultural asymmetries. Based on the assumption that rhetorical discourse can deinstitutionalize the cultural effects, we observed some 20 events of international negotiation and then refined our findings in a quasi-experimental exercise. Our inferences suggest that joint application of positive and negative discursive devices, in which the positive device precede the negative one and the former is direct while the latter is indirect, can reduce cultural asymmetries. We explain these findings as a balance between propinquity and distance in the sense-making process of the audience in the context of the agency-structure framework. The agency is the discursive device; the structure is the cultural environment. This way, we draw implications to make a useful contribution to the international business negotiation literature. (For more information, please contact: Tariq H. Malik, Dongbei University of Finance & Economics, China: tmalik@dufe.edu.cn)
**The Peer Effect: Home-Peer Entry Density, Internationalization Strategies and the Export Market Exit of SMEs**  
Sui Sui, Ryerson University  
Matthias Baum, University of Kaiserslautern  
Shavin Malhotra, University of Waterloo

This study investigates how home-peer entry density (i.e., the number of same-industry firms that originate from the same country and export to the same foreign market in the year a firm began to export) affects the export market exit of small and medium-sized enterprises (SMEs) and how this relationship is moderated by firms' age at the time of internationalization and their initial export intensity. Drawing on panel data from 24,645 Canadian newly established firms (1994–2008), the study indicates that home-peer entry density has a U-shaped relationship with an organization’s probability of exit from exporting; that is, at low levels, increasing density supports survival, but at higher levels, the effect turns negative. This finding is in line with the assumed legitimacy- and knowledge-building, and competition-increasing effects of home-peer entry density. The study also shows that whereas the age at internationalization weakens this U-shaped relationship, initial export intensity strengthens the relationship. *(For more information, please contact: Sui Sui, Ryerson University, Canada: sui.sui.66@gmail.com)*

**Competitor Influences on the Evolution of a Population of Rapidly Internationalizing SMEs**  
Denis Odlin, University of Auckland

To explore competitor influences on the development of rapidly internationalizing small and medium-sized enterprises (SMEs), this research investigated competitor relationships within a firm population comprising international new ventures (INVs), multinational enterprises (MNEs) and slower internationalizing SMEs in the same industry segment in the same country as the population evolved over 15 years. Other small firms had most competitive influence on rapidly internationalizing SMEs through rivalry for factor resources and customers. Rivalry encouraged adaptive learning by INVs, with salient competitors acting as reference points for mimicry and vicarious learning. As they internationalized, INVs that switched attention from domestic SME competitors to salient international SME competitors appeared to perform better than INVs that remain focused on domestic competitors. The paper contributes to SME internationalization literature by showing that the emphasis given to MNEs as INV competitors in extant research has distracted from the more important influence of small competitors. *(For more information, please contact: Denis Odlin, University of Auckland, New Zealand: d.odlin@auckland.ac.nz)*

**International Entrepreneurship in Emerging Industry: The Case of Renewable Energy Industry in Spain**  
Meysam Zolfaghari, Autonomous University of Barcelona  
Alex Rialp, Autonomous University of Barcelona

To date, there have been few studies that discussed about the entrepreneurial internationalization of renewable energy companies. In this study, from the perspectives of international entrepreneurship (IE) and sustainable entrepreneurship, we explored the effects of industry and policy level factors on international development of this emerging industry. The data were collected from six renewable energy companies in Spain and we triangulated our data by secondary data and conducting interviews with policy makers and institutions. Results
of our study suggest that the maturity of the sector, the level of concentration, the regime of appropriability, and global integration of this industry are significant industry structural factor in the internationalization of the firms. Moreover, evidences from our cases indicate that since renewable energy industry is a policy sensitive industry, supportive energy scheme is the most important factors that affect internationalization decision of these companies. Both unfavorable domestic energy policy and favorable energy policy in other countries can motivate companies to internationalize. The contribution of the study is twofold: first, from the theoretical perspective, it develops international entrepreneurship (IE) theory by incorporating sustainable entrepreneurship literature. Second, from the empirical perspective, in this study we explored the entrepreneurial internationalization in renewable energy industry as an emerging industry at industry and policy level. Our results explain that how this industry is different from other types of industries. Findings of this study are particularly important for policy makers and entrepreneurs to follow vigorous development of renewable energy industry in the international markets. (For more information, please contact: Meysam Zolfaghari, Autonomous University of Barcelona, Spain: meysam.zolfaghari@uab.cat)

New Venture Internationalization via MNE-Orchestrated Global Ecosystems: The Attention-Attracting Imperative
Shameen Prashantham, CEIBS

Engagement between international new ventures (INVs) and large multinational enterprises (MNEs) could help distinct tensions facing them – between responsiveness and integration in the case of MNEs, and between growth and survival for INVs – to be simultaneously resolved at the MNE-INV interface. However, important impediments, such as missing markets, competitive dynamics and the double-edged sword nature of dual embeddedness, must be overcome. This conceptual paper explicates the imperative for new ventures to attract managerial attention within global innovation ecosystems in order to do so. This involves progressively and differentially gaining the attention of MNE managers involved in the activities of (1) sensing, (2) seizing and (3) transforming. Specifically, entering the ecosystem via strategically important subsidiaries helps new ventures gain sensing-oriented attention, participation in network engagement processes that spans boundaries between the subsidiary and headquarters helps attract seizing-oriented attention, and the pursuit of synergistic network expansion opportunities in the MNE’s wider interfirm networks helps obtain transformation-oriented attention. (For more information, please contact: Shameen Prashantham, CEIBS, China: sprashantham@ceibs.edu)

Session: 2.5.10 - Competitive

Consumer Behavior

Presented On: June 29, 2016 - 16:15-17:30

Chair: Peter Magnusson, University of Alabama

Slice-of-Life versus Slice-of-Death Advertising
Anshu Arora, Savannah State University
Amit Arora, Savannah State University

The article focuses on slice-of-life (SOL) and slice-of-death (SOD), as two types of semantic differential advertising appeals. The authors make conceptual, measurement, and managerial contributions to the research dealing with slice of life versus death advertising appeals. The research extends message-framing and emotional advertising literature by utilizing emotional informational management framework for measuring and evaluating SOL&D advertising appeals. (For more information, please contact: Anshu Arora, Savannah State University, USA: aroraa@savannahstate.edu)
Behavioral Consequences of Actual and Recalled Face Loss
Martin Heinberg, University of Duisburg-Essen

Face is one of the essential building blocks of the Asian psyche. Moreover, maintaining face equates to maintaining one’s emotional and social web. This article investigates consequences of actual and recalled face loss using behavioral economic experiments. Face loss is found to lead to material risk aversion and an increased willingness to pay for conspicuous products. Additionally, globalness of products moderates the conspicuous consumption effect. The article provides reasoning that these effects showcase a loss of access to one’s personal social safety net and the attempt to buy back some of the lost security by investing into status products. Moreover, the article proposes a special form of the dictator game to induce actual face loss.
(For more information, please contact: Martin Heinberg, University of Duisburg-Essen, Germany: martin.heinberg@uni-due.de)

Perceptions of Luxury Value and Consumer Purchase Intention: A Global Identity Perspective
Jie Yang, Saint Louis University
Jieqiong Ma, Saint Louis University

In today's highly globalized marketplace, it is increasingly important to understand why some consumers prefer luxury goods. In this research, we study the relationship between consumers’ global identity, their perceived functional, individual, and social value of luxury, and their intentions to purchase luxury. Using samples from the United States and China, we find that global identity is positively related to purchase intention of luxury products, mediated by perceived functional, individual, and social value of luxury. Managerial implications, limitation, and directions for future research are discussed. (For more information, please contact: Jieqiong Ma, Saint Louis University, USA: jma17@slu.edu)

Fighting Fakes: Consumer Co-Creation of Counterfeit Risk Reduction
Susan Mudambi, Temple University
Ni (Nina) Huang, Temple University
Rongrong (Joyce) Xu, Temple University

As global brands gain success in new markets, counterfeits appear. What can consumers do to reduce the risk of inadvertently purchasing a counterfeit, and how can global brands compete? This study introduces the concept of consumer co-creation of risk reduction, and develops and tests a model of review engagement in a counterfeit prone retail environment. The model is tested using a unique data set of reviews of a leading Western skin care brand posted on Try.Taobao, Alibaba’s product trial website. The results provide useful and somewhat surprising insights into the reviewer characteristics, review characteristics and visual evidence that influence the level of consumer engagement with reviews. Consumers reduce risk by providing long reviews with photo evidence of products, product packaging and company ads. These practices have implications for global brands entering the Chinese market, for online retailers such as Amazon that partnering with third parties accused of selling counterfeit goods, and for the future global expansion of Alibaba. (For more information, please contact: Susan Mudambi, Temple University, USA: susan.mudambi@temple.edu)
MNE Headquarters’ Role in Subsidiary Influence: The Perspectives of Rationality and Radical Uncertainty

Lu-Jui Chen, Ming Chuan University
Hsien-Che Lai, National University of Tainan

Subsidiary now is the source of competitive advantage within MNE, also, the role of headquarters (HQ) has the effect on the subsidiary influence. Two perspectives in the tile of HQ are considered: “rationality” and “radical uncertainty”. By analyzing 173 subsidiaries located in Taiwan, we find that the subsidiary’s internal embeddedness has positive effect on its influence. More specifically, we examine the impact of HQ involvement on the subsidiary influence directly and moderately. The finding show that HQ involvement has a positive impact on the subsidiary influence, and also moderate negatively between subsidiary’s internal embeddedness and influence. We contribute by showing and suggesting that the rationality and radical uncertainty provide a more accurate portrayal of the HQ role. This study furthers understanding of the role of HQ and subsidiary in the contemporary multinational. (For more information, please contact: Lu-Jui Chen, Ming Chuan University, Taiwan: shunyde@mail.mcu.edu.tw)

Foreign Subsidiary Motive/Function as a Moderator in Cultural Distance and Foreign Subsidiary Ownership Structure Relationships

K. Skylar Powell, Western Washington University
Eunah Lim, ISCTE-IUL

Past research on the relationship between cultural distance and foreign subsidiary ownership structure has offered competing theoretical expectations and empirical results have been mixed. In this analysis, we offer that these competing theoretical expectations can be reconciled if we acknowledge that the function/motive behind a foreign subsidiary can act as a boundary condition or moderator of the cultural distance and ownership relationship. More specifically, we offer that for manufacturing foreign subsidiaries, parent firms are more likely to use majority owned structures to reduce transaction costs and ensure that they can control and coordinate activities across their multinational network. Alternatively, if a subsidiary’s function/motive is for market seeking, then parent firms are less likely to use majority ownership structures in the face of large cultural distances because they will see value in reducing risk exposure and also accessing local knowledge from local international joint venture partners. These ideas are tested, and supported, in the empirical context of subsidiaries of Japanese automotive firms from 1993 through 2009. (For more information, please contact: K. Skylar Powell, Western Washington University, USA: skylar.powell@wwu.edu)

Subsidiary Initiative in Foreign Countries: The Roles of Business Distance and Boundary Spanners on the Corporate Immune System

Janis Thiedemann, Cleveland State University
Jieun Park, Cleveland State University

Entrepreneurial activity by subsidiaries of multinational corporations, which is known as subsidiary initiative, has grown as a research area within the international business field. Despite the corporation-wide benefits and firm-specific advantages that can be accrued from subsidiary initiatives, it is common for such initiatives to encounter resistance from the corporate headquarters. This resistance is known as the corporate immune
Factors Behind Temporal and Permanent Success of EMNC Subsidiaries: Evidence from Indian Multinationals
Arindam Mondal, Indian Institute of Management, Calcutta

This paper explores the temporal and permanent impact of the level of economic development of the host country relative to that of the home country on subsidiary performance of newly internationalizing EMNCs. By integrating the institutional and learning theory literature, I argue that level of economic development in host economies provide opportunities and impose constraints on EMNCs. Though in early stage of internationalization, EMNCs may experience more hostility and unfavorable policies in more developed economies, over time, generative learning provides positive performance outcomes. However, in similar or less developed economies, EMNCs may enjoy an early success, however, over time, adaptive learning leads to negative performance outcomes. These predictions are tested empirically with proprietary, longitudinal data from 695 foreign subsidiaries of 221 Indian EMNCs (those were a part of the BSE 500 index as on November, 2013) for seven years, starting from 2006-07 to 2012-13. I find supporting evidence for most of our hypothesized relationships. (For more information, please contact: Arindam Mondal, Indian Institute of Management, Calcutta, India: arindam.elec@gmail.com)

Perception Gaps in Headquarter-Subsidiary Relationships: Comparing the Role of Subsidiary Managers in China, Brazil and USA
Inger Beate Pettersen, Bergen University College
Rolv Petter Amdam, BI Norwegian Business School
Anita Ellen Tobiassen, Oslo and Akershus University College of Applied Sciences

This study investigates subsidiary managers’ role in coping with perception gaps in HQ-subsidiary relationships. We investigate Norwegian MNCs’ subsidiaries in USA, Brazil and China. The paper concentrates on perceptions gaps related to foreign market knowledge, and asks how country distance affects perception gaps and roles, which are themes scarcely researched. The findings related to how country distance affect perception gaps revealed a more complex picture of the phenomenon than predicted by theory. The findings suggest that there are two strategies for internal influence among the subsidiary managers; the negotiation and persuasion strategy, and the mobilization of local networks strategy. (For more information, please contact: Rolv Petter Amdam, BI Norwegian Business School, Norway: rolv.p.amdam@bi.no)

Going Against the Grain: The Impact of Mandate Loss on Subsidiary Evolutionary Trajectories
Edward Gillmore, Mälardalen University

This paper submits that research on subsidiary role evolution has focused mostly on the empirical phenomenon’s under-lying the gain of mandates and development of a subsidiary’s charter and not so well on extending our understanding of how the subsidiary loses mandates and specifically how it might seek to respond to these losses. This paper focuses on the phenomena of R&D mandating as this phenomenon is firstly a signal that a subsidiary has become fully fledged and direct instance of a value adding activity and responsibilities being reassigned which is a unique context in which to capture the mandate losses impact on the subsidiaries role. So as to frame the phenomena that subsidiaries quite regularly survive and are successful post mandate loss this paper utilizes exploratory cases and centres on the interplay between the drivers of mandate loss and a subsidiary’s response ex-post. In this paper our contribution is twofold, firstly we unpack
the counterfactuals of how a subsidiary can sustain a positive role trajectory ex-post and find that the redeployment of a subsidiary’s operational capabilities and slack resources aids it in sustaining these roles. (For more information, please contact: Edward Gillmore, Mälardalen University, Sweden: edward.gillmore@mdh.se)

Session: 2.5.12 - Interactive
Track: 8 - International Entrepreneurship, SMEs and Born Globals

The Institutional Context and International Entrepreneurship

Presented On: June 29, 2016 - 16:15-17:30

Chair: Rod B. McNaughton, University of Auckland

Impact of Corruption, Regulations on International Entrepreneurship

Farzana Chowdhury, Indiana University
David Audretsch, Indiana University
Maksim Belitski, University of Reading
Sameeksha Desai, Indiana University

This study explores the impact of various types of regulations on nascent international entrepreneurship in countries with varying levels of corruption. Our analysis includes both developed and developing countries. We consider two types of regulations: export-related regulations and tax rates over the years from 2005 to 2011. An interesting finding of our analysis is that the regulations and corruption do not affect all IEs similarly. Contrary to the established literature, our study finds that corruption is not always the ‘culprit’. In some instances, it helps to negate the negative impact of regulations. The customer share of an IE is an important predictor of the impact of regulations and corruption. Regulations that put a financial burden on entrepreneurs have a negative impact. Our results hold for several robustness checks. Our results demonstrate the importance of nuances of regulations and institutions. (For more information, please contact: Farzana Chowdhury, Indiana University, USA: fchowdhu@indiana.edu)

Re-Embedding the Internationalization of the Firm in Temporality: Paces in Internationalization Processes

Kátia de Melo Galdino, Florida State University
Sérgio Fernando Loureiro Rezende, Pontifícia Universidade Católica de Minas Gerais
Bruce T. Lamont, Florida State University

Our knowledge of the “what” and “why” aspects of the internationalization process of the firm is more advanced than that of “when”. Less is known about the temporal dimensions of the internationalization of the firm, in particular emerging market SMEs. Based on this literature gap, this article aims to analyze how pace shapes our understanding of the internationalization process of the firm. We built a retrospective longitudinal, embedded case of the internationalization of a Brazilian medium-sized firm that established a footprint in 16 foreign markets over nearly three decades. We find that its internationalization processes can be classified into three groups as far as pace is concerned: an Inert Internationalization Process, a Gradual Internationalization Process, and an Accelerated Internationalization Process. We also call attention to a mismatch between the pace of learning and the modal shifts in the firm’s internationalization processes. Finally, we suggest a new picture of the internationalization of the firm by considering the existence of a number of internationalization processes that evolve at distinct paces within a single firm. These results have theoretical implications for behavioral research on the internationalization of the firm. (For more information, please contact: Kátia de Melo Galdino, Florida State University, USA: kdg15c@my.fsu.edu)
High-Growth Firms and Public Policy

John Sargent, University of Texas Rio Grande Valley
Linda Matthews, University of Texas Rio Grande Valley

Research shows high-growth firms (HGFs) are key actors in a modern capitalist economy and are major contributors to job growth, wealth creation, innovation, and industry evolution. Unfortunately we know relatively little about how public policy can be used to facilitate the emergence and growth of HGFs. We review studies of HGFs appearing in ten mainstream management, entrepreneurship, and economics journals over the 2005 – 2014 period with the goal of extracting insights for HGF public policy. We conclude with policy recommendations, suggestions for future research, and study limitations. (For more information, please contact: John Sargent, University of Texas Rio Grande Valley, USA: john.sargent@utrgv.edu)

Theory of Born-Global Entrepreneurship: Strategizing Asymmetrical Symbiosis of Business Ecosystem

Haruo H. Horaguchi, Hosei University

This analysis of inter-organizational ecosystem defines and applies the concepts of commensalism, parasitism, and amensalism —constructs that originated in population ecology— to explain born-global entrepreneurship. These concepts are applied for transcending the traditional dichotomy of competition versus cooperation. Born-global entrepreneurship is inherently related to the practice of collective strategy. The literature of collective strategy has previously incorporated the commensalism construct into a theory of cooperative strategic management. In this paper, the concepts of commensalism, amensalism, and parasitism are incorporated into an analysis of interlocking knowledge to explain international entrepreneurship in which international strategic alliances and the clustering phenomenon are generated. This paper demonstrates that the concepts of commensalism, amensalism, and parasitism can be applied to explain the sustainability of born-global firms as international alliances. Including the ecological concepts of commensalism and amensalism extends the theoretical boundary for the fields of international organizational studies and strategic management. These concepts also profoundly change the traditional perspective of symmetrical view of competition versus cooperation. They incorporate the novel view of broken symmetry in an ecosystem. (For more information, please contact: Haruo H. Horaguchi, Hosei University, Japan: horaguch@hosei.ac.jp)

Corporate Socially Responsible Activities: When do they matter?

Presented On: June 29, 2016 - 16:15-17:30
Chair: Witold Jerzy Henisz, University of Pennsylvania

Can Corporate Social Performance Really Reduce the Liability of Foreignness? Evidence from Cross-Border Acquisitions

Jiyoung Shin, Korea University
Jon Jungbien Moon, Korea University
Jingoo Kang, Nayang Technological University

This study examines the impact of corporate social responsibility (CSR) on the relationship between the differing varieties of institutional distance, such as economic, financial, and cultural distance and performance of cross-border acquisitions. Using the cross-border acquisitions data of US acquirers from 2002 to 2013, we hypothesize that higher corporate social performance (CSP) of acquirers positively moderates the negative relationship between the institutional distances and performance in terms of firms’ performance by using event study. As a result, we found that the higher CSP can mitigate the relationship between institutional distance and
acquisition value creation since the acquirer’s higher CSP not only reduces the liability of foreignness but also signals long-term investment in the target firm. (For more information, please contact: Jiyoung Shin, Korea University, Korea, South: j.jiyoung.shin@gmail.com)

Conformity Dynamics within MNEs: The Case of CSR Issues
Anne Jacqueminet, Bocconi University

This paper explains policy-practice coupling and decoupling processes that unfold in multinational enterprises (MNEs) over time given the specific characteristics of the issue considered. We propose that three attributes of issues—complexity, compatibility with the subsidiaries’ values and performance advantage—as well as their various levels of institutionalization in the MNE and the subsidiaries’ industries and countries influence the coupling and decoupling paths they follow. The results of a fuzzy set qualitative comparative analysis of 25 practices on 3 Corporate Social Responsibility (CSR) issues in 65 subsidiaries of an MNE show that (1) conformity levels vary greatly over time and space within complex organizations, (2) the institutionalization of an issue in both the subsidiary’s country and its industry is key for policy-practice coupling, while (3) practices are decoupled from the corporate policy over time primarily because of certain core attributes of the issues. (For more information, please contact: Anne Jacqueminet, Bocconi University, Italy: anne.jacqueminet@unibocconi.it)

How Does Strategic Risk Taking Drive Corporate Social Performance?
Huy "Will" Nguyen, University of Texas at Dallas
Zhiang "John" Lin, University of Texas at Dallas
Mike Peng, University of Texas at Dallas

How does strategic risk taking drive CSP? We extend and integrate resource dependence and institution-based perspectives to examine this relationship in two contrasting institutional contexts, the United States and China. We contend the risk–CSP relationship may depend on the dominant stakeholders’ perspective of CSR. We further examine the boundary conditions of this relationship by investigating the influence of financial resource dependencies, ownership dependencies, and relational resource dependencies. The results from analyzing two separate samples drawn from four industries in two different institutional contexts provide support for our comprehensive framework. (For more information, please contact: Huy "Will" Nguyen, University of Texas at Dallas, USA: hxn130630@utdallas.edu)

Do Korean Business Groups Spend Much on Corporate Philanthropy?
Youngshin Woo, University of Adelaide
Jonghoon Nam, Loughborough University
Dirk Michael Boehe, University of Adelaide
Insik Min, Kyung Hee University

This study addresses the relationship between ownership characteristics and corporate philanthropy. Drawing on agency and institutional theory, we argue that adverse incentives emanating from concentrated ownership motivate business group affiliated firms to favour smaller and to avoid larger philanthropic donations. By applying simultaneous quantile regression to a sample of Korean chaebols, we examine to what extent business group ownership affects philanthropy differently at different levels of the corporate philanthropy distribution. Our empirical results indicate that chaebol ownership positively affects corporate philanthropy at lower levels of giving. Yet, this effect turns negative at the upper tail of the distribution. Our study implies that future research on corporate philanthropy needs to theorize and empirically examine the effect of different ownership types for different magnitudes of giving. (For more information, please contact: Youngshin Woo, University of Adelaide, Australia: woo.jamie.ys@gmail.com)
Internationalization and Financial Performance: The Moderating Effect of Stakeholder Management
Alan Muller, University of Groningen

Research on the relationship between firms’ degree of internationalization (DOI) and corporate financial performance (CFP) has thus far generated mixed results, leading to calls for a better understanding of the contingencies that may affect this relationship. In heeding this call, we argue that stakeholder management embodies a firm-level capability for fostering integrative thinking, such that stakeholder management performance (SMP) positively moderates the relationship between DOI and CFP. Additionally, we propose that local responsiveness pressures attenuate the interactive effects of DOI and SMP on CFP. Analysis of a panel of U.S. firms comprising 13,624 firm-year observations over the period 1995-2012 generates support for our arguments. (For more information, please contact: Alan Muller, University of Groningen, Netherlands: a.r.muller@rug.nl)

Session: 2.5.14 - Interactive

Global Leadership

Presented On: June 29, 2016 - 16:15-17:30
Chair: Mansour Javidan, Arizona State University

Exploring the Meanings of Global Followership and Global Leader-Follower Partnership
Yulia V. Tolstikov-Mast, Indiana Institute of Technology

For the past several decades, the field of global leadership has made noteworthy theoretical and empirical progress. The role of a global follower, however, has not been addressed to date. This paper focuses on global followers and global followership as vital elements of a global leadership process supporting a traditional followership view that “leadership can only occur if there is followership” (Uhl-Bien, Riggio, Lowe, & Carsten, 2014 p. 83). Two assumptions ground the arguments: global leaders and global followers are engaged in a partnering process of global leadership, and followers and global followers have distinctive characteristics influenced by specific environments. (For more information, please contact: Yulia V. Tolstikov-Mast, Indiana Institute of Technology, USA: yvmast@indianatech.edu)

Trust Formation and Development between Chinese Subordinates and Their German Supervisors
Joerg Sebastian Bueechl, Tuebingen University
Markus Pudelko, Tuebingen University

Enriching interpersonal cross-cultural trust literature with acculturation theory, our explorative, qualitative study reveals how (collectivist) Chinese subordinates either succeed or fail in forming and developing trust to their (individualist) German supervisors. Our analysis is based on 90 semi-structured interviews with Chinese subordinates of German supervisors and German supervisors of Chinese subordinates both in China and in Germany. Our findings illuminate how Chinese subordinates develop (or lose) trust in German supervisors over three phases (contact, disillusion and acculturation), ultimately resulting in either establishment or erosion of trust. Our findings disclose that central propositions of seminal (Western) trust concepts are turned upside down, once the focus moves from an exclusively Western cultural context to one that includes also Asian contexts. As such, our study uncovers important boundary conditions of influential trust concepts. (For more information, please contact: Joerg Sebastian Bueechl, Tuebingen University, Germany: joerg.bueechl@uni-tuebingen.de)
Transformational Leadership Behaviors and Organizational Commitment: The Moderating Role of Individual Cultural Values  
Soyeon Kim, Meiji University  
Mannsoo Shin, Korea University

Successful global management requires appropriate leadership skills that are based on a cultural understanding of local employees. This study investigates the effects of transformational leadership behaviors on organizational commitment in foreign multinational companies in Korea. With a particular focus of individual cultural values, this study explores the moderating roles of collectivism and masculinity on the relationship between transformational leadership behaviors and organizational commitment. The survey results from 221 respondents provide intriguing findings. Transformational leader organization-related and individual-related behaviors positively influenced organizational commitment, particularly affective commitment, but not normative and continuance commitment. Notably, masculinity was found to significantly moderate the influence of transformational leadership behaviors on organizational commitment. Based on the findings, theoretical and managerial implications were discussed. (For more information, please contact: Soyeon Kim, Meiji University, Japan: s_kim@meiji.ac.jp)

Comparison of Managerial Leadership Behavior Preferences Across Nationalities, Industries, and Gender  
Romie Frederick Littrell, Auckland University of Technology  
Inga Minelgaite Snaebjornsson, University of Iceland

The goal of this research project is to describe and compare the preferred leader profiles from the followers’ standpoint the USA and Lithuania in two respects. The results provide sets of behaviours that can affect leadership effectiveness. The results provide evidence for the need of more diverse set of leadership behaviours in Lithuania, but a more unified style in The USA. Provided comparison of societal cultures of the USA and Lithuania is useful in broader context of organizational management, and differences between the countries in acceptance of formal structures in the company, tolerance of uncertainties, employee motivational programs and other leadership related tasks and relationships. (For more information, please contact: Romie Frederick Littrell, Auckland University of Technology, New Zealand: romie.littrell@aut.ac.nz)

Employee Commitment to Foreign Firms in China: The Role of Cosmopolitanism and Yin Yang Leadership  
Hyun-Jung Lee, London School of Economics and Political Science  
Carol Reade, San Jose State University

The Chinese market continues to attract foreign businesses, yet a growing number are failing due to the challenge of managing the local Chinese workforce and gaining employee loyalty. Utilizing data from 88 Chinese employees in three Japanese subsidiaries in China, we test if cosmopolitan attitudes of Chinese employees and culturally-relevant Yin and Yang leadership behaviours of Japanese supervisors are related to employee commitment. The results show that cosmopolitanism and Yin Yang leadership have a positive effect on employee commitment. Further, cosmopolitanism shows a strong moderating role in the link between Yin Yang leadership and employee commitment. Implications for research and practice are discussed. (For more information, please contact: Hyun-Jung Lee, London School of Economics and Political Science, United Kingdom: h.lee@lse.ac.uk)
The Humanization of Corporations
   Joan Mileski, Texas A&M University at Galveston
   Carter Franklin, Texas A&M University at Galveston

Corporations have been extensively studied from a variety of theoretical perspectives. The evolution of these perspectives has been in the direction of a reification of organizations. Corporations are now expected to be all things to all constituencies including adopting the norms of the society in which they reside. Constituency management is a significant contributing factor to the complexity of corporations. This paper reviews the various competing perspectives on corporate complexity, and looks at the gaps in how constituencies are addressed. We propose a model which combines the various perspectives emphasizing the human corporation with all the several aspects of complexity. (For more information, please contact: Joan Mileski, Texas A&M University at Galveston, USA: mileskij@tamug.edu)

Relational and Cognitive Dimensions of Social Capital as the Main Driver for Internationalization, when Challenged by Institutional Friction
   June Borge Doornich, North University

This paper investigates the role of social capital during Western managers’ internationalization to emerging markets, when challenged by institutional friction. A multiple case study of six Norwegian supply companies internationalization process to the Russian oil and gas market have been conducted. By building on current theories about the role of social capital and business networks, this paper investigates the structural, relational, and cognitive dimensions of social capital during internationalization, when challenged by collision of regulative, normative and cognitive institutional settings in home and foreign market. The study contributes to current literature by proposing six theoretical prepositions about the role of social capital. It is found that the relevance of the structural dimension is limited to the bridging process in the initial phase of internationalization, while strong embedded relationships important to get accepted in the foreign market business network and to gain access to valuable resources and information about the market. The cognitive dimension of social capital is increased through the relations, and becomes important to reduce and handle institutional friction. Contributions is also made to practitioners, by demonstrating the importance of an entrepreneur that broker foreign market network and that invest time and effort in building strong relationships. (For more information, please contact: June Borge Doornich, North University, Norway: jhb@uin.no)

Building the Business Model through Simple Rules
   Sunny (Li) Sun, University of Missouri-Kansas City
   Yanli Zhang, Montclair State University
   Jianqiang Xiao, Renmin University of China

The innovation of business models has profoundly reshaped many industries, especially in the emerging industries like e-businesses. However, little research has investigated this important question: how does the entrepreneurial firm build its innovative business model? In this study, we have comparative case analysis on three entrepreneurial firm’s innovative business model under a rapid growth, Qihoo, Xiaomi and Alibaba in China. We find that the simple rules play the significant role in building three ventures’ business model. We then
Excessive Risk Taking as a Function of Aspirations, on a Sample of Global Investment Banks

Elzotbek Rustambekov, Bryant University

This study analyzes the antecedents of corporate risk-taking and answers the question: how aspirations contribute to corporate risk-taking? In the face of the last financial crisis, the importance of corporate risk-taking cannot be overstated. Corporate risk embodies a multitude of policy decisions that are made separately as a reaction to different industry and firm factors that have unbalanced effects on corporate performance, and possibly, corporate survival (Reger, Duhaime, & Stimpert, 1992). The behavioral theory of the firm combines companies’ aspirations, performance levels and corporate risk (Bromiley, 1991; Cyert & March, 1963). When performance levels exceed aspirations, companies keep their established routines, as there is no need to change the system that performs well (Augier & Prietula, 2007). Otherwise, when performance levels fall below aspirations, companies search for new ways to operate, because what they are doing is not working (Augier & Prietula, 2007). The difference between aspirations and actual performance is called attainment discrepancy (Lant, 1992). The higher this discrepancy is, the larger the company’s pressure to take risk (Bromiley, 1991). Aspirations can be measured in two ways: (1) as company’s past performance, and (2) as company’s peer groups’ performance (Cyert & March, 1963), and both of those will be measured in this paper.

