

Proceedings of the
48th Annual Meeting
of the



Academy of International Business

*"From the Silk Road to Global Networks:
Harnessing the Power of People in International Business"*

Beijing, China
June 23-26, 2006

Editors

Mary Ann Von Glinow, Program Chair
Tunga Kiyak, AIB Managing Director

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Meeting Sponsors	297

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AIB 2006 Program Overview

Beijing, China - June 23-26, 2006

Thurs., June 22		Friday, June 23				Saturday, June 24	
AJBS Conference 8:00-18:00	AIB Executive Board Meeting 9:00-17:00	8.00-8.15	AIB Doctoral Consortium 8:00-15:30	AIB Junior Faculty Consortium 8:00-15:30	AIB/JIBS Paper Development Workshop 8:00-15:30	AJBS Conference 8:00-12:00	8.00-8.15
		8.15-8.30					8.15-8.30
		8.30-8.45					8.30-8.45
		8.45-9.00					8.45-9.00
		9.00-9.15					9.00-9.15
		9.15-9.30					9.15-9.30
		9.30-9.45					9.30-9.45
		9.45-10.00					9.45-10.00
		10.00-10.15					10.00-10.15
		10.15-10.30					10.15-10.30
		10.30-10.45					10.30-10.45
		10.45-11.00					10.45-11.00
		11.00-11.15					11.00-11.15
		11.15-11.30					11.15-11.30
		11.30-11.45					11.30-11.45
		11.45-12.00					11.45-12.00
		12.00-12.15					12.00-12.15
		12.15-12.30					12.15-12.30
		12.30-12.45					12.30-12.45
		12.45-13.00					12.45-13.00
		13.00-13.15					13.00-13.15
		13.15-13.30					13.15-13.30
13.30-13.45	13.30-13.45						
13.45-14.00	13.45-14.00						
14.00-14.15	14.00-14.15						
14.15-14.30	14.15-14.30						
14.30-14.45	14.30-14.45						
14.45-15.00	14.45-15.00						
15.00-15.15	15.00-15.15						
15.15-15.30	15.15-15.30						
15.30-15.45	15.30-15.45						
15.45-16.00	15.45-16.00						
16.00-16.15	16.00-16.15						
16.15-16.30	16.15-16.30						
16.30-16.45	16.30-16.45						
16.45-17.00	16.45-17.00						
17.00-17.15	17.00-17.15						
17.15-17.30	17.15-17.30						
17.30-17.45	17.30-17.45						
17.45-18.00	17.45-18.00						
18.00-18.15	18.00-18.15						
18.15-18.30	18.15-18.30						
18.30-18.45	18.30-18.45						
18.45-19.00	18.45-19.00						
19.00-19.15	19.00-19.15						
19.15-19.30	19.15-19.30						
19.30-19.45	19.30-19.45						
19.45-20.00	19.45-20.00						
20.00-20.15	20.00-20.15						
20.15-20.30	20.15-20.30						
20.30-20.45	20.30-20.45						
20.45-21.00	20.45-21.00						
21.00-21.15	21.00-21.15						
21.15-21.30	21.15-21.30						
21.30-22.00	21.30-22.00						
		Welcome Remarks and AIB Fellows' Opening Plenary 16:30-19:00					
		AIB Presidential Reception Crowne Plaza Ballroom 19:00-22:00					
						1.1 Concurrent Sessions 8:10-9:25	
						<i>BREAK 9:25-9:35</i>	
						1.2 Concurrent Sessions 9:35-10:50	
						<i>COFFEE BREAK 10:50-11:15</i>	
						1.3 Concurrent Sessions 11:15-12:30	
						1.4 Interactive Sessions with Light Lunch 12:30-13:45	<i>AIB Fellows Business Meeting 12:45-13:45</i>
						1.5 Concurrent Sessions 13:45-15:00	
						<i>COFFEE BREAK 15:00-15:30</i>	
						1.6 Concurrent Sessions 15:30-16:45	
						<i>WAIB Business Meeting and Reception 17:00-18:30</i>	
						AIB Fellows Dinner 19:30-22:00	

AIB 2006 Program Overview

Beijing, China - June 23-26, 2006

	Sunday, June 25		Monday, June 26
8.00-8.15		8.00-8.15	
8.15-8.30		8.15-8.30	
8.30-8.45	2.1	8.30-8.45	3.1
8.45-9.00	Concurrent Sessions	8.45-9.00	Concurrent Sessions
9.00-9.15	8:10-9:25	9.00-9.15	8:10-9:25
9.15-9.30		9.15-9.30	
9.30-9.45	<i>BREAK 9:25-9:35</i>	9.30-9.45	<i>BREAK 9:25-9:35</i>
9.45-10.00	2.2	9.45-10.00	3.2
10.00-10.15	Plenary Session	10.00-10.15	Concurrent Sessions
10.15-10.30	Dr. Jagdish Sheth	10.15-10.30	9:35-10:50
10.30-10.45	9:35-10:50	10.30-10.45	
10.45-11.00	<i>COFFEE BREAK 10:50-11:15</i>	10.45-11.00	<i>COFFEE BREAK 10:50-11:15</i>
11.00-11.15		11.00-11.15	
11.15-11.30	AIB Fellows'	11.15-11.30	3.3
11.30-11.45	Executive of the Year Award	11.30-11.45	Concurrent Sessions
11.45-12.00	11:15-12:30	11.45-12.00	11:15-12:30
12.00-12.15		12.00-12.15	
12.15-12.30		12.15-12.30	
12.30-12.45	2.4	12.30-12.45	3.4
12.45-13.00	Interactive	12.45-13.00	Interactive
13.00-13.15	Sessions	13.00-13.15	Sessions
13.15-13.30	with Light Lunch	13.15-13.30	with Light Lunch
13.30-13.45	12:30-13:45	13.30-13.45	12:30-13:45
13.45-14.00		13.45-14.00	<i>Chapter</i>
14.00-14.15		14.00-14.15	<i>Chairs</i>
14.15-14.30	2.5	14.15-14.30	<i>Luncheon</i>
14.30-14.45	Concurrent Sessions	14.30-14.45	<i>12:30-13:45</i>
14.45-15.00	13:45-15:00	14.45-15.00	
15.00-15.15		15.00-15.15	3.5
15.15-15.30	<i>COFFEE BREAK 15:00-15:30</i>	15.15-15.30	JIBS Decade Award Plenary
15.30-15.45		15.30-15.45	13:45-15:00
15.45-16.00	2.6	15.45-16.00	<i>COFFEE BREAK 15:00-15:30</i>
16.00-16.15	Concurrent Sessions	16.00-16.15	
16.15-16.30	15:30-16:45	16.15-16.30	AIB Awards Ceremony
16.30-16.45		16.30-16.45	and
16.45-17.00		16.45-17.00	General Business Meeting
17.00-17.15		17.00-17.15	15:30-17:00
17.15-17.30	2.7	17.15-17.30	
17.30-17.45	Special Plenary Session	17.30-17.45	JIBS Decade
17.45-18.00	17:00-18:00	17.45-18.00	Award Reception /
18.00-18.15		18.00-18.15	Farewell Party
18.15-18.30		18.15-18.30	17:00-18:30
18.30-18.45		18.30-18.45	
18.45-19.00		18.45-19.00	
19.00-19.15		19.00-19.15	
19.15-19.30		19.15-19.30	
19.30-19.45		19.30-19.45	
19.45-20.00		19.45-20.00	
20.00-20.15	AIB Gala Dinner	20.00-20.15	
20.15-20.30	Great Hall of the People	20.15-20.30	
20.30-20.45	19:00-22:00	20.30-20.45	
20.45-21.00	<i>[bus transportation available]</i>	20.45-21.00	
21.00-21.15		21.00-21.15	
21.15-21.30		21.15-21.30	
21.30-22.00		21.30-22.00	

2006 AIB Summary Program

Beijing, China
June 23-26, 2006

Registration

In Front of Room 17
Hours: 7:30-19:00 (Fri), 8:00-16:30 (Sat-Mon)

Placement Center

Room: No. 4
Hours: 8:30-17:00 (Sat-Sun), 8:30-12:30 (Mon)

Exhibits

Room: No. 17
Hours: 9:00-17:30 (Sat-Sun), 9:00-16:00 (Mon)

THURSDAY, JUNE 22

THURSDAY, JUNE 22 - 08:30-18:00

Time: 08:30-18:00

AJBS Conference

THURSDAY, JUNE 22 - 09:00-17:00

Time: 09:00-17:00
Room: 3019 (No. 9)

AIB Executive Board Meeting

FRIDAY, JUNE 23

FRIDAY, JUNE 23 - 08:00-12:00

Time: 08:00-12:00

AJBS Conference

FRIDAY, JUNE 23 - 08:00-15:30

Session: 0.1 - Pre-conference
Time: 08:00-15:30
Room: GSM - 202

Junior Faculty Consortium

Session: 0.2 - Pre-conference
Time: 08:00-15:30
Room: GSM - 203

Doctoral Student Consortium

Session: 0.3 - Pre-conference
Time: 08:00-15:30
Room: No. 3

JIBS/AIB Paper Development Workshop

FRIDAY, JUNE 23 - 13:00-15:00

Session: 0.4 - Pre-conference
Time: 13:00-15:00
Room: No. 17/Hall

Past Presidents Roundtable

FRIDAY, JUNE 23 - 16:30-19:00

Session: 0.5 - Plenary
Time: 16:30-19:00
Room: No. 3

Opening Session: Welcome Remarks and AIB Fellows' Opening Plenary

FRIDAY, JUNE 23 - 19:00-22:00

Time: 19:00-22:00

Presidential Reception

SATURDAY, JUNE 24**SATURDAY, JUNE 24 - 08:10-09:25**

Session: 1.1.1 - Panel Time: 08:10-09:25
Track 7 - Learning, Knowledge and Innovation Room: No. 3

Showcase Panel on 'Advances in Learning, Knowledge and Innovation'

Session: 1.1.2 - Competitive Time: 08:10-09:25
Track 4 - International Strategic Management Room: No. 10

Focus vs. Diversification in the MNE

Session: 1.1.3 - Competitive Time: 08:10-09:25
Track 5 - Entry, Expansion & Operations Strategies Room: No. 11

International Entry: New Theoretical Perspectives

Session: 1.1.4 - Competitive Time: 08:10-09:25
Track 1 - The Context of Global Business Room: No. 12

Globalization and Competitiveness

Session: 1.1.5 - Competitive Time: 08:10-09:25
Track 4 - International Strategic Management Room: No. 13

Technology and Internationalization

Session: 1.1.6 - Competitive Time: 08:10-09:25
Track 3 - Managing People Across Cultures Room: No. 14

International HRM Practices

Session: 1.1.7 - Competitive Time: 08:10-09:25
Track 10 - Internationalization of Asian Firms Room: 3030

Ownership and Internationalization in Asian Business

Session: 1.1.8 - Competitive Time: 08:10-09:25
Track 2 - Economics, Finance, Taxation, Regulation Room: No. 15

Currency Risk and Financial Crises

Session: 1.1.9 - Panel Time: 08:10-09:25
Track 6 - Marketing and Supply-Chain Room: No. 16A

China Sourcing: A View from the Coal Face

Session: 1.1.10 - Competitive Time: 08:10-09:25
Track 7 - Learning, Knowledge and Innovation Room: No. 16B

Innovation within Industry Linkages

Session: 1.1.11 - Special Session Time: 08:10-09:25
Room: No. 16C

Responses to Changing Competitive Conditions in Japan: Three Perspectives (AJBS Special Session)

Session: 1.1.12 - Competitive Time: 08:10-09:25
Track 4 - International Strategic Management Room: 3051

High-technology Ventures and Institutional Networking

Session: 1.1.13 - Competitive Time: 08:10-09:25
Track 5 - Entry, Expansion & Operations Strategies Room: 3050

Managing Joint Ventures and Contractual Relationships**SATURDAY, JUNE 24 - 09:25-09:35**

Time: 09:25-09:35
Room: No. 17

Break**SATURDAY, JUNE 24 - 09:35-10:50**

Session: 1.2.1 - Competitive Time: 09:35-10:50
Track 7 - Learning, Knowledge and Innovation Room: No. 3

Knowledge Sourcing in MNCs

Session: 1.2.2 - Competitive Time: 09:35-10:50
Track 4 - International Strategic Management Room: No. 10

Integration vs. Responsiveness in the MNE

Session: 1.2.3 - Competitive Time: 09:35-10:50
Track 5 - Entry, Expansion & Operations Strategies Room: No. 11

The Choice of Entry Mode: Refining Empirical Research

Session: 1.2.4 - Panel Time: 09:35-10:50
Track 2 - Economics, Finance, Taxation, Regulation Room: No. 12

Showcase Panel on 'Financial Dimension of International Business'

Session: 1.2.5 - Competitive Time: 09:35-10:50
Track 4 - International Strategic Management Room: No. 13

Inter-organizational Relationships

Session: 1.2.6 - Panel Time: 09:35-10:50
Track 10 - Internationalization of Asian Firms Room: No. 14

Watching Out for India's Globalization

Session: 1.2.7 - Competitive Time: 09:35-10:50
Track 1 - The Context of Global Business Room: 3030

International Business and Social Change

Session: 1.2.8 - Competitive Time: 09:35-10:50
Track 2 - Economics, Finance, Taxation, Regulation Room: No. 15

Accounting, Information, and Tax

Session: 1.2.9 - Competitive Time: 09:35-10:50
Track 6 - Marketing and Supply-Chain Room: No. 16A

Buyer-Supplier Relationships

Session: 1.2.10 - Competitive Time: 09:35-10:50
Track 3 - Managing People Across Cultures Room: No. 16B

Performance Management in MNEs

Session: 1.2.11 - Special Session Time: 09:35-10:50
Room: No. 16C

Current Research on Japanese Business (AJBS Special Session)

Session: 1.2.12 - Competitive Time: 09:35-10:50
Track 4 - International Strategic Management Room: 3051

Alliances 1: Why, How and How Long?

Session: 1.2.13 - Competitive Time: 09:35-10:50
Track 5 - Entry, Expansion & Operations Strategies Room: 3050

Drivers of Joint Venture Performance

SATURDAY, JUNE 24 - 10:50-11:15

Time: 10:50-11:15
Room: No. 17

Coffee Break

SATURDAY, JUNE 24 - 11:15-12:30

Session: 1.3.1 - Competitive Time: 11:15-12:30
Track 7 - Learning, Knowledge and Innovation Room: No. 3

Knowledge Spillover

Session: 1.3.2 - Special Session Time: 11:15-12:30
Room: No. 10

FDI in China: Barbarians at Bay?

Session: 1.3.3 - Competitive Time: 11:15-12:30
Track 5 - Entry, Expansion & Operations Strategies Room: No. 11

Turning Business Networks into Business Growth

Session: 1.3.4 - Competitive Time: 11:15-12:30
Track 3 - Managing People Across Cultures Room: No. 12

The Impact of Culture on International Business (I)

Session: 1.3.5 - Competitive Time: 11:15-12:30
Track 4 - International Strategic Management Room: No. 13

Differentiation Strategies: Standing Out From the Crowd

Session: 1.3.6 - Competitive Time: 11:15-12:30
Track 10 - Internationalization of Asian Firms Room: No. 14

Foreign Location Choices of Asian Firms

Session: 1.3.7 - Competitive Time: 11:15-12:30
Track 5 - Entry, Expansion & Operations Strategies Room: 3030

Subsidiary Survival or Exit?

Session: 1.3.8 - Competitive Time: 11:15-12:30
Track 2 - Economics, Finance, Taxation, Regulation Room: No. 15

Stock Markets

Session: 1.3.9 - Competitive Time: 11:15-12:30
Track 6 - Marketing and Supply-Chain Room: No. 16A

Market Entry & Supplier Selection

Session: 1.3.10 - Competitive Time: 11:15-12:30
Track 7 - Learning, Knowledge and Innovation Room: No. 16B

Internalization, Technology and Globalization

Session: 1.3.11 - Competitive Time: 11:15-12:30
Track 8 - Offshoring and Outsourcing Room: No. 16C

Modeling Offshore Outsourcing

Session: 1.3.12 - Competitive Time: 11:15-12:30
Track 4 - International Strategic Management Room: 3051

Alliances 2: Membership Has Its Privileges

Session: 1.3.13 - Competitive Time: 11:15-12:30
Track 1 - The Context of Global Business Room: 3050

International Business and Social Unrest

SATURDAY, JUNE 24 - 12:30-13:45

Session: 1.4 - Interactive Time: 12:30-13:45
Room: No. 17/Hall

Interactive Sessions with Light Lunch (I)

Session: 1.4.1 - Interactive Time: 12:30-13:45
Room: No. 17/Hall

Knowledge, Learning and Adaptation

Session: 1.4.2 - Interactive Time: 12:30-13:45
Room: No. 17/Hall

International R&D and Innovation

Session: 1.4.3 - Interactive Time: 12:30-13:45
Room: No. 17/Hall

Governance in Emerging Markets

Session: 1.4.4 - Interactive Time: 12:30-13:45
Room: No. 17/Hall

Institutions and NGOs

Session: 1.4.5 - Interactive Time: 12:30-13:45
Room: No. 17/Hall

SME's and New Ventures

Session: 1.4.6 - Interactive Time: 12:30-13:45
Room: No. 17/Hall

Outsourcing and Offshoring

Session: 1.4.7 - Interactive Time: 12:30-13:45
Room: No. 17/Hall

Emerging Economies

Session: 1.4.8 - Interactive Time: 12:30-13:45
Room: No. 17/Hall

Multinationality and Performance

Session: 1.4.9 - Interactive Time: 12:30-13:45
Room: No. 17/Hall

Corporate Social Responsibility, Ethics, Justice

Session: 1.4.10 - Interactive Time: 12:30-13:45
Room: No. 17/Hall

Regions and Location

Session: 1.4.11 - Interactive Time: 12:30-13:45
Room: No. 17/Hall

Cross Culture, IHRM, Expatriates

Session: 1.4.12 - Interactive Time: 12:30-13:45
Room: No. 17/Hall

Markets and Prices

Session: 1.4.13 - Interactive Time: 12:30-13:45
Room: No. 17/Hall

Networks, Alliances and JVs

SATURDAY, JUNE 24 - 12:45-13:45

Time: 12:45-13:45
Room: 3051

AIB Fellows' Business Meeting

SATURDAY, JUNE 24 - 13:45-15:00

Session: 1.5.1 - Special Session Time: 13:45-15:00
Room: No. 3

Farmer Dissertation Award Presentations

Session: 1.5.2 - Panel Time: 13:45-15:00
Track 3 - Managing People Across Cultures Room: No. 10

Cultural Variations in Global Management and International Business: Implications for 21st Century

Session: 1.5.3 - Competitive Time: 13:45-15:00
Track 4 - International Strategic Management Room: No. 11

R&D Strategies

Session: 1.5.4 - Competitive Time: 13:45-15:00
Track 7 - Learning, Knowledge and Innovation Room: No. 12

Cooperative Networks and Industry Clusters

Session: 1.5.5 - Competitive Time: 13:45-15:00
Track 1 - The Context of Global Business Room: No. 13

Regional and Bilateral Trade

Session: 1.5.6 - Competitive Time: 13:45-15:00
Track 8 - Offshoring and Outsourcing Room: No. 14

Conceptual insights into offshore outsourcing

Session: 1.5.7 - Competitive Time: 13:45-15:00
Track 5 - Entry, Expansion & Operations Strategies Room: 3030

Foreign Investors' Location Decisions within Emerging Economies

Session: 1.5.8 - Competitive Time: 13:45-15:00
Track 2 - Economics, Finance, Taxation, Regulation Room: No. 15

Governance (I)

Session: 1.5.9 - Competitive Time: 13:45-15:00
Track 6 - Marketing and Supply-Chain Room: No. 16A

Dynamic Capabilities

Session: 1.5.10 - Competitive Time: 13:45-15:00
Track 10 - Internationalization of Asian Firms Room: No. 16B

Internal and External Drivers of Internationalization of Asian Business

Session: 1.5.11 - Panel Time: 13:45-15:00
Track 7 - Learning, Knowledge and Innovation Room: No. 16C

Knowledge Creation and Diffusion in Selected Creative Industries: Comparison of Film, Luxury Goods, Haute Cuisine and Newspapers

Session: 1.5.12 - Competitive Time: 13:45-15:00
Track 4 - International Strategic Management Room: 3051

Control in IJVs: Now Who's in Charge?

Session: 1.5.13 - Competitive Time: 13:45-15:00
Track 3 - Managing People Across Cultures Room: 3050

International Training and Development

SATURDAY, JUNE 24 - 15:00-15:30

Time: 15:00-15:30
Room: No. 17

Coffee Break

SATURDAY, JUNE 24 - 15:30-16:45

Session: 1.6.1 - Competitive Time: 15:30-16:45
Track 7 - Learning, Knowledge and Innovation Room: No. 3

Learning in Alliances

Session: 1.6.2 - Panel Time: 15:30-16:45
Track 1 - The Context of Global Business Room: No. 10

Showcase Panel on 'International Business and Social Responsibility'

Session: 1.6.3 - Competitive Time: 15:30-16:45
Track 5 - Entry, Expansion & Operations Strategies Room: No. 11

The Dynamics of Operation Modes: Stability is Rare

Session: 1.6.4 - Competitive Time: 15:30-16:45
Track 7 - Learning, Knowledge and Innovation Room: No. 12

Determinants of Knowledge-Based Competencies

Session: 1.6.5 - Competitive Time: 15:30-16:45
Track 4 - International Strategic Management Room: No. 13

Strategy and Geography

Session: 1.6.6 - Competitive Time: 15:30-16:45
Track 3 - Managing People Across Cultures Room: No. 14

Issues in International Management: Negotiations, Work Teams and Organizational Resources

Session: 1.6.7 - Competitive Time: 15:30-16:45
Track 5 - Entry, Expansion & Operations Strategies Room: 3030

The Role of Subsidiaries in the Host Society

Session: 1.6.8 - Competitive Time: 15:30-16:45
Track 2 - Economics, Finance, Taxation, Regulation Room: No. 15

Corporate Finance (I)

Session: 1.6.9 - Competitive Time: 15:30-16:45
Track 6 - Marketing and Supply-Chain Room: No. 16A

Standardization/Adaptation Strategies

Session: 1.6.10 - Competitive Time: 15:30-16:45
Track 6 - Marketing and Supply-Chain Room: No. 16B

Market Orientation

Session: 1.6.11 - Competitive Time: 15:30-16:45
Track 10 - Internationalization of Asian Firms Room: No. 16C

Asian Business: Gaining the Requirements for Internationalization

Session: 1.6.12 - Competitive Time: 15:30-16:45
Track 4 - International Strategic Management Room: 3051

M&A: Are There Benefits From Buying?

Session: 1.6.13 - Competitive Time: 15:30-16:45
Track 1 - The Context of Global Business Room: 3050

Issues in Emerging Economies

SATURDAY, JUNE 24 - 17:00-18:30

Time: 17:00-18:30
Room: No. 10

WAIB Business Meeting and Reception

SATURDAY, JUNE 24

SATURDAY, JUNE 24 - 19:30-22:00

Time: 19:30-22:00

AIB Fellows' Dinner

SUNDAY, JUNE 25

SUNDAY, JUNE 25 - 08:10-09:25

Session: 2.1.1 - Panel Time: 08:10-09:25
Track 5 - Entry, Expansion & Operations Strategies Room: No. 3

Challenging Conventional Wisdom on Explaining Foreign Investment: What Can New Approaches Offer to Enhance our Understanding?

Session: 2.1.2 - Special Session Time: 08:10-09:25
Room: No. 10

Women Entrepreneurs in the Global Economy (WAIB Special Session)

Session: 2.1.3 - Competitive Time: 08:10-09:25
Track 1 - The Context of Global Business Room: No. 11

The Role of Networks

Session: 2.1.4 - Competitive Time: 08:10-09:25
Track 4 - International Strategic Management Room: No. 12

Learning to Internationalize

Session: 2.1.5 - Competitive Time: 08:10-09:25
Track 7 - Learning, Knowledge and Innovation Room: No. 13

Impact of Innovation Strategies on Firm Performance

Session: 2.1.6 - Competitive Time: 08:10-09:25
Track 10 - Internationalization of Asian Firms Room: No. 14

Internationalization in Chinese Business

Session: 2.1.7 - Competitive Time: 08:10-09:25
Track 7 - Learning, Knowledge and Innovation Room: 3030

Managing the R&D and Learning Processes

Session: 2.1.8 - Competitive Time: 08:10-09:25
Track 2 - Economics, Finance, Taxation, Regulation Room: No. 15

Corporate Finance (II)

Session: 2.1.9 - Competitive Time: 08:10-09:25
Track 6 - Marketing and Supply-Chain Room: No. 16A

International Business Metrics

Session: 2.1.10 - Competitive Time: 08:10-09:25
Track 2 - Economics, Finance, Taxation, Regulation Room: No. 16B

FDI and MNEs (I)

Session: 2.1.11 - Competitive Time: 08:10-09:25
Track 3 - Managing People Across Cultures Room: No. 16C

Management of Expatriate Employees

Session: 2.1.12 - Competitive Time: 08:10-09:25
Track 5 - Entry, Expansion & Operations Strategies Room: 3051

New Perspectives on Exports

Session: 2.1.13 - Competitive Time: 08:10-09:25
Track 3 - Managing People Across Cultures Room: 3050

Citizenship and Leadership Behavior: Emotions and Identification

SUNDAY, JUNE 25 - 09:25-09:35

Time: 09:25-09:35
Room: No. 17

Break

SUNDAY, JUNE 25 - 09:35-10:50

Session: 2.2 - Plenary Time: 09:35-10:50
Room: No. 17/Hall

Plenary: Dr. Jagdish Sheth - The Rise of China and India and Their Impact on the World

SUNDAY, JUNE 25 - 10:50-11:15

Time: 10:50-11:15
Room: No. 17

Coffee Break

SUNDAY, JUNE 25 - 11:15-12:30

Session: 2.3 - Plenary Time: 11:15-12:30
Room: No. 17/Hall

AIB Fellows' Executive of the Year Award - Chuanzhi Liu, Legend Holdings Ltd.

SUNDAY, JUNE 25

SUNDAY, JUNE 25 - 12:30-13:45

Session: 2.4 - Interactive Time: 12:30-13:45
Room: No. 17/Hall

Interactive Sessions with Light Lunch (II)

Session: 2.4.1 - Interactive Time: 12:30-13:45
Room: No. 17/Hall

Cross Culture, IHRM, Expatriates

Session: 2.4.2 - Interactive Time: 12:30-13:45
Room: No. 17/Hall

Regions and Location

Session: 2.4.3 - Interactive Time: 12:30-13:45
Room: No. 17/Hall

Consumer Behavior

Session: 2.4.4 - Interactive Time: 12:30-13:45
Room: No. 17/Hall

Markets and Prices

Session: 2.4.5 - Interactive Time: 12:30-13:45
Room: No. 17/Hall

Parents and Their Subsidiaries

Session: 2.4.6 - Interactive Time: 12:30-13:45
Room: No. 17/Hall

Multinationality and Performance

Session: 2.4.7 - Interactive Time: 12:30-13:45
Room: No. 17/Hall

Networks, Alliances and JVs

Session: 2.4.8 - Interactive Time: 12:30-13:45
Room: No. 17/Hall

Corporate Social Responsibility, Ethics, Justice

Session: 2.4.9 - Interactive Time: 12:30-13:45
Room: No. 17/Hall

SME's and New Ventures

Session: 2.4.10 - Interactive Time: 12:30-13:45
Room: No. 17/Hall

International R&D and Innovation

Session: 2.4.11 - Interactive Time: 12:30-13:45
Room: No. 17/Hall

Governance in Emerging Markets

Session: 2.4.12 - Interactive Time: 12:30-13:45
Room: No. 17/Hall

Emerging Economies

Session: 2.4.13 - Interactive Time: 12:30-13:45
Room: No. 17/Hall

Outsourcing and Offshoring

Session: 2.4.14 - Interactive Time: 12:30-13:45
Room: No. 17/Hall

Knowledge, Learning and Adaptation

SUNDAY, JUNE 25 - 12:40-13:40

Time: 12:40-13:40

JIBS Department Editors Meeting

SUNDAY, JUNE 25 - 13:45-15:00

Session: 2.5.1 - Competitive Time: 13:45-15:00
Track 7 - Learning, Knowledge and Innovation Room: No. 3

R&D in China, Taiwan and India

Session: 2.5.2 - Panel Time: 13:45-15:00
Track 4 - International Strategic Management Room: No. 10

Globalization of Human Capital: The Evolution From Knowledge Based Globalization and Implications for International Business Strategy and Management

Session: 2.5.3 - Competitive Time: 13:45-15:00
Track 3 - Managing People Across Cultures Room: No. 11

The Impact of Culture on International Business (II)

Session: 2.5.4 - Competitive Time: 13:45-15:00
Track 4 - International Strategic Management Room: No. 12

Agency and Governance in Emerging Markets (I)

Session: 2.5.5 - Panel Time: 13:45-15:00
Track 5 - Entry, Expansion & Operations Strategies Room: No. 13

Practical Experiences in Meeting the Regulatory Challenges of Foreign Business Operations and Expansion in China

SUNDAY, JUNE 25

Session: 2.5.6 - Competitive Time: 13:45-15:00
Track 2 - Economics, Finance, Taxation, Regulation Room: No. 14

FDI and MNEs (II)

Session: 2.5.7 - Competitive Time: 13:45-15:00
Track 9 - Security & International Competitiveness Room: 3030

Security and International Competitiveness

Session: 2.5.8 - Competitive Time: 13:45-15:00
Track 1 - The Context of Global Business Room: No. 15

Corporate Social Responsibility

Session: 2.5.9 - Competitive Time: 13:45-15:00
Track 6 - Marketing and Supply-Chain Room: No. 16A

Branding

Session: 2.5.10 - Competitive Time: 13:45-15:00
Track 6 - Marketing and Supply-Chain Room: No. 16B

Consumer Attitudes, Perceptions, and Loyalty

Session: 2.5.11 - Competitive Time: 13:45-15:00
Track 3 - Managing People Across Cultures Room: No. 16C

International HRM Policies and Practices

Session: 2.5.12 - Competitive Time: 13:45-15:00
Track 1 - The Context of Global Business Room: 3051

Trust, Bargaining and Relationships

Session: 2.5.13 - Competitive Time: 13:45-15:00
Track 3 - Managing People Across Cultures Room: 3050

Knowledge Management, Innovation and Entrepreneurship

SUNDAY, JUNE 25 - 15:00-15:30

Time: 15:00-15:30
Room: No. 17

Coffee Break

SUNDAY, JUNE 25 - 15:30-16:45

Session: 2.6.1 - Competitive Time: 15:30-16:45
Track 7 - Learning, Knowledge and Innovation Room: No. 3

Innovative Capabilities, Knowledge Transfer and Relationships

Session: 2.6.2 - Competitive Time: 15:30-16:45
Track 5 - Entry, Expansion & Operations Strategies Room: No. 10

Growing Subsidiaries Abroad – Not Too Fast, Not Too Slow

Session: 2.6.3 - Panel Time: 15:30-16:45
Track 1 - The Context of Global Business Room: No. 11

China and India: Global Competitors, Foes or Phantoms?

Session: 2.6.4 - Competitive Time: 15:30-16:45
Track 4 - International Strategic Management Room: No. 12

Agency and Governance in Emerging Markets (II)

Session: 2.6.5 - Panel Time: 15:30-16:45
Track 3 - Managing People Across Cultures Room: No. 13

Outward FDI by Chinese Multinational Enterprises: Implications for International Human Resource Management

Session: 2.6.6 - Competitive Time: 15:30-16:45
Track 7 - Learning, Knowledge and Innovation Room: No. 14

Knowledge Brokers and Teams

Session: 2.6.7 - Special Session Time: 15:30-16:45
Room: 3030

International Trajectories of Late-Movers (BALAS Special Session)

Session: 2.6.8 - Competitive Time: 15:30-16:45
Track 2 - Economics, Finance, Taxation, Regulation Room: No. 15

Governance (II)

Session: 2.6.9 - Competitive Time: 15:30-16:45
Track 6 - Marketing and Supply-Chain Room: No. 16A

Innovativeness, New Product Development, and Entrepreneurship

Session: 2.6.10 - Competitive Time: 15:30-16:45
Track 8 - Offshoring and Outsourcing Room: No. 16B

Offshoring and outsourcing: Industry Practices

Session: 2.6.11 - Competitive Time: 15:30-16:45
Track 3 - Managing People Across Cultures Room: No. 16C

Strategic HRM in MNEs

SUNDAY, JUNE 25

Session: 2.6.12 - Competitive Time: 15:30-16:45
Track 1 - The Context of Global Business Room: 3051

Emerging Issues in International Business Research

Session: 2.6.13 - Competitive Time: 15:30-16:45
Track 5 - Entry, Expansion & Operations Strategies Room: 3050

Adapting Subsidiaries to the Local Context

SUNDAY, JUNE 25 - 17:00 - 18:00

Session: 2.7 - Special Session Time: 17:00 - 18:00
Room: No. 17

Global Competitiveness from the Perspective of Asian Multinationals

SUNDAY, JUNE 25 - 19:00-22:00

Time: 19:00-22:00

Gala Dinner at the Great Hall of the People

MONDAY, JUNE 26

MONDAY, JUNE 26 - 08:10-09:25

Session: 3.1.1 - Panel Time: 08:10-09:25
Track 4 - International Strategic Management Room: No. 3

Showcase Panel on 'Multinationality and Performance'

Session: 3.1.2 - Competitive Time: 08:10-09:25
Track 7 - Learning, Knowledge and Innovation Room: No. 10

MNCs' Knowledge Capabilities

Session: 3.1.3 - Special Session Time: 08:10-09:25
Room: No. 11

Meet the Editors Session 1: Learning to Publish in International Business

Session: 3.1.4 - Competitive Time: 08:10-09:25
Track 5 - Entry, Expansion & Operations Strategies Room: No. 12

Managing Cross-Border Mergers and Acquisitions

Session: 3.1.5 - Competitive Time: 08:10-09:25
Track 4 - International Strategic Management Room: No. 13

Subsidiary Control: Who's in Charge?

Session: 3.1.6 - Competitive Time: 08:10-09:25
Track 3 - Managing People Across Cultures Room: No. 14

Leadership and Team Management

Session: 3.1.7 - Competitive Time: 08:10-09:25
Track 7 - Learning, Knowledge and Innovation Room: 3030

Learning Across Firm Boundaries

Session: 3.1.8 - Competitive Time: 08:10-09:25
Track 5 - Entry, Expansion & Operations Strategies Room: No. 15

The Impact of Distance on International Business

Session: 3.1.9 - Competitive Time: 08:10-09:25
Track 6 - Marketing and Supply-Chain Room: No. 16A

E-Marketing

Session: 3.1.10 - Competitive Time: 08:10-09:25
Track 1 - The Context of Global Business Room: No. 16B

Innovation and Diffusion

Session: 3.1.11 - Competitive Time: 08:10-09:25
Track 1 - The Context of Global Business Room: No. 16C

Network Approaches to Global Issues

Session: 3.1.12 - Competitive Time: 08:10-09:25
Track 2 - Economics, Finance, Taxation, Regulation Room: 3051

International Finance and Economics

Session: 3.1.13 - Competitive Time: 08:10-09:25
Track 7 - Learning, Knowledge and Innovation Room: 3050

Trajectories of Change

MONDAY, JUNE 26 - 09:25-09:35

Time: 09:25-09:35
Room: No. 17

Break

MONDAY, JUNE 26 - 09:35-10:50

Session: 3.2.1 - Panel Time: 09:35-10:50
Track 5 - Entry, Expansion & Operations Strategies Room: No. 3

International Competitiveness of Trade in Services

Session: 3.2.2 - Competitive Time: 09:35-10:50
Track 1 - The Context of Global Business Room: No. 10

How Does Country Affect Performance?

Session: 3.2.3 - Special Session Time: 09:35-10:50
Room: No. 11

Meet the Editors Session 2: Learning to Publish in International Business

Time: 10:50-11:15
Room: No. 17

Session: 3.2.4 - Competitive Time: 09:35-10:50
Track 7 - Learning, Knowledge and Innovation Room: No. 12

Absorptive Capacity

Session: 3.2.5 - Competitive Time: 09:35-10:50
Track 4 - International Strategic Management Room: No. 13

Subsidiary-level Competence-Creation

Session: 3.2.6 - Competitive Time: 09:35-10:50
Track 3 - Managing People Across Cultures Room: No. 14

Ethics and Values in International Business

Session: 3.2.7 - Competitive Time: 09:35-10:50
Track 4 - International Strategic Management Room: 3030

Institutions and Governance: Local Rules of the Game

Session: 3.2.8 - Competitive Time: 09:35-10:50
Track 5 - Entry, Expansion & Operations Strategies Room: No. 15

Local Partner Perspectives on Foreign Investors

Session: 3.2.9 - Competitive Time: 09:35-10:50
Track 6 - Marketing and Supply-Chain Room: No. 16A

Power, Dependence, and Perceived Fairness in Distribution Channels

Session: 3.2.10 - Competitive Time: 09:35-10:50
Track 10 - Internationalization of Asian Firms Room: No. 16B

Technology and the Internationalization of Asian Firms

Session: 3.2.11 - Competitive Time: 09:35-10:50
Track 3 - Managing People Across Cultures Room: No. 16C

The Impact of Globalization on International Management

Session: 3.2.12 - Competitive Time: 09:35-10:50
Track 8 - Offshoring and Outsourcing Room: 3051

Strategic Aspects of Offshore Outsourcing

Session: 3.2.13 - Competitive Time: 09:35-10:50
Track 1 - The Context of Global Business Room: 3050

Determinants of 'Responsible' Corporate Behavior

MONDAY, JUNE 26 - 10:50-11:15

Coffee Break

MONDAY, JUNE 26 - 11:15-12:30

Session: 3.3.1 - Panel Time: 11:15-12:30
Track 3 - Managing People Across Cultures Room: No. 3

Expatriate Experiences In China: A Practical Perspective

Session: 3.3.2 - Special Session Time: 11:15-12:30
Room: No. 10

Born Globals: New Frontiers (ANZIBA Special Session)

Session: 3.3.3 - Panel Time: 11:15-12:30
Track 10 - Internationalization of Asian Firms Room: No. 11

Emerging MNEs from Emerging Markets: Comparing the Experiences of China, India, and Korea

Session: 3.3.4 - Competitive Time: 11:15-12:30
Track 1 - The Context of Global Business Room: No. 12

Impact of Institutions

Session: 3.3.5 - Competitive Time: 11:15-12:30
Track 4 - International Strategic Management Room: No. 13

Intra-organization Strategy and Control

Session: 3.3.6 - Panel Time: 11:15-12:30
Track 8 - Offshoring and Outsourcing Room: No. 14

Global NGOs: Challenges and Opportunities in a Networked World

Session: 3.3.7 - Competitive Time: 11:15-12:30
Track 1 - The Context of Global Business Room: 3030

Internationalization Issues

Session: 3.3.8 - Competitive Time: 11:15-12:30
Track 5 - Entry, Expansion & Operations Strategies Room: No. 15

Building Networks to Facilitate Internationalization

Session: 3.3.9 - Competitive Time: 11:15-12:30
Track 6 - Marketing and Supply-Chain Room: No. 16A

Sales & Supply Chain Management

MONDAY, JUNE 26

Session: 3.3.10 - Competitive Time: 11:15-12:30
Track 10 - Internationalization of Asian Firms Room: No. 16B

Organizational Strategy and the Internationalization of Asian Firms

Session: 3.3.11 - Competitive Time: 11:15-12:30
Track 3 - Managing People Across Cultures Room: No. 16C

Issues in International Organizational Behavior

Session: 3.3.12 - Competitive Time: 11:15-12:30
Track 5 - Entry, Expansion & Operations Strategies Room: 3051

Managing Subsidiary Performance

Session: 3.3.13 - Special Session Time: 11:15-12:30
Room: 3050

Can Latin American Firms Compete? (BALAS Special Session)

MONDAY, JUNE 26 - 12:30-13:45

Session: 3.4 - Interactive Time: 12:30-13:45
Room: No. 17/Hall

Interactive Sessions with Light Lunch (III)

Session: 3.4.1 - Interactive Time: 12:30-13:45
Room: No. 17/Hall

Cross Culture, IHRM, Expatriates

Session: 3.4.2 - Interactive Time: 12:30-13:45
Room: No. 17/Hall

International R&D and Innovation

Session: 3.4.3 - Interactive Time: 12:30-13:45
Room: No. 17/Hall

E-Commerce

Session: 3.4.4 - Interactive Time: 12:30-13:45
Room: No. 17/Hall

Regions and Location

Session: 3.4.5 - Interactive Time: 12:30-13:45
Room: No. 17/Hall

Corporate Social Responsibility, Ethics, Justice

Session: 3.4.6 - Interactive Time: 12:30-13:45
Room: No. 17/Hall

Markets and Prices

Session: 3.4.7 - Interactive Time: 12:30-13:45
Room: No. 17/Hall

Networks, Alliances and JVs

Session: 3.4.8 - Interactive Time: 12:30-13:45
Room: No. 17/Hall

Outsourcing and Offshoring

Session: 3.4.9 - Interactive Time: 12:30-13:45
Room: No. 17/Hall

Emerging Economies

Session: 3.4.10 - Interactive Time: 12:30-13:45
Room: No. 17/Hall

SME's and New Ventures

Session: 3.4.11 - Interactive Time: 12:30-13:45
Room: No. 17/Hall

Governance in Emerging Markets

Session: 3.4.12 - Interactive Time: 12:30-13:45
Room: No. 17/Hall

Knowledge, Learning and Adaptation

Session: 3.4.13 - Interactive Time: 12:30-13:45
Room: No. 17/Hall

Multinationality and Performance

Session: 3.4.14 - Interactive Time: 12:30-13:45
Room: No. 17/Hall

Institutions and NGOs

Time: 12:30-13:45
Room: 3019 (No. 9)

Chapter Chairs Luncheon

MONDAY, JUNE 26 - 13:45-15:00

Session: 3.5 - Plenary Time: 13:45-15:00
Room: No. 17/Hall

JIBS Decade Award Plenary

MONDAY, JUNE 26 - 15:00-15:30

Time: 15:00-15:30
Room: No. 17

Coffee Break

MONDAY, JUNE 26

MONDAY, JUNE 26 - 15:30-17:00

Session: 3.6

Time: 15:30-17:00

Room: No. 17/Hall

AIB Awards Ceremony and General Business Meeting

MONDAY, JUNE 26 - 17:00-18:30

Time: 17:00-18:30

JIBS Decade Award Reception / Farewell Party

TUESDAY, JUNE 27

TUESDAY, JUNE 27 - 08:00-13:00

Time: 08:00-13:00

Room: 3019 (No. 9)

AIB Executive Board Meeting

ABSTRACTS

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ABSTRACTS FOR FRIDAY, JUNE 23, 2006

Session: 0.1 - Pre-conference Workshop***Junior Faculty Consortium***

Presented On: June 23, 2006 - 08:00-15:30

Chair: Sumit K Kundu, Florida International University

Panelists:

Paul W. Beamish, University of Western Ontario
Andrew Delios, National University of Singapore
Ben L. Kedia, University of Memphis
Jiatao Li, Hong Kong University of Science and Technology
Marjorie A. Lyles, Indiana University
Klaus E. Meyer, University of Reading
Torben Pedersen, Copenhagen Business School
Mary Teagarden, Thunderbird
Srilata Zaheer, University of Minnesota
Claudia Bird Schoonhoven, University of California, Irvine

Held at the campus of Guanghua School of Management. Pre-registered participants only. Lunch is provided.

The Junior Faculty Consortium is sponsored by the Boeing Institute of International Business, Saint Louis University.

Session: 0.2 - Pre-conference Workshop***Doctoral Student Consortium***

Presented On: June 23, 2006 - 08:00-15:30

Chair: Kannan Ramaswamy, Thunderbird

Facilitators:

Lance Eliot Brouters, University of Texas at El Paso
Timothy Michael Devinney, Australian Graduate School of Management
Mike Peng, University of Texas at Dallas
Stephen Tallman, University of Richmond
Joseph L. Cheng, University of Illinois, Urbana-Champaign
Nakiye Boyacigiller, Sabanci University
Mingfang Li, California State University
William Wan, Thunderbird

Held at the campus of Guanghua School of Management. Pre-registered participants only. Lunch is provided.

The Doctoral Consortium is sponsored by the Society for the Advancement of Management Studies (SAMS).

Session: 0.3 - Pre-conference Workshop***JIBS/AIB Paper Development Workshop***

Presented On: June 23, 2006 - 08:00-15:30

Chairs: Arie Y. Lewin, Duke University and Tatiana Kostova, University of South Carolina

Pre-registered participants only. Lunch is provided.

The JIBS/AIB Paper Development Workshop is sponsored by the University of South Carolina CIBER.

Session: 0.4 - Pre-conference Workshop***Past Presidents Roundtable***

Presented On: June 23, 2006 - 13:00-15:00

Coordinators:

Sonja A. Sackmann, University Bw Munich
Julia Gluesing, Wayne State University

Roundtable Participants:***How Organizations Change***

Jean Bartunek (AoM), Boston College

India versus China in the Global Economy

Peter Buckley (AIB), Leeds University

Professional Activity Evolvement through Career and Age Advancement

John Daniels (AIB), University of Miami

The Important Role of IB in small Population Advanced Economies

Peter Dowling (ANZAM), Victoria University of Wellington

How can We Best Develop IB in Business Schools?

Sid Gray (ANZIBA), University of Sydney

Evolution of the MNE: From Post WWII America to Globalization

Duane Kujawa (AIB), University of Miami

Asian Management Research

Chung Ming Lau (Asian AoM), Chinese University of Hong Kong

International Organizational Networks (Multinational/NGO/INGO/Alliances)

Peter Monge (ICA), University of Southern California

Career Management Issues

Lyman Porter (AoM), University of California, Irvine

Fostering IB Education through Dual Degree and Collaborative Programs
José de la Torre (AIB), Florida International University

Chinese Management Research
Anne Tsui (IACMR), Arizona State University

Career Management Issues
Rosalie Tung (AoM), Simon Fraser University

Why Get Involved in Professional Associations?
William Werther (ISPQR), University of Miami

Pre-registered participants only.

Session: 0.5 - Plenary

Opening Session: Welcome Remarks and AIB Fellows' Opening Plenary

Presented On: June 23, 2006 - 16:30-19:00

Chair: Alan M. Rugman, Indiana University

Welcome Remarks

Changqi Wu, Peking University
Mary Ann Von Glinow, Florida International University

Presentation of AIB President's Award

Keynote Address: "Competitiveness of Chinese Enterprises in the Global Era"

Weiyang Zhang, Executive Dean, Guanghua School of Management, Peking University

AIB Fellows' Opening Plenary on Chinese Outward Investment

Introduction: Jean Boddewyn, Baruch College
Chair: Rosalie L. Tung, Simon Fraser University
Danny Van Den Bulcke, University of Antwerp
Marjorie A. Lyles, Indiana University
Oded Shenkar, Ohio State University
osalie L. Tung, Simon Fraser University
Bernard Yeung, New York University

ABSTRACTS FOR SATURDAY, JUNE 24, 2006

Session: 1.1.1 - Panel

Track: Track 7 - Learning, Knowledge and Innovation

Showcase Panel on 'Advances in Learning, Knowledge and Innovation'

Presented On: June 24, 2006 - 08:10-09:25

Chair: Marjorie A. Lyles, Indiana University

Panelists:

Yves L. Doz, INSEAD

John Hagedoorn, Maastricht University

Haiyang Li, Rice University

Sully Taylor, Portland State University

This showcase panel, organized by the track chair, will discuss the latest developments and research trends in learning, knowledge, and innovation.

Session: 1.1.2 - Competitive

Track: Track 4 - International Strategic Management

Focus vs. Diversification in the MNE

Presented On: June 24, 2006 - 08:10-09:25

Chair: Bruce McKern, Stanford University

Firm Performance, International Diversification and Product Diversification: Their Interrelationships and Determinants

Harry P. Bowen, Vlerick Leuven Gent Management School

Margarethe F. Wiersema, University of California, Irvine

Corporate strategic choice regarding levels of international and product diversification, and how these choices affect performance, is the subject of a large body of strategic management research. However, prior research largely ignores the simultaneous nature of both the relationship between these choices and a firm's decision process, the latter implying that strategic choice is endogenous to a performance relationship. By ignoring this simultaneity, past research fails to identify the exact nature of the relationships being investigated and prior results are subject to simultaneity and endogeneity biases.

In response, this paper develops a model comprising three relationships that simultaneously determine a firm's choice of its levels of international and product diversification and how these choices impact performance. Our results, corrected for simultaneity and endogeneity biases, indicate that a firm's choice of its level of product diversification is negatively related to its choice of level of international diversification and that firm performance is positively related to the level international diversification. These results imply that the positive effect of higher internationalization on performance is further enhanced by a simultaneous reduction in a firm's level of product diversification. Our results therefore provide the first direct evidence that internationalization and product diversification are substitute strategies for the firm. *(For more information, please contact: Harry P. Bowen, Vlerick Leuven Gent Management School, Belgium: harry.bowen@vlerick.be)*

The Influence of Foreign Investment Strategies on Corporate Divestment
Heather Berry, University of Pennsylvania

A panel of 190 US manufacturing firms (1981-2000) is analyzed to determine the impact of both home and foreign country influences on the divestment activities of firms in their home country. The empirical results show that a firm's resources, its strategic choices and its prior experiences all influence the role that foreign investment plays in corporate divestment and restructuring. Further, the results show that complementary and substitution relationships between home and foreign investment not only co-exist within firms, but also evolve from one type of relationship to the other as firms build capabilities and gain experiences in foreign markets. *(For more information, please contact: Heather Berry, University of Pennsylvania, United States: berryh@wharton.upenn.edu)*

International Divestment: Influential Factors and Key Managerial Attitudes
Keson Wenghoe Loke, University of Sydney

This study seeks a better understanding on the underlying dynamics involved in the making of international divestment and identifies the influential factors and key managerial attitudes which affect MNEs in making the strategic choice to divest their FDI. It proposes a conceptual framework, which posits that the making of international divestment is an emergent strategic choice, and the propensity to make international divestment is shaped by a multitude of influential factors and key managerial attitudes towards international divestment. Based on the findings from a questionnaire survey of a sample of listed Australian MNEs conducted, this study concludes that an MNE's propensity to make international divestment is driven significantly by cross-border management factors, financial factors and strategic factors. Market factors and government factors were found to be less significant in influencing an MNE's decision to divest FDI. The study also found that an MNE's managerial attitudes towards international divestment, in terms of its willingness and state of readiness to make international divestment have a strong impact on its propensity to make international divestment. *(For more information, please contact: Keson Wenghoe Loke, University of Sydney, Australia: k.loke@econ.usyd.edu.au)*

Focused Global Firms
Briance Mascarenhas, Rutgers University

Global Focused Firms are firms that expand internationally within one industry. Analysis of 164 firms from 24 countries within the worldwide pharmaceutical industry finds that they originate in industrialized countries and especially emerging nations. They make up about one-in-five firms in the population. Their narrow industrial focus and wide international scope encourage investment in research to develop specialized assets in order to generate competitive advantages. These factors lead them to adopt a capital structure that utilizes more equity than debt financing. *(For more information, please contact: Briance Mascarenhas, Rutgers University, United States: mascaren@crab.rutgers.edu)*

Session: 1.1.3 - Competitive
Track: Track 5 - Entry, Expansion & Operations Strategies

International Entry: New Theoretical Perspectives

Presented On: June 24, 2006 - 08:10-09:25

Chair: Jane Lu, Singapore Management University

International Joint Venture Partner Selection: The Role of the Host Country Institutional Environment

Jean-Paul Roy, Memorial University of Newfoundland
Christine Oliver, York University

International joint ventures (IJVs) have certainly emerged as a compelling strategic option for multinational enterprises. As IJVs have grown in popularity, academics and practitioners have increasingly studied partner selection criteria, which determines an IJV's overall competitive viability. However, despite this growing interest, we continue to understand little about the factors that influence IJV partner selection criteria. Thus, this paper takes an early step towards filling this gap by developing and empirically testing an institutional model of IJV partner selection. Through the analysis of survey data collected from senior executives on 113 IJVs across forty-four countries this study revealed three key findings. First, host country rule of law perceptions negatively influence appropriation and coordination cost concerns when selecting an IJV partner. Second, appropriation concerns positively influence preferences for a compatible partner, whereas coordination cost concerns positively influence preferences for a partner of good character. Lastly, appropriation concerns mediate the relationship between host country rule of law perceptions and preferences for a compatible partner. The study's contributions, implications and future research directions are discussed herein. *(For more information, please contact: Jean-Paul Roy, Memorial University of Newfoundland, Canada: jproy@mun.ca)*

Who Buys Whom in International Oligopolies with FDI and Technology Transfer?