Innovation for Economic Competitiveness: The Role of Smart Specialization in Less Developed Countries

Sorin M.S. Krammer, University of Groningen

Smart specialization (SS) is a policy concept that has gained significant momentum in Europe despite a frail theoretical background and implementation difficulties. These challenges become critical in the case of less developed economies that often lag in terms of regional autonomy and STI capabilities. Combining elements from evolutionary economics and the export-led literature, I propose a framework that anchors the role of SS in the national innovation policy of such laggards as an avenue for improving competitiveness and growth. Moreover, I offer a diagnostic tool to assist policy makers in identifying potential SS actions and policies, while addressing systemic and regional-sectoral issues in these areas. I exemplify the use of this diagnostic in the case of a laggard EU-economy (Bulgaria) using a large battery of quantitative and qualitative indicators from publicly available data. This type of investigation may serve as a useful tool for other less-developed economies to kick-start this process by identifying and analyzing potential areas for SS. (For more information, please contact: Sorin M.S. Krammer, University of Groningen, Netherlands: m.s.s.krammer@rug.nl)

National Intellectual Capital and National Culture

Te-Yi Lin, Tatung University
I-chen Lee, Chang Gung University
Carol, Yeh-Yun Lin, National Chengchi University

With the coming of knowledge economy, policy makers eager to increase their national competitiveness gradually realize the significance of intellectual capital to their countries. This study introduces and compares the published data of national human, market, process, renewal and financial capital with the national culture proposed by Hofstede. Based on the matching data of 26 countries, countries with high intellectual capital tend to exhibit a common culture of low power distance, weak uncertainty avoidance, and individualism. The study proposed that countries with certain national culture possess lower intellectual capital. The study then proposes suggestions to advance countries’ national intellectual capital. (For more information, please contact: Te-Yi Lin, Tatung University, Taiwan: tylin@ttu.edu.tw)
Session: 3.1.1 - Panel

**Myth-Busting and Institutional Change: How to Achieve a More Innovative Future for Research Methodology in IB**

**Presented On:** June 30, 2016 - 09:00-10:15

Chair: Bo Bernhard Nielsen, University of Sydney

**Panelists:**
- Catherine Welch, University of Sydney
- Bo Bernhard Nielsen, University of Sydney
- Larry J. Williams, University of North Dakota
- Robert J. Vandenberg, University of Georgia

In the IB research community there are still numerous lingering myths and urban legends which may obstruct scholarly work and negatively influence future methodological trends. This panel will bring together top methods scholars from both IB and beyond to discuss and debunk some of these methodological myths and urban legends and propose fertile new grounds where IB research can both benefit from methods developed in other disciplines, as well as contribute to the development of new methodologies. The premise of the panel is that in order to deliver future innovations, the myths of the past need to be actively debated and debunked, and institutional changes undertaken. While panel members will be advocating a future that is different to current practices, they will be arguing for a 'revolution with a solution': that is, concrete steps to provide a more innovative, pluralistic and productive research community. *(For more information, please contact: Catherine Welch, University of Sydney, Australia: catherine.welch@sydney.edu.au)*

Session: 3.1.2 - Panel

**Developing Global Leaders through Experiential Learning**

**Presented On:** June 30, 2016 - 09:00-10:15

Chair: Lena Zander, Uppsala University

**Panelists:**
- Allan Bird, Northeastern University
- Paula Caligiuri, Northeastern University
- Will Lovely, Northeastern University

Focusing on experiential approaches in developing global leaders, this session explores the use of experiential pedagogies in developing global leaders. It focuses specifically on three initiatives targeted toward business education audiences in three arenas – undergraduate, graduate, and executive education. The initiatives include a global leadership assessment center, an online global leadership program with an experiential component, and an international volunteerism experience involving a partnership between an international agency and corporations. Following panel presentations of the pedagogies, the session will shift to three breakout groups for more detailed description and dialogue before regrouping to discuss learnings and insight. *(For more information, please contact: Allan Bird, Northeastern University, USA: a.bird@neu.edu)*
We investigate "dual headquarters involvement", i.e., corporate and divisional headquarters’ simultaneous involvement in innovation development projects hosted by subsidiaries of multibusiness firms. Drawing on selective hierarchical involvement theory and the literature on subsidiary network embeddedness we analyse 85 carefully sampled innovation projects in 23 multibusiness firms and find that network size, rather than subsidiary cross-divisional embeddedness (i.e., the intra-, and interdivisional embeddedness of the innovating subsidiary) acts as a driver of dual headquarters involvement. Additional findings do however suggest that cross-divisional embeddedness is positively related to dual headquarters involvement when the subsidiary is embedded in relatively larger innovation networks. Together, the results lend support to the idea that parenting in complex organizations entail complex headquarters structures. Our results suggest that we need to go beyond simple conceptualizations of headquarters and that considering different dimensions of the innovating subsidiary’s network helps in explaining dual headquarters involvement. (For more information, please contact: Philip Kappen, Uppsala University, Sweden: philip.kappen@fek.uu.se)

Overseas subsidiaries are playing an increasingly important role in MNCs’ innovation. What determines overseas subsidiaries to source knowledge from MNC-Headquarters (HQs)? We investigate factors that influence the extent to which overseas subsidiaries source knowledge from their HQs. Based on the empirical analysis of 86 overseas subsidiaries from 34 MNCs, we found that an overseas subsidiary’s role and its relational embeddedness to HQ jointly affect its knowledge sourcing from HQ. Also, an overseas subsidiary’s absolute technological capability positively affects its knowledge sourcing from its HQ, while a subsidiary’s relative technological capability to HQ has a negative effect on the knowledge sourcing from the HQ. (For more information, please contact: Chuyue Jin, Seoul National University, Korea, South: chuyuej@hotmail.com)

Through an exploratory study of headquarters-subunit transfers of capabilities in multinational corporations, this paper identifies the influence of subunits’ supporting innovation networks on transfer effectiveness. Received research has investigated effectiveness in headquarters-subunit capability transfers mainly as an activity comprising the dyad of sender and receiver. While this research has yielded several important findings with regards to what aspects of the sending and receiving units that may influence transfer effectiveness, we know little about how more complex recipient contexts does the same. Through an exploratory multiple-case study of 18 transfers of the same capability between headquarters and subunits in a single multinational corporation,
this paper extends previous research by identifying how the recipient subunits network may be an important influence on the effectiveness of transfers. On the basis of these findings, we put forth propositions on how the innovation network of the recipient unit may pose challenges to such transfers in and of themselves — thereby questioning the suitability of viewing capability transfers as occurring in a sender-receiver dyad and suggesting that the receiver may sometimes be a network. Building on this insight, the paper outlines the consequences of these propositions and charts a number of interesting avenues for future research. (For more information, please contact: Olof Lindahl, Uppsala University, Sweden: olof.lindahl@fek.uu.se)

Session: 3.1.4 - Panel

**Sequencing and Structure in IB Curricula and Programs: Learning Objectives, Study Abroad, and Other Experiential Learning**

**Presented On:** June 30, 2016 - 09:00-10:15

Chair: Liesl Riddle, George Washington University

Panels:
- Liesl Riddle, George Washington University
- Stacie Berdan, rklD3
- Gary Knight, Willamette University

Is there a core set of concepts with which IB students at various levels (undergraduate, masters, EMBA, executive education, PhD) should be familiar? How can these concepts be operationalized into learning objectives? How can/should those learning objectives be sequenced within and between courses – core and elective – and how might that sequencing vary at the undergraduate, graduate and executive levels across different types of institutions? Additionally, how might study abroad and other experiential learning opportunities help to achieve these learning objectives and what is the optimal time to incorporate these learning activities into international business curricula? Our proposed panel will highlight perspectives from three different university settings – a large, public, research-focused institution (Georgia State University); a cutting edge, smaller, private teaching-focused institution (High Point University); and a middle-sized, private hybrid-focused institution (The George Washington University). Speakers include current and former business school program administrators and faculty members. The panel will also include the perspective of a practitioner and award-winning author that has conducted research among hundreds of business executives, university administrators, faculty and students about international business teaching and learning. (For more information, please contact: Liesl Riddle, George Washington University, USA: lriddle@gwu.edu)

Session: 3.1.5 - Competitive

**Track: 9 - Emerging Markets: Institutional Voids and Beyond**

**Business-Government Interactions in Emerging Markets**

**Presented On:** June 30, 2016 - 09:00-10:15

Chair: Chuandi Jiang, Saint Louis University

**MNE Ownership, Subsidiary Survival, and Economic Liberalization**
- Megan (Min) Zhang, University College Dublin
- Paul W. Beamish, Western University

This study examines the survival of foreign subsidiaries in China with those in the United States. It particularly focuses on the relationship between MNE ownership choice and subsidiary survival. Prior studies have
suggested that an MNE’s ownership level is positively associated with subsidiary survival. However, without consideration of the institutional changes in a country, several research gaps exist. First, an MNE chooses its overseas ownership level according to the institutional context within which it operates. It is thus important to address the endogeneity issues caused by organizational choices when investigating the ownership-survival (O-S) relationship. Second, the survival of a foreign subsidiary is associated with its short-term profitability as well as future opportunities shaped by institutional environments. It is thus necessary to investigate how the real options of future opportunities influence subsidiary survival and the O-S relationship. Accordingly, this study suggests that with declining institutional uncertainty in China, there is a decreasing need for an MNE to seize future opportunities by maintaining non-performing subsidiaries. This results in a U-shape survival rate of foreign subsidiaries in China. After controlling for endogeneity issues caused by ownership choices and subsidiary profitability, we found that an MNE’s O-S relationship is insignificant in China and the United States. (For more information, please contact: Megan (Min) Zhang, University College Dublin, Ireland: meghanzhangmin@gmail.com)

The Influence of Dynamism on Macroenvironmental Risk and Firms’ Risk Management Activities

Martin Weiss, University of Erlangen-Nürnberg
Florian Klein, WU Vienna
Jonas F. Puck, WU Vienna

The macroenvironment constitutes a widely acknowledged source of firms’ risk in international business. A substantial body of research on macroenvironmental risks encapsulates a variety of measurement approaches, antecedents, and managerial consequences. However, a review of established macroenvironmental risk measures reveals that these measures strongly focus on the quality of the macroenvironment, assuming a rather static perspective and mainly excluding other dimensions. Building on prior research on macroenvironmental risk as well as on environmental dynamism, we argue that macroenvironmental dynamism – i.e. the frequency, intensity, and predictability of macroenvironmental variation – is a pivotal source of risk in international business, which so far only received limited attention. Moreover, we suggest that macroenvironmental dynamism influences firms’ risk management activities. We test our hypotheses using primary survey data on risk management activities from 161 foreign subsidiaries in six emerging countries and secondary data on the macroeconomic context in these countries. We find support for our hypotheses that macroenvironmental dynamism, if compared to macroenvironmental quality, exerts a strong influence on firms’ risk management activities. Our findings enhance the understanding of the dynamic nature of macroenvironmental risk in international business as well as provide a concept to comprehensively measure macroenvironmental dynamism that future research can build upon. (For more information, please contact: Florian Klein, WU Vienna, Austria: florian.klein@wu.ac.at)

From Shadow to Light: The Impact of Informal Economy on the Export Propensity of Emerging Economy Firms

Olivier Lamotte, Paris School of Business
Octavio Escobar, Paris School of Business
Ana Colovic, NEOMA Business School
Pierre-Xavier Meschi, IAE Aix-en-Provence, CERGAM Aix-Marseille University & Skema Business School

This study investigates the impact of the use of inputs from the informal sector on the export propensity of Mexican firms. Building on the institution-based view, we study how firms take advantage of weak institutions and exploit institutional voids by procuring inputs from the low cost informal sector in order to gain competitive advantage when entering foreign markets through exports. The empirical study is based on a unique dataset compiled by Mexico’s authorities on manufacturing establishments between 2005 and 2012. Results indicate that using inputs from the informal sector positively affects the probability that a firm will export. They also show that another consequence of institutional voids -government corruption- negatively moderates the positive effect of sourcing from the informal economy on export propensity. (For more information, please contact: Olivier Lamotte, Paris School of Business, France: olamotte@yahoo.com)
Service Excellence in the Light of Cultural Diversity: The Impact of Metacognitive Cultural Intelligence

Melanie Lorenz, University of Alabama
Jase Ramsey, Saint Louis University
Dan Morrell, Middle Tennessee State University
Ayesha Tariq, University of Alabama

Growing cultural diversity in the customer base means that firms must interact with a culturally diverse customer in a way previously impossible. This study examines how, when, and why service employees may adapt the service encounter to meet the values and expectations of culturally disparate customers. Distinctiveness and trait activation theories suggest that cultural intelligence moderates the relationships between perceived cultural differences and out group status to service encounter adaptation. As a result of cultural competencies, negative customer outcomes and risks associated with multicultural service encounters may be mitigated and positive outcomes enhanced. (For more information, please contact: Melanie Lorenz, University of Alabama, USA: mplorenz@crimson.ua.edu)

Social Media Marketing, Customer Relationship and Firm Performance: Dynamic Capability Perspective

Zhan Wang, Saint Louis University
Hyun Gon Kim, Rutgers University

Social media are becoming ubiquitous and need to be managed by organizations to meet their strategic goals. Businesses are finding it necessary to modify their approach toward Customer Relationship Management (CRM) and develop new marketing capabilities that facilitate customer satisfaction. The purpose of this study is to explore and examine how social media marketing usage impacts firm performance through improving marketing adoption strategies and increasing marketing assets and capabilities. The present study validates the role of social CRM capabilities as a bridge linking the social media marketing and business performance. This study also finds that customer engagement plays a moderating role between social media marketing usage and social CRM capabilities. This study contributes to existing literatures by connecting firms’ social media marketing with business performance by empirically supporting that social media usage can improve firms’ social CRM capabilities based on Resource-Based View (RBV) and dynamic capabilities theory. (For more information, please contact: Zhan Wang, Saint Louis University, USA: zhanwang@slu.edu)

Ambidexterity, New Product Advantage and Export Performance: Degree of Internationalization and Turbulence Moderating Effects

Ana Catarina Cadima Lisboa, Polytechnic Institute of Leiria
Dionysis Skarmeas, Athens University of Economics and Business

For decades, managers and researchers try to unveil why some firms outperform others. The organizational learning and dynamic capabilities theories indicate ambidexterity as a possible explanation. It is a critical dynamic capability for innovation and performance in today’s global marketplace, especially for international firms. The authors investigate the role of export market and product development ambidexterity in new product advantage and export performance. Additionally, they test the role of technological turbulence and degree of internationalization as moderators. The findings indicate that export market ambidexterity contributes to product development ambidexterity and both influence new product advantage, which in turn leads to export
performance. Furthermore, the firm’s degree of internationalization strengthens the influence of product
development ambidexterity on new product advantage and facilitates the conversion of such advantage into
actual export performance. Similarly, technological turbulence enhances the effects of new product advantage
in export performance. The implications of the study are discussed, along with limitations and directions for
future research. (For more information, please contact: Ana Catarina Cadima Lisboa, Polytechnic Institute of
Leiria, Portugal: ana.lisboa@ipleiria.pt)

The Role of Distance and Supplier’s Reputation in International Purchasing
   Silviu Horia Tierean, Erasmus University Rotterdam
   Guido Berens, Erasmus University Rotterdam
   Cees van Riel, Erasmus University Rotterdam

By taking the perspective of the buyer firm faced with choosing between foreign-based suppliers, we investigate
the effects of distance between the buyer and the supplier, and supplier’s reputation on the probability of
entering a business relationship. Using the psychic distance framework and a multidimensional approach to
viewing reputation, we test the effects of distance and reputation using two choice-based conjoint experiments.
The data for the first study was collected from purchasing managers in a German industrial manufacturing
company. We find that distance negatively influences the probability of being selected as a supplier, reputation
for corporate ability and reputation for corporate social responsibility positively influence selection probability
and that good reputations for corporate ability and corporate social responsibility diminish the negative effects
of distance. The results are replicated in the second study with data from US American purchasing managers in
the field of car manufacturing. (For more information, please contact: Silviu Horia Tierean, Erasmus University
Rotterdam, Netherlands: tierean@rsm.nl)

Session: 3.1.7 - Competitive
Track: 7 - MNEs, Governments, and Non-market Strategies

Revisiting Foreign Direct Investment: Influence of Macro Institutional Environment

Presented On: June 30, 2016 - 09:00-10:15

Chair: Maria Alejandra Gonzalez-Perez, Universidad EAFIT

The Role of Infrastructure Project Aid in the FDI Entry Decision in Developing and Emerging Economies: Firm-
Level Evidence from Japan
   Olivier Bertrand, SKEMA Business School
   Marie-Ann Betschinger, University of Fribourg

Factor markets and infrastructure are typically poorly developed in developing and emerging countries and pose
challenges to foreign companies entering these economies. In this context we argue that home country
governments can use targeted infrastructure project aid to support the international expansion of their home
country firms. They can adapt the local infrastructure and factor markets to the home country firms’ specific
needs and render the business environment in the host country more similar to the one in their home country,
reducing the home country firms’ costs of doing business abroad. We empirically test the relation between the
level of infrastructure project aid and the propensity of foreign firms to enter developing and emerging
countries on a sample of 1,814 Japanese entries into 82 countries for the period 1991-2003. We find robust
evidence that the level of infrastructure project aid commitments encourages the entry of foreign investors. The
effect is stronger for Japanese firms lacking financial resources and those firms that have a preferential access
to the Japanese government. Our paper therefore contributes to the International Business literature by
providing new insights into the role of home country support in reducing institutional voids for their investors
abroad. (For more information, please contact: Marie-Ann Betschinger, University of Fribourg, Switzerland:
marie-ann.betschinger@unifr.ch)
Institutional Role of Inter-State Relations on Foreign Investment: Trade Agreements and Investment Treaties
Lei Shi, University of Hong Kong
Man Kuen Christine Chan, University of Hong Kong

This paper investigates the effect of investment treaties and trade agreement on lowering the investment risk faced by multinational enterprises (MNEs). Drawing on the institutional theory, we argue that trade agreement and investment treaties increase MNEs’ probability of entry into the signatory country by providing MNEs with international governance and local government’s commitment. However, such international governance and local commitment effect varies with host country’s institutional development. Statistical analysis of the foreign direct investment location choice of MNEs in Asia and Pacific region during the period 1995-2009 suggest that while investment treaties encourage MNEs’ entry, trade agreement discourage such entry. The results also suggest that both trade agreement and investment treaties may be substitutes for local institutions in attracting foreign investors. (For more information, please contact: Lei Shi, University of Hong Kong, China: shami.shi92@gmail.com)

The Role of Experience in FDI Location Choice: Endogenous Risk, Exogenous Risk and High-Level Government Visits
Peter J. Buckley, University of Leeds
Liang Chen, University of Sussex
Hinrich Voss, University of Leeds

FDI literature has presented consistent evidence that firm experience moderates the negative effect of risk on entry. This conclusion, however, is contested by recent research. By revisiting the conceptualisation of risk by economists and behaviourists, we show that the proposed learning mechanism only applies to endogenous risk, not exogenous risk. As assessing endogenous risk involves self-evaluation of risk-reducing capability, it is posited that firms have differential tendency to take such risks even when experience is accounted for. We find a significant variation in firms’ responses to endogenous risk, as opposed to exogenous risk. Further, in cases where firm capabilities cannot be established, firms rely on external assurance about the investment location. Employing signalling theory we find that government-to-government visits can provide external assurance and have a positive effect, and it is business- rather than political-oriented visits that encourage firms to invest. We confirm that external assurance substitutes for internal learning. (For more information, please contact: Liang Chen, University of Sussex, United Kingdom: leopold.chenliang@gmail.com)

Session: 3.1.8 - Competitive
Track: 6 - Institutions and Innovation

Effect of Institutional Distance on Firm Decisions and Performance

Presented On: June 30, 2016 - 09:00-10:15

Chair: Halia M. Valladares, Mount Royal University

Cross-National Distance and Foreign Market Entry: Entry Strategies for Chinese Multinationals
Jie Wu, University of Macau
Nan Zhou, China Minsheng Bank
Seung Ho Park, CEIBS

Emerging market multinationals (EMNCs) actively pursue overseas expansion but face difficulty in establishing and managing successful cross border operations. This study examines the role of cross-national distance in determining the entry strategy for Chinese multinationals. The study relies on traditional FDI theories and
recent perspectives on emerging multinationals to conceptualize the relationship between national distance and EMNCs’ entry mode choices. EMNCs’ choice between a wholly owned subsidiary and a joint venture depends on the specific nature of the cross-national distance (i.e., economic, governance, and innovation distance). The study also considers EMNCs’ motivation for overseas investment (i.e., efficiency seeking, market seeking, and knowledge seeking) as a constraining factor in the relationship between cross-national distance and entry mode. Empirical findings using a sample of Chinese multinationals support that the hypotheses of this study. (For more information, please contact: Jie Wu, University of Macau, Macau: jiewu@umac.mo)

Institutional Distance and Subsidiary Performance: Climbing up the Ladder vs. Climbing down the Ladder
Vikrant Shirodkar, University of Sussex

Most prior studies on the relationship between institutional distance and performance of Multinational Corporations (MNCs’) foreign subsidiaries have focussed on the absolute distance between the MNC’s home and host country. We investigate the possibility of institutional distance exerting an asymmetric effect on subsidiary performance depending on the direction of institutional distance. The literature offers two opposing views of the relationship between the direction of institutional distance and MNCs’ subsidiary performance. Based on our dataset that tracks the performance of 2199 firms over the 12-year period: 2002 – 2013, we find that positive institutional distance (referred to as when the subsidiary is operating in a relatively stronger institutional environment as compared to its home country) is negatively associated with subsidiary performance, whereas negative institutional distance (referred to as when the subsidiary is operating in a weaker institutional environment) is positively associated with subsidiary performance. Our study contributes to existing literature by considering the relative positions of the home and host countries on the relationship between institutional distance and performance. (For more information, please contact: Vikrant Shirodkar, University of Sussex, United Kingdom: v.shirodkar@sussex.ac.uk)

Firm-Specific Institutional Distance and Locational Decisions: Incorporating Host Market Context & Knowledge Intensity
Róisín Donnelly, Bentley University

There is a debate in the literature as to whether institutional distance deters or attracts MNEs. Expanding work by Zhou and Guillén (2015) on the importance of subsidiaries in locational decisions, this paper questions whether the “number and variety” (Kostova & Zaheer, 1999) in MNEs’ portfolios of locations has been adequately captured in past research. While Zhou and Guillén (2015) contribute to the literature by calculating the institutional distance between the “home base” (all locations of the MNE) and a potential location, we take this conceptualization further, by examining whether there is a contrast between home-host distance and subsidiaries-host distance in locational decisions. We theorize and test whether host market context (emerging versus developed economies) and innovation context (degree of MNE knowledge intensity) affect these relationships. A new approach to addressing endogeneity in locational decisions modelling is proposed. We find that institutional distance matters in locational decisions, both between the MNE home country and the potential host country, and between the existing subsidiary locations and the potential host country. Importantly, the home-host country distance is found to matter in opposing ways to the subsidiaries-host country distance, in some cases. Knowledge intensity and host market context further explain this relationship. (For more information, please contact: Róisín Donnelly, Bentley University, USA: rdonnelly@bentley.edu)
Session: 3.1.9 - Competitive

Terrorism, Risk and Expatriation

Presented On: June 30, 2016 - 09:00-10:15

Chair: Carol Reade, San Jose State University

Terrorism and Expatriates’ Withdrawal Cognitions: Differential Role in the Work and Non-Work Domains
Anna Katharina Bader, Georg-August-University Goettingen
Carol Reade, San Jose State University

This study investigates the mechanism by which terrorism influences withdrawal cognitions of expatriates, namely, via perceived threat as well as perceived constraints in the work and non-work domains. Results of an international survey show that the level of terrorism relates to expatriates’ perceived threat. Moreover, we find that the effect of this threat is stronger on perceived constraints in the non-work than in the work domain. Perceived constraints in the non-work domain have a direct effect on country leave intentions and an indirect, spillover effect on job turnover intentions. Perceived constraints in the work domain are also related to job turnover intentions. Theoretical and practical implications are provided. (For more information, please contact: Anna Katharina Bader, Georg-August-University Goettingen, Germany: katharina.bader@wiwi.uni-goettingen.de)

The Influence of Family Characteristics on Cross-Cultural Adjustment and Expatriate Performance in Dangerous Locations: A Conceptual Framework
Philipp Paulus, Trier University
Katrin Muehlfeld, Trier University

Multinational enterprises (MNEs) increasingly expand their operations to emerging markets of the developing world. Employees being sent on expatriate assignments to lesser developed countries often find themselves exposed to a variety of environmental risks. These risks may include diseases, natural disasters, war, terrorism, or an increased rate of other violent crime-related incidents such as kidnapping, theft or homicide. MNEs have a duty of care to their employees and need to address these risks in order to ensure the success of the international assignment. Besides protecting the health, safety, and well-being of their employees, they also need to consider other stakeholders that are involved in the process of expatriation, such as, in particular, the family of expatriate employees. Based on family systems theory and theory on cross-cultural adjustment we develop a conceptual model to explain how stress that is caused by living in a dangerous location affects family characteristics. We further show how these family characteristics may impact the cross-cultural adjustment of the expatriate and his or her family as well as expatriate performance and develop a set of corresponding propositions. (For more information, please contact: Philipp Paulus, Trier University, Germany: paulusph@uni-trier.de)

Expatriate Social Networks and Social Support in Low vs. High Risk Countries: An Empirical Analysis
Benjamin Bader, Leuphana University of Lüneburg
Tassilo Schuster, University Erlangen-Nürnberg

Expatriate social networks were found to be beneficial for various outcomes, such as job satisfaction. While previous research regularly used social support as theoretical link, a systematic empirical investigation is widely missing. In this study, we open the black box and systematically analyze how social network characteristics of 370 expatriates contribute to the emergence of three dimensions of social support and how they in turn affect job satisfaction. Based on social network theory and social support theory, applying structural equation modelling (SEM) we show that depending on the environmental context the dimensions of social support have different effects. In particular, we compare these relationships in countries strongly suffering from terrorism and compare it to less-endangered countries. We find that under the prevalence of terrorism a more gender-diverse
network leads to more emotional support and job satisfaction while informational support does not affect job satisfaction. (For more information, please contact: Benjamin Bader, Leuphana University of Lüneburg, Germany: benjamin.bader@leuphana.de)

The Effect of Host Country Threats on MNEs’ Global Integration Effort via Subsidiary Staffing

Kun (Fiona) Yao, University of Illinois at Urbana-Champaign
Jing yu (Gracy) Yang, University of Sydney
Song Chang, Hong Kong Baptist University
Andrew Delios, National University of Singapore

How do organizations respond to threat? In this study, we argue that the nature of the threat facing the organization will drive organizational responses. We differentiate between symbolic threat and realist threat. When facing symbolic threat (e.g., the value and moral inconsistency between the host country and the home country environments), multinational firms under the pressure of global integration tend to act rigidly by using expatriates to tighten the control in their subsidiary management. In contrast, when facing the realistic threat (e.g., the economic volatility in the host country environment), multinational firms tend to respond more openly and delegate the control in its subsidiaries by hiring local managers. Our analysis on foreign subsidiaries by Japanese firms in the manufacturing industry largely supports these ideas. (For more information, please contact: Jing yu (Gracy) Yang, University of Sydney, Australia: gracy.yang@sydney.edu.au)

Session: 3.1.10 - Competitive

Cultural Influences in IHRM

Presented On: June 30, 2016 - 09:00-10:15

Chair: Justin Williams, Charles Sturt University

When in Rome, do as the Romans do? Evidence from Taiwan and Canada
Te-Yi Lin, Tatung University
Carol, Yeh-Yun Lin, National Chengchi University

National and organizational culture have been an integral facet of international management research for several decades. Two theoretical perspectives propose different and sometimes conflict thoughts. Institutional theory argues that firms should develop organizational cultures that correspond to external environment to gain competitiveness while resource based view believe that distinct organizational culture is one of firms key resources. The study tries to understand which perspective is more applied in two different countries; one is Eastern and the other is Western. We investigated the value congruence between national cultures and organizational cultures and then examined the relationship between cultural congruence and firm performance for a sample of 173 firms in Taiwan and 373 firms in Canada. The study findings indicate that national cultures influence the development of organizational culture orientations. Additionally, congruence between organizational culture orientations and societal cultural values is associated with enhanced organizational financial performance. The findings imply that institutional theory may be applied more in these two countries. (For more information, please contact: Te-Yi Lin, Tatung University, Taiwan: tylin@ttu.edu.tw)

Localisation of Human Resources: The Interactive Effects of Work Values and Organisational Commitment
Justin Williams, Charles Sturt University
Ramudu Bhanugopan, Charles Sturt University
Brian D'Netto, Curtin University

Despite a surfeit of literature on localization of human resources, few studies previously have explored its relationship with work values and organizational commitment. Drawing from human capital theory, this study
examines the interactive effects of work values and organizational commitment on localization. Our findings from a survey of 200 expatriate managers working in Qatar demonstrated that localization is negatively associated with work values and positively associated with organizational commitment. Furthermore, work values, appears to strongly influence organizational commitment. Implications of these findings and avenues for future research are discussed. (For more information, please contact: Ramudu Bhanugopan, Charles Sturt University, Australia: bramudu@csu.edu.au)

Us and Them: Disentangling Forms of Identification in MNCs
Jennie Sumelius, University of Vaasa
Sofia John, Hanken School of Economics
Kristiina Mäkelä, Aalto University
Davina Vora, State University of New York at New Paltz

Organizational identification, and particularly dual organizational identification, has several benefits that may be particularly important in multinational corporations (MNCs). Drawing upon Vora and Kostova’s (2007) forms of dual organizational identification, we analyze interview data to empirically examine managers’ forms of identification in four Finnish MNCs. Specifically, we develop a method to quantify mentions of “we” and “they” to explore form of identification. Three different forms emerge: “single” denoting identification with only one entity – either the MNC or the subsidiary; “overlapping” denoting identification primarily with one entity, but having some identification with the other; and “dual” where the managers identify with both the MNC and subsidiary. We then examine antecedents of form in terms of why a certain individual has a certain form of identification. We first conduct explorative analysis on different characteristics of the individual employees and then examine three mechanisms through which dual identification develops- membership, values, and interdependence. Our findings suggest that identifying with both entities may be rare, and that at some point individuals may switch from only identifying with one entity to identifying with both. (For more information, please contact: Jennie Sumelius, University of Vaasa, Finland: jennie.sumelius@uva.fi)

Strategic Flexibility and Strategic Human Resource Management on The Strategic Orientation-Firm Performance Relation: The Case of Chinese Enterprises
Yan Gao, Shanghai University of Finance and Economics
Zhao Zhou, Shanghai University of Finance and Economics
Longzeng Wu, Xiameng University

Previous studies on strategic orientations typically examine its impact on organizational performance, without paying sufficient attention on the process of how does the impact occur. This study adds to the research of strategic orientations – organizational performance relations by examining the role of strategic flexibility and strategic human resource management in an emerging economy context. Based on a sample of 188 Chinese companies, the results suggest that strategic flexibility mediates the strategic orientations (i.e. market orientation and entrepreneurial orientation) – performance relationship. Moreover, strategic human resources management positively moderates the relations of strategic orientations (i.e. market orientation and entrepreneurial orientation) and strategic flexibility. (For more information, please contact: Yan Gao, Shanghai University of Finance and Economics, China: yangao@mail.shufe.edu.cn)
Managerial Resources and International Expansion: The Moderating Role of Middle Managers’ Size

Peng-Yu Li, Fu-Jen Catholic University

This paper examines how international experience and the tenure of top management teams (TMTs) moderated by middle manager (MM) size influence firms’ internationalization. Employing information-processing theory to emphasize that middle managers provide information processing capabilities that assist TMTs to cope with the high demands of information-processing in strategic decisions of international markets. We sample 242 listed manufacturing firms in the optoelectronics and textile industries for the 2006-2010 period. The findings indicate an inverted U curvilinear relationship exists between TMT tenure and firms' internationalization. The MM size positively moderates the relationship between TMT international experience and tenure and firms’ internationalization. (For more information, please contact: Peng-Yu Li, Fu-Jen Catholic University, Taiwan: pyli@mail.fju.edu.tw)

SME Internationalization and Resource Allocation Decisions: Empirical Evidences from Case Studies

Adeoye Adegorite, University of Waterloo
Rod B. McNaughton, University of Auckland

In this paper, we empirically examine resource allocation decisions during the process of internationalization of small and medium-sized enterprises (SMEs) from a modern portfolio theory standpoint. We use a multi-site case research to study how four Canadian SMEs in the manufacturing industry allocate resources to entry and expansion in domestic, U.S. and foreign markets. The findings show that resources allocated to these markets influence the corresponding contributions from each market to the overall firm performance and that, the way in which resource allocation trade-offs are decided is largely dependent on the entrepreneurs' attitude to risks. This study contributes to the study of international entrepreneurship by framing the challenge of allocating resources to support markets as a portfolio problem, yielding new theoretic insights and practical recommendations for entrepreneurs about how to make resource allocation decisions. (For more information, please contact: Adeoye Adegorite, University of Waterloo, Canada: aiaadegor@uwaterloo.ca)

Gender and Fear of Failure: A Study of Entrepreneurship in China

Maureen I. Muller-Kahle, Pennsylvania State University
Krista B. Lewellyn, University of Wyoming
Enping Jiang, Pennsylvania State University

This study explores the differences in total entrepreneurial activity between men and women in China. More specifically, we focus on how fear of failure impacts entrepreneurial activity by gender. Using gender theory as our theoretical underpinning, we hypothesize that fear of failure has a greater negative impact on total entrepreneurial activity for females than males. Using the 2009 Global Entrepreneurial Monitor (GEM) data, our multivariate analysis indicates that fear of failure has a greater negative impact on total entrepreneurial activity for females than males in China. Our findings support gender theory whereby females have to overcome many more challenges than males in starting new ventures. (For more information, please contact: Maureen I. Muller-Kahle, Pennsylvania State University, USA: mim10@psu.edu)
UGC is a current phenomenon that impacts business. The objective of this paper is to identify the motivations that drive users to co-create and turn this knowledge into external leverages, which generate value for brands. Understanding the drivers can shape marketing strategies and design different solutions for groups of users who behave differently or have particular motivations. Those drivers can be actionable in different stages of a trip, therefore understanding UGC will enable business to take action during the search process, the actual trip and hotel stay, or even after the trip through different means. (For more information, please contact: Camila dos Anjos Ferraz, Fundação Getulio Vargas - EAESP, Brazil: camila.anjosferraz@gmail.com)

Session: 3.1.12 - Interactive
Track: 11 - Global Strategy, Alliances and Acquisitions

Market Entry and Internationalization: Investment Mode and Ownership Strategies

Presented On: June 30, 2016 - 09:00-10:15

Chair: Timothy Devinney, University of Leeds

Advertising Investment and Stock Return: Evidence from Cross-Listings
Chi-Lin Yang, Chung Yuan Christian University
Chien-Wei Chen, National Chengchi University
Min-Hsien Chiang, National Cheng Kung University

This study uses the attention based view (ABV) to explain the impact of advertising investment of ADR firms. The advertising expenditures can create the intangible investments to influence the attention of investors. In these empirical results, first, we find that the advertising investment can determine the investor’s attention to have the positive stock returns. Secondly, the cross-listing firms from the emerging countries and high-tech cross-listing firms can have the positive performance. Finally, cross-listing firms from emerging countries and high-tech cross-listing firms with more advertising expenditures have the positive impact on stock returns. In particular, the high-tech cross-listing firms from the emerging countries have the positive stock returns through advertising investments. In the managerial implication, we consider that manager should increase advertising investments to build intangible assets and influence the attentions of investors since less asymmetric information. (For more information, please contact: Chi-Lin Yang, Chung Yuan Christian University, Taiwan: clyang@cycu.edu.tw)

Industry Context and Modes of Entry: South African Financial Services MNEs in Africa
Albert Wocke, GIBS Business School
Takura Mudekunye, GIBS Business School

The impact of industry sector differences on mode of entry choice is an under-researched area. The financial services industry has different attributes to resource-based or manufacturing industries that impact on their internationalization process. We add additional insights to how these attributes affect entry mode. We studied four South African financial services companies with extensive operations across Africa and found that the attributes of the financial services industry determined that acquisitions were preferred over greenfields and that high levels of control over subsidiaries were important due to home country regulations and risk management. This has implications for current generalizations and further research directions on modes of entry and studies of EMNEs. (For more information, please contact: Albert Wocke, GIBS Business School, South Africa: wockea@gibs.co.za)
Accelerate or Delay? The Consequences of Big Step Internationalization  
Shu Yu, National University of Singapore

This study tries to extend the internationalization theory by investigating the big step internationalization that is majorly selected by EM MNEs in recent years. I contend that the conventional wisdom does not consider the risk of being a late mover in the face of increased global competition. Using data on Chinese listed firms, I find that big step internationalization in the early stage accelerate the speed of subsequent FDI expansion, and this effect is more salient for firms choose acquisitions as their entry mode and have strong political connections with home country government. However, the board of directors’ international experience negatively moderates this effect. (For more information, please contact: Shu Yu, National University of Singapore, Singapore: yushu@u.nus.edu)

Internationalization Pace: Competition, Experiential Learning and New Market Complexity  
Naomi Gardberg, Baruch College - CUNY  
Xiaoli Yin, Baruch College - CUNY  
Jing Liu, Baruch College - CUNY

Research demonstrates that foreign direct investment decisions, such as internationalization pace, are influenced by competitive dynamics, experiential learning, and host country characteristics. Although some scholars have examined the interdependence of foreign direct entry and exit, we know little about the process determining internationalization pace. We introduce ‘New Market Complexity’ as a measure of the complexity of a set of potential host countries that a firm is considering for FDI. We argue that managers consider the characteristics of different bundles of potential host countries and assess the resources required for entry under conditions of uncertainty and competition as well as experiential learning. Managers will balance pace with complexity such that high levels of host country complexity in an entry set will lead to slower pace. Low levels of host country complexity in an entry set will lead to a faster internationalization pace. Herein, we test a model that examines how the characteristics of a bundle of new host countries influences internationalization pace. We find that new market complexity reduces the effects of both competition and experiential learning on the number of host countries entered in a given year for the largest retailers in the world over a ten-year time span. (For more information, please contact: Naomi Gardberg, Baruch College - CUNY, USA: naomi.gardberg@baruch.cuny.edu)

The Influences of Institutional Distance on the Foreign Ownership Strategy of Emerging Economy Multinationals  
Yang Yang, Beijing Technology & Business University  
Xiaohua Yang, University of San Francisco  
Jonathan P. Allen, University of San Francisco

This study empirically examines the impact of formal and informal institutional distances between host and home countries on EEMs' foreign ownership strategy. We find that formal institutional distances between host and home countries have negative impacts on EEMs’ propensity to engage in international JVs, and informal institutional distances have positive impact on EEMs’ propensity to engage in international JVs. We also find that in the context of the new type-strategic asset-seeking FDI, the relationships between formal and informal institutional distances and EEMs’ propensity to engage in international JVs are differentiated from those of traditional FDI. Our findings provide implications for future research on institutional distance and foreign ownership strategy and the nature of FDI in emerging market context. (For more information, please contact: Yang Yang, Beijing Technology & Business University, China: yangyangseu@126.com)
The Effect of Bank Regulatory Distance on Acquirer Ownership Interest in a Cross-Border Bank Merger and Acquisition: A Transaction Cost and Real Options Analysis

Danielle Renee Jones, University of Illinois at Urbana-Champaign
Nan Zhang, University of Illinois at Urbana-Champaign

We examine the effect of uncertainty on the governance structure that results once a cross-border merger and acquisition (CBMA) is complete by analyzing the equity stake that an acquirer obtains in a target from the transaction cost economics and real options perspectives. Using the commercial banking industry as a context, we proxy environmental uncertainty with bank regulatory distance. We deconstruct bank regulatory distance into eight dimensions that significantly contribute to the variation in cross-national bank regulation and test how these dimensions individually and collectively affect an acquirer’s equity stake. We do not find support for either theory when observing the effect of overall regulatory distance; however, when disaggregating the measure, we find substantial support for both theories’ predictions of governance structure, particularly when considering bank regulations regarding the supervisory authority of external actors. (For more information, please contact: Danielle Renee Jones, University of Illinois at Urbana-Champaign, USA: jonesdr2@gmail.com)

Session: 3.1.13 - Interactive
Track: 12 - International Economics, Finance and Accounting

"Emerging" International Economics

Presented On: June 30, 2016 - 09:00-10:15

Chair: Jeremy Clegg, University of Leeds

An Investigation of Stability Structures of Capital Investments in an Interlock Network of Firms: A Dynamical Perspective

Jaideep Ghosh, Shiv Nadar University
Avinash Kshitij, NISTADS

Assuming the existence of an organization for a well-defined purpose, one is naturally led to ask: Where does it stand in relationship with others of its kind in the domains of business and industrial operations? Organizations, analogous to living entities, depend on one another for their functional effectiveness and future prosperity. Development and growth constitute the primary process in this regard, which is brought about by two primary components of capital investments: Firm-specific investments and investments driven by inter-firm relationships. This process dynamics tells the story of an ongoing struggle for achieving a stable balance between these two components. Using a network approach, this paper investigates the stability conditions in the concurrent dynamics driven by these components in an environment of embedded linkages created through the interlocks of a sample of publicly traded firms in India that operate in supply-chain or allied business-linked modes. Using simulation models structured on a theoretical framework, we show that, while stability attainment is a delicate affair, it is nevertheless possible to stabilize investments by suitable choices of model parameters. Such considerations have important implications for financial investment decisions. Limitations and future research directions are discussed. (For more information, please contact: Jaideep Ghosh, Shiv Nadar University, India: jghosh20770@gmail.com)

Family Ownership and Exchange Rate Exposure: New Evidence from an Emerging Market

Ekta Sikarwar, T.A. Pai Management Institute

This paper provides new evidence on the relationship between family ownership and exchange rate exposure. For a sample of 651 Indian firms over the period from 2001 to 2013, we find a significant non-monotonic cubic relationship. Exchange rate exposure increases with family ownership at low and high levels (as a result of the
entrenchment or expropriation effect) and decreases with family ownership at intermediate levels (as a consequence of the convergence-of-interest or monitoring effect). The study has important theoretical and practical implications. The generality of the findings of this paper can be extended to other emerging markets where family ownership structure is dominant and serves as a major firm level governance mechanism. (For more information, please contact: Ekta Sikarwar, T.A. Pai Management Institute, India: ekta@tapmi.edu.in)

**Empirical Analysis of Association between Derivatives Use and Exposures**
Quang Nguyen, Middlesex University
Trang Kim, Middlesex University

This study assesses the effect of financial derivatives use on different types of exposures on the comparison of domestic firms, MNCs, and foreign affiliates by using unique hand-collected data set of derivatives activities from 881 non-financial firms in eight East Asia countries over the period of 2003-2013. We measure exposure to home (host) country risks, and provide novel evidence that financial hedging of domestic firms and MNCs reduces exposure to home country risks by 11.4% and 13.4% per 1% increase in notional derivative holdings, respectively, while foreign affiliates fail to mitigate exposure to host country risks. The use of foreign currency and interest rate derivatives by domestic firms and MNCs is effective in alleviating firms’ such exposures to varied degrees, but foreign affiliates using derivatives only can lower interest rate exposures. MNCs have the smallest exposures, and MNCs with derivatives activities reduce exposures in largest magnitude as compared to other firms. The financial crisis weakens the effect of derivative usage on exposures, but it is stronger after the crisis than in pre-crisis period. (For more information, please contact: Quang Nguyen, Middlesex University, United Kingdom: quangn@gmail.com)

**Does Shareholder Protection Promote Stock Market Development**
Prabirjit Sarkar, Jadavpur University

The paper uses recently created datasets measuring legal change over time in a sample of 28 developed and emerging economies to test whether the strengthening of shareholder rights in the course of the mid-1990s and 2000s promoted stock market development in those countries. It finds no evidence of a favourable causal effect of shareholder protection on stock market development indicators such as market capitalisation, stock trading and turnover ratio. There is also some evidence of reverse causality – stock market development necessitates changes in shareholder protection regulation. It is also observed that an increase in the stringency of corporate governance rules lead companies to de-list in order to avoid regulation for which they consider themselves ill-suited. (For more information, please contact: Prabirjit Sarkar, Jadavpur University, India: prabirjit@gmail.com)

**Seeking Debt in Foreign Capital Markets: The Farther You Are, the More You Pay**
Jenny Gu, University of Dallas
Igor Filatotchev, Cass Business School
Greg Bell, University of Dallas
Abdul Rasheed, University of Texas at Arlington

Global capital market integration in the last two decades has had a profound impact on the strategies of firms accessing capital resources. Today firms have access to debt markets outside of their country of origin and bond issues in foreign markets are becoming increasingly common. Our study evaluates how distance may contribute to the costs that foreign firms face when raising debt capital abroad. Using a sample of firms raising abroad we find that distance, especially financial and economic distances, does in fact heighten the cost of debt. Our findings underscore how the foreign bond market context offers a rich setting for international business scholars to understand capital raising activities of firms, factors that impact market choice decisions, and how firms can overcome home country disadvantages. (For more information, please contact: Greg Bell, University of Dallas, USA: gbell@udallas.edu)
Non-Expatriates: Repatriates, Self-Initiated and Non-Traditionals

Presented On: June 30, 2016 - 09:00-10:15

Chair: Nakiye A. Boyacigiller, Sabanci University

Burden or Blessing? A Taxonomy of Repatriation Patterns: Evidence from a Longitudinal Study
Jan Sebastian Knocke, University of Erlangen-Nürnberg
Werner Widuckel, University of Erlangen-Nürnberg

In the past 25 years research in international business and HRM management has increasingly focused on repatriation of international assignees. However, to date research has rather been one-sided as extant literature draws mainly the picture of failed assignments and issues to be faced when the assignee returns. In spite of the vast number of publications on repatriation a differentiated perspective on repatriation is missing. The purpose of this study is to fill the research gap by disentangling the field of repatriation into three repatriation dimensions - functional, social and psychological - and to develop a taxonomy of repatriation patterns by conducting a longitudinal study. The results of an online survey among 117 German international assignees reveal that 7 different clusters of expatriates and repatriates may be distinguished. The taxonomy differs significantly among the individual repatriation dimensions and allows to illustrate a more nuanced picture on ways of repatriation. Finally, implications for researchers and practitioners are discussed. (For more information, please contact: Jan Sebastian Knocke, University of Erlangen-Nürnberg, Germany: jan.knocke@fau.de)

Revisiting the Repatriate Knowledge Transfer Model: A Qualitative Confirmation
Joyce Osland, San José State University
Betina Szkudlarek, University of Sydney
Gary Oddou, California State University, San Marcos
Jürgen Deller, Leuphana University of Lueneburg
Norihito Furuya, The Institute of Global Business
Roger Blakeney, University of Houston

Repatriates knowledge is seldom systematically harvested by firms despite the competitive advantage it represents in a global knowledge economy. This qualitative study tests a theoretical model of repatriate knowledge transfer using a multi-country sample of 47 German, Japanese and U.S. repatriates. Repatriate ability and motivation to transfer knowledge and the shared field with the work unit are confirmed empirically. We identify two new variables for inclusion in a revised model - a set of essential knowledge transfer skills and a more nuanced description of personal integrity that, in some cases, drives repatriate motivation to transfer. (For more information, please contact: Joyce Osland, San José State University, USA: joyce.osland@sjsu.edu)

A Perspective of International Repatriation: Using the Data of Repatriates in Japanese Organizations
Yoko Naito, Tokai University

The purpose of this study is to understand multiple aspects of readjustment of repatriates and to identify determinants relating to the readjustment after the return to the home country, to enable multi-national enterprises (MNEs) to utilize the advantages repatriates offer. The study performed a comprehensive analysis of 'repatriation adjustment' and the factors identified were classified by a framework that divides problems and issues into changes occurring over time and changes due to cultural differences. Based on the results of the analysis using 192 data sets of responses from repatriates in Japanese MNEs, I discuss the implications of the findings for the research on repatriation adjustment and management in organizations. (For more information, please contact: Yoko Naito, Tokai University, Japan: yokostart@gmail.com)
Unpacking Differences in Psychological Contracts of Organizational Expatriates and Self-Initiated Expatriates in China

Kate Yue Zhang, Dongbei University of Finance and Economics
Bart Rienties, Open University UK

The current article aims to explore the differences in psychological contract breach and violation for organizational expatriates (OEs) and self-initiated expatriates (SIEs). Mixed methodologies were utilized including a survey covering 52 OEs and SIEs working in China and four follow-up focus group interviews. The findings indicate that organizational expatriates experience significantly lower levels of psychological contract breach and violation than self-initiated expatriates. The triangulation of qualitative data further explained the underpinned reasons. Practical implications are given at the end of the paper. (For more information, please contact: Kate Yue Zhang, Dongbei University of Finance and Economics, China: kyzhang10@gmail.com)

Dancing between Illusion and Reality: Self-Initiated Expatriation of Foreign-Born Bicultural Nationals to Their Country of Origin

Ebru Ipek, Simon Fraser University

This study examines a new and emerging trend, namely, the self-initiated expatriation of skilled foreign-born bicultural individuals to their parents’ country of origin (COO). In this study, I introduce the term “Bicultural Self-initiated Expatriates” (BSIEs) to specify these individuals. These BSIEs could be a strategic asset for organizations, however knowledge is necessary so that BSIEs can exercise their potential to the fullest and organizations use them strategically. Drawing on the principles of Interpretative Phenomenological Analysis for research design and analysis, I conducted interviews with BSIEs from various developed European countries who migrated to their COO Turkey, which serves as context. The findings add to research on self-initiated expatriation and biculturalism alike. I introduce new motivators to move and explain how decisions to move are formed. I discuss the findings under the theme of illusion and reality and discuss both positive and negative effects of biculturalism. I end the paper with implications for research and practice and provide suggestions for future research. (For more information, please contact: Ebru Ipek, Simon Fraser University, Canada: eipek@sfu.ca)

Identity Work as a Process for Palliating Acculturation Cognitive Dissonance: Voluntary Expats in SMEs in Germany

Clive Francis William Flynn, Baden-Wuerttemberg Cooperative State University

Addressing the gap in the literature surrounding the acculturation of expatriates, the research seeks to understand how voluntary expatriates, working in SMEs in Germany, perceive, make sense of and respond to their new cultural context. Implementing an overarching grounded theory approach, semi-structured interviews supported using additional probing questions, were carried out with 19 individuals of mixed ages, genders and backgrounds. Focus groups were used to investigate the theoretical saturation achieved and the substantive grounded theories obtained through the interviews. The narratives obtained were analyzed using a four level inductive analysis framework under implementation of the constant comparative method. This research provides insights into contextual factors affecting individuals’ sensemaking processes and the importance of identity work as a mechanism for palliating the cognitive dissonance perceived in new cultural contexts. Further, a plausible dependency between previous experience accumulated and an individual’s expectations of the current assignment is indicated. (For more information, please contact: Clive Francis William Flynn, Baden-Wuerttemberg Cooperative State University, Germany: clive.flynn@dhwv-vs.de)
Non-Traditional Managers in International Assignments: A Qualitative Case Study
Kowoon Kim, Florida International University
Mary Ann Von Glinow, Florida International University

As a company becomes increasingly globalized, so too does the workforce become more diverse in terms of age, race, gender, religion, sexual orientation, and so forth. Accordingly, managing diversity has emerged as a major issue for international business (IB). Although historically the majority of expatriates have been married males with trailing female spouses and children, there is a growing number of non-traditional expatriates, which include not only non-western and female expatriates, but also those with different family compositions (e.g., single parents, female breadwinners, multi-generational families), sexual orientation (e.g., lesbian, gay, bisexual, transgender) and from different religious groups (e.g., Muslims, Jews, Christians). Notwithstanding their growing importance in international staffing, non-traditional expatriates remain under-researched and thus under-represented in the current cross-cultural management literature. This paper aims to fill this gap by exploring non-traditional expatriates’ international work experiences, with particular focus on Lesbian, Gay, Bisexual and Transgender (LGBT) expatriates, using qualitative in-depth interviews. By analyzing four in-depth clinical cases of LGBT expatriates and identifying the issues they faced in international assignments, this case study allows a better understanding of their particular needs and challenges, with implication for companies that employ non-traditional managers. (For more information, please contact: Kowoon Kim, Florida International University, USA: kkim021@fiu.edu)

Session: 3.1.15 - Interactive
Track: 3 - The Future of the Multinational Enterprise

International Diversification and Expansion Trajectories

Presented On: June 30, 2016 - 09:00-10:15

Chair: Andre Sammartino, University of Melbourne

Paths and Determinants of Firm International Expansion: How does Industry Matter?
Chang Hoon Oh, Simon Fraser University
Minyoung Kim, University of Kansas

To what extent firms change their geographic scope of international expansion? With longitudinal data from 1999 to 2008 for Fortune Global 500 firms, we classified firms into three generic paths of international expansion (upstream, downstream, and balanced) on the basis of their broad industry membership. We then investigated determinants behind the three paths. We found that, within each industry-wide path, firm-specific factors determine the scope of upstream expansion, while country-specific factors shape the scope of downstream expansion. Findings suggest that firms should tailor their capabilities and utilize environmental conditions according to their industry characteristics when expanding their geographic scope. (For more information, please contact: Chang Hoon Oh, Simon Fraser University, Canada: coh@sfu.ca)

Extent, Breadth and Home Region Orientation: Unbundling International Strategy in Family versus Nonfamily Firms
Daniele Cerrato, Università Cattolica del Sacro Cuore
Todd Alessandri, Northeastern University
Kimberly A. Eddleston, Northeastern University

Internationalization offers critical opportunities for firms, but it also involves substantial challenges and uncertainty for firms. Given their unique characteristics and preferences, family firms may pursue internationalization strategies that differ from nonfamily firms. Existing research has explored such differences...
to some extent, with ambiguous conclusions. This study explores the internationalization strategies of family versus nonfamily firms using a multi-dimensional approach. Specifically, we examine the extent, breadth, and home region orientation of internationalization of family firms relative to nonfamily firms. Our core argument is that the unique preferences of family firms will lead them to have lower extent and a narrower breadth of internationalization, and their internationalization activities will be more likely to be concentrated in their home region, as compared to nonfamily firms. In addition, we explore the moderating effects of a key driver of internationalization—organizational slack. We suggest that the cushion slack provides will have a greater effect on family firms, relative to nonfamily firms. We find that family firms do exhibit lower levels of internationalization and lower breadth of internationalization. However, contrary to expectations, family firms tend to expand more outside of the home region than nonfamily firms. In terms of the moderating role of slack, we find that slack does have strong moderating effects on all three of these dimensions, although in some cases, contrary to our arguments. (For more information, please contact: Daniele Cerrato, Università Cattolica del Sacro Cuore, Italy: daniele.cerrato@unicatt.it)

Economic Status, Social Status, and International Diversification in US Law Firms
K. Skylar Powell, Western Washington University
Mooweon Rhee, Yonsei University

Research has often linked firm position in a domestic economic status ranking, often cast as market share, to internationalization. However, socially constructed status may also relate to internationalization. Hence, in this research note we offer the first effort to simultaneously consider relationships between economic status and internationalization, and social status and internationalization. Specifically, we use longitudinal data on large US corporate law firms from 1984 through 2008. We find an inverted U-shaped relationship between economic status, or domestic market share, and rate of internationalization. Additionally, we identify an inverted U-shaped relationship between social status and rate of internationalization. (For more information, please contact: K. Skylar Powell, Western Washington University, USA: skylar.powell@wwu.edu)

How Important Is Regional vs. Global Strategy? An Examination of U.S. Multinationals
Yujin Jeong, American University
Jordan Siegel, University of Michigan

Starting with Rugman and Verbeke (2004), international business scholars have proposed that most large multinational enterprises (MNEs) are not global but rather solely regional. This regional strategy argument, however, has also been criticized for both its conceptualization and its implementation in recent years. What is lacking are clear definitions and comprehensive data on whether the largest MNEs are solely regional and not global in scope. We aim to fill this hole in our understanding by revisiting the definition of what it means to be regional vs. global, by leveraging a rare and comprehensive data set from the U.S. Bureau of Economic Analysis on all U.S. multinational firms, and by delineating regional vs. global scope through both sales and production. We find through these more refined definitions and more robust and reliable data that U.S. multinational firms are significantly more global than previously recognized in the international business literature. (For more information, please contact: Yujin Jeong, American University, USA: yjeong@american.edu)

The Influence of Owner Identify on Firm Internationalization
Jesper Strandskov, University of Southern Denmark
Tage Koed Madsen, University of Southern Denmark
Bent Petersen, Copenhagen Business School

The paper develops an integrative ownership-internationalization model that explores the influences of various owner types (i.e. investor-owned firms, family-owned firms, employee-owned firms, cooperative–owned firms, and state-owned firms) on firm internationalization. Based on a comparative analysis of the various owner types, we discuss how each owner group’s main objectives, risk behavior and provision of resources influence
their internationalization strategies and decisions (i.e. scale, scope and speed decisions). (For more information, please contact: Jesper Strandskov, University of Southern Denmark, Denmark: jst@sam.sdu.dk)

**Multinationality-Performance Relationship: An Assessment of Past Research and Suggestions for the Future**

Amit Karna, Indian Institute of Management, Ahmedabad
Sunil Sharma, Indian Institute of Management, Ahmedabad
Anish Purkayastha, Indian Institute of Management, Ahmedabad

Multinationality and performance (M-P) relationship is one of the most widely studied topics within international business literature. However, there is a need to synthesize the entire theoretical landscape of literature. We undertake a systematic review of M-P literature published in the last one decade, when motivations of internationalization and strategic factors of the M-P relationship have attained centre stage in international strategy literature. We find 111 studies that look at internationalization, its antecedents, performance of internationalized firms, moderators of the M-P relationship. Our focus is to identify theoretical arguments used to explain antecedents of internationalization and moderators in M-P relationship, in order to suggest the future research direction for the field. Our preliminary results suggest that research on international strategy in last decade is dominated by theory testing in the context of developed economies. Our review suggests that majority of the antecedents of internationalization and moderators in the M-P relationship are anchored within institutional theory, organizational structure, resource based view, social capital, and upper echelon theory. We classify the antecedents and moderators based on their theoretical underpinnings not only identifying commonly used theoretical arguments in last 10 years of international strategy research, but also highlighting potential areas for future research. (For more information, please contact: Amit Karna, Indian Institute of Management, Ahmedabad, India: karna@iima.ac.in)

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**Session: 3.2.1 - Special Session**

**2016 JIBS Decade Award**

**Presented On:** June 30, 2016 - 10:45-12:00

Chair: John Cantwell, Rutgers University

A Retrospective on their article by the winners of this year’s JIBS Decade Award - Reconsidering the issues raised in their 2006 JIBS paper on “A quarter century of Culture’s Consequences: a review of empirical research incorporating Hofstede’s cultural

Bradley L. Kirkman, North Carolina State University
Kevin B. Lowe, University of Auckland
Cristina B. Gibson, University of Western Australia

**Discussants and Commentators:**

Kendall Roth, University of South Carolina
Timothy Devinney, University of Leeds

(For more information, please contact: John Cantwell, Rutgers University, USA: cantwell@business.rutgers.edu)
Session: 3.2.2 - Panel


Presented On: June 30, 2016 - 10:45-12:00

Chair: Ashok Som, ESSEC

Panelists:
- Ashok Som, ESSEC
- Derek Lehmberg, North Dakota State University
- Miroslaw Jarosinski, Warsaw School of Economics
- Stephane Justin Gilbert Girod, University of Reading
- Philip Powell, Indiana University
- Mary Teagarden, Thunderbird School of Global Management

The disruption in the sphere of higher education that will occur over the next 25 years will flip the classroom to a certain extent. Flipping the classroom in one sense will benefit greatly from the turmoil and change. With this change Executive Education will never be the same. On one hand cutting-edge way to deliver a dynamic executive education program will gain momentum while on the other the experiential part need to be observed and built with utmost care. The goal of the panel will be to discuss and debate (but not limited to) the following:

(a) Scalability and commoditization: increase access to executive education programs with technology (such as MOOCs and others) while being conscious of uncontrollability and sense-making;
(b) Tools and experiential learning: Managing experiential learning through robustness of idea generation rather than simple delivery;
(c) Business School, Consultants and Corporate Universities: Converging interests of the business school market and that of the consultants thus defining key issues for the next generation executive education especially in international markets;
(d) Perception of use of Executive Education of the future: Is it still used to retention of top talent? Are the Exec. Eds of the future integrating creativity, innovation with leadership and strategy? Is it creating positive KASH (knowledge, attitude, skills and habit)?

(For more information, please contact: Ashok Som, ESSEC, France: som@essec.edu)

Session: 3.2.3 - Competitive
Track: 11 - Global Strategy, Alliances and Acquisitions

Internationalization and MNEs: New Perspectives

Presented On: June 30, 2016 - 10:45-12:00

Chair: Victor Zitian Chen, University of North Carolina at Charlotte

Family Firm Internationalization: Not Just about the Family
- Victor Zitian Chen, University of North Carolina at Charlotte
- Anne Sluhan, Copenhagen Business School
- Bersant Hobdari, Copenhagen Business School
- Franz Kellermanns, University of North Carolina at Charlotte

We argue for an extended principal-principal (PP) perspective by recognizing both the similarities of objectives among large shareholders as a group and their conflicts with other groups of large shareholders. We develop our theory in the context of family-nonfamily shareholder conflicts in large-scaled international acquisitions. We argue that a balanced power influence between family and nonfamily blockholders would cause high family-
The Internationalization of Emerging Economy Firms: Substitution and Location Choice

Linda Rademaker, BI Norwegian Business School
Xavier Martin, Tilburg University

While the international business literature has become increasingly interested in technology-seeking foreign direct investment, little is known about the alternatives to sourcing knowledge abroad. Specifically, it is unclear how domestic strategies influence the propensity of emerging economy firms to invest abroad in search of knowledge. This study examines the ways in which international joint ventures with foreign multinational enterprises in a firm’s host country influence the location choice of emerging economy firms. Using data on inward and outward foreign direct investment in China in the period 1978-2014 we also address the extent to which this relation is influenced by firms’ absorptive capacity and the revealed comparative advantage of the firm’s home country. We find that domestic joint venture experience significantly influences the preference for more technologically advanced host countries and that both firms’ absorptive capacity and domestic industry strength influence the preference for more advanced host countries. Our study thereby contribute to our understanding of emerging market multinational enterprises, the liability of foreignness, and knowledge-seeking foreign direct investment. (For more information, please contact: Linda Rademaker, BI Norwegian Business School, Norway: linda.rademaker@bi.no)

Top Management Team Internationalization and Firm-Level Internationalization: The Moderating Effects of Global Focus and Home Region Institutional Diversity

Niccolò Pisani, University of Amsterdam
Alan Muller, University of Groningen
Paula Roxana Bogatan, University of Amsterdam

A substantial body of international business research has focused on discerning the multi-level factors that determine firms’ level of internationalization. Building on the upper echelon theory, studies pertaining to this stream of research have investigated demographic characteristics of the top management team (TMT) and their specific influence on firms’ international expansion. Previous research has examined TMT international experience, age, tenure and education levels as relevant drivers of firm-level internationalization. While in the recent past few studies have also considered TMT internationalization level in terms of diversity of nationalities represented, such works have primarily focused on its relationship with firm performance and the choice of foreign entry modes. Thus, the association between TMT degree of internationalization and firm-level internationalization has been overlooked in the literature. In this study, we aim to fill this gap and argue that TMT level of internationalization is positively related to firm’s degree of cross-border activities and this relationship is negatively moderated by a global (versus regional) focus and positively moderated by a higher (versus lower) degree of home region institutional diversity. We test and empirically validate our hypotheses by analyzing data from the world’s largest multinationals as ranked in the 2013 Fortune Global 500 list. (For more information, please contact: Niccolò Pisani, University of Amsterdam, Netherlands: n.pisani@uva.nl)
Previous studies on location choices of MNEs have identified regional pattern of MNEs’ foreign expansion (regional aggregation and integration of a MNE’s foreign direct investments) and framed it as “semiglobalization”. We extend this framework to service multinationals and identify three conditions that cause variation in firms’ propensity to develop a semiglobal pattern of internationalization. First, we argue that the extent of semiglobalization is contingent on a type of region a firm operates in. Multinational firms employ semiglobal strategy as a complexity mitigating mechanism to manage their expansion within foreign regions while following a different behavioral pattern within their home region. Second, greater intra-regional diversification (that is, diversification within a region) reinforces the semiglobal pattern of internationalization, as it creates additional options for a firm to develop and sustain region bound firm specific advantages. Third, due to time compression diseconomies inherent in rapid internationalization, speed is negatively associated (i.e., decreases) with semiglobal pattern of expansion. Analysis of a comprehensive dataset of the population of international grocery retailers and their foreign outlet-based expansion over the 2000-2011 period provides support for these conjectures. (For more information, please contact: Oksana Grebinevych, EMLYON Business School, France: grebinevych@em-lyon.com)

Session: 3.2.4 - Panel

**Innovative Approaches to Teaching International Business Online: A View from an Institutional First Mover**

**Presented On:** June 30, 2016 - 10:45-12:00

Chair: Ronaldo Parente, Florida International University

**Panelists:**
- David Wernick, Florida International University
- Ronaldo Parente, Florida International University
- Marc Weinstein, Florida International University
- Jerry Haar, Florida International University

This session will examine the challenges and promise of the online modality from the perspective of one of the pioneers in the U.S. academic online space: Florida International University (FIU). In addition to providing a framework for understanding how instructors can create “presence” in a virtual learning environment, the panel will examine innovative pedagogical approaches to teaching IB courses online. Particular emphasis will be given to reviewing new technological tools and techniques for delivering IB content online, and instructor strategies for making existing online courses richer and more engaging for students. (For more information, please contact: David Wernick, Florida International University, USA: wernick@fiu.edu)
Knowledge-Sharing and Knowledge Transfer

Presented On: June 30, 2016 - 10:45-12:00

Chair: Dana Minbaeva, Copenhagen Business School

Knowledge Absorptive Capacity and Work Motivation: A Study on Project Performance in MNCs Automotive in Thailand
Patchara Popaitoon, Chulalongkorn University
Sujinda Popaitoon, Mahasarakham University

Employee motivation is crucial particularly when individuals must utilize existing knowledge and apply past experience to enhance goals achievement. This research investigates the roles of motivation (intrinsic and extrinsic) on knowledge absorptive capacity (realize and potential) and product development project performance (short and long run) relations. We use data obtained from returned questionnaire survey from project managers in MNC automobiles in Thailand to analyze the relationships. Hierarchical regression analysis results suggest that intrinsic motivation can accelerate the influence of project team’s potential knowledge absorptive capacity on the long run project success and that extrinsic motivation demonstrates its role in service of intrinsic motivation moderating the influence of intrinsic motivation with project outcomes. In doing so, we contribute to knowledge management literature suggesting the condition under which performance impact of knowledge absorptive capacity can be enhanced. Implications for these results are discussed. (For more information, please contact: Patchara Popaitoon, Chulalongkorn University, Thailand: patchara.p@cb.s.chula.ac.th)

Inpatriates as Knowledge Transfer Agents: Abilities, Motivation, and Opportunities
Tassilo Schuster, University Erlangen-Nürnberg
Dirk Holtbrügge, University Erlangen-Nürnberg
Franziska Engelhard, Friedrich-Alexander University Erlangen-Nürnberg, School of Business & Economics

In this study, we analyze how inpatriates ability, motivation and opportunity affect reverse knowledge transfer efforts and which role inpatriate boundary spanning plays in this context. Integrating the ability-motivation-opportunity framework and the literature on boundary spanning we develop six hypotheses and test them against the data of 187 inpatriates in Germany.
This study provides evidence that inpatriates’ abilities negatively affect knowledge transfer efforts, whereas motivation and certain opportunities have a positive impact, thus contradicting previous findings in the expatriate context. These findings contribute to our understanding of the mechanisms through which reverse knowledge flows occur and highlight key requirements of how international staffing practices should be designed. (For more information, please contact: Tassilo Schuster, University Erlangen-Nürnberg, Germany: tassilo.schuster@fau.de)

The Effects of Trust on Information Sharing Across Nations
Yung-Kuei Liang, Tatung University

Multinationals have continuously focused intensely on information sharing across nations to solidify cohesion within their transnational network and then create a source of competitive advantage. However, the relevant literature focuses on this phenomenon mostly from the perspective of expatriates, rather than host country nationals. This study found that when host country nationals perceived expatriates as possessing high task cohesiveness and trustworthiness, their trust of expatriates was stronger, generating more information sharing. Organizational support positively facilitated the relationship between trustworthiness and trust. By contrast, it
negatively moderated the relationship between task cohesiveness and trust. Furthermore, task cohesiveness and trustworthiness directly influenced information sharing but exerted indirect effects on expatriates through the trust of a host country national. (For more information, please contact: Yung-Kuei Liang, Tatung University, Taiwan: wkliang@ttu.edu.tw)

The Transnational Transfer of HRM Practices in MNC: A Sociomaterial Framework Based on the Investigation of Performance Management in China
Vincent Meyer, HEC Paris

Current theories on the transnational transfer of organizational practices contributed to a shift in focus from cultural approaches to institutional and intra-organizational approaches, and from implementation to internalization processes. Drawing from a 10-year in-depth longitudinal case study, we propose four archetypes of HRM practices’ adoption and a sociomaterial definition of the internalization process. By conceptualizing from the standpoint of actors, this research also aims at giving voice to local managers and expands our overall understanding of how innovative organizational practices, especially Performance Management practices, emerge from local units in the Chinese context. (For more information, please contact: Vincent Meyer, HEC Paris, France: vincent.meyer@hec.edu)

Session: 3.2.6 - Competitive
Track: 11 - Global Strategy, Alliances and Acquisitions
Strategies of Emerging Market Firms
Presented On: June 30, 2016 - 10:45-12:00
Chair: Yongsun Paik, Loyola Marymount University

The Link Between Advandtage and Equity in Overseas M&A: From the Perspective of Emerging Multinational Enterprises
Peter Ping Li, Xian Jiaotong-Liverpool University
Xianming Wu, Wuhan University
Weiyun Xie, Wuhan University