Leo Grunfeld, Norwegian Institute of Foreign Affairs
Francesca Sanna-Randaccio, University of Rome "La Sapienza"

We identify the optimal FDI mode (greenfield investment or acquisition) in a two country, two firm Cournot model with differing technological levels and country sizes, allowing for asymmetric equilibria. A firm entering the foreign market through greenfield investment has to pay a set up cost, while entry through acquisition involves a bargaining process which determines who will buy whom and at what price. We explicitly allow for M&A implementation costs. International transfer of technology is also costly, and an acquisition allows the firm to choose the best technological practice in each country. We find that lower greenfield set up costs (multilateral investment liberalization) may actually increase the incentives for acquisition. Furthermore it is shown that a technological leader from a small country, in order to be the acquirer, needs not only a strong lead but also an efficient know-how management system. *(For more information, please contact: Francesca Sanna-Randaccio, University of Rome "La Sapienza", Italy: fsr@dis.uniroma1.it)*

Making Ownership Decisions in China: Foreign Firms' Dialectic Development

Xueyuan Zhang, RSM Erasmus University
Patrick Reinmoeller, RSM Erasmus University

Transaction cost economics, organizational capabilities, or institutional theory are leading theories in explaining firms' strategies abroad. This paper incorporates the three approaches to gain insight into the issues that foreign firms face when they enter emerging economies. Focusing on the case of ownership decisions of foreign firms in China our study of multiple foreign multinationals is a rich contextual setting that facilitates exploring the three complementary theories. Our findings suggest that transaction costs, capabilities and institutions together influence the process of strategizing in an integrative and non-dualistic way. Foreign investors decide on ownership choices through a dialectic process first developing preference by calculating transaction costs and capabilities values, and then meeting institutional constraints. Foreign investors may prefer some option, but have to make ownership concession when facing strong constraints that interact with preferences. This dialectic process repeats over time when initial ownership modes are changed in operation. The dialectics of transaction costs, capabilities and institutions requires taking the unfolding context into account and has broader implications for international business and strategic studies. *(For more information, please contact: Xueyuan Zhang, RSM Erasmus University, Netherlands: xzhang@rsm.nl)*

The Dynamics of New Venture Internationalization: Some Testable Propositions

Sumit K Kundu, Florida International University

Maija Renko, Florida International University

There is an increasing interest in the internationalization of young ventures, and previous studies suggest that the internationalization dynamics of young ventures differ from those of multinational enterprises (MNEs). This paper presents a conceptual discussion, which takes the work started by Oviatt and McDougall (1994) further by specifying some of the mechanisms of young firm internationalization, namely (1) internalization of a minimal proportion of assets, (2) focus on less costly governance mechanisms, and (3) location advantages based on private knowledge. We suggest that a micro level explanation for these phenomena should start from the analysis of liabilities of foreignness, and their relation to liabilities of newness. Furthermore, we suggest that a firm's tolerance of agency risk and market risk affect its choice of internationalization mode; that social capital and market knowledge affect the firm's choice of location, and that entrepreneurial orientation, learning capabilities, and marginal costs of coordination mediate the relationship between firm age and its propensity to internationalize. *(For more information, please contact: Maija Renko, Florida International University, United States: maija.renko@fiu.edu)*

Session: 1.1.4 - Competitive**Track: Track 1 - The Context of Global Business*****Globalization and Competitiveness***Presented On: June 24, 2006 - 08:10-09:25**Chair:** Tim Curran, Global Technology Distribution Council/University of Florida St. Petersburg*Competitive Strategy to Enhance National Competitiveness*

Min-Young Kim, The Institute for Industrial Policy Studies

Hwy-Chang Moon, Seoul National University

Dong-Sung Cho, Seoul National University

The multinational corporations (MNCs) seek competitive locations that provides favorable environment to survive the ever-increasing global competition. In this regard, it is important for a country to have control over the location variable with successful implementation of national competitive strategy. This paper introduces and tests a series of methodologies to enhance national competitiveness: the dual double diamond (DDD) model to measure national competitiveness, the 3x3 framework for the classification of countries into country groups, and the strategy simulation of national competitiveness for the appropriate implementation of competitive strategy. Statistical analysis proves the validity of the DDD model and suggests general principles in the implementation of national competitive strategy. *(For more information, please contact: Hwy-Chang Moon, Seoul National University, South Korea: cmoon@snu.ac.kr)*

Foreign Ownership and Long-term Survival: A Matched Sample Study of Denmark 1895-2001

Dorte Kronborg, Copenhagen Business School

Steen Thomsen, Copenhagen Business School

Does foreign ownership enhance or decrease a firm's chances of survival? Over the 100 year period 1895-2001 this paper compares the survival of foreign subsidiaries in Denmark to a control sample matched by industry and firm size. We find that foreign-owned companies have higher survival probability. On average exit risk for domestic companies is 2.3 times higher than for foreign companies. First movers like Siemens, Philips, Kodak,

Ford, or Goodyear have been active in the country for almost a century. The foreign survival premium increases with company age, but decreases over time and disappears at the end of the century. *(For more information, please contact: Steen Thomsen, Copenhagen Business School, Denmark: st.int@cbs.dk)*

Competitiveness Under Globalization Impact: Case of Finland

Anna Salonen, Helsinki School of Economics

This paper develops a conceptual framework that explores the relationship between national competitiveness and firm competitiveness under globalization impact. Firm and national level competitiveness are interlinked phenomena. Competitive national business systems leading to the development of strong industrial clusters enable the development of globally competitive firms. Furthermore, the presence of globally competitive firms and industries tend to enhance the vibrancy and prosperity of nation states and local clusters thus creating a mutually reinforcing cycle. Globalization has the effect of challenging nation states to constantly upgrade the national business system. At the firm level, globalization has had the effect of making global scanning of location specific advantages easier and even necessary to stay on par with the competition. However, to be able to benefit from location specific advantages, firms need to constantly invest in maintaining and upgrading their ownership advantages in the form of resources and capabilities. *(For more information, please contact: Anna Salonen, Helsinki School of Economics, Finland: anna.salonen@hse.fi)*

Globalization and Performance of United States Motion Picture Industry

Kunal Banerji, Eastern Michigan University

Suman Basuroy, Florida Atlantic University

We examine the effect of globalization on the US motion picture industry. First, we hypothesize that the importance of international revenues as a part of the total revenues of US films would (increase) with globalization and become significantly important. Second, we argue that three specific factors would impact the international revenue stream of US movies: (a) sequel status, which had already created an installed base of audience and signals the quality of the film, (b) nature of critical reviews and the total number of reviews received by a film as these proxy for the attention the film has received, and (c) G ratings or family fares as they appeal to large audiences. Third, we hypothesize that due to the convergence of consumption patterns across the globe, the factors that affect the domestic market in the US would be the same as those that affect the international market. We use two separate data sets – 175 films from 1991-1993, and 210 films from 2003-2004 to test our hypotheses. Our results show general support for our hypotheses. *(For more information, please contact: Suman Basuroy, Florida Atlantic University, United States: sbasuroy@fau.edu)*

Session: 1.1.5 - Competitive

Track: Track 4 - International Strategic Management

Technology and Internationalization

Presented On: June 24, 2006 - 08:10-09:25

Chair: Taco H. Reus, Florida Atlantic University

Economic Determinants on Software Piracy: A Cross-national and Longitudinal Investigation

Deli Yang, Bradford University

Mahmut Sonmez, Loughborough University

This paper studies the impact of economic development on the propensity for software piracy. Fifteen economic variables are employed to serve this aim, including gross national income, gross domestic product, economic

growth, trade (imports and exports), foreign direct investment, inflation, labour force, unemployment (total unemployment, male and youth unemployment rates), royalties (receipts and payments), research and development and information expenditure. The study derives its conclusions based on the data from 78 countries from 1994 to 2002 using backward elimination regression modelling. The findings show that there is a highly significant linkage between economic development and piracy rate: the higher the economic development, the lower the piracy. Specifically, economic development explains over 81% of the variations in software piracy. However, different economic variables show a diverse degree of association with piracy. In particular, information expenditure is found to be the most significant variable to impact on software piracy rate. This study, despite validating previous research, appears to be precursory to explore the economic determinants on software piracy in a systematic and comprehensive way. The results call for scrutiny of economic and also non-economic elements in view of anti-piracy policy. *(For more information, please contact: Deli Yang, Bradford University, United Kingdom: d.yang@bradford.ac.uk)*

Human Capital Intensity in Technology-Based Firms Located in Portugal: Do Foreign Multinationals Matter?
Aurora Castro Teixeira, University of Porto
Ana Teresa Tavares, University of Porto

This paper contributes to the scarce empirical literature on the impact of foreign ownership on human capital intensity. New evidence is provided, based on a comprehensive, large-scale survey of technology-based firms located in Portugal. Using two alternatives measures of human capital (one based on skills, another on education), the key findings are that: (1) foreign ownership directly (and significantly) impacts on firms general human capital (education); (2) foreign ownership indirectly (and significantly) impacts on firms specific human capital (skills); (3) the total impact of foreign ownership on firms' human capital intensity is higher for education- (general) than for skills- (specific) related human capital intensity. Other findings are that younger and smaller firms tend to be more human capital intensive, and that export patterns are not significantly related to human capital intensity.

Giving the critical importance of both FDI and human capital development for an economy like Portugal (lagging behind in terms of human capital stock, and seeming to have lost part of its attractiveness as an FDI location), the paper discusses related policy implications.

(For more information, please contact: Ana Teresa Tavares, University of Porto, Portugal: atavares@fep.up.pt)

Foreign Direct Investment, Institutional Experience and Failure: Evidence from the Brazilian Telecommunications Industry
Susan E. Perkins, New York University

This study provides an in-depth re-examination of the FDI conventional wisdom, which suggests that prior experience with foreign investment leads to subsequent performance improvements. However, I find evidence demonstrating that experienced firms often fail. I conjecture that prior FDI experience can have both positive and negative impacts on firm performance, given the level of similarity to the target country's institutional environment. I argue that firms with similar prior regulatory experience are more successful because of their ability to: 1) select better projects before entry, 2) accurately predict cash flows and 3) mitigate exposure to market volatilities. I operationalize institutional similarity as a firm's prior experience in heterogeneous regulatory environments in 80 host countries. By utilizing field studies on telecommunications regulation, executive interviews (conducted in Brazil, Spain, Portugal and the US) and a uniquely constructed FDI dataset, I develop a knowledge acquisition theoretical framework to explain the mechanisms of prior experience that drive performance. I empirically test the impact of firms' prior experience on performance by examining foreign investment into the Brazilian telecommunications industry from 1997-2004. I find that experienced firms are four times more likely to fail when the experience is unrelated to the target investment country's regulatory institutional environment. *(For more information, please contact: Susan E. Perkins, New York University, United States: srodrigu@stern.nyu.edu)*

Session: 1.1.6 - Competitive
Track: Track 3 - Managing People Across Cultures

International HRM Practices

Presented On: June 24, 2006 - 08:10-09:25

Chair: AAhad Osman-Gani, Nanyang Technological University

Strategic HR Practices and Product Innovation
 Sjoerd Beugelsdijk, Nijmegen School of Management

Combining insights from creativity theory and strategic human resource management we test the relationship between HR practices and a firm's capability to produce radical and incremental product innovations. Our empirical tests in a sample of 992 Dutch firms indicate the importance of creativity enhancing HR practices like task autonomy, and certain types of training. We find that HR systems focused on personalized knowledge exchange increase a firm's innovativeness. Based on our findings a number of theoretical and practical implications are offered. *(For more information, please contact: Sjoerd Beugelsdijk, Nijmegen School of Management, Netherlands: s.beugelsdijk@fm.ru.nl)*

From Caravans to Containers: Creating Global Networks in the Province of Zhejiang
 Michele E.M. Akoorie, University of Waikato
 Tao Zhang, University of Waikato

This paper examines the development and characteristics of industrial clusters in the province of Zhejiang, with particular emphasis on the sock and stocking industry in the town of Datang. Using case study methodology and data triangulation techniques three main findings emerged from the study. Firstly, industry clusters assist in regional economic development by increasing local competitive advantages and creating an industrial regional identity through specialisation attracts resources, labour and capital for investment. Creating external transactional networks helps local industries to see more opportunities, extend their distribution channels and facilitate international market entry. Secondly, less-developed rural regions are characterised by low-level labour intensive industrial activity. Their ability to compete internationally is hampered by low levels of innovation. Thirdly, the industrial cluster in Datang has been stimulated by the local entrepreneurial climate, effective local networks and support from local government, which is collaborating with local firms to stimulate innovation and technological upgrading to improve innovative capacity in Datang.

(For more information, please contact: Michele E.M. Akoorie, University of Waikato, New Zealand: mema@waikato.ac.nz)

The Effect Of Country Image On Initial Job Choice Decisions An Empirical Study Of Taiwanese College Students And Japanese Corporations
 Yasuyuki Kishi, Waseda University
 Shigeto Sonoda, Waseda University
 Fabian Jintae Froese, Waseda University
 Baoqing Leng, Waseda University

This study extends the current body of literature by investigating the country image effect on initial job choice decisions. Perceived human resource (HR) practices, proficiency of foreign language, interest in culture, image of people and familiarity were analyzed.

Survey data was collected from more than 400 Taiwanese university students. Results indicate that Taiwanese applicants are more rational in their job choice decisions. In general, students were more attracted to Western than Japanese corporations, because HR practices were perceived as more favorable. Results also provided support for the demand-abilities perspective of the person-organization fit theory in that Taiwanese students who speak Japanese were attracted to Japanese corporations. Among the more emotional factors, interest in Japanese culture was found to positively influence students to choose a Japanese employer. On the other hands, image of Japanese people and familiarity with them had no or only limited effect on the job choice. Practical suggestions for Japanese corporations are addressed.

(For more information, please contact: Fabian Jintae Froese, Waseda University, Japan: fabian@fuji.waseda.jp)

Organizational Commitment of Chinese Employees in Foreign Invested Firms

Qihai Huang, Manchester Metropolitan University
Jos Gamble, University of London

Organizational commitment has been studied extensively in Western management research. Much less is known regarding organizational commitment in non-Western environments, in particular in the retail sector. In the present study, we seek to understand if organizational commitment differs between various cultures by exploring the organizational commitment of local employees in the China-invested stores of a UK multinational retailer and its relationship with employees' willingness to stay. The data is drawn from a survey of 394 employees at four stores owned by this firm and three month's in-depth ethnographic study at one of these stores. The paper tests several hypotheses based on the literature and taking into consideration of several elements with 'Chinese characteristics', i.e., relationships, 'face' and job security. The current research provides added insights by combining survey data with in-depth ethnographic data. Amongst the most notable findings of this research are, firstly, loyalty to organisation and belief in company's values are not associated with employees' willingness to stay; and secondly, feeling proud of working for the company, good relationship between management and employees, and job security are good predictors of employees' willingness to stay. These findings indicate the need for management to consider what is important to employees, in terms of building employees' organisational commitment, and their willingness to stay.

(For more information, please contact: Jos Gamble, University of London, United Kingdom: j.gamble@rhul.ac.uk)

Session: 1.1.7 - Competitive

Track: Track 10 - Internationalization of Asian Firms

Ownership and Internationalization in Asian Business

Presented On: June 24, 2006 - 08:10-09:25

Chair: Peter Williamson, INSEAD

International Expansion of Firms in Family Business Groups from Advanced Emerging Economies

Peng Ji Wang, National University of Singapore

Using Taiwan as the empirical setting, we examined which member firms are more likely to be chosen and propped for international expansion in family business groups. Drawing upon familiness and agency theory, our evidence suggested that the member firms with high family ownership and family control dispersion make more international expansion. The divergence of control right from ownership also contributes to the member firm's international expansion. But the effect of divergence depends on both family ownership and external environment. These results are robust to a variety of alternative measures. *(For more information, please contact: Peng Ji Wang, National University of Singapore, Singapore: g0403302@nus.edu.sg)*

Business Group Affiliation, Corporate Diversification Strategies, and Firm Performance in Emerging Economies: The Resource-Based View

Hicheon Kim, Korea University
Heechun Kim, Arizona State University

Drawing insights from the resource-based view (RBV) of the firm, this paper examines the effects of business group affiliation in the context of corporate diversification strategies—that is, product and international diversification—at the firm level. Focusing on the group’s advantages in mobilizing tangible and intangible resources, we propose that compared to independent firms, group-affiliated firms are able to enhance the benefits of corporate diversification strategies, while reducing associated costs. Using data on Korean firms from 1993 to 2003, we found that business group affiliation positively moderated the relationship between international diversification and firm performance. However, we did not find a moderating effect of group affiliation on the relationship between product diversification and firm performance. Our findings highlight the significance of business groups in understanding corporate diversification strategies in emerging economies. *(For more information, please contact: Hicheon Kim, Korea University, South Korea: hkim01@korea.ac.kr)*

The Internationalization of Singapore's State-Enterprise Networks in the Context of Asia's Transborder Industrialization: New Evidence from Indonesia, Vietnam and China

Caroline Yeoh, Singapore Management University
Genrong Meng, Singapore Management University
Victor Sim, Singapore Management University

State-led, market-driven interventions have been the hallmark of the Singapore ‘success story’. This paper revisits Singapore’s state-enterprise strategy, in the context of the city-state’s determined efforts at internationalization, and takes a closer look at the portability of this strategy, in the framework of Regionalization²¹, a series of transborder industrialization experiments in Indonesia, Vietnam and China. These state-engineered projects, orchestrated to encapsulate economic space for Singapore-based firms to expand into the region, remains controversial. This strategic initiative is promulgated on the exportability of Singapore’s state credibility, systemic and operational efficiencies as well as technological competencies, to locations where these attributes are less distinct. We present evidence culled from surveys and interviews conducted in the Singapore-styled industrial-townships in these three countries. Our results show that the strategic advantage created in the industrial enclaves in Indonesia and Vietnam remains uncertain, whilst the ‘experiment’ in China is arguably a measured success, now that vested interests are aligned. *(For more information, please contact: Caroline Yeoh, Singapore Management University, Singapore: carolineyeoh@smu.edu.sg)*

Large Shareholders and International Diversification in Transition Economies: The Evidence of Chinese Multinationals

Andrew Delios, National University of Singapore
Wei Wei Xu, National University of Singapore

We incorporate the institutional and resource based perspectives to investigate the effects of three types of large shareholders on internationalization strategies in an emerging economy context. We unpack the heterogeneity of interests across types of shareholders over time in our analysis of the internationalization efforts of 184 Chinese multinational firms in the 1992 to 2004 period. We find that state ownership is negatively related with the intensity of a firm’s internationalization, while foreign ownership is positively associated with firm internationalization. Further, we find that foreign investors moderate the negative relationship between state owners and internationalization. We conclude that in transition countries, state ownership could inhibit a firm’s internationalization process, but foreign ownership serves as a useful means of encouraging transform in state-owned firms to focus on international market activities. *(For more information, please contact: Wei Wei Xu, National University of Singapore, Singapore: g0403304@nus.edu.sg)*

Session: 1.1.8 - Competitive

Track: Track 2 - Economics, Finance, Taxation, Regulation

Currency Risk and Financial Crises

Presented On: June 24, 2006 - 08:10-09:25

Chair: Shirley A Hunter, Tufts University

Why do Latin American Firms Manage Currency Risks?

Richard Saito, Fundação Getulio Vargas/EAESP

Rafael Schiozer, Fundação Getulio Vargas/EAESP

This paper investigates the determinants of currency risk management in non-financial firms in Argentina, Brazil, Chile and Mexico. We study not only the decision of using derivatives, but also the magnitude of derivatives holdings and the importance of operational hedge in firms' risk-management strategies. We find that currency exposure is the most managed with derivatives and that firms use derivatives mainly to hedge foreign debt. We also find that economies of scale, financial distress costs, informational asymmetry and growth opportunities are important for risk-management decisions, and that firms do not hedge because of potential tax benefits. *(For more information, please contact: Rafael Schiozer, Fundação Getulio Vargas/EAESP, Brazil: rschiozer@fgvsp.br)*

Currency Controls and Financial Crisis Resolution: A Case Study of Malaysia

Gert H. Grondowski, University of Melbourne

Muhammad Mahmood, Victoria University

This paper examines the effectiveness of capital controls as a means to deal with the financial crisis in Malaysia. The paper shows that financial pressure was effectively and immediately released through capital control measures in Malaysia. Capital controls, therefore, provide the economy with breathing space necessary to implement the required economic policy changes, hence they can be considered as tools to deal with financial crises. *(For more information, please contact: Muhammad Mahmood, Victoria University, Australia: muhammad.mahmood@vu.edu.au)*

Determinants of Corporate Debt Maturity in Latin America

Paulo Renato Soares Terra, University of Sinos

In this paper, I investigate the choice of debt maturity of the firm for a set of countries of Latin America employing dynamic panel data analysis to a sample of 986 non-financial firms from Latin America and 977 from the United States over a 16-year period. Most empirical work in this subject has focused on developed countries, in particular the United States. Also, it is an opportunity to verify the applicability of some of the theories of maturity structure in a multi-country setting. My main findings are that there is a substantial dynamic component in the determination of a firm's maturity structure, firms face moderate adjustment costs towards its optimal maturity, and the determinants of maturity structure and their effects are similar between Latin American countries and the United States, despite obvious differences in the financial and business environments of these countries. *(For more information, please contact: Paulo Renato Soares Terra, University of Sinos, Brazil: paulo.terra@terra.com.br)*

Catastrophe Risk, Sovereign Borrowing, and Host-Country Government Constraints in Emerging Markets
 Burkhard N. Schrage, Singapore Management University
 Banu Ozcan, Merrill Lynch

Over the last decade, natural catastrophes have increased in both number and severity. The combination of higher event frequency and intensity, coupled with the fragile economies of developing countries, may increase financing cost and constraints of host-country governments, reflecting an increase in perceived risk by investors. This study empirically investigates links between natural catastrophes and the cost of sovereign debt in developing countries.

Our parametric and nonparametric analyses of 211 catastrophes in 25 countries over the period of 1994 through 2003 reveal that natural disasters have a material impact on the bond returns of the developing country governments. We find that sovereign bond spreads increase after catastrophes, thus raising the cost of borrowing and financing constraints for those governments. These results imply that MNCs need to consider the likelihood of catastrophic events coupled with the institutional host-country environment as a potential source of risk when considering a foreign direct investment in emerging markets.

(For more information, please contact: Burkhard N. Schrage, Singapore Management University, Singapore: bschrage@smu.edu.sg)

Session: 1.1.9 - Panel

Track: Track 6 - Marketing and Supply-Chain

China Sourcing: A View from the Coal Face

Presented On: June 24, 2006 - 08:10-09:25

Chair: Timothy Michael Devinney, Australian Graduate School of Management

Panelists:

Timothy Michael Devinney, Australian Graduate School of Management
 Frank Mizuno, Booz Allen Hamilton
 Ronald Haddock, Booz Allen Hamilton
 Lloyd Wang, Ariba

Even through sourcing from China for a long time, the emergence of major sourcing from China is still a relatively recent development, though one that is expanding rapidly. Today, leading companies are not only increasing their product development and R&D efforts in China; but are also ramping up sourcing significantly, using China as a global supply base. This panel brings together corporate experts with broad supply chain experience within China, globally and within the MNE context. Its purpose is to provide a practical "coal face" view of the realities of setting up a sourcing and supply chain operation within the current Chinese cultural and corporate reality. *(For more information, please contact: Timothy Michael Devinney, Australian Graduate School of Management, Australia: T.Devinney@agsm.edu.au)*

Session: 1.1.10 - Competitive

Track: Track 7 - Learning, Knowledge and Innovation

Innovation within Industry Linkages

Presented On: June 24, 2006 - 08:10-09:25

Chair: Roberto Garcia, Indiana University

Power Use in Network Restructuring: The Case of Toyota
Faith Hatani, Cardiff Business School

This paper identifies different forms of power exercised by the core firm of interfirm network in the process of network renewal. In fierce global competition, the creation of distinctive resources is essential not only at the firm-level but also at the network-level. However, previous studies have paid less attention to how existing resources in the network can be enhanced and how the core firm's power can be used for this purpose. The study proposes four types of power operation to facilitate change, together with the concept of the "quasi-core firms" and its strategic function in a hierarchical network. A case study of the restructuring of the Toyota Group since the mid 1990s demonstrates that creation and exploration of new resources are achievable through new arrangements and recombination of existing network resources based on the core firm's strong leadership and managerial capability in resource optimization. *(For more information, please contact: Faith Hatani, Cardiff Business School, United Kingdom: HataniF@cf.ac.uk)*

Roles of Firms' Network Position and Hierarchy Position in Technology Innovation in Global Semiconductor Industry: A Social Network Analysis

Cheng-Min Chuang, National Taiwan University
Kuen-Shiou Yang, National Taiwan University

In contrast to the focus on the social ties of individual actor in the conventional social network analysis, in this research, we explore how a firm's industrial network position based on its institutional ties influences its technological innovation. In addition, we propose that a firm's industry hierarchy position will moderate the relationship between network position and technological innovation. Using network data containing firm level and processing by UCINET software, we drew graphs and digraphs of the global semiconductor industry. The empirical result shows that a firm's centrality and prestige will influence its technological innovation and its hierarchy position will moderate the above relationship in the global semiconductor industry. Implication of the results and suggestions for the researches are discussed.

(For more information, please contact: Kuen-Shiou Yang, National Taiwan University, Taiwan: altoyung@yahoo.com.tw)

The Network as Innovation in Polish Traditional Industries with Buyer-Driven Value Chains

Richard Woodward, University of Edinburgh
Deniz Eylem Yoruk, University of Sussex

Networks are usually examined as conduits of knowledge and catalysts of innovation, but in this paper we are interested in looking at the network itself as a form of innovation in the post-socialist transition context. Using evidence from studies of four firms, this paper examines enterprise network innovations in two traditional industries with buyer-driven value chains (clothing and furniture) – industries where most researchers are not accustomed to look for innovation. We ask how producers in these industries make use of their participation in global production networks to develop their own network organisation capabilities. We find changes in the roles of foreign partners, with OEM declining in importance as other relationships with foreign partners, such as distribution licenses, become more important. Additionally, we observe the emergence of Polish firms which become network organisers themselves, creating new forms of horizontal production and distribution networks as innovations and themselves becoming a source of the sorts of spillovers (e.g., learning effects) for other domestic firms which were previously provided only by foreign partners. *(For more information, please contact: Richard Woodward, University of Edinburgh, United Kingdom: rick.woodward@ed.ac.uk)*

The Dynamics of Technology Diffusion and Technology Capability-A Network Perspective

Li-Hua Kuo, National Chi Nan University
 Peter J. Sher, National Chi Nan University
 Hsin_Mei Lin, National Chi Nan University

This research investigates the technology diffusion and technology capability development from network perspective. Prior studies have found that technology activities can not be separated from network. However, most studies overlook the difference between formal network and virtual network and their influence upon economic activities. Therefore, this study adopts the network perspective to see the difference between networks informs of formal organization and analytical tool (Powell and Smith-Doerr, 1994). We took an technology-seeking alliances in machine tool industry as example to see how does the cohesion model and structural equivalence model explain the technology diffusion and technology capability development within three networks: work network, emotion network, and communication network. Particularly we investigate the cohesion and structural equivalence model at two stages that in form of formal network and another is virtual network. The result shows that structural equivalence remodel works well in stage 1 (formal network organization) upon technology diffusion, while cohesion model works better in stage 2 (virtual network) upon developing similar technology capability. Work network is influential in stage1 ,while emotion network is influential in stage 2. (For more information, please contact: Hsin_Mei Lin, National Chi Nan University, Taiwan: hmlin@ncnu.edu.tw)

Session: 1.1.11 - Special Session***Responses to Changing Competitive Conditions in Japan: Three Perspectives (AJBS Special Session)***

Presented On: June 24, 2006 - 08:10-09:25

Chair: Thomas W Roehl, Western Washington University

Japanese Corporate Genealogy in the Service Sector: Responding to a Changing Environment

Kiyohiko Ito, University of Hawai'i at Manoa
 Elizabeth Rose, Victoria University of Wellington
 D. Eleanor Westney, Massachusetts Institute of Technology

Profiting from Learning and Knowledge Arbitrage: Experience from a US Japanese Joint Venture

Mike Hill, Director, Learning and Organizational Development, Spansion LLC
 Mary Yoko Brannen, San Jose State University

Liabilities, Foreign and Domestic, New and Old: A Study of Competitive Change in the Brokerage Industry in Japan

Thomas W Roehl, Western Washington University

Session: 1.1.12 - Competitive**Track: Track 4 - International Strategic Management*****High-technology Ventures and Institutional Networking***

Presented On: June 24, 2006 - 08:10-09:25

Chair: Claudia Bird Schoonhoven, University of California, Irvine

Alliance Networks, Network Embeddedness of Partner Companies and Joint Venture Performance
Pierre-Xavier Meschi, Euromed Marseille Ecole de Management

Transactional theory of joint venture considers that the inherent uncertainty of this governance structure is a major factor for explaining its failure. To reduce or control this transactional uncertainty, companies must have reliable information on one's potential partners. The central hypothesis of this article is that network embeddedness of companies provides reliable information on the availability, resources and behavior of potential partners, and therefore reduces uncertainty and risks of joint venture failure. Building on social network theory and its interorganizational developments, this article aims to show that the probability of joint venture failure decreases significantly if the partners are embedded in the same alliance network. This hypothesis is examined through statistical analyses (event history, survival and statistical network analyses) carried out in a sample of 371 joint ventures formed in 1996 and including at least one European partner. Empirical results are contrasting and only provide partial validation of the network-performance relation. Simply being part of an alliance network is not enough to enable a joint venture to minimize transactional uncertainty and to significantly distinguish its performance from that of other joint ventures. In fact, the network-performance relation is only supported for alliance networks that have a specific internal structure. Only certain networks, and not others, offer their members the internal market and the base of reliable information on potential partners that ensure the performance of future joint ventures. Thus, the embeddedness mechanisms that minimize transactional uncertainty and reduce the unforeseeable factors of a joint venture operate fully in networks where the ties between members are dense but not very repetitive. *(For more information, please contact: Pierre-Xavier Meschi, Euromed Marseille Ecole de Management, France: pxmeschi@univ-aix.fr)*

Creativity, Organization Structure and Organization Performance Relationship: The Case of High-Technology Firms in Taiwan

Hsin-Hong Kang, National Cheng Kung University
Sue-Chin Yang, National Cheng Kung University

In today's rapidly changing environment, creativity is not only necessary for competitive advantages, but it is also the key to the survival of any organization, especially in high-technology firms where knowledge is the key resource. Therefore, understanding creativity in an organizational context is of paramount importance. This paper examines the hypothesis that creativity is a crucial mediator between organizational structure and organizational performance. A structural equation model (SEM) is provided to examine how creativity influences an organization's structure (formalization, decentralization, and specialization) and performance. The data is comprised of 106 completed and returned surveys that were collected for a 53% response rate. These surveys were performed by personnel from high technology firms listed on Taiwan Stock Exchange (TSE). The results of our finding were supported for this study hypothesis. We have found significant between organization structure and organization performance mediation effect by creativity. The results indicated that there is a clearer link among organizational structure, creativity, and organizational performance. Research limits, future research directions, and theoretical and managerial implications of this study are presented too. *(For more information, please contact: Chia-Yu Tu, National Chung Cheng University, Taiwan: d92520009@ccu.edu.tw)*

To Unpack the Black-Box of Micro-Macro Transformation: From Person-level Social Tie to Organization-level Social Tie

Peter Ping Li, California State University, Stanislaus
Youmin Xi, Xi'an Jiaotong University
Xiaotao Yao, Xi'an Jiaotong University

The primary purpose and contribution of this paper is to develop and find support for an integrated model of social tie and social capital, whose central theme is that social tie and social capital at the personal level can

serve as strategic resources that can be transformed into competitive advantages at the organizational level via the mechanisms of tie utilization and strategic behavior. This paper is the first to explicitly distinguish personal social tie and social capital from organizational ones as different qualitatively rather than quantitatively, with the potential to unpack the black-box of micro-macro transformation. This paper is also the first to provide the specific evidence for such a micro-macro transformation. *(For more information, please contact: Peter Ping Li, California State University, Stanislaus, United States: pli@csustan.edu)*

Session: 1.1.13 - Competitive

Track: Track 5 - Entry, Expansion & Operations Strategies

Managing Joint Ventures and Contractual Relationships

Presented On: June 24, 2006 - 08:10-09:25

Chair: Wade M Danis, Georgia State University

Contracting Costs in Outsourcing Partnerships: An Investigation of Termination Provisions

Africa Ariño, IESE Business School

Jeffrey J. Reuer, University of North Carolina

Kyle J. Mayer, University of Southern California

Juan Jane, Hewlett Packard

We analyze the influence that the complexity of termination provisions and the existence of prior ties between partners have on outsourcing partnerships' contracting costs, as reflected in their negotiation time. We examine the dimensionality of the complexity of termination provisions, and the findings reveal distinct classes of termination provisions, the negotiation of which have differential effects on contracting costs. The evidence also indicates that prior ties have no direct influence on negotiation time, but they moderate the effects of negotiating termination provisions into outsourcing agreements. *(For more information, please contact: Africa Ariño, IESE Business School, Spain: afarino@iese.edu)*

Incentives for the Cultural Adaptation Process In an International Joint Venture

Ursula F. Ott, Loughborough University

This paper studies the information asymmetries in an International Joint Venture (IJV) during its formation period. Focusing on the adaptation procedure of the foreign and local firm in the IJV-management, it is shown that the players face hidden information problems with respect to each other's ability to adjust culturally to the joint decision making process. This paper uses a prescriptive approach towards tackling cultural dissimilarities in IJVs. Since there are three players involved who generate a triangle of information asymmetries, it is important to create appropriate incentive schemes. The incentive schemes are designed to induce truthful revelation of hidden information about cultural cognitive behavior. The paper deals with what kind of incentives to offer such as culturally implied incentive schemes based on the effort to co-operate on a cultural level and incentive schemes based on 'cultural costs'. *(For more information, please contact: Ursula F. Ott, Loughborough University, United Kingdom: U.F.Ott@lboro.ac.uk)*

The Effect of Justice on the Development of Interorganizational Trust: A Case of International Joint Ventures

Dongkee Rhee, Seoul National University

Naoki Ando, Sungkyunkwan University

The primary purpose of this study is to explore antecedents of trust in interorganizational relationships. It has been argued that to develop interorganizational trust, fair actions during the course of interactions with partners are essential. However, few studies have incorporated justice into trust-building models in interorganizational relationships. An attempt is made to operationalize procedural and distributive justice to capture features of an interorganizational context. Procedural justice in an interorganizational setting is operationalized with two constructs: a fair communication process and cultural adaptation. On the other hand, distributive justice is operationalized with two constructs: fair distribution of profit and that of bargaining power. An empirical test was conducted using a sample that is comprised of 109 international joint ventures located in South Korea. Results reveal that fair actions during the course of interaction and fair distribution affect trust-building in an IJV context. This paper is concluded by discussing the contribution of this study to the literature on interorganizational trust and directions for future research. *(For more information, please contact: Naoki Ando, Sungkyunkwan University, South Korea: naokiando@skku.edu)*

The Influences of Buyer-Seller Relationship Quality on Adaptation and Innovation for Subsidiaries of Foreign MNCs in Taiwan

Wann-Yih Wu, National Cheng Kung University
Man-Ling Chang, National Cheng Kung University

The buyer-seller relationships, which have been the most common pattern in the field of business relationships, were recognized as being essential to business success, especially for the subsidiaries of foreign MNC that face local sellers. This study attempts to investigate the influences of innovation and adaptation, which benefit from relationship quality between seller and buyer, on the corporate performance of buyer. Relationship quality between buyer and seller is composed of three elements, which include social capital, information exchange, and frequency of contact. In order to examine the hypothetical relationships, the subsidiaries of foreign MNCs operating in Taiwan were surveyed. The results indicated that the relationship quality, including social capital, information exchange, and frequency of contact, were positively associated with adaptation, innovation, and corporate performance. Furthermore, the mediated roles of innovation and adaptation, which function as the mechanism delivering the beneficial influences of relationship quality to buyer itself, were also proved. These results implied that the buyers not only devote their resources to innovation for their own interest, but also adjust themselves and invest in the relationships with sellers. *(For more information, please contact: Wann-Yih Wu, National Cheng Kung University, Taiwan: wanyi@mail.ncku.edu.tw)*

Session: 1.2.1 - Competitive

Track: Track 7 - Learning, Knowledge and Innovation

Knowledge Sourcing in MNCs

Presented On: June 24, 2006 - 09:35-10:50

Chair: Christina Yu-Ping Wang, National Dong Hwa University

Determinants of Sources of Knowledge of Subsidiaries

Ya-Ping Chiu, Vanung University
Dah-Hsian Seetoo, National Chengchi University
Shao-Tzu Wu, National Chengchi University

Unlike previous studies, which treat the knowledge of subsidiaries as given, this study investigates the determinants of sources of knowledge of subsidiaries. The source of knowledge of a subsidiary is hypothesized to be related to two types of variables: knowledge resource of a MNC, strategic importance of a local market, and knowledge resource in a host country as independent variables; and multinational control, willingness of

knowledge sharing among subsidiaries, subsidiary resources, and management team's social capital as moderating variables. Empirical testing of the hypotheses regarding the information about the sources of knowledge of 198 cases of foreign subsidiaries in Taiwan, we have found that: (1) more knowledge resource of a MNC leads a subsidiary to engage in more internal sourcing of knowledge; (2) more knowledge resource in a host country leads a subsidiary of a MNC to source more knowledge locally; (3) higher parent control leads a subsidiary to engage in more internal sourcing of knowledge; and (4) social capital of a subsidiary's management team moderates the knowledge-sourcing behaviors of a subsidiary. *(For more information, please contact: Shao-Tzu Wu, National Chengchi University, Taiwan: shaotzu.wu@gmail.com)*

Knowledge Sourcing and Innovation Novelty - Implications for Subsidiary Performance

Christina Hallin, Uppsala University

Olivia H. Kang, Uppsala University

Using a sample of 64 product innovations from Western MNCs, subsidiary market performance is analyzed using innovation novelty and knowledge source. The underlying effect of knowledge type (i.e functional and business knowledge) on innovation novelty were studied for their impact on subsidiary market performance. Subsidiary market performance was measured using a composite measure of the subsidiary's competitive advantage on the market, its business volume in the home market and its operating profit. The results show that both functional and business knowledge are important for innovation novelty but that business knowledge is more important. We did not find support for innovation novelty being important for subsidiary market performance. Somewhat surprising, we found that innovation age had no significant effect on subsidiary market performance and that subsidiary age on the market had negative effect on subsidiary market performance. *(For more information, please contact: Christina Hallin, Uppsala University, Sweden: christina.hallin@fek.uu.se)*

Cross-border Acquisitions and Cross-border Knowledge Sourcing: Why Learning from the Local Is Not for Everyone?

Kangyong Sun, University of Minnesota

Minyuan Zhao, University of Minnesota

As R&D activities become increasingly internationalized, cross-border acquisition has been considered an efficient way for firms to tap into the locally embedded technologies in foreign countries, beyond the boundaries of the target firms. However, there exists significant heterogeneity in the acquiring firms' incentives as well as capabilities for local knowledge sourcing. While the leading firms may possess stronger absorptive capacities, they often lack the incentive to further integrate themselves into local communities. Strong intra-firm organizations not only enhance learning, but also alleviate the threat of technology leakages, thus encouraging local integration. Based on a sample of 261 cross-border acquisitions in the pharmaceutical industry from 1985 to 1994, we find empirical evidence that leading firms in general are not active learners from the local. However, leading firms with strong internal linkages across countries significantly increase their local knowledge sourcing after the acquisitions. *(For more information, please contact: Minyuan Zhao, University of Minnesota, United States: mzhao1@csom.umn.edu)*

Session: 1.2.2 - Competitive

Track: Track 4 - International Strategic Management

Integration vs. Responsiveness in the MNE

Presented On: June 24, 2006 - 09:35-10:50

Chair: John A. Cantwell, Rutgers University

HRM Practices in Subsidiaries of US, Japanese and German MNCs: Country-of-Origin, Localization or Dominance Effect?

Anne-Wil Harzing, University of Melbourne
 Markus Pudelko, University of Edinburgh

This paper contributes to two recurring and very central debates in the international management literature: the convergence vs. divergence debate and the standardization vs. localization debate. Both debates revolve around the transfer of management practices across borders. In this paper we focus on human resource management (HRM) practices. Using a large-scale sample of multinationals (MNCs) headquartered in the US, Japan and Germany as well as subsidiaries of MNCs from these three countries in the two other respective countries, we test the extent to which HRM practices in subsidiaries are characterized by country-of-origin, localization, and dominance effects. Our data show that overall the dominance effect, i.e. the adoption of practices of the dominant US management model, is most important and increases in significance over time. Hence our results indicate that even for what might be considered the most localized of functions – HRM – standardization is taking place. However, in contrast to much of the relevant literature, it is not towards the respective home country practices towards which MNCs standardize, but towards the model which represents world-wide best practices. This suggests that MNCs might limit transfer of indigenous practices to what they consider their core competencies and converge to best practices in other areas. *(For more information, please contact: Markus Pudelko, University of Edinburgh, United Kingdom: markus.pudelko@ed.ac.uk)*

Unbundling Strategic Integration in the Multinational Corporation

Andreas Birnik, Cranfield School of Management
 Cliff Bowman, Cranfield School of Management

Integration is one of the key dimensions in the global integration – local responsiveness (IR) matrix and typically refers to either global integration of activities or global strategic coordination. As such, the integration concept in the IR matrix is focused on the value chain rather than on customer experience. In parallel, there exists a substantial body of literature on marketing standardisation that is concerned with standardising elements of the customer experience across borders. We argue that both 'value chain integration' and 'marketing standardisation' represent key components of strategic integration in the multinational corporation (MNC) and that the dimensions have not been fully integrated to date. This paper un-bundles strategic integration in the multinational corporation and proposes a new typology for MNCs. *(For more information, please contact: Andreas Birnik, Cranfield School of Management, United Kingdom: andreas.birnik@cranfield.ac.uk)*

Integration-Responsiveness Strategic Choice and Business Performance of MNCs in China

Yunshi Mao, Sun Yat-Sen University
 Jing Yuan, Sun Yat-Sen University

This study was conducted with two main aims. First, we identified the relationship between the factors influencing on foreign direct investment (FDI) and the degree of integration-responsiveness (IR) strategy adopted by Multinational corporations (MNCs) in China. Secondly, we assessed the impacts of different IR strategy on the performance levels adopted by MNCs. We made some assumptions based on the above research objectives. According to the data from a survey of 524 MNCs' subsidiaries in China, we testified the hypotheses and found out that there were significantly positive correlation between IR strategic choice and ownership advantages, internalization advantages, respectively. But it is not significant in relation with location advantages. However, the ownership advantages were positively associated with location advantages, hence we suggest that the ownership advantage is a mediate variable to transfer the influences of location advantage on IR strategic choice of MNCs in China. Finally, the multivariable regression analysis gave support that the higher level of integration strategy adopted by MNCs in China was associated with better performance. However, to

obtain a more powerful model, we proposed that the more complex contingency method recognizing variation in the environment from firm to firm should be considered in further study. *(For more information, please contact: Jing Yuan, Sun Yat-Sen University, China: yuanjmail@263.net)*

Global Strategy in Practice: Managing Integration-Responsiveness Dilemmas at British Airways

Simon Collinson, Warwick University
Bridgette Sullivan-Taylor, Warwick University
David Wilson, Warwick University

This paper reports on a study of strategic and organisational change at British Airways during the late-1990s. In this period it attempted to move from an integrated, centralised structure, with a British brand and standardised service proposition to a more responsive, customer-oriented brand and service and a diversified organisation structure. The nature of the airline business places a premium on managing the evolving strategic and organisational balance between integration and responsiveness (IR). Despite this, there are few studies that apply the IR framework to service firms in general or the airline industry in particular. In this study we supplement the IR framework with the content-process-context approach, drawn from organisation theory, to understand the sub-processes that facilitate or constrain the move from 'I' to 'R' at the firm. Two specific Marketing and Human Resources initiatives, Utopia and Kaleidoscope, are examined in some detail using the above frameworks. Their failure is traced to specific elements of the strategy process and the strategy context influencing their uptake and impact on internal service personnel, customers and external stakeholders. The findings provide practical guidelines for managing strategic and organisational change with an IR component, as well as justifying the use of this dual theoretical approach. *(For more information, please contact: Simon Collinson, Warwick University, United Kingdom: s.collinson@warwick.ac.uk)*

Session: 1.2.3 - Competitive

Track: Track 5 - Entry, Expansion & Operations Strategies

The Choice of Entry Mode: Refining Empirical Research

Presented On: June 24, 2006 - 09:35-10:50

Chair: Alex Eapen, University of Sydney

Up Went the "Iron Curtain", In Came Foreign Investment: An Empirical Analysis of Advertising Firms And Entry Mode Choice In Post-Communist Eastern Europe

Rick T. Wilson, Saint Louis University

The transaction cost theory is used to explore entry mode choice in the service industry. This study is different from previous studies of service firms in that it focuses on one sector in an effort to find the boundaries of the transaction cost theory as called upon by Williamson (1992). The advertising industry is chosen because it is uniquely different than other service firms analyzed in the past in that advertising firms are a professional service and very much knowledge-based, people-intensive, and bound to local production. The study is further focused on Eastern Europe as this region offers a unique and modern opportunity to view all entry modes beginning at time zero. The analysis of 171 cases in Eastern Europe found that country risk, international experience, and the size of the foreign business community were significant predictors of entry mode choice while socio-cultural distance failed to provide any predictive power. Among the more important contributions of this paper to the field of study is that the advertising industry may not be as high in asset specificity as previously thought and that management philosophy toward international expansion is perhaps one of the most influential factors of entry mode choice in this service sector. *(For more information, please contact: Rick T. Wilson, Saint Louis University, United States: wilsonrt@slu.edu)*

A Contingency Perspective on Foreign Ownership Decision: Aligning Explorative Motives with Exploitable Advantages

Chiung-Hui Tseng, National Cheng Kung University

This study examines how a set of explorative (asset-seeking) motives interact with corresponding firm-specific attributes or advantages to influence multinationals' choice between wholly-owned subsidiaries and equity joint ventures. It advances previous literature which regards sharing partnership with local firms as a superior vehicle to access coveted resources or capabilities by suggesting that, asset-seeking multinationals need not rely on collaboration, but, instead, can go alone to tap into local assets utilizing existing applicable resources or capabilities. Empirical results based on a survey of Taiwanese multinationals support the combined relevance of explorative motives and aligned exploitable advantages in predicting ownership decision. Specifically, it is found that sole ventures are more likely to be preferred over joint ventures when natural resource-seeking multinationals are larger in size, market-seeking multinationals possess greater marketing expertise, and strategic asset-seeking multinationals are more technologically innovative. *(For more information, please contact: Chiung-Hui Tseng, National Cheng Kung University, Taiwan.: ctseng@mail.ncku.edu.tw)*

Assessing the Advantages of Multilevel Methods for Entry Mode Research

Jean-Luc Arregle, EDHEC Business School

Paul W. Beamish, University of Western Ontario

Louis Hebert, HEC Montréal

International strategy empirical research on the mode of entry has typically overlooked the multilevel nature of this question and relied on non-multilevel quantitative methods. This creates important conceptual and statistical limitations. We examine such drawbacks by explaining the multilevel nature of this research question and the necessity to use multilevel methods. As an illustration, we develop a multilevel model and run a multilevel Bernoulli analysis to analyze the determinants of modes of entry, using a dataset on Japanese Foreign Direct Investment. Its results are compared to those of the dominant statistical method used in International Management for this topic: logistic regression. We provide some evidence that non-multilevel quantitative methods limit the conceptual development of this research and have negative statistical consequences that pose a risk for the validity and robustness of the results. In contrast, multilevel quantitative methods provide benefits when incorporating them for research on the selection of an entry mode. This has important methodological implications for future quantitative research on this topic. *(For more information, please contact: Louis Hebert, HEC Montréal, Canada: louis.hebert@hec.ca)*

Determinants of Investor Ownership Strategies for Foreign Affiliates

Mehmet Demirbag, University of Sheffield

Keith Glaister, University of Sheffield

Ekrem Tatoglu, Bahcesehir University

This paper examines the impact of institutional, industry and subsidiary level variables on MNEs' choice of both equity ownership in their foreign affiliates (joint ventures compared to wholly owned subsidiaries) and the number of partners in a joint venture. Drawing on both transaction cost and institutional theories, a number of hypotheses are developed. Based on a dataset of 6,838 foreign affiliates in Turkey, the empirical analyses reveals that institutional variables are important in explaining the equity composition of foreign affiliates, and also the number of partners in joint ventures. *(For more information, please contact: Mehmet Demirbag, University of Sheffield, United Kingdom: m.demirbag@shef.ac.uk)*

Track: Track 2 - Economics, Finance, Taxation, Regulation

Showcase Panel on 'Financial Dimension of International Business'

Presented On: June 24, 2006 - 09:35-10:50

Chair: Tamir Agmon, College of Management

Panelists:

Kirt C. Butler, Michigan State University
Sarkis Khoury, University of California, Riverside
Clas Wihlborg, Copenhagen Business School
Bernard Yeung, New York University

This showcase panel, organized by the track chair, will discuss the latest developments and research trends on the financial dimensions of international business.