What equity choices in overseas acquisitions should be selected by emerging multinational enterprises (EMNEs)? Existing literature does not offer a clear answer to this question. By integrating the perspectives of transaction cost and transaction value, this study focuses on the complex links between the equity choices in overseas mergers and acquisitions (M&A) and both firm-specific and location-specific advantages in the case of EMNEs. We have also investigated the moderating effect of state ownership on the . Based upon the sample of 165 overseas M&As by publicly listed companies in China from 2002 to 2013, we have found that the specific M&As focusing on exploiting EMNEs’ existing competitive advantages tended to involve a higher equity ratio (consistent with the perspective of transaction cost), while those M&As seeking the target firms’ assets to remedy the acquirers’ competitive disadvantages tended to result in more equally shared equities (consistent with the perspective of transaction value). Further, state ownership tended to have a positive moderating effect on equity choices in some scenarios, but not in those M&As seeking key natural resources and key technologies from the host countries. (For more information, please contact: Peter Ping Li, Xian Jiaotong-Liverpool University, China: peter.li@xjtlu.edu.cn)
Cross-Listing and Emerging Economy Firms: Creating Value from Cross-Border Acquisitions
Yinuo Tang, University of Hong Kong
Anupama Phene, George Washington University
Reid Click, George Washington University
Ravi Madhavan, University of Pittsburgh

Our research examines the effects of cross-listing on the cross-border acquisition performance of emerging economy firms (EEFs). We propose that EEFs adopt a strategy of arbitrage by leveraging the financial and legal institutions of a developed country through cross-listing, to address the information asymmetry and uncertainty associated with cross-border acquisitions. The relationship between cross-listing and acquisition performance is strengthened by EEFs’ opacity and resource growth. We test our hypotheses in a sample of 1,635 acquisitions conducted by EEFs. Our results reveal that cross-listing is an effective way for EEFs to enhance the outcomes of strategic actions in the globalized economy. (For more information, please contact: Yinuo Tang, University of Hong Kong, Hong Kong, SAR-PRC: tangyn04@hku.hk)

City-Based Market Potential Analysis to Capture Middle Class Consumers in Emerging Markets
Ilke Kardes, Georgia State University

The international business landscape has transformed in dramatic ways over the past three decades. In particular, the importance of middle class households, concentrated especially in urban areas in emerging markets, is now well-recognized. We propose and demonstrate a systematic approach to urban-based market potential analysis. Based on international market segmentation literature, our key argument is that a more focused market potential analysis, based on middle class households, is superior to an aggregate, country-level market potential analysis. The proposed method highlights specific market potential indicators, especially suitable for middle class analysis. Further, we demonstrate this new approach through a case study. Finally, this manuscript positions itself as a managerial tool. (For more information, please contact: Ilke Kardes, Georgia State University, USA: ikardes@gsu.edu)

From Servant to Master: Power Repositioning of Emerging-Market Companies in Global Value Chains
Pavida Pananond, Thammasat University

I analyze how emerging-market firms upgrade their capabilities. Complementing the upgrading-through-technological capabilities view, I propose a power repositioning argument, whereby local firms improve their power position through taking more control of the chain as part of the upgrading process. In particular, I argue that international expansion toward downstream activities enhances the power position of emerging-market supplier firms in globally integrated buyer-driven industries. This process enables local firms to break away from the low-value added positions within the value chain and to exert more power within the governance structure of global value chains. (For more information, please contact: Pavida Pananond, Thammasat University, Thailand: pavida@tbs.tu.ac.th)


Session: 3.2.7 - Competitive

Global Teams and Virtuality

Presented On: June 30, 2016 - 10:45-12:00

Chair: Peter Magnusson, University of Alabama

Free-Riding in Global Virtual Teams: An Experimental Study of Antecedents and Strategies to Minimize the Problem

Vasyl Taras, University of North Carolina at Greensboro
William Tullar, University of North Carolina at Greensboro
Piers Steel, University of Calgary
Thomas O'Neil, University of Calgary
Matt McLarnon, University of Calgary

Free-riding is a major problem in workgroups, particularly in global virtual teams (GVTs). This study explores mechanisms by which free-riding affects group dynamics and performance in GVTs, and experimentally test several commonly available strategies to alleviate the problem. The study was conducted using 2,163 GVTs composed of 15,453 people from over 40 countries who worked real business challenges presented by international companies. The results confirmed that the damage caused by free-riding is disproportionately higher than the loss in manpower and that a number of strategies implemented before the team starts working on the project and/or after the problem of free-riding occurs can be remarkably effective in preventing and mitigating the problem. Presented here are the initial results of the study. (For more information, please contact: Vasyl Taras, University of North Carolina at Greensboro, USA: v_taras@uncg.edu)

Communication Competence for Global Virtual Teams: Lessons from Collaboration in a Virtual World

Luciara Nardon, Carleton University
Kathryn Aten, Naval Postgraduate School
Taryn Stanko, Cal Poly San Luis Obispo

Rapid technological advances are transforming distributed collaboration and communication practices requiring scholars to revisit the fundamental conclusions of past research regarding how communication technologies may influence practices and outcomes. In this paper we present a grounded, naturalistic field study of a successful open source community collaborating in a virtual world. Virtual worlds have the potential to allow global virtual teams (GVT) to engage in synchronous collaboration of tightly-coupled work. We examined the team’s work practices and analyzed the interactions among community members developing software for a virtual world. We found that successful distributed collaborators adapted their communication behavior in the virtual setting. We identified three communication practices the GVT used to overcome challenges to communication in virtual worlds: articulation of virtual, in-world context; articulation of physical, out-world context; and articulation of action. These practices allowed GVT members to create an assumed mutual representation of context and action, which supported synchronous, tightly-coupled collaboration in a distributed setting. Implications for theory and practice are discussed. (For more information, please contact: Luciara Nardon, Carleton University, Canada: luciara.nardon@carleton.ca)
Not All Diversity Is the Same: A Comparative Study of the Effects of Diversity in Global Virtual Teams

Vasyl Taras, University of North Carolina at Greensboro
Daniel W. Baack, Denver University
Dan Caprar, University of New South Wales
Douglas Dow, University of Melbourne
Fabian Jintae Froese, Georg-August-University Göttingen
Peter Magnusson, University of Alabama
Alfredo Jiménez, Kedge Business School

The modern workplace necessitates international on-line collaboration. The resulting global virtual teams provide many advantages, but they also pose a range of challenges due to the inherent diversity of member backgrounds. While past research has explored the role of diversity in teams, the present study expands on this by focusing on virtual teams and by exploring a much broader range of distance/diversity dimensions. Specifically, we test multiple approaches, both typical and unique, to measuring cultural diversity. The breadth of our data set is unique, as the data were collected as a part of a large academic experiential learning exercise that involved 8,345 EMBA, MBA, and undergraduate business students originally from 134 countries (studying in 44 countries) working together in 1,189 international teams. The reward structure, member interdependence, communication mode, and timing all mimicked those used in the corporate world. The results revealed that diversity clearly affects team performance. National diversity has a positive impact on team effectiveness by increasing the experiences, networks and resource pools of team members. In contrast, individual diversity hinders communication and lowers cohesion and satisfaction with the project. (For more information, please contact: Vasyl Taras, University of North Carolina at Greensboro, USA: v_taras@uncg.edu)

Toward a Process Model of Virtual Acculturation: Examining Identity Mandates in Indian International Call Centers

Diya Das, Bryant University
Prithviraja Chattopadhyay, Hong Kong University of Science and Technology
Ravi Dharwadkar, Syracuse University

This paper develops a process model of virtual acculturation by examining the identity work of employees in Indian international call centers. These employees adopt a virtual persona that is mandated by their organizations in order to interact with their international customers. Our findings show that there are four different acculturation categories that employees adopt that reflect the way they manage their virtual and cultural identities. These categories are determined by their initial ties to their cultural network and the initial valence of their mandated virtual persona; these antecedents lead to differences in the elaboration of virtual identities, experiences of validation of and threat to those virtual identities and emergent forms of identity work that reflect how employees manage their virtual and cultural identities and transition between them daily. We contribute to the literature on acculturation by showing how acculturation works in the context of virtual cross-cultural settings and also by providing a dynamic, process model of acculturation. (For more information, please contact: Diya Das, Bryant University, USA: ddas@bryant.edu)
Disaster Relief, Social Innovation and the Global Commons

Presented On: June 30, 2016 - 10:45-12:00

Chair: Jonathan Doh, Villanova School of Business

Black Swans and the Social Value of Corporate Disaster Giving
Luis Ballesteros, University of Pennsylvania
Michael Useem, University of Pennsylvania

Over 90 percent of the deaths from natural disasters have occurred in low- and middle-income countries, yet more than 85 percent of in-kind and monetary relief coming from business organizations worldwide has gone to high-income economies. From the perspective of social welfare, does this mean an inefficient allocation of economic resources? Is this a failure of the doing well by doing good argument? To assess these empirical questions, we study donations by corporations from 65 countries to the relief and reconstruction fund of 3,115 high-magnitude, low probability disasters that affected the world between 2003 and 2013. We argue and provide evidence that business giving efficiently specializes in black swans, highly unexpected and costly phenomena that maximize the incapacity of the state to cope with the economic hardship. In such contexts, corporate giving acts as a stop-loss mechanism and complements public funding in nations that have been historically deprived of public multilateral aid. (For more information, please contact: Luis Ballesteros, University of Pennsylvania, USA: luisf@wharton.upenn.edu)

Resource Bricolage and Growth of Product and Market Scope in Social Enterprises
Misagh Tasavori, University of Essex
Caleb Kwong, University of Essex
Sarika Pruthi, San Jose State University

This research aims to understand how resource bricolage strategy plays a role in the growth of social enterprises in terms of their product and market. Based on interviews with nine social enterprises, our exploratory finding suggests that social enterprises often employ both internal and network resources in the process of making do. We further explore the relationship between the form of resource utilisation and the nature and scope of the activities that the social enterprises embark upon, and find that only those relying on both internal and network bricolage are able to expand into new markets utilising newly developed products. We also find that social enterprises relying on only internal resources can reach the same point through incremental improvisation, by first moving towards either market expansion or product extension, before then embarking on the other. This research contributes to the social entrepreneurship literature by enhancing our understanding of the relation between resource bricolage strategy and the growth of social enterprises through product/ market scope in a penurious environment. The findings of this research also have implications for social enterprise managers and policy makers in utilising their resources and responding to environmental opportunities and challenges. (For more information, please contact: Sarika Pruthi, San Jose State University, USA: sarika.pruthi@sjsu.edu)

Business and Global Commons: Towards a Polycentric Collective Strategy
Laura Albareda, Deusto Business School
Ruth V. Aguilera, Northeastern University

This paper seeks to develop a conceptual framework for firms to co-manage the global commons. It first identifies the four challenges that global commons face vis a vis other economic goods. The paper studies a
collective strategic approach based on two main logics: collective action and complexity that frame three main dimensions of firm-based collective strategies: (1) two principles: co-management and cooperation, and collective value appropriation; (2) two mechanisms: mitigation and replenishment, and capacity building; and (3) two necessary boundary conditions: social capital, and reciprocity and trust. As a result, collective strategies are built as a polycentric approach. (For more information, please contact: Laura Albareda, Deusto Business School, Spain: laura.albareda@deusto.es)

Session: 3.2.9 - Competitive
Track: 12 - International Economics, Finance and Accounting

International Corporate Governance and Cash Issues

Presented On: June 30, 2016 - 10:45-12:00

Chair: Stewart Miller, University of Texas - San Antonio

Corporate Governance Institutions and Investment-Cash Flow Sensitivity: An International Perspective
Luiz Ricardo Kabbach de Castro, USP-EESC
Henrique Castro Martins, UFRGS-EA
Eduardo Schiehll, HEC Montréal
Paulo Renato Soares Terra, FGV-EAESP

We examine whether country-level governance mechanisms influence the substitutability between internal funds and external financing in a firm’s investment behavior. We argue that a firm’s investment-cash flow sensitivity depends on country-level governance mechanisms that facilitate external monitoring and enforcement of financial contracts, and that such effect is different depending on a country’s level of shareholder protection and creditor rights. Using a sample of 8,573 listed firms from 41 countries over the period 2005-2014, we find that creditor rights and shareholder protection reduces the investment-cash flow sensitivity. Although both country-level governance mechanisms lessens the reliance of firms’ to internal funds by improving information transparency and disclosure as well as mitigating agency conflicts, their effect are even stronger when jointly considered. Our study contributes to the literature by providing evidence on the role of country-level governance on firm-level decision-making. Our findings also contribute to the ongoing discussion about whether firm- and country-level governance mechanisms substitute or complement each other. (For more information, please contact: Paulo Renato Soares Terra, FGV-EAESP, Brazil: paulo.terra@fgv.br)

The Effects of Country and Firm-Level Governance on Cash Management
Halit Gonenc, University of Groningen
Bruce Seifert, Old Dominion University

We examine the effects of both country and firm-level governance on cash holdings and the value of cash during the period 2002–2013. We find that strong country and firm-level governance reduce cash holdings. This finding holds across countries with either high or low country governance scores. We also observe that the value of cash increases with stronger country and firm–level governance. On the other hand, our results from separate regressions for high and low governance countries provide evidence that firm-level governance increases the value of cash only in low governance countries. This finding supports the substitution argument suggesting that in countries with low level country-governance, managerial expropriation is reduced by improving the firm-level governance, which will substitute the weakness of country-level governance. Finally, consistent with the previous literature, we show that the payment of dividends is positively related to the value of cash in both high and low governance countries, but the effect is larger in low governance countries. This finding supports the fact that payment of dividends reduces the amount of cash that could be turned into
private benefits. All of our results are consistent across different proxies of country level governance. *(For more information, please contact: Halit Gonenc, University of Groningen, Netherlands: h.gonenc@rug.nl)*

**Excess Control Rights and the Choice of Subsidiary Location**  
Dirk Michael Boehe, University of Adelaide  
Yishu Fu, Southwestern University of Finance and Economics  
Ron McIver, University of South Australia  
Ralf Zurbruegg, University of Adelaide

We examine whether a wedge between cash flow and voting rights of a firm can influence its choice of subsidiary location as it expands abroad. We postulate that, in the presence of excess control rights, management decision-making may be biased towards subsidiary locations that expose the company to increased regulatory and institutional risk, as these locations provide greater opportunities for controlling shareholders to extract rent from those with cash flow rights. Using a longitudinal database of Chinese firms, covering the period between 2004 and 2013, we show that in the presence of a wedge a preference does exist for subsidiaries to be located in weak institutional environments, providing greater opacity for firm operations. Additionally, we show that for these firms that have a wedge and a high propensity to be involved in tunnelling choose to locate in places with relatively weak legal and regulatory frameworks. Our study contributes to the international business literature by offering a novel explanation for international location choice. Furthermore, we contribute to the literature on excess control rights by showing a different form of minority shareholder expropriation via the firm’s internationalization strategy. *(For more information, please contact: Dirk Michael Boehe, University of Adelaide, Australia: dirk.boehe@adelaide.edu.au)*

**Dividend Catering, Investor Protection, and Sentiment: A Cross-Country Analysis**  
Kihun Kim, Miami University  
Jinho Byun, Ewha Womens University

This study investigates the international presence of dividend catering in different legal regimes in twenty-one countries from 1996 to 2010. Using modified dividend premiums, we find evidence of dividend catering among firms in common law countries, but not among those in civil law countries. Catering in common law countries persists even after controlling for the effect of fundamental variables like profitability, size, and growth opportunities. In civil law countries, cash dividends are less responsive to the value premium of dividend paying firms. However, we find that if taxation penalties on dividends are controlled, firms in common law countries cater to investors only when investor sentiment is negative. Our results suggest that when investors are well protected and negative sentiment is present, they force dividends from managers by placing a high value on dividend paying firms. *(For more information, please contact: Kihun Kim, Miami University, USA: kimk5@miamioh.edu)*

**Session: 3.2.11 - Interactive**

**Consumer Behavior**

**Presented On:** June 30, 2016 - 10:45-12:00

Chair: Hanna Schramm-Klein, University of Siegen

**Does Social Media Really Affect Materialism and Consumer Spending Behavior? A US-Korea Comparison**  
Amonrat Thoumrungroje, Assumption University

Provided a ubiquity of Internet and mobile devices, the role of virtual online social media has become increasingly vital in business and consumer marketing. These changes have undeniably altered life styles and
business conduct. To capture the influences of social media on consumer behavior, this study applied the self-control concept and the theory of reasoned action to conceptualize a model explicating how social media intensity directly influences three consumer spending behaviors: credit overuse, conspicuous consumption, and impulse buying. Furthermore, the role of materialism as a mediator was also explored. The data were collected from American and South Korean consumers, representing two distinctive cultures in terms of degree of individualism, pragmatism and indulgence. Hypotheses were tested by means of multiple-group structural equation modeling. While all hypotheses were supported in the American sample, some were not in the South Korean sample. A discussion on non-significant paths based on a cultural perspective is provided with international marketing implications. (For more information, please contact: Amonrat Thoumrungroje, Assumption University, Thailand: amonnatthm@au.edu)


Arlowa A. Randrianasolo, John Carroll University
Alexey V. Semenov, San Jose State University

Within this paper, we propose a theoretical framework which examines the relationships between an individual’s perceptions of their nation’s identity and how the individual self-identifies as an exemplar of their nation. In doing so, we establish nomological clarity between the terms national identity (a nation’s uniqueness) and national identification (an individual’s identification with a nation). Furthermore, we provide empirical support for a proposed model of how perceptions of national identity influence national identification. Across two studies, we utilize non-student samples from two different markets (the US and India) to examine the proposed framework. The results of our empirical analyses suggest that three dimensions of perceptions of national identity (perception of national heritage, perception of cultural homogeneity, and ethnocentrism) positively influence national identification. These findings provide theoretical and managerial implications pertaining to marketing strategies such as local consumer culture positioning (LCCP) strategies. (For more information, please contact: Arilova A. Randrianasolo, John Carroll University, USA: arandrianasolo@jcu.edu)

A Cross-Cultural Examination of the Impact of Transformation Expectations on Impulse Buying and Conspicuous Consumption

Pattana Boonchoo, Thammasat University
Amonrat Thoumrungroje, Assumption University

Building on expectation states theory, our study proposes a model to investigate cross-cultural differences between eastern (Thai) and western (American) consumers in terms of the relationships between transformation expectations and the behaviors of (1) conspicuous consumption and (2) impulse buying. We operationalized transformation expectations as a second-order construct, consisting of four first-order constructs, namely ‘self-’, ‘relationship’, ‘hedonic’ and ‘efficacy’ transformations. Through a sociological lens, we postulated positive relationships between transformation expectations and the two behavioral constructs. By applying multi-group structural equation analyses, we gained support for our hypotheses. The relationships; however, are stronger in the case of Thai consumers. We also discussed the results and provide implications for international marketers. (For more information, please contact: Pattana Boonchoo, Thammasat University, Thailand: pattana@tbs.tu.ac.th)

A Cross-Border Examination of Consumer Differences in Online Reviewing Behavior

Patrick Barbro, Rowan University
Susan Mudambi, Temple University
David Schuff, Temple University

Multinational firms are routinely providing forums for consumer product discussions as part of their retail websites. The desire to compare consumer responses across country borders motivates an examination of the influence of language and culture on online review content across countries. Building on past research on online
word-of-mouth, we examine the effect of language and country on the volume, star ratings, and helpfulness of customer reviews. The analysis of 32,000 reviews across five country sites of Amazon.com challenges previous assumptions about verbosity differences across high and low context cultures. After correcting for language structure, reviews from high-context countries are not less verbose than reviews in low-context countries. We also find evidence of cultural response biases that affect star rating valence, the likeliness to vote on review helpfulness, and the degree to which reviews are found to be helpful. (For more information, please contact: Patrick Barbro, Rowan University, USA: barbro@rowan.edu)

Examining the Impact of Customer Equity on Customer Loyalty Intentions: Corporate Reputation as the Mediator and Customer Hedonism as the Moderator
  Gen-Yih Liao, Chang Gung University
  I-Chieh Hsu, National Changhua University of Education
  James Oliver Stanworth, National Changhua University of Education
  Hawjeng Chiou, National Taiwan Normal University

The effect of customer equity on loyalty intentions is well articulated in the marketing literature, but equivocal evidence suggests that the causal mechanism requires further investigation. This study examines the effect of corporate reputation on the relationship between customer equity and loyalty intentions. We also consider how individual hedonism influences this relationship. Survey data were collected from 394 customers to a visitor center of product designer and manufacturer. We find that corporate reputation partially mediates the relationship between customer equity and loyalty intentions. Hedonism is found to negatively moderate the relationship between corporate reputation and loyalty intentions. It is found to positively moderate the relationship between customer equity and loyalty intentions. The present study is unique in empirically demonstrating the mediating role of corporate reputation in sustaining loyalty intentions and the moderating role of hedonism. (For more information, please contact: Gen-Yih Liao, Chang Gung University, Taiwan: gyliao@gmail.com)

The Other Side of the Coin: Examining Influence of Cosmopolitanism and Acculturation on Expat Consumer's Propensity to Buy Local Brands
  Srdan Zdravkovic, Bryant University
  Dario Miocevic, University of Split

This study investigates the broader network of relationships around cosmopolitanism construct. Our theoretical reasoning views cosmopolitanism as a crucial antecedent to the expat consumer's level of acculturation within a foreign country environment. According to the findings, expats who exhibit cosmopolitanism traits will have an easier time getting accustomed to the host country environment by the means of learning local language and intensifying social interactions with locals. Our findings also show that a higher level of acculturation increases expat consumer's tendency to buy local brands. The choice of dimensions that comprise acculturation construct makes our findings distinct and extends generalizability of studied relationships. Findings show that when the host and home country retail systems are similar, and when the perceived value of host country brands is higher than those of home country brands, the link between acculturation and propensity to buy a local brand of food product will be stronger. Finally, findings provide evidence of a three-way interaction suggesting that a moderating effect of retail similarity and brand comparison on acculturation-propensity to buy a local brand will be stronger when the level of customer orientation toward local companies is at a higher level. (For more information, please contact: Srdan Zdravkovic, Bryant University, USA: szdravko@bryant.edu)
Influences of Loyalty Program Design on Preferences and Motives for Reward Pursuit: A Cross Cultural Comparison  
Xin Yang, Hang Seng Management College  
Arif Mahmood, Hong Kong Baptist University  
Yu Yang, Hang Seng Management College

Loyalty programs are playing an increasingly important role in developing relationships, stimulating product and service usage, and retaining consumers. Yet, as Wiebenga and Fennis (2013) observe in their recent Journal of Consumer Psychology article, theoretical and managerial insights into how information feedbacks of depicting reward pursuit process affect consumer motivation at various stages of loyalty programs are very limited. A second knowledge gap pertains to the lack of culture-specific insights into loyalty program study (Beck, Chapman, and Palmatier 2015). It is therefore reasonable to expect loyalty program designs to reflect different cultural tendencies, especially since consumers’ value perceptions and choices are known to vary significantly from culture to culture (e.g., Chan, Wan, and Sin 2009; Lalwani and Shavitt 2013; Kim, Kulow, and Kramer 2014). The proposed research addresses these knowledge gaps by demonstrating distinct patterns of consumers’ reward preference and reward motive in loyalty program across cultures. By contrasting reward preference and reward motive of Western, individualist versus Eastern, collectivist consumers, this research reveals theoretical and managerial insights into how consumers from the respective cultures adapt their views to specific features of loyalty programs. (For more information, please contact: Arif Mahmood, Hong Kong Baptist University, Hong Kong, SAR-PRC: amahmood_nsu@yahoo.com)

Tie Strength, Green Expertise, and Interpersonal Influences on Green Purchase Behavior: The Case of Organic Food Consumption in an Emerging Market  
Sheng-Hsiung Chang, Tamkang University

In an emerging economy context, this paper examine the determinants of green consumers’ purchase behavior on organic food by analyzing the impact of word-of mouth effects (i.e. tie strength, sender’s green expertise, receiver’s green expertise), conformity behaviors (i.e. normative interpersonal influence and informational interpersonal influence) on green purchase intention. The authors conducted a quantitative study based on a survey in Taiwan. Data collection was implemented in a convenience sampling method. Through structural equation modelling (SEM) analysis, data was analyzed and the empirical results indicate that tie strength, sender’s green expertise, and receiver’s green expertise has a positive influence on green consumer’s susceptibility to informational interpersonal influences and normative interpersonal influences, separately. In addition, informational interpersonal influences and normative interpersonal influences both has a positive relationship with green purchase intention, which will further positively influence green purchase behavior. Finally, theoretical implications, managerial implications and avenues for future research are addressed. (For more information, please contact: Sheng-Hsiung Chang, Tamkang University, Taiwan: shchang@mail.tku.edu.tw)
Global and Local Knowledge for Innovation

Presented On: June 30, 2016 - 10:45-12:00

Chair: Annique Un, Northeastern University

Subsidiary Strategies for Local Knowledge Sourcing and Protection: The Role of Partner Heterogeneity
Paul Ryan, Trinity College Dublin
Ulf Andersson, Mälardalen University
Alessandra Perri, Ca’ Foscari University
Majella Giblin, Trinity College Dublin

MNEs face a trade-off between the willingness to source knowledge that is embedded in the host-location and the need to protect their own knowledge-based assets from external appropriation. In this paper, we explore how subsidiaries operating in knowledge-based clusters orchestrate their local linkages with both value chain and non-value chain partners to the aim of managing the knowledge imperatives to which they are exposed. Our results show that subsidiaries that are assigned different mandates by the headquarters are likely to establish heterogeneous patterns of interaction with different agents in the host location, as their perception regarding the role these agents may play varies. More specifically, in the presence of fierce competition, when higher spillover risks should compel them to refrain from local interaction, competence-creating subsidiaries do shy away from competitors, but simultaneously pursue their knowledge creation objectives by linking to agents that minimize spillover risks while still offering learning opportunities, such as the local university. This leads us to conclude that spillover risks, by themselves, do not automatically drive the choice to avoid interaction, as subsidiaries are able to differentiate between various types of partners. (For more information, please contact: Paul Ryan, Trinity College Dublin, Ireland: ryanp28@tcd.ie)

Past, Present and Future of Location Choice Research
Naveen Jain, Middlesex University
Tanvi Kothari, San Jose State University

Location decisions assume great significance for both managers and scholars as the choice of overseas location has the potential to either enhance or dissipate firms’ profitability. The aim of the paper is to conduct a critical review of the research articles that have been published on the topic of location determinants since 1975. We analyzed 138 articles published since 1975 until January, 2014 in 17 leading management and international business journals. Our analysis suggests that a vast amount of literature on Foreign Direct Investment (FDI) catalogues a long list of determinants that try to explain FDI by multinational companies in a particular location. However, it is noticeable that the results have, sometimes, been equivocal. Based on our analysis, we attempt to offer a comprehensive theoretical framework and scholarly-stimulating, non-trivial research questions for future studies. (For more information, please contact: Naveen Jain, Middlesex University, United Arab Emirates: n.jain@mdx.ac)

Global Innovation Perspective: Innovating Overseas for Disruption
Muhammad Imran, EMLYON Business School
Gianpaolo Baronchelli, University of Bergamo

The study has analyzed the innovation process in MNCs as knowledge creation and integration between subsidiaries and headquarters. It has proposed the framework of global innovation perspective to explain the global innovation process by emphasizing the importance of subsidiaries. Global innovation perspective installs
subsidiaries as knowledge generating units through disruptive innovations in host markets which can later be transferred to other host and home markets through open innovation. It has discussed the case of Harman International Industries to trace the roots of the international innovation strategy of the company in three pillars of global innovation perspective. It has been concluded that the role of subsidiaries as knowledge generating unit is elevated in the current scenario due to potential of emerging markets to serve as laboratories and emergence of geographically dispersed technology clusters away from MNCs headquarters. (For more information, please contact: Muhammad Imran, EMLYON Business School, France: imran@em-lyon.com)

Connectivity South of the Río Grande: USPTO Patenting and Innovation Patterns in Latin America
Marcelo Cano-Kollmann, Ohio University

We analyze a comprehensive dataset containing all USPTO patents granted between 1976 and 2015, that are connected to Latin America either through firm or inventor location. We find that USPTO patenting activity in Latin America is heavily driven by connectivity to firms and inventors in the United States and to a lesser extent in Western Europe. Innovative cooperation between firms and inventors located in Latin America remains extremely weak. Our findings shed light on little known subject of the patterns of innovation in Latin America, a region that accounts for nearly 8 percent of the world's population and GDP, but a much smaller share of the global innovation output. (For more information, please contact: Marcelo Cano-Kollmann, Ohio University, USA: canokoll@ohio.edu)

Leveraging Serendipitous Personal Ties in the Process of Industry Emergence
Sinead Monaghan, Rutgers University
Ahreum Lee, Temple University

This paper provides a more nuanced perspective on the personal antecedents associated with industry emergence. Drawing upon disaggregated perspectives from economic geography (EG), international business (IB) and organizational sociology, we build a theoretical framework to illustrate how serendipitous social connections can underpin formalized organizational pipelines, which in turn, enable the development of industry based clusters. Two testable propositions are derived from this framework and are explored within a specific case study of the embedded computer vision (ECV) industry. This research provides a more holistic understanding of the genesis and growth of an industry and the relative contribution of personal connections for ‘de novo’ and ‘de alio’ firms. At the same time, it highlights the need for more IB research at the individual level of analysis. (For more information, please contact: Sinead Monaghan, Rutgers University, USA: smonaghan@business.rutgers.edu)

Session: 3.2.13 - Interactive
Track: 7 - MNEs, Governments, and Non-market Strategies

Business-Government Interactions: Extending the Bargaining Perspective

Presented On: June 30, 2016 - 10:45-12:00

Chair: Nan Jia, University of Southern California

Why Governments Expropriate Foreign Property: A View from Business History
Marcelo Bucheli, University of Illinois at Urbana-Champaign
Stephanie Decker, Aston Business School

We argue that policies of expropriation of foreign property reflect governments’ strategies for political survival, as they need to ensure the loyalty of the groups that support them. Depending on the strategy, actions towards
foreign investors range from partial to full expropriations, and from indigenization programs to nationalizations. The idea derives from selectorate theory, on the basis of which we develop a taxonomy that categorizes these coalitions according to which group benefitted: the labor union movement, domestic businesses, or sections of the bureaucracy. We illustrate our hypothesis with cases from Latin America and Africa. (For more information, please contact: Marcelo Bucheli, University of Illinois at Urbana-Champaign, USA: mbucheli@illinois.edu)

Determinants and Impact of Foreign Invested Firms’ Choice of Bribery: An Interactive Approach from Institutional and Resource-Based Perspectives

Linjie Li, Birkbeck College, University of London
Xiaming Liu, Birkbeck College, University of London
Dong Yuan, Peking University

This paper aims to identify the determinants and impact of foreign invested firms’ (FIFs) choice of bribery in corrupt contexts. An analytical framework is built based on the interaction of institutional and resource-based constructs, and tested using firm-level panel data from 2210 FIFs operating in Africa. Our findings indicate that, the heterogeneity of FIF resources and perceived corrupt pressures leads to differing bribery strategies in response to host country corruption, and they then jointly moderate the impact of bribery on FIF performance. In addition to FIFs’ host and home country institutional factors, FIFs’ holding of internationally-recognized quality certification (IQC) reduces FIFs’ willingness to pay bribes. Besides, controlling for FIFs’ perceived pressures of corruption in host countries, FIFs’ home country anti-corruption levels and FIFs’ holding of IQC negatively moderate bribery’s impacts on performance. (For more information, please contact: Linjie Li, Birkbeck College, University of London, United Kingdom: lli06@mail.bbk.ac.uk)

Political Risks and MNCs’ Reference Point on Asset Procurements

Naoki Yasuda, Rikkyo University

Previous studies on political risks in host countries have provided various insights to alleviate such risks for multinational corporations (MNCs) including: (1) creating entry strategies; (2) developing capabilities; and (3) engaging in corporate political activities. However, empirical studies have found both positive and negative effects of political risks regarding MNCs’ investments in host countries. Therefore, this study advances the literature by characterizing political risks in host countries by the idea of a political risk reference point. Using data from the global mining industry, I find that the closer an MNC’s political reference risks are in a host country, the more an MNC invests in the host country, as long as the political risks are lower than the MNC’s political risk reference point. In addition, the findings show that the further an MNC’s political risk reference point and political risks are in a host country, the less it invests in the host country, as long as the political risks are higher than the MNC’s political risk reference point. (For more information, please contact: Naoki Yasuda, Rikkyo University, Japan: naoki.yasuda@rikkyo.ac.jp)

Sanctions and Signals: Home Country Subnational Governments and MNE Divestment from Politically Risky Countries

Ishva Minefee, University of Illinois at Urbana-Champaign
Nathan Jensen, George Washington University

This study focuses on the role of home country subnational governments in MNE divestment from host countries rife with sociopolitical conflict. We contend that subnational governments’ sanctions against MNEs and informational signals to consumers directly and indirectly lead to divestment, respectively. We analyze the divestment decisions of 116 MNEs from the United States operating in Burma between 1995 and 2002. Secondary data are complemented by an original survey experiment focusing on individual consumer reactions to subnational government criticism of MNE operations abroad. We find that divestment occurs when subnational governments force MNEs to choose between conducting business locally and globally. (For more
Dynamic Bargaining Analysis: Applications to Internet Governance

James Francis Nebus, Suffolk University
Carlos Rufin, Suffolk University

Empirical studies of bargaining power can be criticized because they take a static, cross-sectional, view of bargaining. We begin to address this criticism by using a mixed methodology combining qualitative event analysis and quantitative hazard rate analysis to analyze actors’ (e.g. nation-state, MNE, NGO, etc.) sequences of actions and reactions during bargaining in a specific issue area. The research question we answer is: what are the antecedents associated with an actor responding to previous actions from other actors in the bargaining scenario? Our contributions to the bargaining power literature are twofold. One contribution is the method we introduce which analyzes actions occurring at multiple levels (e.g. nation state, institutional, organizational, and individual) and also incorporates environmental factors that influence an actor’s propensity to act, such as the status of actors participating in bargaining, the intensity of their actions, the actor’s desired bargaining outcome, and temporal concentration of actions. Our second contribution is analyzing and explaining bargaining in two previously proposed laws for Internet regulation, ACTA and CISPA. (For more information, please contact: James Francis Nebus, Suffolk University, USA: jnebus@suffolk.edu)

Globalization of Markets for Political Power: The Case of Legal Drafting

Glen Stirling Taylor, California State University, East Bay
Sandy Luong, California State University, East Bay