Session: 1.2.5 - Competitive

Track: Track 4 - International Strategic Management

Inter-organizational Relationships

Presented On: June 24, 2006 - 09:35-10:50

Chair: Jean Boddewyn, Baruch College

The Role of Manager's Political Networking and Functional Experience in New Venture Performance: Evidence from China's Transition Economy

Yan Zhang, Rice University
Haiyang Li, Rice University

Drawing upon the resource-based view and transaction cost economics, this study aims to examine how various types of managerial resources (i.e., political networking and functional experience) can be beneficial to new ventures in a transition economy. Using survey data from a sample of new ventures in China's high-technology industries, we demonstrate that managers' political networking and functional experience are positively related to new venture performance. We also find that the positive relationship between functional experience and new venture performance is moderated by the type of ownership of the ventures and the level of dysfunctional competition in their environments. Theoretical and managerial implications are discussed. *(For more information, please contact: Haiyang Li, Rice University, United States: haiyang@rice.edu)*

Social Network Relationships And Performance: Foreign Direct Investment By Taiwanese Firms In China And The United States

Hsin-Chih Kuo, I-Shou University
Chi-Hsing Tseng, National Pingtung Institute of Commerce

Conventional network theory suggests that interorganizational ties can improve performance for the whole group. However, when incorporating the costs of cultivating relationships, an increasing number of scholars claim that, while social network relationships can enhance the survival or growth of firms, such relationships do not necessarily contribute to their profit. This study focuses on the utilization of social network relationships

and firms' performance, and treats institutional environment and firm size as moderators in the research framework. The study findings, based on a survey of 138 Taiwanese foreign direct investment (FDI) cases in China or the United States, or both, provide support for concluding that the negative effect of relationships building on average profit growth is neutralized in China, as compared to the United States. The findings also reveal that utilizing social network relationships is more likely to enhance the sales growth of large firms, while there is no contribution to the sales growth of small firms. The business community relationship can enhance the profit growth of large firms, but there is a negative effect for small firms. Therefore, this study suggests that institutional environment and firm size are important moderators to explore the impact of network relationships on performance. *(For more information, please contact: Chi-Hsing Tseng, National Pingtung Institute of Commerce, Taiwan: tseng@npic.edu.tw)*

Search and Integration: Capability Building of Business Group Affiliates in Taiwan

Ishtiaq Pasha Mahmood, National University of Singapore
Hongjin Zhu, National University of Singapore

This study fills a theoretical gap between capability literature and network literature by examining how the capabilities of a firm are shaped by its embeddedness in network ties. By using business groups in emerging economies as the organizational lens and adopting stochastic frontier estimation to measure firm capabilities, we argue that the effect of intra-group networks on the development of the focal affiliate's capabilities is contingent upon types of network ties as well as the structure of intra-group networks in which it is embedded. We find that in loosely connected networks of operating ties and investment ties, affiliates in the central of the network are well-positioned to access new ideas, information, and resources both within and outside the group. Meanwhile, central affiliates in a loose network of director ties and peripheral affiliates in a dense network of director ties may benefit from efficient resource-sharing and internal coordination. *(For more information, please contact: Ishtiaq Pasha Mahmood, National University of Singapore, Singapore: bizipm@nus.edu.sg)*

The Role of Intangible Asset Specificity on Relational Governance of International Subcontracting Relationships: An Asymmetric Interorganizational Relationship Perspective

Shih Chieh Fang, National Kaohsiung First University of Science and Technology
Julia Lin, I-Shou University
Cheng-Kai Hu, I-Shou University
Shih Chin Tai, I-Shou University

Interorganizational relationships play a crucial role for firms to develop competitive advantage. A growing number of influential studies in the field of strategic management as well as the organization theory have demonstrated the important role of interorganizational relationship. While most of the studies focus on the symmetric relationship or the perspective of dominant actors, such as MNEs, less attention has been paid to the weak actors in an asymmetric relationship. This study, employed intangible asset specificity as a moderator, aims to explore the effects of dependence and trust on relational governance in interorganizational relationships. By focusing on international subcontracting relationships, we argue that symmetry dependence and trust are positively associated with the relational governance in an asymmetric interorganizational relationship, and intangible asset specificity has the moderating effects on them. *(For more information, please contact: Julia Lin, I-Shou University, Taiwan: julia@isu.edu.tw)*

Session: 1.2.6 - Panel
Track: Track 10 - Internationalization of Asian Firms

Watching Out for India's Globalization

Presented On: June 24, 2006 - 09:35-10:50

Chair: Sumit Majumdar, University of Texas at Dallas

Panelists:

Sumit Majumdar, University of Texas at Dallas
Radha Burman, Reserve Bank of India
Rahul Goswami, Ranbaxy India Limited
Geoffrey Owen, London School of Economics

This panel deals with the emerging dynamics of Indian firms' globalization in the contemporary world economy. It will cover issues of how global entrepreneurship has emerged in India, how information technology advances support the globalization patterns, how some Indian firms explicitly cooperate across the world and how the overall patterns might compare to patterns established when the developed economies had globalized. *(For more information, please contact: Sumit Majumdar, University of Texas at Dallas, United States: majumdar@utdallas.edu)*

Session: 1.2.7 - Competitive
Track: Track 1 - The Context of Global Business

International Business and Social Change

Presented On: June 24, 2006 - 09:35-10:50

Chair: Duane A. Kujawa, University of Miami

Modes and Survival of Privatization Projects

Yi Jiang, Ohio State University
Mike Peng, University of Texas at Dallas

Many emerging economies recently have launched ambitious efforts to privatize their state-owned enterprises (SOEs). However, most studies tend to view privatization as one homogenous mode of ownership transfer and do not investigate the implications of different modes of privatization. In this study, we recognize different governance modes in the privatization projects (namely, internal, hybrid, and market governance), and conceptualize these privatization modes as different modes of transactions between the state and the private entity. We recognize countries' institutional underdevelopment as environmental uncertainty and propose that private entities in countries with more uncertainty tend to choose internal or hybrid modes as opposed to market governance form. We also find that among privatized projects that adopt market governance, those which face more uncertainty in the institutional environment are less likely to survive. However, this relationship is not found among privatized projects that adopt internal or hybrid governance, indicating that firms may control uncertainty generated by environments through certain internal arrangements. Using data on 2550 privatization projects in infrastructure in 94 emerging economies, we show that firms self-select privatization modes, and that survival differences across modes of privatization arise as a function of countries' institutional uncertainty. *(For more information, please contact: Yi Jiang, Ohio State University, United States: jiang.107@osu.edu)*

The Role of Multinational Enterprises in Responding to Violent Conflict: A Conceptual Model and Framework for Research

Stephen Ladek, International Solutions Group
Jennifer M Oetzel, American University
Kathleen Getz, American University

The purpose of this paper is to examine how multinational enterprises and their subsidiaries (MNEs) can respond to violent conflict in the host countries where they operate and what types of strategic interventions are most appropriate. Drawing on insights from the conflict resolution, corporate social responsibility, and political risk literatures, we develop a framework that provides guidance to MNEs confronting violent conflict with respect to existing projects or facilities. The unique contribution of this paper is that we not only demonstrate that private sector firms can be involved in resolving or reducing violent conflicts and identify strategic interventions, but we also specify the conditions under which different interventions are appropriate. *(For more information, please contact: Jennifer M Oetzel, American University, United States: oetzelj@american.edu)*

Foreign Direct Investment, Trade and Poverty: Where is the link?

Doren D. Chadee, University of Auckland
Lise Eriksen, University of Auckland

This paper uses annual data for 88 countries grouped into four income categories over the 1980 to 2001 period to investigate the link between foreign direct investment, international trade and poverty. The overall findings suggest that the world has experienced an increase in income inequality between richer and poorer countries during the past two decades, a period during which world FDI and trade increased rapidly. However, there is weak evidence of the adverse effects of FDI and trade on the widening income gap. The paper also provides suggestions as to why misconceptions about the adverse effects of globalisation on poverty persist. *(For more information, please contact: Doren D. Chadee, University of Auckland, New Zealand: d.chadee@auckland.ac.nz)*

World Poverty Alleviation: Developing Country Characteristics, International Business and Time

Liliana Perez Nordtvedt, University of Texas at Arlington
Raj Mahto, University of Memphis
Ben L. Kedia, University of Memphis

This paper explores the relationship between developing country characteristics, international business and poverty. In general, we argue that a developing country's attractiveness increases inward integration (i.e., inward FDI and imports) and that a developing country's capability to expand internationally increases outward integration (i.e., outward FDI and exports). Further, this paper explores how higher foreign MNE trade and investment penetration into a developing country (i.e., inward integration) and higher developing country MNE trade and investment penetration into foreign countries (i.e., outward integration) allow for a higher global integration of this developing country into the world economy. In turn, we argue that this globalization process is linked to this developing country's poverty reduction, which in turn benefits international business. We propose a theoretical framework and provide some preliminary support for our theoretical arguments. *(For more information, please contact: Liliana Perez Nordtvedt, University of Texas at Arlington, United States: lnordtvedt@uta.edu)*

Session: 1.2.8 - Competitive
Track: Track 2 - Economics, Finance, Taxation, Regulation

Accounting, Information, and Tax

Presented On: June 24, 2006 - 09:35-10:50

Chair: Richard Saito, Fundação Getulio Vargas/EAESP

Domestic Bank Health and Foreign Direct Investment: New Evidence from Japanese Main Banks
Tatsuo Ushijima, Aoyama Gakuin University

This article examines the effect of the financial health of Japanese banks on their client firms' U.S. direct investment in 1989-94 by focusing on firms that are closely tied to a large commercial bank through the main bank relationship. Results reveal differential impacts of bank health. In particular, consistent with the relative access to credit hypothesis advanced by Klein, Peek, and Rosengren [AER 92 (2002) 664], the effect is most pronounced in firms with limited supply of internal funds (liquidity) and highly dependent on borrowings. However, the average effect of main bank health is much smaller than their evidence suggests. The claim that the collapse of domestic banking sector is the main factor having caused a sharp decline in Japanese FDI in the early 1990s is thus questionable. *(For more information, please contact: Tatsuo Ushijima, Aoyama Gakuin University, Japan: ushijima@gsim.aoyama.ac.jp)*

Exogenous Determinants of International Corporate Tax Rates: Extensions of Geographic Distance Theory
David L. Ford, Jr., University of Texas at Dallas
Kwadwo Ofori-Brobby, Texas Southern University

This study examines the extent to which national contextual or environmental variables may influence national corporate tax rate determination in different countries. Using arguments based on institutional theory, population ecology, and herd behavior theory, we develop and test hypotheses regarding the influence of exogenous factors on a country's tax rate determination through imitation. Predictions concerning the gravitational pull between countries, geographical relatedness, and religion were either fully or partially supported, while predictions regarding the impact of language and type of legal system in a country were not supported. The results are discussed with respect to directions for future research. *(For more information, please contact: David L. Ford, Jr., University of Texas at Dallas, United States: mzad@utdallas.edu)*

An Examination of Corporate Internet Reporting by London-Listed Companies
Stephanie M. Bryant, University of South Florida
Donna Lee Street, University of Dayton
Omneya H. Abdelsalam, Aston University

This study updates prior Corporate Internet Reporting (CIR) research on London-listed companies using a novel, comprehensive 'quality index'. The index encompasses 147 content and usability measures amalgamated from an extensive review of prior CIR studies and the Human Computer Interaction guidelines. Our index accordingly provides a richer description of the quality of CIR, thereby, enabling us to contribute to the literature by providing new insight, particularly in regard to the timeliness and credibility of CIR.

The findings reveal that London-listed companies supply 65% of the items assessed by our CIR quality index. Performance is best on general content and somewhat worse on usability. The disclosure level for credibility and timeliness items is 57% and 52%, respectively. These findings are troubling and provide evidence that many London-listed companies are missing opportunities to further enhance the quality of investor

communication via Internet reporting. Specifically, many London-listed companies have not implemented policies to ensure that the drivers of quality investor communication (i.e. completeness, usability, credibility, timeliness) are sufficiently incorporated in their CIR reporting.

Controlling for size, our findings further indicate total CIR disclosure is greater for U.S.-listed companies and manufacturing companies. Additionally, total CIR disclosure is lower for high-growth/intangibles companies. *(For more information, please contact: Donna Lee Street, University of Dayton, United States: donna.street@notes.udayton.edu)*

Ownership Concentration in Privatized Firms: The Role of Disclosure Standards, Auditor Choice, and Auditing Infrastructure

Jeffrey Pittman, Memorial University of Newfoundland
Omrane Guedhami, Memorial University of Newfoundland

We rely on a unique data set to estimate the impact of disclosure standards and auditor-related characteristics on ownership concentration in 190 privatized firms from 31 countries. Accounting transparency can help alleviate the agency conflict between minority investors and controlling shareholders, which is evident in the extent of ownership concentration, since the expropriation of corporate resources hinges on these private benefits remaining hidden. After controlling for other country-level and firm-level determinants, we find weak (no) evidence that extensive disclosure standards (auditor choice) reduce ownership concentration. In contrast, we provide strong, robust evidence that ownership concentration is lower in countries with securities laws that specify a lower burden of proof in civil and criminal litigation against auditors, consistent with Ball's (2001) predictions. Collectively, our research implies that minority investors worldwide value legal institutions that discipline auditors in the event of financial reporting failure over both the presence of a Big Five auditor and better disclosure standards. *(For more information, please contact: Omrane Guedhami, Memorial University of Newfoundland, Canada: guedhami@mun.ca)*

Session: 1.2.9 - Competitive

Track: Track 6 - Marketing and Supply-Chain

Buyer-Supplier Relationships

Presented On: June 24, 2006 - 09:35-10:50

Chair: John Cassidy, University College Dublin

Determinants of Buyer-Supplier Relationship Commitment: The Cultural Effects of Individualism-Collectivism

Hsin_Mei Lin, National Chi Nan University
Sheng-Ya Tseng, National Chengchi University
Wan-Yu Liu, National Chung-Chi University

Studies of relationship commitment are abundant in social sciences, but the cultural effects on relationship commitment are rarely explored. In this article, we develop a culturally contingent model of relationship commitment. Incorporating the Individualism-Collectivism concept and relationship commitment studies, we propose that trust, compared with hold-up, has stronger enhancement effect on the relationship commitment for the buyers of collectivism, while hold-up, compared with trust, has stronger enhancement effect on the relationship commitment for the buyers of individualism. We also explore the cultural effects on the antecedents of trust and hold-up. Buyers from the culture of Individualism emphasize the suppliers' competence and their specific asset investments; buyers from the culture of collectivism emphasize the suppliers' social relationship and buyer's specific asset investments. *(For more information, please contact: Sheng-Ya Tseng, National Chengchi University, Taiwan: g1355501@nccu.edu.tw)*

Adding Value to Buyer-Supplier Relationships in China

Zhengyi Chen, Ohio University
 Carol Ann Finnegan, Michigan State University
 Brenda Sternquist, Michigan State University

With steady domestic economic reforms and recent accession to the WTO, China's economy is transforming rapidly. A partially dismantled command economy and introduction of competition have fueled consumer demand for a greater selection of innovative new products in the retail market. The challenge for retail buyers is to adjust their procurement processes to respond to consumer needs in an efficient and effective manner.

This study examines factors influencing buyer-supplier relationships in a transition economy. We present a model to explain and predict a retail buyer dependence on their suppliers. The model is tested using data from 95 Chinese retailers. We find that retailer evaluation of supplier credibility mediates the relationship between retailer perceptions of supplier ability to add value to its business and retailer ability to achieve its desired business objectives. In part, this is due to supplier market orientation. Interestingly, guanxi ties have no impact on retailer perceptions of supplier credibility, but have a positive affect on retailer dependence on its supplier partners.

(For more information, please contact: Carol Ann Finnegan, Michigan State University, United States: finneg10@msu.edu)

Chinese Retail Buyer-Supplier Relationship in a Transitional Economy: Does Guanxi Still Matter?

Roger Calantone, Michigan State University
 Brenda Sternquist, Michigan State University
 Ying Huang, Michigan State University

As an increasingly important market, the dynamics of retailing in China is crucial to academic study and retail practice. This study seeks to fill the gap in marketing research in non-Western settings and strives to provide a better understanding of the complex relationships between channel members under the influences of both traditional cultural practices and contemporary business methods. Specifically, this study explores the influence of guanxi, or personal relationships, and supplier role performance upon retail buyer-supplier relationships. Analyses indicate that role performance is a more important driver than guanxi in establishing positive channel partner relationships. *(For more information, please contact: Ying Huang, Michigan State University, United States: huangyi2@msu.edu)*

Session: 1.2.10 - Competitive

Track: Track 3 - Managing People Across Cultures

Performance Management in MNEs

Presented On: June 24, 2006 - 09:35-10:50

Chair: Allan Bird, University of Missouri, Saint Louis

The Adoption of HR Strategies in a Confucian Context

Shyh-er Chen, National Sun Yat-sen University

The traditional Confucian management system is considered distinctly different from Western-based management style. This study drawing the data from indigenous Taiwanese firms listed on its public stock market, examines the association among various human resource (HR) systems and organizational

performance. I first use factor analysis technique to explore a wide range of HR practices. Then, cluster analysis technique is used to classify indigenous Taiwanese firms with regard to their routine HR practices. Indigenous Taiwanese firms were found to use various HR systems, ranging from traditional Confucian HR to high-involvement HR practices. Taiwanese companies that used high-involvement HR systems were found to perform better than those using traditional Confucian HR system. *(For more information, please contact: Shyh-jer Chen, National Sun Yat-sen University, Taiwan: schen@mail.nsysu.edu.tw)*

Managing Performance Reward Across Borders

Thomas A Birtch, Cambridge University
Flora Chiang, Chinese University of Hong Kong

Managers often envisage pay for performance (PFP) as a cure all for organizational performance woes. It is thought to possess many benefits. Nevertheless, its implementation and outcomes are often controversial. Being by and large a US phenomenon, there is little research that specifically examines PFP acceptance in the Asian context, where its introduction and proliferation are relatively recent. Using a sample drawn from organizations in the US and China (Hong Kong) we find that employee acceptance of and reactions to PFP are contingent upon a number of contextual forces. Attempting to generalize differences based solely on cultural stereo-types, however, could prove detrimental to PFP success. We find that it would be equally hazardous for managers adopting US style PFP not to investigate the potential influence of a host of demographic, organizational, and other factors. Evaluating PFP according to the diagnostic checklist we introduce is an important step toward identifying potential areas of concern. By conducting the various levels of analysis presented here, managers can ascertain the appropriateness of introducing PFP and explore patterns as well as systematic differences that warrant further consideration and adaptation. *(For more information, please contact: Flora Chiang, Chinese University of Hong Kong, Hong Kong: florab@baf.msmail.cuhk.edu.hk)*

HRM Practices at the Wholly-owned Foreign Subsidiaries: When is the Legitimacy Imperative at Work?

Yunxuan (Tess) Han, Temple University
Tolulope Bewaji, Temple University

Employing the arguments and concepts of the institutional theory, the paper developed a behavioral model to illustrate the decision process that MNC subsidiaries adopt responsive HRM practices under the legitimacy imperatives. The model mapped out the decision-maker's cognitive process by tracing back the observable action (responsive HRM practices) to its motive (the legitimacy imperative), the underlying emotion and perceptions (ambiguity in determining transaction costs and concern for survival) that trigger the motive, and ultimately the contextual factors that shape the certain perceptions. Propositions were suggested to shed light on the processes through which major contextual factors –subsidiary attributes, subsidiary-host country interdependence, host country conditions, and host-home country relations – directly or jointly trigger a legitimacy imperative at the subsidiary to abide by the host country's regulative, normative and cognitive institutions. Aiming to fill a conceptual gap in the knowledge with regard to MNC subsidiary decision-making, the behavioral model also provides meaningful input to the practices of cross-border knowledge transfer within the MNC. *(For more information, please contact: Yunxuan (Tess) Han, Temple University, United States: tesshan@temple.edu)*

High Performance Work Systems, Productivity & Innovation: A Comparison of Mncs and Indigenous Firms

Sarah MacCurtain, University of Limerick
Patrick Flood, University of Limerick
James P. Guthrie, University of Kansas
Wenchuan Liu, University of Limerick

Previous research has reported conflicting results on whether or not foreign-owned firms diverge from indigenous firms with respect to their human resource policies and practices. Set in the dynamic, globalized economy of the Republic of Ireland, this study examines the relative use of high performance work systems (HPWS) by foreign-owned versus Irish-owned firms. We also investigate the implications of HPWS use for organizational effectiveness. Results suggest substantial differences associated with country of ownership. Relative to Irish-owned firms, foreign-owned firms report higher HPWS utilization and higher rates of workforce productivity and innovation. Results suggest that the relationship between country of ownership and organizational effectiveness is mediated by the use of HPWS. *(For more information, please contact: James P. Guthrie, University of Kansas, United States: jguthrie@ku.edu)*

Session: 1.2.11 - Special Session

Current Research on Japanese Business (AJBS Special Session)

Presented On: June 24, 2006 - 09:35-10:50

Chair: Hendrik Meyer-Ohle, National University of Singapore

Lifetime Employment in Japan: Concepts and Measurements
Hiroshi Ono, Stockholm School of Economics

Predictors and Outcomes of Japanese Repatriation Effectiveness: Managing the Learning and Transfer of Global Competencies

Mark Mendenhall, University of Tennessee, Chattanooga
Allan Bird, University of Missouri, Saint Louis
Gary Oddou, California State University, San Marcos
Michael J. Stevens, University of Missouri-St. Louis
Norihito Furuya, IGB Network Co., Ltd

Does the Hybridization Policy of HRM Practices Matter among Japanese Firms in China?

Tomokazu Takeuchi, Kawaguchi Junior College
Norihiko Takeuchi, Tokyo University of Science

Japanese Corporate Restructuring: CEO Priorities as a Window on Organizational and Environmental Change

Norihiko Shimizu, Hitotsubashi University
Patricia Robinson, Hitotsubashi University

Session: 1.2.12 - Competitive

Track: Track 4 - International Strategic Management

Alliances 1: Why, How and How Long?

Presented On: June 24, 2006 - 09:35-10:50

Chair: Anthony Goerzen, University of Victoria

Drivers of Continuous Resource Commitment in International Alliances: A Conceptual Framework

Brigitte H.T. Bojkowszky, Vienna University of Economics and Business Administration
Bodo B. Schlegelmilch, Vienna University of Economics and Business Administration

International alliances have become subject of growing interest to companies from diverse industries and researchers from a wide variety of academic disciplines. While many facets of international alliances have already been scrutinized, it is still not sufficiently understood what drives continuous resource commitment in strategic alliances. This paper attempts to shed light on this issue. Based on an integration of literature from different research traditions, insights are synthesized into a conceptual model which provides a base for further empirical investigation. *(For more information, please contact: Brigitte H.T. Bojkowszky, Vienna University of Economics and Business Administration, Austria: brigitte.bojkowszky@wu-wien.ac.at)*

Role of Formal and Informal Alliance Characteristics in Trust Cultivation

Rekha Krishnan, Simon Fraser University

This paper relates the formal (equity alliance) and informal (quality of information exchanged) determinants to two distinct forms of trust, fragile and resilient trust respectively, and examines the conditions under which the formal and informal determinants facilitate or hamper the cultivation of the two distinct types of inter-organizational trust. The findings based on a survey of 126 international alliances between Indian firms and foreign companies from 21 countries indicate that the quality of information exchanged between partners is conducive to the cultivation of resilient trust. However, we did not find a significant relationship between equity alliances and fragile trust. Moreover, the results show that the quality of information exchanged between partners matters more to resilient trust when both behavioral and environmental uncertainty is high. Our findings also support our argument that equity alliances facilitate the cultivation of fragile trust under behavioral uncertainty and hinder its cultivation under environmental uncertainty. Thus, this paper refines existing research on the determinants of interorganizational trust and provides insights on when to invest in certain formal and informal mechanisms of cultivating inter-organizational trust. *(For more information, please contact: Rekha Krishnan, Simon Fraser University, Canada: rekhak@sfu.ca)*

Determinants of Governance Mode in International Strategic Alliances

Steven Globberman, Western Washington University

Bo Bernhard Nielsen, Western Washington University

This study focuses on the choice of governance mode for international strategic alliances (ISAs). Specifically, it seeks to identify the empirical determinants of the choice between equity and non-equity modes of ISAs for a sample of Danish companies. In doing so, the study provides empirical evidence on the determinants of perceived risks of opportunism surrounding ISAs that, in turn, condition the choice of governance. Most studies of governance mode choice emphasize the importance of transaction cost attributes of the underlying set of activities. Our study examines the relevance of "relational capital" to mode choice and finds that specific antecedents of relational capital are statistically robust determinants of governance mode choice. In particular, we identify partner attributes and the socio-economic environment of the "host" country as critically important factors affecting mode choice and, presumptively, perceived risks of opportunism. *(For more information, please contact: Bo Bernhard Nielsen, Western Washington University, United States: bo.nielsen@wwu.edu)*

The Co-Evolution of Focal Alliance and Alliance Formation Strategy: From a Developing Country's Perspective

Francesca Mariotti, University of Stirling

Sajjad Haider, Napier University

Many scholars have argued that the co-evolutionary studies of alliances are almost non-existent in the literature. This is particularly true in the case of studies from developing countries' perspective. To fill this gap in the literature, this empirical paper seeks to explore the co-evolution of firms' focal alliance with its alliance strategy by looking into questions such as how and why new alliances are formed, what changes are introduced in the firm to learn from alliance partners, and how these changes shape firms alliance strategy? The methodology of the paper is based on the retrospective processual approach and in total 97 in-depth semi-

structured interviews were carried out in the two Pakistani automotive companies. Through interviews and from secondary sources data for the 40 years development of the companies were collected. The findings show that the focal alliance agreement was changed or new alliances were formed because of the changing knowledge requirements. It was also found that focal partner can play pivotal role in the identification of knowledge requirements, filling the knowledge gaps and, most importantly, assisting firms from developing countries to find new alliance partners. *(For more information, please contact: Sajjad Haider, Napier University, United Kingdom: s.haider@napier.ac.uk)*

Session: 1.2.13 - Competitive

Track: Track 5 - Entry, Expansion & Operations Strategies

Drivers of Joint Venture Performance

Presented On: June 24, 2006 - 09:35-10:50

Chair: Chris C. Chung, University of Western Ontario/Florida International University

Operational Control and Autonomy in International Joint Ventures: Interactive Performance Impacts

Dong Chen, Loyola Marymount University

William Newburry, Rutgers University

Seung Ho Park, Samsung Economic Research Center / CEIBS

This paper examines the interactive effects of parent firm control and venture management autonomy on international joint venture (IJV) performance. Our empirical results, based on a sample of 204 IJVs located in China, suggest 1) a direct relationship between operational autonomy and IJV performance exists, 2) this relationship is negatively moderated by both local and foreign parent control, and 3) operational autonomy is most beneficial in shared control IJVs. *(For more information, please contact: Dong Chen, Loyola Marymount University, United States: dchen@lmu.edu)*

Resource Acquisition And Performance Of International Joint Ventures: A Moderating Effect Of Absorptive Capacity

Zhan Wu, University of Sydney

M. Krishna Erramilli, Nanyang Technological University

Changsu Kim, Nanyang Technological University

Drawing on the resource-based view and organizational learning theory, this study examines the effect of resource acquisition on IJV performance. Unlike extant research, the present study examines the effect of resources acquired from both 'foreign' and 'local' partners. Moreover, the resource contribution to IJV performance is assessed by both 'quantity' and 'quality' of resources that IJV acquires. Most importantly, this study examines the moderating role of IJV's absorptive capacity on the resource acquisition-IJV performance relationship. Results from a survey of IJVs in China provide a strong support for our argument regarding complementary resource contributions, absorptive capacity, and their impact on IJV performance. Complementary resources in combination with absorptive capacity predict IJV performance well. *(For more information, please contact: Changsu Kim, Nanyang Technological University, Singapore: acskim@ntu.edu.sg)*

International Joint Venture Performance: Impact Of Performance Measures And Foreign Parent, Target Country, And Investment Specific Variables On Performance

Jorma Antero Larimo, University of Vaasa

The passed three decades have witnessed a growing theoretical and managerial interest in international joint ventures (IJVs). Several studies have, however, indicated that a great share of IJVs have been shortlived and/or not met the goals set for them. Furthermore, the findings on the determinants of IJV performance have been rather mixed. In this study 14 hypotheses of the impact of foreign parent, target country, and investment strategy on IJV performance were developed and tested. In a central role in the study was the question do and how much the results depend on the measure of performance? As the measures of performance were selected three objective measures: longevity, survival, and stability. The empirical part of the paper is based on over 720 IJVs made by Finnish firms in various countries between 1970-2001. The most significant variables were the degree of diversification of the Finnish firm, its international experience, and the individualism dimension of culture. The results also indicated relatively large differences depending on the measure of performance. *(For more information, please contact: Jorma Antero Larimo, University of Vaasa, Finland: jla@uwasa.fi)*

A Meta-Analytical Review of a Transaction Cost Economics Perspective of IJV Performance

Taco H. Reus, Florida Atlantic University

Daniel Rottig, Florida Atlantic University

Reviewers of the International Joint Venture (IJV) literature have regularly referred to the non-cumulative nature of the field. To integrate these disparate findings, correlation studies concerning the relationships between transaction cost determinants and IJV performance was analyzed. Based on the 107 effect sizes of 47 independent samples, we used the meta-analytic procedure proposed by Hunter and Schmidt (1990, 2004) to correct for the distorting effects of the statistical artifacts of sampling and measurement error. A path model of four determinants of IJV performance, control, conflict, cultural distance, and commitment, is advanced. The results of a path analysis provide overall support for the proposed model and reveal the positive, direct effects of dominant control and commitment as well as the adverse, indirect effects of conflict and cultural distance on IJV performance. *(For more information, please contact: Taco H. Reus, Florida Atlantic University, United States: treus@fau.edu)*

Session: 1.3.1 - Competitive

Track: Track 7 - Learning, Knowledge and Innovation

Knowledge Spillover

Presented On: June 24, 2006 - 11:15-12:30

Chair: Bih-Shiaw Jaw, National Sun Yat-sen University

Do Spillover Benefits Grow with Rising Foreign Direct Investment? An Empirical Examination of the Case of China

Li Yu, Dongbei University of Finance & Economics

Chengqi Wang, Leeds University

Using data for Chinese manufacturing industry for 2001, this paper examines the impacts of foreign presence on the performance of locally-owned Chinese firms. Our key result supports a curvilinear functional form. Foreign penetration rates in excess of just about two third of industrial capital are associated with declining spillover benefits, indicating the dominance of negative spillovers. The curvilinear relationship is found to be particularly strong in labour-intensive industries, contrasting a standard linear relationship in technology-intensive sectors. The finding of the complexity of spillover effects challenges the laissez-faire view that 'the more inward FDI, the better' and that inward FDI into all types of domestic industry is equally valuable, in terms of performance benefits. Our findings argue for policy measures to strengthen domestically-owned Chinese industry, to provide effective competition to foreign firms and to absorb the benefits from spillovers more

effectively. (For more information, please contact: Chengqi Wang, Leeds University, United Kingdom: cw@lubs.leeds.ac.uk)

The Role of Long Distance Teams: Promoting Knowledge Flow or Facilitating Internalization?

Minyuan Zhao, University of Minnesota

Mazhar Islam, University of Minnesota

Recent studies on technology clusters highlight the importance of geographic proximity and interpersonal ties in knowledge spillover. However, the role of firm organization in and across clusters is mostly absent. Examining the pharmaceutical industry from 1975 to 2002, we find that cross-regional collaborations play an increasingly important role in bridging the locally clustered R&D activities. However, long-distance ties formed by large pharmaceutical companies contribute significantly less to local innovation, compared to those formed by their smaller counterparts. Information technologies, while encouraging knowledge sharing across firms, may have also facilitated internalization within multi-location firms, which reduces knowledge spillover. (For more information, please contact: Minyuan Zhao, University of Minnesota, United States: mzhao1@csom.umn.edu)

Do Foreign and Local Firms Learn from Each Other in a Developing Country? A Comparative Case Study

Xiaming Liu, University of London

Jue Wang, University of London

Recent foreign direct investment literature has identified reverse productivity spillovers from local to foreign firms in the developed world. However, neither theoretical nor empirical studies of reverse spillovers have been reported for any developing countries probably due to the implicit belief that multinational firms with relatively high technology would not benefit from indigenous firms in a host developing country. The current study develops a simple analytical framework and presents a comparative case study of seven local and foreign invested firms in China. The results confirm that indigenous knowledge is important for foreign firms operating in a developing country and that foreign and local firms do learn and benefit from each other via both horizontal and vertical linkages even in a developing country. This study also identifies an apparently new mechanism for knowledge spillovers. (For more information, please contact: Xiaming Liu, University of London, United Kingdom: xiaming.liu@bbk.ac.uk)

Exploring the Relationship Between Direct and Indirect Spillovers from FDI in Argentina

Anabel Marin, University of Sussex

Rajneesh Narula, University of Reading

We examine the paradox that despite the growing role of FDI in most economies in their employment, exports and innovation ('direct spillovers'), evidence of technological spillovers to domestic firms in the host economy ('indirect spillovers') is sparse. Given the interest in FDI after liberalization, it is important for us to ask: Why are these indirect spillovers not occurring? The evidence examined here shows that for the case of Argentina, there are direct spillovers in the form of human capital development and employment. However, there is no evidence of significant positive indirect spillovers to non-affiliated firms in Argentina. Part of this paradox may be explained by the fact that MNEs have acquired the most technologically competitive of their domestic rivals, and crowded out others. We postulate that there are a variety of other economic reasons why FDI may prove to be less useful as a driver of industrial development. The extent to which direct spillovers result in indirect spillovers is intermediated by a number of factors, associated with the MNE, the nature of its assets, the organization of its global operations; the influence of increased cross-border competition on the distribution, concentration and competence level of affiliates and domestic firms, and the nature and extent of the absorptive capacity of the domestic sector. (For more information, please contact: Rajneesh Narula, University of Reading, United Kingdom: r.narula@rdg.ac.uk)

Session: 1.3.2 - Special Session***FDI in China: Barbarians at Bay?***

Presented On: June 24, 2006 - 11:15-12:30

Chair: Changqi Wu, Peking University

Panelists:

Sea-Jin Chang, Korea University
Oded Shenkar, Ohio State University
Dean Xu, Peking University
Ming Zeng, Cheung Kong Graduate School of Business

Session: 1.3.3 - Competitive

Track: Track 5 - Entry, Expansion & Operations Strategies

Turning Business Networks into Business Growth

Presented On: June 24, 2006 - 11:15-12:30

Chair: Sylvie Chetty, Massey University

Do You Learn From International Ties? Analyzing International Linkages and Innovation Speed in the German Bio-tech Industry.

Andreas Al-Laham, City University, London
Terry Amburgey, University of Toronto

This paper examines embeddedness and innovative success of biotechnology firms from an international entrepreneurship perspective. Drawing on arguments from the knowledge-based theory in international entrepreneurship we hypothesize that accessing external knowledge positively affects the patent rate of biotechnology firms. Specifically, we argue that firms who are connected to international knowledge sources will develop their innovative capabilities faster than firms who remain connected nationally. We examine two potential knowledge sources for a biotech firm: its embeddedness within its regional cluster and its embeddedness within international cooperative relationships in the form of research alliances and networks.

Examining all patenting events in the complete population of German biotechnology for 1995-2004, we formulate three sets of hypotheses. The findings of our longitudinal event history analysis show that the most valuable innovation drivers for biotech firm are international linkages in the form of international research alliances. Additionally, we find positive effects for firms with a high centrality within the international research network. Surprisingly, we do not find any cluster effects on the patent rate. Our results shed new light on the relevance of international linkages for young start up firms and lead to some policy implications for national cluster development initiatives.

(For more information, please contact: Andreas Al-Laham, City University, London, United Kingdom: a.al-laham@city.ac.uk)

Turning Social Capital into Business

Angelika Lindstrand, Stockholm School of Economics
 Sara Melén, Stockholm School of Economics
 Emilia Rovira, Stockholm School of Economics

The effects of using personal networks have in recent years become a topic of interest in the research area that focuses on the internationalization process of the firm. Few studies have, however, used the concept of social capital when studying the internationalization processes of high-tech SMEs. In this explorative case study, ten Swedish SMEs in the biotech business have been examined in order to see how they use social capital for accessing the critical resources that they need in their internationalization process. The results of the study indicate that the usefulness of social capital changes during this process and that the wrong perception of social capital's usefulness can lead to unsuccessful internationalization. *(For more information, please contact: Angelika Lindstrand, Stockholm School of Economics, Sweden: angelika.lindstrand@hhs.se)*

A Network Perspective on Geographic Competition: Market Entry Decisions of American Subsidiaries in China

Fiona Kun Yao, Hong Kong University of Science and Technology
 Jiatao Li, Hong Kong University of Science and Technology

A multi-market contact network is different from a cooperative network in that the ties among actors are characterized by competitive relationships. By examining multi-market competitive firms from a network embeddedness approach, we could obtain a comprehensive understanding of the impacts of multi-market contact on organizational behavior. Therefore in this study we develop a systematic multilevel model to specify how structural properties of multi-market contact network influence competitive dynamics. Specifically, three levels of network properties of competitors are investigated: firm-level centrality and structural hole, dyad-level structural equivalence and network-level density. Analyses on market entry decisions of American subsidiaries in China largely support our hypotheses. *(For more information, please contact: Fiona Kun Yao, Hong Kong University of Science and Technology, Hong Kong: mnyaokun@ust.hk)*

The Dynamics of Foreign Subsidiary Embeddedness in Regional Clusters

Dean Hennessy, Tilburg University

The goal of this paper is to study the evolution of foreign subsidiaries' embeddedness in the regions they enter. Embeddedness of foreign subsidiaries, both greenfields and acquisitions, is measured by the number and diversity of the linkages the subsidiary has in the region. This process is examined in the context of the biotechnology industry using a comprehensive dataset of foreign firms in three biotech clusters in Canada between 1988 and 2004. Given the relatively high proportion of foreign subsidiaries in the Canadian biotech industry, this is an ideal setting. The key determinants of the of subsidiary linkages are the mode and size of entry (initial conditions), as well as the subsidiary and the regional characteristics, which change over time. *(For more information, please contact: Dean Hennessy, Tilburg University, Netherlands: hennessy@uvt.nl)*

Session: 1.3.4 - Competitive

Track: Track 3 - Managing People Across Cultures

The Impact of Culture on International Business (I)

Presented On: June 24, 2006 - 11:15-12:30

Chair: Greg Fisher, RMIT University

Culture Clash, Cultural Enrichment, and the Cross-Cultural Capability of Multinational Companies

Taco H. Reus, Florida Atlantic University

Barbara Brenner, Vienna University of Economics and Business Administration

Culture always has played a central role in international business research. Commonly, the emphasis of this research is on cultural differences as liability of foreignness, and as a harmful determinant for the management and performance of foreign activities. Less emphasis is placed on a firm's ability to manage these cultural differences. In this paper, we develop a comprehensive model of the impact of cultural differences as experiences of culture clash and cultural enrichment, and conceptualize a firm's cross-cultural capability as its ability to recognize and regulate cultural differences. In addition, we identify critical sources of cross-cultural capability at different levels of analysis. *(For more information, please contact: Taco H. Reus, Florida Atlantic University, United States: treus@fau.edu)*

Innovation Across Cultures: The Relationship Between Uncertainty, Avoidance and Innovation in Japan and the UK

Neil Conway, University of London

Amy Nuttgens, University of London

The purpose of this study was to examine the effects of Hofstede's cultural dimension of Uncertainty Avoidance on levels of innovation in samples drawn from Japan and the UK. The results of a questionnaire completed by 144 British employees and 113 Japanese employees of a large US multinational recruitment and communications company demonstrated that countries high in Uncertainty Avoidance such as Japan may be less innovative than low Uncertainty Avoidance cultures such as the UK. While there was a negative correlation between Uncertainty Avoidance and innovation in Japan, Uncertainty Avoidance and innovation were not significantly correlated in the UK sample, and other variables were responsible for levels of innovation in the UK that were not significant for the Japan sample. The findings suggest that Uncertainty Avoidance predicts employee innovation in high Uncertainty Avoidance contexts (Japan sample) but not in low Uncertainty Avoidance contexts (UK sample), possibly indicating that Uncertainty Avoidance has threshold effects on innovation. The results also indicate that differences exist between Japan and the UK samples in both levels and predictors of innovation. *(For more information, please contact: Neil Conway, University of London, United Kingdom: n.conway@bbk.ac.uk)*

The Influence of Personality and Culture on Interpersonal Conflict Styles: Evidence from Hong Kong, Singapore, Ireland and Spain

Michale To, Hong Kong University of Science and Technology

Yousef Eiadat, University College Dublin

Aine Kelly, St. John of Gods

Aidan Kelly, University College Dublin

John Hulpke, Hong Kong University of Science and Technology

The question that arises here is which is more important in the explanation as to how people manage conflict – is it a person's culture, or is it the personality type of the individual? The present study was intended to explore this issue. *(For more information, please contact: Aidan Kelly, University College Dublin, Ireland: aidan.kelly@ucd.ie)*

The Impact of Cultural Differences on an Australian Firm Doing Business in China

Mona Chung, Monash University

Wendy Smith, Monash University

In the global business environment today, it is inevitable that activities are increasingly across cultures. As a major emerging market, China offers many MNCs great potential in their future growth.

This paper explores issues in cross-cultural management area in the setting of joint ventures in China. It investigates expatriates' cross-cultural abilities in adjusting to working and living in China and its impact on their performance. It further discusses the management style appropriateness and cultural differences in leadership styles and the impact of these issues on effective management in China for Western MNCs.

Using the method of a case study, this paper provides some insights from the point of view of the local Chinese staff working in Australia-China joint ventures. This is valuable for senior management since cross-cultural perspective is needed to be balanced rather than narrowly viewed.

It is argued that the qualitative method is most appropriate since the cross-cultural studies are complex and cases are generally large. Therefore, the qualitative method, in this paper a case study is considered most appropriate.

(For more information, please contact: Mona Chung, Monash University, Australia: mona.chung@monint.monash.edu)

Session: 1.3.5 - Competitive

Track: Track 4 - International Strategic Management

Differentiation Strategies: Standing Out From the Crowd

Presented On: June 24, 2006 - 11:15-12:30

Chair: John D. Daniels, University of Miami

How Multi-Product Firms Respond to Import Competition?

Runjuan Liu, University of Alberta

Many firms produce multiple products that are related to one another via various demand and supply complementarities. Thus, import competition directed at one product has implications for a firm's entire product mix. Drawing upon insights from the concept of 'core competency', I consider two ways in which import competition affects multi-product firms. (i) In response to rising core-product imports, the firm will protect the core by shifting resources from the periphery to the core. This will lead the firm to contract its peripheral products and expand its core products. (ii) In contrast, rising peripheral-product imports will lead to a conventional response i.e., to the firm shedding its peripheral products. Using Compustat Segment data, I find striking support for these implications. First, a rise in imports of core products leads to a contraction of periphery products and an expansion of core products as measured by exit probabilities. Second, the weaker the complementarities that a peripheral product shares with the core (as measured by the extent of joint purchases of inputs, joint sales to buyers, and joint production), the more likely is the peripheral product to be divested in response to import competition. *(For more information, please contact: Runjuan Liu, University of Alberta, Canada: runjuan.liu@ualberta.ca)*

Imitating Firms

Heather Berry, University of Pennsylvania

In this paper, I focus on both imitated and imitating firm traits to predict why different types of firms are likely to follow the actions of different firms within their industry as they expand abroad. Unlike what extant literature predicts, the empirical results show that it is not just the largest and most successful firms in an industry that

are imitated. Rather, firms tend to imitate those firms that are relatively larger or relatively more successful than they are. By considering the different resources (and resource constraints) of heterogeneous firms, this paper offers a more complete view of the imitation that exists within industries. *(For more information, please contact: Heather Berry, University of Pennsylvania, United States: berryh@wharton.upenn.edu)*

Conformity, Deviance and "Puzzle-Pictures": Multiple Impression Management Strategies in Foreign Market Entry

Claes Fredrik Bohman, Stockholm School of Economics
 Udo Zander, Stockholm School of Economics
 Jesper Edman, Stockholm School of Economics

This paper discusses the use of impression management as a tool for exploiting incumbents' mental categorization of competitors during foreign market entry. Building on the notion that competitive reactions and discriminations faced by entrants into foreign markets depend on how incumbents categorize the entrant according to their existing mental competitor taxonomies (Porac et al 1995), we argue that the strategic use of impression management, i.e. the way in which firms position their identity towards incumbents, can limit threats of imitation and the liability of foreignness while simultaneously providing market opportunities. Drawing on a case study of a U.S. firm's entry on the Japanese variable annuities market, we specifically find that firms strategically position themselves vis-à-vis industry norms and practices to convey impressions of both organizational conformity and deviance. We denote this strategy of leveraging different impressions and identities towards different actors simultaneously as multiple impression management and suggest the metaphor of "puzzle-pictures", i.e. images where it is possible to see different motifs, depending on the observer's focal point. We conclude by discussing the implications of our findings for the concept of local adaptation. *(For more information, please contact: Claes Fredrik Bohman, Stockholm School of Economics, Sweden: claes.bohman@hhs.se)*

Technological Change and Corporate Competitive Advantage: A Comparison of U.S. Patents Issued to Auto Makers, 1997-2001

M. Reza Vaghefi, University of North Florida
 Cheryl A. Van Deusen, University of North Florida
 Louis A. Woods, University of North Florida

Intellectual capital enshrined in patents compose an increasing portion of a business's intangible assets and from all evidence, provides an enduring component of a firm's sustainable competitive advantage. Looking at the percentage of patents applied for, of the top 20 organizations, half were U.S.-based organizations, eight were Japanese, one was Korean and only one was granted to a European-based enterprise. These data, at first blush, may appear to indicate superior research and development (R&D) activities by Japanese firms, but this is not necessarily the case. Rather, it may actually be a reflection of the nature of the differences in corporate organizational structures and governmental trade policies that exist in Japan and the United States. For instance the Kereitsu system allows overt interlocking directorate and ownership vs. the corporation system which inhibits that sort of practice. The end result is that this institutional mechanism provides a source of competitive advantage for firms. *(For more information, please contact: Cheryl A. Van Deusen, University of North Florida, United States: cvandeus@unf.edu)*

Session: 1.3.6 - Competitive
Track: Track 10 - Internationalization of Asian Firms

Foreign Location Choices of Asian Firms

Presented On: June 24, 2006 - 11:15-12:30

Chair: John Child, University of Birmingham

The Determinants of Cross-Border M&As Performance in China: A Comparative Study between Overseas Sino and Anglo Firms

Hyun J Shin, Yonsei University

Yong S Pak, Yonsei University

Ki H Ryu, Yonsei University

This study examines the factors affecting performance of foreign acquiring firms in the Chinese M&A market. Comparing from overseas Sino-groups and Anglo-groups, this study found that familiarity and location were the most important factors influencing performance in M&A transactions in China. It also found that unrelated M&A deals should be merged with familiarity for gaining positive acquisition performance. The total sample used in this study was 3,239 cases from Oct 1980 to Dec 2004. Because this period includes most recent deals of M&As in China after the opening of the Chinese market, our finding provides a more universal explanation for cross-border M&As in China. *(For more information, please contact: Yong S Pak, Yonsei University, South Korea: yspak@base.yonsei.ac.kr)*

The Locational Determinants of Chinese Outward Foreign Direct Investment

Peter J. Buckley, Leeds University

Jeremy Clegg, Leeds University

Adam Russell Cross, Leeds University

Hinrich Voss, Leeds University

Ping Zheng, Leeds University

In this paper, we examine the location-specific determinants of Chinese outward direct investment (ODI) between 1984 and 2001. By analysing official Chinese data collected as part of the formal approval-granting process, we are able to assess the extent to which variables identified as influencing industrialised country ODI bear upon the distribution of Chinese ODI, which historically has been shaped to a large degree, both directly and indirectly, by Chinese central planning. We find that, as with industrialised country ODI, market size, export trade intensity and market openness are positively correlated with Chinese ODI, but that Chinese ODI is more idiosyncratic in relation to market growth, per capital market size, host country inflation and political risk levels. We also detect changes over time, with market size, geographic proximity, inflation and market openness important determinants between 1984 and 1991, and trade intensity with China (for developing countries) and natural resources endowments (for developed countries) being important drivers between 1992 and 2001. *(For more information, please contact: Adam Russell Cross, Leeds University, United Kingdom: arc@lubs.leeds.ac.uk)*

Agglomeration Effect, Location Advantage and Location Choice of FDI from Developing Countries : The Case of China

Yu Li, Peking University

Changqi Wu, Peking University

This article examines the effects of agglomeration effect, location advantage and culture distance on the location choice of FDI from developing countries at country level. Using Chinese outward FDI data, Tobit models

and zero-inflated negative binomial models are specified to estimate the effects of agglomeration effect, location advantage and culture distance on the investment of Chinese outward FDI and a count measure of Chinese multinationals' number across 186 countries. The results indicate that agglomeration effect, location advantage and culture distance are important factors affecting the Chinese outward FDI and the introduction of agglomeration effect weakens the effects of location factors. Moreover, The findings also show that the explanatory power of the agglomeration effect, location factors and culture distance depends on the level of economic development of host country. The impacts of agglomeration effect, location factors and culture distance on Chinese outward FDI are greater in developed countries than in developing countries. *(For more information, please contact: Yu Li, Peking University, China: liyumine@263.net)*

Do Birds of a Feather Flock Together? Location Strategies of Asian Banks in the United States

Hong Zhu, Texas A&M University
 Douglas E. Thomas, University of New Mexico
 Stewart R. Miller, University of Texas at Austin
 Lorraine Eden, Texas A&M University

We argue in this paper that ethnic identity is a resource that foreign entrants to a host country can use to overcome liability of foreignness. As a result, "birds of a feather flock together", that is, foreign entrants are attracted by spatial agglomerations of ethnically similar customers and firms. Moreover, latecomer entrants from emerging economies tend to mimic the location choices of early movers from developed countries. We test our arguments by examining the location choices of Asian banks in the United States over the 1990s. We examine how their location choices are affected by the local density of domestic (U.S.) firms, home-country firms, Japanese firms, and other Asian customers and competitors. We find strong evidence to support both the "birds of feather flock together" argument (that is, Asian banks do cluster with Asian customers and other Asian banks), and the "flying geese" hypothesis (that is, banks from emerging market Asian countries do mimic the location choices of Japanese banks). However, this herding behavior eventually tapers off as the negative effects of higher local density on competitiveness eventually overwhelm the beneficial impacts of clustering on organizational legitimacy. *(For more information, please contact: Lorraine Eden, Texas A&M University, United States: leden@tamu.edu)*

Session: 1.3.7 - Competitive

Track: Track 5 - Entry, Expansion & Operations Strategies

Subsidiary Survival or Exit?

Presented On: June 24, 2006 - 11:15-12:30

Chair: Bent Petersen, Copenhagen Business School

International Joint Venture Path Dependence

Andreas Michael Klossek, Freiberg University of Mining and Technology
 Michael C. Nippa, Freiberg University of Mining and Technology

Recognizing the scarcity of the application of path dependency theory in international business and international joint venture research (Eriksson et al., 2000; Buckley and Glaister, 2002; Guisinger et al., 2003), this paper addresses the deficiency by integrating a path-dependent view into well-known organizational theories. Specifically, we ask how path-dependent effects might hinder MNEs from terminating IJVs and, hence, how they lead to prosecuting these ventures. We generate conceptual propositions based on economic and behavioral theories of the firm and outline possible directions for future research. *(For more information, please contact: Andreas Michael Klossek, Freiberg University of Mining and Technology, Germany: klossek@bwl.tu-freiberg.de)*

Strategic Alignment and Foreign Entry Survival: A Network Based View
Jing'an Tang, University of Western Ontario

We develop and test a network based model of strategic fit and foreign entry survival. We conceptualize foreign market entry through the equity investment as building a new subsidiary connecting the MNE's internal network with the local business network in the host country. In line with the strategic fit paradigm, we hypothesize that the survivability of a foreign subsidiary should depend on whether the entry strategy aligns with the structural and resource profiles of both the MNE internal network and local business network in the host country. The empirical analysis using 15,323 MNE subsidiaries worldwide supports our hypotheses. *(For more information, please contact: Jing'an Tang, University of Western Ontario, Canada: jtang@ivey.uwo.ca)*

Experience and Exits of Partially-Owned Subsidiaries in Korean Foreign Direct Investment
Chinmay Pattnaik, Yonsei University
Sangcheol Song, Ohio State University
Soonkyoo Choe, Yonsei University

This study aims at looking at the effects of experience of partially-owned subsidiaries on the exits of Korean foreign businesses. By using Cox's propositional hazard rate model, we argued that two partial ownership types (partial Greenfield, partial acquisition) should be distinguished separately, implying that partial acquisition is more flexible or faster entry/exit mode and thus shows higher exit rate. Prior experience of parent firms is also addressed in terms of its own effect and its interaction effect with entry modes on divestment. Specifically, cluster_culture experience shows its more convincing explanatory power as compared to traditional dimensions of international experiences. In the interaction effect, partial greenfield with more prior experience has the positive relationship to longer life of foreign subsidiaries, while partial acquisition with more prior experience has the negative relationship. It reflects not only some managerial differences between two partial ownership types but also unique characteristics of Korean investment. Comparison of group-affiliated with non-group affiliated firms, investment in OECD with non-OECD countries is additionally made to capture the characteristics specific to the foreign direct investments of Korean multinational companies. *(For more information, please contact: Sangcheol Song, Ohio State University, United States: song.203@osu.edu)*

Managerial Satisfaction with Subsidiary Performance: The Influence of the Parent MNE's Specificities and Subsidiary's Environment
Desislava Dikova, University of Groningen

The starting point of this study is the importance of two conditions for a subsidiary survival, namely the possession of intangible assets and host-country experience by the parent-firm. We investigate the outcome of subsidiary evaluation in the case of relatively young subsidiaries, not preceded by older investments and therefore not subject to the benefits of accumulated host country experience—in the case of extant liability of foreignness due to MNEs' limited host-country experience, we examine the moderating role of institutional distance on the performance of subsidiaries established by technologically and marketing intensive MNEs. The main argument put forth in this article is that firms having R&D and/or marketing assets are better able to realize the inherent benefits of internationalization in institutionally close countries as regulatory institutional distance obstructs the successful implementation of intangibles. In addition, we introduce a predictor, the importance of which has long been ignored in previous literature on subsidiary performance—we argue that MNEs' international strategy is a key facilitator in the process of implementation of parent-firm assets by foreign subsidiaries. *(For more information, please contact: Desislava Dikova, University of Groningen, Netherlands: d.dikova@rug.nl)*

Session: 1.3.8 - Competitive
Track: Track 2 - Economics, Finance, Taxation, Regulation

Stock Markets

Presented On: June 24, 2006 - 11:15-12:30

Chair: Ha-Chin Yi, Texas State University

IPO Strategic Underpricing: The Role of Chinese State Owners

Yong Wang, Temple University
Xiaotian Zhang, Temple University

Initial public offering (IPO) underpricing remains a puzzle after decades of investigation. Emerging economy stock markets are attractive to international investors but the unique characteristic needs to be studied. Chinese stock markets experienced much more significant IPO underpricing than most other stock markets in the world. This paper offers a two-period wealth maximum model to explain the strategic IPO underpricing by state owners. Given the fact the entire IPO procedure including the IPO price is regulated and controlled by state owners, we argue that state owners strategically underprice the IPO, because they care less on the IPO proceeds but more on the wealth gain after IPO. The empirical finding of a positive relationship between IPO underpricing and state ownership in Chinese stock market is consistent with the wealth maximization hypothesis of the state owner's IPO pricing. The paper offers better understanding for IPO procedure of state-owned enterprises in emerging markets. *(For more information, please contact: Xiaotian Zhang, Temple University, United States: xiaotian@temple.edu)*

Information Content of Stock Prices and Earnings Management - Evidence from Chinese Stock Markets

Yao Lu, University of Michigan

We first demonstrate a robustly negative association between the information content of stock prices measured by firm-specific stock return variation and financial transparency measured by earnings management. Second, we use the types of corporate ownership (state-, domestic legal person- and foreign ownership) and China-Hong Kong cross listing status as firm level proxies to test the effect of the strictness of regulations and effectiveness of legal systems on the information content of stock prices. After controlling for firms' characteristics and fundamentals, we find that foreign ownership causes lower discretionary accruals and more firm-specific stock return variation than domestic ownership does; although SOEs have lower discretionary accruals than domestic legal person firms, the impact of state ownership on firm-specific stock return variation is not significantly different from that of domestic legal person ownership; China-Hong Kong cross listed firms have lower discretionary accruals and greater firm-specific stock return variation than the firms which are exclusively listed on the Chinese stock markets. These findings suggest that the low quality of reported financial information caused by the weak corresponding regulations of financial markets and ineffective legal systems could be a major reason for the lack of the information content of stock prices and the poor-functioning financial markets in China. *(For more information, please contact: Yao Lu, University of Michigan, United States: yaolu@bus.umich.edu)*

Share Issuing Privatizations in China: Determinants of Public Share Allocation and Underpricing

Qi Quan, Katholieke Universiteit Leuven
Nancy Huyghebaert, Katholieke Universiteit Leuven

Using data on 451 Chinese privatizations over the period 1994-2002, this paper empirically investigates the firm and stock market characteristics that determine the size of the portion of new shares sold to the general public

and underpricing at SIP-time. We find that poor performance and financing constraints, reflected by a low profitability and high leverage, mainly drive public share allocation. Also, the government widens ownership to a larger extent in firms that receive substantial subsidies. By contrast, stock market returns pre-SIP and variables capturing the firm's growth opportunities do not positively affect public share allocation. Yet, in firms with a low market-to-book ratio, the government is more likely to relinquish its majority stake at SIP-time. The determinants of underpricing further illustrate the uniqueness of SIPs compared to private-firm IPOs. Overall, there is little evidence that information asymmetries regarding firm value influence first-day returns whereas stock market conditions have an impact. After accounting for the endogeneity of the public share allocation decision, we find that the fraction of ownership divested is significantly positively related to underpricing. *(For more information, please contact: Qi Quan, Katholieke Universiteit Leuven, Belgium: quanqi001@yahoo.com)*

Session: 1.3.9 - Competitive

Track: Track 6 - Marketing and Supply-Chain

Market Entry & Supplier Selection

Presented On: June 24, 2006 - 11:15-12:30

Chair: Yigang Pan, York University

Relational Norms, Trust, Institutional Environment, and Strategic Orientation in Choices of Marketing Channel Members in Emerging Economies

Ping-Shan Cheng, National Cheng Kung University

This article develop a framework to depict how relational norms affect the MNE's trust attitude and lead to different strategic orientation in selecting marketing channel members in emerging economics; and the influence of institutional environment and cultural distance on MNE's strategic orientation. By aggregating interdisciplinary concepts, several propositions are derived from the framework to predict the rationale for MNE's strategic orientation in choosing marketing channel members in emerging economies. Some implications for future research are proposed in this article. *(For more information, please contact: Ping-Shan Cheng, National Cheng Kung University, Taiwan: sierracheng@hotmail.com)*

International Licensing: An Empirical Examination of Exclusivity Rights in Foreign Markets

Preet S. Aulakh, York University

Marshall Shihing Jiang, Brock University

Yigang Pan, York University

While a large number of inter-organizational technology licensing agreements involve some form of exclusivity rights, much of the existing literature has focused only on issues regarding incidence, timing and compensation in licensing agreements. In this paper, we examine international licensing through the lens of exclusivity rights granted in foreign markets. We first develop a conceptual framework that distinguishes between exclusive and non-exclusive licensing along two aspects: potential hold-up problems and transfer of monopoly power. We then identify five variables related to host country factors, the technology being licensed and licensee characteristics and develop hypotheses predicting the market entry choice of exclusive versus non-exclusive licensing arrangements. Empirical results, based on data from 110 large U.S. multinationals, support the hypothesized relationships. *(For more information, please contact: Preet S. Aulakh, York University, Canada: paulakh@schulich.yorku.ca)*

Optimizing Supplier Selection by Analytic Network Process (ANP) - A Case of Notebook Producers in Taiwan
 Badri Munir Sukoco, National Cheng Kung University
 Li-Yueh Lee, Kun Shan University
 Chia-Ying Li, National Cheng Kung University

Developing systematic supplier selection process is a key success to maintain competitive advantage in highly competitive market for computer-related products, especially notebook. The selection process indicates there is interdependence among qualitative and quantitative criteria. Therefore, Saaty (1996) has been proposed the ANP (Analytical Network Approach) to deal with these issues. This research investigates the feasibility of applying the ANP in supplier selection to improve the group decision making through systematic and logical approach. It can be found that Taiwan's notebook producers assigned cost and quality in the same weights as their strategic issues. In addition, variable cost was the highest influence among other criteria, even the differences is slightly existed. Moreover, the sub-criteria level assigned delivery performance, information system capabilities and cost per unit as significant variables in supplier selection process to fit with their condition. A hypothetical example is presented and the comparison between ANP and AHP results also discussed. The managerial implications as well as limitations of the model are discussed. *(For more information, please contact: Badri Munir Sukoco, National Cheng Kung University, Taiwan: badri_unair@yahoo.com)*

Information Asymmetries and Abnormal Returns: Evidence from U.S.-Chinese and Japanese-Chinese Automotive Supplier Alliances in China

Attila Yaprak, Wayne State University
 Wesley A. Pollitte, Michigan State University
 Joseph C. Miller, Michigan State University

Network theory suggests that members of collaborative networks gain abnormal returns from information asymmetries in imperfect markets. Part of a larger study on automotive supplier industry strategic alliances in China, we report in this paper our findings on information asymmetries and abnormal returns in US-Chinese vs. Japanese-Chinese alliances in the Chinese market following event study methodology. Our findings suggest that Japanese suppliers have higher abnormal returns attributable to earlier announcements of alliances in China as compared to their U.S. counterparts. Abnormal returns are evident in the Japanese sample prior to the announcement, which suggest that information leaks into to the market and information asymmetry are both reduced in network, as compared to independent firm, environments. *(For more information, please contact: Wesley A. Pollitte, Michigan State University, United States: pollitte@bus.msu.edu)*

Session: 1.3.10 - Competitive
Track: Track 7 - Learning, Knowledge and Innovation

Internalization, Technology and Globalization

Presented On: June 24, 2006 - 11:15-12:30

Chair: Mary Yoko Brannen, San Jose State University

Paradigmatic Globalizations in Cross Country Strategic Alliances in Biotechnology Firms
 Tariq Malik, Birkbeck College, University of London

The debate on globalization of technological systems continues to attract arguments from the two competing perspectives. Those who see globalization contend that the dominant institutional practices of the successful actors (the leaders) are being increasingly emulated by the less successful actors (the followers). Accordingly, this leads to the convergence of the patterns in the global systems. On the contrary, those who see institutional

localization contend that such is not the case because there are various capitalist systems in the global context. Yet, a third perspective bridges the two extremes by implying that less complex technologies are globalized and more complex technologies are localized. Nevertheless, the ambiguities remain in the context of cross-country inter-firm relationships in the biotechnology industry. Biotechnology is complex both at the basic and applied technology level. This paper contributes to resolve some of the paradigmatic paradoxes by systematically advancing the theory and practice. *(For more information, please contact: Tariq Malik, Birkbeck College, University of London, United Kingdom: T.Malik@mbs.bbk.ac.uk)*

Features of National Innovation Systems and Determinants of International R&D Locations: Conceptual Framework and Empirical Exploration

Guoyong Liang, United Nations Conference on Trade and Development
Torbjörn Fredriksson, United Nations Conference on Trade and Development

Motivated by the recent rise of some developing countries as important locations of research and development (R&D) by multinational companies (MNCs), this paper examines the determinants of foreign R&D location, in particular in the developing world. It establishes a conceptual framework linking the features of national innovation systems in both home and host countries and MNCs' decision to locate R&D abroad. The characteristics of an R&D project and their influence on the foreign R&D location are also incorporated into this framework. New empirical observations for debate and discussion on the internationalization of R&D are presented. This is based on an analysis of 659 FDI projects in R&D in 41 developing countries. The paper suggests that the systematic assessment of innovation systems of both home and host countries at both national and industry levels is important for firms' location decision on foreign R&D activities. Policy implications for developing countries are also discussed. *(For more information, please contact: Guoyong Liang, United Nations Conference on Trade and Development, Switzerland: Guoyong.Liang@unctad.org)*

Statist and Corporatist Institutional Structures: A Framework for Understanding Cross-National Variations in Technology Policies and Innovation Strategies

Gurneeta Vasudeva, Indian School of Business

Drawing from institutional theory that explains distinctive forms of social and political institutions, the study employs the core characteristics associated with statist and corporatist structures to understand the rationale for variations in the technology policies and innovation strategies of industrialized countries. Through a qualitative case-based methodology, the study compares technology policies concerning--public versus private R&D funding, mechanisms for allocating public resources, public-private partnerships, public support for foreign participation and technological choices--regarded as important determinants for successful fuel cell technology innovation. The study finds that technology policies across industrialized countries reflect the core characteristics of the statist and corporatist structures inherent in the national institutional environment. This finding suggests that innovation strategies of economic actors such as MNEs may need to factor in the varied social and political contexts and associated technology policies of the countries in which they operate. *(For more information, please contact: Gurneeta Vasudeva, Indian School of Business, India: gurneeta_vasudeva@isb.edu)*

MNC Learning on the Demand Side: Lead Markets, Design Innovation, and Internationalization

Mark Lehrer, Vienna University of Economics and Business Administration
Bodo B. Schlegelmilch, Vienna University of Economics and Business Administration

Whereas supply-side issues like resources and capabilities occupy pride of place in recent discussion of firm internationalization, this contribution focuses on demand-side factors, specifically the firm's participation in so-called lead markets. A novel way of charting the internationalization process is to examine the sequence of national lead markets served over time by a firm. The distinction between "lead adoption?" and "lead

performance? markets provides a framework for analyzing such an internationalization path. The framework is illustrated with a case study on SAP of Germany. *(For more information, please contact: Mark Lehrer, Vienna University of Economics and Business Administration, Austria: marklehrer@gmail.com)*

Session: 1.3.11 - Competitive

Track: Track 8 - Offshoring and Outsourcing

Modeling Offshore Outsourcing

Presented On: June 24, 2006 - 11:15-12:30

Chair: Martin H. Stack, Rockhurst University

A Typology for Organizational Acculturation in International Outsourcing
Guilherme Azevedo, McGill University

The use of remote labor—i.e. of detached offshore workforce—is an increasing trend in the international supply chain and the usual discussion about this phenomenon focuses on operational efficiency, performance improvement, and the building of flexible international chains. Sparse consideration has been addressed to the involved cultural issues. This exploratory paper proposes a discussion around the organizational acculturation perspective and aims to disclose practical propositions about acculturation in international outsourcing. The effective employment of remote labor is analyzed considering four possible theoretical equilibria (namely 'integration', 'assimilation', 'separation', and 'deculturation'). Additional analytical elements are provided by a consolidated taxonomy of international organizational vision (comprehending 'ethnocentric', 'polycentric', 'regiocentric', and 'geocentric' vision). Four explanatory propositions emerged from the analysis. Each of them stands for one of the possible equilibrium of the proposed typology: (1.) "Assimilate and specialize? (assimilated organizational culture as a source of specialty competitive advantage), (2.) "Separate and save? (separated organizational culture as a source of low-cost advantage), (3.) "Unified by the past? (unicultural coincidence based on the past), (4.) "Unified by the future? (unicultural coincidence based on the future). The final discussion leads to recommendations to managers conducting organizational acculturation processes in international outsourcing operations. *(For more information, please contact: Guilherme Azevedo, McGill University, Canada: guilherme.azevedo@mail.mcgill.ca)*

A Transaction Cost Link Between Private Branding and Offshore Sourcing: Theory and Empirical Evidence
Shih-Fen Chen, University of Western Ontario

The study creates a transaction cost link between private branding and offshore sourcing, two eminent retail trends that have never been analyzed concurrently. Built on a special case of transaction specificity called brand specificity, it theorizes that private branding saves on the cost of contracting intra-channel transactions when retailers also contribute to the marketing of an outsourced product, but their marketing efforts are specific to the manufacturer who brands the product. This savings is even more substantial in offshore sourcing, especially when a product is sourced from countries that are economically or culturally more distant from the US. Empirical evidence obtained from a national chain shows that private branding is more likely to occur if the retailer contributes more to product marketing. The results have also confirmed the coincidence of private branding with offshore sourcing, indicating that private branding is more desirable if there exists a wider economic or cultural gap between the US and the source country of a foreign product. In establishing a direct link between two seemingly unrelated retail trends, the research makes important contributions to the literature on branding and transaction cost analysis. It also offers useful guidelines for practitioners to make sensible branding and sourcing decisions. *(For more information, please contact: Shih-Fen Chen, University of Western Ontario, Canada: sfchen@ivey.uwo.ca)*

Reweaving The Silk Road Through Outsourcing and Offshoring: The Need For an Externalisation Theory

Gary A. Knight, Florida State University
 Bernard L. Simonin, Tufts University
 Peter Liesch, University of Queensland

The reweaving and repaving of the modern Silk Road passes through outsourcing and offshoring activities that have a profound impact on both global business psyche and landscape. Firms, in particular, and their global value chain are being shaped and reshaped through a complex concoction of vertical integration and disintegration. The boundary of the firm and the firm/market interface has been of interest to students of organisation and economics for some time. It has provided the context for Internalisation Theory. Within the new economy, the twin trends of globalisation and advancing technologies are giving rise to a hitherto unknown "worldwide market for market transactions? and increased opportunities for international expansion by firms via market-based modes of organisation. We describe these trends and offer an early modeling approach for explaining why some firm's externalise the marginal transaction in the so-called new economy. The paper further draws attention on the need to articulate an "Externalisation Theory? that adequately accounts for the firm's offshoring and outsourcing activities, and that parallels as well as complement "Internalisation Theory? for a full explanation of today's firms behaviour. *(For more information, please contact: Bernard L. Simonin, Tufts University, United States: bernard.simonin@tufts.edu)*

Internationalization of Multinational Enterprise R&D: A Transaction Cost and Internalization Theory Perspective

Pervez Nasim Ghauri, Manchester Business School
 P.M. Rao, Long Island University

This paper examines, critically, the growing empirical literature on internationalization of the multinational enterprise (MNE) R&D in the context of a broader trend towards internationalization of technological activity through trade in high-tech products and services, foreign direct investment in R&D, cross-border patenting activity, growth of international technology alliances, licensing of technology, and the like from a transaction cost and internalization theory perspective. The paper proposes a taxonomy of internationalization of MNE technological activity from the perspective from transaction cost framework (TCF) and internalization theory and examines empirical evidence in support of traditional as well as new perspectives on MNE R&D and concludes that while the TCF / Internalization model of vertically integrated MNE R&D still holds, there is little doubt that the information and communication technology (ICT) revolution, structural changes in key high-technology sectors have contributed to considerable vertical disintegration of R&D and hence externalization as well as internationalization. *(For more information, please contact: Pervez Nasim Ghauri, Manchester Business School, United Kingdom: pervez.ghauri@mbs.ac.uk)*

Session: 1.3.12 - Competitive

Track: Track 4 - International Strategic Management

Alliances 2: Membership Has Its Privileges

Presented On: June 24, 2006 - 11:15-12:30

Chair: Bo Bernhard Nielsen, Western Washington University

MNE-NGO Alliances in Developing Countries

Miguel Rivera-Santos, Babson College
 Carlos Ramon Rufin, Babson College

We identify the development of alliances between MNEs and NGOs in developing countries as a theoretically and empirically important phenomenon that has received limited attention so far. Drawing on such limited research, current knowledge about MNEs and NGOs, and the large body of research on business alliances, we develop a set of propositions concerning the motivations of MNEs to enter into alliances with NGOs, the motivations of NGOs to enter into alliances with MNEs, the organizational mechanisms likely to be used in MNE-NGO alliances in developing countries—especially mechanisms to build and maintain trust, and the dynamics of these alliances over time. We illustrate some of the motivational and dynamic issues through the examples of two sets of alliances between electricity supply MNEs and local NGOs in Brazil. Our analysis shows that there are a variety of motivations for MNEs and NGOs to pursue alliances. However, the mechanisms for alliance control that are found in business alliances are in most cases unlikely to work well in alliances with NGOs, due to the specific characteristics of NGOs. As a result, trust acquires a paramount importance in MNE-NGO alliances relative to business alliances, and with it the development of organizational mechanisms to build and maintain trust. *(For more information, please contact: Carlos Ramon Rufin, Babson College, United States: crufin@babson.edu)*

The Impact of Repeated Partnerships on Multinational Corporation Performance
Anthony Goerzen, University of Victoria

A phenomenon that has become the focus of recent research on interorganizational network growth is that firms often enter into repeated relationships with prior partners. The implications of this tendency on corporate performance, however, are not well understood. From transaction cost and network perspectives, competing hypotheses are tested on a large sample of multinational corporations (MNCs). Results indicate clearly that MNCs with a greater propensity to enter into repeated partnerships experience inferior performance. *(For more information, please contact: Anthony Goerzen, University of Victoria, Canada: agoerzen@uvic.ca)*

Disaggregating the Group Effect: Vertical and Horizontal Keiretsu in Changing Economic Periods
Toru Yoshikawa, Singapore Management University
Sandra Dow, University of Quebec at Montreal
Jean McGuire, Concordia University/Louisiana State University

This paper examines the evolution of the strength of group affiliation among members of horizontal and vertical keiretsu in Japan over two time periods: 1991-1996, and 1997-2001. Our findings indicate that ties were considerably more stable in the later time period. Using multinomial logistic regression, we show that both vertical and horizontal firms undergoing increasing, decreasing, or exhibiting tie strength stability had performance and "financial tie" characteristics which significantly predicted membership in one of these groups. Firms which increased their keiretsu affiliations over time are characterized more by evolving financial ties rather than distinctive performance patterns. Vertical and horizontal firms responded to heightened foreign investment by strengthening ties with other stakeholder groups – significant shareholders in the case of vertical keiretsu firms; and creditor ties in the case of horizontal keiretsu firms.

Both vertical and horizontal firms which loosened their keiretsu affiliations over the period appear to have done so without much disruption to equity ties. Rather, performance characteristics are the most important elements distinguishing "decreasing horizontal" and "decreasing vertical" firms.

(For more information, please contact: Sandra Dow, University of Quebec at Montreal, Canada: sandradow@sympatico.ca)

Dual Criteria for the Membership of Global Strategic Alliances and Networks
Soo Hee Lee, University of London
Chong Ju Choi, City University
Jai Beom Kim, Sungkyunkwan University

Research in international business has investigated various aspects of global strategic alliances. The extant works concerned with alliance partner selections, however, have not analysed the selection criteria for the membership of global strategic alliances. This paper aims to deal with the issue concerned with membership in general and dual criteria the criteria for identifying and screening new members of global alliances (*For more information, please contact: Jai Beom Kim, Sungkyunkwan University, South Korea: dreamier17@yahoo.com.au*)

Session: 1.3.13 - Competitive

Track: Track 1 - The Context of Global Business

International Business and Social Unrest

Presented On: June 24, 2006 - 11:15-12:30

Chair: Lyman Porter, University of California, Irvine

Investment Modes and the Impact of Global Terrorism: an Impact Theory and Model
Gabriele G.S. Suder, CERAM Sophia Antipolis

Operational risk management is situated at the core of both event and business risk. It implies direct or indirect gains or losses in regard to comparative advantages such as those sought in investing abroad. Hymer, Vernon, Dunning and many others have helped us understand why and what drives a firm to become international or trans-national, with different degrees of host economy integration and linkages across borders. Locations and modes of internationalisation are defined by management on basis of the particular advantages that the firm gain from international operations. This may be

 • ownership – specific advantages,
 • internalization advantages of certain degrees and
 • location- specific advantages

that define whether the company works on a local, regional, national or global scale.

International terrorism adds an important determinant to the definition of a firm's strategy. It is an external event that may lead to direct (mainly physical) or indirect (for instance supply chain or consumer behaviour) disruptions, that may hinder the internalization capacities of the firm in a given location, and its ability to profit of location- specific advantages. The investment decision of firms, or to disinvest or switch from particular locations, draws and re-draws the cartography of foreign direct investment flows.

(For more information, please contact: Gabriele G.S. Suder, CERAM Sophia Antipolis, France: gabriele.suder@ceram.fr)

Organizational Responses to Institutional Upheaval Along the Modern-Day Silk Road: Impact of Organizational Context and Firm Characteristics

David L. Ford, Jr., University of Texas at Dallas
Manuel Ferreira, Instituto Politecnico de Leira
Kiran M. Ismail, University of Texas at Dallas

We utilize data from over 700 firms in seven Central Eurasian transition economies to examine the extent to which various components of the institutional environment, such as regulatory burden, governmental effectiveness, rule of law, and control of corruption, are predictive of the response strategies employed by the firms in their environments. We also utilize contingency theory to examine the extent to which environment – response relationships are impacted by certain firm characteristics such as size, age, and membership in trade associations. Using hierarchical regression models to test hypotheses, our results indicate that different

components of institutional inefficiency are strong determinants of firm response strategies in these transition economies. We also found mixed results for the moderated relationships examined. The results are discussed with respect to future research requirements in these transition economies. *(For more information, please contact: David L. Ford, Jr., University of Texas at Dallas, United States: mzad@utdallas.edu)*

Confronting Right-Wing Nationalism, Left-Wing Nationalism, and Democratic Nationalism: Standard Oil Co. (New Jersey) in Venezuela, Colombia, and Mexico

Marcelo Bucheli, University of Illinois at Urbana-Champaign

This paper studies how a multinational corporation adapts to different political environments and regime changes by analyzing the case of Standard Oil Company (New Jersey) in Colombia, Venezuela, and Mexico. The company faced different kinds of oil policies in these countries: from left-wing nationalism in Mexico, to right-wing business friendly dictatorship, to a more democratic system in Colombia in which the oil policy was a constant element of debate in presidential elections. The paper shows that a more democratic government in Colombia did not necessarily mean a safer environment for the multinational. In Venezuela, the right wing dictatorship had an unstable stability that forced the company to look for alternatives in case of crisis. And despite the Mexican government hostility, the company insisted on operating there. The power of the company was also closely linked to the political relationship between the host country and the United States. *(For more information, please contact: Marcelo Bucheli, University of Illinois at Urbana-Champaign, United States: mbucheli@uiuc.edu)*

Session: 1.4 - Interactive

Interactive Sessions with Light Lunch (I)

Presented On: June 24, 2006 - 12:30-13:45

All Interactive Sessions numbered 1.4.X below will be located in Room 17/Hall. Light lunch will also be provided in the same location for all participants.

Session: 1.4.1 - Interactive

Knowledge, Learning and Adaptation

Presented On: June 24, 2006 - 12:30-13:45

Population Ecology Perspective and Organizational Survival Capability in Taiwanese Semiconductor: A Cointegration Analysis

Chi-Yu Huang, I-Shou University

This study examines industrial dynamic, resourcefulness and environmental attributes on organization survival capability from the population ecology perspective. We investigate through a dynamic approach and longitudinal analysis to the interaction within such networks of organizations. Our research objectives are semiconductor enterprises in Taiwan from 1987 to 2004. This study use unit root analysis, cointegration analysis and regression analysis in turn to build a organizational survival ability model. We find population density in the industry indeed affect organization survival capability. Factories must pursue most appropriate organizational scale according to industrial characteristics in order to obtain more resources to sustainable operation and survival. Furthermore, factories have to research more resource and not only limited in environmental resources, but they need to take into account internal organization factors such as innovation of techniques, team management, and the competitive relationships between Taiwan and China. *(For more information, please contact: Chi-Yu Huang, I-Shou University, Taiwan: amy67039@ms27.hinet.net)*

The Determinants of Marketing Knowledge Transfer to Subsidiaries: An Exploratory Study of Korean MNEs in China

Insik Jeong, Korea University
Jangrho Lee, Korea University
Ji-Hoon Park, Korea University

This study empirically tried to explore the impact of the determinants on the marketing knowledge transfer in the context of Korean multinational enterprises' parents and subsidiaries in China. Specifically, this study develops an integrated model which includes various perspectives: (1) characteristics of knowledge itself, (2) characteristics of headquarters, (3) characteristics of subsidiary, and (4) mutual relational characteristics between headquarters and subsidiary as determinants of knowledge transfer process (performance). Additionally, we attempted to examine a moderating effect of absorptive capacity. The results provide substantial support for the theoretical framework. *(For more information, please contact: Ji-Hoon Park, Korea University, South Korea: sandyj@korea.ac.kr)*

Spillovers From Foreign Direct Investment to Korean Manufacturing Sectors: The Perceptions of Korean Indigenous Firms

Youngok Kim, University of New South Wales

An overall positive relationship between foreign presence and spillovers has been documented in the literature. The extant literature has been dominated by studies examining the economic impact of foreign direct investment (FDI), especially productivity spillovers on domestic firms in developed and developing host countries. The present study explores the nature and extent of spillovers generated by FDI to the South Korean manufacturing industry, as perceived by indigenous Korean firms. The overall results show that foreign firms in Korea are perceived to create positive spillovers, especially by advancing management techniques and technological standards of domestic firms in the country. Furthermore, significantly higher levels of spillovers are found in low-technology industries where Korean firms are competitive, which appears to support the assertion that domestic firms' absorptive capacity is critical in utilising superior technology and knowledge transmitted by foreign multinational enterprises (MNEs). However, the findings of the study need to be interpreted with caution, given some methodological limitations, e.g. a simplistic measurement of spillover effects and the failure to account for differences in the level of foreign share across manufacturing industries *(For more information, please contact: Youngok Kim, University of New South Wales, Australia: y.kim@unsw.edu.au)*

The Role of Absorptive Capacity and Knowledge Internalization in Sourcing Performance: A Supplier's Perspective

Poh-Lin Yeoh, Bentley College

This paper develops a conceptual model for understanding sourcing performance from the perspective of the supplying firm. The theoretical model identifies two major underlying latent constructs and their antecedents: absorptive capacity and knowledge internalization. The factors of absorptive capacity: relationship distance, norm distance, knowledge distance, organizational distance, and technology characteristics need to be explicitly recognized and integrated in the theory of wealth creation in sourcing relationships. While the individual importance of most of these variables has long been recognized in the organizational learning and innovation literature, their simultaneous effects have thus far been ignored. Knowledge internalization is conceived to be a mediating variable between absorptive capacity and sourcing performance. The theoretical and practical implications, as well as directions for future research are discussed. *(For more information, please contact: Poh-Lin Yeoh, Bentley College, United States: pyeoh@bentley.edu)*

"Real Life" and Its Presentation in MBA Teaching Cases: How Truthful are the Cases?

Neng Liang, China Europe International Business School
Shu Lin, Peking University

The case method plays a central role in management education by bringing the "real life business situation" into the classroom. However, because most cases are written as a semi-story told by the case writer(s) and there is inevitable gap between a life "as experienced" and a life "as told," the "truthfulness" of MBA teaching cases cannot be taken for granted.

In this research, we juxtapose and contrast the "real life business situation" as presented in MBA teaching cases with the real life experiences as reported by top executives themselves. The findings indicate that there are significant gaps or even distortions between the real life "as experienced" by senior executives themselves and "as told" by cases. What is emphasized the most in cases is only partially important in real life and some of the most crucial issues in real life are neglected in most cases.

(For more information, please contact: Shu Lin, Peking University, China: linshu@pku.edu.cn)

Session: 1.4.2 - Interactive***International R&D and Innovation***

Presented On: June 24, 2006 - 12:30-13:45

The Determinants of Pharmaceutical R&D Expenditures: Evidence from Japan

Jörg C. Mahlich, Austrian Federal Economic Chamber
Thomas Roediger-Schluga, ARC Seibersdorf research GmbH

During the past 20 years, the world pharmaceutical industry has experienced a dramatic increase in R&D intensity. We apply and extend a model developed by Grabowski and Vernon (2000) with a pooled data sample of the 15 publicly listed Japanese drug firms for the period 1987 to 1998. As in the reference paper, we find expected returns to be an important determinant of R&D spending in the Japanese drug industry, albeit considerably smaller than in the U.S., which is particularly obvious in the case of returns from newly introduced drugs. However, our results are sensitive to econometric model specification, in particular to controlling for serial correlation and re-specifying the baseline model in a dynamic setting. Likewise, estimates on financial constraints are sensitive to model specification, indicating that Japanese drug firms face small or no financial constraints. Our results are consistent with the general literature on R&D investment behaviour, yet raise some methodological questions with regards to the original study. *(For more information, please contact: Jörg C. Mahlich, Austrian Federal Economic Chamber, Austria: joerg.mahlich@wko.at)*

The Effects of Board Capital on Product Innovation: Considering Financial Slack and Technological Opportunity

Cheng-Yu Lee, National Cheng Kung University

The majority of studies on corporate governance have addressed quantifiable issues regarding board structures, but the impact of the intangible attributes of board members remains largely unexamined. This study applies board capital as a means to discuss the significance of the intangible attributes of the board. This study then uses product innovation as an organizational outcome to test the contributions of board capital in a sample of 188 Taiwanese manufacturers. Furthermore, this study also tests the relationship subject to contingency contexts and thereby shows how board capital operates in concert with internal financial slack and external technological opportunity. The results not only reinforce the critical role of the intangible attributes of board members on innovation, but also find the opposite effects on product innovation under conditions with high technological opportunities. *(For more information, please contact: Cheng-Yu Lee, National Cheng Kung University, Taiwan: lijy@mail2000.com.tw)*

Intellectual Property Regimes, Innovative Capabilities, and Patenting in Korea
Jaeyong Song, Seoul National University

In this paper, we empirically investigate whether and to what extent major changes in IPR contributed to subsequent upgrading of innovative capabilities and patenting in Korea. We found that major IPR changes in Korea in the 1980s led to the big increase in patenting, thereby supporting the "friendly court" hypothesis. Especially, the trend of substance patent applications by local residents seems to suggest that the IPR change in Korea encouraged local firms to focus more on developing innovative capabilities and patenting more actively. Based on the Korean experience, we offer an insight into the recent debate on the relationship between IPR and economic development in developing countries. *(For more information, please contact: Jaeyong Song, Seoul National University, South Korea: jsong@snu.ac.kr)*

How Do Luxury Brands Maintain Customer Loyalty from Counterfeits?

Sheng-Hsiung Chang, National Taiwan University
Hung-Chang Chiu, National Chung Hsing University
Yi-Ching Hsieh, National Central University
Wen-Ruey Lee, Ming Chuan University

Product counterfeiting has become a serious problem in the world. This study integrates the concept of value into the anti-counterfeiting strategies from customer perspectives. The results indicate both legal and innovation strategy positively influences customer hedonic value, whereas communication and innovation strategy positively influences customer utilitarian value for luxury brands. Therefore, the innovation strategy seems to be more useful because it improves both hedonic and utilitarian customer values for luxury brands. *(For more information, please contact: Sheng-Hsiung Chang, National Taiwan University, Taiwan: d93724011@ntu.edu.tw)*

Session: 1.4.3 - Interactive

Governance in Emerging Markets

Presented On: June 24, 2006 - 12:30-13:45

Top Executive Pay and Firm Performance in China

Trevor Buck, Loughborough University
Xiaohui Liu, Loughborough University
Rodion Skovoroda, Loughborough University
Delu Wang, Greatwall Research Institute

Panel-data analysis is applied to executive pay and firm performance in Chinese listed firms, 2000-2003, to identify two-way causation. Significant two-way causal links are found, suggesting that executive pay and firm performance mutually affect each other through both rewards and incentives.

Estimates of the elasticity of pay to performance are found to be dimensionally sensible compared with western countries, despite dominant State shareholdings in China and executives enjoying unique social and political networks.

(For more information, please contact: Trevor Buck, Loughborough University, United Kingdom: T.W.Buck@lboro.ac.uk)

An Overview and Critical Evaluation of Financial Reform System in China
Mohamad Sepehri, Jacksonville University

The purpose of this survey study has been to identify the primary elements of the financial sector reform (FSR) and their impact on the socioeconomic environment of China (People's Republic of China), and to assess the level of progress, risks, and problems stemming from the China's political economy.

The research findings indicate that the level of the financial risks has greatly increased in recent years and that China is dealing with inherent financial concerns and potential financial crisis. Ironically, the growth of foreign direct investment has accelerated in Chinese ventures (Warner, 2004), in spite of the recent warnings by various sources such as Business Week (January 19 & May 3, 2004). Currently, the amount of foreign direct investment – about \$491 billion – is flooding the foreign currency system and putting heavy pressure on the Yuan. This is because the investors usually rely heavily on the financial ratios i.e. profitability and growth, as the criteria for investment decisions. However, it would be a critical mistake to disregard the role of "policy" in risk analysis especially in a political economy such as China.

This research study intends to establish an accurate barometer for the assessment of the risk factors within the financial sector and their impact on sector's reform.

(For more information, please contact: Mohamad Sepehri, Jacksonville University, United States: msepehr@ju.edu)

Session: 1.4.4 - Interactive

Institutions and NGOs

Presented On: June 24, 2006 - 12:30-13:45

International Agreements on Liberalization of FDI: North American vs. European Approach

Philippe Gugler, University of Fribourg
Vladimir Tomsik, World Trade Institute

The paper brings a comparison of the North American and European approaches towards the liberalization of foreign trade investment (FDI) as these approaches are reflected within international investment agreements. The paper analyses both the US and European bilateral investment treaties as well as the North American Free Trade Agreement in more details and it addresses their make-or-break issues in the liberalization of FDI in exact terms. Authors also analyse the process of the liberalization of FDI in the World Trade Organization framework, when they focus on the Agreement of Trade-Related Investment Measures and the General Agreement on Trade in Services. Finally, the paper presents and discusses some of the most challenging issues for concluding the General Agreement on Investment. *(For more information, please contact: Vladimir Tomsik, World Trade Institute, Switzerland: vladimir.tomsik@wti.org)*

Implementing Professional Football in Japan (J-League)-Challenges to Research in International Business

Harald Dolles, German Institute for Japanese Studies
Sten Söderman, Stockholm University

In this exploratory research, we will place professional football in Japan in the context of the global spread of the football business. When, in the late 1980s, the idea of a professional football league started to materialize in Japan (the so called J-League), foundation committee members extensively studied professional sports models in the USA and Europe, finally deciding on a model tailored to their preferences. By taking the implementation as well as the immediate and sustainable success of the J-League during their first decade as a neglected

research example, we will challenge existing assumptions about “the game? in Europe with the institutional arrangements, various interests, and parties involved in the practice and consumption of football in Japan. This might shed light – also with reference to other industries - on the conditions as well as the necessities for adjustments of transferring institutional and organizational practices abroad. *(For more information, please contact: Sten Söderman, Stockholm University, Sweden: sod@fek.su.se)*

Session: 1.4.5 - Interactive

SME's and New Ventures

Presented On: June 24, 2006 - 12:30-13:45

An Empirical Study on Balancing, Coordinating, and Learning Mechanism as Mediating Effects on International Growth

Jin-Seop Cheong, IDS & Associates

This research attempts to find out the existence and usefulness of mechanisms as mediating effects in firm's international growth field with the application of a mechanism-based view, which tries to find out the source of differentiated competitive advantage among firms using mechanisms. That is, there exist some mechanisms related to international growth in a firm and these mechanisms can be the sources of competitive advantage in international growth even though they may be not competitive advantages themselves. Drawing on process-based research in internationalization, we developed the attributes of balancing, coordinating, and learning mechanisms and hypotheses regarding mediating effects and usefulness of mechanisms.

Focusing on high export-oriented manufacturing industries in Korea, we examined these hypotheses empirically. For this research, we collected the survey data of 109 firms, which are listed on the Korean stock market.

Results from structural equation modeling show that the models including resources, subject, environment and mechanism are more adequate than models excluding mechanisms. As well, path analyses also support mediating effects and the usefulness of mechanisms. Therefore, this research suggests that the core source of competitive advantage for international growth can be the global mechanism, whose attributes can be summarized as balancing, coordinating, and learning.

(For more information, please contact: Jin-Seop Cheong, IDS & Associates, South Korea: jscheong@ids.or.kr)

Knowledge Creation in Small-Firm Network

Alsones Balestrin, Universidade Vale do Rio dos Sinos

Lilia Maria Vargas, Universidade Federal do Rio Grande do Sul

The present article aims to understand how the dynamic of knowledge creation takes place within a Small-Firm Network. The research, qualitative in nature, was developed through the case study of the Clothing Industries Association of Rio Grande do Sul (Agivest), in the South of Brazil. The research presents evidences that the context of a cooperation network may provide an environment of collective learning, represented above all by the interaction dynamic that occurs between the firms through the creation of several types of ba (specific context in terms of time, space and relationship), which support the process of knowledge creation. This article attempt to contribute for a more comprehensive approach of the creation of organizational knowledge, by shifting from an endogenous process of the individual firm to an exogenous process, multidirected and as a network. This approach should consider the tacit, complex, interdependent and contextual nature of knowledge, overcoming the eminently IT-oriented view defended by the Western perspective of knowledge management. Nonetheless, such evidences do not intend to be a definite theory, but aim to encourage debate and critique concerning the concepts of knowledge creation, cooperation and SFN development in the academic community.

(For more information, please contact: Alsones Balestrin, Universidade Vale do Rio dos Sinos, Brazil: abalestrin@unisinos.br)

Returning Entrepreneurs and Their Role in Internationalisation and Technology Transfer
Ou Dai, Loughborough University

This paper reviews the relevant literature which can be used to analyse a new phenomenon of trans-national entrepreneurs with special reference to China. The literature review shows that 'Born Globals', together with the model of international new ventures, has brought new insights into the internationalisation process of firms which may be applied to the case of transnational entrepreneur-owned firms. In addition, we employ a combined analytical framework, namely the resource-based view and social capital network to examine whether trans-national returning entrepreneurs have gained unique comparative advantages over indigenous entrepreneurs at the firm level. In particular, given the importance of social capital for access to resources and mobilization by entrepreneurial firms, we are interested in how global networks affect returnee-owned firms in terms of business opportunities, innovative characters, unique resources and economic performance. The hypotheses, which are derived from the theories discussed in the literature review, will be tested for a sample of over 750 firms in Beijing Zhongguancun Science Park. The findings from this study will generate important implications for both policymakers and business practitioners regarding the role of returning entrepreneurs in internationalisation and technology transfer. *(For more information, please contact: Ou Dai, Loughborough University, United Kingdom: o.dai@lboro.ac.uk)*

Session: 1.4.6 - Interactive

Outsourcing and Offshoring

Presented On: June 24, 2006 - 12:30-13:45

International Outsourcing Types and Firm Value Enhancement
Somnath Lahiri, University of Memphis

The purpose of this paper is to conceptualize how various types of international outsourcing may lead to different value enhancement considerations. The business landscape is currently witnessing widespread migration of routine functions from firms in developed nations as the U.S to provider firms in foreign countries as India, China, Ireland, and Philippines etc. where cost of skilled labor is much lower. This happens as more and more firms embark on international outsourcing to survive in today's highly competitive environment. Although the concepts of firm value and value enhancement have been discussed in the extant literature, there is dearth of understanding as to what value enhancement really means in the context of international outsourcing.

Three types of international outsourcing are discussed — tactical, strategic, and transformational. I elaborate how value is enhanced for each of the three types by analyzing separately the interaction of the value chains of the international outsourcer and the provider.

(For more information, please contact: Somnath Lahiri, University of Memphis, United States: slahiri@memphis.edu)

A Theoretical Framework Development of Global Responsiveness to Sourcing Barriers: an Empirical Study of Sporting Goods Retail Firms

Yen-Chih Huang, National Cheng Kung University
Ming-Tien Tsai, National Cheng Kung University

Given the rapid proliferation of global sourcing, the inherent difficulties in the internationalization process pose significant barriers to firms' operations. Nonetheless, the issue of how sourcing firms strive to cope with these barriers has received scant research attention, especially within the context of retailers. By drawing on the dynamic capability and internationalization process theory, the current study develops a framework to investigate whether global responsiveness could contribute to alleviating the barriers encountered. Such global responsiveness is embedded in a distinct way that aligns combinative mechanisms with the degree of internationalization. The mechanisms, including global information networks, cross-functional teams and strategic alliances, have been recognized in the literature and incorporated into this alignment. Based on a cross-national sample of 139 retailers, we test the hypotheses using moderated regression. Our results reveal that different kinds of obstacles require differing alignments between a combination of mechanisms and the degree of internationalization. *(For more information, please contact: Yen-Chih Huang, National Cheng Kung University, Taiwan: jessme@mail2000.com)*

A Framework for Considering Geographical Diversification, Product Diversification, Vertical Integration and Outsourcing

Bernard Wolf, York University

Firms can expand in a variety of directions: geographically (internationally), diversification of product line and vertical integration. Recently in the international business/international management literature more attention is being paid to the relations among these various paths as well as the pattern in which the paths evolve. In addition, the academic literature, governments and the media are focusing increasingly at the alternative to vertical integration, outsourcing, especially when it occurs offshore. However, nothing has been created to portray the linkages in easy to understand diagrams accessible not only to the academic, but to students and the business community.

In this paper a framework is established that examines the linkages through a series of concentric circles or donuts. The circles can be used to compare the spaces occupied by a single firm over time or by several firms at a point in time. In the case of the single firm, it provides a way to see where the MNE has positioned itself and where it could move forward. Both expansion and contraction can be illustrated and analyzed. Cooperation among firms through strategic alliances can also be portrayed. Thus, managers can operationalize the framework to improve the strategic management of their MNEs. The key advantage of the approach is the comprehensiveness and versatility achieved without sacrificing the extreme simplicity.