Firms control resources that are valuable for bargaining in political markets at all levels of government as well as in negotiating transnational agreements. It can be difficult to limit corporate power in a global context where the activities of private firms can have an adverse impact on the quality of governance. Corporate political activity influences elections, policy making, and regulation. We explore the example of legislative drafting as a means of creating government dependence on privately owned firms. We conclude with implications for future research on the prospects of democratic institutions in the face of unchecked corporate political power. (For more information, please contact: Glen Stirling Taylor, California State University, East Bay, USA: glen.taylor@csueastbay.edu)


W. Travis Selmier II, Indiana University

As Chinese banks expand overseas through acquisition and branch establishment, scholars and policy-makers wonder how this expansion will affect governance of the international financial system [IFS], power relationships between China and the rest of the world, and the very culture of Chinese banks and bankers. Because this network expansion is just beginning, we lack empirical data needed to predict those impacts; because the IFS has been Anglo-American in culture and political influence, we are challenged to prognosticate what a cultural shift may bring. But Japanese banks’ network expansion in the 1970s and 1980s provides clues as to the challenges which Chinese banks face in their expansion. Probing the dynamics and politics of Japanese commercial and investment banks’ expansion in the United States during this period offers a lens through which to view challenges facing Chinese banks’ expanding in the United States, and how American banks, state and national governments may react. (For more information, please contact: W. Travis Selmier II, Indiana University, USA: wselmier@indiana.edu)
The purpose of this paper is to provide a literature review of the MNC subsidiary-host government relationship, which is an emerging topic in the field of international business. We conducted a systematic review of 22 articles published in the leading business management journals, and came up with the following suggestions for future studies: a) to integrate a behavioral perspective to an existing economic perspective; b) to include other non-business actors such as NGOs (non-governmental organizations) to develop a network-based framework, c) highlight the dual tension faced by subsidiaries in managing relations with the headquarters and government at the same time, d) conduct more qualitative studies to get a deeper and rich understanding of this phenomena and e) conduct more studies that use subsidiary as the unit of analysis, while also increasing research on emerging markets. (For more information, please contact: Emilene Leite, Uppsala University, Sweden: emilene.leite@fek.uu.se)

Session: 3.2.14 - Interactive
Track: 9 - Emerging Markets: Institutional Voids and Beyond

Business Models and Industries in Emerging Markets

Presented On: June 30, 2016 - 10:45-12:00

Chair: Heather Berry, George Washington University

The Effects of Perceived Stakeholder Pressure In Upstream Oil and Gas Companies: Evidence from Indonesia
Ciska Tobing, University of Indonesia
Firmanzah Firmanzah, University of Indonesia
Tengku E Balqiah, University of Indonesia
Albert Widjaja, University of Indonesia

This study investigates the effects of perceived stakeholder pressure on business sustainable strategy of upstream oil and gas companies in Indonesia. It integrates theoretical perspective of strategic management, stakeholder theory, and corporate sustainability. Of late companies have increasingly paid attention to their stakeholders in developing their sustainability strategy. For multinational companies operating across borders, the dynamic of their stakeholder salience can be varied and contextual. This study empirically shows that perceived local and national stakeholder pressure affect business sustainability strategy of upstream oil and gas companies. This study, however, indicates that perceived international stakeholder pressure does not affect the formulation of the said strategy. (For more information, please contact: Ciska Tobing, University of Indonesia, Indonesia: ciskatobing@yahoo.com)

Analysis of Business Models' Innovation - A Multiple Case Study in Brazilian Industrial Companies
Moema Pereira Nunes, Universidade Feevale
Ana Paola Russo, Pontifical Catholic University of Rio Grande do Sul State - PUCRS

New business models are likely to provide new opportunities to better address customer needs, generating differentiating itself from its competitors. It is a subject little investigated in the international context and there are no studies to investigate the experience of Brazilian companies. This article aims to analyze how the innovation happens in business models in Brazilian industrial companies. We developed a holistic multiple case study in five companies. Data were collected through interviews and analyzed according to the content analysis technique. The main motivation to innovate in business models was the innovation in products and services, while the difficulties were the factors relating to the cost. The most common practice among cases was
innovation in value proposition and the most widely used method was learning-by-searching. While part of the theory was demonstrated in the case studies, new motivations and practices were identified. The investigation of the learning process on innovation in business models pioneered in this study. Further studies on this subject are required. (For more information, please contact: Moema Pereira Nunes, Universidade Favele, Brazil: moemanunes@hotmail.com)

Mobile Money Around the World: International Business Models, Institutional Voids, and Spillovers
Saul Estrin, London School of Economics
Susanna Khavul, University of Texas at Arlington
Adeline Pelletier, IE Business School

Relying on the literature on transaction cost and on the concept of business model as used in the strategy literature (Amit and Zott, 2001, 2008; Teece, 2010, Markides, 2015) we examine how the institutional and economic host environment affect differently the ability of banks and telecoms to create value in the mobile payment space. Using data from the GSMA which tracks mobile payment deployment around the world we find that banks are more likely to launch mobile payment services in low-corruption economies, while telecom groups favour countries with weak legal rights and lower availability of credit information. This is consistent with telecom groups being pioneers in the MPS ecosystem, with a “transformative” model. However, our analyses also suggest that banks, rather than telecoms, may generate more spillovers on the local economy via their ability to offer a large variety of products associated with their mobile payment services. These products help formalize previously informal transactions and increase the rate at which money is exchanged from one transaction to. We conclude that environmental factors will interact with business models to determine the path of diffusion of a new innovation and its impact on the local economy.

(For more information, please contact: Saul Estrin, London School of Economics, Australia: s.estrin@lse.ac.uk)

Hybrid Models as Strategic Opportunity? The Global Challenge of Business Service Providers in Africa
Stephan Manning, University of Massachusetts Boston
Chacko George Kannothra, University of Massachusetts Boston
Nichole K Wissman-Weber, University of Massachusetts Boston

This study contributes to research on catch-up strategies of firms in Africa by examining the strategic potential of hybrid business models which balance market profitability with social impact. We investigate the potential of hybrid models in the increasingly important global outsourcing sector for the case of ‘impact sourcing’ – hiring and training of disadvantaged youth for providing business services to global clients. Based on field studies in Kenya and South Africa, we find that while regular outsourcing firms struggle to compete with global peers, impact sourcing service providers have managed to access underutilized labor markets and co-develop a market niche in response to increasing client interest in socially responsible outsourcing. Findings have important implications for research on late-comer economies, hybrid models and the outsourcing sector.

(For more information, please contact: Chacko George Kannothra, University of Massachusetts Boston, USA: chacko.kannothra@umb.edu)

Competitiveness of South African Firms - New Theory or New Application?
Robert Grosse, Thunderbird School of Global Management
Albert Wocke, GIBS Business School

Firms from emerging markets tend to compete based on many of the same competitive advantages (CAs) as firms from the Triad countries, with some noteworthy differences. This paper explores the characteristics of large South African firms that enable them to compete successfully in domestic and international competition. We argue that firms first compete domestically based on traditional CAs; then they go overseas and succeed based on 3 particular strengths. Factors that help explain competitiveness/performance include: company
size(+), company age(-/+), family ownership(-), international sales(+), and sectoral diversification(-). Case studies and analysis of the 250 largest non-resource companies from South Africa support four of the five argued sources of competitive advantage. Then three case studies of Standard Bank, MTN, and Shoprite offer examples of the international competitiveness of large South African companies, based notably on their customer relationship management, domination of distribution channels, and ability to operate in African markets more nimbly than US or EU rivals. (For more information, please contact: Robert Grosse, Thunderbird School of Global Management, USA: grosser@global.t-bird.edu)

The Corporate Reputation Signal in the High Risk Setting of Emerging Markets: How Does It Lead to Product Brand Equity and How Can We Enhance Its Strength?

Martin Heinberg, University of Duisburg-Essen
H. Erkan Ozkaya, Cal Poly Pomona
Markus Taube, University of Duisburg-Essen

Using an emerging market as a natural laboratory to provide a high risk context setting, this study employs signalling theory to explain how corporate reputation leads to product brand equity. We also provide strategic tools that strengthen this relationship. More specifically, we introduce a theoretical model based on signalling theory that explains how unintentional corporate reputation signals affect intentional corporate image signals which are interpreted by consumers and in turn create product brand value. The interpretation of these signals then generates a consumer feedback in the form of brand equity. We also examine factors (corporate brand visibility, product trust, and distribution intensity) that enhance these relationships. The model is robust for global, local and mixed brands. The results indicate that corporate reputation improves product brand equity and this relationship occurs through corporate image and product brand value. This relationship is stronger when the corporate brand is visible to consumers. The results also indicate that distribution intensity increases the effect of corporate image on product brand value. Lastly, product brand value improves product brand equity more when consumers trust the brand. (For more information, please contact: Martin Heinberg, University of Duisburg-Essen, Germany: martin.heinberg@uni-due.de)

The Heterogeneity of Emerging Countries: Dual Economies and MNE Activity

Rajneesh Narula, University of Reading
Kristin Brandl, University of Reading

Applying Arthur Lewis’ seminal work on development and the duality of economic structure, we argue that emerging economies are the ultimate dual economies. This argument reflects itself in two largely different sets of location advantages that are evident in these economies; they are simultaneously home to both, ‘traditional’ sectors (resource- and labour-intensive) and ‘modern’ sectors (knowledge- and capital-intensive). Although, the two sectors can and do overlap, they tend to be spatially and institutionally disconnected. This bipolarity extends to location advantages and shapes economic actors that dominate each landscape and their firm-specific advantages. As a consequence this underlying duality shapes the internationalization patterns of EMNEs and can affect their long-term competitiveness. (For more information, please contact: Kristin Brandl, University of Reading, United Kingdom: k.brandl@henley.ac.uk)

The Effect of Industry Concentration on the Relationship between Institutions and Firm Performance

David Kallas, INSPER
Vlamir Xavier, UNISUL & Eastern New Mexico University
Carlos Caldeira, INSPER & FGV/EAESP
Rodrigo Bandeira de Mello, FGV-EAESP

We propose that industry concentration moderates the relationship between institutions and firm performance. It is already known that institutions matter and that, based on transaction costs economics, promarket reforms positively affect firms’ profitability in emerging countries. To test this, we built a database of 230,222
observations of 10,903 companies in 64 countries from 1990 until 2012. Regressions tested the interaction
between the Herfindahl-Hirschman Index (HHI) and six institutional variables, considering three dependent
variables: ROA, ROE and 3-year compound annual sales growth rate. We ran fixed effects and hierarchical
models. Results confirmed our hypothesis and were significant for the negative interaction between HHI and
four institutional variables: voice and accountability; governance effectiveness; regulatory quality; and control of
corruption. Industry concentration moderates the effect of institutions on firm performance. The influence is
clearer on informal institutions, such as democracy protection, consumer rights and control of corruption. We
then argue that strategies of expansion within the industry, for example, market share dominance, mergers and
acquisitions, and growth may fit better into weak institutional contexts. (For more information, please contact:
Wlamir Xavier, UNISUL & Eastern New Mexico University, USA: wlamirxavier@gmail.com)

Session: 3.2.15 - Interactive
Track: 6 - Institutions and Innovation

Institution, Internationalization and Integration

Presented On: June 30, 2016 - 10:45-12:00

Chair: Heechun Kim, Georgia State University

Substitutive or Synergistic? Inward and Outward Internationalization in Emerging Market Firms
Jianxun Chen, University of International Business and Economics
Jing yu (Gracy) Yang, University of Sydney

Drawing on the organizational learning literature on exploration and exploitation, we characterize inward
internationalization as exploitation and outward internationalization as exploration. Considering that emerging
market firms (EMFs) often pursue inward and outward internationalization simultaneously, we propose that the
joint effects between the inward and outward internationalization can be different for different types of firm
performance. Based on a surveyed sample with 110 Chinese firms, we showed that inward and outward
internationalization interact to yield a synergistic effect on innovation performance, but a substitutive effect on
operational performance. (For more information, please contact: Jing yu (Gracy) Yang, University of Sydney,
Australia: gracy.yang@sydney.edu.au)

Entrepreneurial Activity and Global Economic Integration: Propositions and Future Research
Charles E. Bryant, Florida Institute of Technology
Rajshekhar Javalgi, Cleveland State University

Globalization involves the interaction among businesses, services, governments, and societies beyond national
borders. While it has economic, social, and political impacts, it is a nations’ economic growth that is
overwhelmingly cited as the incentive for increasing globalization. As a result, there has been a substantial
increase in the flow of foreign direct investment, international trade in goods and services, and the economic
interdependence of the nations of the world. Simultaneously, the role of entrepreneurial activity and its role in
the economic development of a nation, especially the role it plays in developing a globally integrated economy
has seen a marked increase in the research literature. This paper proposes an examination of the relationship
between various types of entrepreneurial activity and the global economic integration (GEI) of a nation. Based
on existing literature and empirical studies, and building on the theories of foreign direct investment and
entrepreneurship, we set forth propositions that indicate that not all entrepreneurial activity has the same effect
on a nations economic growth. Indeed, we propose that it is not sufficient to analyze total entrepreneurial
activity (TEA) as an antecedent to global economic integration, without analyzing the motivations for
entrepreneurial activity. In this paper, we propose that (1) only opportunity-motivated entrepreneurial activity
will be significant in increasing a nations level of global economic integration: (2) That necessity-motivated
entrepreneurship will be found to decrease the level of global economic integration of a nation. The findings of
the study will help to deepen our understanding of GEI and have practical implications for countries in terms
developing the right kinds of entrepreneurial infrastructure as well as incenting the right types of
entrepreneurial activity. (For more information, please contact: Charles E. Bryant, Florida Institute of
Technology, USA: chuckbryant@mac.com)

How Do Manufacturing Firms in Emerging Economies become Exporters?
Yong Ju Shim, FGV-EAESP
Paulo Roberto Arvate, FGV-EAESP

This paper aims to clarify the mechanisms by which manufacturing firms in emerging economies become
exporters through the lens of the resource-based view and the institution-based view. We find that in an
emerging economy, a manufacturing firm’s research and development capability and government support are
positively related to the firm’s export performance mediated by technological innovation and willingness to
export. Path analysis, using a sample of 140 manufacturing firms from four major emerging economies (Brazil,
Russia, India, and China), empirically supports our model. (For more information, please contact: Yong Ju Shim,
FGV-EAESP, Brazil: morangoum@naver.com)

External Environment, Firm Capability and Cross-Border Collaboration
Na Ma, Tsinghua University
Rui Wu, Tsinghua University
Donghong Li, Tsinghua University
Weiku Wu, Tsinghua University

In this study, we constructed an integrated framework of how multidimensional external environment, including
operation-related environment and innovation-related environment, affect the cross-border collaboration.
Drawing from escape view and leverage view correspondently, we argued the operational-related environment
negatively affects firm’s cross-border collaboration and innovation-related environment has a positive
relationship with cross-border collaboration. Furthermore, we studied moderating effects of internal factors. We
argued that firm’s market capability weakens the negative effect due to less dependence and strengthens the
innovation-related environment due to stronger confidence. The technology capability weakens the negative
effect of operational-related environment and the positive effect of innovation-related environment. Upon
analyzing cross-border collaborative innovation of Chinese manufacturing firms between 2003 and 2007. Most
of our hypotheses were significantly supported except the moderating effects of market capability. (For more
information, please contact: Na Ma, Tsinghua University, China: man.11@sem.tsinghua.edu.cn)

Capability, Process, and Involvement: The C-P-I Paradigm of International Diversification
Chuandi Jiang, Saint Louis University
Nitish Singh, Saint Louis University

International diversification is initially positive but eventually negative related to firm performance. The paradox
of mixed results remains unreconciled. Previous studies defined international diversification based on various
research scopes and viewed it as a unidimensional concept. To provide a comprehensive understanding and
capture the multidimensionality of this concept, this study reviews the popular definitions of international
divarication with a content analysis, and identifies three latent dimensions, which are capability, process, and
involvement. We propose a C-P-I paradigm, specifying the role of capability, process, and involvement in
process of internationalization, and explaining the sequentially interrelated relationships based on the resources
dependency theory and institutional theory. These relationships suggest that firms’ capability is the essential
prerequisite for international diversification, along with the process, and the involvement between firms and
their external cross border environments is intensified. In international business (IB) field, this paradigm can
lead to theoretical development and advanced measurement methodologies in the study of firms’ international
diversification and internationalization by unfolding the inner mechanism among three dimensions. Implications for conceptual understanding and empirical measurement of international diversification based on this paradigm are discussed. (For more information, please contact: Chuandi Jiang, Saint Louis University, USA: chuandijiang@slu.edu)

Anglo-Saxon Imperialism Revisited: An Integrated Model of UK Higher Education Internationalisation
Christos Antoniou, University of Leeds
Victoria Lindsay, British University of Egypt

We take a multidisciplinary approach mapping the models used by UK HE institutions against established international business foreign market entry strategies. We review the conditions in host markets that facilitate market entry and consider how these will determine foreign market entry strategy. We specifically consider four macro environmental factors: a) the existence of a market, b) the adherence to supranational institutions and the harmonisation of national legislation, c) the convergence of the home and host cultures as manifested by the appeal of UK degrees with the local population and d) the penetration of technology. These four factors and the models used for exporting UK HE are mapped against market entry strategies. We suggest a conceptual framework that can explain past UK HE institutions entry choice and can predict future one. We conclude by exploring the key areas of emerging interest; the differences in the franchise model, the extent to which Greenfield sites differ and the lack of Brownfield activity within the current environment. (For more information, please contact: Christos Antoniou, University of Leeds, United Kingdom: ca@lubs.leeds.ac.uk)

Session: 3.3.1 - Special Session

Peter J. Buckley and Mark Casson AIB Dissertation Award Presentations

Presented On: June 30, 2016 - 13:00-14:15
Chair: Sumit K. Kundu, Florida International University

Influence of Institutional and Geographical Factors on the Openness and Dispersion of Knowledge-Sourcing Practices (Ph.D. Awarded by Temple University)
Marcelo Cano-Kollmann, Ohio University

This dissertation consists of three essays examining the influence of contextual factors on the patterns of knowledge-sourcing of firms. I argue that both the institutional framework and the geographical location exert an influence in the way firms search for innovative knowledge outside of their own boundaries and across geographical distances. The first essay explores the influence of location in a peripheral region on the patterns of collaboration for innovation. The second essay focuses on the effect of specific public policies on the characteristics of innovation practices. The third essay studies the changes in the patterns of innovation after a change of ownership produced by the privatization of formerly state-owned companies. (For more information, please contact: Marcelo Cano-Kollmann, Ohio University, USA: canokoll@ohio.edu)

Heterogeneous Implementation of CSR in an MNE: the Role of Subsidiaries’ Institutional Contexts and Behaviors (Ph.D. Awarded by HEC Paris)
Anne Jacqueminet, Bocconi University

The main objective of this dissertation is to explain heterogeneity in conformity within multinational enterprises (MNEs). More specifically, I focus on what makes an MNE’s subsidiaries implement practices that are consistent with the policy designed by the MNE’s headquarters. Given the increasing normative pressures on MNEs, managing conformity within them is of strategic importance. Corporate social responsibility (CSR) is an example
of such mounting norms. This dissertation work relies on a unique set of data (including surveys, archival data and interviews) I collected on CSR practices in one MNE between 2012 and 2014. The first essay (chapter 2) looks at the influence of the subsidiaries’ attention to CSR-related demands from inside and outside the MNE on their CSR practices implementation. The results suggest that subsidiaries increase their level of attention to certain demands in response to the norm conformity of their internal peers—other subsidiaries—and external peers—local rivals. These different levels of attention to internal and external demands further result in varying implementation levels among subsidiaries. In my second essay (chapter 3), I propose a model of subsidiary conformity that brings together arguments related to the top-down enforcement of the corporate policy and the pressures for conformity from intra-organizational peers and emphasizes the role of subsidiaries’ internalization of the policy. Of particular interest is the finding that internalization not only fosters subsidiary conformity but also reduces the positive effects of headquarters’ and peers’ influence on conformity. And in the third essay (chapter 4), I study how the practices’ characteristics and institutionalization stage influence their tendency to be either coupled or decoupled from the corporate policy. I find that for specific practices, periods of coupling and decoupling follow each other. In addition, the institutionalization of an issue in both the subsidiary’s country and industry is necessary for coupling to last while and practices’ lack of compatibility with a subsidiary’s values is the main driver of sustained decoupling. Overall, the findings of my three essays show that heterogeneous conformity within MNEs stems not only from diverse internal and external pressures exerted on subsidiaries, but also from (1) the subsidiaries’ varying levels of attention to normative demands that depend on peers’ behaviors, (2) their heterogeneous internalization of the Group policy which reduces peers’ and headquarters’ influence and (3) the specific characteristics and institutionalization levels of different practices. (For more information, please contact: Anne Jacqueminet, Bocconi University, Italy: anne.jacqueminet@unibocconi.it)

Influences on Transfer Effectiveness: An Exploratory Study of Headquarters Transfer of Capabilities to Subunits in the Multinational Corporation (Ph.D. Awarded by Uppsala University)
Olof Lindahl, Uppsala University

This thesis investigates the phenomenon of headquarters-subunits transfer of capabilities in multinational corporations by unpacking novel influences on transfer effectiveness. Using an in-depth exploratory multiple-case study, it investigates influences on effectiveness in headquarters transfer of the same capability to 18 innovation projects across Volvo Construction Equipment’s global organization. On the basis of 100 interviews with headquarters managers responsible for the transfers and innovation project members that receive them, a number of novel influences to transfer effectiveness are identified and analyzed. The exploratory research design has allowed this study to contribute to theory with several novel influences on effectiveness in headquarters transfer of capabilities to subunits in the MNC. This contribution, in turn, has important theoretical implications for the standardization of innovation activities in firms with a global footprint. (For more information, please contact: Olof Lindahl, Uppsala University, Sweden: olof.lindahl@fek.uu.se)

Guro Refsum Sanden, Copenhagen Business School

Situated at the intersection of sociolinguistics and international business and management studies, this PhD project focuses on language management in two different industry sectors, namely the financial service sector and the manufacturing sector. Employing a multiple case study design consisting of two matched pair cases, the study examines the means by which language is managed, i.e. language management tools, in the two financial service companies Nordea and Saxo Bank and the two manufacturing companies Grundfos and ECCO. The contribution of the thesis lies in capturing the effect of industry sectors on corporate language management – a level of analysis which has largely been overlooked in previous research. (For more information, please contact: Guro Refsum Sanden, Copenhagen Business School, Denmark: grs.ibc@cbs.dk)
Innovative Organizational Forms in Multinational Business: Are They the Future of the MNE?

Presented On: June 30, 2016 - 13:00-14:15

Chair: Geoffrey Jones, Harvard Business School
Discussant: Peter J. Buckley, University of Leeds

Panelists:
Jean-Francois Hennart, Tilburg University
Teresa da Silva Lopes, University of York
Karl Sauvant, Columbia University

The aim of this Panel is to bring together distinguished scholars in the field of international business and business history to discuss new forms of multinational enterprise and whether they are not re-encarnations of old forms. Professor Peter Buckley (as discussant), Professor Jean-François Hennart, Professor Teresa da Silva Lopes, and Professor Karl Sauvant will provide their insights and provocative thoughts and evidence on the future and the past of the multinational enterprise. In the past three decades, researchers in international business history have pointed out the lack of explanatory power of existing theories in international business to clarify why certain unconventional governance structures exist (Wilkins, 1986, 1988, 1998; Jones, 1996, 2000). Many firms set up operations in foreign markets following patterns of internationalisation distinct from those discussed in international business theory, which assume that in order for foreign direct investment to take place there needs to be majority control and ownership of operations (Buckley and Casson, 1976, 2009). Examples of such unconventional governance structures include free-standing firms, chartered trading companies, network organizations, business groups, born global firms, cartels, and firms with ‘ring-type’ organizational structures and ‘cloaked’ governance arrangements. The increasing number of firms with unconventional governance structures which fall outside the ‘box’ of foreign direct investors has raised concerns about the reliability of statistics on foreign direct investment. The panel will provide a discussion prompted by these worldwide renowned academics on the opportunities for and obstacles to convergence among different disciplinary standpoints and empirical approaches, in particular International Business and Business History, in order to strengthen future lines of International Business research and policy recommendations. (For more information, please contact: Geoffrey Jones, Harvard Business School, USA: gjones@hbs.edu)

Quantitative Analysis in IB: Doing It Well

Presented On: June 30, 2016 - 13:00-14:15

Chair: Elizabeth Rose, University of Otago

Panelists:
Elizabeth Rose, University of Otago
Alvaro Cuervo Cazurra, Northeastern University
Timothy Devinney, University of Leeds
Rebecca Reuber, University of Toronto

One of the great strengths of IB research is the richness of the data that we use. Many IB researchers put tremendous time and effort into collecting interesting and unique datasets – both quantitative and qualitative –
that offer the potential of developing deep insights into the myriad of managerial decisions that underpin organizations' cross-border activities. While these data represent an extremely valuable resource for the development of knowledge in the field, there remains real scope for improvement in how IB researchers utilize the data. This session will focus on quantitative research in IB – doing the analysis well and communicating the results clearly, accurately, and effectively. (For more information, please contact: Elizabeth Rose, University of Otago, New Zealand: elizabeth.rose@otago.ac.nz)

Session: 3.3.4 - Panel

An Expat Is an Expat Is an Expat? Exploring the Diversity of Global Work Experiences

Presented On: June 30, 2016 - 13:00-14:15

Chairs: Mila Lazarova, Simon Fraser University and Mihaela Dimitrova, Oakland University
Discussant: Margaret Shaffer, University of Wisconsin, Milwaukee

Panelists:
Maike Andresen, University of Bamberg
Ebru Ipek, Simon Fraser University
Fabian Jintae Froese, Georg-August-University Göttingen

Research on global mobility has offered a steady stream of papers on expatriates and expatriation but has not fully reflected the changes in the broader expatriation landscape that have occurred over the past two decades. Notably, although traditional expatriation is still alive and well, alternate forms of global mobility have emerged or have intensified, offering a diverse portfolio of "global work experiences." Researchers have taken note of this development but the majority of studies still focus on traditional expatriation. The aim of the proposed panel is to bring together a group of expert scholars to chart new research directions that reflect the diversity of global work experiences. To do so, the panel adopts a two-phase approach. First, we will hold three concurrent roundtable discussions, each addressing a particular theme associated with different types of global work experiences. The roundtable discussions will be summarized by one of the panelists on each table and all themes will be subsequently drawn together by our discussant. The second phase will consist of a general discussion on issues emerging from the roundtable debates, and the opportunities and challenges presented by researching the ever-expanding gamut of various mobility types. (For more information, please contact: Mila Lazarova, Simon Fraser University, Canada: mbl@sfu.ca)

Session: 3.3.5 - Competitive
Track: 11 - Global Strategy, Alliances and Acquisitions

Foreign Ownership Decision

Presented On: June 30, 2016 - 13:00-14:15

Chair: Ilya Cuypers, Singapore Management University

Getting It Right: Experience, Vicarious Learning and Ownership (Mis)Alignment
Ilya Cuypers, Singapore Management University
Xavier Martin, Tilburg University

We examine under what conditions firms will be more or less likely to select appropriate equity stakes in new international subsidiaries, given the uncertainty in the environment surrounding the subsidiary. We theorize that
these decisions are contingent on the source and type of experience the firm had with setting equity stakes in previous subsidiaries. We predict a momentum effect of experience forming joint venture and wholly owned subsidiaries. Furthermore, we propose that this momentum effect is moderated by the effects of vicarious learning. Using a sample of 361 Japanese-foreign subsidiaries established in 28 host countries, we find support for our predictions. Overall, our theory and results improve the understanding of the antecedents of initial ownership misalignment in foreign subsidiaries. We elaborate implications for researchers and for practitioners. (For more information, please contact: Ilya Cuypers, Singapore Management University, Singapore: ilyacuypers@smu.edu.sg)

The Context of Learning from Experience: A Meta-Analysis of the Relationship between International Experience and Ownership Strategy

Ryan Tang, University of South Australia

This study investigates the context in which firms’ ownership strategy may be affected by their international experience (the E-S relationship) when entering an international market. Based on a statistical synthesis of theoretical insights accumulated in a large body of literature, this study integrates multilevel contingencies and examines moderator effects at firm, industry, and country levels. With models tested by 104 samples across 91,351 firms, this meta-analysis finds empirical evidence supporting theoretical predictions that are: the E-S relationship depends on firm size, sources of experiential knowledge, diversification of business, and entries between developed countries, but not entries from developed to developing countries. In particular, these moderator effects are equally important to the E-S relationship. These findings provide critical implications on the conditional settings of experiential learning. This study, therefore, makes theoretical contributions by demonstrating mechanisms of experiential learning and confirming multiple contingencies on learning from experience in an international business setting. (For more information, please contact: Ryan Tang, University of South Australia, Australia: ryan.tang@unisa.edu.au)

Competing and Cooperating Globally: How Firms' Multimarket Contact Relates to Joint Price Elevation in Coopetition Networks

Yu-Ching Chiao, National Chung Hsing University
Chun-Chien Lin, National Chung Hsing University
Yu-Chen Liu, National Chung Hsing University

The purpose of this study is to extend prior research on the mutual forbearance concept, the notion that firms’ simultaneous engagement in multiple markets deters aggressive competition between the rivals. We explore how multimarket contact affects a focal firm’s actions to elevate prices jointly, with related variables from both cooperative and competitive networks as the contingency factors. Our research expands the literature through three key findings. First, it demonstrates that the greater the extent of a firm’s multimarket contact, the more actions it will take to jointly elevate prices. Second, a higher degree of indicators of structural holes enhances the relationship between focal firm multimarket contact and jointly elevating prices. Third, the greater the level of competitive in-degree centrality, the weaker the relationship between focal firm multimarket contact and jointly elevating prices. Last, the more actions taken to jointly elevate prices, the better the focal firm performance. We reach these conclusions by testing our hypotheses on a sample of the top 20 firms in the global container shipping industry from 2003 through 2010. (For more information, please contact: Chun-Chien Lin, National Chung Hsing University, Taiwan: alittleken@hotmail.com)


**Globalness and Country of Origin**

**Presented On:** June 30, 2016 - 13:00-14:15

Chair: Bernhard Swoboda, Trier University

*Country-of-Origin Effects and Spatial Heterogeneity in Consumer Evaluation*

Minyoung Kim, University of Kansas  
Sunghoon Kim, Arizona State University  
Jongkuk Lee, Ewha Womans University

Extending the extant literature on the Country-of-Origin Effects (COEs), we investigate spatial heterogeneity of COEs within a country and its determinants. Drawing on the literature of COEs, information economics, and the construal level theory, we maintain that (1) COEs are heterogeneous across regions within a country, which bears important implications for the choices of location and entry modes; and (2) geographic distance from the country-of-origin plays a significant role in driving the spatial heterogeneity in COEs. Empirical analysis corroborates the main thesis of the current study: (1) COEs of automakers from Korea, Japan, and Europe are heterogeneous across regions in the US; (2) increasing distance from the country-of-origin exerts negative influences on COEs; and (3) increasing number of the dealerships of the automakers mitigates the detrimental effects of geographic distance. *(For more information, please contact: Minyoung Kim, University of Kansas, USA: mkim@ku.edu)*

*The Country Image Literature: Mapping Its Intellectual Basis and Research Directions*

Brian Chabowski, University of Tulsa  
Saeed Samiee, University of Tulsa

The country image (CI) literature has gradually grown and represents a prominent body of knowledge within international marketing. The goal of this study is to examine and unfold its intellectual basis as a means of developing a better understanding of the foundational building blocks of this literature and provide future research directions using the spatial representation of the knowledge upon which CI works is based. We identify 45 CI-related studies for the 1980-2014 time frame. These studies contain 3,138 citations that serve as our database. Using metric multidimensional scaling, we subsequently map the CI knowledge structure. The resultant spatial representation identifies six groups of co-cited works with a shared knowledge base, which in turn assists in identifying areas needing greater research attention. Based on the results, key avenues for future CI research are identified and discussed. *(For more information, please contact: Saeed Samiee, University of Tulsa, USA: samiee@utulsa.edu)*

*Global Brands and Drivers of Consumers' Purchase Behavior: A Multi-Dimensional Perspective*

Nayyer Naseem, Wayne State University  
Attila Yaprak, Wayne State University

Extant research on the dynamics and drivers of consumer buying behavior in a global marketplace has primarily focused, either on the impact of individual traits or on the influence of brand related attributes on consumers’ behavior. There have been few studies that have looked into a collective impact of above factors, which may differentiate national markets and influence the buying preferences of consumers, a more realistic scenario, in context of global brands. There is also a lack of understanding about the mechanisms that transform individual idiosyncrasies and consumers’ brand perceptions into their specific buying behavior. This research identifies, which particular focal consumer trait or brand perception (individually or as a group) has a stronger impact on brand attitude and drives a specific behavioral outcome more strongly than others. The research develops a

Adamantios Diamantopoulos, University of Vienna
Maja Arslanagic-Kalajdzic, University of Sarajevo
Vasileios Davvetas, University of Vienna

This research revisits the relationship of four prominent consumer characteristics (consumer ethnocentrism, cosmopolitanism, global/local identity) and perceived brand globalness as determinants of responses to global/local brands. The authors (a) discuss alternative conceptual specifications of the interplay among these constructs and (b) empirically test these alternatives using an overarching model specification which simultaneously accounts for moderating, mediating, conditional and direct effects, across nine experimental studies. Mixed results cast doubt on the appropriateness of some commonly-used model specifications involving consumer characteristics and thus indicate the need for further conceptual contemplation on their function in international consumer behavior research and managerial practice. (For more information, please contact: Vasileios Davvetas, University of Vienna, Austria: vasileios.davvetas@univie.ac.at)
Dual Embeddedness and Subsidiary-Originated Innovation: The Case of MNCs in China
Jacky Hong, University of Macau
Robin Snell, Lingnan University
Carry Mak, University of Macau

From qualitative case studies of three China-based subsidiaries of MNCs, headquartered in the U.S.A., Japan and Europe, respectively, we developed a holistic model of the process of subsidiary-originated innovation, including the impact of various factors associated with external and internal embeddedness. Based on analysis of critical incidents, we identified sensing and owning as important stages that preceded the general processes of idea generation, implementation and dissemination. In addition, we identified four factors, i.e., disequilibrium, wherewithal (sufficient knowledge, autonomy, sponsorship and alignment), corporate-level communication architecture, and fair recognition, that served to enable and support different stages of subsidiary-originated innovation. Among these enabling/supporting factors, disequilibrium and wherewithal could reflect either internal or external embeddedness, while corporate-level communication architecture and fair recognition reflected internal embeddedness. (For more information, please contact: Jacky Hong, University of Macau, Macau: fbaflh@umac.mo)

The Global Family Patents of Multinational Corporations
Heather Berry, George Washington University

Building on insights from the multi-market competition and knowledge management literatures, this paper explores how firm and competitor scope of activities influences the timing and extent of knowledge diffusion by MNCs. Using a newly created panel of US MNCs and their worldwide operations that I have merged with the Derwent global family patent data, I identify three mutually exclusive types of family patents based on when (or whether) firm knowledge is diffused, including: single-country patents, foreign equivalent family patents and born global family patents. Comparisons across the three family patent categories show that higher firm and competitor scope encourages firms to diffuse their knowledge more quickly, but also reveals that the category with the quickest diffusion (born global patents) are on average less valuable than single country patents. Overall, this paper contributes to our understanding of the global knowledge generation and global knowledge diffusion by providing a comprehensive look at the global knowledge generation and diffusion of US MNCS, by offering three mutually exclusive categories of family patents and by revealing how firm and competitor scope of activities influence the global knowledge diffusion of MNCs. (For more information, please contact: Heather Berry, George Washington University, USA: berryh@gwu.edu)

Session: 3.3.8 - Competitive
Track: 8 - International Entrepreneurship, SMEs and Born Globals

The Institutional Context and International Entrepreneurship

Presented On: June 30, 2016 - 13:00-14:15

Chair: Shameen Prashantham, CEIBS

Entrepreneurship under Adverse Conditions: Global Study of Individual Resilience and Self-Efficacy
Amanda Bullough, University of Delaware
Maija Renko, University of Illinois at Chicago
Saadat Saeed, University of Essex

To understand entrepreneurial decisions in adverse environments, we empirically examine the effects of an adverse society (country-level) and the effects of individual-level resilience and self-efficacy on entrepreneurial intentions. Eight countries are included in the analyses, and primary survey data has been collected from each
country (total n=2,591). Our findings suggest that adverse conditions in the country impede the development of entrepreneurial intentions among its citizens. Furthermore, adversity dampens the positive relationship between entrepreneurial self-efficacy (belief in one's entrepreneurial skills) and entrepreneurial intentions, but strengthens the importance of resilience (ability to grow from adversity) for the development of these intentions. (For more information, please contact: Amanda Bullough, University of Delaware, USA: bullough@udel.edu)

Pack Your Bags Early: What Kind(s) of National Business Systems Facilitate International New Venture Creation?
Adam Smith, Arkansas State University
Stav Fainshmidt, Florida International University

International new venture creation is a growing phenomenon particularly salient for economic vitality and innovation. Not only has there been added demand and support for international new ventures, internationalization at inception has also increasingly become a compelling imperative for venture success. However, it is still not clear why some countries are more internationally entrepreneurial than others, as theory and evidence on institutional determinants of international new venture creation remains scant. We draw on Whitley's (1999) National Business Systems approach to promote a holistic theoretical framework capturing the system of state, financial, human capital, and normative institutions that shape the national context for international new venture creation. We then use a configurational methodology, Fuzzy-set Qualitative Comparative Analysis, to examine data for 82 developed and developing economies, and find that there are multiple paths leading to higher participation in and allocation of entrepreneurial effort toward international new venture creation. These results allow us to elaborate theory on how formal and informal institutions within the national business system combine in complementary and substitutable ways to foster the entrepreneurial ability and willingness to create value across borders. (For more information, please contact: Adam Smith, Arkansas State University, USA: adsmith@astate.edu)

Internationalization, Geographic Location and Entrepreneurial Intention
Julie Ann Elston, Oregon State University
Alois Konrad Weidinger, Higher Colleges of Technology

This study examines the importance of geographic location on the empirical link between internationalization and entrepreneurial intention across China. Results indicate that location significantly impacts intention to start a firm, with rural China outpacing highly internationalized Shenzhen and Hong Kong regions. Controlling for demographic characteristics, empirical estimates show that higher degrees of regional internationalization lead to lower levels of entrepreneurial intention. Our findings contribute to the literature by revealing significant complexity in the relationship between internationalization and entrepreneurship. Specifically, while highly internationalized locations allow better access to resource markets they may also hinder entrepreneurship for several reasons including the fact that these locations have higher competition for resources. Empirical results support findings of studies on the presence of an inverse u-shaped relationship between location and internationalization (Fernhaber, Gilbert, & McDougall, 2008). We also conclude that relatively higher levels of necessity based entrepreneurship in rural China help explain the regional differences observed in total entrepreneurial activity. (For more information, please contact: Julie Ann Elston, Oregon State University, USA: julie.elston@osucascades.edu)
**State-Owned Enterprises’ Internationalization and the Reduction of State Ownership**

Joyce (Congying) Wang, University of Texas at Dallas
Sunny (Li) Sun, University of Missouri-Kansas City

Drawing on the institutional theory, this paper investigates the interaction effects of the coercive, mimetic, and normative processes on ownership structure changes in state-owned enterprises (SOEs) after they go international. We examine how the SOEs’ internationalization and the ensuing uncertainty faced abroad affect the change in state ownership. Using a sample of Chinese SOEs over the period 2001 to 2008, we find significant coercive force in the foreign market on SOEs to reduce state ownership. Our results also partially support that the mimetic force from the exposure to foreign competition at home strengthens the coercive pressure in the foreign markets on SOEs, while normative processes from political connections partially weakens the coercive effect. These findings contribute to our understandings of the emergence of today’s hybrid SOEs and how the interactions of institutional pressures affect state ownership change. *(For more information, please contact: Joyce (Congying) Wang, University of Texas at Dallas, USA: cxw141430@utdallas.edu)*

**Mixed Ownership and Cross-Border Acquisitions: Government-Private Shareholder Conflicts**

Victor Zitian Chen, University of North Carolina at Charlotte
Aldo Musacchio, Brandeis University
Sali Li, University of South Carolina

The traditional principal-principal (PP) perspective emphasizes conflicts between large and small shareholders, overlooking the potential conflicts between different types of large shareholders. In particular, driven respectively by their sometimes differing interests, governments and private shareholders may act as two contestant groups, challenging each other’s investment decisions. We argue that such government-private shareholder conflicts would make it difficult for firms to pursue large-scale, cross-border acquisitions and to pay high acquisition premiums to win bids due to both conflicting objectives and because shareholders may refuse to provide their unique resources. Therefore, we argue that firms tend to engage in small-size, cross-border acquisitions and pay lower premiums when government and private blockholdings are more balanced, and to engage in large-scale acquisitions and higher premiums when either government or private shareholders are dominant. We further posit that such conflicts in cross-border acquisitions present different characteristics across countries, depending on the government’s ability to intervene in the investment decisions of the firms in which it holds equity. Using a global sample of 9,378 cross-border acquisitions in non-financial sectors, conducted by 4,915 acquirer firms from 61 home nations into 116 host nations between the years of 2004 and 2013, we found supportive evidence for all hypotheses. *(For more information, please contact: Victor Zitian Chen, University of North Carolina at Charlotte, USA: emgp.editor@gmail.com)*

**The Effectiveness of Boards of Directors around the World: The Role of National Business System Dimensions**

Krista B. Lewellyn, University of Wyoming
Maureen I. Muller-Kahle, Pennsylvania State University

In this study, we explore institutional antecedents that may explain why countries differ with respect to how effective boards of directors are in holding corporate managers accountable. Using the four key institutional
dimensions associated with Whitley’s national business systems as a guiding conceptual framework, we propose that the effectiveness of corporate boards in holding firm management accountable will be significantly influenced by the following: the involvement of the state, including the quality of the regulatory framework, the dominant type of financial capital used, the extent of educational capital available for citizens, the strength of unions in wage determination, and the level of trust amongst different economic actors. We empirically test our theoretical predictions in a sample of 100 countries, representing six continents and various stages of economic development over the four year period following the global financial crisis. The findings indicate significant relationships between each of the national business system dimensions and board effectiveness. Our study suggests application of the national business systems’ theoretical perspective is an effective means for enhancing understanding of how both the institutional context influence expectations and evaluations of the effectiveness of corporate boards of directors. (For more information, please contact: Krista B. Lewellyn, University of Wyoming, USA: klewelly@uwyo.edu)

Does Diplomacy Foster MNE Transparency? The Moderating Role of Geopolitical Capital
Anthony Paul Cannizzaro, Catholic University of America

This paper investigates the extent to which multinational enterprises (MNEs) use transparency as a non-market strategy to manage political hazards abroad. I propose the degree to which MNEs sacrifice transparency for security depends upon the firm’s ability to leverage an under-examined non-market resource: geopolitical capital. Utilizing network theory to disentangle the various channels through which home-host relations can influence MNE investment, I show that home-countries capable of actively leveraging diplomatic strength, as opposed to relying on passive trust and reciprocity norms, provide their MNEs an important resource that mitigates political risk and promotes transparency. Further, my results demonstrate that state-owned enterprises have preferential access to these geopolitical resources by virtue of their intrinsic ties to the state. (For more information, please contact: Anthony Paul Cannizzaro, Catholic University of America, USA: cannizzaro@cua.edu)

Session: 3.3.10 - Competitive
Track: 9 - Emerging Markets: Institutional Voids and Beyond

Business Groups in Emerging Markets

Presented On: June 30, 2016 - 13:00-14:15

Chair: Manish Popli, Indian Institute of Management, Indore

What Drives Corporate Social Responsibility Reporting Quality of Business Groups in an Emerging Economy?
Weichieh Su, National Chengchi University
Danchi Tan, National Chengchi University

Prior literature has provided evidence that corporate social responsibility (CSR) reporting is an outcome for firms to responds to external institutional demands in order to exchange resources from stakeholders. In this study, we further argue that CSR reporting reflects corporate strategies so that firms may diplomatically adjust the quality of the reporting in order to prevent critical information from hostile stakeholders such as competitors. We investigate our arguments based on a sample of 100 business groups in Taiwan during 2012-2013. We find that product diversification of a business group is positively related to its CSR reporting quality. But this positive relation is less salient for domestic marketed oriented business groups than those international oriented. Furthermore, the link between product scope and CSR reporting quality is prominent for business groups with a focus on developing country markets than for those with a focus on developed country markets. Our findings suggest that CSR reporting is an information strategy in an emerging economy beyond prevailing explanations drawn from institutional theory and stakeholder management. (For more information, please contact: Weichieh Su, National Chengchi University, Taiwan: weichieh@nccu.edu.tw)
Does Concentrated Ownership in Parent Trigger Ownership Concentration in the Foreign Subsidiary? A Study of Brazilian Firms

Yingdan Cai, University of the West of England
Sathyajit Gubbi, University of Groningen
Kees van Veen, University of Groningen
Hans van Ees, University of Groningen

Weak governance conditions prevailing in emerging and developing economies tend to encourage concentrated over diffused ownership structures in firms. In this paper we investigate whether the ownership structures in the home market are also replicated in the foreign subsidiaries or are subject to other factors. We contend that firms with concentrated ownership structures in emerging economies tend to prefer partial over absolute ownership in the foreign subsidiaries. This preference is more pronounced in investing firms who are affiliated to business groups. An examination of 317 cross-border acquisitions by Brazilian acquiring firms in different host countries suggests that acquirer ownership concentration, business group affiliation as well as the joint effects of the two factors all appear to be correlated with lower equity ownership in the foreign target firm. (For more information, please contact: Yingdan Cai, University of the West of England, United Kingdom: catherine.cai@uwe.ac.uk)

Overcoming Institutional Voids: The Complementary Advantages of Business Groups and Multinationals

Ajai Gaur, Rutgers University
Chinmay Pattnaik, University of Sydney
Jeoung Yul Lee, Hongik University/Leeds University Business School
Deeksha Singh, Rutgers University

Drawing on the literature on multinational corporations (MNCs) and business groups, we argue that the advantages of business groups and MNCs complement each other. More specifically, we examine the role of business group affiliation, inter-affiliate sales and strength of host market institutions on the survival and financial performance of foreign subsidiaries of MNCs. Our empirical findings, based on a sample of 6,017 foreign subsidiaries belonging to 281 MNCs from Korea during 1995 to 2013 provide robust support to our theoretical model. We find that subsidiaries belonging to business groups, as well as those with higher inter-affiliate sales experience superior performance. (For more information, please contact: Jeoung Yul Lee, Hongik University/Leeds University Business School, Korea, South: 7consensus@gmail.com)

When and Where Does Business Group Affiliation Improve Foreign Subsidiary Performance?

Sarah Castaldi, University of Groningen
Sjoerd Beugelsdijk, University of Groningen
Sathyajit Gubbi, University of Groningen
Vincent Kunst, University of Groningen

While affiliation to a business group is known to benefit firms within the home market, especially when the institutional environment is underdeveloped, it is unclear whether such affiliation benefits can transfer beyond national borders. Specific to multinational firms, the direct and indirect influence of group affiliation on foreign subsidiary performance remains open for inquiry. In this paper, we propose that the foreign subsidiaries of emerging market multinational firms affiliated to business group tend to outperform foreign subsidiaries of non-affiliated firms in other similar or developing markets. Moreover, this advantage of group affiliation is greater at higher levels of ownership in the foreign subsidiary (wholly-owned). Analysis of 674 foreign subsidiaries of Indian firms over the 2003-2012 period supports our contention. (For more information, please contact: Sarah Castaldi, University of Groningen, Netherlands: s.castaldi@rug.nl)
LGBT Diversity Program Localization: An Institutional Paradox Perspective
Mark Tayar, University of Sydney
Varina Paisley, University of New South Wales
Raymond Chow, Macquarie University

This paper contributes to debates on the localization of diversity and inclusion programs. Localization involves foreign subsidiaries of multinational corporations (MNCs) adapting diversity policies to align with local cultural, social and legal norms and rules. However, this localization may also involve redefining diversity management completely so that certain minority groups are excluded from the subsidiary’s programs. This involves a situation where particular MNCs are paradoxically ‘inclusively exclusive’ in terms of being inclusive of diverse local perspectives but these perspectives exclude certain minorities groups. The case of lesbian, gay, bisexual and transgender (LGBT) employees is offered as a case where global norms and rules vary considerably, to illustrate this paradox. In these cases, MNCs must decide whether to conform to local norms, to actively resist them or to paradoxically resist and conform. Six scenarios of localization are discussed using concepts from institutional theory, management paradoxes and international business. These scenarios are illustrated with examples from the business press with future empirical work to be conducted to test the framework offered here. The contribution of this interactive paper is in its categorization of types of management paradoxes and the introduction of strategic responses to institutional paradoxes in IHRM. (For more information, please contact: Mark Tayar, University of Sydney, Australia: mark.tayar@sydney.edu.au)

Gender Diversity Management in Foreign Subsidiaries: A Comparative Study of Germany and Japan
Anna Katharina Bader, Georg-August-University Goettingen

The management of gender diversity is an important topic for research and practice. However, gender diversity management in the foreign subsidiaries of multinational companies has received scant attention. Based on data from 34 interviews with managers of German subsidiaries in Japan as well as Japanese subsidiaries in Germany, our study provides an in-depth analysis of the influence of home and host country contexts on the implementation of gender diversity practices in foreign subsidiaries. Moreover, we investigate how the transfer of practices varies depending on the direction of transfer. Building on our findings, we develop a theoretical model of how foreign subsidiaries implement gender diversity practices. Implications for theory and practice are discussed. (For more information, please contact: Anna Katharina Bader, Georg-August-University Goettingen, Germany: katharina.bader@wiwi.uni-goettingen.de)

Firm Financial Performance and Board Gender Diversity
Maria Alejandra Gonzalez-Perez, Universidad EAFIT
Carolina Herrera-Cano, Universidad EAFIT

Based both on a systematic review and a meta-analysis using a sample of 40 studies including data about financial indicators and observations from 28 countries, this paper assesses the relationship between board gender diversity and firm financial performance. This study, consistency with previous studies, found a positive, although no significant, correlation between board gender diversity and firm financial indicators. Additionally, significant differences between impacts of board gender diversity on each of the financial indicators were not found. Furthermore, this study evaluated possible differences between the impact of board gender diversity on
different financial indicators (ROA, ROE, and Tobin’s Q). (For more information, please contact: Maria Alejandra Gonzalez-Perez, Universidad EAFIT, Colombia: mgonza40@eafit.edu.co)

When Different Attitudes toward Women Collide: The Case of Scandinavian Subsidiaries in Japan
Lena Elisabeth Kemper, Georg-August-University Goettingen
Anna Katharina Bader, Georg-August-University Goettingen

Even though gender diversity management has become an important topic in research and practice, we know only little about gender diversity management in foreign subsidiaries of multinational enterprises. To fill this gap, our paper focusses on the challenges that executives experience in terms of gender diversity management, when MNEs from countries with very high gender equality operate in a country with low gender equality. First, building on 20 interviews with executives of Scandinavian foreign subsidiaries in Japan, we provide an in-depth analysis of the tensions that arise from the clash of attitudes between home and host country. Subsequently, we analyze ways, how executives handle these tensions and derive three different strategies of change. Theoretical and practical implications are discussed. (For more information, please contact: Lena Elisabeth Kemper, Georg-August-University Goettingen, Germany: lena.kemper@wiwi.uni-goettingen.de)

Encouraging Environmental Sustainability Through Gender: A Micro-Foundational Approach Using Linguistic Gender Marking
Amir Shoham, Temple University
Tamar Almor, College of Management
Sang Mook Lee, Pennsylvania State University Great Valley
Mohammad F. Ahammad, Sheffield Hallam University

This empirical paper employs a micro-foundational approach to examine whether the number of women on an organization's board of directors has an effect on its attitude towards environmental sustainability, regardless of the national culture in which the organization is located. The study demonstrates that certain cultures have more gender roles than others do, which in turn affects general and organizational behavior in that society. This method enables us to study the impact of gender of the individual director on the organization's attitude towards environmental sustainability, by empirically examining data from a cross-country sample of organizations for multiple years and industries. Our findings show that the appointment of even one woman to the board encourages organizations to become more proactive in environmental sustainability. We further show that an organization's disclosure regarding its sustainability activities increases with the number of women on the board of directors. We also report a significantly negative relationship between various gender-based language indices and the presence of women on the board of directors. In cultures with a language having clear grammatical gender markings, there is a tendency to appoint fewer women to boards of directors, thereby influencing the organization's attitude indirectly towards environmental sustainability. (For more information, please contact: Tamar Almor, College of Management, Israel: talmor@colman.ac.il)

Support Issues for Female International Business Travelers in Dual-Career Families
Katharina Maria Puchmüller, Johannes Kepler Universität

The purpose of this paper is to evaluate experiences of female international business travelers living in dual-career families who have childcare obligations. The paper explores in which way different sources of support – in particular organizational support – are perceived as important. Because of the woman’s regular absences due to business trips and their family role, challenges regarding childcare may occur. Consequently, based on social support theory, support may be necessary to organize family and international career, and effectively perform in both environments. This paper represents one of the first exploratory studies examining the experiences and thoughts of these women especially on support issues. Data is collected from 50 narrative interviews with internationally travelling women in DCF situations originating from Western and non-Western societies. The interviews are analysed applying template analysis based on King (1998). Preliminary results show that support...
is mainly derived from within family. Regarding institutional or organizational support, the reported expectations and perceived importance differ mainly because of local institutional and cultural conditions. The examined women value flexible working hours, as well as organizational childcare, but admit that corporate family policies can hardly be expected from companies in economically tense times. (For more information, please contact: Katharina Maria Puchmüller, Johannes Kepler Universität, Austria: katharina.puchmueller@jku.at)

Working to Have a Voice: Institutional Work by Marginalized Actors in Foreign Subsidiaries
Mark Tayar, University of Sydney
Varina Paisley, University of New South Wales

This theory paper discusses work conducted by marginalized employees to change the micro-institutional environment and create new voice mechanisms. Through examples of workers who are marginalized by the multinational corporations they work for as foreign subsidiary employees or as contractors, the perspective of institutional work shows how marginalized actors might disrupt existing institutions, create new institutional norms and then maintain these norms through political, technical and cultural work. As well as these established forms of institutional work, this article introduces the concept of ‘solidarity work’ to explain how marginalized individuals affiliate and work collectively to create micro-institutional change. These actors collectively conduct solidarity work that is vertical, horizontal or intersectional. This article contributes to our scholarly understanding of marginalization within multinational corporations, the creation of employee voice and how low-power actors trigger micro-institutional change. A conceptual framework with five propositions is presented to explain the creation and institutionalization of new voice mechanisms. Using this bottom-up perspective on employee voice, the article which international human resource managers can create a climate where marginalized employees can create their own voice mechanisms that cross-borders from a subsidiary’s host country to a parent company’s home country. (For more information, please contact: Mark Tayar, University of Sydney, Australia: mark.tayar@sydney.edu.au)

Session: 3.3.12 - Interactive
Track: 11 - Global Strategy, Alliances and Acquisitions

Cross-Border M&As

Presented On: June 30, 2016 - 13:00-14:15

Chair: Chang Hoon Oh, Simon Fraser University

To Divide or Not to Divide: How Top Management Team Faultline Strength Affect Cross-Border Acquisition Frequency and Performance
Jing'an Tang, Sacred Heart University
Jianzu Wu, Lanzhou University
Liling Chen, Lanzhou University

Research has shown that the compositional attributes of top management teams (TMT) affect acquisition frequency and success. However, the question of how the structural attributes of a TMT – faultlines (hypothetical dividing lines that split a group into two or more subgroups) –affect acquisition decisions remains far less studied. Drawing upon research on group faultlines and upper echelon theory, this study ventured into this less-charted research area and particularly investigated the moderating effects of TMT faultline strength on the relationships between TMT acquisition experience and the frequency and performance of cross-border acquisitions, respectively. Using a sample of 292 acquisitions conducted by Chinese A-listed companies during 2003-2013, we found that TMT members’ previous acquisition experience was positively associated with both the frequency and performance of cross-border acquisitions. However, the positive relationship between experience and frequency is weakened by faultline strength, while the relationship between experience and performance was strengthened by faultline strength. (For more information, please contact: Jing’an Tang, Sacred Heart University, USA: tangj3@sacredheart.edu)
Subsidiary Role Experience of Target Firm in Cross-Border M&As

Hyejin Cho, Korea University
Kheehong Song, Korea University
Jaiho Chung, Korea University

Considering that target firm becomes a foreign subsidiary of acquiring firm in cross-border M&A, this paper tests whether experiential knowledge on subsidiary role of target firm supports smooth transitioning and increases expected value of acquiring firm. We argue that target firm with subsidiary role experience is less likely to feel pressure in losing autonomy and in dealing with organizational complexities, as a stand-alone target firm does. We also posit that target firm with foreign subsidiary experience adds more benefits than target firm with local subsidiary experience since it has valuable knowledge on dealing with different institutions between foreign parent and itself. Our empirical results show that target firm with subsidiary role experience increases expected value of cross-border M&A, and this effect is stronger with foreign subsidiary experience than local subsidiary experience. Lastly, we show institutional distance undermines the benefit of local subsidiary role experience of target firm, as acquiring firm expects role which is largely different from what the target firm has been doing. On the contrary, institutional distance is less relevant for target firm with foreign subsidiary experience as it has experienced pressure to follow parent located elsewhere, deviating from local institution. (For more information, please contact: Hyejin Cho, Korea University, Korea, South: hyejinstory@gmail.com)

The Impact of Politician’s Risk-Aversion Motivation on Cross-Border M&A Activity Around Political Turnover

Jing Zhao, Renmin University of China
Limin Zhu, Renmin University of China
Shubo Zhang, Renmin University of China

Politics is increasingly recognized as a powerful force in firms’ strategic behavior. Yet the specific influence mechanism is still vague. In this study, we investigate the impact of politicians’ intervention on cross-border M&A activity through the lens of political turnover in China. We find there is a reduced risk of cross-border M&As preceding political turnover, followed by an increase in the risk of cross-border M&As directly after turnover events. And the effect is more significant for non-state-owned enterprises. Our findings prove that it is politicians’ risk-avoiding motivation that leads to lower risk of cross-border M&As around political turnover, rather than firms’ responsive strategy to political uncertainty. In addition, we also provide evidence that besides risk-aversion, promoted politicians have more incentive to achieve a desired performance of cross-border M&As, but not for politicians non-promoted. Our paper highlights that risk-averse motivation of politicians around political turnover is the underlying mechanism of why politicians intervene firms’ cross-border M&A activities. We also indicate the importance of decreasing the government intervention and improving the government efficiency in dealing with firms’ activity. (For more information, please contact: Jing Zhao, Renmin University of China, China: zhaojing@rbs.org.cn)

Is There a Home Bias in Mergers and Acquisitions? And Does It Depend on the Type of Acquirer and on Its Home Country?

André Cardoso, Universidade do Porto
Ana Teresa Tavares-Lehmann, Universidade do Porto
Frederick N. Lehmann, Porto Business School

We investigate whether firms have a greater predisposition to conduct domestic rather than international merger and acquisition (M&A) deals (home bias), distinguishing state owned enterprises (SOEs) from privately owned enterprises (POEs) and acquirers originating in developed economies from those originating in emerging and developing economies. Using data on worldwide M&A deals between 1996 and 2013, we test three hypotheses: 1) there is a home bias in M&A deals; 2) SOEs have greater home bias in their M&A activity than POEs; and 3) firms originating in developed economies display a greater home bias in their M&A activity than those from emerging and developing economies. We conclude that there is a home bias in M&As (both for all
period and for all years individually). Contrary to expectations, we find strong evidence that: i) SOEs tend to have a lower home bias in their M&A activity than POEs; and ii) firms located in emerging and developing economies have a greater home bias than firms located in developed economies. As there is a very limited knowledge about home bias in M&As and how it depends on type of acquirer and on home country, this paper offers a relevant contribution to the literature. (For more information, please contact: Ana Teresa Tavares-Lehmann, Universidade do Porto, Portugal: atavares@fep.up.pt)

Identification to Oneself and to the Others: Employees’ Perceptions After a Merger
Ralf Bebenroth, Kobe University
Kai Oliver Thiele, Hamburg University of Technology

This study sheds light on how employees identify with their companies during the time after a cross-border acquisition. Specifically, we tested how target and bidder employees identify against each other. We extend previous findings from the literature that both acquiring and target organizations continue to identify stronger with themselves than with the opposing side. However, self-identification for target employees shrinks down over time in contrast to bidder employees which remains rather stable. Also, bidder employees identify lower to the target firm than target employees to the bidder firm. We also show that a higher self-identification leads to a higher identification towards the other group. We propose that an imbalance of identities harms the company and indicates that employees might look down on each other. We find further evidence for that in follow-up interviews with employees from both companies. Furthermore, there is some support that motivational cultural intelligence of employees and a higher contact intensity to the other side moderate the relationship to the other groups’ identification. Also, highly self-identified employees which are culturally more intelligent and with a higher contact intensity to the other group identify higher to the other group. Implications and future research directions are discussed. (For more information, please contact: Ralf Bebenroth, Kobe University, Jordan: rbeben@rieb.kobe-u.ac.jp)

The Cost of Knowledge: Research Intensity and Environmental Effects on Cross-Border Acquisition Premiums
Tais Barreto, Florida Atlantic University

This paper answers recent calls in the literature for studies that investigate antecedents of premiums. We take a knowledge based view of the firm and hypothesize the relationship between intangibility of target’s asset base and premiums paid in cross border acquisitions and consider two environmental moderators: cultural distance and knowledge distance. We found no evidence for the effects of intangibility of asset base on premiums or of the proposed moderators, a result that remained despite several robustness checks. Post hoc analyses, however, show that cultural distance has a direct and negative effect on premiums paid for cross-border acquisitions. (For more information, please contact: Tais Barreto, Florida Atlantic University, USA: tsiqueir@fau.edu)

Organizational Identity Change in Shaping Integration Approaches in Acquisitions: Managing Small and Large Target Firms
Tian Wei, Fudan University

The main focus of this study is on exploring contrasting mechanisms through which organizational identity change affects the integration approaches in acquiring small and large target firms in acquisition. With four in-depth case studies, we first explain the two distinct roles of organizational identity change in acquiring target firms with polar sizes: multilevel resistance and power struggles, which are the prerequisites for developing integration approaches from the social identity theory. Second, we further investigate the development of integration approaches with each of these two roles. We conclude that small target firms completely lose their organizational identity after the acquisition. Conversely, large target firms compete with acquirers in developing integration approaches and the power winner dominates the integration. Third, this study contributes to understand the effects of target firm size on acquisition and concludes that social identity theory provides a
unique and valuable theoretical lens to explore the distinctive effects in acquiring small and large target firms on post-acquisition integration. *(For more information, please contact: Tian Wei, Fudan University, China: weitian@fudan.edu.cn)*

**Session: 3.3.13 - Interactive**  
**Track: 4 - Social Innovation: Global Solutions for Local Problems**  

**Addressing Environmental and Social Issues in a Global Context**

**Presented On:** June 30, 2016 - 13:00-14:15

Chair: John Raymond Dilyard, St. Francis College

*Internationalization and Motives for Keeping Green Mindfulness: An Empirical Study in an Emerging Economy*

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

With the trend of globalization, firms are under increasing pressure to internationalize their activities as a vehicle to grow profits. Internationalization has also been regarded as an important factor influencing a firm's environmental strategy. Integration of environmental concepts and business operations has become a fundamental part of business strategy. Firms should keeping mindfulness thinking while engaging in environmental management. However, little attention has been paid to the issues of green mindfulness. Organizational green mindfulness is a way of organizational attitude during environmental management marked by preoccupation with failure, reluctance to simplify interpretations, sensitivity to operations, commitment to resilience, and deference to expertise. This study aims to explore the motives for keeping green mindfulness and analyze the moderating effect of internationalization on motive effects. The motives in the study include competitiveness, legitimation and ecological responsibility. The questionnaire survey was administrated to logistics companies in China. Research findings reveal that the proposed motives are positive associated with organizational green mindfulness. Ecological responsibility has the strongest effect on organizational green mindfulness, but legitimation has the weakest effect. Firm’s internationalization degree would enhance the motive effects for keeping green mindfulness. The ecological responsibility effect is less moderated by firm’s internationalization. *(For more information, please contact: Chieh-Yu Lin, Chang Jung Christian University, Taiwan: jylin@mail.cjcu.edu.tw)*

*Corporate Sustainability in Global Value Chains: A Conceptual Framework*

Navjote Khara, Niagara College

Sustainability is now considered as one of the fastest growing trend in supply chain management. Increasingly firms are moving towards supply chain sustainability to manage reputation risk, reduce cost, prevent supply chain disruption, and add value to their business. This paper proposes a framework to understand the virtuous cycle of sustainability in the global supply chains, by integrating the three dimensions of sustainability with stakeholder, shareholder, transaction cost, and resource based theories. Perceived quality of sustainability initiatives of firms by the stakeholders has an impact on the level of support offered by them which support and the subsequent bearing on the return to the shareholders. This along with well-defined laws and standards/metrics motivate the firm to intensify the sustainability initiatives in its global value chain. *(For more information, please contact: Navjote Khara, Niagara College, Canada: navjote_khara@yahoo.com)*
Institutional Pressure on Sustainability Disclosure
Domenico Ceglia, Universidade Federal do Rio Grande do Sul
Marcelle Colares Oliveira, Universidade Federal do Ceará

Academic and organizational world placed the information disclosed by companies on sustainability issue under observation to better understand the relationship between society and organizations. Institutional theory has explained this relationship within a set of pressures exerted on organizations by various forces as mandatory and voluntary. This study sheds light on these forces through an explorative investigation among companies around the world, which disclosed their information under Global Reporting Initiative. Hence, the main study objective is to find out if companies pressured by national legislations and institutions as stock exchange usually disclose better sustainability information than ones that are no pressured. Correspondence analysis was adopted to assess institutional pressure on company disclosure. This study concludes that voluntary pressure by countries where no data are required by law improve the sustainability disclosure by companies around the world. The existence of national legislation by countries on sustainability disclosure does not improve the disclosure of sustainability by companies, but they lead to worst one. (For more information, please contact: Domenico Ceglia, Universidade Federal do Rio Grande do Sul, Brazil: ceglia@gmail.com)

Fostering Sustainability and Resilience in the Global Cocoa Supply Chains - A System Dynamics Approach to Inclusive Growth at Base of the Pyramid
Tiffany Tsui, Erasmus University
Ulf Richter, Nottingham University Business School China

The global cocoa supply chains is facing enormous challenges to secure sustainably grown cocoa to meet the growing world demand, and to ensure the generation and equitable distribution of social economic values for the cocoa producing nations, most of which are underdeveloped countries with large amounts of small-scale, base-of-the-pyramid growers relying solely on subsistence cocoa farming. This paper introduces a research proposal to adopt the system dynamics approach to analyze the complex inter-connectedness and inter-dependency between the various stakeholders across the cocoa supply chains and networks since the cooperation among the transnational processors and traders, retailers, NGOs, governmental and farmers organizations is vital in order to raise standards for the cocoa supply chains and to enable growers to adopt more sustainable agricultural practices. Vulnerabilities of the supply chains will be assessed and resilience measurements will be investigated and modelled to shed light on policy and social innovation mechanisms. The research will focus on Ivory Coast and its position in the global supply chains as Ivory Coast is the largest cocoa producer but is severely falling behind in the efforts to improve its cocoa productivity as well as the social economic positions of its rural populations. (For more information, please contact: Tiffany Tsui, Erasmus University, Netherlands: tiffany.tsui@matrion.nl)

The New Breed of Business-NGO Partnerships: Market Focus vs. CSR Focus
Juanita Trusty, University of Memphis
Frances Fabian, University of Memphis

MNE –NGO partnerships have long been a growing phenomenon in globalization, especially in difficult-to-enter emerging markets. In recent years, NGOs have been rapidly changing their orientation toward a market-focus, which in turn has altered these partnerships from a CSR focus toward a more partnered allocation of responsibilities for designing and delivering social value with a shared revenue base. Drawing from preliminary interviews, we review the factors that are driving this change, what NGOs are facing in accommodating the new focus, and associated challenges. We conclude that MNE-NGO partnerships must face that reconciling their identities within these partnerships may be their largest challenge in future years. (For more information, please contact: Frances Fabian, University of Memphis, USA: ffabian@memphis.edu)
Banking and International Transparency: What Else?