(For more information, please contact: Bernard Wolf, York University, Canada: bwolf@schulich.yorku.ca)

Session: 1.4.7 - Interactive

Emerging Economies

Presented On: June 24, 2006 - 12:30-13:45

Export Led Growth in Hong Kong: Empirical Evidence from the Components of Exports

Tuck Cheong Tang, Monash University

Using Granger's causality approach, the hypothesis of export led growth for Hong Kong has been empirically tested via the components of total exports namely re-exports, domestic exports, and export of services. This paper contributes to the existing literature by the following ways. Firstly, this study extends Tuan and Ng's (1998) work by considering the role of export of services. Secondly, better estimates of using larger sample size are granted due to the use of quarterly data. Thirdly, this study employs Autoregressive Distributed Lag (ARDL) framework which incorporates both static and dynamic components in order to examine the causation relation between exports' components and economic growth. The export led growth hypothesis is supported by

the finding of bi-directional causation between re-exports and real GDP, and domestic exports and real GDP. No causation relation between export of services and real GDP. *(For more information, please contact: Tuck Cheong Tang, Monash University, Malaysia: tang.tuck.cheong@buseco.monash.edu.my)*

Foreign Direct Investment in China: Beyond the Representative Office

Enrique Claver, University of Alicante
Diego Quer, University of Alicante

Nowadays, China is one of the most important destinations for international expansion of firms from all over the world. Based on the traditional theory on foreign direct investment and the resource-based view of the firm, this paper analyzes the influence of various tangible and intangible firm-specific factors on the choice amongst three different modes of entry into China: representative office, joint venture and wholly-owned subsidiary. The results obtained suggest that the size of the investing firm, its performance as well as its experience regarding the country have a positive influence on the choice of types of foreign direct investment that involve a high level of resources commitment. In addition, the specific aim of the project affects these relationships. *(For more information, please contact: Diego Quer, University of Alicante, Spain: diego.quer@ua.es)*

Exploring the Influence of International Entrepreneurship on Entry Mode Selection and Management Control

Hsiang-Chun (Jocelyn) Chen, National Yunlin University of Science and Technology
Pei-Ju Wei, National Yunlin University of Science and Technology

This study attempts to identify the influences of those variables, such as formal and informal institutional constraints, information asymmetry, risks and opportunities, organizational support, network relationship, and international entrepreneurship on enterprise's entry mode selection and management control over foreign subsidiary. This study uses both qualitative and quantitative methods. Interviews have been conducted with 6 experienced senior managers/entrepreneurs who have participated the activities or decision making on the initial entry mode selection to acquire more specific information. The sampling data is 508 Taiwanese firms which were randomly selected from the list of "Taiwanese Investment in Mainland China." The results indicate that informal constraints and organizational support may shape the enterprises' entry mode selection, moreover, international entrepreneurship and organizational support are also proved to be influential on management control over foreign subsidiary. *(For more information, please contact: Hsiang-Chun (Jocelyn) Chen, National Yunlin University of Science and Technology, Taiwan: chenhc@yuntech.edu.tw)*

Do Chinese and Western Business-to-Business Relationships Share Similar Behavioural Constructs? An Exploration, Concept, and Research Agenda

Bradley R. Barnes, Leeds University
Dorothy A. Yen, Leeds University

The article reports on a conceptual framework developed to explore business relationships involving Western and Chinese counterparts. Whilst the extant buyer-seller and channel management literature has tended to focus on Western or Chinese relational forms in isolation, an attempt is made to broaden our understanding by providing a comparative overview of these two perspectives. By focusing on some of the major constructs from the pertinent literature, we believe both approaches stress the importance attached to certain specific attributes, and identify further constructs which may imply different forms of relevance to the parties concerned. Several managerial implications are also extracted which are considered useful in the quest to help firms grapple with the issues of managing and developing such hybrid international relations. *(For more information, please contact: Bradley R. Barnes, Leeds University, United Kingdom: brb@lubs.leeds.ac.uk)*

Is China a Market or Factory: Typology of Taiwanese Manufacturers in China

Li-Hua Kuo, National Chi Nan University

Ryh-song Yeh, National Chi Nan University

Is China a market or factory for Taiwanese manufacturing firms? It depends on their market orientation, namely export orientation versus domestic orientation. This study uses a sample 1152 cases and T, χ^2 test and logistic regression to differentiate these two types of firms in terms of the characteristics of motivation, entry mode, resource allocation, industry, size, factor content and performance, etc. The typology is proved to be beneficial for firms in defining and formulating their strategic posture and implementation. This typology is also corroborating the argument of China as a factory or a market. Export-oriented firms treat China as a factory while domestic-oriented ones do her as a market. For those in between, China is either a factory or a market. Along with China's rapid openness and fast integration of global value chain, the differences between these two groups are most likely diminishing. (For more information, please contact: Li-Hua Kuo, National Chi Nan University, Taiwan: s3212907@ncnu.edu.tw)

Marketing Adaptations of Multinationals in an Emerging Market

Tung-Lung Steven Chang, Long Island University

As a dynamic fast-growing emerging market, China has become not only a low cost manufacturing site but also a promising market for both consumer and industrial goods. In this paper, we review four Taiwanese multinationals in order to study their business and marketing strategies for China entry. The findings indicate that these four firms have gradually employed an integrated China strategy. With a high commitment to the local market, these multinationals outsource components for products to be sold abroad and to produce others to be sold in China. Our study supports that it is crucial for multinationals to develop a comprehensive sourcing by building strong relationships with key Chinese suppliers and by attracting talented R&D engineers/staff to lock in a competitive edge. Such a strategy significantly reduces not only costs but also time for product development; consequently, this makes it difficult for competitors to keep up. (For more information, please contact: Tung-Lung Steven Chang, Long Island University, United States: tchang@liu.edu)

Service Intangibility, Cultural Factors, and Entry Mode Selection in Service Firms: A Conceptual Framework and Research Propositions

Kuo-Chien Chang, I-Shou University

David D.C. Tarn, I-Shou University

A considerable amount of research has focused on entry mode selection in international business and marketing academia, yet existing research has not explored the relationship among service intangibility, cultural factors, and entry mode selection. Accordingly, this study highlights how service intangibility needs to be seen from the perspectives of both service providers and service recipients and how cultural factors (cultural distance and host country culture) moderate the relationship between service intangibility and entry mode selection for international service firms. After a literature review, seven propositions are proposed and the authors question whether the foreign market entry mode selection differs significantly with the degree of service intangibility; whether the greater the cultural distance is, the greater the difference is in level of involvement during market entry between service firms embodied in different degrees of service intangibility; and whether the level of each host country's culture characteristic that service firms face in the host market with the extent of service intangibility exhibits interactive effects on entry mode selection. The authors further discuss other possible sources that may affect the relationship between service intangibility and entry mode selection for future empirical testing, and some practical suggestions and academic directions are also provided. (For more information, please contact: David D.C. Tarn, I-Shou University, Taiwan: dctarn@isu.edu.tw)

Session: 1.4.8 - Interactive***Multinationality and Performance***

Presented On: June 24, 2006 - 12:30-13:45

Intra-Regional Sales, Product Diversity, and Performance in Merchandising Multinationals

Alan M. Rugman, Indiana University
Nessara Sukpanich, Thammasat University

This study examines the relationships between intra-regional sales, product diversity, and performance of 45 merchandising firms using data from 1997 - 2003. The interaction effects between product diversity and intra-regional sales on performance are explored, using a curvilinear relationship. The analysis integrates three main theories, namely the resource-based view, transaction costs, and organization learning theory. The models measuring a firm's performance by return on assets (ROA) and return on sales (ROS) show that at high levels of intra-regional sales, small levels of product diversity can generate greater return to a firm but high levels of product diversity may hurt a firm's performance. The results also show that higher levels of intra-regional sales tend to enhance the impact of product diversity on performance. *(For more information, please contact: Nessara Sukpanich, Thammasat University, Thailand: nessara@econ.tu.ac.th)*

A Critical Note on the Multinationality - Performance Relationship in International Management Studies

Anthony Goerzen, University of Victoria
Lei Li, University of Portland
Alain Verbeke, University of Calgary

This note revisits the mainstream academic work on the relationship between multinationality and performance. We demonstrate that all of the past empirical work on this topic in international management studies is fundamentally flawed from a conceptual perspective. There is no valid theoretical rationale that would predict a particular relationship between multinationality and performance. In this note, we suggest that useful empirical work can still be conducted on the linkages between multinationality and performance, but subject to taking into account the concepts of variety and complexity. We formulate a number of hypotheses to start a renewed intellectual reflection on the above relationship. *(For more information, please contact: Lei Li, University of Portland, United States: lil@up.edu)*

The Impact of Corporate Social Performance on a Firm's Multinationality

Cyril Bouquet, York University
Yuval Deutsch, York University

Using panel data of 4,244 company years, we examine whether and how corporate social performance (CSP) affects firms' multinationality. Based on our extension of instrumental stakeholder theory into the international arena, we hypothesized a U-shaped relationship between CSP and multinationality. Results supported our contention that only when multinational corporations are substantially committed to CSP, they can recoup the cost associated with CSP investments, and improve their capacity to compete in foreign markets. When corporations engage only in intermediate levels of CSP they achieve lower levels of multinationality than firms operating at either anchor of the CSP continuum. We show that CSP not only affects firms' multinationality but also moderates a well established relationship between R&D investment and firms' multinationality. Implications for research and practice are discussed. *(For more information, please contact: Cyril Bouquet, York University, Canada: cbouquet@schulich.yorku.ca)*

Exporting and the Profitability of NIE Firms: The Moderating Effect of FDI

Yu-Ching Chiao, National Chung Hsing University
 Peng-yu Li, National Chengchi University
 Fang-yi Lo, National Chengchi University
 Chwo-Ming Yu, National Chengchi University

This study extends the research on the relationship between exporting and firm performance into the context of newly industrialized economies (NIEs). The study's examination of 577 Taiwanese manufacturers shows that the relationship between export-based internationalization and performance may be characterized by an inverted U-shaped curve. Furthermore, firms' engagement in foreign direct investment-based internationalization appears to have a negative moderating effect on the relationship between exporting and firm profitability. *(For more information, please contact: Yu-Ching Chiao, National Chung Hsing University, Taiwan: chiaoy@dragon.nchu.edu.tw)*

Cross-border Acquisition Waves: Country and Industry Effects

Protiti Dastidar, George Washington University
 Alexander Sleptsov, Tulane University

It is well established that domestic mergers and acquisitions tend to cluster in identifiable waves. We argue that the cross-border acquisition activity is characterized by a similar cyclical pattern, caused by different factors, including the acquirers' needs to acquire additional resources following economic or regulatory shocks, and by the herding behavior of acquiring managers. Drawing on the previous studies on merger waves, we put forward five hypotheses that link the incidence and timing of the cross-border merger waves with economic and regulatory shocks, market valuations in the acquirers' countries, as well as the character of the acquirer's industry (global vs. non-global). We present a large-scale empirical dataset that will help us to provide an in-depth look at the characteristics of the cross-border merger waves. Our initial findings provide some support for the notion that the cross-border waves tend to occur in waves across industries and countries. We also discuss the directions of the future development of this research. *(For more information, please contact: Protiti Dastidar, George Washington University, United States: dastidar@gwu.edu)*

Session: 1.4.9 - Interactive***Corporate Social Responsibility, Ethics, Justice***

Presented On: June 24, 2006 - 12:30-13:45

Does Corruption Make Firms Bribe?: An Empirical Investigation

Seung-Hyun Lee, University of Texas at Dallas
 Kenny Oh, University of Texas at Dallas

We examine how the level of exposure to a corrupt institution and the two dimensions of corruption – pervasiveness and arbitrariness – affect the bribing behavior of a firm using a large number of firms from various countries. Drawing on institutional theory, we show that the more a firm is exposed to potential corruption environment, the more the firm would engage in corrupt behavior or bribing government officials. We also show that while pervasiveness of corruption promotes more bribery, arbitrariness of corruption decreases the amount of bribery to government officials. *(For more information, please contact: Kenny Oh, University of Texas at Dallas, United States: kennyoh64@yahoo.com)*

Corporate Social Responsibility in the Multinational Enterprise: Strategic and Institutional Approaches

David B. Allen, Instituto de Empresa

Bryan W. Husted, Tecnológico de Monterrey and Instituto de Empresa

What is the relationship of global and local (country-specific) corporate social responsibility (CSR) to international organizational strategy? Following the strategic logic of the Bartlett and Ghoshal (1989) typology applied to the realm of CSR, multinational firms should respond to pressures for integration and responsiveness from salient stakeholders. However, an institutional logic would suggest that multinational firms will simply replicate the existing product-market organizational strategy (multidomestic, transnational, global) in their management of CSR. Thus, multidomestic and transnational firms will place more importance on local CSR issues than global firms, just as they do in their product-market strategies. In effect, global firms may not emphasize local CSR issues. These alternative approaches are tested with a survey instrument sent to MNEs operating in Mexico. The results of this study are consistent with the proposition that institutional pressures, rather than strategic analysis of social issues and stakeholders, are guiding decision-making with respect to CSR. Global MNEs will need to develop capabilities not contemplated by the organizational strategy typology. We develop implications for MNE management and research, as well as public policy. *(For more information, please contact: Bryan W. Husted, Tecnológico de Monterrey and Instituto de Empresa, Mexico: bhusted@itesm.mx)*

The Effects of Organizational Justice Across Cultural Dimensions

Run Ren, Texas A&M University

Elizabeth Umphress, Texas A&M University

In this paper, I propose a theoretical framework about how organizational justice will have different effects on employees' attitudinal outcomes (e.g., job satisfaction, organizational commitment, trust to the supervisor, and trust to the organization) across cultures. Hofstede's cultural dimensions are used to develop this framework. Implications and future research are discussed. *(For more information, please contact: Run Ren, Texas A&M University, United States: Lren@mays.tamu.edu)*

Session: 1.4.10 - Interactive***Regions and Location***Presented On: June 24, 2006 - 12:30-13:45*A Model to Evaluate Transient Industry Effects: Cross-Border Comparisons*

Africa Ariño, IESE Business School

Miguel A. Ariño, IESE Business School

In this paper we present a model to evaluate transient industry effects, that is, the impact of business cycles on the industry. While the importance of the economic cycle for industry and firm performance is widely recognized, we do not know much about the process by which the business cycle influences industry activity and, thus, firm performance. The aim of this paper is to present a procedure that helps to understand the relationship between the business cycle and an industry's level of activity. The model is applied across a number of industries and countries. *(For more information, please contact: Africa Ariño, IESE Business School, Spain: afarino@iese.edu)*

The Influence of Regionalisation and Psychic Distance on the Direction of Australian Exports

Paul Brewer, University of Queensland
Garry Sherriff, University of Queensland

International business research has identified separately two distinct influences on the direction of firm internationalisation. One of those influences is psychic distance, the other is regionalisation. This paper sets out to test the influences of regionalisation and psychic distance on the direction of Australian merchandise exports. The paper applies a quantitative methodology using a multiple regression model on a large, purposively compiled data set. Unlike most previous outward internationalisation studies, which use the firm as the unit of analysis, this paper uses aggregated Australian export values by country destination and export category over an extended time period, 1990 to 2004. The findings show that regionalisation is the dominant influence on the direction of Australian merchandise exports. This has important trade policy implications for Australian state and federal governments, related export promotion agencies and for managers of Australian firms, as well as for international business researchers generally. *(For more information, please contact: Paul Brewer, University of Queensland, Australia: p.brewer@business.uq.edu.au)*

Regional Differences in Career Beliefs of Higher Education Students of the People's Republic of China

Cherlyn Skromme Granrose, Berry College
John R. Grout, Berry College

Written questionnaires from 259 students of five PRC provincial higher education institutions revealed that significant regional differences in beliefs exist, particularly in Xin Jiang and Guangdong. Guangdong students had the most specific and longest career plans. For career goals, Guangdong students thought working conditions were more important than XinJiang students and XinJiang and Jilin students believed advancement was more important than did students for Beijing and Guangdong. XinJiang students thought loyalty to supervisors as a career tactic was less important than those from Guangdong and that it was more important to start your own company than students from Guangdong and Fuzhou. Students from XinJiang believed that guanxi in the form of help from influential people would be less likely to control their career than those from Jilin and that the fit between their personal characteristics and job characteristics would be less influential than did students for Guangdong, Beijing, and Jilin. Jilin students were more likely than Fuzhou, XinJiang and Guangdong students to believe national politics would influence their careers. There were some gender differences in these findings as well. *(For more information, please contact: Cherlyn Skromme Granrose, Berry College, United States: cgranrose@berry.edu)*

Session: 1.4.11 - Interactive***Cross Culture, IHRM, Expatriates***

Presented On: June 24, 2006 - 12:30-13:45

The Role of Culture Attributes in Inequality

Miki Malul, Ben-Gurion University
Amir Shoham, The College of Management

This paper used cross country data in order to identify the variables that determine the inequality and poverty within countries. The main result is that culture differences have a significant role in the explanation of inequality and poverty differences between countries. Other interesting results are that globalization above a certain level contributes to inequality and poverty, and that inequality and poverty have an inverse U relation in relation to literacy. *(For more information, please contact: Amir Shoham, The College of Management, Israel: amirsho@bgu.ac.il)*

The Impact of Identity, Justice, and Rank on Same-sex and Cross-gender Networking
Irene Hau-siu Chow, Chinese University of Hong Kong

This paper examines whether the preference for network associates by female managers is affected by perceived unfairness toward women, ability to bring about change. We extend the existing research by going beyond gender differences in network pattern, to focus on whom female manager's networking behaviors with from three perspectives, (1) hierarchical status, (2) discrimination and justice, (3) level of efficacy and participation in decision making. More specific, first, existing literature suggests that female managers prefer to network with people with higher status for instrumental support. We investigate the influence of hierarchical rank on women's preference on network pattern. The second perspective links to female's perception of fairness and justice. The perceived discrimination toward women will be analyzed based on exit and voice model. Third, individual difference matters in response to perceived justice. Whether individuals will take collective action to fight for justice depends on chance to participate in decision-making and ability to bring about change. This study seeks to test the hypotheses with multiple predictors. Implications for research and management practices will be provided. *(For more information, please contact: Irene Hau-siu Chow, Chinese University of Hong Kong, Hong Kong: irene@baf.msmail.cuhk.edu.hk)*

The Effect of Supervision Style and Decision-making on Role Stress and Satisfaction of Senior Foreign Managers in International Joint Ventures in China

Lung-Tan Lu, Fo Guang University
Yuan-ho Lee, Fo Guang University

The major aim of this paper is to examine the relationships among supervision style, decision-making, and role stress satisfaction of senior managers. Empirical results came from 82 Japanese and Taiwanese senior managers of international joint ventures (IJVs) in China. It is found that role conflict and role overload are weakly related to supervision style, and role ambiguity is positively related to decision-making in Japanese Group. However, role ambiguity is negatively associated with supervision style and decision-making in Taiwanese JVs. Several explanations and suggestions are made for further research. *(For more information, please contact: Lung-Tan Lu, Fo Guang University, Taiwan: ltl@mail.fgu.edu.tw)*

Mentoring in the Chinese Organizational Environment: How it Relates to Job Performance and Workplace Attitudes of Protégés

Nikos Bozionelos, University of Durham
Qin Xia, University of Sheffield

The study aimed at extending the mentoring literature by investigating the relationship of amount of experience as protégé with job performance and an array of workplace attitudes in China. Participants were 239 Chinese sales persons. Amount of experience as protégé was marginally related to job performance. Furthermore, and also in line with expectations, amount of experience as protégé was positively related to job satisfaction and organizational commitment, and was negatively related to turnover intentions. The findings point that mentoring is associated with positive outcomes for protégés and for organizations across national cultures. However, the study also implies that the prevalence of informal mentoring in the organizational environment depends on the national cultural context. *(For more information, please contact: Nikos Bozionelos, University of Durham, United Kingdom: nikos.bozionelos@durham.ac.uk)*

Factors That Discriminate the Six Occupational Categories as Mentioned by Holland in an Indian Adult Working Population

Vijaya Talluri, PSG Institute of Management

The research aims at identifying what combination of variables would significantly discriminate the six occupational categories as mentioned by Holland. The sample consisted of 300 working adults grouped into six occupational categories. Data was analysed with the help of stepwise multiple discriminant functional analysis and five functions were evolved. Function I is named self-esteem, Function II – relationship oriented, Function III creative problem solving, Function IV gregariousness, Function V self oriented. Further analysis of all the five functions in relation to each of the six occupational categories it was found that category 1 is high in self esteem, average on relationship orientation, creative problem solving and gregariousness. It is slightly negative on self orientedness. Category 2 is average on self esteem, relationship orientation, gregariousness and self orientation. This category is high on creative problem solving. Category 3 is negative on self esteem and relationship orientedness and average on creative problem solving, gregariousness and self orientedness. Category 4 is negative on self esteem, positive on relationship orientation and average on creative problem solving, gregariousness and self orientedness. Category 5 is positive on self esteem and gregariousness, average in relationship orientedness and self orientedness and negative on creative problem solving. Category 6 is average on self esteem, relationship orientation and self orientation. This group is negative on creative problem solving and gregariousness. The findings provide validity for Holland's theory in an Indian context. Further research starting from early adolescence has been recommended. *(For more information, please contact: Vijaya Talluri, PSG Institute of Management, India: vijaya_ranjit@yahoo.co.uk)*

Effects of Staffing Composition on Subsidiary's Performance in Corporate Strategic Reorientation

Qin Yang, Temple University

Researchers on multinational corporations (MNCs) staffing have placed great emphasis on the subsidiaries' top managers selection such as expatriation and inpatriation, which are mainly examined in a stable corporate environmental contexts. During a dynamic period such as the stage of corporate strategic reorientation, how top managers achieve shared strategic recognition and make strategic decisions will be different from those at a stable stage, because MNCs' reorientation causes varied responses from the heterogeneous top management team. Based on upper echelon perspective, we argue that subsidiary's top managers' responses to the reorientation will have great influence on its performance. In this paper, we propose a model to explain how a subsidiary's staffing composition affects the formulation of top managers' shared cognition and subsidiary's performance during the time of corporate strategic reorientation. This paper provides implications for MNCs' managers to effectively manage human resources of subsidiaries, especially at the time of changing. *(For more information, please contact: Qin Yang, Temple University, United States: anneyang@temple.edu)*

Improving Global Knowledge Management Through Inclusion of Host Country Workforce Input

Jeffrey Gale, Loyola Marymount University
Cathleen McGrath, Loyola Marymount University
Yongsun Paik, Loyola Marymount University
Charles M. Vance, Loyola Marymount University

Overemphasizing the role of expatriates, past international human management research has relatively neglected consideration of important forms of involvement and contributions in global knowledge management by the host country workforce of foreign subsidiaries. Within a framework of global competitive strategy for MNCs, this paper examines critical roles of the HCW in a more inclusive picture of knowledge generation and utilization in effective global knowledge management. *(For more information, please contact: Yongsun Paik, Loyola Marymount University, United States: yspaik@lmu.edu)*

Analysis of Work Preferences among Professional Specialists: Practical Implications for Global Business Managers

G. Ronald Gilbert, Florida International University

Much focus has been placed on the effects cross national cultural contexts have on the performance of global work teams. Differences in team functioning has been well recognized and reported based on collectivistic-individualistic and time orientations, variance in risk avoidance, and high and low context behavior. In addition to having representatives from more than one nation, global work teams are also multidisciplinary. They consist of functional specialists from a variety of disciplines. This study focuses on differences in psychological work preferences among seven career types. It includes careerists in accounting and finance (N=318), information technology (N=104), international business (N=342), marketing (N=122), nursing (N=73), hospitality management (N=290), and education (N=114). Statistical analyses reveal differences in psychological work preferences among respondents representing these vocational fields. The differences identified are likely to contribute to dysfunctional global work team performance and point to the need for managers of such teams to find ways to constructively address the psychological differences among those who comprise global work teams. (For more information, please contact: G. Ronald Gilbert, Florida International University, United States: ron.gilbertems@gmail.com)

Management Localization as Resource Seeking and Its Impact on Performance: An Empirical Study of MNCs in China

Geng Cui, Lingnan University
Shengsheng Huang, Lingnan University

Although many FIEs in China put the localization at a strategic level, the impact of management localization on the interaction between the subsidiary and local environment has received little attention. From the resource-based view, management localization can be considered a solution to obtaining local-specific managerial resources for the multinationals. In the present study, the relationship between localization and performance was systematically and empirically investigated. Four moderating variables were also identified. The findings have meaningful implications for management localization practices. (For more information, please contact: Shengsheng Huang, Lingnan University, Hong Kong: shuang@ln.edu.hk)

Session: 1.4.12 - Interactive

Markets and Prices

Presented On: June 24, 2006 - 12:30-13:45

Co-Movements of the Pacific-Basin Stock Markets: Portfolio Diversification Implications

Joe Kim, Rider University
Gulser Meric, Rowan University
Ilhan Meric, Rider University
Lewis W. Coopersmith, Rider University

This paper studies the co-movements of twelve Pacific-Basin stock markets during the June 1995-May 2005 period. We use the principal components analysis technique to group the stock markets into two statistically significant principal components in terms of the similarities of their index return movements. Investors can maximize the portfolio diversification benefit by investing in the stock markets with high factor loadings in different principal components. The rolling correlation analysis results show that correlation between the Pacific-Basin stock markets has considerable time-varying volatility. The Granger-causality test results indicate that the

weekly index returns of eight stock markets are weak-form efficient. However, the weekly index returns of four stock markets do not follow a random walk. Most Pacific-Basin stock markets have significant lead/lag linkages. The Australian stock market is the only Pacific-Basin stock market with no significant linkages with the other stock markets. *(For more information, please contact: Ilhan Meric, Rider University, United States: Meric@rider.edu)*

State Equity Ownership and Firm Performance: China's Newly Privatized Firms

Eason Chen, University of Northern British Columbia
 Alex Ng, University of Northern British Columbia
 Ayse Yuce, Ryerson University

We examined as many as 743 Chinese firms that are listed between 1996 to 2003 to understand three questions: 1) what is the relationship between privatization (or state control) and value?, 2) what is the performance of partially privatized SOE firms?, and 3) what determines state ownership in Chinese firms?

Our findings support our hypothesis that there is a convex relationship between state ownership and market performance. This non-linear relationship illustrates the benefits of privatization and to state control that seems consistent with theory and evidence. That is, privatization benefits from a change in the bonding and monitoring of the agent manager and giving him control of income and property rights to increase firm value and profitability. State control also gives benefits to SOEs likely through government support, political advantages, and protection from bankruptcy, markets and especially of monopolies. We conclude that the relationship is convex. *(For more information, please contact: Ayse Yuce, Ryerson University, Canada: ayuce@ryerson.ca)*

Input Specificity and Global Sourcing

Galina Schwartz, University of California, Berkeley
 Ari Van Assche, HEC Montréal

This paper investigates the role of productivity on a firm's organizational choice and the type of inputs that it adopts. For this purpose, we expand Antràs and Helpman (2004) by allowing heterogeneous final good firms to choose between the use of specific and generic inputs. In input-intensive industries, final good firms face a trade-off between the lower productivity of generic inputs and the reduced hold-up friction that generic outsourcing entails. We demonstrate that the hold-up friction under generic outsourcing increases with the final good firm's productivity. If search costs are higher in the South than in the North, we demonstrate that: (i) high productivity firms choose ideal outsourcing to the South, (ii) medium productivity firms choose generic outsourcing to the South, (iii) low productivity firms choose generic outsourcing to the North. *(For more information, please contact: Ari Van Assche, HEC Montréal, Canada: ari.van-assche@hec.ca)*

Session: 1.4.13 - Interactive

Networks, Alliances and JVs

Presented On: June 24, 2006 - 12:30-13:45

Effects of Networks on Organizational Learning Capability and Firm Performance

Supara Kapasuwan, Dhurakij Pundit University
 James McCullough, University of Puget Sound

A study of 137 exporting firms in Thailand and the United States indicates that organizational learning capability has a positive effect on domestic and international performance. Certain characteristics of networks created by

firms appear to influence organizational learning capability leading to better performance. The quality rather than the quantity of network relationships appears to be important in increasing organizational learning capability and performance. *(For more information, please contact: Supara Kapasuwan, Dhurakij Pundit University, Thailand: supara.kap@dpu.ac.th)*

Impact of Cross-border M&A on Economic Growth in Developing Countries
Pooja Thakur, Rutgers University

This study analyses the impact of the cross border M&A on the economic growth in developing countries. Cross border M&A are increasingly becoming the preferred mode of entry by MNCs. Previous research has found that this mode of entry may not help in the development of the host country due to lack of contribution to productivity. On the other hand, some recent papers have shown that there should be no distinction made between the two types of FDI entry, greenfield and cross-border M&A, as they both will lead to economic growth in the long term. This study provides an empirical analysis of the impact of cross border M&A on economic growth in developing countries and compares it with the greenfield investments. Data from twenty five developing countries over a period of six years is used to determine the role of cross border M&A in increasing per capita GDP. *(For more information, please contact: Pooja Thakur, Rutgers University, United States: thakur@pegasus.rutgers.edu)*

Bonding Through Networks in the Global Financial Market
Liang Yu, University of Oxford
Paul Willman, University of Oxford

By analyzing the ex ante and ex post characteristics as well as the process of the biggest IPO event in 2003 by China Life Insurance Company Ltd., this paper explores the underlying networks and mechanisms of reputational bonding. The main objectives of this study are threefold: (1) to theorize and model the general process of an overseas IPO and the scope of reputational bonding in such setting; (2) to generate hypotheses about mechanisms of reputational bonding for future testing; and (3) to contribute to the sociology of financial markets by proposing new topics and potential areas of development. Due to the pressures of increased globalization, State Owned Enterprises from emerging market economies are undergoing fundamental reform to improve corporate governance, transparency and global competitiveness. Overseas listing has been adopted as a reform strategy in addition to a financing strategy. Therefore, global financial market discipline plays an important role in bonding the corporate governance of the listing firms and reputation consideration is a critical element in the operation of such market discipline. *(For more information, please contact: Liang Yu, University of Oxford, United Kingdom: liang.yu@sbs.ox.ac.uk)*

Determinants and Performance Effects of Trust in Korean New Product Alliances
Ludwig Bstieler, University of New Hampshire
Martin Hemmert, Korea University

We examine antecedents of trust formation and the effect of trust on alliance performance in 47 vertical new product development alliances in the South Korean machinery industry. Communication quality and perceived fairness were found to be significant contributors to trust formation. In contrast to our expectations, pre-existing relationships between the partners did not exert a direct positive influence on trust. Instead, they moderated the importance of fairness for trust formation. High levels of trust were found to clearly differentiate between higher and lower performing alliances. The results suggest that, contrary to a widespread perception, pre-existing relationships do not appear to be crucial for establishing trust with external alliance partners in Korea. When conducting partnerships with Korean firms, managers should rather focus on quality communication and fair behavior when trust formation is the objective. *(For more information, please contact: Martin Hemmert, Korea University, South Korea: mhemmert@korea.ac.kr)*

IJV Performance in Emerging Markets versus Non-Emerging Markets
Hemant Merchant, Simon Fraser University

This study investigates the comparative performance of international joint ventures (IJVs) located in Emerging and non-emerging markets. Relying on Dunning's OLI framework, the study proposes that institutional differences in these two sets of locations: i) will manifest in distinct patterns of O-factors and L-factors, ii) these patterns will manifest in asymmetric IJV performance, and iii) this performance will be influenced differentially by O-factors and L-factors. Based on an analysis of almost 1000 IJVs, this study finds support for two of its three propositions. *(For more information, please contact: Hemant Merchant, Simon Fraser University, Canada: HMERCHAN@SFU.CA)*

Alliance Relationship Dynamics: Conflict, Structure and Control
Saleema Kauser, Manchester Business School

With the current trend toward globalization and the increasing competitive and technological challenges of today's environment the formation of international strategic alliances has become an important part of many firm's international business strategies. Experience with international strategic alliances has shown that they face a number of problems, which can often result in the termination of the alliance. This study, was therefore, designed to assess the linkages between conflict, structure and control on relationship dynamics using a sample of UK-Japanese, UK-European and UK-American partnerships established during the period between 1989 and 1995. Data was gathered through a questionnaire survey amongst UK senior executives. The results show that conflict, the way in which the alliance is structured and managed can have important implications for the way in which the relationship is developed. *(For more information, please contact: Saleema Kauser, Manchester Business School, United Kingdom: skauser@man.mbs.ac.uk)*

The Effect of Mergers in Japan
Jing Gu, University of Tsukuba

The questions of whether merger is benefit for firms and why merger is popular have received significant attention from scholars in finance and strategy theory. We concentrate on the effect and the hidden motivation of it in our paper. By examining Japanese listed firms who apply an In-In merger strategy periods 1975--2004, we found that (1) Japanese large In-In mergers did not improve the merging firm's profitability, productivity, stability and growth; there is elapsed time effect on productivity. (2) Merger is popular because the senior executives desiring on their individual bonus upturn. Further, a contemporaneous effect of mergers on executive individual bonus is statistically negligible. *(For more information, please contact: Jing Gu, University of Tsukuba, Japan: kosei_jp@yahoo.co.jp)*

Session: 1.5.1 - Special Session

Farmer Dissertation Award Presentations

Presented On: June 24, 2006 - 13:45-15:00

Chair: Elizabeth Rose, Victoria University of Wellington

Presentations by the 2006 AIB Richard N. Farmer Doctoral Dissertation Award Finalists. The Farmer Dissertation Award is sponsored by Indiana University CIBER.

Inter-firm Knowledge Sharing and its Effect on Relationship Value: A Global Supply Chain Perspective
(Dissertation Awarded by: University of Tennessee)
Mee-Shew Cheung, Xavier University

Managing Matters: Transferring Organizational Practices Within Multinational Companies (Dissertation Awarded by: Norwegian School of Management)
Jon Erland Lervik, Norwegian School of Management

How National Institutions Influence Firms' Knowledge-Building Alliance Strategies (Dissertation Awarded by: George Washington University)
Gurneeta Vasudeva, Indian School of Business

Session: 1.5.2 - Panel

Track: Track 3 - Managing People Across Cultures

Cultural Variations in Global Management and International Business: Implications for 21st Century

Presented On: June 24, 2006 - 13:45-15:00

Chair: Rabi S. Bhagat, University of Memphis

Composed of three presentations this symposium provides some of the major theoretical and empirical developments in the area of cultural variations in global management. The first presenter is from Arizona State University and she is highly knowledgeable on various organizational issues and international management operations in People's Republic of China. The second presenter, Guenter Stahl, is originally from Germany but now is a professor of organizational behavior at INSEAD in Singapore. He is in a unique position to enlighten the audience on the intricacies of cultural similarities and dissimilarities that come into play in cross-border mergers and acquisitions. Bhagat, Kedia and Shin, have collected a series of ethnographic episodes of cultural clashes around the world and will present their theoretical insights based on a detailed analysis of socio-cultural histories of the groups involved in these instances of cultural clashes. Implications for progress of globalization as well as future research directions in the field of international management and business will also be discussed at length. Our two discussants are well known scholars in the field of cross-cultural management and international business and their insights will be of significant value in enhancing the quality of the overall knowledge that would be generated during this symposium in Beijing.

(For more information, please contact: Rabi S. Bhagat, University of Memphis, United States: rbhagat@memphis.edu)

Employee-Organization Relationship: Cross-Cultural Similarities or Differences
Anne S. Tsui, Arizona State University

The Puzzle of the Performance Implications of Cultural Differences in Mergers and Acquisitions: Opening up the Black Box of Integration
Guenter Stahl, INSEAD

Culture Clashes Around the World: Implications for Cross-Cultural Management and International Business
Rabi S. Bhagat, University of Memphis
Ben L. Kedia, University of Memphis
Mannsoo Shin, Korea University Business School

Discussants:

John Child, University of Birmingham
Kwok Leung, City University of Hong Kong

Session: 1.5.3 - Competitive

Track: Track 4 - International Strategic Management

R&D Strategies

Presented On: June 24, 2006 - 13:45-15:00

Chair: Peter Ping Li, California State University, Stanislaus

Regional Economic Integration and R&D Investment

Alvaro Cuervo-Cazurra, University of South Carolina
C. Annique Un, University of South Carolina

We analyze the influence of a regional economic integration agreement (REIA) on a firm's investments in research and development (R&D). A country's entry into a REIA creates two competing influences on the firm's R&D investments. On the one hand, increased competition in product markets after the REIA would induce the firm to invest in internal R&D to improve its distinctive technological competitiveness. On the other hand, better access to sources of inputs in factor markets after the REIA would induce the firm to purchase external R&D because it can outsource technology more easily. Surprisingly, the empirical analysis shows that the REIA's impact on R&D investment is driven primarily by product markets rather than by factor markets. After the REIA, product markets induce firms not only to invest more in internal R&D but also purchase more external R&D. In contrast, after the REIA factor markets have limited influence on internal or external R&D investments. *(For more information, please contact: C. Annique Un, University of South Carolina, United States: annique_un@moore.sc.edu)*

R&D Investment of Subsidiaries of Foreign MNEs Versus Domestic Firms in the Same Country

Alvaro Cuervo-Cazurra, University of South Carolina
C. Annique Un, University of South Carolina

Despite the growing involvement of multinational enterprises (MNEs) in foreign-based research and development (R&D), there has been little research comparing subsidiaries of foreign MNEs to domestic firms within the same country. Subsidiaries of foreign MNEs enjoy advantages that help them compete against domestic firms in the same country; however, when deciding on investing in R&D, these advantages exert competing influences on their decision. On the one hand, better access to and transfer of technologies from other subsidiaries and centers of excellence would encourage the subsidiary to invest less relative to a domestic firm. On the other hand, better access to sources of capital and the need to overcome the difficulties of being a foreign firm would induce the subsidiary to invest more in R&D in comparison to domestic firms. We address this dilemma empirically, showing that subsidiaries are more likely to invest in R&D than domestic firms. However, among R&D-active firms, subsidiaries invest less than domestic firms. The paper provides implications for the differences between the theory of the multi-division domestic firm and the theory of the multinational firm. *(For more information, please contact: C. Annique Un, University of South Carolina, United States: annique_un@moore.sc.edu)*

Aligning Technology Policy With Business Strategy in a Transition Economy
Howard Arthur Davies, Hong Kong Polytechnic University

Data from 959 firms in Mainland China are used to investigate the proposition that their technology policies are determined by both the environment and their choice of business strategies. Technology policy is characterized in terms of the number of full-time R&D employees, 'technological aggression', 'process innovation' and 'new product development'. The environment is characterized in terms of competitive intensity, 'marketization?', technological opportunity and the regime of appropriability. Standard scales are used for business strategy. The results suggest that Chinese firms align their technological aspirations with their business strategies. They also suggest policy issues which the Chinese authorities need to address (*For more information, please contact: Howard Arthur Davies, Hong Kong Polytechnic University, Hong Kong: mshoward@polyu.edu.hk*)

The Synchronization of Innovation Management and Competitive Strategy
Ziqi Liao, Hong Kong Baptist University

This paper explores strategically important issues in relation to the synchronization of innovation management and competitive strategy based on the data collected from Japanese and Australian technology-based companies. The empirical analysis indicates that Japanese companies would carry out intensive research and development and differentiate products to cope with the demands of different market segments. On the other hand, Australian companies would aim to achieve competitive advantage in selected market segments. The analysis also suggests that research and development must synchronize with competitive strategy in order to achieve strategic consistency. At the same time, it is imperative to continuously orchestrate different competitive strategies and innovation activities in the light of the dynamic market environments. Further analysis along the line can generate useful guidelines for strategic planning and innovation management. (*For more information, please contact: Ziqi Liao, Hong Kong Baptist University, Hong Kong: victor@hkbu.edu.hk*)

Session: 1.5.4 - Competitive
Track: Track 7 - Learning, Knowledge and Innovation

Cooperative Networks and Industry Clusters

Presented On: June 24, 2006 - 13:45-15:00

Chair: Janet Fulk, University of Southern California

Knowledge Access and Knowledge Acquisition in Clusters: What is Their Role in SME's Internationalization
Snejina Michailova, University of Auckland
Sylvie Chetty, Massey University

This paper focuses on how internationalizing small to medium sized enterprises access and acquire knowledge within a regional industry cluster. The internationalization literature and the knowledge-based view literature are integrated to obtain new insights about knowledge access and knowledge acquisition within industry clusters. The paper makes a distinction between knowledge access and knowledge acquisition and between knowledge type and dimension. A conceptual model and propositions are developed with cluster membership as the antecedent influencing knowledge access and knowledge acquisition. In this model absorptive capacity, both potential and realized, is the moderating variable influencing how this knowledge is used to accelerate the internationalization of cluster members. The New Zealand Boat Building cluster is used as an example to illustrate the theoretical framework for this paper. (*For more information, please contact: Sylvie Chetty, Massey University, New Zealand: s.chetty@massey.ac.nz*)

Understanding Local Clusters Through Global Firms: the Semiconductor Industry

Juan Alcacer, New York University
 Minyuan Zhao, University of Minnesota

While firms benefit from the knowledge flow in technology clusters, they also risk losing valuable technologies to nearby competitors. In this study, we argue that a firm's R&D strategy at a particular location depends on the firm's overall organizational structure. Multi-location firms may allocate less vulnerable projects to clustered areas; they may also incorporate locally developed technologies quickly into their global capabilities, hence reducing imitation risks. Empirical analysis of the global semiconductor industry provides supportive evidence that in highly competitive clusters, technologies tend to be more internalized and big firms maintain a larger technological distance from their local competitors. The findings offer important insights into the interaction between firms' internal organization and their external environments. *(For more information, please contact: Minyuan Zhao, University of Minnesota, United States: mzhao1@csom.umn.edu)*

"Cooperative Relationships As A Factor Of Competitiveness: An Application To Spanish Firms ?

Raquel Marin, Universidad Complutense Madrid
 Antonio Fonfria, Universidad Complutense Madrid
 Isabel Alvarez, Universidad Complutense Madrid

Two main forces coincide nowadays in the characterisation of productive systems. On the one hand, the internationalisation of markets and economic activities has resulted in an increasing competition worldwide and a new and more global division of labour. On the other, the greater complexity of technology makes innovation a key factor in manufacturing firms' competitiveness. Cooperative network relationships seem to be important in both processes. This paper aims to explore this aspect in the competitiveness behaviour of four Spanish manufacturing industries: food, chemicals, electronics and vehicles. Data has been obtained from a survey conducted specifically for this purpose at the firm level. Findings from the empirical analysis, based on the application of the Polytomus Logit Universal Model (PLUM), confirm the positive effects of the ability to network on company performance, particularly, intra-firm cooperation, cooperation between competitors and user-producer relationships. *(For more information, please contact: Isabel Alvarez, Universidad Complutense Madrid, Spain: isabel.alvarez@ccee.ucm.es)*

Session: 1.5.5 - Competitive

Track: Track 1 - The Context of Global Business

Regional and Bilateral Trade

Presented On: June 24, 2006 - 13:45-15:00

Chair: Stephen Tallman, University of Richmond

The Regional Dimension of UK Multinationals

Alina Kudina, University College London
 Alan M. Rugman, Indiana University
 George S. Yip, London Business School

Within the literature of international business there is a well-established branch that examines the relationship between the multinationality and performance of multinational enterprises (MNEs). It has been found that as firms expand internationally (for example, as the ratio of foreign-to-total sales increases) there is a positive effect on firm performance (usually measured by return on total assets, ROTA). We advance this literature in

three ways: i) we focus on the recent performance of UK MNEs, in terms of ROTA, but also in terms of their return on foreign assets (ROFA); ii) we examine the ratio of European (E) to total (T) sales of these UK MNEs. This introduces intra-regional sales (E/T) as an explanatory variable affecting performance for the first time; iii) we test the relationship between (E/T) and both ROFA and ROTA, and find a significant non-linear fit which we discuss. We conclude that the international effect of UK MNEs is better explained by a regional unit of analysis, rather than a purely global one. *(For more information, please contact: Alan M. Rugman, Indiana University, United States: rugman@indiana.edu)*

Emerging Countries, Regionalization and World Trade
Brigitte Lévy, University of Ottawa

The economic development of emerging countries such as China, India, Brazil, and Russia has serious implications for the multilateral trading system, and government policies worldwide. This paper explores globalization and regionalization processes in order to assess the effects of trade liberalization on emerging countries. Today, major economic players tend to focus on bilateral and regional agreements, and attention must be paid to the impact of these agreements on the multilateral trading system and the 'trilateral world economy'. One aspect that stands out from our study is that the role of countries such as China and India, which are reshaping trade patterns, remains to be defined within the Asian regional framework. Also, we stress that equity issues have an important role to play, both at a regional and global level. Last, consideration of the intersections between the regional and/or bilateral trade agreements of member countries raises interesting questions about the role of trade blocs in the future trajectory of the global economy. *(For more information, please contact: Brigitte Lévy, University of Ottawa, Canada: levy@management.uottawa.ca)*

A Bilateral Analysis of Bilateral Investment Treaties
Witold J. Henisz, University of Pennsylvania
Srividya Jandhyala, University of Pennsylvania
Edward D. Mansfield, University of Pennsylvania

Bilateral investment treaties (BITs), intergovernmental treaties that establish terms and conditions for investment by nationals and companies of one country in the jurisdiction of another, have become one of the most important international institutions to support foreign direct investment (FDI) between developing and developed countries. We argue that to fully understand the popularity and proliferation of BITs, we need to model the interests of both developing and developed countries. We draw on institutional theory, the literature on credible commitment as well as economic and political motivations for signing a BIT in developing our model. Our empirical results identify the two simultaneous decision processes within developed and developing countries that can result in the signing of a BIT. *(For more information, please contact: Srividya Jandhyala, University of Pennsylvania, United States: srividya@wharton.upenn.edu)*

Regional Integration and FDI: Winners and Losers
Dorothee Feils, University of Alberta
Manzur Rahman, University of San Diego

Regional economic integration not only affects trade but also foreign direct investment from firms inside and outside of the integrated area. We develop a framework for the implications of regional economic integration on upstream and downstream FDI from insider and outsider countries. We proceed to empirically analyze the inward FDI flows from 59 countries into the OECD countries between 1980 and 2003 in light of our framework. *(For more information, please contact: Dorothee Feils, University of Alberta, Canada: dorothee.feils@ualberta.ca)*

Session: 1.5.6 - Competitive
Track: Track 8 - Offshoring and Outsourcing

Conceptual insights into offshore outsourcing

Presented On: June 24, 2006 - 13:45-15:00

Chair: Somnath Lahiri, University of Memphis

Relationship Between Global Sourcing Strategy and Performance of Knowledge-Based Services: A Strategic Fit Perspective

Janet Y. Murray, University of Missouri, St. Louis
Stanford A. Westjohn, Saint Louis University

Knowledge-based services have become more separable due to technological advances, thus providing more opportunities for firms to capitalize on global sourcing for market performance advantages. Based on a strategic fit perspective, we develop a theoretical framework to investigate service- and firm-level factors that affect global sourcing strategy, and the factors that moderate the relationships between global sourcing strategy and market performance. We propose that while global sourcing of knowledge-based services can improve performance, managers should carefully select the services they source and be conscious of their sourcing capabilities. *(For more information, please contact: Stanford A. Westjohn, Saint Louis University, United States: westjohn@slu.edu)*

Do Firms Outsource Their Future? International Outsourcing of New Product Development and the Competitive Advantage of the MNC

Bjorn Rosenberger, Freiberg University of Mining and Technology
Michael C. Nippa, Freiberg University of Mining and Technology

In a world of globalized competition, Multinational Corporations (MNCs) are increasingly outsourcing parts of their new product development (NPD) process to international R&D Contractors (RDCs). This practice seems to contradict conventional wisdom and theoretical reasoning mandating that innovation and the capability to develop new products are the firm's cornerstones for sustainable competitive advantage and need to be protected accordingly. We want to advance our understanding of international NPD-outsourcing and its long-term impact on the competitive advantage of the MNC by illustrating its business relevance and characteristics and by proposing a relationship model based on resource-based theory and dynamic capabilities theory. First insights derived from the model suggest that international NPD-outsourcing may impede the MNCs dynamic capabilities and can cause new competition. *(For more information, please contact: Bjorn Rosenberger, Freiberg University of Mining and Technology, Germany: brosenberger@triconiti-ventures.com)*

New Faces of Offshoring: A Typology of Work Design and Business Models

Francisco Nicolai Candelo, Vifares Ltd.
Wade M Danis, Georgia State University
Riju Mittal, Hexaware Inc.
Duane Truex, Georgia State University

This paper provides a comprehensive conceptual framework for understanding the increasing variety of outsourcing and offshoring options available to international firms. Drawing on illustrative case studies, we aim to guide scholars and managers in evaluating and assessing alternative models for managing their business activities transnationally. We discuss key business issues that should be considered when choosing among outsourcing options, including cost reduction, education, new market opportunities, intellectual property, and

strategic advantage. We conclude by offering recommendations for governments, firms and individuals, in both developed and emerging countries, as to how they might leverage opportunities, and mitigate risks, associated with international outsourcing and offshoring. *(For more information, please contact: Wade M Danis, Georgia State University, United States: wdanis@gsu.edu)*

Session: 1.5.7 - Competitive

Track: Track 5 - Entry, Expansion & Operations Strategies

Foreign Investors' Location Decisions within Emerging Economies

Presented On: June 24, 2006 - 13:45-15:00

Chair: Stanley Nollen, Georgetown University

The Importance of Internal and External Networks for Foreign Subsidiaries at Start-up Stage: A Comparative Analysis of SMEs and Large Firms

Sheng-Ya Tseng, National Chengchi University

Chwo-Ming Yu, National Chengchi University

The authors try to explain the different usage of external and internal networks of foreign subsidiaries between Small- and Medium-sized enterprises (SMEs, hereafter) and large firms at their start-up stage, and figure out the interactive effects of internal and external networks on the survival of foreign subsidiaries. Besides, the authors explore the unique characteristics of external networks. The article adopts exploratory case study, and examines the activities of four cases of 3 companies that have new subsidiaries abroad. It reveals that while large firms provide rich internal resources, the subsidiaries of SMEs highly rely on external networks in host country, and are prone to leverage the social ties which results in path-dependence networks at their start-up stage. In contrast, subsidiaries of large firms are likely to use business tie and intentionally manage their networks. Finally, based on the resource availability of internal and external networks, we categorize the foreign subsidiaries into four different conditions, and propose that the resource availability in host country is critical to the survival of subsidiaries. *(For more information, please contact: Sheng-Ya Tseng, National Chengchi University, Taiwan: g1355501@nccu.edu.tw)*

Legitimation in Density Dependence Model: The Moderating Role of Firm and Location Heterogeneity

Nan Zhou, National University of Singapore

We examine the location choice of Japanese firms' foreign investments during the period of 1992 to 2001 across different countries. We define a niche in which legitimation is the dominant process so that we can study legitimation more directly. Furthermore, the relationship between population density and the likelihood to enter a new market is moderated by both firm and location specific factors. By linking neo-institutional theory and ecology theory, this study sheds new light on how legitimization processes unfold to influence a major strategic decision such as a firm's location choice of international expansion. *(For more information, please contact: Nan Zhou, National University of Singapore, Singapore: g0403306@nus.edu.sg)*

Firm Capabilities, Agglomeration Economies and Localization of Overseas Subsidiaries: A Study on Localization of Japanese Electronics Multinationals

Chaerin Yun, Seoul National University

Wilbur Chung, University of Maryland

Jaeyong Song, Seoul National University

This study investigates the determinants of the localization of Japanese electronics subsidiaries. Specifically we focus on how the firm capabilities and the agglomeration economies affect the level of localization those overseas subsidiaries accomplish. Tobit regression results generally support our main arguments. Local subsidiaries' experiential capability contributes the localization, while MNC headquarters' global capabilities have negative effects on the subsidiaries' localization. As for agglomeration economies, other Japanese agglomeration does not help the subsidiaries' localization but the affiliate agglomeration turns out to be very strongly positive effect on the subsidiaries' localization. *(For more information, please contact: Jaeyong Song, Seoul National University, South Korea: jsong@snu.ac.kr)*

Corporate Governance, Entry Mode and Location Strategies: Evidence from Taiwanese Firms

Roger Strange, King's College London
 Jenifer Piesse, King's College London
 Yung-Chih Lien, National Taiwan Ocean University
 Igor Filatotchev, King's College London

This paper explores the determinants of entry mode and location choice by firms from one emerging market (Taiwan) in another (the People's Republic of China). It shows that the two decisions are inter-related, with the chosen equity stake for the affiliate depending inter alia upon the location, and the favoured location within China depending inter alia upon the equity stake. Both decisions depend upon corporate governance characteristics of the parent. *(For more information, please contact: Roger Strange, King's College London, United Kingdom: roger.strange@kcl.ac.uk)*

Session: 1.5.8 - Competitive

Track: Track 2 - Economics, Finance, Taxation, Regulation

Governance (I)

Presented On: June 24, 2006 - 13:45-15:00

Chair: Ruth Aguilera, University of Illinois at Urbana-Champaign

Corporate Transparency in China: Factors Influencing Financial Disclosure Levels

Richard Donald Morris, University of New South Wales
 Queenie Wei Yan Leung, University of New South Wales
 Sidney John Gray, University of Sydney

The paper examines whether four regulatory features in China are associated with corporate financial reporting transparency of Chinese listed companies. The regulatory features are: (a) State-control of listed companies – which has allegedly led to tunnelling wealth away from outside shareholders and which we predict will be associated with lower transparency; (b) requirements that Chinese companies with B, H or N shares prepare financial statements in accordance with foreign GAAP, while companies with only A-shares use Chinese GAAP; (c) minimum profitability hurdles for listed companies to remain listed or to raise new equity capital via rights issues – a feature which produces incentives to manage earnings upwards and transparency downwards; and (d) qualified audit reports lead to a company's shares being potentially delisted – from which we argue that companies with a Big4 auditor will be more transparent. We measure financial reporting transparency using a disclosure checklist of 441 IAS items from which we calculated (a) an overall transparency index; (b) an index based on IAS items also required by PRC GAAP and (c) an index based on voluntary disclosure of IAS items not also required by PRC GAAP. We find that financial reporting transparency is lower in State-controlled companies, in companies that fail to meet the delisting profitability hurdle and in those that are managing their earnings upward. Transparency is higher in companies with B, H or N shares and a big 4 auditor and in

companies that are larger (a control variable). The results suggest that the four regulatory features are important determinants of financial reporting transparency in China. *(For more information, please contact: Sidney John Gray, University of Sydney, Australia: s.gray@econ.usyd.edu.au)*

Interaction Effects of Country Specific Characteristics and Internal Corporate Governance Mechanisms on Profitability

Victoria Krivogorsky, San Diego State University

The purpose of this study is to examine the significance of cross-national differences in selected country specific characteristics (depth of financial market, quality of investor and creditor protection and workers'/unions' involvement in decision-making), and their interaction with governance mechanisms (board composition and ownership concentration). Moderated regression analysis is used to assess the interaction effects of these variables on company profitability. A difference in this study over most of existing work is that this study does not fully rely on categorization of accounting systems or dichotomy between common and code law countries. It attempts to show that companies from within the same system have significant differences in certain cross-national characteristics, which affect their performance.

The interaction effects are examined using data from 75 European firms registered on NYSE. Results indicate strong moderating effects of banks concentration ratio, quality of investors and creditors rights protection and labor power on the relationship between board composition, ownership characteristics and company's performance. *(For more information, please contact: Victoria Krivogorsky, San Diego State University, United States: vkrivogo@mail.sdsu.edu)*

Political Connections and Transparency of Corporate Governance in Emerging Economies

Zhonghua Wu, National University of Singapore

Chi-Nien Chung, National University of Singapore

This study extends the literature on corporate governance issues beyond the narrow confines of law and economics perspectives to embrace the political dimension and contextual issues. In particular, we want to investigate the operations of discrete institutions in the corporate governance matrix, that is, to explore the impact of sound corporate governance system by (1) the extent of insider control, (2) the extent of foreign shareholders' involvement, (3) the presence of political connections by corporate insiders, and (4) the interaction between the above institutions. Using data from 927 Taiwanese publicly traded firms in 2003, we find that the existence of political connection results in less transparent corporate governance. The extent of insider ownership is negatively related with the level of corporate transparency. However, as insider ownership increases, it will positively moderate the association between political connection and transparency. The extent of foreign ownership is positive related with the level of corporate transparency, while its moderating effect on the association between political connection and transparency is contingent on its own level. These findings are robust even when considering the existence of informal connections between corporate insiders and the President, as well as the existence of independent directors in the board. *(For more information, please contact: Zhonghua Wu, National University of Singapore, Singapore: g0403303@nus.edu.sg)*

The Firm Value Effect of Inherited Wealth in the Board Room: A Non-Anglo-American Perspective

Sanjay Goel, University of Minnesota, Duluth

Virginia Blanco Mazagatos, Universidad de Burgos

Trond Randøy, Agder University College

Insights from agency theory and the theory of altruism are used to examine the relationship between founder descendant board membership and the market value of publicly traded firms. Additionally, we analyze the effect from a pyramidal ownership structure. We argue that both economic incentives and positive altruism drive the board room behavior of persons associated with inherited wealth, such that the negative firm value effect of a

pyramid ownership structure is reduced. We argue that founder descendant board membership may reduce agency costs in public firms by ensuring the continuity of the founder's strategic vision. Evidence from 254 firms in Norway, Sweden and Spain largely support the presented hypotheses. *(For more information, please contact: Trond Randøy, Agder University College, Norway: trond.randoy@hia.no)*

Session: 1.5.9 - Competitive

Track: Track 6 - Marketing and Supply-Chain

Dynamic Capabilities

Presented On: June 24, 2006 - 13:45-15:00

Chair: Zhen Zhu, Babson College

Strategic Responsiveness as a Dynamic Capability: A Study of its Organizational Antecedents and Contingencies on Market Turbulence

Cheryl Nakata, University of Illinois at Chicago

Zhen Zhu, Babson College

Businesses today often face deep and rapid change in customer demands as well as other forms of environmental turbulence. Consequently, the ability to respond quickly, flexibly, and well to these externalities—known as strategic responsiveness—is a coveted dynamic capability. But what contributes to strategic responsiveness, and how do firms make internal adjustments when encountering turbulence? To address these questions, we examined several organizational competencies (customer orientation, competitor orientation, and innovativeness) and a specific form of integration (IS-marketing functional integration) as potential antecedents of strategic responsiveness. We also studied the possible moderating role of market turbulence on these antecedent relationships. Specifically, we surveyed 304 dyads or pairs of managers in China, a country that has experienced market turbulence through rapid economic growth. Results indicated that the three competencies and the particular functional integration contribute directly and indirectly to strategic responsiveness; moreover, the study showed that the configuration of these organizational antecedents vary between low and high market turbulence. In sum, strategic responsiveness is a dynamic capability enabling adaptation of organizational processes to changing market conditions. *(For more information, please contact: Zhen Zhu, Babson College, United States: zzhu@babson.edu)*

Enhancing Performance through Learning Orientation and Strategic Flexibility in International Distribution

Anthony S. Roath, University of Oklahoma

Rudolf R. Sinkovics, Manchester Business School

Research examining the relationship among learning orientation, strategic flexibility, and performance is assessed in an international setting focused on exporting manufacturers involved in contractual relationships with foreign distributors. Adopting a learning orientation – developing skills in creating, acquiring, and transferring knowledge – has generally been believed to significantly impact performance. In the current research, however, the relationship between learning orientation and performance was not direct, but found to flow indirectly through strategic flexibility. The results suggest that learning orientation develops a set of firm capabilities, such as flexibility, that eventually lead to enhanced performance. *(For more information, please contact: Rudolf R. Sinkovics, Manchester Business School, United Kingdom: Rudolf.Sinkovics@manchester.ac.uk)*

Unleashing Inter-Organizational Capabilities in Global Supplier-Buyer Relationships for Competitive Advantage

Yana Cvetanova Atanasova, University of St. Gallen

Axel Michael Thoma, University of St. Gallen

Christoph Senn, University of St. Gallen

Global account management (GAM) has become a critical issue for multinationals competing in a dynamic global market environment. Approaching GAM from a dynamic capability perspective, we introduce a framework of intra- and inter-organizational capabilities through which we recognize that a supplier's dynamic GAM capability extends beyond operational sales routines to customer-linked strategic, organizational, and functional dimensions. Such a dynamic GAM capability reconfigures, integrates, and replicates the firms' skills, resources, and competences to form inter-organizational value co-creation capabilities, which in turn determine joint profit performance and competitive advantage. We develop propositions for each construct on the basis of results from a five-year GAM research consortium. The framework can serve as a base for further empirical research that investigates the implications of a dynamic capability approach to GAM. From a practical viewpoint, the framework underlines the importance of attributing strategic weight to GAM and acknowledging it as a collaborative, value-generating supplier-buyer process that can yield superior dyadic outcomes that neither firm could generate by itself. *(For more information, please contact: Axel Michael Thoma, University of St. Gallen, Switzerland: axel.thoma@unisg.ch)*

Marketing dynamic capabilities in IJVs

Eric Fang, University of Delaware

Shaoming Zou, University of Missouri

The influence of firms' dynamic capabilities on financial performance has been well articulated in the strategy literature. Yet empirical evidence substantiating the importance of this influence is scarce. Drawing on the resource-based view and marketing literature, this research investigates the development of marketing dynamic capabilities in international joint ventures (IJVs) and explores their effect on performance and competitive advantage. Using a dyadic data set collected from top managers of high-tech IJVs in China as well as objective performance data collected two years later, the study found empirical support for the effect of marketing dynamic capabilities on IJV's competitive advantage and performance, as well as the effect of IJV resource magnitude, resource complementarity, organizational culture, and organizational structure on the development of marketing dynamic capabilities. The theoretical implications of our findings and future research directions are also discussed. *(For more information, please contact: Eric Fang, University of Delaware, United States: fange@lerner.udel.edu)*

Session: 1.5.10 - Competitive**Track: Track 10 - Internationalization of Asian Firms*****Internal and External Drivers of Internationalization of Asian Business***Presented On: June 24, 2006 - 13:45-15:00**Chair:** Bernard Wolf, York University*Internationalization as a Strategic Response to Institutional Transition: Evidence from the Indian Pharmaceutical Industry*

Raveendra Chittoor, Indian Institute of Management, Calcutta

Sougata Ray, Indian Institute of Management, Calcutta

Most research on the motives of third world multi-nationals (TMNCs) is focused on the theme of exploitation versus exploration, positing that emerging economy firms differ from their developed economy counterparts chiefly in their predominant motive for exploration and acquisition of strategic assets. This study attempts to examine the underlying drivers behind these differing motives. By means of five in-depth case studies of firms from the Indian pharmaceutical sector, this study examines their strategic responses to economic liberalization and derives hypotheses through inductive reasoning. Empirical results based on a sample of 71 firms from the Indian pharmaceutical industry over a ten-year period (1995-2004), find support for the hypothesis that the forces of economic liberalization drive internationalization and are one of the causal factors for the emergence of TMNCs. The relationship between internationalization and performance is also examined and found to be positive. The study demonstrates how government induced policy changes and institutional forces act as a catalyst in the creation of firm-specific ownership advantages, which in turn drive international expansion. *(For more information, please contact: Raveendra Chittoor, Indian Institute of Management, Calcutta, India: raveendra@iimcal.ac.in)*

The Changing Dynamics of Thai Multinationals After the Asian Economic Crisis
Pavida Pananond, Thammasat University

This paper investigates the dynamic of Thai multinationals after the Asian economic crisis. There was a shift in the dynamic of Thai multinationals in the way they expanded abroad after the 1997 Asian financial crisis. Based on the aggregate analysis of the Thai outward foreign direct investment (OFDI) and two case studies of the most active Thai multinationals, this study concludes that the OFDI pattern shifts to become much more concentrated on services and investments. The case evidence also suggests a changing dynamic of the international expansion of Thai firms. Compared to the pre-crisis years, in which Thai multinationals relied heavily on networking, the post-crisis resurgence placed much more emphasis on developing industry-specific competitive advantages. Implications are drawn on the sustainability of network-based competitive advantage of Thai multinationals, the internationalisation of multinationals from developing countries, and the nature of ownership advantage of multinational enterprise. Empirically, the paper adds to the small but growing body of research on multinationals from developing countries, especially to those that are concerned with the impact of the Asian crisis on firm behaviour. *(For more information, please contact: Pavida Pananond, Thammasat University, Thailand: ppananond@hotmail.com)*

From Emerging To Developed Markets: Entrepreneurship In Smaller Exporting Firms
Athena Bangara, Monash University
Susan Maria Freeman, Monash University
Paul Kalfadellis, Monash University

This study seeks to analyse the importance of the entrepreneur in smaller exporting firms from emerging markets internationalising to developed markets, focusing on India, one of the two big emerging markets in the Asia Pacific rim. Employing a multiple case-study design, twelve cases were selected and in-depth semi-structured interviews were conducted to gain a detailed understanding of the role of the entrepreneur in the smaller Indian exporting firm. Open, axial and selective coding (Strauss and Corbin, 1998) was conducted to generate themes from the transcripts. The findings revealed that in contrast to prior studies (Etemad, 2004) that viewed the entrepreneur as a mediating force, the role of the entrepreneur was fundamental to the internationalisation efforts of the firm. They were found to be wholly responsible, not risk averse, proactive and fundamental to the internationalisation of the firm. Consequently, the position of the entrepreneurial mindset in the conceptual framework was revised and a modified framework developed upon conclusion of the cross-case analysis. *(For more information, please contact: Susan Maria Freeman, Monash University, Australia: susan.freeman@buseco.monash.edu.au)*

An Integrative Framework of International Expansion of Family Firms: Evidence from Taiwan Manufacturers

Shawn Carraher, Cameron University

Jason Duan, Cameron University

Lan-Ying Huang, National Changhua University of Education

Johnny Deng, Cameron University

Globalization and acceleration of technology diffusion has propelled the traditional family firms to under take international expansion. However, the determinants of FDI scale and its relationship to firm performance for traditional family firms remains largely understudied in international business research. This paper attempts to test a set of existing theoretical constructs based on an integrative framework of internalization perspective, resource-based perspective, institution-based perspective and marketing signaling theory. Our empirical findings not only confirm the relevancy of existing theories to explain the international expansion of family firms but also capture the mediating effects of FDI scale on firm performance which are not previously reported in current literature. *(For more information, please contact: Jason Duan, Cameron University, United States: jduan@cameron.edu)*

Session: 1.5.11 - Panel
Track: Track 7 - Learning, Knowledge and Innovation***Knowledge Creation and Diffusion in Selected Creative Industries: Comparison of Film, Luxury Goods, Haute Cuisine and Newspapers***Presented On: June 24, 2006 - 13:45-15:00**Chair:** Nancy Napier, Boise State University***Panelists:***

Jin-ichiro Yamada, Kagawa University

Carmelo Mazza, University of Rome "La Sapienza", Grenoble Ecole de Management

Silviya Svejnova, ESADE Business School

Luis Vives de Prada, M.I.T.

Nancy Napier, Boise State University

The processes of knowledge creation, transfer, and assimilation has become a major research stream in the multinational and comparative international business literature, with a focus on subsidiary and alliance/joint venture arrangements and knowledge flows among those units (e.g., Gupta and Govindarajan, 2000; Kostova, 1999; Lyles and Salk, 1996; Makino and Delios, 1996; Schultz, 2001). Recent discussion has focused on the role of creativity and innovation for nations, communities, and organizations as critical for competitive strength (The Global Competitiveness Report, 2005; Davila, Epstein, and Shelton, 2005; Florida, 2002; Florida and Tignali, 2004; Friedman, 2005; Howkins, 2000; Landry, 2000). Less research exists on how creative industries and creativity play roles in developing new knowledge leading toward innovation within developing economies (Gomes, 2004). Yet, as emerging economies move from competing primarily on low labor or manufacturing costs to service and knowledge, they too are likely to seek ways to build their strengths in creativity and innovation. This panel will focus on how creativity and innovation occur in example creative industries and what lessons emerging economies might take from those industries and how they enhance creativity. *(For more information, please contact: Nancy Napier, Boise State University, United States: nnapier@boisestate.edu)*

Session: 1.5.12 - Competitive
Track: Track 4 - International Strategic Management

Control in IJVs: Now Who's in Charge?

Presented On: June 24, 2006 - 13:45-15:00

Chair: Charles Dhanaraj, Indiana University

Parent Control in International Joint Ventures in Transitional China

Fan Liang, University of Tasmania
Stephen Nicholas, University of Newcastle

This paper examined foreign parents' control over international joint ventures (IJVs) in China and how the parent control is determined. The control was defined as a three-dimensions process in this paper. Data came from Yunnan Province, a typical transitional sub-region of China. Non-parametric techniques were used in this study. It was found that the equity share, the level of technology transfer and the resources commitment of foreign parents, and the IJV's position in the marketing chains of the foreign parents encouraged the control of the foreign parents to a different extent. The characteristics of local partners had mixed impacts on the foreign parents' control. In particular, local partners with strong managerial capabilities and skills helped to overcome the difficulties IJVs faced when operating in a culturally different environment, and therefore they significantly reduced the control from foreign parents. The research helped to improve our understanding about the mechanism of how parent control is determined. Business suggestions were made in the study. *(For more information, please contact: Fan Liang, University of Tasmania, Australia: Fan.Liang@utas.edu.au)*

Parent Firm's Equity in International Joint Ventures in China: The Moderating Role of Nationality

Wiboon Kittilaksanawong, National Taiwan University

International entry strategy plays an important role for multinational companies to exploit and explore resources and capabilities to be competitive in the markets. Mode of entry adopted by multinational companies can influence their success and survival. Joint venture is a method frequently adopted by foreign firms entering host markets to mitigate risks inherent to the venture, especially those in emerging economies. They are mechanisms by which foreign firms may exercise control through equity holdings and at the same time rapidly identify complementary resources. This paper contributes to the literature by comparing the empirical findings of foreign direct investment from newly industrialized countries such as Hong Kong and Singapore and traditional developed country like United States to less developed countries like China. The results suggest that foreign parent firms that have higher specificity in their assets will negotiate for higher equity fraction in the joint venture. Moreover, their nationality, respective culture, and perceived institutional difference moderate this relationship such that parent firms from Hong Kong negotiate for more equity fraction in the joint venture than parent firms from Singapore do and parent firms from Singapore negotiate for more equity fraction in the joint venture than parent firms from United States do. *(For more information, please contact: Wiboon Kittilaksanawong, National Taiwan University, Taiwan: chunguoyu@gmail.com)*

Innocents Abroad: Failure Rates of International Joint Venturing with Pyramidal Groups

Bernard Yeung, New York University
Susan E. Perkins, New York University
Randall Morck, University of Alberta

FDI research suggests that joint venture partnerships can possibly help a firm entering a foreign market, including overcoming the liabilities of foreignness. However, little is written about the ownership and

governance implications for firms entering joint venture partnerships with firms that are part of a pyramidal corporate ownership structure. Recent work shows that large corporate sectors of many economies outside the US and UK are dominated by pyramidal corporate groups. These structures have entrenched controlling insiders and agency problems unfamiliar to US and UK based managers. These controlling insiders impose agency behavior and expropriate resources from their corporate affiliates for their self-benefit. Our evidence shows that multinationals unfamiliar with pyramidal structures joint venturing with pyramidal units are victims of such behavior and have significantly higher failure rates. While our results are based on a single industry in a single country, we believe that our results and concerns are general. *(For more information, please contact: Susan E. Perkins, New York University, United States: srodrigu@stern.nyu.edu)*

How Do Differences in Joint Venture Ownership Affect Productivity? Theory and Evidence from China

Changhui Zhou, Peking University
Jing Li, Simon Fraser University
Edward Zajac, Northwestern University

The productivity of international joint ventures (IJVs) located in developing economies is often contingent on the degree of knowledge transfer from multinational enterprises (MNEs) to local companies. We theorize that control and cooperation considerations reflected in the level of MNE ownership will affect knowledge transfer. Specifically, we draw from transaction cost and knowledge-based perspectives to propose that control concerns suggest that higher foreign ownership level in IJVs will generally lead to higher productivity, but that IJVs with a 50-50 ownership structure can optimally balance both control and cooperation issues. We find empirical evidence in support of these two hypotheses using extensive longitudinal data on the ownership structure and productivity of over 5000 IJVs located in China. We conclude by discussing the implications of the results for research and practice. *(For more information, please contact: Jing Li, Simon Fraser University, Canada: jingli@sfu.ca)*

Session: 1.5.13 - Competitive

Track: Track 3 - Managing People Across Cultures

International Training and Development

Presented On: June 24, 2006 - 13:45-15:00

Chair: Sully Taylor, Portland State University

Cross-Cultural Training, Expatriate Self-Efficacy, and Adjustments to Overseas Assignments: An Empirical Investigation of Managers in Asia

AAhad Osman-Gani, Nanyang Technological University

This paper presents the findings of an empirical study that investigated the effects of cross-cultural training (CCT) on self-efficacy of expatriate managers for adjustments to overseas assignments in Asia. We propose that the effects of cross-cultural training on adjustment to overseas assignment is mediated by self-efficacy of the expatriate manager. Using a sample of 169 managers from four different nationality groups that are currently on overseas assignments in Asia, we find support for our hypotheses. Exploring the effects of different types and methods of CCT on self-efficacy and adjustment further, we find distinguishable patterns in perceived effectiveness of these dimensions of CCT. Implications of the findings for professional practice and for future research are discussed *(For more information, please contact: AAhad Osman-Gani, Nanyang Technological University, Singapore: aahad@ntu.edu.sg)*

Negotiating the Budi Complex in the Transfer of Management Practices: Embedding Western European Health and Safety Practices in Malaysia

Siti Rohani Yusof, Open University
Mark P Fenton-O'Creevy, Open University

This paper reports the results of a mixed method study into the barriers to adoption of a UK parent company's health and safety values and practices in four of its subsidiaries located in Malaysia. The study draws on both questionnaire and interview data in the four plants and archival data from the parent company to explore the outcome of the dual institutional pressures of on the one hand, the Malaysian institutional and cultural context and on the other hand, the parent company. Malaysian cultural values are manifested in the manufacturing plants at the subsidiaries. However these norms and standards of behavior present challenges for the adoption of Western style safety practices. The parent company imposes a set of safety values on the foreign subsidiaries; hence the subsidiaries are confronted with two sets of pressures – internal pressures that are exerted by the parent company 'internal domain' and external pressures that are exerted by the host country institutional environment 'external domain', (Kostova, 2001). This study explores the tension between the Malaysian institutional and cultural context and the coercive, normative and cultural-cognitive pressures from the parent. *(For more information, please contact: Mark P Fenton-O'Creevy, Open University, United Kingdom: m.p.fenton-ocreevy@open.ac.uk)*

Competency-Based Management Development

Richard Yu-Yuan Hung, Toko University
Bella Ya-Hui Lien, National Chung Cheng University

In this turbulent age, the only certainty is uncertainty, management development should focus not only on skills needed yesterday but also focus on those on tomorrow, especially the ability of facing challenging world (Winterton, 2001). What managerial skills or characteristics of Taiwanese managers should develop when Taiwan facing the international competition? One of the research questions of this study is to understand what are the key competences and competencies that future managers will require? In order to answer these questions, the study intends to explore the key competences and competencies of future managers from the competency-based management development perspective.

From the competency-based management development perspective, this study intends to answer the following questions: (a) what are the key competences and competencies in this turbulent age? (b) How competence-based management development impacts the organizational performance? (c) What areas of training and development will managers need to operate effectively in the new environment?

The purpose of this study is to explore the critical managerial competencies in Taiwanese context and explore the relationship between the competency-based management development and organizational performance. This study employs a case study to understand Taiwanese organizations that deployed competency-based management development programs.

(For more information, please contact: Bella Ya-Hui Lien, National Chung Cheng University, Taiwan: bmayhl@ccu.edu.tw)

Managerial Education and Emergent Business Practices: "Sea Turtles" and Chinese Economic Development

Jon M. Shapiro, Northeastern State University
David W. Pan, Northeastern State University

David W. Pan, Northeastern State University-Tahlequah, Oklahoma, U.S.A.
Jon M. Shapiro, Northeastern State University-Broken Arrow, Oklahoma, U.S.A.

The use of double-looping managerial systems allows firms to better adapt to the complex external environment and compete more effectively within the global arena. Chinese firms are improving their utilization of this learning strategy. This paper examines the "Sea Turtle" phenomenon, considering subsegment variance,

and how this group impacts Chinese economic development. It is critical for Chinese policy-makers to consider the Sea Turtle domain using the double-looping learning framework to formulate a sustainable, long-term business and education development strategy. This paper considers how international business education is perceived within the Chinese culture, and the key political and economic impediments that are leading to the underutilization of this intellectual capital in lesser-developed regions, and the over-utilization in higher-developed cities. Furthermore, we make recommendations regarding how "Sea Turtles" might avoid becoming "Sea Weeds" and propose numerous managerial and policy implications. (For more information, contact David W. Pan, Northeastern State University, USA, pan@nsuok.edu) *(For more information, please contact: David W. Pan, Northeastern State University, United States: pan@nsuok.edu)*

Session: 1.6.1 - Competitive

Track: Track 7 - Learning, Knowledge and Innovation

Learning in Alliances

Presented On: June 24, 2006 - 15:30-16:45

Chair: Jane Salk, University of Texas at Dallas

Learning Through Alliances in the Technology Sector

Vanessa Ratten, Queensland University of Technology

Much research has been conducted on interorganisational relationships and in particular alliances. Alliances predominate in the Information and Communications Technology (ICT) industry as they allow firms to learn through collaborating with other firms. In this paper, a conceptual model is developed based on the extant literature existing in the alliance field. The model is then refined through in-depth interviews and tested through a mail-survey. The model helps understand the process of alliance learning in the ICT industry. Implication for theory and future research are also discussed. *(For more information, please contact: Vanessa Ratten, Queensland University of Technology, Australia: v.ratten@qut.edu.au)*

An Emergent and Process-Based View of Learning in Inter-Organizational Networks

Francesca Mariotti, University of Stirling

The concept of learning in networks has received scant attention within extant theories. Where learning has been applied to networks, different terms have emerged which have generated confusion and prevented the emergence of a clear-cut definition. Most importantly, the literature gives few insights into what inter-organizational learning is and how it takes place. This paper presents empirical evidence from the British and Italian motorsport industries to examine learning at inter-organizational levels of analysis by adopting a relational and multi-level perspective. Inter-organizational learning is here conceived as a complex phenomenon which is based on three inter-related processes: learning to collaborate, learning to share knowledge, and learning to create inter-organizational knowledge. These three aspects of inter-organizational learning occur simultaneously and can be regarded as 'deutero' learning processes. *(For more information, please contact: Francesca Mariotti, University of Stirling, United Kingdom: francesca.mariotti@stir.ac.uk)*

Governance Mechanisms in the Biotechnology Industry: A Comparison of Domestic and Cross-National Alliances

Anupama Phene, University of Utah

Stephen Tallman, University of Richmond

This paper examines the choice of governance mechanisms in the biotechnology industry. We posit that the choice between an institutional and contractual mechanism is influenced by partner concerns regarding appropriation, co-ordination and flexibility. We hypothesize that the strategic characteristics of the alliance reflected in the alliance intent and partner characteristics, the number of participants and domestic/cross-national nature of alliances influence the governance mechanism. We further explore the differences in effects of alliance strategic characteristics across domestic and cross-national alliances. Our findings suggest that alliance intent is a key determinant of the governance mechanism, we also find some support for partner characteristics and for the variation in drivers of governance mechanisms across domestic and international contexts. *(For more information, please contact: Anupama Phene, University of Utah, United States: mgtp@business.utah.edu)*

Are International Strategic Alliances Primarily Formed to Learn? An Empirical Analysis of Knowledge Accession Theory

Elko Klijn, Rotterdam School of Management
 Hui Tan, Leeds University
 Keith Glaister, University of Sheffield
 Peter J. Buckley, Leeds University

In the literature on international strategic management and particularly that concerning alliance formation, there is a bias towards the importance of learning by strategic alliance partners. Some researchers claim that alliances are a tool for organisational learning. However, this has been contradicted by others. This article contributes to this debate by analysing empirically the relationship between formation motives and the importance of learning. The article examines the magnitude of learning in the alliance setting and develops a framework in which the importance of learning can be seen. Findings show that in the minority of cases alliances are set up as a vehicle to learn supporting the knowledge accession theory proposed by Grant and Baden-Fuller. *(For more information, please contact: Elko Klijn, Rotterdam School of Management, Netherlands: eklijn@rsm.nl)*

Session: 1.6.2 - Panel

Track: Track 1 - The Context of Global Business

Showcase Panel on 'International Business and Social Responsibility'

Presented On: June 24, 2006 - 15:30-16:45

Chair: John Mezas, University of Miami

Panelists:

Pervez Nasim Ghauri, Manchester Business School
 Rob Van Tulder, RSM Erasmus University
 Danny Van Den Bulcke, University of Antwerp
 John Dunning, University of Reading
 Fabienne Fortanier, University of Amsterdam

At present a heated debate is going on around the boarder topic of Corporate Social Responsibility (CSR) and that whether profit masimistion can serve the social good for a particulare society or not. There is also an increased awareness that markets and governments have failed to comprehend and manage the impact of businesses on the society. In this panel we want to address questions such as: Who is responsible for social responsibility? Should MNEs, more than the national firms, contribute to the problems such as poverty, hunger,

environmental protection, workers representation and rights, development and inequality? What contributions the academic community can make towards this end and how can we incorporate CSR in our research activities? *(For more information, please contact: Pervez Nasim Ghauri, Manchester Business School, United Kingdom: pervez.ghauri@mbs.ac.uk)*

Session: 1.6.3 - Competitive

Track: Track 5 - Entry, Expansion & Operations Strategies

The Dynamics of Operation Modes: Stability is Rare

Presented On: June 24, 2006 - 15:30-16:45

Chair: Klaus E. Meyer, University of Reading

Changing International Operating Modes: The Role of Social Capital

Henrik Agndal, Stockholm School of Economics

Sylvie Chetty, Massey University

This empirical paper studies how social capital influences 51 mode changes in ten New Zealand and ten Swedish small and medium-sized enterprises (SMEs). More specifically, the paper focuses on how social capital can be actively used by firms (the efficacy role of social capital), how it may provide opportunities for beneficial but unplanned change (the serendipity role), and how it may forcibly bring about change (the liability role). The findings clearly indicate that social capital is an important resource for SMEs to draw on when making mode changes. The findings also show that social capital contributes to fortuitous but unplanned changes. In addition, social capital often had a negative impact on the internationalizing SMEs, forcing them to undertake mode changes that were never intended. *(For more information, please contact: Sylvie Chetty, Massey University, New Zealand: s.chetty@massey.ac.nz)*

Multiple Waves of Structural Change in IJVs

Paul W. Beamish, University of Western Ontario

Chris C. Chung, University of Western Ontario/Florida International University

Using the temporal separation approach of Poole and Van de Ven (1989), this study attempts to resolve theoretical tensions between the paradoxical aspects of interpartner relationships (i.e. cooperative versus competitive) and the paradoxical effects of structural change (i.e. beneficial versus deleterious) in international joint ventures (IJVs). By investigating multiple waves of structural change in 4,029 IJVs from the period 1986 to 2003, this study finds that although IJV partners may implement an adaptive structural change in response to poor performance, the process of the change itself moves the interpartner dynamics from cooperative to competitive, thereby reducing the likelihood of achieving profitable IJV operation. We argue that this disruptive process of structural change and its deleterious effect is attributable to the 'liability of reorganization' in IJVs. *(For more information, please contact: Chris C. Chung, University of Western Ontario/Florida International University, Canada: cchung@ivey.uwo.ca)*

Increasing and Decreasing Foreign Involvement: A Look at Managerial Reasons for Change

Cesar Maloles, California State University, East Bay

Bernhard Swoboda, Trier University

Dirk Morschett, Saarland University

Thomas Foscht, University of Graz

While much is known about the factors associated with the choice of modes of international market entry (e.g. export, joint venture), knowledge of the forms of and reasons for a change in those foreign operation modes is limited. In particular, there is limited evidence available on mode reductions or divestments, as an often neglected part of the internationalization process of the firm. Furthermore, empirical results are barely comparable. In this study, therefore, mode increases and reductions (both differentiated in incremental and non-incremental steps) are evaluated simultaneously and their reasons, as first identified by Calof and Beamish, were transposed to a study covering over two hundred executives in firms. The results are comparable and are measured in our study with open questions and rating scales. The mode changes identified are related to different perceived reasons, e.g. factors arising from managerial attitudes or a firm's internal and external environment and performance. Significant differences between the reasons for mode increase and reduction become evident, but these are only the direct consequences. The analysis seeks to enrich the present knowledge on this seldom viewed subject and thus, to further research the dynamic internationalization process. Two models of the dynamic internationalization process are presented at the end of this paper.

(For more information, please contact: Bernhard Swoboda, Trier University, Germany: b.swoboda@uni-trier.de)

Emerging Markets as a Self-Inducing Institution: Flexible Strategy Mix for Central Europe

Faith Hatani, Cardiff Business School

This study jointly examines the formulation of different types of strategy for emerging markets and the alteration of those strategies over time. In emerging markets, a rapid increase of multinational enterprises (MNEs) and entry of their suppliers induce cyclical changes, which demand constant adjustment of strategies by MNEs themselves. Informing institutional perspectives and drawing on the concept of strategic flexibility, the paper specifically explores how a global supplier can flexibly devise its growth strategy for different but closely interrelated business contexts. Deriving from an in-depth case study of a Japanese autoparts supplier's business activities in Central Europe, the paper analyses change-mechanisms of strategy in emerging markets and develops a process model of a strategy mix corresponding to different market features. Findings highlight the importance of a supplier's institutional sensibility and cross-border coordination to enact strategic flexibility and to take a lead in rapidly changing business environments. *(For more information, please contact: Faith Hatani, Cardiff Business School, United Kingdom: HataniF@cf.ac.uk)*

Session: 1.6.4 - Competitive

Track: Track 7 - Learning, Knowledge and Innovation

Determinants of Knowledge-Based Competencies

Presented On: June 24, 2006 - 15:30-16:45

Chair: Gary Dessler, Florida International University

The Determinants of Innovative Persistence: An Empirical Study on Patent Spells of Technology Firms

Show-Ling Jang, National Taiwan University

Jui-Chung Yang, National Taiwan University

Jennifer Huiru Chen, National Taiwan University

This paper sets out to test the sources and consequences of the differences in innovative persistency. Our firm-years sample confirms the positive effects of patent duration on firm profit. The results derived from our 'spell' sample suggest that the determinants of the longevity of patent spell comprise of the initial level of patent stock, firm size and firm profitability. Furthermore, while it takes a lot of resource build-up to cumulate innovative momentum, the competitive advantage, in terms of innovative persistence, seems transient. *(For more information, please contact: Jennifer Huiru Chen, National Taiwan University, Taiwan: chen.huiru@gmail.com)*

Knowledge Creation in Asian Markets – The Toyota Way

Kazuo Ichijo, IMD
 Florian Kohlbacher, Hitotsubashi University

The capability of multinational corporations (MNCs) to create and efficiently combine knowledge from different locations around the world is becoming increasingly important as a determinant of competitive advantage and will be more and more critical to their success and survival. This paper presents insights from a newly researched case study of Toyota Motor Corporation and its way of knowledge creation. In 2004, Toyota announced a break-through initiative called the 'Innovative International Multi-purpose Vehicles (IMV) Project', which aims at increasing the self-reliance of overseas manufacturing facilities in such a way as to optimize overall worldwide production, especially in emerging markets, by both understanding common needs and paying sufficient attention to unique local needs. We will show how Toyota's knowledge creation in the automotive development has changed from creating new knowledge in Japan and transferring it from the headquarters to subsidiaries and affiliations around the globe to a focus of creating knowledge in foreign markets by local staff. With its new strategy of 'learn local, act global' for international business development, Toyota proved successful in tapping rich local knowledge bases, thus ensuring its competitive edge and global lead in the automotive industry. *(For more information, please contact: Florian Kohlbacher, Hitotsubashi University, Japan: florian.kohlbacher@gmail.com)*

Knowledge-Based Global Competence and Its Antecedents: The Case of Taiwanese MNCs

Bih-Shiaw Jaw, National Sun Yat-sen University
 Christina Yu-Ping Wang, National Dong Hwa University
 Sarah Yi-Lei Lin, National Sun Yat-sen University

We examined RBV and Institutional Theory as theoretical groundwork to identify antecedents for firm's knowledge-based global competence. The combined theories of BRV and Institution Theory enable us to build an integrative framework for MNCs' knowledge-based global competence using antecedents of knowledge creation mode, knowledge accumulation mode, and human capital investment with learning and sharing culture as mediator.

Using sample size of 129 from Taiwanese MNCs, we found that firm's learning and sharing culture is an important mediating variable. Human capital investment, transnational knowledge creation, and IT system rely on firm's culture of learning and sharing to lead to knowledge-based global competence.

Our results further indicate that global knowledge creation, explicit knowledge accumulation, and tacit knowledge accumulation have direct effect to MNCs' knowledge-based global competence.

(For more information, please contact: Christina Yu-Ping Wang, National Dong Hwa University, Taiwan: cywang@mail.ndhu.edu.tw)

Adaptation: A Recipient's Action for Knowledge Transfer Success

Marshall Shihing Jiang, Brock University
 Bernard Wolf, York University

In this paper, we have sought to model recipient adaptation in knowledge transfer by identifying its determining factors and assessing its consequences. To demonstrate the effectiveness of recipient adaptation to source knowledge on knowledge transfer success, we have used evolutionary theory of the firm to analyze the positive relationship between recipient adaptation and knowledge transfer success. To identify driving factors for recipient adaptation, we have used institutional theory, contingency theory and resource-dependence theory to support our arguments. Three factors – source firm reputation, system embeddedness of source knowledge, and the recipient dependence on the source affect a recipient's tendency to make adaptation. Taking a different view from the current examinations, we see knowledge transfer effectiveness from a recipient's perspective.

Our examination of recipient adaptation is an extension of the knowledge transfer literature and makes the literature more complete. *(For more information, please contact: Marshall Shibing Jiang, Brock University, Canada: msjiang@brocku.ca)*

Session: 1.6.5 - Competitive

Track: Track 4 - International Strategic Management

Strategy and Geography

Presented On: June 24, 2006 - 15:30-16:45

Chair: Bridgette Sullivan-Taylor, Warwick University

Don't Spread Competence Too Thin: Risk and Return of Global Contractual Suppliers

Ji-Ren Lee, National Taiwan University

Chia-Wen Hsu, National Taiwan University

Heng-Yih Liu, Yuan Ze University

Literature of competence-based strategy has suggested that a firm's economic performance is determined by its capabilities in managing both competence building and competence leveraging activities in a synergistic manner. Critical to the attainment of synergy between building and leveraging activities lies in the firm's knowledge of how to best leverage the existing competence to different product, customer, and geographic scopes. While applying the same set of competence to different business scopes would create value, over leveraging it may increase the level of operational risks. Managing the trade-off between risk and return becomes imperative to the pursuit of successful growth.

Guided by this theoretical logic, we proposed an econometric analysis to investigate the impacts of various competence leveraging activities on the firm's economic return and downside risk. Different from previous research that relied upon output measurement, we develop a competence-based measure to evaluate the degree of competence similarity. Our investigation found that leveraging competence to a narrow product scope and a wide customer scope will reduce a firm's downside risk, while expanding to a wide geographic market scope will reduce its return. Maintaining a balanced structure between contractual and own-brand businesses will be associated with higher return and lower downside risk. *(For more information, please contact: Chia-Wen Hsu, National Taiwan University, Taiwan: kevinjubi@yahoo.com.tw)*

Opportunity Development and Geographic Scope: A Conceptual Framework

Kazuhiro Asakawa, Keio University

This paper concerns the role played by intermediate geographic levels of organizations in the process of opportunity development. Opportunity development consists of exploration (or opportunity perception) and exploitation (or opportunity leveraging). Geographic dimension complicates opportunity development, because geographic distance makes opportunity development difficult and yet potential source of opportunity increases. While opportunity perception can best be done within a narrow geographic scope due to the advantage of proximity to the hotbed of innovation, opportunity leveraging can be better done in a wide and distant geographic scope, because there are far more possibilities to combine novel opportunities to distant application contexts. We contend that intermediate geographic levels are crucial for fostering opportunity development as brokers linking narrowly-embedded opportunity seeds to widely-diffused potential application needs. While MNC management can be a concrete context for opportunity development at regional (i.e. between global and local) levels, we believe our argument is a more general one than just for MNC context. *(For more information, please contact: Kazuhiro Asakawa, Keio University, Japan: asakawa@kbs.keio.ac.jp)*

How Do We Capture "Global Specialization" When Measuring Firms' Degree of Globalization?

Torben Pedersen, Copenhagen Business School
 Christian Geisler Asmussen, Copenhagen Business School
 Bent Petersen, Copenhagen Business School

The IB literature informs us of several ways to measure firms' degree of globalization. In this paper we make the argument that in fact none of the existing indices really measure firms' degree of "global specialization", that is, to what extent their allocation of resources is multinational or global. As demonstrated, all the existing measures may gauge a purely multinational firm as having a high degree of globalization, whereas a truly global firm may be ranked low. In order to remedy this we introduce a complementary index measuring how firms' are configuring their value chains – whether they are replicating value chain activities from country to country or locating them in globally specialized units in order to exploit an international division of labor. In addition to mathematical modeling and numerical examples, we examine the relevance of the new index of global specialization on data of Danish MNCs by looking at the correlation between the new globalization index and existing indices of firms' degree of internationalization. We find that the index is able to identify a distinct group of firms with significantly higher degrees of global value chain configuration. *(For more information, please contact: Christian Geisler Asmussen, Copenhagen Business School, Denmark: cga.int@cbs.dk)*

Is Regionalisation all There is? Revisiting the Empirical Evidence Regarding the Extent of Internationalisation by Large Firms.

Andre Sammartino, University of Melbourne
 Thomas Osegowitsch, University of Melbourne

Prof. Alan Rugman's recent empirical research on regionalisation has struck a chord with the IB research community. In particular, his finding that, overwhelmingly, sales of the world's largest firms are concentrated in their home region ostensibly revealed globalisation as a myth. Rugman's classification of these firms relies on a system of defined thresholds. In this paper we scrutinise the arguments underpinning Rugman's thresholds, and manipulate them to check the sensitivity of the results obtained. We demonstrate that Rugman's findings are not particularly robust. With relatively minor, and justifiable, adjustments in classification thresholds, findings can be produced that show there to be considerable numbers of companies that have attained bi-regional or global status. This calls into question the persistent calls to abandon global models and research questions and to focus on intraregional MNE activity instead *(For more information, please contact: Thomas Osegowitsch, University of Melbourne, Australia: ot@unimelb.edu.au)*

Session: 1.6.6 - Competitive

Track: Track 3 - Managing People Across Cultures

Issues in International Management: Negotiations, Work Teams and Organizational Resources

Presented On: June 24, 2006 - 15:30-16:45

Chair: Rosa Chun, Manchester Business School

The Internationalization of Small and Medium-Sized Enterprises: Do Organizational Resources Make a Difference?

Gongming Qian, Chinese University of Hong Kong
 Lee Li, York University

This study explores the competitive advantages of small and medium-sized enterprises (SMEs) in their internationalization processes. The evidence suggests that the competitive advantages of internationalizing SMEs derive greatly from their organizational resources. These resources include simplicity, responsiveness, risk-taking, consensus, and innovativeness. The impacts of these individual resources may not necessarily be significant. However, when they are combined, their joint effects substantially improve SMEs' capabilities to overcome the internationalization barriers and speed up their internationalization process (*For more information, please contact: Lee Li, York University, Canada: leeli@yorku.ca*)

Analysis of Work Preferences Between Australian and American Business Associates: Implications for Global Managers

G. Ronald Gilbert, Florida International University
 Ian Phau, Curtin University of Technology
 Dana Farrow, Florida International University

The rapid expansion of globalization has given rise to the use of the cross national work team. This paper examines work preferences of future marketing professionals enrolled in two universities of similar global cultures: Australia and the US. Although those from the US and Australia are assumed to be highly alike from a cultural context perspective, the findings reveal the US and Australian respondents to be different in 9 of 17 psychological measures that are associated with work values and interests, personal learning styles and temperament. US respondents were found to be more results oriented, independent, focused on career progression, prefer more factual and task specific instructions, job satisfaction, and less personable (likeable) than the Australians. These findings have important implications for managers of employees who comprise cross national work teams. They also give added insight into psychological differences among those whose cultural context is viewed to be similar by cultural theorists. (*For more information, please contact: G. Ronald Gilbert, Florida International University, United States: Gilbertems@att.net*)

Exploring Chinese Business Negotiation Behaviors: Having Good GUANXI vs. No GUANXI

Xia Zhao, China Agricultural University
 Harley Krohmer, University of Bern

GUANXI refers to networks of informal relationships and exchanges of favors/benefits that affect business activities throughout China. It is an important factor during Chinese negotiation process. Previous research on Chinese negotiation behaviors did little work of the effects of GUANXI on the other negotiation factors during the Chinese negotiation process. This study explores Chinese business negotiation behaviors in the following both situations: having a good GUANXI and no GUANXI between buyers and sellers, based on 204 Chinese businessmen simulation negotiation data. Our findings show that the use of problem-solving orientation (hereafter PSO) strategies is highly influenced by negotiator's personality, and simultaneously the use of PSO strategies also positively affect negotiation outcomes. After putting GUANXI into the negotiation process as a moderator, sometimes GUANXI is positive useful whereas in some situation it's negative to the negotiation success, and in others it is even not effective during Chinese negotiation process. (*For more information, please contact: Xia Zhao, China Agricultural University, China: Zhao_xia@yahoo.com.cn*)

An Exploratory Test of a Model of Social Networks, National Culture, and International Multilateral Negotiations

R. Bruce Money, Brigham Young University
 Chad Allred, Brigham Young University

Multilateral (many-party) negotiations involve much more complexity than traditional two-party negotiations, especially in an international context. This article proposes a model that specifically examines social network activity among parties to an international multilateral negotiation, and what such networks might have on the process and outcome. We also explore research propositions and test hypotheses that derive from the model,

with data collected from 375 subjects participating in a negotiation simulation based on efforts of the consortium formed to construct the International Space Station. We find that differences in national culture and organizational characteristics are indeed associated with the social network constructs of cliques and centrality, defined as how coalitions form and power emerges in multilateral negotiations, as posited in our research propositions. Test of our hypotheses reveal that clique formation (collation building) has a positive influence on the level of problem-solving approach brought to bear in the process; it also influences negotiator satisfaction with the outcomes. Centrality (manifest as emergent power), however, did not have the anticipated effect on problem solving or satisfaction, indicating that perhaps building coalitions is more important to successful multilateral negotiations than wielding power. Directions for future research, as well as implications for international business managers, policy officials, and academics, are also discussed. *(For more information, please contact: R. Bruce Money, Brigham Young University, United States: moneyb@byu.edu)*

Session: 1.6.7 - Competitive

Track: Track 5 - Entry, Expansion & Operations Strategies

The Role of Subsidiaries in the Host Society

Presented On: June 24, 2006 - 15:30-16:45

Chair: Masaaki Kotabe, Temple University

The Internationalization Process and Firm Political Behavior

Leonard Bierman, Texas A&M University
Jonathan Brookfield, Texas A&M University
Michael Pustay, Texas A&M University
Asghar Zardkoohi, Texas A&M University

This paper looks at the potential influence of the internationalization process on the political behavior of firms. We posit that the nature of foreign firm political activities in a host country will change over time in line with changes in the economic interests and experience of the firm there. To that end, a phase transition model of political lobbying is developed and illustrated by way of a discussion of Toyota Motor Corporation's political activities in the United States. *(For more information, please contact: Jonathan Brookfield, Texas A&M University, United States: jonbrookfield@yahoo.com)*

Foreign Investments, Government Policies and Industrial Efficiency: Automobiles and Computers Compared in China

Lihui Tian, Peking University

This paper examines the impact of industry policies and foreign investments on the fast-growing China. The government adopts Laissez-faire policies in the computer industry, but significantly intervene the industrial development of automobiles and promote market concentration and productivities. The entries of multinational firms into the Chinese computer market must be partnered with local firms to be joint ventures, but foreign investors can fully own and manage computer firms. In contrast to the government policies, this paper finds that the computer industry is more concentrated and more efficient with than the automobile industry. We also examine the role of entries and ownership in productivities. *(For more information, please contact: Lihui Tian, Peking University, China: tian@gsm.pku.edu.cn)*

Predicting Multinational Subsidiary Social Strategy: A Motivation Perspective
Jijun Gao, University of Western Ontario

What strategies do multinational company (MNC) subsidiaries pursue in managing social issues? Under what conditions do they choose one social strategy over the other? In order to answer these questions, this paper develops a two-dimension conceptual framework that predicts the adoption of three generic social strategies by MNC subsidiaries. Specifically, a motivation based typology of MNC subsidiary social strategy is developed, including risk management, cost advantage seeking, and opportunity seeking. Two theoretically derived dimensions, local environment uncertainty and institutional pressure, are used to construct three scenarios and each of them determines a fit condition for a certain social strategy. The motivation of parent firms for internationalization is also brought in as moderating the predictive power of the framework. A set of hypotheses are developed to reflect these thoughts. The implication of this work for future research, practice, and policies is discussed. *(For more information, please contact: Jijun Gao, University of Western Ontario, Canada: jgao@ivey.uwo.ca)*

Competitive Dynamics Among Foreign Entrants and Local Firms in China
Sea-Jin Chang, Korea University
Dean Xu, Peking University

We examine the impacts of competition and technology spillovers of foreign entrants and local firms onto each other and among themselves in China at the national and regional levels. Our results showed the increased presence of more efficient firms, either foreign entrants or restructured local firms, negatively affected the profitability and survival of other firms in a regional market. At the national level, however, the positive spillover effect of efficient firms was evident. *(For more information, please contact: Sea-Jin Chang, Korea University, South Korea: schang@korea.ac.kr)*

Session: 1.6.8 - Competitive
Track: Track 2 - Economics, Finance, Taxation, Regulation

Corporate Finance (I)

Presented On: June 24, 2006 - 15:30-16:45

Chair: Sarianna M. Lundan, University of Maastricht

The Impacts of Domestic and International Joint Ventures on Industrial Rates of Return
Tony W. Tong, State University of New York, Buffalo
Jeffrey J. Reuer, University of North Carolina

This paper revisits the competitive implications of joint ventures by examining the impacts of joint ventures on industrial rates of return. Compared to previous research, we used joint venture data from a more recent time series (1986-2002), and our sample incorporated both domestic and international joint ventures. Results indicate that the incidence of international joint ventures reduces industrial rates of return, which are consistent with prior findings on the positive impact of inward foreign direct investment on industry competition. We also found that the incidence of parent-parent non-horizontal and parent-child non-horizontal joint ventures reduces industrial rates of return, and that the incidence of parent-parent horizontal and parent-child horizontal joint ventures increases rates of return. These results are consistent with the rule of reason approach to evaluating the antitrust potential of joint venture activities. *(For more information, please contact: Tony W. Tong, State University of New York, Buffalo, United States: wttong@buffalo.edu)*

How Relevant Is Payout Policy Under Low Shareholder Protection?