Presented On: June 30, 2016 - 13:00-14:15

Chair: Bruce Allen Hearn, University of Sussex

Home- and Host-Market Uncertainty: The Performance of International Seasoned Equity Offerings
Stewart Miller, University of Texas - San Antonio
Daniel Indro, Penn State University - Great Valley
Malika Richards, Penn State University - Berks
Bruce Rudy, University of Texas - San Antonio

The present study develops a theory to explain performance of seasoned equity offering by foreign firms. We draw upon information economics and organization theory to explain how the level of home-market uncertainty at the time of a seasoned equity offering serves as a signal to host-market investors about the quality of the foreign issuing firm. Also, we develop contrasting theories to explain how host-market uncertainty moderates that relationship. Even though seasoned equity offerings tend to be viewed negatively by investors, our results show that foreign firms can signal their quality by timing their seasoned equity offering -- when home-market uncertainty is low and host-market certainty is high. Our study shows conditions in which a seasoned equity offering by a foreign firm can enhance firm value. By applying signaling to the timing of an organization’s action (i.e., the levels of different forms of market uncertainty), we extend prior research on signaling in the international strategy literature. (For more information, please contact: Stewart Miller, University of Texas - San Antonio, USA: stewart.miller@utsa.edu)

Principal-Agent Transactions: The Moderating Influence of Culture on Financing Contacts
Enoch Asare, University of Dallas
Sri Beldona, University of Dallas

As international financial markets continue to integrate, opportunities continue to become available for borrowers and lenders in both advanced and developing economies. With these opportunities come peculiar lender and borrower behaviors and attitudes that may be known to members of one culture but unknown to members of another culture. It has therefore become imperative for lenders and borrowers to be cognizant of expected counter party behaviors in different societies to guide their decisions when executing financing contracts. Given these dynamics, we rely on agency theory, bank lending behavior, and borrower information disclosure practices in different cultures to highlight principal-agent behaviors that may guide lenders and borrowers to make informed decisions when executing financing contracts. In particular, we argue that high individualism, low uncertainty avoidance and low power distance cultural dimensions will positively moderate the relationship between borrower information disclosures and borrower access to financing. In addition, we argue that lender and borrower behaviors in high individualism, low uncertainty avoidance, and low power distance cultures will contravene the expectations of agency theory in the light of financing contracts. (For more information, please contact: Enoch Asare, University of Dallas, USA: easare@udallas.edu)

Debt Heterogeneity, Agency Costs and Business Risk of Multinational Corporations
Martin Robert Young, Massey University
Karren Lee-Hwei Khaw, Universiti Utara Malaysia
Jonathan A. Batten, Monash University

Internationalization enables multinational corporations (MNCs) to diversify their sources and types of debt as well as earnings, although doing so incurs agency costs of debt and business risk. To mitigate these costs,
existing studies find that MNCs carry less long-term, but more short-term debt than domestic corporations (DCs). Recognizing the heterogeneity of long-term debt, we find MNCs to substitute convertible for straight debt to mitigate increasing business risk so that the MNCs can sustain higher debt capacity. Our results, however, show that MNCs have a lower tendency to rely on debt heterogeneity to mitigate the agency costs of debt. (For more information, please contact: Martin Robert Young, Massey University, New Zealand: m.young@massey.ac.nz)

Reporting Bias in Private Equity: Reporting Frequency, Endowments, and Governance
Minjie Zhang, York University
Sofia Johan, York University

Using PitchBook’s private equity (PE) database of 5,068 PE funds from 44 countries for the 2000 to 2012 period, we show that endowments are systematically associated with less pronounced differences between unrealized returns and subsequently realized returns. Moreover, endowments receive more frequent reports from their PE funds, implying more stringent governance. We find that higher reporting frequencies from PE funds are correlated with a lower tendency for the limited partners to receive overstated performance reports. These findings persist after controlling for stock market conditions, legal environments and origins, fund and GP characteristics, PE fund types, as well as cultural dimensions. (For more information, please contact: Minjie Zhang, York University, Canada: mzhang11@schulich.yorku.ca)

Session: 3.3.15 - Interactive
Track: 9 - Emerging Markets: Institutional Voids and Beyond

Informal and Formal Institutions in Emerging Markets

Presented On: June 30, 2016 - 13:00-14:15

Chair: Jing Li, Simon Fraser University

Friends and Families: Family Ownership and Inter-Corporate Networks
Jean McGuire, Louisiana State University

This paper examines whether the performance of family firms depends upon the extent to which the national economy is dominated by family business groups. Using a sample of over 11,000 firms in 35 countries we find lower performance among family firms in group-dominated economies. This finding is congruent with principal-principal agency in grouped economies. (For more information, please contact: Jean McGuire, Louisiana State University, USA: mcguire@lsu.edu)

An Interaction Model to Explain Firm Performance in Emerging Economies: The Case of the Pacific Alliance
Jorge Antonio Heredia, Universidad del Pacifico
Juan Alejandro Flores, Universidad del Pacifico
Maria Alejandra Barrientos, Universidad del Pacifico

This study proposes a new model that investigates the causal relationships and the interplay between industry effect, firm effect, institutional effect and firm performance, specifically studying the components of each effect for firms competing in emerging economies. Under the perspective of the Strategy Tripod, we test this new model with a Structural Equation Modeling (SEM) method for Latin American countries (Chile, Colombia, Me´xico and Peru). We found a relevant external factor that especially firms located in the Pacific Alliance face is the informal competition, this type of competition generates severe changes in the way firms resource influence in performance. (For more information, please contact: Jorge Antonio Heredia, Universidad del Pacifico, Peru: ja.herediap@up.edu.pe)
The Effects of Formal and Informal Institutional Distances on the Performance of Multinational Subsidiaries in Brazil

Henrique Correa da Cunha, FURB - University of Blumenau
Mohamed Amal, Columbia University and PPGAD/FURB
Marianne Hoeltgebaum, PPGAD/FURB University of Blumenau
William Newburry, Florida International University

Although several studies have addressed the strategies and patterns of multinational companies in Brazil and Latin America, very few studies have discussed the determinants for the performance of multinational subsidiaries. The study’s main objective is to investigate the effects of institutional and cultural distances and the mediating effects of experience and industry for the performance of foreign subsidiaries in Brazil. Using quantitative methods, we collected data from 38 foreign subsidiaries operating in Brazil during the period between 2000 and 2014. The tests were performed in a progressive manner employing three sub-models in order to evaluate the implications of formal and informal institutional distances in an aggregate manner and in separate variables for the distances in specific dimensions. The moderating effects of cultural distance to the institutional distance was also verified indicating that the greater the distance in terms of both, formal and informal institutions will have a negative effect to the performance of MNCs in Brazil. The results indicate that specific dimensions of the formal and informal institutional environments have different and significant effects on the performance of MNCs in Brazil. Finally, the findings concluded that while experience and industry do not matter, the firm’s resources were highly significant. (For more information, please contact: Henrique Correa da Cunha, FURB - University of Blumenau, Brazil: henriquecorreadacunha@gmail.com)

Business Entertainment as Gray Social Capital in Emerging Economies

Huan Zhang, Sun Yat-Sen University
Garry D. Bruton, Texas Christian University
Yadong Luo, University of Miami
Kehan Xu, University of Wollongong
Vladislav Maksimov, University of North Carolina at Greensboro

Business entertainment is prevalent in the business community of many emerging economies. It is often used to build business connections, facilitate negotiations and transactions, and share needed business information. It, however, involves expenses and uncertainties. In this study, we examine how business entertainment affects firm performance in a large economy. We introduce a notion that business entertainment is a gray or short-term social capital, which can enhance firm performance but only with a limited strength and for a limited period of time. Our analysis of 8,434 firms suggests that business entertainment does increase firm performance. However, we also find that this positive effect diminishes as the level of business entertainment increases. Additionally, we find that firms with stronger knowledge and information capital such as R&D intensity and information and communication technology (ICT) intensity are able to offset the diminishing positive effect of business entertainment. The findings advance our understanding of the popular practice of business entertainment in emerging economies and of contextualized business culture and social capital in these societies. (For more information, please contact: Huan Zhang, Sun Yat-Sen University, China: h.zhang30@umiami.edu)

THE Bright Side of Wasta

Fawaz Baddar Alhussan, IÉSEG School of Management
Faténa Baddar Alhusan, Newcastle University London

In the Arab world social networks are referred to as Wasta, which is an ancient and widespread phenomenon, and a social capital resource that is used to influence the distribution of advantages and resources. However, despite of its importance to the management of inter-organisational relationships, the focus has been often on the dark and negative side. This study draws on social capital and industrial network theories to explore the
benefits of Wasta networks and its role in enhancing the management of inter-organisational relationships with key customers in emerging economies in the Arab Middle East region. It is based on an extensive qualitative enquiry that utilises 68 in-depth semi-structured interviews conducted in Jordan with endogenous and Western firms. It concludes that Wasta is a pre-requisite for the successful management of key accounts and for enhancing the business relationships in the Arab countries. (For more information, please contact: Fawaz Baddar Alhussan, IÉSEG School of Management, France: f.baddar@ieseg.fr)

Join in or Opt Out? A Normative-Ethical Analysis of Affective Ties and Networks in South Korea
Sven Horak, St. John’s University

So far overlooked by the international business ethics literature, we introduce, characterize and normatively analyze the use of affective ties and networks in South Korea from an ethical point of view. Whereas the ethics of using Guanxi in China has been comprehensively discussed, Korean informal networks remain a nearly inscrutable challenge for firms in South Korea due to the absence of existing academic debate and research in this field. In this study, we concentrate mainly on the question of whether foreign firms will and can use affective ties in Korea. The informal social network forms are classified and contrasted with the conventional ethical approaches used in international business ethics (relativism, universalism, social contract theory) to assess which categories can be regarded as ethical or unethical. Finally, foreign firms are advised how to cope with and use different affective network types. Though the nature of affective ties and networks in Korea differs from that found for instance in China (Guanxi), consistent with the conclusion of prior research, we recommend particularistic analysis and decision making regarding the circumstances in which to conclude affective ties and networks and when to opt out. We conclude that foreign firms in Korea should invest in establishing Inmaek, refrain from engaging in Yonjul and support host country nationals’ Yongo ties. Moreover, it is suggested that foreign firms should find ways to monitor and manage informal ties effectively. (For more information, please contact: Sven Horak, St. John’s University, USA: horaks@stjohns.edu)

What Determines Debt Structure in Emerging Markets: Transaction Costs or Public Monitoring?
John W. Goodell, University of Akron
Abhinav Goyal, University of Liverpool

We examine the predilection for private bonds over bank financing (debt structure) for emerging markets within frameworks of both transaction cost economics and a transparency explanation, emphasizing the distinction between public monitoring (bonds) and private monitoring (banks); as well as considering the influence of culture on institutions. Employing several tests, including structured equation modeling, we find, amongst many results that in emerging markets bonds are preferred over banks when there is less corporate opacity and foreign access restrictions, but also in environments of greater political instability, transactions costs, and limits to legal protection. Bonds are also favored over banks in cultural environments of greater uncertainty avoidance, masculinity, long-term orientation and indulgence and in environments of less individualism. Overall, we attribute our results to culture and institutional quality together influencing debt structure, particularly through impacting attitudes toward public monitoring. Our results will be of great interest to researchers interested in the legal, social, and cultural environments of emerging markets. (For more information, please contact: John W. Goodell, University of Akron, USA: johngoo@uakron.edu)
**Session: 3.4.1 - Panel**  
**Track: 8 - International Entrepreneurship, SMEs and Born Globals**

**SME Internationalization - the Role of Public Policy in Stimulating International Entrepreneurship**

**Presented On:** June 30, 2016 - 14:30-15:45

Chairs: Igor Kalinic, University of Leeds and Jeremy Clegg, University of Leeds

**Panelists:**
- Keith D. Brouthers, King’s College London
- Igor Filatotchev, Cass Business School
- Marian V. Jones, University of Sheffield
- Gary Knight, Willamette University
- Rebecca Reuber, University of Toronto
- Miguel Matos Torres, University of Leeds

The panel session focuses on small and medium-sized enterprise (SME) internationalization and the role of public policies and other supportive measures towards internationalization. This area merits further investigation – many governments employ such measures and aspire to internationalize their SMEs. The topic is prominent in the economic Growth Agenda of the European Union – hinging to a large extent on SMEs and entrepreneurial firms contributing to growth via internationalization. But the policy measures needed (i.e., those that are effective) must depend on identifying the appropriate theory (or theories) of internationalization upon which policy works. This must influence how best to tackle deficiencies in firms – issues to do with the availability and terms of finance, awareness-raising measures, capacity-building measures, etc. And all need to be clearly linked with the ultimate objective of contributing to economic growth in the focal economy. This Panel will discuss the interaction of internationalization theory and theories of policy intervention with questions such as how the public and private sectors evaluate SMEs' business projects, and whether they treat SMEs any differently from bigger companies, what kind of new, if any, tools governments and finance providers are looking for and then how new theory of policy intervention can be produced. *(For more information, please contact: Igor Kalinic, University of Leeds, United Kingdom: i.kalinic@leeds.ac.uk)*

**Session: 3.4.2 - Panel**  
**Track: 5 - Governance and Policy for Global Innovation**

**Time, Speed and Pace of Multinational Activity**

**Presented On:** June 30, 2016 - 14:30-15:45

Chairs: Sinead Monaghan, Rutgers University and Esther Tippmann, University College Dublin

**Panelists:**
- Philip Kappen, Uppsala University
- Peter Wayne Liesch, University of Queensland
- Vincent Mangematin, Grenoble School of Management
- Ram Mudambi, Temple University

This panel seeks to discuss and advance research on the time, speed and pace of multinational activity. Extant literature has largely explored these dimensions as an incidental element of managerial decisions despite their centrality to multinational behavior. There are two areas where this under-theorization of time, speed and pace
Supply Chains, Sustainability and Local Development

Presented On: June 30, 2016 - 14:30-15:45

Chair: John Raymond Dilyard, St. Francis College

Panelists:
John Raymond Dilyard, St. Francis College
Amar Nayak, Xavier University, Bhubaneswar
John Lambert, University of Southern Mississippi
Dannielle Brathwaite, University of West Indies, Open Campus
Kate Hughes, University of Greenwich

A review of the sustainability statements of just about any multinational enterprise (MNE) will reveal that their supply chains are of vital importance. This is especially true for companies that have to access resources from a variety of locations, such as those companies involved in the production of food. The sustainability statements for large MNEs involved in the production and distribution of food or food products, such as Archer Daniels Midland, Kraft and Nestle, all stress a desire to make sure their supply chains are sustainable and support the local communities from which the food is derived. Many factors affect supply chains, such as the availability of the resource, prices of the resources, quality of the resources, changes in local conditions, and transportation costs. Because what is in the supply chain will have an effect on an MNE’s value chain, MNE’s will not be averse to making changes in their supply chains if it is in their self-interest to do so. Supplies of course have to come from somewhere, so the locations MNE’s use in their supply chains will thus be affected by MNE supply chain decisions. This panel will be examining this relationship. (For more information, please contact: John Raymond Dilyard, St. Francis College, USA: jdilyard@sfc.edu)

Middle East North Africa Rising: Misconception and Myths

Presented On: June 30, 2016 - 14:30-15:45

Chair: Melodena Stephens Balakrishnan, Karlshochschule International University

Panelists:
Robert Grosse, Thunderbird School of Global Management
Immanuel Azaad Moonesar, Mohammed Bin Rashid School of Government
Melodena Stephens Balakrishnan, Karlshochschule International University

The purpose of this session is help scholars interested in the Middle East North Africa Region (MENA) region, to understand the growing importance, influence and impact of the region in terms of public policy, MNE and startup strategies. The forum will allow us to clear misconceptions and increase awareness of challenges with
current theory when applied to the region. MENA is hardly represented in international studies. This forum may allow scholars to think of new topics for future studies, as the academic community needs to not only increase output on this region but also refocus studies to better understand the contextual nuances of MENA and reinterpret the findings from an emerging market lens. With AIB 2017 Dubai around the corner an open engagement forum where we can address questions scholars may have about the region will help contribute to IB theory. The panel consists of experts representing industry, public policy and academia. (For more information, please contact: Melodena Stephens Balakrishnan, Karlshochschule International University, Germany: mstephensb@karlshochschule.de)

Session: 3.4.5 - Competitive
Track: 11 - Global Strategy, Alliances and Acquisitions

**How Country Location Matters**

**Presented On:** June 30, 2016 - 14:30-15:45

Chair: Adamantios Diamantopoulos, University of Vienna

*Income Inequality and MNE Location Choice*

Nathaniel C. Lupton, University of Lethbridge
Frank Guoliang Jiang, Dalhousie University
Luis Fernando Escobar, University of Lethbridge

We examine the extent to which national income inequality affects MNEs’ location choice for foreign production investment. We predict that MNEs will exhibit a preference for high inequality countries where the endowment of inexpensive labor is relatively abundant. We further argue that the positive effect of income inequality on location choice diminishes as income inequality increases because the benefits of the supply of inexpensive labor are increasingly offset by the monitoring, bargaining and security costs arising from the fractious nature of high inequality societies. Moreover, we suggest that the effect of income inequality on location choice of foreign production investment is contingent on investment motives: the positive effect is stronger for efficiency-seeking investment but weaker for market-seeking and strategic asset-seeking investment. We find broad support for our hypotheses through an analysis of 27 years (1986-2012) of Japanese overseas production entries. (For more information, please contact: Nathaniel C. Lupton, University of Lethbridge, Canada: nathaniel.lupton@uleth.ca)

*Impact of Environmental Performance on the Location Choice of Cross-Border M&As: The Role of Industry Characteristics, Governance Effectiveness and Civic Environmentalism*

Gunae Choi, Rutgers University
Chinmay Pattnaik, University of Sydney

This study examines the impact of industry characteristics, home (acquirer) country governance effectiveness, and civic environmentalism on the selection of target in the country with an environmental performance lower than that of the acquirer country. Departing from previous studies that examine the probability of entering a polluting country or the volume of Foreign Direct Investment (FDI), we focus on the magnitude of environmental performance distance between the home country and the host country while selecting a target by the acquirer. Based on the pollution haven hypothesis (PHH) and new institutionalism, we hypothesize that acquirers in environmentally sensitive industries select targets in countries with high environmental performance distance. This relationship is stronger for acquirer countries with high governance effectiveness and weaker for acquirer countries with high civic environmentalism. We confirm our hypothesis based on 2768 completed cross-border acquisition between 2001-2013 from 47 acquirer countries. The study provides several implications based on the push and pull factors between acquirer and target country on location choice decisions of cross-
Country Of Origin Reputation And IPO Performance  
Ilya Cuypers, Singapore Management University  
Matteo Prato, Universita’ della Svizzera Italiana  
Gokhan Ertug, Singapore Management University

We study how public firms’ stock price is influenced by reputational spillovers among firms that are categorized in the same country. First, we argue that a firm entering the financial market through initial public offering (IPO) will achieve a higher IPO performance if the incumbent stocks from the same country are performing well in the market. In addition, we predict that this effect will be stronger if the number of incumbent firms forming the country reputation is larger and if these incumbent firms have been present in the market for longer. We test our theory with a sample of US IPOs from 1983 to 2013. 

The Tone at the Top: How CEO Compensation Affects MNC Responses to Host Country Uncertainty and Risk  
Mirko H. Benischke, Rotterdam School of Management  
Orhun Guldiken, Old Dominion University  
Geoffrey Martin, University of Melbourne  
Jonathan Doh, Villanova School of Business

Drawing on behavioral agency research, we examine how CEO equity wealth influences multinational corporations’ (MNCs) response to different sources of performance uncertainty when choosing between partial and full acquisitions. Based on a sample of 1,005 cross-border acquisitions by services firms, we find that greater CEO equity wealth strengthens the (negative) relationship between three measures of performance uncertainty (political risk, institutional distance and cultural distance) and firms’ choice of full (versus partial) acquisitions. In so doing, we advance existing theory by (1) challenging the prevailing assumption that MNC responses to performance uncertainty are solely driven by economic and environmental factors; (2) introducing the idea that CEO risk bearing is a contingency influencing cross-border acquisition strategies; and (3) extending behavioral agency research to a new decision domain. 

Understanding Outward Foreign Direct Investment

Institutions and Intellectual Property Rights: the Effects on Foreign Direct Investment  
Nikolaos Papageorgiadis, University of Liverpool  
Frank McDonald, University of Liverpool  
Chengang Wang, Bradford University

This paper examines how national institutional systems connected to Intellectual Property Rights (IPR) affect US outward FDI. Use is made of a conceptual framework centered explicitly on how institutions underpinning IPR affect the transaction costs and risk associated with the exploitation of economic rights in FDI decisions.
results reveal that formal and informal institutions have a differential effect on US outward FDI across the eight industries tested and between developing and developed economies. The focus on economic rights connected to IPR advances the application of institutional theory and provides insights for the development of theory and managerial implications. (For more information, please contact: Nikolaos Papageorgiadis, University of Liverpool, United Kingdom: n.papageorgiadis@liverpool.ac.uk)

Understanding Outward Foreign Direct Investments from Emerging Markets: A Country of Origin Perspective
Ben L. Kedia, University of Memphis
Rama Krishna Reddy, University of Memphis

In this study, we explore the complex relationship between country environment of emerging markets and the scale of outward foreign direct investment (OFDI) directed towards advanced markets. Specifically, we explore the role of emerging market’s institutions and resource environment quality as determinants of OFDI directed towards advanced nations. Using FDI data for 55 emerging markets over a period of six years between 2007 and 2012, we found support to our hypothesized curvilinear relationship between home country institutional quality and OFDI scale. Also, we found support to the hypothesized moderating effect of home country resource environment and institutional environment on scale of OFDI direct towards advanced markets. (For more information, please contact: Rama Krishna Reddy, University of Memphis, USA: rreddy1@memphis.edu)

FDI in Cultural Space: The Role of Spatial Culture Clusters in FDI Expansion
Suparna Chakraborty, University of San Francisco
Miao Wang, Marquette University
M.C. Sunny Wong, University of San Francisco

In the arena of cross-border investment, distance, whether geographical or cultural has a negative impact as per the gravity model. But, are investment decisions only bilateral in scope depending on characteristics a pair of home and host nation? Or, are the decisions more complex involving multilateral ties where agglomeration of host nations can overcome the initial cost of expansion across foreign lands? Measuring distance in terms of cultural gap and using tools of spatial econometrics to study patterns in U.S. FDI flows, we find that the impact of culture-cluster – a measure of how close culturally a potential host country is to all other FDI hosts – is significantly positive, indicating that the likelihood of U.S. investing in a particular nation is positively related to its investment in other culturally hosts. This impact, however, is time varying with a decline in the clustering effect in the 2000s, suggesting a gradual erosion of the benefits of being in a culture cluster and perhaps a move towards a more bilateral, mutually exclusive investment climate over time. (For more information, please contact: Suparna Chakraborty, University of San Francisco, USA: schakraborty2@usfca.edu)

Session: 3.4.7 - Competitive

Choice and Adaptation in Migration and Expatriation

Presented On: June 30, 2016 - 14:30-15:45

Chair: Surender Munjal, University of Leeds

Won’t Localize or Can’t Localize?: Emotional and Rational Explanations for MNE Ethnocentric Staffing Practices
Hyun-Jung Lee, London School of Economics and Political Science
Katsuhiko Yoshikawa, London School of Economics and Political Science
Anne-Wil Harzing, Middlesex University

The tendency of multinational enterprises (MNEs) from particular home countries to staff top management positions of their foreign operations with parent country nationals, is generally viewed as a “less-developed”
practice, and is typically labelled as “ethnocentric” in the IB literature. There is a widespread belief that MNE ethnocentric staffing practices stem from emotional or non-rational reasons, whereas the absence of ethnocentric staffing practices is generally considered as a rational choice, a sign of maturity. In our paper we systematically re-examine this thesis. Drawing on the national culture and translation literatures, we propose two alternative overarching mechanisms that explain ethnocentric staffing: the emotional mechanism and the rational mechanism. We use fuzzy set qualitative comparative analysis (fsQCA) to determine which conditions operationalizing the two mechanisms best explain the presence and the absence of ethnocentric staffing practices across MNEs of 13 countries. Our analysis shows that both the emotional and the rational mechanism play a key role in the presence of ethnocentric staffing practices, but that the absence of ethnocentric staffing practices is more strongly associated with the emotional mechanism. (For more information, please contact: Hyun-Jung Lee, London School of Economics and Political Science, United Kingdom: h.lee@lse.ac.uk)

Cross-Culture Adaptation Norms and Mechanism, Expatriation and Repatriation
Zhi Wang, Manchester Metropolitan University
Stuart Horsburgh, Manchester Metropolitan University
Xiao Qian Ye, Wuhan University

We evoke norms and mechanism for cross-culture adaptation in the context of international (employee) sojourners’ expatriation and repatriation. The empirical work draws from a sample data of 150 recent returnees currently working for China MNCs. The results of the expatriate analysis reveal international sojourners’ vertical and horizontal transmission patterns and adaptation mechanism enabling greater ‘cultural intelligence’, leading to greater benefits on international assignments. The results of the repatriate analysis show that “adaptation-biased norms” enable repatriating sojourners’ greater exposure to culturally variant social groups, to absorb local traits and local organizational norms, leading to greater psychological welling, reversing turnover intent. The proposed mechanism advances the literature and offers important implications for organizational support for sojourners’ seeking out, absorbing successful norms within the MNC environment. (For more information, please contact: Zhi Wang, Manchester Metropolitan University, United Kingdom: zhi.wang@mmu.ac.uk)

Effects of Individual Outcomes on Repatriates’ Satisfaction: A Longitudinal Study
Jan Sebastian Knocke, University of Erlangen-Nürnberg
Ebru Ipek, Simon Fraser University

The repatriation of individuals from their international assignments back to their home organizations is receiving growing interest within the literature of international human resource management. However, much less focus has been given to long-term outcomes of international assignments and longitudinal studies are rare. Further, satisfaction with the repatriation process as an outcome is still receiving limited attention. The aim of our study is to investigate the long-term individual outcomes on repatriation. Data was collected during assignment and upon return on a sample of 117 German managers. We propose, that knowledge transfer and career development expectations before departure and perceptions after repatriation influence the satisfaction with the repatriation process. Our findings suggest that a mismatch between expectations and perceptions on these variables increases the turnover intentions. Yet, our data suggests the actual turnover rate to be much lower than reported in extant repatriation literature. Theoretical and managerial implications are discussed. (For more information, please contact: Jan Sebastian Knocke, University of Erlangen-Nürnberg, Germany: jan.knocke@fau.de)
Resource Dependence and Foreign Direct Investment Entry into Subnational Regions in an Emerging Economy: The Moderating Role of Cultural Distance
Jiatao Li, Hong Kong University of Science and Technology
Kun (Fiona) Yao, University of Illinois at Urbana-Champaign
Luqun Xie, Hong Kong University of Science and Technology

Drawing on the resource dependence theory perspective, this study analyzes how the dependence relationship between the home country of multinational enterprises (MNEs) and the host location affects the foreign direct investment (FDI) entry rate from that home country to the host location. We propose that mutual dependence between the home country and the host location increases the MNEs' FDI entry rate to that region, while power imbalance decreases it. We further argue that the intercountry cultural distance moderates these relationships. Data on manufacturing ventures in China set up by MNEs provides the empirical context for the investigation and the results largely support our arguments. (For more information, please contact: Luqun Xie, Hong Kong University of Science and Technology, Hong Kong, SAR-PRC: lxieac@ust.hk)

Behind Emerging-Economy Multinationals' International M&As
Joyce (Congying) Wang, University of Texas at Dallas
Mike Peng, University of Texas at Dallas

This article introduces the residual control theory to understand the recent rise of emerging-economy multinational enterprises' (EMNEs’) international M&As. Our theoretical framework builds on (1) the residual-control aspect of acquisitions, (2) a trade-off analysis of acquirers’ investment importance relative to targets’ incentive loss, and (3) the augmenting firm-specific advantages of EMNEs over time. Accordingly, we provide a longitudinal understanding of EMNEs’ international M&As. Early on, EMNEs exploit country-specific advantages and acquire related foreign targets. As they are exposed to the global competition, EMNEs catch up in terms of organizational resources and capabilities. Then they leverage the accumulated firm-specific advantages to explore residual rights of unrelated foreign targets. Performance implications are delineated for EMNEs that pursue residual controls of corporate assets in the international M&As market. (For more information, please contact: Joyce (Congying) Wang, University of Texas at Dallas, USA: cxw141430@utdallas.edu)

Converging to Maturity but Not Quite There: Internationalization of Petroleum EMNEs in the Context of the Two Wave Approach
Luisa Fernanda Melo, Bentley University

This paper presents a qualitative case study evaluating a recent period of internationalization activity of emerging market firms (EMNEs) in the Petroleum sector. Seven firms from five different countries including Brazil, China, Colombia, Malaysia and Russia, are profiled. I develop a conceptualization of Petroleum EMNEs internationalization by building on the two wave approach developed by Dunning, Van Hoesel & Narula (1996), which characterized internationalization stages of EMNEs. The recent expansion by Narula (2010) highlights a convergence of EMNEs toward mature MNEs, with an additional stage before maturity: the Two Prime Wave. This study demonstrates that Petroleum EMNEs are closer to the Two Prime wave proposed by Narula (2010), and in some case, in earlier stages of internationalization. This implies convergence toward maturity but not
mature MNE characteristics, in part due to the relationship of the firm to the state. (For more information, please contact: Luisa Fernanda Melo, Bentley University, USA: melo-lf@outlook.com)

Session: 3.4.9 - Competitive
Track: 7 - MNEs, Governments, and Non-market Strategies

Cross-Border Politics: Multinational Enterprises' Political Activities in Host Countries

Presented On: June 30, 2016 - 14:30-15:45

Chair: Jonas F. Puck, WU Vienna

Home Institutional Imprinting, R&D Intensity and Lobbying Expenditure of Foreign Firms in the U.S.
Vikrant Shirodkar, University of Sussex
Steven McGuire, University of Sussex
Palitha Konara, University of Huddersfield

Although corporate political activity (CPA) has been widely researched in the general management literature, studies on CPA in an international business (IB) context remain scarce. In this paper we examine the lobbying expenditures of the largest 500 foreign multinational enterprises (MNEs) operating in United States (US). Combining institutional theory with organisational imprinting perspectives, we attempt to explain the effect of foreign MNEs’ institutional imprinting and research and development (R&D) intensity on their lobbying expenditure in the US. In this context, we firstly argue (and find) that foreign MNEs from home countries with stronger institutions and those with greater degrees of capitalism spend greater on lobbying in the US than foreign MNEs from home countries with comparatively weaker institutions and lesser degrees of capitalism. Secondly, we also argue (and find) that foreign MNEs with greater R&D intensity spend lesser on lobbying in the US than foreign MNEs with lesser R&D intensity. Thirdly, we also examine the moderating effects of R&D intensity on the relationship between institutional imprinting and lobbying expenditure. We find that with greater R&D intensity the positive effect of foreign firms’ home institutional imprinting on lobbying expenditure is reduced. Our findings enhance our knowledge of the factors determining MNEs’ cross-border CPAs. (For more information, please contact: Vikrant Shirodkar, University of Sussex, United Kingdom: v.shirodkar@sussex.ac.uk)

Political Risk and MNCs’ Asset Investments -From Momentum and Deceleration Views-
Naoki Yasuda, Rikkyo University

In contrast to previous studies that have independently developed momentum and deceleration arguments, this study synthesizes and integrates these two arguments. I theorize an idea of a political reference point to differentiate organizational behavior (i.e., above and below risk behavior) to synthesize momentum and deceleration arguments. This study proposes that given types of behaviors cause deceleration effects on the same behavior types and increase different types of behaviors instead of decreasing the same types of behaviors. Using the data on the global mining industry, I find that prior above and below risk behaviors decrease subsequent above and below risk behavior, respectively, while also increasing subsequent below and above risk behavior, respectively. This study offers significant contributions to the literature on momentum and deceleration, reference point theory, and organizational risk taking. (For more information, please contact: Naoki Yasuda, Rikkyo University, Japan: naoki.yasuda@rikkyo.ac.jp)
The Multi-Faceted Role of Experience Dealing with Policy Risk: The Impact of Intensity and Diversity
Alfredo Jiménez, Kedge Business School
Diana Benito-Osorio, Rey Juan Carlos University
Patricia Renee Klopf, WU Vienna

Firms learn from their previous experience and develop capabilities by transforming routines into knowledge. This mechanism applies to the market- but also the non-market environment. Experience is therefore useful to deal with the policy risk derived from the potential discretionary and opportunistic behavior of governments and authorities. However, we argue that firms can learn not only from the intensity of experience dealing with policy risk, but also from the exposure to a more diverse range of political environments. Testing a sample of 164 Spanish multinational firms, we find that the positive impact of diversity of experiences on the scope of internationalization is more important than the intensity of experience. However, we also find a moderating impact between both types of experience. Overall, our findings emphasize the multi-faceted nature of experience and the need to disentangle the impact and interrelationships of its different components. (For more information, please contact: Alfredo Jiménez, Kedge Business School, France: alfredo.jimenez@kedgebs.com)

Session: 3.4.10 - Competitive
Track: 8 - International Entrepreneurship, SMEs and Born Globals

Decision-making in Internationalization

Presented On: June 30, 2016 - 14:30-15:45

Chair: Linda Hsiu-yun Hsieh, SOAS, University of London

Familiarity In Entrepreneurial Internationalization Decisions
Daniel Richard Clark, Indiana University

Internationalization decisions are cognitively demanding; entrepreneurs often use decision-making processes that allow them to make decisions within their cognitive limitations. Through verbal protocol analyses, we demonstrate that entrepreneur decision-makers use country familiarity, a form of heuristic, to inform and simplify decisions, resulting in initial increases and then decreases in the cognitive effort involved in internationalization decision-making. We also find a significant inverted U-shaped curvilinear relationship between country familiarity and the assessment of internationalization priority. Entrepreneurs use heuristics in internationalization decision-making to limit cognitive effort, but also create a liability where attractive opportunities may be prematurely dismissed. (For more information, please contact: Daniel Richard Clark, Indiana University, USA: drc2@indiana.edu)

Procedural Rationality in the Decision-Making of Internationalizing SMEs
Linda Hsiu-yun Hsieh, SOAS, University of London
Said Elbanna, Qatar University
Rose Narooz, Coventry University
Pushyarag Puthusserry, Queen’s University Belfast
Joanna Karmowska, Oxford Brookes University
Svetla Marinova, Aalborg University
Lulu Zhang, China Europe International Business School

This paper makes two major contributions to the growing body of empirical work on how SME decision-makers decide to internationalize. First, it responds to recent calls for incorporating strategic decision-making literature into understanding SME internationalization decisions. Second, it shows the circumstances in which SME decision-makers tend to follow a more rational approach toward internationalization decisions. Specifically, this
Research was conducted with the principal decision-maker in each SME and they were asked to identify and discuss a recent internationalization decision taken and implemented. The findings from a sample of 176 export-active SMEs show that decision-makers tend to follow a more rational decision-making procedure when they perceive a high level of international risk. The evidence also suggests that internationalization performance, planned internationalization, routine credit check, and decision team size are positively related to procedural rationality. 