Luc Renneboog, Tilburg University and ECGI
 Peter Gabor Szilagyi, Tilburg University

This paper investigates whether corporate payout is an effective control device under low shareholder protection. Against existing international evidence, the network-oriented governance regime of the Netherlands is considered, where restrictions on shareholder power are highly institutionalized by global standards. We find that in Dutch firms, the role of dividends in alleviating agency problems is generally compromised. Share repurchases mitigate this problem somewhat, but Dutch companies typically avoid committing to permanently high cash payouts. In firms that voluntarily implement additional restrictions on shareholder power, like most Dutch MNEs do, the control function of dividend payout weakens further. No evidence is found that either the power of a controlling shareholder or that of an institutional investor helps better address free cash flow problems in these firms. We find evidence for the formation of clienteles around dividend-paying firms, and conclude that in the Netherlands, corporate payout is predominantly a means of simply providing shareholders with an investment return. *(For more information, please contact: Peter Gabor Szilagyi, Tilburg University, Netherlands: p.g.szilagyi@uvt.nl)*

Adverse Selection, Moral Hazard, and Relationship Strength in Debt Contracts: Evidence from the Syndicated Loan Market in Korea

Sangwhi Lee, Kyung Hee University
 Ha-Chin Yi, Texas State University

We estimate a model that addresses the all-in-spreads of syndicated loans originated in one of the developing countries, South Korea. We empirically find some evidence that potential adverse selection and moral hazard issues affect the credit spreads of syndicated loans in the presence of borrower's credit rating. Other factors including banking relationships and individual loan and borrower's financial characteristics have impact on all-in-spreads. The results are consistent with those of studies conducted on domestically originated loans with important variations. While we argue that internationally syndicated loans convey increasing competitiveness across national boundaries, one of distinct results from South Korean loan markets is that significant "hold-up" problems presents. This is consistent with the notion that relationship does not help reduce cost of capital and therefore, hurts borrower more than benefit them, and contrary to findings of Diamond (1991) and Blackwell and Winters (1997). *(For more information, please contact: Ha-Chin Yi, Texas State University, United States: hy11@txstate.edu)*

Global Trends in Real Risk Free Rates

Hui He, George Washington University
 Peter Locke, George Washington University

We examine real risk free interest rates at different maturities across countries under a rational expectations hypothesis. We look at real total returns on investments in the sovereign debt of the G7 countries, for both short and long maturities. We find that investments in the same maturity across countries are cointegrated, in the sense that we can model the real total returns on sovereign debt as a vector error correction model. We also decompose the common factors into their Gonzalo-Granger components and find one common trend within the long maturity group for the period 1993:12-1998:12, but not for short maturity group or the later period. *(For more information, please contact: Hui He, George Washington University, United States: huihe@gwu.edu)*

Session: 1.6.9 - Competitive
Track: Track 6 - Marketing and Supply-Chain

Standardization/Adaptation Strategies

Presented On: June 24, 2006 - 15:30-16:45

Chair: Matthew B. Myers, University of Tennessee

Analysis of Marketing Standardization Strategies —The Experience of Service Firms Operating in Chinese Cities
Henry F L Chung, Massey University
Zhenni Wang, Massey University

This study uses the experience of sixty-three service international firms, operating in a number of cities in China, to achieve its research objectives. This study has three key features, which are different from the approaches adopted in the previous studies. It expands existing home-host standardization framework from the "country?" to "city?" market perspective. It focuses on the standardization/adaptation strategy used by service firms, a research theme which is still under development. It has successfully uncovered a significant relationship between marketing standardization strategy and strategic objectives, in the service sector. Based on the findings of its statistical analysis, a "city?" market standardization/adaptation-performance framework is proposed. In the framework, the factors affecting service firms' choice of standardization/adaptation strategy and their subsequent influence on performance are identified. The findings from this study have offered some new insights into research concerning marketing standardization/adaptation strategy and China. Its results have implications for marketing managers, researchers and those who are interested in conducting business in China. (For more information, please contact: Henry F L Chung, Massey University, New Zealand: h.chung@massey.ac.nz)

It's on the Outside That Counts: Adapting Peripheral Product Attributes and Export Performance
Lance Eliot Brouthers, University of Texas at El Paso
Mohamed Feras Salama, University of Texas at El Paso
Yan Gao, University of Texas at El Paso
Edward O'Donnell, University of Texas at El Paso

Given the constraints faced by transitional economy firms (TEFs), what specific product strategies can they employ to improve their export performance? Drawing upon signaling theory and the concept of the extended product, we propose two potential strategies that TEFs might use to improve their export performance satisfaction. We hypothesize that TEFs that adapt peripheral product attributes, more specifically, their product's brand name and/or packaging, will achieve higher levels of satisfaction with export performance. Our hypothesis is tested and supported on a sample of Chinese and Romanian exporters. (For more information, please contact: Lance Eliot Brouthers, University of Texas at El Paso, United States: lbrouthers@utep.edu)

A Fresh Look at Standardization: Factors Influencing a Firm's Signal of Quality
Brian R. Chabowski, Michigan State University

This paper examines the role of upper-level managers and other drivers internal to the firm on the decision toward product standardization. Grounding the importance of product standardization in literature concerning excellence and quality, a series of hypotheses are tested and empirical support is presented. Results indicate that the top management constructs presented in the model have varying degrees of influence on the direct antecedents of product standardization. (For more information, please contact: Brian R. Chabowski, Michigan State University, United States: chabowski@bus.msu.edu)

Antecedents and Consequences of Strategic Fit for Global Account Management: Model and Test

Shaoming Zou, University of Missouri

Linda Hui Shi, University of Victoria

Global account management (GAM) refers to specialized personnel or teams within a global supplier organization that centrally coordinate worldwide selling activity to serve a global key customer account. Drawing on global strategy literature and resource-based view, this study empirically tests the GAM strategic fit model that includes the three types of fit, the facilitating conditions, and performance consequences. Three findings are presented: (1) The three types of fit are Standardization Fit, Participation Fit, and Coordination Fit; (2) They are facilitated by Multi-layered Resources, Cultural Compatibility, and Globalizing Conditions; (3) They have significant positive effects on Relational Continuity and Program Performance. *(For more information, please contact: Linda Hui Shi, University of Victoria, Canada: lshi@uvic.ca)*

Session: 1.6.10 - Competitive**Track: Track 6 - Marketing and Supply-Chain*****Market Orientation***Presented On: June 24, 2006 - 15:30-16:45**Chair:** Mike C.H. Chao, Baruch College, CUNY*Market Orientation or Managerial Ties? How Foreign Firms Achieve Competitive Advantage in Emerging Economies*

Julie Juan Li, University of Hong Kong

Kevin Zheng Zhou, University of Hong Kong

Alan Shao, University of North Carolina at Charlotte

On what should foreign firms focus more, market orientation or managerial ties? This study investigates how managerial ties and market orientation affect positional advantages and, consequently, firm performance in an emerging economy, China. On the basis of a study of 179 foreign firms in China, we find that both managerial ties and market orientation can lead to firm success--but in different ways. Market orientation enhances firm performance by providing differentiation and cost advantages, whereas managerial ties improve performance through an institutional advantage (i.e., superiority in securing scarce resources and institutional support). Institutional advantage, in turn, leads to differentiation and cost advantages and consequently superior performance. *(For more information, please contact: Kevin Zheng Zhou, University of Hong Kong, Hong Kong: kevinzhou@business.hku.hk)*

An Incipient Exploration of Market Orientation from Human Perspective: Evidence from China

Frank Bradley, University College Dublin

Yuhui Gao, University College Dublin

Shuming Zhao, Nanjing University

With the emergence of a 'second generation of market orientation', the topic has become a rich field for researchers to cultivate. Though marketing scholars have turned their attention to the critical role top managers play in shaping and creating a market oriented organization, no research to date has considered the impact of leaders' human values in the process of engendering a market orientation. In addition, most of the market orientation studies have been primarily carried out in western countries, inadequate attention has been given to

transitional economy such as China. The objective of this study is to address these important gaps in the literature by systematically exploring the relationship between the two constructs utilizing data from China. The findings suggest that Chinese leaders with different sets of human values tend to emphasize different dynamics of market orientation. Consequently, we postulate that human values play an invisible yet powerful role in impeding or facilitating the development of a market orientation. This research first initiates a market orientation research from human perspective by highlighting the role of human values. *(For more information, please contact: Yuhui Gao, University College Dublin, Ireland: Yuhui.Gao@ucd.ie)*

Targeting Market Orientation Strategy among SMEs: An Exploratory Study of U.S. and Taiwanese Firms

Mike C.H. Chao, Baruch College, CUNY
John E. Spillan, Pennsylvania State University
Peter Magnusson, Saint Louis University

This paper reports the results of a survey of 289 U.S. and Taiwanese small-and-medium-size enterprise (SME) managers' perceptions of the marketing concept. The emphasis of this paper is on understanding whether SMEs understand and use market orientation (i.e., intelligence generation, intelligence dissemination, and responsiveness) in their marketing strategies. Additionally, this paper examines the relationship between market orientation and the business outcomes. By employing structural equation modeling, this paper finds that neither U.S. and Taiwanese SMEs' intelligence generation nor intelligence dissemination has a significant relationship with their firm performance. However, the findings of this paper do indicate that there is a significantly positive link between U.S. and Taiwanese SMEs' responsiveness and their firm performance. *(For more information, please contact: Mike C.H. Chao, Baruch College, CUNY, United States: chen_ho@hotmail.com)*

Market Orientation - Manufacturing Performance Relationship: Role of Firm Resources and External Environment

Deeksha A Singh, National University of Singapore
Sanjaya S Gaur, Indian Institute of Technology, Bombay
Hari Vasudevan, Dwarkadas J. Sanghvi College of Engineering

We investigate the link between market orientation and manufacturing performance for firms from an emerging economy (India). We disaggregate the market orientation dimension into customer orientation, competitor orientation and inter-functional coordination. We propose that firms with higher level of market orientation will have superior performance. Availability of firm resources will enhance the positive effect of market orientation on performance. In addition, market orientation will be more beneficial in enhancing performance in the presence of higher level of competitive intensity, market turbulence and technological turbulence. We test our arguments on a sample of 315 Indian firms. Our results largely support our arguments highlighting the role of market orientation for enhancing the manufacturing performance of emerging market firms. *(For more information, please contact: Deeksha A Singh, National University of Singapore, Singapore: deeksha@nus.edu.sg)*

Session: 1.6.11 - Competitive

Track: Track 10 - Internationalization of Asian Firms

Asian Business: Gaining the Requirements for Internationalization

Presented On: June 24, 2006 - 15:30-16:45

Chair: Christine Chan, University of Hong Kong

How Do Firms From Emerging Markets Develop Capabilities for International Operations?

B. Elango, Illinois State University
Chinmay Pattnaik, Yonsei University

In this study, we seek to explain how firms from emerging markets build capabilities to operate in international markets through learning from parental networks. The building of these capabilities is of particular interest, as firms from emerging markets may not necessarily possess the monopolistic and other competitive advantages commonly referred to in IB literature, which allow a firm to succeed in international markets. Using lagged cross-sectional regression models on a sample of 794 Indian firms, we found that firms draw on the international experience of their parental networks and foreign networks to build such capabilities. Findings also indicate the group scope is beneficial to increasing exposure to international markets only in the case of networks that are either small or medium sized. Additionally, we found that the ability of the firm to capitalize on these capabilities is facilitated by the extent of cost efficiency and market power held by the firm. *(For more information, please contact: B. Elango, Illinois State University, United States: elango@ilstu.edu)*

Investing for Resources: Strategic and Absorptive factors to asset-seeking FDI

Ping Deng, Maryville University of St. Louis

In recent years, a number of scholars have studied the asset-seeking motive of MNCs when they invest in developed countries (DCs). According to the asset-seeking perspective, FDI is viewed as a means to develop firm specific advantages or acquire necessary strategic assets in host countries and largely embedded in local firms. As a latecomer, Chinese firms are more urgent to conduct asset-seeking FDI in order to catch up the incumbent global giants. However, there has been a lack of research attention on China's outward FDI in the area. This paper intends to fill this significant research issue by focusing on the rationale behind Chinese firms' asset-seeking FDI.

To each the above goal, we make case studies of three leading Chinese companies (Haier, TCL, and Lenovo) by using the expanded resource-based view (RBV) of the firm. Within the RBV framework, we argue that asset-seeking FDI arises when Chinese firms are in vulnerable strategic positions and in strong absorptive capability positions. By arguing that Chinese outward FDI represents a means to acquire critically needed resources and competencies in the logic of strategic needs and absorptive capability, this study is of great interest not only to stimulate possible theoretical extensions but also to draw the policy lessons it may offer to other developing countries. In so doing, we also demonstrate that the logic behind asset-seeking FDI sharpens the insights and implications of the RBV literature, thereby putting the RBV approach to new and potentially far-reaching applications.

(For more information, please contact: Ping Deng, Maryville University of St. Louis, United States: pdeng@maryville.edu)

Domestic Inter-Firm Networks and Corporate Internationalization: a Cross Industry Study of Taiwanese SMEs

Thomas C. Lawton, Imperial College London
Ku-Ho Lin, Chung-Hua Institute for Economic Research

The resource constraints of small and medium sized enterprises (SMEs) have caused these companies to be underestimated and understudied in international business research (Martinez and Jarillo, 1989; Oviatt and McDougall, 1999). However, in countries such as Taiwan, SMEs have, for some time, collectively accounted for the majority of international trade. Taiwanese SMEs have displayed a high - and growing - propensity to internationalize. This has tended to occur in association with their domestic partners and through duplicating domestic inter-firm networks in host markets (Tseng, 1995; Chen and Chen, 1998; Chen, 2003).

This paper identifies the determinants of domestic inter-firm network utilization in the internationalization process of Taiwanese SMEs in the automobile, electronics and textile industries. We argue that internationalizing through domestic inter-firm networks is positively correlated with firms' limited non-financial resources, perceived uncertainties and risks associated with internationalization, and dependence on home

partners. The technology level of firms and deficiencies in local knowledge and experience do not have significant effects on firms' decisions to utilize domestic inter-firm networks in the internationalization process. (For more information, please contact: Thomas C. Lawton, Imperial College London, United Kingdom: t.lawton@imperial.ac.uk)

Entrepreneurial Proclivity, Knowledge, and Early Internationalization

Tsang-Sing Chan, Lingnan University
Yuan Lu, Chinese University of Hong Kong
Lianxi Zhou, Lingnan University

There is apparent tension between the stage perspective of internationalization on the one hand, and the born-global or early internationalization phenomenon on the other. The tension primarily pertains to the role of international market knowledge. From entrepreneurial learning perspective, we argue that the tension can be revolved by understanding the source of the knowledge. For early internationalizing firms, international market knowledge tends to emanate from innovative and proactive pursuit of entrepreneurial opportunities across national borders, rather than from incremental accumulation of experience in foreign markets. Using survey data from SMEs in the largest emerging economy of China, we found evidence for the entrepreneurial determinant of international market knowledge in relation to the pace of early internationalization. Implications of the study are discussed. (For more information, please contact: Lianxi Zhou, Lingnan University, Canada: lxzhou@ln.edu.hk)

Session: 1.6.12 - Competitive

Track: Track 4 - International Strategic Management

M&A: Are There Benefits From Buying?

Presented On: June 24, 2006 - 15:30-16:45

Chair: Ben L. Kedia, University of Memphis

Multinational Corporation Learning as a Routine-based Activity

Ayse Saka-Helmhout, University of Groningen

The focus within behavioural research has been on aspiration-driven organizational learning and that within the international business field has been on knowledge transfer. Processual accounts of organizational learning as they occur within international settings are limited. This study introduces the behaviourist assumptions of organizational learning to the international business field for a routine-based view of organizational learning. It is based on in-depth case studies that systematically compare the ways in which parent company knowledge diffuses to subsidiaries in two developed and two developing countries. It concludes that organizational learning within the context of multinational corporations is shaped by both pre-existing institutional arrangements and an active process involving actors' decisions to institutionalize new ideas, where the links between knowledge transfer and the reinforcement or change in routines are important in determining the intensity with which a multinational corporation learns. (For more information, please contact: Ayse Saka-Helmhout, University of Groningen, Netherlands: a.saka@rug.nl)

The Effect of Institutional Context and Firm Specificities on Merger Abandonment and Completion

Desislava Dikova, University of Groningen
Padma Rao Sahib, UNiversity of Groningen

In this study, we offer a first attempt to explain two phenomena that, to the best of our knowledge, were ignored in the literature: (a) the likelihood that an announced M&A deal will be abandoned or completed; and (b) the duration between the announcement and completion of an M&A deal. In so doing, we shift the attention from post-M&A performance to the pre-M&A process. We believe the latter is interesting in its own right, as many announced M&A deals are never completed or take a long time to be finalized. We explored these issues by applying an extended transaction cost perspective, merging in insights from behavioral, institutional and trust theories. That is, we construct experience (behavioral theory) and distance (institutional theory and trust) variables that we argue to affect the level of an M&A deal's transaction costs. We test our hypotheses with of 3,851 international M&A events that were announced in the worldwide business service industry between 1981 and 2001. A complex set of results is produced, suggesting that indeed firm experience and country distance affect M&A completion and duration. *(For more information, please contact: Desislava Dikova, University of Groningen, Netherlands: d.dikova@rug.nl)*

Country-Level Determinants of Acquisition Performance - The Case of North American vs. European Buyouts
Daniel Zipser, WHU - Otto Beisheim School of Management
Oliver F Gottschalg, HEC School of Management, Paris

This paper looks at the impact of country-level characteristics on the determinants of buyout performance. Based on a review of the received literature on buyout value generation it develops testable hypothesis regarding the performance impact of (a) acquirer characteristics, (b) transaction characteristics and (c) attributes of the macroeconomic context. It then identifies relevant aspects of the institutional context in which the buy-out acquisition takes place. In a third step, it models the influence of different conditions in the institutional context on the performance impact of the three groups of determinants of buyout performance. The empirical test of these hypotheses based on a unique and proprietary comprehensive dataset of 501 North American and European buyouts provides general support for our model and documents the existence of important differences in the determinants of buyout performance across the two major buyout markets. *(For more information, please contact: Oliver F Gottschalg, HEC School of Management, Paris, France: gottschalg@hec.fr)*

Session: 1.6.13 - Competitive
Track: Track 1 - The Context of Global Business

Issues in Emerging Economies

Presented On: June 24, 2006 - 15:30-16:45

Chair: Joseph L. Cheng, University of Illinois, Urbana-Champaign

Does China Rival its Neighboring Economies for Inward FDI?
Xiaming Liu, University of London
Chengang Wang, Bradford University
Yingqi Wei, Sheffield University

The current research aims to examine whether China rivals its neighboring economies for inward foreign direct investment (FDI) by building on the strengths of, but overcoming various problems associated with, the existing studies. Our results indicate that China does not take away inward FDI from the nine Asian economies as a whole. If we view FDI inflows in the region as part of systemic globalization strategies adopted by multinational enterprises, China has actually crowded in FDI in the rest of Asia. On an individual basis however, FDI in China has a significant FDI creation effect on India and Philippines, but a significant FDI diversion effect on Indonesia, Malaysia, Korea and Taiwan, as value creation activities performed by China in international production

networks are more complementary with those by the former two economies than the latter four economies. These relative positions evolve as Asian economies develop and upgrade themselves. *(For more information, please contact: Yingqi Wei, Sheffield University, United Kingdom: y.wei@sheffield.ac.uk)*

The Inflow of Managerial Knowledge and Direct Investment in Transition Economies: The Case of Hungary
Annamaria Inzelt, IKU, Innovation Research Center

The paper examines the flow of highly skilled workers employed by foreign companies to work in Hungary, and the aim of the research was to explore the relationship between foreign direct investment (FDI) and mobility-generated knowledge-flow in this age of the continuing internationalisation of companies. At the same time, the internationalisation of economies is clearly changing the size, direction and character of employment-based mobility across countries.

The major contribution of this paper is to explore the potential for the circulation and integration of knowledge. In the first decade of transition to a market economy the most common form of knowledge inflow was managerial, symbolised by the foreign manager arriving in Hungary. Knowledge acquired in this way has a two-fold importance: on the one hand, it imports (directly) new knowledge and competencies - all of which make a company more efficient in its everyday operation - whilst it can also improve the company's absorptive capacity for acquiring new knowledge, so facilitating innovation in the corporate environment. In the later transition years the presence of complementary knowledge may be observed in a few cases in the crucial stages of company's value chain, including research labs.

(For more information, please contact: Annamaria Inzelt, IKU, Innovation Research Center, Hungary: annamaria.inzelt@uni-corvinus.hu)

The Policy Process and Business Political Environmental Management Strategies in Developing Nations

Peter DeLeon, University of Colorado, Denver
Mark Starik, George Washington University
Jorge Rivera, George Washington University
Jennifer M Oetzel, American University

This manuscript contributes to the organizations and natural environment literature by combining the policy process model with neo-institutional theory to develop a framework of propositions predicting business political environmental management strategies. This framework advances neo-institutional work that has portrayed government regulations as easily enforced-explicit-exogenous constraints obeyed by businesses. Our focus on political action and developing countries also advances the organizations and the natural environment literature which has paid little attention to these issues. *(For more information, please contact: Jennifer M Oetzel, American University, United States: oetzelj@american.edu)*

ABSTRACTS FOR SUNDAY, JUNE 25, 2006

Session: 2.1.1 - Panel

Track: Track 5 - Entry, Expansion & Operations Strategies

Challenging Conventional Wisdom on Explaining Foreign Investment: What Can New Approaches Offer to Enhance our Understanding?

Presented On: June 25, 2006 - 08:10-09:25

Chair: Thomas W Roehl, Western Washington University

Panelists:

Anju Seth, University of Illinois at Urbana-Champaign
 Tailan Chi, University of Kansas
 Thomas W Roehl, Western Washington University
 Srilata Zaheer, University of Minnesota
 Jean-Francois Hennart, Tilburg University

The power of international business scholar explanations of entry strategies have been limited by a focus on the return to an existing asset by firms who know the value of their asset and can forecast the returns from investing. This approach is of limited use in a world where most locations for investment offer an opportunity for a firm to develop new strategic capabilities, where firms make a sequence of investments, and where the uncertainty of the regulatory environment, uncertainty about the value of the organizational context and uncertainty about the expected value of future assets of the firm. We present four approaches that suggest directions for future research to deal with the significantly changed environment for foreign market entry: a research focus on the totality of market participation; a real options approach to an uncertain environment for building strategic capabilities; an assessment of locational advantages and the combination of several locations for strategic advantage; and the use of informal relationships as supplement to formal contracts to deal with these higher uncertainty levels and opportunities. The conscious choice of different approaches will lead to a dialog among the participants as to how to develop innovative approaches to research for this changed, dynamic and uncertain environment for entry strategy. *(For more information, please contact: Thomas W Roehl, Western Washington University, United States: tom.roehl@wwu.edu)*

Session: 2.1.2 - Panel

Women Entrepreneurs in the Global Economy (WAIB Special Session)

Presented On: June 25, 2006 - 08:10-09:25

Chair: Susan Trussler, University of Scranton

Panelists:

Susan Trussler, University of Scranton
 Cheryl A. Van Deusen, University of North Florida
 Carolyn B. Mueller, Stetson University
 Lanyan Chen, Beijing University
 Elena Sannikova, University College Dublin

This panel explores the status of women entrepreneurs in today's global economy. Susan Trussler sets the stage with an overview of the variations in female participation in entrepreneurship across the globe and poses a series of research questions. Cheryl VanDeusen presents a multi-country analysis to assess the role of national culture in explaining such variations in women's entrepreneurship. Carolyn Mueller develops a model that links national culture, religion, and gender with rates of entrepreneurial activity, and presents preliminary evidence of its validity. Lanyan Chen focuses on Chinese women's entrepreneurship as that nation moves from a planned to a market-based economy. While there are women who manage important SOEs, such as Hier, many young educated women have become entrepreneurs based on their experience working for foreign joint ventures. Still, the vast majority of Chinese women entrepreneurs are in SME's, and she analyzes the nationwide initiative of "Guang Cai" designed to enhance that sector. Finally, Elena Sannikova presents the results of her empirical work with John Cassidy, examining female entrepreneurship in Azerbaijan. Her focus is the micro and small scale enterprise (MSE) sector that plays a central role in employment promotion and economic growth in that Central Asian country (*For more information, please contact: Susan Trussler, University of Scranton, United States: trussler@scranton.edu*)

Session: 2.1.3 - Competitive

Track: Track 1 - The Context of Global Business

The Role of Networks

Presented On: June 25, 2006 - 08:10-09:25

Chair: Golpira Eshghi, Bentley Collage

The Public and Private Functions of Business Group Affiliation

Xufei Ma, National University of Singapore

In China's transition economy, how much does business group affiliation matter in firm performance? In addition to "institutional voids", are there any other "voids" that business groups can fill? Besides the substitute function, how do they exploit "institutional voids"? This article addresses these questions by drawing on the insights from property rights theory and institutional perspective. Based on a sample of 1,119 Chinese publicly listed companies, we find that the interaction of business group affiliation and state ownership has a positive effect on firm performance: group-affiliated outperform non-group-affiliated state-owned firms, while non-group-affiliated overtake group-affiliated non-state-owned companies. Our findings point to group affiliation's moderating effect by highlighting its public role to fill "ownership voids" and its private function to exploit "institutional voids". (*For more information, please contact: Xufei Ma, National University of Singapore, Singapore: maxufei@nus.edu.sg*)

Political Connections and Business Group Diversification in Emerging Economies

Chi-Nien Chung, National University of Singapore

Ishtiaq Pasha Mahmood, National University of Singapore

Will Mitchell, Duke University

This paper examines how formal and informal political connections facilitate business group diversification in an emerging economy before and after political liberalization. We study diversification by the top 100 business groups in Taiwan from 1986 to 1994. We find that formal political connections with national leaders facilitate diversification prior to liberalization, but only informal connections to legislators and officials contribute to diversification after liberalization. The analysis rejects the possibility that diversification might lead to creating

connections. The study contributes to studies of business groups in emerging economies, as well as to the more general literatures on diversification and political strategy. *(For more information, please contact: Chi-Nien Chung, National University of Singapore, Singapore: cnchung@nus.edu.sg)*

Does it Pay to be a Business Group Member?

Aya Chacar, Florida International University
Balagopal Vissa, INSEAD

Although the view of business groups has varied over the years, they have been seen as helping their member firms improve their performance, at least in weak institutional environments. This view is in sharp contrast to the view of business groups as inefficient conglomerates that suffer from diseconomies of scope and to the results in this study. We find no evidence of positive performance effects to business group members even in an institutional context such as India that epitomises the weak institutional environment conducive to highly efficient business groups. *(For more information, please contact: Aya Chacar, Florida International University, United States: chacara@fiu.edu)*

The Role of Governments & Institutions in Promoting Global Entrepreneurship: International Business Theories Applied

Amanda Bullough, Florida International University

This paper makes a valuable contribution to the study of entrepreneurship and economic development by applying international business theories and addressing the question of how local, or indigenous, people in the developing world can capitalize on the already inherent ownership and location privileges that MNE's seek when engaging in FDI. The Internalization Theory of Entrepreneurship states that the local entrepreneur within a developing country already possesses local skills, know-how, and access to resources. These are the same location and ownership advantages that MNE's seek to internalize through FDI. These advantages allow entrepreneurs to create jobs and boost economic development in their own country by capitalizing on the already inherent location and ownership advantages. Rational choice theory and institutional theory are then applied to addresses the question of why government policies and non-governmental institutions should focus on local community entrepreneurship to promote economic development. It is argued here that individual entrepreneurs are rational actors that will join networks and institutions for the benefit of the collective, communal support provided by an entrepreneurial institutional environment and that these institutions provide structural support for shared skills, knowledge, and resources among its member entrepreneurs. *(For more information, please contact: Amanda Bullough, Florida International University, United States: amanda.bullough@fiu.edu)*

Session: 2.1.4 - Competitive

Track: Track 4 - International Strategic Management

Learning to Internationalize

Presented On: June 25, 2006 - 08:10-09:25

Chair: Brian Toyne, St. Mary's University

Rising To The Global Challenge: Strategies For Firms In Emerging Markets

Nitin Pangarkar, National University of Singapore
Jie Jacob Wu, National University of Singapore

In this paper, we address the under-researched issue of how local firms in emerging markets can counter the threat of entry by multinational firms (MNCs). Prior literature on this topic argues that the appropriate strategy for a local firm is contingent on the characteristics of its industry (global or otherwise) and the nature of its competitive advantage—specifically whether it is transferable to other geographic markets. We extend these arguments by hypothesizing performance differences across the different strategy types and by arguing for size as a moderating variable for the relationship between strategy and performance. We base our analysis on primary and secondary data collected about 155 listed Chinese firms in four industries—cosmetics, automobiles, computers and food. Our analysis is broadly supportive of the following arguments: local firms exhibit positive performance even in the face of entry by MNCs (i.e., the entry of MNCs is not a death sentence for them); the level of performance is dependent on the strategy followed by the firm with internationally-oriented strategies resulting in better performance; and large size helps the performance for most of the strategy types. We identify the implications of our findings for the managers of local firms in emerging markets. *(For more information, please contact: Nitin Pangarkar, National University of Singapore, Singapore: bizpn@nus.edu.sg)*

Learning to Acquire Within the Core Industry Abroad
Anna Nadolska, RSM Erasmus University

In an attempt to find out how firms learn to be successful in acquiring in their core industry we focused our attention on two types of experiences that companies could benefit from (i.e. prior experience with international horizontal and related acquisitions). We argued that international horizontal acquisitions confront the international acquirers with one dimension of complexity that they need to deal with (i.e. the new foreign markets and cultures) and positively influence successfulness and rate of acquiring in the core business. International related acquisitions, in turn, involve dealing with at least two levels of complexity (i.e. new business and new foreign cultures), which makes it more challenging to learn from. We find, however, that firms experienced in acquiring abroad in their core business are able to benefit from their experience with related acquisitions more easily. *(For more information, please contact: Anna Nadolska, RSM Erasmus University, Netherlands: anadolska@rsm.nl)*

Doing Business in Emerging Asian Markets: Evidence from Small and Medium-Sized Canadian Firms.
Raymond Poisson, Université Laval
Yvon Gasse, Université Laval
Zhan Su, Université Laval

Home to more than one quarter of the world's population, the emerging Asian markets (EAM) represent considerable business potential for foreign-based enterprises. Given the modest presence of Canadian Small and Medium-sized Enterprises (SME) on these markets, compared with their considerable contribution to Canada's economy, we conducted exploratory research in an attempt to identify success factors for SME manufacturers that either do, or plan to do, business on EAM. Our analysis of approximately fifteen factors revealed nine critical elements of success. Given the significant human, material and financial resources required for ensuring favourable conditions for each of these factors, it would be in the best interests of any SME planning to penetrate the emerging Asian markets, to consider forging strategic alliances. *(For more information, please contact: Raymond Poisson, Université Laval, Canada: raymond.poisson@mng.ulaval.ca)*

Dynamic Capability, Entrepreneurial-Rent Seeking, and the Investment Development Path: What Can the Success of Samsung Electronics Contribute to International Business Theories?
Jim Slater, University of Birmingham
Jaeho Lee, University of Birmingham

As noted by Narula and Dunning (2000), it has been observed that some of the more advanced developing countries, those rapidly 'catching-up', outpaced the postulated Investment Development Path (IDP), in which

the strategic asset-seeking type of outward foreign direct investment is supposed to occur in later stages, i.e., when countries reach the higher "developed" levels of economic progress. Firms who led the outpacing in those countries did so through their commitment to upgrade technological capabilities to maintain and augment their O-advantages rather than because of the overall economic development of their home country. Samsung Electronics' recent success in the semiconductor industry allows us to identify and analyse the factors whereby it not only utilised status-quo resources and but also developed dynamic capabilities as it rose to the top. Aggressive and risk-taking investment behaviour in search of entrepreneurial rent and the effective policy of managing technology development contributed to the extraordinary achievement of Samsung Electronics. The company's remarkable transformation over the last decade or so can shed lights on how a firm's attempt to improve its O-advantage by upgrading its resources in a dynamic way contributes to its home country's idiosyncratic development path. (For more information, please contact: Jaeho Lee, University of Birmingham, United Kingdom: j.lee.3@bham.ac.uk)

Session: 2.1.5 - Competitive

Track: Track 7 - Learning, Knowledge and Innovation

Impact of Innovation Strategies on Firm Performance

Presented On: June 25, 2006 - 08:10-09:25

Chair: Jose R. de la Torre, Florida International University

R&D Investment, Competitiveness and Performance in Industrial Firms

Ilduara Busta-Varela, Copenhagen Business School

Fernando Tejerina-Gaite, University of Valladolid

Alfredo M. Bobillo, University of Valladolid

Juan A. Rodriguez-Sanz, University of Valladolid

Intangible assets and R&D expenditure are essential instruments in a firm's competitive productivity and profitability strategy. The relationship between productivity, tangible and intangible investments and R&D expenditure has given rise to much analysis concerning the importance of the role played by intangible investment in the achievement of higher competitiveness. Using the Spanish database of FUNEP (Fundación Empresa Pública-Ministerio Industria) for the period 1991-2001 with an average of 1800 firms per year taken from 20 industries and classified in 6 sectoral groups, we compare the possible relationship of the former variables with firms' profitability and productivity. The empirical results obtained show the importance of tangible investments and unit labor costs for achieving high productivity levels. R&D expenditure and intangible capital are shown to be complementary variables of the aforementioned aspects that have a delayed effect on the productivity and profitability of Spanish industries. The relevance of the prior variables differs according to whether we are referring to industrial sectors characterized by important economies of scale, intensive in capital or labor. (For more information, please contact: Alfredo M. Bobillo, University of Valladolid, Spain: amartbob@eade.uva.es)

The Acquisition Mode Of Cross-Border Technology: Transaction Cost Economics And Knowledge-Based View

Julia Lin, I-Shou University

Chi-Wei Liu, I-Shou University/Hong-Kuang University

Shih Chieh Fang, National Kaohsiung First University of Science and Technology

Pei-Wen Huang, I-Shou University/Cheng Shiu University

Drawing on transaction cost economics and knowledge-based view, this paper explores the factors influencing firm's choice of cross-border technology acquisition mode, and the impact of the choice on its performance. A

Logistic regression model incorporating the considerations of "efficiency?" and "effectiveness?" was tested with cross-border technology acquisition projects reported by Taiwanese firms. The findings show that the optimal performance of cross-border technology acquisition would be dependent on if the firm chooses the "fit?" acquisition mode deducted from transaction cost economics and knowledge-based view. The paper advances previous research by shedding light on the complementing effect of the two different strategic thinking on interfirm technology acquisition. Managerial implications and future research are discussed. *(For more information, please contact: Pei-Wen Huang, I-Shou University/Cheng Shiu University, Taiwan: pamelas30@ms34.hinet.net)*

The Integration of Routine and Entrepreneurship in the Development of Organizational Capabilities: The Case of Huawei, China

Yuanyuan Wu, McGill University

Previous literature has highlighted the tension between organizational efficiency and flexibility that firms desire to achieve concurrently. This paper concerns to understand how organizational capability (OCAP) research could help to resolve this tension. The dominant research defines OCAP as bundles of routines, which is basically related to efficiency; however, the link with flexibility tends to be researched less thoroughly. To bridge this gap, this paper reconceptualizes OCAP by incorporating insights from entrepreneurship research. The joint consideration of routine and entrepreneurship shows the complementary nature of these two prominent theories. A system of organizational activities is regarded as composed of two subsystems: the entrepreneurial subsystem and the routinized subsystem. OCAPs result from the essential complementarities and deep interactions between these two subsystems. The interactions rely on cyclic knowledge accumulation and knowledge transfer of the subsystems, out of which the author identifies eight activity patterns. The author then employs the Huawei case to illustrate this reconceptualized OCAP process model. *(For more information, please contact: Yuanyuan Wu, McGill University, Canada: yuanyuan.wu@mail.mcgill.ca)*

Session: 2.1.6 - Competitive

Track: Track 10 - Internationalization of Asian Firms

Internationalization in Chinese Business

Presented On: June 25, 2006 - 08:10-09:25

Chair: Michael Enright, University of Hong Kong

Is China on the Investment Development Path?

Katherin Marton, Fordham University

Cornelia McCarthy, Columbia University

The paper investigates the relationship between the net foreign investment position of China, measured as foreign direct investment outflows minus inflows, and economic development formulated by the investment development path (IDP) theory. Using data for the period 1979-2004, we find that the model has good explanatory power for China in terms of the structural relationship of the variables and supports the conclusion that China is currently in stage 2 of the stages postulated by the IDP theory. We also find that the economic conditions in China do not correspond to the general description of countries in the first two IDP stages. We explain the deviation of China from the model in this regard by identifying the idiosyncratic characteristics of China both with respect to its location-specific advantages and government initiated and controlled outward investments by Chinese enterprises. *(For more information, please contact: Katherin Marton, Fordham University, United States: Kmartonfordham@aol.com)*

The Internationalization of Chinese Firms: Two Case Studies from Lenovo and BOE

Trevor Buck, Loughborough University
Xiaohui Liu, Loughborough University

Conventional IB theories of internationalization and entry mode choice are exposed to reality in the form of two case studies collected from Lenovo and BOE, with a focus on the motives for internationalization, entry mode selection and post-acquisition integration.

The cases raise serious challenges to conventional theory. It would appear that latecomer multinationals from emerging economies aim to build global strategic linkages, seek new markets and obtain advanced technology through an accelerated foreign entry.

(For more information, please contact: Xiaohui Liu, Loughborough University, United Kingdom: X.Liu2@lboro.ac.uk)

Assessing the Potential for Chinese Global Integration

Ilan Alon, Rollins College
Theodore T. Herbert, Rollins College
J. Mark Munoz, Millikin University

Organizations worldwide are responding to globalization in various ways. Their selected organizational responses affect individuals within those organizations, as well as organizational relationships within and outside of the organization. In transitioning economies such as that of China, organizations are seeking to adapt to the changing environment by modifying their management styles and approaches in ways appropriate for the global marketplace. We propose a multi-level model for identifying the relevant internal-external linkages, which include individual, inter-organizational, and intra-organizational dimensions, and present a diagnostic questionnaire at the end of the article that can help in assessing a Chinese organization's potential for global integration. *(For more information, please contact: Ilan Alon, Rollins College, United States: ialon@rollins.edu)*

Inward Activities and the Internationalization of Firms: A Study of Chinese Enterprises

Xiaoyan Ma, Lingnan University
Geng Cui, Lingnan University

This study examines the role of inward activities in the internationalization of firms in China and proposes a theoretical framework of internationalization using the contingent resource theory. Based on case studies of four Chinese enterprises, the study shows that by engaging in inward activities, firms may acquire the critical resources that can lead to the outward activities and internationalization process. Whether firms can succeed in internationalization are contingent upon several moderating factors including degree of internationalization of the industry, transferability of the acquired resources, government support, and management motivation. Lastly, we explore the implications of the inward activities-based approach to internationalization and the directions for future research. *(For more information, please contact: Geng Cui, Lingnan University, Hong Kong: gcui@ln.edu.hk)*

Session: 2.1.7 - Competitive
Track: Track 7 - Learning, Knowledge and Innovation

Managing the R&D and Learning Processes

Presented On: June 25, 2006 - 08:10-09:25

Chair: Claudio De Mattos,

Cultural Fit and Innovation: A Study of Chinese Professionals

Tom Begley, University College Dublin

Yi Zhang, University College Dublin

The paper aims to shed light on the interplay of cultural fit and organizational context to knowledge transfer and innovation, and provides a new angle on organizational context. It extends the contextual theory on innovation in an eastern country, China, by comparing two subcultures of local R&D firms. Empirical data from Chinese R&D professionals working in domestic firms and in Chinese-based American subsidiaries were used to test the impact of subcultures on organizational context, and knowledge transfer and innovation. The results support that perception of power distance changes when Chinese professionals work in American subsidiaries. Power distance impacts the organizational context in different ways in two firms, and organizational context influences knowledge transfer and innovation in different ways too. I found that indigenous innovation in Chinese firms was promoted by knowledge resources and knowledge transfer, but not empowerment, but indigenous innovation in American subsidiaries was enhanced by different contextual factors, knowledge resources, knowledge transfer: extrinsic motivation, and empowerment, which is consistent with organizational context theory. *(For more information, please contact: Yi Zhang, University College Dublin, Ireland: yi.zhang@ucd.ie)*

Location Advantages and Subsidiary's R&D Activities in Emerging Economies: The Moderating Effect of Personnel Mobility

Crystal X. Jiang, Temple University

Qin Yang, Temple University

With increasing multinational corporations (MNCs) seeking to improve and develop their innovative capabilities by incorporating subsidiaries' specific advantages in foreign countries, internationalization of research and development (R&D) has been greatly emphasized. However, in emerging economies, managers are facing two great challenges of R&D appropriability: intellectual property protection and a high rate of employee turnover. In this paper, from the perspective of R&D appropriation, we attempt to develop a framework of how subsidiaries' personnel mobility moderates the relationship of the location advantages and subsidiaries' R&D activities. It contributes to the study of internationalization of R&D and also the understanding of subsidiaries' R&D activities. Further, this paper provides managerial implications as to how managers can alleviate subsidiaries' R&D misappropriation in emerging economies. *(For more information, please contact: Crystal X. Jiang, Temple University, United States: crystalj@temple.edu)*

Tacit Knowledge Acquisition

Yongjian Bao, University of Lethbridge

Eden Yin, Cambridge University

This study examines the impact of 'supplier-side individual level' factors pertaining to foreign expatriates, e.g., individual embeddedness and motivation, as well as a number of recipient-side variables, on tacit knowledge acquisition by Chinese firms through joint ventures. Results indicate that individual embeddedness of foreign

expatriates, and recipient-side variables such as recipient's collaborativeness, its readiness, and the comprehensiveness of its acquisition methods play critical roles in the successful acquisition of tacit knowledge. (For more information, please contact: Eden Yin, Cambridge University, United Kingdom: e.yin@jbs.cam.ac.uk)

The Impact of HRM Practices on Knowledge Transfer within Taiwanese MNC Subsidiaries

Soo Hee Lee, University of London
Christopher Williams, University of London
Pauline Yin, University of London

This paper examines the impact of HRM practice on knowledge transfer within Taiwanese MNC subsidiaries. This study uses the behavioural assumptions of both agency theory and corporate socialization theory to examine the determinants of knowledge transfer in connection with a range of HRM practices. Twelve hypotheses were tested on a sample of 104 Taiwanese MNC subsidiaries located in the United Kingdom, Germany and the Netherlands through a questionnaire survey. Our findings show that training programs, communication frequency and performance evaluation criteria had a positive relationship with knowledge inflow while extensive training programs, reducing status distinction, providing job security, increasing communication frequency and the use of knowledge transfer as a performance evaluation criterion all have positive relationship with knowledge outflow. The result suggests that MNCs can deploy HRM practices and organisational mechanisms to enhance employee motivation to transfer knowledge to and from their subsidiaries. (For more information, please contact: Soo Hee Lee, University of London, United Kingdom: s.lee@bbk.ac.uk)

Session: 2.1.8 - Competitive

Track: Track 2 - Economics, Finance, Taxation, Regulation

Corporate Finance (II)

Presented On: June 25, 2006 - 08:10-09:25

Chair: Hui He, George Washington University

The Role of Reinvested Earnings in Foreign Direct Investment: A Conceptual Model of the Determinants of Affiliate Reinvestment

Sarianna M. Lundan, University of Maastricht

Reinvested earnings represent an important component of foreign direct investment, and the managerial and policy implications of affiliate reinvestment have been neglected in the literature. This paper shows that the American pattern of foreign investment has been characterized by high levels of reinvested earnings and considerable stability in the rate of reinvestment, while the pattern exhibited by major European investors is one where periods of reinvestment have been followed by repatriation. A conceptual model is offered to explain the contrasting patterns.

On a managerial level, the repatriation of cumulated earnings might reflect European firms' agency problems related to their stock of investment in the United States, which has grown as a result of extensive mergers and acquisitions rather than greenfield investment. Further empirical testing of the relative importance of taxation and agency considerations on rates of reinvestment is likely to yield important insights in this regard.

In terms of policies to attract inward investment, this paper suggests that more attention should be paid to sequential flows of investment by existing investors. Measures aimed to attract de novo investment do not often produce the desired results, while reinvested earnings can contribute substantially to the stock of investment over time. (For more information, please contact: Sarianna M. Lundan, University of Maastricht, Netherlands: s.lundan@os.unimaas.nl)

An Investigation of Covered Interest Parity in the Spot USD/Yen Market

Jonathan Andrew Batten, Macquarie University
Peter Gabor Szilagyi, Tilburg University

Using a daily time series from 1983 to 2005 of spot and forward USD/Yen prices and the equivalent maturity short term US and Japanese interest rates, we investigate the sensitivity over time of the difference between actual prices in forward markets and those calculated based upon covered interest parity (CIP). Overall, we find evidence of considerable variation in CIP departures from equilibrium over the sample period, which tend to be one way and favour those with the ability to borrow US dollars. Regression analysis reveals that interday negative changes in spot exchange rates, positive changes in US interest rates and negative changes in yen interest rates generally matter more than changes in interday volatility in these assets. These results are maintained during different subperiods of the sample. We conclude that arbitrage opportunities have persisted in the yen forward market although transaction costs and market segmentation provide a likely explanation for some of the departures from CIP equilibrium. Given the time varying nature of these distortions from equilibrium the sample period under investigation remains a critical issue when investigating the presence of long term dependence. *(For more information, please contact: Jonathan Andrew Batten, Macquarie University, Australia: jabatten@gmail.com)*

Performance Implications of Real Options in Multinational Corporations

Giuliana Battisti, Aston University
Tarik Driouchi, Aston University

This paper studies the relationship between multinationality and performance under a real options setting. Based on a cross-sectional panel of multinational corporations (MNCs) having developed a significant awareness for real options reasoning, we test the impact of operating and strategic flexibility on firms' risk-returns parameters. Under this case, evidence reveals that both multinationality and flexibility enhance corporate performance and reduce downside risk.

(For more information, please contact: Tarik Driouchi, Aston University, United Kingdom: drioucht@aston.ac.uk)

Does Launching a Website Affect the Valuation of Firms Listed in Emerging Markets?

Shirley A Hunter, Tufts University
L Murphy Smith, Texas A&M University

The research question posited by this event study is "Do investors value emerging market firms that attempt to reduce information asymmetry using information technology (IT)?" Using stock data for firms listed in Brazil, India, Indonesia, Russia, and South Africa, the results show positive dispersions in price and volume regarding the economic event of investments in the Internet. The results show that managers of website firms in emerging markets are motivated to invest in IT because it provides them access to foreign equity capital. *(For more information, please contact: Shirley A Hunter, Tufts University, United States: shirley.hunter@tufts.edu)*

Session: 2.1.9 - Competitive
Track: Track 6 - Marketing and Supply-Chain

International Business Metrics

Presented On: June 25, 2006 - 08:10-09:25

Chair: G. Tomas M. Hult, Michigan State University

Share of Wallet in Retail Banking and its Prediction

Chris Baumann, Macquarie University
Suzan Burton, Macquarie University
Greg Elliott, Macquarie University

A critical measure largely neglected in previous loyalty studies is the customer's "share of wallet" (SOW). This study, based on 1,924 retail banking customers, suggests that about 24% of the variance in customer loyalty in terms of actual behaviour can be predicted, in particular by demographic factors such as age, cultural background, income and gender. Switching costs were also found to be a key predictor in this business, where high exit barriers generate spurious loyalty. While overall satisfaction, affective attitude and the five SERVQUAL dimensions are generally strong predictors of behavioural intentions, they were not significantly associated with SOW in this study. Implications for bankers and researchers are discussed. *(For more information, please contact: Chris Baumann, Macquarie University, Australia: cbaumann@efs.mq.edu.au)*

An Assessment of the Use of Structural Equation Modeling in International Business Research

G. Tomas M. Hult, Michigan State University
Michael A. Stanko, Michigan State University
Anna Shaojie Cui, Michigan State University
Andrea M. Prudhomme, Michigan State University
Alex Shichun Xu, Michigan State University
David J. Ketchen, Auburn University
Steven H. Seggie, Michigan State University

Structural equation modeling (SEM) is a powerful multivariate statistical technique that requires careful application. The use of SEM in international business research has substantially increased recently, necessitating a critical evaluation of its use in the field. Through an analysis of 148 articles in the international business (IB) literature, we detail the state of current use of SEM in IB research and compare its use to established best practices. In many instances, SEM's use in IB has been faulty, suggesting that authors may have drawn incorrect conclusions. To expand the IB field's knowledge base, methodological accuracy is essential. Based on our review of the technique's use in IB research coupled with established practices in the social science literature, we provide practical suggestions for better applying SEM in the IB literature. *(For more information, please contact: G. Tomas M. Hult, Michigan State University, United States: hult@msu.edu)*

Measuring Brand Globality

Claudiu V. Dimofte, Georgetown University
Johny Kjell Johansson, Georgetown University
Ilkka A. Ronkainen, Georgetown University

Published academic research on global branding has consistently found a positive effect for global brands on consumer attitudes. There is an apparently intangible aura surrounding global brands, so that even when perceived quality and familiarity and other factors are controlled for, a brand's perceived globality provides a net

positive effect to brand equity. Nevertheless, the exact meaning that consumers attribute to a "global brand" is still unclear. The present paper tackles this issue directly by empirically eliciting open-ended and rating scale assessments from individuals and using an inductive approach to identify the dimensions of the "global brand" construct. Although results so far are very preliminary, there is evidence that the construct is four-dimensional, with a "leadership" component, a "reach" component, an "image" component, and a "universal relevance" component. The paper when completed is intended to provide a direct measure of a brand's globality. *(For more information, please contact: Johny Kjell Johansson, Georgetown University, United States: johanssj@georgetown.edu)*

Global Network Equity: Marketing Metrics Across Borders

S. Tamer Cavusgil, Michigan State University
 Steven H. Seggie, Michigan State University
 Chris Styles, University of Sydney

In recent years more and more attention has been paid to the issue of measuring the returns on marketing. In this manuscript the authors propose Global Network Equity as one method of measuring the returns on marketing for multinational companies. This concept builds upon brand equity and is rooted in the network theory literature to reflect the reality of the new network economy. The authors propose that the measurement of Global Network Equity will enable managers in multinational companies to manage their network relationships to create the most value possible. Implication for both practice and theory are presented. *(For more information, please contact: Steven H. Seggie, Michigan State University, United States: seggiest@msu.edu)*

Session: 2.1.10 - Competitive

Track: Track 2 - Economics, Finance, Taxation, Regulation

FDI and MNEs (I)

Presented On: June 25, 2006 - 08:10-09:25

Chair: Jenny Berrill, Trinity College

Spillovers from Foreign Direct Investment: A Meta Analysis

Klaus E. Meyer, University of Reading
 Evis Sinani, Copenhagen Business School

The extensive empirical literature analyzing productivity spillovers from foreign direct investment to local firms provides inconclusive results. Some studies find that foreign presence has a positive impact on the productivity of domestic firms, while others find no evidence or a negative effect. Differences in the results may be attributable to contexts, such as the structural differences between developed, developing and transition economies. However, results may also vary due to different empirical methodologies, notably the use of aggregate versus firm-level data and cross-section versus panel data analysis. We conduct a meta-analysis to investigate reasons for these conflicting results, and provide a revised interpretation of earlier research and its policy implications, and new priorities for future research. Our analysis suggests that the hypothesized spillovers are not confirmed for industrialized countries in the 1990s. Transition economies may experience spillovers, but these have been declining in recent years. *(For more information, please contact: Klaus E. Meyer, University of Reading, United Kingdom: k.meyer@rdg.ac.uk)*

China Factors on Entry and Exit of Firms in Taiwanese Manufacturing Industries

Huilin Lin, National Taiwan University
Ryh-song Yeh, National Chi Nan University

The rise of China as an emerging economic superpower is reshaping the landscape of world economy, especially its surrounding countries. This paper focuses specifically on the effects of China factors on entry and exit of firms in Taiwanese manufacturing industries. In addition to the traditional micro and macroeconomic influences suggested in the literature, China's GDP growth rate, and Taiwanese investment in China are incorporated in entry and exit decisions of firms. A panel data at three-digit industry level of the year 1991-2000 is used and negative binomial models for entry and exit are specified. As expected, China's GDP growth and Taiwanese investment in China do discourage new entry and stimulate exit of firms in Taiwanese manufacturing industries. Research implications as compared to other studies are finally discussed.