(For more information, please contact: Linda Hsiu-yun Hsieh, SOAS, University of London, United Kingdom: hh24@soas.ac.uk)

Russian SMEs under the Sanctions Regime: The Interplay of Effectuation and Causation in Decision-Making on International Suppliers

Tamara Galkina, Hanken School of Economics
Igor Laine, Lappeenranta University of Technology

The institutional context of Russia and the recent regime of foreign trade sanctions makes it a natural laboratory to study change in decision-making regarding the international activities of SMEs. This research explores how the increased institutional uncertainty is evaluated, enacted and responded to by SMEs that are heavily involved in relations with international suppliers. This longitudinal study reveals that they simultaneously use both causation and effectuation in their decision-making; however, the intensity of both types varied along the studied period. Also, the studied firms used effectuation logic differently, which enables two types of effectuation to be distinguished: opportunity-driven effectuation and survival effectuation. 

(For more information, please contact: Tamara Galkina, Hanken School of Economics, Finland: tamara.galkina@hanken.fi)

Session: 3.4.11 - Interactive
Track: 9 - Emerging Markets: Institutional Voids and Beyond

FDI and Host Country Institutions in Emerging Markets

Presented On: June 30, 2016 - 14:30-15:45

Chair: Vikas Kumar, University of Sydney

Understanding the Internationalization of Latin American Enterprises

Jorge Alcaraz, Tecnologico de Monterrey
Johanan Zamilpa, Universidad de Guanajuato
Luis E. Torres, Georgia Gwinnett College

This document is a work-in-progress. Foreign capitals from developing countries have been growing during last decades. China holds the largest participation among emerging countries in terms of outward foreign direct investment (OFDI) and concentrates most of the academic interest. Considering the particular conditions and characteristics of Chinese firms in terms of internationalization of domestic enterprises and the complexity in the extrapolation of research findings, there is the need to study other firms from different countries. This paper aim is to fill this gap, contributing to the IB literature understanding the internationalization of Latin American enterprises by the use of disaggregated data and differentiating the behavior between private-owned and state-owned multinational enterprises. 

(For more information, please contact: Jorge Alcaraz, Tecnologico de Monterrey, Mexico: jialcaraz@itesm.mx)
Danielle Renee Jones, University of Illinois at Urbana-Champaign

This study examines host country locational advantages that influence inward financial sector foreign direct investment (FDI) flows into African countries, and compares these factors to those in other regions of the world. Using Dunning’s eclectic OLI paradigm, I examine the motivations and determinants of financial sector FDI inflows into Africa. Findings indicate that the level of regional economic integration, regulatory stringency, and the identification of strategic assets in an African country are significant factors that influence inward financial sector FDI; however, not necessarily in the way in which existing IB research has predicted. In fact, the location-based factors that typically attract inward FDI in other parts of the world actually deter investment from Africa. The findings from this research demonstrate the need for, and are expected to contribute to building a theory of inward FDI in African countries, and to have significant implications for researchers, practitioners and policymakers. (For more information, please contact: Danielle Renee Jones, University of Illinois at Urbana-Champaign, USA: jonesdr2@gmail.com)

**Impact of TMT Socio-Demographic Faultlines on Speed of FDI Expansion: An Emerging Market Perspective**  
Ankita Chhabra, Indian Institute of Management, Indore  
Manish Popli, Indian Institute of Management, Indore

Internationalization is an important strategic lever to compete in a globalized world. Emerging market multinational enterprises (EM MNEs) globalized at a higher speed to overcome their latecomer disadvantage. We believe that the role of decision making of TMT is crucial for embarking on such strategic actions and analyzing those is pertinent for IB Scholarship. In particular, the role of upper echelon remains underexplored in emerging market (EM) context of India, which presents unique institutions of caste embedded in the social structure. To that end, we explore the role of caste-based socio-demographic faultlines of top management team (TMT) on speed of firm’s FDI expansion. Furthermore, we propose to examine the moderating role of prior international experience and inward foreign competition. (For more information, please contact: Ankita Chhabra, Indian Institute of Management, Indore, India: f13ankitac@iimidr.ac.in)

**Dynamics of Comparative Ownership Advantage: The Interplay of Domestic and International Sphere**  
Monica Ren, Macquarie University  
Stephan Manning, University of Massachusetts Boston

This study extends the notion of comparative ownership advantage by proposing a more dynamic perspective in the context of internationalization. Based on the case of Chinese mining firms, the relative ability of state-owned enterprises vs. non-stated-owned enterprises to access critical resources is compared and assessed as a function of institutionally induced strategic opportunities and decisions in both the domestic and international sphere. Findings suggest a dialectic view on the potential competitive benefits of initial institutional disadvantages. This study informs research on the firm-institution nexus and develops a more nuanced understanding of resource-seeking internationalization decisions. (For more information, please contact: Stephan Manning, University of Massachusetts Boston, USA: stephan.manning@umb.edu)

**The Influence of Institutional Voids in Emerging Markets on Entrant Firms’ Resource Commitment**  
Claudio Giachetti, Ca’ Foscari University of Venice  
Augustine Awuah Peprah, Ca’ Foscari University of Venice

The existing international management literature has presented inconclusive results about the effect of institutional voids in emerging economies on the extent to which firms move resources in these markets. With the lens of institutional theory and transaction-cost theory in international business, this paper examines how institutional voids in an emerging economy influence the decision of firms based in developed countries to move
resources in that economy in terms of: 1) the degree of control of the entry strategy employed and 2) the level of delocalization of business functions. By relying on a sample of 90 Italian firms operating in China between 2001 and 2010, results of this study show that the relationship between institutional voids in an emerging economy and developed country-based firm’s resource commitment in that emerging economy is inverted U-shaped: as institutional voids in the emerging economy increase, firms based in developed countries prefer to choose entry strategies with higher degree of control as well as increase the number of business functions in the emerging economy; however, beyond a certain level of institutional voids, firms tend to reduce the entry mode degree of control and the number business functions within the emerging economy. (For more information, please contact: Claudio Giachetti, Ca’ Foscari University of Venice, Italy: claudio.giachetti@unive.it)

Institutions in Transition: Is the EU Integration Process Relevant for Inward FDI in European Transition Economies?

Uros Delevic, University of Reading
Irina Heim, University of Reading

This research challenges contemporary view of economic policy makers in transition European economies that EU integration process will lead to greater inflow of Foreign Direct Investments (FDI), thereby increasing living standards. It is further argued that no evidence is supportive of assumption that attracted FDI will inevitably contribute to the economic prosperity. The analysis considers success of several countries in Eastern Europe to attract and benefit from FDI on their way to the EU membership. In other words, the paper examines underlying reasons for policy makers’ beliefs that EU integration process is correlated with investors’ decisions for production location and that attracted investments are prone to bring economic development. In this context, it is argued that economic development cannot be associated with all types of foreign investments but only with high quality investments. In order to facilitate this type of FDI, transition countries in Europe must eradicate institutional inefficiency and invest in human capital. (For more information, please contact: Uros Delevic, University of Reading, United Kingdom: u.delevic@pgr.reading.ac.uk)

Session: 3.4.12 - Interactive
Track: 7 - MNEs, Governments, and Non-market Strategies

Antecedents and Consequences of Corporate Political Strategy: New Perspectives and New Contexts

Presented On: June 30, 2016 - 14:30-15:45

Chair: Lorraine Eden, Texas A&M University

Political Market Competition in Transition Economies: A Resource Dependence Approach
Jinsil Kim, University of Texas at Dallas

We assert that competitors’ political influences on policy-making place a focal firm at a political disadvantage in its relationship with the government. This disadvantageous position spurs the focal firm’s own tendency to engage in state capture as a way to manage its dependence. However, we find that when the focal firm is engaged in collective action via business association, when it faces more competitors within the same industry and a higher level of institutional development within its home country, competitors’ political influence exertions are less likely to stimulate state capture by the focal firm. We find support for our arguments using survey data from the World Bank and the European Bank for Reconstruction and Development (EBRD) on 25 countries in Eastern Europe and Central Asia. (For more information, please contact: Jinsil Kim, University of Texas at Dallas, USA: jxk132030@utdallas.edu)
Political Connections and Speed in Large Projects  
Joao Albino Pimentel, HEC Paris  
Paul Vaaler, University of Minnesota

We investigate the role of firm-specific political connections on the speed with which project finance-based investments obtain funding and start operations. We argue that political connections operate as a mechanism to mitigate risks of project finance-based investments, particularly when projects lack other features that could alleviate the risks perceived by potential lenders and other stakeholders. We further argue that firms without political connections get projects financed and start operating faster only if they announce low risk projects. We also propose that political connections based on interpersonal relationships and political connections based on government experience have contrasting effects on the speed of project finance-based investments. Finally, we propose that high-speed projects are not simply the mirror image of low-speed projects, but that these two categories of projects are characterized by different features. We use fuzzy sets qualitative comparative analysis to empirically investigate these predictions. We analyzed a sample of project finance investments sponsored by the largest French firms in 31 countries and found support for our main predictions and additional insights on the determinants of speed in project finance-based investments. (For more information, please contact: Joao Albino Pimentel, HEC Paris, France: joao.albino-pimentel@hec.edu)

Lead, Follow, or Abstain: When and How Non-Market Strategy Pays Off  
Luis Ballesteros, University of Pennsylvania

This paper presents a comparative analysis of the economic efficiency of leading versus following or abstaining when a non-market choice that can potentially affect firm performance has to be made in conditions of high uncertainty and little decision time. Drawing upon work on the social construction of preferences in the behavioral economics literature, I develop a model where logics and optimization and the possession of relevant experience are not sufficient factors to predict the distribution of profits across organizations. Instead, the market response is generated by the interaction of the characteristics of the organizational choice with the relative organizational standing in an institutional group and the social expectations on the organization. Analyzing philanthropic responses of 2,000 corporations from 65 countries to earthquakes that affected 57 countries in the period 2003-2013, this study informs how the combination of the timing of the donation announcement (at the minute-level granularity), organizational experience and specifics, and the industry and institutional context may hamper or fuel market rents. In this sense, I contribute to the literatures on CSR and strategic philanthropy where the association between pro-social behavior and firm performance is equivocal and engagement in pro-social behavior is traditionally treated as a binary choice. (For more information, please contact: Luis Ballesteros, University of Pennsylvania, USA: luisf@wharton.upenn.edu)

With or Without You: Corporate Lobbying for Antidumping and the Byrd Amendment  
Young Hoon Jung, University of Texas at Dallas  
Seung-Hyun Lee, University of Texas at Dallas

Collective action is less likely to succeed when its benefits are shared with others within the same industry but the cost is not due to free-rider problems. For this reason collective action problems have been of keen interest for scholars and practitioners. How would firms change their behaviors when benefits are distributed to each firm investing in political strategies such as lobbying? We examine the Byrd amendment which distributed the countervailing duties collected from foreign producers to local producers injured from dumping as a special case, offering a complementary perspective on the free-rider problem related to antidumping protections. We analyze how corporate lobbying for antidumping would differ before versus after the repeal of the Byrd Amendment, as well as probing which firm was affected by the Byrd Amendment with respect to free riding. (For more information, please contact: Young Hoon Jung, University of Texas at Dallas, USA: younghoon.jung@utdallas.edu)
Local Isomorphism in Political Strategy
Jihyun Eun, University of Texas at Dallas

Local isomorphism, which is an adoption strategy, suggests that foreign firms are able to mitigate the liability of foreignness by adopting or imitating local firms’ activities, business practices, or strategies. Despite the prosperity of the relevant literature, less attention has been devoted to local isomorphism in terms of non-market activity, such as political activity. In addition, the boundary conditions of local isomorphism have not been sufficiently considered. Based on these research gaps, in this study, we focus our research on the U.S. automotive industry and investigate local isomorphism on a non-market activity—namely, corporate lobbying. Here, we argue that foreign automakers in the U.S. market are likely to imitate corporate lobbying of the U.S. automakers in order to obtain legitimacy and simultaneously reduce uncertainty, as well as informational disadvantages. In addition, the moderating roles of institutional-level factor, institutional distance, and firm-specific factor, sales performance change in the U.S. market, are considered. (For more information, please contact: Jihyun Eun, University of Texas at Dallas, USA: eun047@gmail.com)

Integrating Social and Political Strategies as Forms of Reciprocal Exchange into the Analysis of Corporate Governance
Jean J. Boddewyn, Baruch College - CUNY
Peter J. Buckley, University of Leeds

We argue that the concept, theory and practice of reciprocity provide a fruitful way of integrating social and political strategies because philanthropy and lobbying share the conceptual feature of donating valuable resources to nonmarket recipients – mainly NGOs, politicians and regulators – who are not contractually bound to reciprocate. Theoretically, we interpret the use of non-contractual reciprocity through transaction-cost-economics principles normally applied to contractual transactions, and we derive from it an expanded view of governance modes that include reciprocity. We also analyze the scope of reciprocal exchange which is differentiated from bribery. The research implications of these findings are further developed. (For more information, please contact: Jean J. Boddewyn, Baruch College - CUNY, USA: jean.boddewyn@baruch.cuny.edu)

Frame or Get Framed: The Critical Role of Issue Framing in Nonmarket Management
David Bach, Yale School of Management
Daniel Blake, IE Business School

This paper deepens the understanding of firms’ strategic management of their social and political (or “nonmarket”) environment by focusing on the critical role of issue framing. How an issue is framed shapes the nonmarket context that surrounds it. Crucially, issue frames are not random; rather they are the product of strategic behavior by firms and other nonmarket actors, such as government agencies or NGOs. Furthermore, frames are not fixed and issues can be reframed over time. Thus, framing is a powerful strategic tool that enables firms to shape the structure of the nonmarket environment in ways that benefit them. We draw on literature in management, political science, sociology and cognitive linguistics to illustrate five distinct pathways through which firms can shape different dimensions of the nonmarket environment and illustrate each with a mini case. The article identifies factors that increase the likelihood of framing success but also highlights the limits of framing and sketches how firms can ensure they use framing responsibly. (For more information, please contact: David Bach, Yale School of Management, USA: david.bach@yale.edu)
Intangible Asset Holdings and Investments of Multinational Subsidiaries
Quyen Nguyen, University of Reading

There is increasing evidence that intangible assets (e.g. patented technology, trademarks, copyrights, etc.) are a source of international competitiveness and drivers of value creation for firms. In this study, we examine the key non-tax factors which influence the holdings and investments in intangible assets of multinational subsidiaries. We adopt an inter-disciplinary approach by integrating the theory of the multinational enterprise in the international business (IB) literature and the pecking order theory in the finance literature, and applying the international accounting standard IAS38 Intangible assets in our research. Intangible asset is defined as non-monetary identifiable asset without physical substance. We test our hypotheses using a new original dataset of US multinational subsidiaries in Europe. We find that subsidiary managers act strategically in the holdings and investments in knowledge-based intangible assets by exploiting host country specific advantages and combining with their liquid assets (cash holdings) in innovative ways. They are driven by non-tax reasons in their strategic decision making as we control for tax-related variables. Our study makes new theoretical and empirical contributions to the literature of subsidiary strategy. Our findings provide important strategic implications for subsidiary managers and policy makers. (For more information, please contact: Quyen Nguyen, University of Reading, United Kingdom: t.k.q.nguyen@henley.ac.uk)

The Effect of Corporate Governance on Response to Technological Discontinuities: A Study of the Global Mobile Telecommunications Industry
Jimi Kim, Temple University
Mitrabarun Sarkar, Temple University
Anu Wadhwa, Imperial College London

We argue that corporate governance, such as ownership structure plays a pivotal role in shaping how firms search, which in turn impacts their ability to respond to technological discontinuities. In particular, higher MNC ownership with strong oversight facilitate directional search which is better suited for navigating incremental technological changes. However, when firms face radical technological discontinuities which require firms to engage in heuristic search, the same corporate governance setup may be misaligned with the problem solving activities that firms need to undertake. We empirically test our hypotheses within the mobile telecommunication industry from 2000 to 2014, covering over 200 countries globally. (For more information, please contact: Jimi Kim, Temple University, USA: jimi.kim@temple.edu)

Do General Purpose Technologies (GPTs) Support the New Competence Creating Activities in MNC Host Countries?
John Cantwell, Rutgers University
Ranfeng Qiu, California State University, San Bernardino

This study brings the concept of General Purpose Technologies (GPTs) into the context of the multinational corporation (MNC) competence creation literature. GPTs facilitate the combination and recombination of knowledge in technologically and geographically distant domains, and thus further encourage the new competency creations in MNC foreign subsidiaries. Based on a large USPTO dataset covering the patents granted to 308 large firms between 1969 and 1995 across 26 home countries and 58 host countries, the
empirical findings suggest that the host country specialization of innovations in GPT areas is positively related to the proliferation of competence creating (CC) activities in the MNC’s host countries. Such a “facilitating” effect is more salient when GPTs lie outside the “core” fields of a firm’s industry. More interestingly, the positive relationship between GPTs and CC activities in MNC host countries is not only because GPTs act as the “bridge” bringing together technologies across different fields, but is largely driven by the fact that many of the GPTs themselves become the firm’s new competencies. This study contributes to the emerging studies on the role of GPTs and the discussion of “competence creating” subsidiaries. (For more information, please contact: Ranfeng Qiu, California State University, San Bernardino, USA: rqiu@csusb.edu)

Local Supplier’s Technological Upgrading and Linkages with Foreign Customers: The Moderating Effect of Resource Orchestration Activities
Yoo Jung Ha, University of York

This study investigates how transactional linkages with foreign customers influence local suppliers’ technological upgrading. While previous studies have shown that how local suppliers capture technological learning opportunities from foreign customer linkages, there has been limited studies about how a local supplier can successfully close resource gaps to transform the linkage-driven learning into technological upgrading. This study thus investigates the moderating effect of suppliers’ resource orchestration activities. We further explore variance of the moderated effect in dynamic as opposed to stable market environments. Based on Korean Innovation Survey data in combination with firm-level patenting data, we find that 1) foreign customer linkages leave greater resource gaps than domestic customer linkages, 2) the effect of foreign customer linkages is negatively moderated by supplier’s own resource orchestration activities focusing on external search, and 3) the moderated effect of foreign customer linkages is positive in dynamic market environments. Our contribution is to incorporate the resource orchestration perspective, extending the model about the role of foreign customers in technological upgrading. We generate managerial implications about how local suppliers achieve technological upgrading by closing resource gaps through resource orchestration activities mainly through external search depth. (For more information, please contact: Yoo Jung Ha, University of York, United Kingdom: yoojung.ha@york.ac.uk)

Opening the Blackbox of the International Diversification - Firm Performance Relationship: A Meta-Analytical Path Analysis
Thomas-Dawid Jaskolka, University of Kaiserslautern
Jens Simon Schueler, University of Kaiserslautern
Matthias Baum, University of Kaiserslautern

International diversification (ID) and its direct effect on firm performance (FP) have been examined extensively over the last decades. To develop a better understanding of the contradictory results in the existing literature, we aim to explain the mechanism through which ID impacts FP. We theoretically derive possible mediators (organizational learning, firm innovation, risk, financial leverage) of the ID-FP relationship and meta-analytically test the hypothesized framework. The results of our meta-analytical path analysis, based on 318 primary studies with 1,062,645 firms, show that the relationship is positively mediated by organizational learning and firm innovation. ID leads to higher levels of learning and innovation, ultimately resulting in higher FP. However, our results indicate that risk and financial leverage are inappropriate mediators to explain the differences in the performance of internationally diversified firms (For more information, please contact: Jens Simon Schueler, University of Kaiserslautern, Germany: jens.schueler@wiwi.uni-kl.de)

Degree of Multinationalization and Dynamics of Technological Trajectories
Hye Sun Kang, University of South Carolina

The main purpose of this study is to investigate the relationship between the degree of multinationalization and the dynamics of technological trajectories. Here I define ‘dynamics’ of technological trajectories as the variance
of tendencies toward increasing (or decreasing) specialization, or diversification when firms are developing their knowledge path through patenting activities. I suggest the marginally inverted U-shape between the degree of multinationalization and dynamics of technological trajectories. Specifically, at the initial stage of multinationalization, the degree of dynamics is relatively small and it gets increased as firms enter mid-multinationalized stage. After the peak of multinationalization, the relationship shows that the smaller the dynamics is, more stable a firm is in terms of their patenting in diversified technological fields. Then two features of MNEs—internalization of knowledge sourcing and fitness of national innovation system—are explored in order to see how features of MNEs moderate the focal relationship. At the first place, patent analysis for measuring the dynamics of technological trajectories has been implemented with nine Japanese automakers. Then variables and methodologies for future experimental testings are discussed. (For more information, please contact: Hye Sun Kang, University of South Carolina, USA: hyesun.kang@grad.moore.sc.edu)

The Economics of MNE Network: A Microstructure Perspective
Bo Liu, University of Electronic Science and Technology of China

MNEs network setup is crucial for global trade activities and its economic outcome. Plane network and line network are two most general but important organizational structures in MNE network. We build a model to explore the economics of these two MNE network structures, and formalize the role of MNE network structures in determining the cost of capital and market outcomes, such as market liquidity, volume, efficiency, welfare and volatility. The results indicate that the cost of capital, market liquidity, trading volume, market efficiency and welfare outperform when MNEs are organized in plane network. However, the plane network is more volatile than line network. The results have rich implications for the organizational structures set up of MNE networks and its management. (For more information, please contact: Bo Liu, University of Electronic Science and Technology of China, China: b.liu07@fulbrightmail.org)

Session: 3.4.14 - Interactive
Track: 10 - Global Operations and Supply Chain Management

Global Sourcing

Presented On: June 30, 2016 - 14:30-15:45

Chair: Manpreet Hora, Georgia Institute of Technology

Supply Network Collaboration: Exploring the Management of Power and Trust Orthogonality Paradox
Sven Horak, St. John’s University
Roman Bartnik, University of Duisburg-Essen

Understanding the management of informal institutions, as opposed to formal institutions, in supply networks can be regarded to be as yet an underdeveloped research field. Up until now, quantifiable indicators were mostly taken to judge the efficient functioning of supply chains, based on a pyramid-like OEM-tier structure. As that structure is today slowly changing to a more network-like supply structure, the role of collaboration becomes critical for the success of each of the network members. Research on the role of informal institutions in supply network collaboration, here in particular the interplay of power and trust between supply network members, is so far underdeveloped. This study goes beyond the typical orthogonal view on power and trust and attempts to study the interrelatedness of power and trust in international supply chain collaboration, exemplified by the case of Toyota and its suppliers. Contrary to the conventional orthogonal view on power and trust in business-to-business (B2B) relationships, we propose to consider and analyze B2B relationships in East Asia through the paradoxical Yin Yang lens. Finally, we assume the Yin Yang view to be suitable to understand the amalgamation of power and trust, whereas we see the need to understand better the individual capabilities and skills needed to establish Yin Yang competence. We also propose initial implications for the socio-management of supply networks. (For more information, please contact: Sven Horak, St. John’s University, USA: horaks@stjohns.edu)
Analysis of the Purchasing Internationalization Process in Brazilian Industrial Companies
Moema Pereira Nunes, Universidade Feevale
Márcio Costa Moreno, Pontifical Catholic University of Rio Grande do Sul State - PUCRS
Grace Vieira Becker, Pontifical Catholic University of Rio Grande do Sul State - PUCRS

This paper aims to show the relationship between the stage of purchasing internationalization of suppliers and performance requirements imposed by the purchaser company and to identify the motivational and inhibiting factors, from the point of view of suppliers, of the purchasing internationalization. A multiple case studies with an exploratory approach was conducted. It was identified the influence of the Focal Company on its suppliers’ strategy. A relationship of how the suppliers are perceived over the factors that motivate or demotivate the companies to make international purchases was identified. *(For more information, please contact: Moema Pereira Nunes, Universidade Feevale, Brazil: moemanunes@hotmail.com)*

Capability Deepening and Widening for OEM Suppliers in Global Value Chains: Exploring the Influences of Product Modularity and Electronic Integration
Cheng-Chieh Hsiao, Shih Hsin University
Danchi Tan, National Chengchi University
Jyh-Shen Chiou, National Chengchi University

Manufacturing for global customers under original equipment manufacturer (OEM) contracts provides important opportunities for many developing market suppliers to learn about leading-edge market and technological information and to build up organizational capabilities. To secure the relationship with the customers, many of these suppliers adjust their product systems by adopting product modular designs and/or electronically integrating with the customers. In this study, we examine how product modularity and electronic integration affect the path of capability development of developing-market OEM suppliers. We propose that product modularity enables suppliers to reach a diverse set of customers and stretch their information and skill sets, thus facilitating capability widening. In contrast, electronic integration ties OEM suppliers with particular customers, thus promoting capability deepening. Empirical evidence based on a sample of Taiwanese electronic OEM producers in general provides support to these arguments. *(For more information, please contact: Cheng-Chieh Hsiao, Shih Hsin University, Taiwan: jerrycchsiao@gmail.com)*

Challenging the Leader: How Suppliers Change the Balance of Power in Supply Chains of Fast Clockspeed Industries
Luis Oliveira, University of São Paulo
Afonso Fleury, University of São Paulo

Despite at the heart of all business-to-business relationships, the concept of power stands mostly in the backstage, driving some Supply Chain Management (SCM) scholars to point out the risks of such parsimonious attention. That concept comes out more explicitly in the Global Value Chains (GVC) literature, associated to the concepts of governance and upgrading. Bringing together the SCM and the GVC approaches, this paper analyzes how power relationships influence firms’ behavior by focusing on the upgrading of non-leading firms – a moment of inflection in the power balance in the supply chain. The field research encompasses four cases in digital games, a fast clockspeed industry, to answer the research question: How do non-leading firms manage power relationships to challenge the coordination of lead firms in supply chains? The outcomes highlight that multiple sources of power affect suppliers’ upgrading, not solely the power emanating from the chain leader, and that firms subject to a set of governance modes encounter different upgrading prospects. These results endorse earlier GVC’s and SCM’s alerts about lead firm-biased studies and call for a better understanding of the supplier’s initiatives in the chain. *(For more information, please contact: Luis Oliveira, University of São Paulo, Brazil: luis.oliveira@usp.br)*
Supplier Engagement Strategies in China: Case Studies, Theorizing and Tests
Changhui Zhou, Peking University
Chunfen Wang, Peking University

This research investigates how MNCs engage indigenous suppliers in emerging markets. By adopting both qualitative and quantitative methodologies, this research generates insights from eight cases of Caterpillar developing its suppliers in China and then tested these generated ideas by collecting questionnaire data in the same context – based on Caterpillar’s 181 suppliers in China. Our findings suggest that sensegiving and status pro are important and innovative supplier engagement strategies. (For more information, please contact: Changhui Zhou, Peking University, China: czhou@gsm.pku.edu.cn)

A Study of Modularization and Complexity
Yue Zhao, Florida International University
Ronaldo Parente, Florida International University

Global markets are becoming increasingly challenging due to the rapid changes in technology and heterogeneous customer expectations. In pursuit of capturing these changing preferences, firms such as assembly plants are required to face substantial manufacturing due to this increasing product complexity. In the automobile industry, modularization has been suggested as an effective approach to manage this complexity. Our study focus on the moderating effect of modularity and supplier-buyer integration on the relationship between firm performance and product portfolio complexity. Based on our study in Brazilian automobile industry, we empirically test the argument that product modularity and supplier-buyer integration could mitigate the negative influence of complexity on firm performance. (For more information, please contact: Yue Zhao, Florida International University, USA: yzhao028@fiu.edu)

Session: 3.4.15 - Interactive
Track: 8 - International Entrepreneurship, SMEs and Born Globals

The Role of Social Ties in International Entrepreneurship

Presented On: June 30, 2016 - 14:30-15:45

Chair: Sylvie Chetty, University of Otago/Uppsala University

Analyzing Networks in International Business
Kent Eriksson, KTH Royal Institute of Technology
Angelika Lindstrand, Stockholm School of Economics

This paper is a review of network research in International Business, and suggests potential avenues for future research. The review contains a search of scholarly journal databases for articles that research networks in international business. The review of the resulting 669 published articles, show that only around three percent of the articles published in this area have used empirical network analysis methods to research networks in IB. The review further shows how IB research areas differ in application of network research. Based on the review, the recommended research agenda is to expand the application of network analysis in IB, as its potential to make a great contribution to the field is great. (For more information, please contact: Kent Eriksson, KTH Royal Institute of Technology, Sweden: kent.eriksson@abe.kth.se)
Gang Wang, Wuhan University
Xufei Ma, Chinese University of Hong Kong
Xu Jiang, Xi'an Jiaotong University

Although much has been written on the positive relationship between entrepreneurial network ties and new venture growth in the context of an emerging market, little is known about the mechanisms. In this study, we propose a multiple mediator model in which different resource management processes - resource acquiring, resource bundling, and resource leveraging - act as mediating mechanisms. Using longitudinal survey data from 229 new ventures in China, we empirically test the mediation model and hypotheses. We find support for the mediated effects of entrepreneurial network ties via resource bundling and resource leveraging, but not resource acquiring. These findings point to the critical role of multiple resource management processes in the effects of entrepreneurial network ties on new venture growth in the context of China’s emerging market. (For more information, please contact: Gang Wang, Wuhan University, China: jiwuyou@foxmail.com)

The Influence of Structural Holes and Network Closure in the Internationalization Process of Rapid Internationalizing Firms
Spiros Batas, University of Northampton
Tanja Leppäaho, Jyväskylä University School of Business and Economics

This study examines the development of social capital of nine cases in Greece and Scotland during their international operations. This paper sheds light on network closure and structural holes in order to comprehend how this mechanism can influence the internationalization process. We found that structural holes can be easily and rapidly bridged with the use of existing network relationships. We contribute to the International Business and International Entrepreneurship fields by introducing this mechanism into the context of rapidly internationalizing firms, namely International New Ventures. (For more information, please contact: Spiros Batas, University of Northampton, United Kingdom: spiros.batas@northampton.ac.uk)

Comprehending the Internationalization Process of INVs: the Role of Network Closure and Structure and Their Interrelation with the Three Roles of Social Capital
Spiros Batas, University of Northampton
Tanja Leppäaho, Jyväskylä University School of Business and Economics
Mahmoud Abdel Khalik, University of St. Andrews

Our paper decodes the link between network closure and structure with the three roles of social capital: efficacy, serendipity and liability. We examine how this mechanism influences the internationalization process of nine Greek and Scottish INVs. Our study concludes that strong and formal ties were linked to the efficacious role, which was the most frequent role identified; weak, informal and intermediary ties were associated with the serendipitous role; and finally weak and formal ties were linked to the liability role, which was the least frequent role. Finally, we found that the change of ties follows the speed of internationalization. (For more information, please contact: Spiros Batas, University of Northampton, United Kingdom: spiros.batas@northampton.ac.uk)

The Effects of Industrial Environment, Domestic Network and Localization on the Performance of Taiwanese SMEs
Ku-Ho Lin, National Chung Hsing University
Tsung-Piao Chou, National Chung Hsing University
Chueh-Chu Ou, Corporate Synergy Development Center
Wei-Kuo Tseng, National Chung Hsing University

The effects of interfirm networks have been examined in a number of studies, however, their focus tends to be on the network relationships developed in foreign markets with little known about the influence of domestic
interfirm networks transplanted to the international environment. Developing relationships with local partners, or localizing, might be a more fruitful strategy than transplanting the domestic networks to a foreign country, however, this possibility has not been explored in the literature. Furthermore, it is possible that the business environment impacts on the decision to localize rather than to use existing network partners. For example, gaining a foothold in a highly competitive market might only be achieved by localizing raw material sourcing and production. This study, therefore, examines the impact of both the domestic partner relationships and environmental uncertainty on Taiwanese SMEs’ localization strategy and assesses whether this strategy influences the performance of the firms. Results showed that environmental stability and domestic network partnerships positively influence the degree of localization and this in turn positively influences the firm’s internationalization performance. The proposed “lock-in effects” of the domestic network relationships was not evident in this study. Finally, implications of the present study and directions for future research are discussed. (For more information, please contact: Tsung-Piao Chou, National Chung Hsing University, Taiwan: ns1199729@gmail.com)

External Networks and Entrepreneurial Orientation
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Do firms’ external networks matter for their entrepreneurial orientation? This study advances research on external networks and entrepreneurial orientation by examining how a portfolio of network relationships contribute to entrepreneurial orientation at firm level. Using survey data from 168 Chinese firms, the regression results demonstrate that not all external networks contribute equally to entrepreneurial orientation, which have implications for management theory, practice and future research. (For more information, please contact: Jiao Xue, Shanghai Jiao Tong University, China: xuejiao@sjtu.edu.cn)
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Sarkar, Mitabarun; Temple University, USA: 3.4.13  
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Sauvant, Karl; Columbia University, USA: 1.05, 3.3.2  
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Vandenberg, Robert J.; University of Georgia, USA: 0.06.4, 1.3.14, 3.1.1
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