(For more information, please contact: Huilin Lin, National Taiwan University, Taiwan: hulin@ntu.edu.tw)

Multinational Firms and Productivity Spillovers: The Role of Firms' Heterogeneity

Davide Castellani, University of Urbino
Antonello Zanfei, University of Urbino

This paper examines how heterogeneity across firms affects spillovers from multinationals. Using data on firms active in Italy in 1993-2000, it is shown that not every multinational firm is a good source of externality and not every domestic firm is equally well placed to benefit from multinational activity. Positive spillovers to domestic companies are associated with the presence of R&D intensive foreign affiliates and of subsidiaries which have long been established in Italy. Among Italian firms, exporters benefit significantly more from foreign presence than non internationalised companies. However, the latter seem to benefit from the activities of domestic-owned multinationals. These results are consistent with the idea that outward and inward FDIs might have complementary effects. Policies should thus be designed to take this complementarity into account. *(For more information, please contact: Davide Castellani, University of Urbino, Italy: castellani@uniurb.it)*

A Model Explaining the Emergence of the Multinational Enterprise in Services

Guoqiang Li, University of Macau

From the perspective of saving transaction cost, a decision-making model is constructed to explain the emergence of the multinational enterprise in services from domestic production, domestic licensing and international licensing. This decision-making model shows that the transaction efficiency coefficients of relevant markets can determine whether the technology specialist with a specific technology advantage from the home country will directly invest in the host country (multinational enterprise), transfer his technology to the host country (international licensing), or just confine his business activities in the home country (domestic business). *(For more information, please contact: Guoqiang Li, University of Macau, China: gqli@umac.mo)*

Session: 2.1.11 - Competitive

Track: Track 3 - Managing People Across Cultures

Management of Expatriate Employees

Presented On: June 25, 2006 - 08:10-09:25

Chair: Jiing-Lih Larry Farh, Hong Kong University of Science and Technology

Does Cultural Distance Have a Symmetric Impact on Expatriate Adjustment

Randy K. Chiu, Hong Kong Baptist University
 Oded Shenkar, Ohio State University
 Jan Selmer, Aarhus School of Business

The current literature implicitly assumes a symmetric impact of cultural distance on expatriate adjustment. This study tests the proposition that such impact is asymmetric, that is, the impact of cultural differences is contingent on the direction of the assignment. Controlling for the length of assignment, we find that German expatriates in the United States were better adjusted, socio-culturally and psychologically, than American expatriates in Germany. Implications for the theory and practice of international human resource management are outlined. *(For more information, please contact: Jan Selmer, Aarhus School of Business, Denmark: selmer@asb.dk)*

An Exploratory Framework for Global Mobility Risk Management

Helen L. De Cieri, Monash University
 Marilyn S. Fenwick, Global Mobility Management

Recent global events have heightened awareness of the need for managers in multinational enterprises to develop strategies to manage the risks associated with international business. One important aspect of this is global mobility risk management, or the management of risk related to the movement of staff across national borders. However, to date, the international human resource management (IHRM) literature has largely ignored risk as an issue affecting the management of a global workforce. Building on previous generic IHRM frameworks, in this paper, we develop a focused, exploratory framework to guide research and practice, specifically with respect to global mobility risk management. We explore this framework in case studies conducted with two multinational enterprises whose employees are engaged in a variety of assignments across a range of risky environments. *(For more information, please contact: Helen L. De Cieri, Monash University, Australia: Helen.decier@buseco.monash.edu.au)*

An Extended Model of Expatriate Effectiveness: The Role of Social Capital

Mitch Rothstein, University of Western Ontario
 Xiaohua Wang, University of Western Ontario
 Jiao Li, University of Western Ontario

Previous research on expatriate management has mainly focused on expatriate adjustment in a new environment. However, expatriate effectiveness, a pertinent issue for both organizations and individuals, has gained relatively less attention. Also, there is little work about the role of social capital in expatriate management.

In this article, we develop a theoretical model of expatriate effectiveness by paying close attention to an expatriate's social capital in the new environment. Specifically, our model argues that the expatriate's social capital facilitates expatriate effectiveness by providing culture information, role information, and social support. Based on the setting of social capital, we classify an expatriate's social capital into work setting network and non-work network. The work setting network is further divided into host nationals and home nationals. Expatriate effectiveness is conceptualized in terms of three indicators: psychological well-being, job satisfaction, and job performance. Theoretical and practical implications of this model are discussed as well.

(For more information, please contact: Jiao Li, University of Western Ontario, Canada: lli@ivey.uwo.ca)

Session: 2.1.12 - Competitive
Track: Track 5 - Entry, Expansion & Operations Strategies

New Perspectives on Exports

Presented On: June 25, 2006 - 08:10-09:25

Chair: Shih-Fen Chen, University of Western Ontario

Determinants of Using e-Intermediaries in Export Marketing: Cross-National Differences in the US and Korean SMEs

Patriya Tansuhaj, Washington State University
Hyuksoo Cho, Keimyung University

Electronic intermediaries (e-intermediaries) are gaining significance in international marketing with the rapid development of electronic commerce. The goal of this study is to explain empirically what leads to a higher use of this relatively new exportation alternative. Relying on a resource-based view as our research foundation, we focus on information technology (IT) and non-IT factors as possible determinants. Further, this study brings arguments offered by transaction cost theorists to explain the other non-IT determinants. We gathered data from managers of exporting firms in the United States and Korea for testing generalizability. We found that across both samples, IT-related human assets, technology assets, international competence, and perceived uncertainty are statistically significant in explaining the degree of using e-intermediaries. Managerial implications and suggestions for future research are then provided. *(For more information, please contact: Hyuksoo Cho, Keimyung University, South Korea: hyuksoo@kmu.ac.kr)*

Export Performance of MNE Affiliates in Polish Manufacturing: 1993-2002. A Study on Knowledge Mandate, Transfer and Absorption

Konrad Marcin Pawlik, Aarhus School of Business
Jørgen Ulff-Møller Nielsen, Aarhus School of Business

Using a unique database containing trade (export and import) and industry variables (wages, employment, foreign capital share, investments, sales, etc.) of foreign affiliates in the Polish manufacturing industry for the years 1993-2002, this paper analyses the determinants of the export performance of the foreign affiliates. The results from panel estimations show that the export intensity of the affiliates has increased every year since 1994. The lowest level of export performance was recorded in science-based industries. Import intensity, labour intensity, wage level, scale economies and foreign control are significant and positively associated to export performance, while investment activity is negatively related to the export performance of the affiliates. On the assumption that some industry variables are proxies for technology transfer, the results show that the increasing export orientation of foreign affiliates is the result of increasing international sourcing, implying that the foreign affiliates hold an advanced role in MNEs, which translates its "knowledge mandate" into more trade (imports and exports) in interdependence with other foreign affiliates. High wages to foreign affiliate employees (indicating improvements in absorptive capacity) are related to high export performance. Besides, given international business research (Kogut and Zander, 1993), the positive association between foreign ownership and export intensity suggests that transfer of tacit knowledge is positively related to affiliate production in exports. Results for investments activity (as an indicator for investments production technology) indicate that the high level of export performance of foreign affiliates in a transition economy does not reflect a large flow of technologies embodied in machinery and software. *(For more information, please contact: Konrad Marcin Pawlik, Aarhus School of Business, Denmark: kpawli@gmail.com)*

Interrelationship between Exports and Domestic Sales: An Evidence from Emerging Market Firms
Deeksha A Singh, National University of Singapore

I investigate the inter relationship between export sales and domestic sales by acknowledging the inter dependence of the two. Further, I investigate the firm level determinants of export sales and domestic sales and the effect of group affiliation on the level of export sales and domestic sales of firms from an emerging economy. Given the simultaneity of export sales and domestic sales, I use a two-stage least square estimation on a sample of 214 Indian firms over a period of five years from 1997-2001. The findings suggest that export sales and domestic sales are interdependent and affect each other. R&D expenditure affects export sales positively and domestic sales negatively. Advertising expenditure affects domestic sales positively. Finally business group affiliation affects domestic sales but has no impact on export sales. *(For more information, please contact: Deeksha A Singh, National University of Singapore, Singapore: deeksha@nus.edu.sg)*

Different Types Of Exporting SMES: Similarities And Differences In Export Performance
Jorma Antero Larimo, University of Vaasa

Research related to firms export performance dates back to the early 1960s, after which many studies have been conducted with mixed results. The three main goals of this study were to analyze the impact of: 1. selected firm, management, and export strategy related variables on export performance; 2. selected performance measures used on the results; and 3. type of the SME – traditional vs. born international - on the results. Based on a literature review fourteen hypotheses were developed to be tested. The empirical part of the study is based on a survey study conducted among Finnish SMEs in early 2002. The export performance was analyzed using six different types of performance measures. The results indicated that according to subjective measures truly born internationals had performed better than traditional exporters, whereas according to financial performance measures traditional exporters had performed better. None of the fourteen hypotheses received support from all used measures of performance. The strongest positive impacts were found in cases of firm size, product/service quality, international orientation, and market diversification – the last one especially among traditional exporters. *(For more information, please contact: Jorma Antero Larimo, University of Vaasa, Finland: jla@uwasa.fi)*

Session: 2.1.13 - Competitive
Track: Track 3 - Managing People Across Cultures

Citizenship and Leadership Behavior: Emotions and Identification

Presented On: June 25, 2006 - 08:10-09:25

Chair: Bruce W. Stening, Australian National University

An Empirical Test Of The Antecedents Of Dual Organizational Identification in the Context of Subsidiary Managers in MNCs

Kendall Roth, University of South Carolina
Davina Vora, University of Texas at Dallas
Tatiana Kostova, University of South Carolina

We offer a novel conceptualization of dual organizational identification and develop a theoretical model of the antecedents of this state for the case of subsidiary managers in multinational corporations. We argue that the experience of dual organizational identification will depend on the perceived prestige of the two entities, the manager's positive interaction with and tenure in these entities, and similarity between their organizational

identities. Our empirical results provide general support for the model. *(For more information, please contact: Davina Vora, University of Texas at Dallas, United States: davina.vora@utdallas.edu)*

The Direct Effects and Mechanisms in the Relationships between Organizational Citizenship Behaviors and Organizational Performance: A Longitudinal Study in Taiwan

Timothy C. Lin, National Pingtung University of Science and Technology
T.K. Peng, I-Shou University

Research interest in organizational citizenship behaviors has been one of the most prominent phenomena among organizational scientists for about two decades. Despite the large number of empirical studies in the literature, surprisingly few efforts have been made to explicitly look at whether OCB indeed has a positive impact on organizational performance and how. Using a longitudinal design, this study collected data from three sources to examine 462 individuals representing 62 branches in a financial institute in Taiwan. The statistical evidence supports the theoretical argument that OCB positively induces organizational performance. Furthermore, group cohesion and collective efficacy were identified as mechanisms that fully mediated the direct effects of OCB. Theoretical and practical implications from the results are addressed. *(For more information, please contact: Timothy C. Lin, National Pingtung University of Science and Technology, Taiwan: timothy@mail.npust.edu.tw)*

Performance Contingency Theory of Leadership: Testing Its Level Boundary

T.K. Peng, I-Shou University
Mark F. Peterson, Florida Atlantic University

Performance contingency theory of leadership has yielded one of the most coherent results in leadership research. Cross-culturally, few situational variables were found to have moderated the generally positive relationships between leader contingent rewards and employee outcomes as well as the generally negative relationships between leader noncontingent punishments and the outcomes. A review of this line of research indicates that the studies so far have overwhelmingly analyzed the relationships at a single level (i.e., individual) with hierarchical moderated regression. Since leadership is a multilevel phenomenon, this study treats group cohesiveness as a contextual moderator and makes a cross-level examination of the relationships of interest with hierarchical linear modeling. With data from 222 respondents representing 57 work groups, we found: 1) support for the above mentioned generally positive and negative relationships, 2) the direct effect of group cohesiveness on member satisfaction and effectiveness, and 3) the moderating effect of group cohesiveness on the negative relationship between noncontingent punishments and individual effectiveness. The results signify some conceptual and methodological implications in understanding leadership in international contexts. *(For more information, please contact: T.K. Peng, I-Shou University, Taiwan: tkpeng@isu.edu.tw)*

How Emotions Shape the Processes and Outcomes of Cross Cultural Communication and Negotiation: An Affective Events Theory Perspective

Charmine E.J. Härtel, Monash University
Ruby Ming Ming Ma, Monash University

For a long time research on communication and negotiation has focused on the contextual, social, and cognitive factors, that influence communication/negotiation outcomes. Recently, scholars have turned their attention to how the intangible aspects of negotiation, for example, trust, reputation, relationship quality (guanxi in the case of the Chinese), moods and emotion; shape the processes and outcomes of communication and negotiation. The goal of this paper is to forward a theoretical framework which integrates these variables. Elements of the framework are illustrated with examples of communication critical incidents between Chinese and Australian negotiators. *(For more information, please contact: Charmine E.J. Härtel, Monash University, Australia: charmine.hartel@buseco.monash.edu.au)*

Session: 2.2 - Plenary***Plenary: Dr. Jagdish Sheth - The Rise of China and India and Their Impact on the World***

Presented On: June 25, 2006 - 09:35-10:50

Chair: Mary Ann Von Glinow, Florida International University

Dr. Jagdish (Jag) N. Sheth is the Charles H. Kellstadt Professor of Marketing in the Goizueta Business School at Emory University.

Session: 2.3 - Plenary***AIB Fellows' Executive of the Year Award - Chuanzhi Liu, Legend Holdings Ltd.***

Presented On: June 25, 2006 - 11:15-12:30

Chair: Jean Boddewyn, Baruch College

Presentation of the 2006 Executive of the Year Award to Chuanzhi Liu. Mr. Liu is the President and CEO and co-founder of Legend Holdings Ltd.

Session: 2.4 - Interactive***Interactive Sessions with Light Lunch (II)***

Presented On: June 25, 2006 - 12:30-13:45

All Interactive Sessions numbered 2.4.X below will be located in Room 17/Hall. Light lunch will also be provided in the same location for all participants.

Session: 2.4.1 - Interactive***Cross Culture, IHRM, Expatriates***

Presented On: June 25, 2006 - 12:30-13:45

The Changing Role of HRM in Transitional Economies: Evidence from China

Brian Cooper, Monash University
Helen L. De Cieri, Monash University
Shuming Zhao, Nanjing University
Cherrie Jihua Zhu, Monash University

China's progressive integration into the global economy has strengthened its position as a 'magnet' for foreign direct investment. The inevitably increased competition in the Chinese economy has led firms to adopt more market-oriented approaches to human resource management (HRM). Based on a survey conducted in 2005 of 813 respondents (mainly HR personnel) in industrial firms in China, this paper examines the impact of vertical integration of the human resource function, measured by the strategic integration and devolvement of HRM

practices, on the performance of industrial firms in China. The results of this preliminary research found some evidence for a positive relationship between the degree of strategic integration of HRM with business strategies and firm performance. Although more analyses need to be conducted on the data collected by this study, our findings provide some signals that the HR function is emerging as a strategic player in Chinese enterprises. *(For more information, please contact: Cherrie Jihua Zhu, Monash University, Australia: cherrie.zhu@buseco.monash.edu.au)*

Revising the Hofstede Cultural Model and Connecting Cultures to International Business Competitiveness: Western vs East Asian Models

Hwy-Chang Moon, Seoul National University

Culture is becoming increasingly important in determining the competitiveness of firms in international business. Perlmutter first presented variables that focused on the primary attitudes among international executives, allowing an understanding of how cultural aspects affect the success and failure of a multinational corporation. Other scholars proposed various models of fundamental dimensions of culture. Among them, the Hofstede model is the most popular one. Almost all of studies on culture published in major business journals are based on this Hofstede model. However, the Hofstede model has some weaknesses, so studies on this model often produce conflicting results. The main goal of this paper is to develop a new cultural model, by correcting the problems of the Hofstede model, to identify East Asian dimensions of culture, and to give strategic guidelines for East Asian firms, particularly the Korean firms. *(For more information, please contact: Hwy-Chang Moon, Seoul National University, South Korea: cmoon@snu.ac.kr)*

The Asymmetry of the Cultural Encounter: The Impact of National Culture Differences on Cross-Border Mergers & Acquisitions Performance

Anil K. Makhija, Ohio State University

Oded Shenkar, Ohio State University

Tomas Jandik, University of Arkansas

Prior studies suggest that national "cultural distance" will adversely affect the return on the acquisition of foreign firms. However, they implicitly assume that this impact will be symmetric; in other words, that cultural differences will have the same impact regardless of who is the bidder and who is the target in a transaction. In this study, we test for and confirm asymmetry of impact. While we find an overall negative impact for cultural differences on the return to the shareholders of the target firms, we also find that foreign targets of US bidders are more adversely affected by differences in national culture than comparable US targets of foreign bidders. The findings also show that foreign targets of US bidders are more likely to suffer low returns when based in countries whose culture, unlike that of the US, is high on uncertainty avoidance and collectivism. *(For more information, please contact: Anil K. Makhija, Ohio State University, United States: Makhija.1@osu.edu)*

New Frontiers of Managing People Cross Cultures -A Cultural Intelligence Perspective

Tom Begley, University College Dublin

Aidan Kelly, University College Dublin

Lu Miao, University College Dublin

Drawing on Cultural Intelligence (CQ) theory (Earley & Ang, 2003), and building on prior studies on the topic of network centrality, the primary aim of our research is to develop a conceptual framework and provide empirical evidences on Earley and Ang's (2003) theoretical discussion of cultural intelligence and to extend network research to antecedents of network centrality. A second purpose of the present research is to explore different dimensions of CQ as predictors on the acquisition of individual's central positions in teams' advice and friendship networks in culturally diverse settings. *(For more information, please contact: Lu Miao, University College Dublin, Ireland: lu.miao@ucd.ie)*

Towards Strategic Ambidexterity: The Nexus of Pro-Profit and Pro-Growth Strategies for the Sustainable International Corporation

Mary Han, Ryerson University

An organization that achieves a successful competitive position by developing a proactive strategy to manage contradictory structures, skills and cultures can be termed ambidextrous. Empirical data and theory are used to illustrate the successful strategic decision-making and implementation processes within two ambidextrous organizations: Merrill Lynch and Comdirect Bank. In particular, I discuss "strategic ambidexterity": the management of two paradoxical forces, pro-profit strategy and pro-growth strategy, which may provide competitive advantage to international ventures, thereby leading to sustainability of the firm. *(For more information, please contact: Mary Han, Ryerson University, Canada: mhan@ryerson.ca)*

Boundaryless Careers and Social Capital in MNCs: Implications for Coordination and Knowledge Sharing

Mila B. Lazarova, Simon Fraser University

Sully Taylor, Portland State University

The purpose of this paper is to critically assess the utilization of boundaryless careers in MNCs through the lens of how they impact organizational social capital and, hence, organizational performance. Specifically, we look closely at the effect of boundaryless careers on the formation and deployment of public social capital. Past literature has suggested that boundaryless careers can be used to extend firm networks thus making firms beneficiaries of individual boundaryless careers behavior. The potential negative effects of "new careers" on organizational social capital have received much less attention. We seek to remedy this and examine under what conditions boundaryless careers can damage social capital in organizations, and particularly, in MNCs. Our purpose is raise important issues that can aid in the debate about the positive and negative effects of boundaryless careers in MNCs. We extend work on boundaryless careers by drawing attention to important distinctions between internal and external organizational boundary-crossing and their subsequent impact on the formation of public social capital. *(For more information, please contact: Mila B. Lazarova, Simon Fraser University, Canada: mbl@sfu.ca)*

Culture Matters: Facet and Global Job Satisfaction in the United States and the Philippines

Jorge A. Gonzalez, University of Wisconsin-Milwaukee

Andrea Griffin, Marquette University

Teresa J. Rothausen-Vange, University of St. Thomas

The relationship of satisfaction with facets of the job to overall global job satisfaction and intention to quit was examined in matched samples of employees from financial firms in the United States and the Philippines. In accordance with hypotheses developed using cultural models, satisfaction with traditionally measured intrinsic job facets explained global job satisfaction better in the United States than in the Philippines. On the other hand, extrinsic facets that are not traditionally measured explained significant additional variance in the Philippines whereas they did not in the United States. For intention to quit, a significant interaction between job satisfaction and nation was found, indicating that job satisfaction explains intention to quit more in the United States than in the Philippines. Findings are discussed in light of job satisfaction, turnover and retention, cross-cultural and international management, and work-life balance theories. *(For more information, please contact: Jorge A. Gonzalez, University of Wisconsin-Milwaukee, United States: jorgeg@uwm.edu)*

Network Antecedents of Intra-group Cooperation: Relative Impact of Task versus Social and Leader versus Peers Relationships

Duanxu Wang, Zhejiang University

Chao C. Chen, Rutgers University

Wei He, Indiana State University

We looked into the informal social networks within intact formal workgroups in a Chinese manufacturing company to examine their effects on workgroups. We were particularly interested in the relative impact of advice network relationship versus friendship network relationship and leader–member relationship versus peer relationship on intra-group cooperation and collective group identification. We were also interested in the mediating effects of group identification between network relationships and intra-group cooperation. Three hundred and sixty-eight workers from 55 workgroups participated in our study. We found: a) Advice relationship had greater impact on both intra-group cooperation and collective group identification than friendship relationship; b) Leader centrality had greater impact on both intra-group cooperation and collective group identification than peer network density; and c) Collective group identification mediated the relationships between peer friendship network density and intra-group cooperation and between leader advice centrality and intra-group cooperation. We then discussed the theoretical and practical implications of our findings. *(For more information, please contact: Wei He, Indiana State University, United States: mfhe@isugw.indstate.edu)*

The Impact of Organizational Learning on Firm Performance in an Economy in Transition: The Case of China

William David Brice, University of Arkansas, Little Rock

Wenjing Chen, Chinese Academy of Sciences

Wayne Daniel Jones, University of Hawaii

Kan Shi, Chinese Academy of Sciences

Firms operating in transitional economies often face a number of challenges and opportunities that their counterparts in developed countries with more munificent environments do not. In this research, transitional economies are characterized by environments in which firms face economic and social conditions such as liberalization and immature market opportunities, and the ability to control and dominate the market to their own advantages. This study examines whether firms using strategies related to organizational learning in such turbulent environments are able to compete effectively and also better understand the role of market power in this process.

Data were collected from 168 firms in the People's Republic of China. Managers enrolled in executive MBA (EMBA) and special executive training programs in six different cities. The survey instrument was translated into Mandarin and a leading academic institution in China collected the data in six different cities.

Factor analysis was initially used to examine the psychometric properties of scales related to organizational learning, and environmental hostility that were originally developed in Western nations. Preliminary analyses indicate that these measures appear to be valid and reliable in these emerging economies. Structural equation path models will be created to explore the relationship among the constructs.

(For more information, please contact: Wayne Daniel Jones, University of Hawaii, United States: waynej@hawaii.edu)

Session: 2.4.2 - Interactive***Regions and Location***

Presented On: June 25, 2006 - 12:30-13:45

Guanxi in Risk Taking and Uncertain Business Conditions : A Universal Practice? An Exploratory Study

Clare Chua, Ryerson University

Peter Luk, Ryerson University

Stan Paliwoda, University of Strathclyde

The increasing acceptance of guanxi as a way to reduce uncertainty and risk in business dealings is explored. Guanxi, commonly practiced in China, is a form of social network of personal connections. Moreover, this paper suggests that guanxi has become a universal practice. It is not only a preferred way of doing business in China, but also in markets and conditions where certainty and legal transparency are still in dire need.

(For more information, please contact: Clare Chua, Ryerson University, Canada: cchua@ryerson.ca)

Supply Chain Control and Regional Economic Integration

Ayman A. Omar, University of Tennessee

The issue of control has been the focus of many studies in the field of marketing channels and supply chain management. Several studies have examined antecedents to supply chain integration in foreign markets. Most of the studies in the literature have focused on the down stream channel (manufacturer-distributor). Little has been done to investigate the upstream aspect of integration. The main objective of this paper is to examine the impact of regional economic integration (REI) on supply chain control and integration in foreign markets both from an upstream and a downstream perspective. The contribution of this paper is twofold. First, the study sheds light on the factors that determine the level of control required from an upstream perspective of a focal company. The second contribution of this paper is that there are no studies in the literature that discuss the impact of REI on the level of control whether from an upstream or a downstream perspective. *(For more information, please contact: Ayman A. Omar, University of Tennessee, United States: aomar1@utk.edu)*

High-Technology Clusters in a Peripheral Region of a Small Open Economy: The Role of Local and Global Linkages

Majella A. Giblin, National University of Ireland, Galway

Paul A. Ryan, National University of Ireland, Galway

The paradoxical role of the regional economy for innovation within a global environment has received increased interest by scholars in recent years. While some authors advocate that the inexorable process of globalisation has undermined the significance of local or even national economies a contrasting collection of authors suggest that the local economy is the source of competitive advancement and increased innovative capacity through interactive learning capabilities and knowledge flows. This working paper presents the preliminary findings from a study of two clusters, ICT and Medical Devices, in a small open economy, Ireland. The research integrates the global and local elements of clusters. The study contributes to the literature by analysing the role of FDI as a global element to the cluster. The study further examines the nature, form and role of co-operative behaviour within clusters, providing clarity on how co-operation is manifested and its importance within the cluster. Finally, the research contributes to delineating the geographical boundaries of clusters, particularly in a small, open economy. These contributions comprise of some of the main issues identified as major criticisms of the 'Porterian' cluster that limit our understanding of how clusters operate in the modern global economy. *(For more information, please contact: Paul A. Ryan, National University of Ireland, Galway, Ireland: paul.a.ryan@nuigalway.ie)*

The Geopolitical Context of Global Business
Deepak Sethi, Old Dominion University

Globalization, hyper-competition between MNEs of developed as well as emerging economies, and proliferation of non-state stakeholders, is making the context of global business increasingly complex. Politico-economic policies of countries, and their frequent realignments on various issues in world forums in response to their national and economic interests, keep altering this context. Despite the obvious symbiotic relationship, while both International Relations (IR) and International Business (IB) scholars often allude to the geopolitical context of global business, it has not been explicitly analyzed. There is anecdotal evidence that multinational enterprises (MNEs) do indeed take it into account, in varying degrees, while formulating strategy, but there are no conceptual frameworks in either discipline that could facilitate such analysis. This study, based on a comprehensive review of the IR and IB literatures, highlights the need for interdisciplinary research of the geopolitical context, given that it shapes the global business environment, and hence impacts MNE operations and competitiveness. Actual MNE practices of deliberating this context need to be researched to derive conceptual maps of this hitherto uncharted area. This study lays the conceptual groundwork for further research of the geopolitical context, so that theory may catch up with practice. *(For more information, please contact: Deepak Sethi, Old Dominion University, United States: dsethi@odu.edu)*

Session: 2.4.3 - Interactive

Consumer Behavior

Presented On: June 25, 2006 - 12:30-13:45

Consumer empowerment behavior and hospital choice
Yu-Tze Lin, I-Shou University
Hui-Ching Weng, I-Shou University

The purpose of this study was to explore the association of patient empowerment behavior and styles of decision making on hospital choice of maternity care. A cluster analysis was used to divide consumers into three segments by clinician performance, accessibility, providing full-care service, efficient service delivery, and the word of mouth and facility size of hospital. Cluster analysis of the hospital choice produced three segments: all factors were "want-it-alls," "reputation conscious," and "quality and service conscious." Student results also indicated that the identified segments appeal to have significant differences on the consumer's empowerment behavior and satisfaction to care provided. However, enhanced empowerment behavior did not lead greater satisfaction with the outcome of choice. Demographic profiles of three clusters were presented, and key healthcare marketing strategies for specific segments were discussed.

Key Words: hospital choice, cluster analysis, patient empowerment, maternity service

(For more information, please contact: Yu-Tze Lin, I-Shou University, Taiwan: weng@isu.edu.tw)

The Effects of Hedonic and Utilitarian Characteristics on Consumer Perception of Quality and Value: A Comparison of Local and International Brand Appeals in Taiwan
Chia-Ying Li, National Cheng Kung University
Wann-Yih Wu, National Cheng Kung University

Both thinking and feeling decision making modes are examined as independent systems for website consumption. Specifically, this article attempted to develop a comprehensive model to identify the inter-relationship among hedonic and utilitarian website characteristics, consumer's experiential and cognitive

perceptions, perceived experiential value and quality, and purchasing intention. This article picked up 20 cosmetics appeals and participants were randomly assigned to link and read one of the 20 cosmetics appeals from the websites, and then were asked to fill in a questionnaire on Internet. Finally, 416 usable questionnaires were collected. In order to assess the hypothesized relationships, the structural equation models were employed using AMOS 4.0 to investigate the relationship among research variables. The study results suggest that compare to those who evaluate local brand, respondents tended to perceive significantly higher scores on hedonic website characteristics, experiential perception, cognitive perception, perceived quality, perceived experiential value and purchasing intention for international brand, with a series order from Japanese brand, American brand to European brand. In addition, the influences of hedonic and utilitarian characteristic of website appeals on consumer's perceived value and quality are positive and significant. These results could provide meaningful implications for academicians and practitioners to offer brand appeals for consumers.

(For more information, please contact: Wann-Yih Wu, National Cheng Kung University, Taiwan: wanyi@mail.ncku.edu.tw)

Looking for Context in a Globalized World of Marketplace Exchanges: A Consumers' Perspective

Clara Agustin, Universitat Pompeu Fabra

Ed Nijssen, Radboud University

Jagdip Singh, Case Western Reserve University

Significant body of work exists demonstrating the power of contextual influences on market exchanges involving consumers and firms across global markets. While most past studies have utilized cross-cultural, institutional, and structural perspectives to conceptualize context, this study departs from these studies by taking a consumer perspective. Drawing from cognitive psychology and social intelligence literatures, a market climate (MACS) construct is proposed that conceptualizes the context of marketplace exchanges as metacognitions involving interacting collectives. Using matched data from insurance consumers in Germany, Netherlands, and United States, the proposed multidimensional MACS construct is examined for validity and equivalence. A Latent Class based profile analysis reveals four distinct market climates that function as the embedding milieu within which specific market exchanges between firms and consumers occur. Each market climate is identified in each of three countries indicating that market climates have global relevance. As a work-in-progress, additional development of the MACS construct is underway. *(For more information, please contact: Jagdip Singh, Case Western Reserve University, United States: jagdip.singh@case.edu)*

Session: 2.4.4 - Interactive

Markets and Prices

Presented On: June 25, 2006 - 12:30-13:45

The Time Effect of Outward Direct Investment on Domestic Investment

Huilin Lin, National Taiwan University

Ryh-song Yeh, National Chi Nan University

An endogenous switching regression model is used to examine the time effect of outward direct investment on domestic investment in Taiwan's manufacturing industries. The empirical results show that outward direct investment and domestic investment in general are complementary and the magnitude of the relationship increases over time after controlling the effect of defensive outward direct investment, which is negative and increasing over time. These results have a strong policy implication in current public debate on the impact of outward direct investment.

(For more information, please contact: Ryh-song Yeh, National Chi Nan University, Taiwan: rsyeh@ncnu.edu.tw)

A Study on the Foreign Exchange Dealers' Bid-Ask Spread Quote Behavior
Mingshu Hua, National Chi Nan University

From the results of a questionnaire surveying dealers in the Taipei interbank foreign exchange market in March 2001, I tried to answer the question who initiated wider currency spread. I found that dealers in Taiwan concerned market fluctuation raised from important news disclosed and outweighed market risk over trade reciprocity. They inclined to quote wider bid-ask spreads as they traded with dealers in other markets. In the presence of market uncertainty or dealing with small bank, dealers in major financial markets quote non-conventional spreads as Cheung and Wong's (2000) and others' finding. Hence, small regional bank dealers usually offer wider spread quotes when dealers of large multinational bank in major financial centers respond to small regional bank dealers' request for quotation by asking quotation in return. Multinational bank dealers will then quote wider spreads in return. This manifests the hypothesis I proposed that small regional bank dealers initiate wider spread quotes in order to conceal their inferior inventory position or to avoid market volatility risk more than suffering from counterpart's retaliation since they can always trade on other large multinational bank dealers' quotations. *(For more information, please contact: Mingshu Hua, National Chi Nan University, Taiwan: hua@ncnu.edu.tw)*

Determinants of Export Channel Integration to China and its Relationship with Export Performance: The Case of Korean Firms

Youngmi Baek, Sogang University
Chol Lee, Sogang University

The issue of export channel decision is very important for companies exporting to China because they have to cope with strong protectionism, regional differences and uncertainties that a transition economy can produce. Also the decision is deeply related to the success of long-term strategy to enter China. Because China has recently emerged as the largest export market for Korea since 2004, the need for analyzing firm's decision of export channel to China has been greatly increased. However, few studies regarding the issue have been found, and if any, most are descriptive in nature. Thus, this study aims to analyze factors affecting the choice of export channel to China of Korean exporters and its relationships with export performance. The factors include transaction-cost factor, organizational capability factor and marketing strategy factor, which is added to those traditional factors in this study.

The analysis shows that only three factors-asset specificity and environmental volatility factors and promotion strategy- have positive relationships to the choice of export channel to China of Korean exporters and that the extent of export channel integration have positive effects on the export performance to China.

(For more information, please contact: Chol Lee, Sogang University, South Korea: chollee@sogang.ac.kr)

Consolidating, Diversifying and Foreign M&As in Canadian Financial Services Industry

H. Young Baek, Nova Southeastern University
Alex Ng, University of Northern British Columbia

This study examines the benefits from M & A in the financial services industry in Canada. Abnormal returns for a sample of 161 consolidating, diversifying and foreign M & A acquirers between 1997 and 2000 are examined. Results show that the market neither rewards nor punishes consolidation M & A, suggesting that the market evaluates M & A as a necessary response to consolidation. Diversification or converging M & A is associated with shareholder wealth loss. Moreover, the market does punish foreign M & A with negative abnormal returns

probably due to high information costs, regulations and similar consolidation in the foreign country. Targets of financial service acquirers do not earn positive abnormal returns on announcement date but prior leading up to the announcement. Method of payment and private ownership of targets are related to abnormal returns. (For more information, please contact: H. Young Baek, Nova Southeastern University, United States: hybaek@nova.edu)

Session: 2.4.5 - Interactive

Parents and Their Subsidiaries

Presented On: June 25, 2006 - 12:30-13:45

Who Controls the Purse Strings? The Role of Financial Contracting Arrangements in Controlling MNC Subsidiary Rent Seeking

Mike Bowe, Manchester Business School
 Mohammad Yamin, Manchester Business School

Following Ghoshal and Bartlett (1990) there is a consensus in the literature that monitoring-based control by headquarters is largely ineffective or even counter-productive in reducing the rent seeking behaviour of subsidiary management. (Osterloch and Frey, 2000; Frey, 1998). This paper provides a preliminary examination of the role of certain financial contracting arrangements, both internal and external to the MNC and its subsidiaries, in strengthening the requisite control system. We conjecture how various specific aspects of the MNC's financial contracting environment, in particular the provision of parental guarantees, the use of externally sourced short-term debt, the role of bank syndicates and the location of borrowing, could be utilised by the parent to constrain opportunistic rent-seeking activity by its subsidiaries management. We argue that these contracting structures also serve to realign parent-subsidiary incentives to the overall benefit of the MNC and its shareholders. The empirical implications are incorporated into a series of propositions which form the basis for testable hypotheses. Moreover, the analysis predicts that predictable variation in financial contracting arrangements would be expected to exist between de novo subsidiary investment, for instance that arising as a result of greenfield investments in the host country, and acquisitions generated by cross-border merger and acquisition activity. (For more information, please contact: Mohammad Yamin, Manchester Business School, United Kingdom: mo.yamin@mbs.ac.uk)

Internationalization: Dynamic Leverage & Adaptation, And Subsidiary's Performance

Wiboon Kittilaksanawong, National Taiwan University

Foreign direct investment (FDI) is a means of internationalization which firms pursue to seek opportunities in foreign countries. We argue that MNEs' headquarters internalizes its global activities within the organization and their subsidiaries individually neutralize the disadvantages they face as foreign entities through the replication or leverage of parent existing competencies and recombination or adaptation of such competencies with local heterogeneity on interdependent and evolutionary basis. We choose Taiwanese manufacturing firms investing in China as the research context following their three major distinct characteristics. Firstly, a lot of them have made a high level of resource commitment in the first-time entry which is contrary to the development stages depicted by the extant theory of internationalization process. Secondly, majority of them base their advantages on providing contractual manufacturing services for buyers from around the world, therefore their internationalization could be influenced by players in their value chain. Finally, such international expansion is categorized as from a newly-industrialized economy (Taiwan) to a less-developed economy (China) where less attention has been paid in the extant literatures. The evolutionary process takes into account MNE's network relationships and experiential knowledge of internationalization that influence the first-time and subsequent entry decisions through the recurrent leverage and adaptation of transferred competencies from headquarters

and reflect their results in subsidiary's performance. Importantly, we propose subsidiary's possession of entrepreneurship, ability to protect the competencies, and its market orientation along the evolutionary path moderate the effectiveness of internationalization and respective subsidiary's performance.

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Session: 2.4.6 - Interactive

Multinationality and Performance

Presented On: June 25, 2006 - 12:30-13:45

The Relative Influence Of Nation And Industry On High-Tech Industry Performance

Yi-Min Chen, National University of Kaohsiung

Explaining the sources of industry performance is a key theoretical and empirical issue in the fields of industrial organization economics and strategic management. The rise of the global competition has been an important element in the international business agenda since the 1980s. Plans to achieve competitiveness were formulated at national, industry and firm level. Shifting the focus of attention from the performance of the firm to the performance of the nation and industry, Porter's *The Competitive Advantage of Nations* is an important book that bridges the gap between strategic management and international economics. While recognizing the nation and industry environments as the primary determinants of performance, for Porter, the essential task was to explain why a nation achieves international success in a particular industry. Related to this, it is natural to ask, what accounts for the relative effects on performance differences among industries? By explaining whether industries' performance is driven primarily by nation or industry factors in international competitiveness, this exploration focuses on high-tech industries. A variance components model is fitted to a new data set, and findings indicate that industry effects dominate performance while nation effects have little impact. The empirical results imply that industrial organization-related insights are important. *(For more information, please contact: Yi-Min Chen, National University of Kaohsiung, Taiwan: ymchen@nuk.edu.tw)*

Cultural Complexity and Organizational Performance - Application of a Resource-Based Perspective on Rent Creation

Martin Friesl, University Bw Munich

Sonja A. Sackmann, University Bw Munich

This paper develops a framework for assessing the impact of cultural complexity on organizational performance in multi-national companies. In order to do this we take a resource-based view and combine two different perspectives for organizational rent creation. We explore resource picking (Ricardian rents) and capability development (Schumpeterian rents) as outcomes of organizational decision processes and major sources of corporate success. Participants in these decision processes have different backgrounds in relation to national culture, profession, length of tenure and functional area. The interaction among participants in choice opportunities leads to a situation of cultural complexity and thus influences the outcome of these decisions. We discuss nine propositions with reference to the relation of cultural complexity and organizational rent creation. Furthermore, we develop suggestions for the future empirical assessment of culture and performance and explore the impact for multi-national firms. *(For more information, please contact: Martin Friesl, University Bw Munich, Germany: martin.friesl@unibw-muenchen.de)*

Resource Based View and Export Performance of Emerging Market Firms

Ajai S Gaur, National University of Singapore

Vikas Kumar, Bocconi University

Deeksha A Singh, National University of Singapore

We investigate the export performance of firms from an emerging market (India) based on resource based view of a firm. Based on the extant literature, we identify three resources – firm size, research and development expenditure, and advertising and marketing expenditure to be important antecedents of level of exporting activities of a firm. Further we argue that business group affiliation may also be an important resource for a firm in an emerging economy having a direct impact on export performance as well as moderating impact on the effect of other resources on firm performance. Using a longitudinal sample of Indian firms, we found that level of exporting activities of a firm are positively related to its resources and its affiliation to a business group. The moderating effect of business group affiliation on firm resources and export performance relationship is however not clear. The model and findings extend RBV based explanations to international entrepreneurship by emerging markets firms. *(For more information, please contact: Ajai S Gaur, National University of Singapore, Singapore: ajai@nus.edu.sg)*

Does Location Matter? Determinants and Consequences of Internationalization of Developing Country MNCs

Lin Yuan, National University of Singapore

This study identifies two categories of internationalization of developing country MNCs, upstream internationalization (i.e. internationalized into developed countries) and horizontal internationalization (i.e. internationalized into developing countries). I examine the impact of ownership advantages on upstream and horizontal internationalization separately. I also find that upstream internationalization has positive impact on performance while horizontal internationalization has negative impact. Based on data about 154 Chinese listed MNCs from 1992 to 2002, the results of 2SLS model empirically support the hypotheses. *(For more information, please contact: Lin Yuan, National University of Singapore, Singapore: g0403305@nus.edu.sg)*

Knowledge-Based and Resource-Based Performance Determinants: An Empirical Test on Technology-Intensive Firms

Sonya Wen, National Taiwan University

What determines the performance of technology-intensive firms? Integrating the knowledge-based and resource-based views (KBV and RBV), we approached such inquiry by hypothesizing both the direct effects and the dynamics of four performance determinants, 'technology innovation', 'product diversification', 'internal resources', and 'external resources'. Using the structural equation modeling (SEM), our research empirically tested a sample of 69 Fabless firms listed in Taiwan. Contrary to the traditional RBV, our results indicate that the resource-based determinant has no direct impact on performance, but does have a positive influence indirectly through the knowledge-based determinant. Allied with the emerging KBV, we find that 'technology innovation' serves as the key driver and the mediator of 'internal resources' in explaining the performance variations among the single-business firms, particularly when competing in the same technology-intensive industry and located in the same country. *(For more information, please contact: Sonya Wen, National Taiwan University, Taiwan: sonya@vision.org.tw)*

Session: 2.4.7 - Interactive***Networks, Alliances and JVs***

Presented On: June 25, 2006 - 12:30-13:45

The Influence of Firm Specific Advantages and Entry Mode Choice on Performance: The Case of Japanese Foreign Direct Investment in Australia.

Kais Ben Youssef, University of Tsukuba
Yasuo Hoshino, University of Tsukuba

The main objective of this study examines how firm-specific factors and entry mode choice (considering also the non-conventional forms) of Japanese multinational enterprises determine the performance of their Australian subsidiaries. We expect that the firm will make choices regarding the FDI strategy in such a way as to make the best possible use of its resources in achieving its FDI goals. Firms must decide what entry mode best utilizes their resources and is most likely to lead to successful performance.

The performance of Japanese subsidiaries located in Australia is compared on the basis of the ownership-based entry mode of 198 subsidiaries between 1992 and 2000.

Performance data at the subsidiary level provide strong evidence that the non-conventional ownership structures differed in their incidence and performance.

Our results show that the Trinational IJV and Traditional JV modes were the least successful choices, while Intrafirm JV entries were the most likely to show a financial gain followed by Cross-national DJV and Wholly own entry mode.

(For more information, please contact: Kais Ben Youssef, University of Tsukuba, Japan: ben@sk.tsukuba.ac.jp)

Cross Border Alliance Negotiations: The Role of Fairness

Africa Ariño, IESE Business School
Peter Smith Ring, Loyola Marymount University

We report data from a revelatory qualitative case study of a failed attempt to negotiate an international joint venture agreement. We analyze issues of justice and the role that their occurrences in the course of the negotiations might have played in this outcome. These potential antecedents of the failure were derived from theories of organizational justice. The results support an argument that organizational justice theory, particularly interactional justice, can play an important role in explaining alliance negotiation outcomes. *(For more information, please contact: Africa Ariño, IESE Business School, Spain: afarino@iese.edu)*

Sacrifices in International Asymmetric Alliances: The Case of the Nortel-Geodis Partnership

Pierre Guy Hourquet, EDHEC Business School
Olivier Masclef, EDHEC Business School
Emmanuel Metais, EDHEC Business School

This paper looks at the practice of expenditure and wealth destruction without immediate reward, carried out by a smaller firm for the benefit of a more powerful one, through the analysis of an asymmetric partnership between two companies from different countries (Nortel and Géodis). To explain the existence of these very particular operations, the authors revisit and adapt Hubert & Mauss' theory of religious sacrifice, and apply it to the context of management. The authors present the nature of managerial sacrifice and discuss its functions, the principal one being communion, i.e. the construction and/or restoration of the social relationship between the partners involved. The asymmetrical alliance between Nortel and Géodis was able to develop despite very serious problems after Géodis made sacrifices in order to maintain good relations with Nortel. *(For more information, please contact: Olivier Masclef, EDHEC Business School, France: olivier.masclef@edhec.edu)*

The Impact of Vertical and Horizontal Embeddedness on Subsidiary Performance in Local Networks

Dong-Jae Kim, Yonsei University
 Young-Ryeol Park, Yonsei University
 Jung-Min Son, Yonsei University

This paper examines the impact of embeddedness on subsidiary performance in a local network. Embeddedness is classified into vertical embeddedness (embeddedness in a local network of suppliers and distributors), and horizontal embeddedness (embeddedness in a local network of allied firms and associations). We assume that vertical embeddedness promotes subsidiary performance by increasing the exploitation of old knowledge, whereas horizontal embeddedness enhances subsidiary performance by developing the exploration of new business opportunities.

With data collected from a questionnaire survey of 121 subsidiaries, we find that horizontal embeddedness, not vertical embeddedness, increases subsidiary performance. This result presents that the impact of embeddedness on subsidiary performance in a local network differs, depending on the type of embeddedness. Horizontal embeddedness, in particular, enables a subsidiary to combine its own specific advantage with the distinctive knowledge obtained from local allied firms and associations into creating new, local-specific knowledge, which contributes to its performance. Thus, to succeed in a local market, a subsidiary requires interdependence with, and adaptation to, a valuable local network, to create local-specific knowledge, even if it has its own knowledge.

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Alliance or Acquisition Decisions of Emerging Market Firms: Imitation and the Effect of Uncertainty

Lorraine Eden, Texas A&M University
 Dan Li, Indiana University
 Stewart R. Miller, University of Texas at Austin

We argue that the high liability of foreignness emerging market firms (EMFs) face when entering a developed market encourages them to engage in legitimacy-seeking mimetic behavior, imitating the strategies used by EMFs that have already entered that developed market. In this paper, we ask whether EMFs imitate with respect to two entry mode choices: alliances and acquisitions. We draw on institutional theory to explain the interorganizational imitation of alliance and acquisition entry decisions by EMFs. We also examine the moderating effect of firm-specific uncertainty. We test our framework using a sample of 244 alliances and 371 acquisitions of emerging market firms in the U.S. market over a ten year period. Our results provide evidence of mimetic behavior with respect to acquisitions, and that uncertainty does moderate this relationship. However, we found no evidence of mimetic behavior with respect to alliances. *(For more information, please contact: Dan Li, Indiana University, United States: lid@indiana.edu)*

Regional Clustering in Emerging and Advanced Markets –A Comparative View

Yen Ting Helena Chiu, National Kaoshiung First University of Science and Technology
 Gerhard Wuehrer, Johannes Kepler University

This paper introduces a network perspective to the study of regional business clusters. Two cluster types are analyzed in particular: Taiwan's export processing zones and Austria's industry clusters. By looking at these two clusters, the goal of this paper is to (1) provide an analysis of the business cluster from a sociometric point-of-view, including a visualization of cluster relationships, (2) describe the motivational and strategy-related characteristics of participating cluster members, and (3) determine whether a firm's strategy-related characteristics can be linked to its network-related characteristics. Taking an "advanced-versus-emerging market? stance, the authors finally intend to (4) show the similarities and differences of cluster interaction

between advanced markets (as represented by Austria) and emerging markets (as represented by Taiwan). By analyzing the interactions, underlying motivations and degree of contentment inside the business cluster, this research (a work-in-progress) contributes to a better understanding of cluster operations as well as the diffusion of cluster management know-how between advanced and emerging economies. *(For more information, please contact: Yen Ting Helena Chiu, National Kaoshiung First University of Science and Technology, Taiwan: helena@ccms.nkfust.edu.tw)*

Micro Processes of Knowledge Sharing Across Inter-Firm Boundaries and Occupational Communities
Sajjad Haider, Napier University

The importance of identifying and filling knowledge gaps has been recognized to be an important factor in the survival and growth of organizations. In filling these knowledge gaps, organizations put in place a series of organizational knowledge processes which lead them to socially interact with their alliance partners. Knowledge is here understood not as an object or as a resource to be packaged and transferred, but it is shared among individuals. Both the deployment of already existing knowledge and the creation of new knowledge are based on processes of interaction which derive from the interplay between alliance actors. In particular, the focus of the paper is on the micro-level processes of interaction across organizational boundaries and occupational communities. By socially interact with their alliance partners, individuals are able to communicate and explain their ideas and to put information together to fill their knowledge gaps. *(For more information, please contact: Sajjad Haider, Napier University, United Kingdom: s.haider@napier.ac.uk)*

Session: 2.4.8 - Interactive

Corporate Social Responsibility, Ethics, Justice

Presented On: June 25, 2006 - 12:30-13:45

The Moderating Role of HRM Practices on Employment Relationships and Citizenship Behaviors: An Investigation in China

Yew Kwan Tong, National University of Singapore
Pei-Chuan Wu, National University of Singapore

This paper examines how HRM practices, operationalized as a high-performance work system (HPWS), affect the relationship between organizational justice, social exchange relationships, and citizenship behaviors and job performance. We posit that individual employees' differential perceptions of HPWS will influence the relative strength of the justice-performance chain. Using structural equation modeling, the model was tested in a sample of 421 subordinate-supervisor dyads across six companies in China. The results show that HPWS moderates the relationship between trust in leader and citizenship behaviors, and between procedural justice perceptions and perceived organizational support. We discuss these results in terms of their practical implications, and suggest areas for future research. *(For more information, please contact: Pei-Chuan Wu, National University of Singapore, Singapore: bizwupc@nus.edu.sg)*

Organizational Isomorphism and Corruption in Emerging Countries.

Mohamed Hanaffi, ENITIAA
Bertrand Venard, Audencia Nantes School of Management

The globalization of capital markets in the last 20 years has led to a historic degree of financial integration in the world. However, it is clear that globalization is not conducive to a complete homogeneity of financial markets and institutions. Among others, one element of diversity is the importance of corruption in emerging

countries. Corruption decreases the credibility of financial institutions and markets. Scandals and unethical behavior in financial institutions erode confidence in such firms. Relying on neo-institutional literature, this paper focuses mainly on the link between corruption and organizational isomorphism in financial institutions in emerging countries. Therefore, our aim is to examine the institutional reasons for corruption in financial institutions in emerging countries. Our structural equation model is based on empirical research in financial institutions in emerging countries. Seventy questionnaires were given to top executives of financial institutions in 18 different emerging countries. *(For more information, please contact: Bertrand Venard, Audencia Nantes School of Management, France: bvenard@audencia.com)*

Are the Protestors Right? An Empirical Study of International Trade's Impacts on Pollution, People and the Economy

Selima Ben Mrad, Florida Atlantic University
Michael R. Mullen, Florida Atlantic University
Shirley Ye Sheng, Florida Atlantic University

A great debate has emerged on the world stage about globalization and its consequences for society. We examine the hotly debated question of globalization's effect on the environment (pollution), the quality of the lives of ordinary people and the economy. Building on Kilborne's (2004) and Mullen's (1993, 1996) analytical frameworks, this study examines the effects of international trade (exporting and importing) on pollution, people and the economy. The multidimensional analysis uses time-lagged data from more than 100 countries and two-staged least square regression models. Direct, indirect, and total effects are explored. The findings have practical implications for public policy officials and provide an alternative empirical explanation of effects of globalization on the economy, people's physical quality of life and the environment. *(For more information, please contact: Michael R. Mullen, Florida Atlantic University, United States: mullen@fau.edu)*

Session: 2.4.9 - Interactive

SME's and New Ventures

Presented On: June 25, 2006 - 12:30-13:45

Market Performance of International Expansion of Firms in Family Business Groups

Peng Ji Wang, National University of Singapore

This article addresses the question: how the ownership structure affects the market performance of the international expansion of the firms in family business groups? The international expansion is treated as a potential over-investment triggered by the expropriation opportunity in family business groups and thus leads to a lower market performance. A cross-sectional analysis of Taiwan firms in family business groups shows that minority shareholders do not take concentrated ownership as a signal to judge an international expansion as an over-investment. The divergence of voting right from ownership signals an over-investment and lowers the market performance of international expansion. Minority shareholders in stock market are more sensitive to pyramid structure than cross-holding and nominal companies when identifying an international expansion as a potential over-investment. *(For more information, please contact: Peng Ji Wang, National University of Singapore, Singapore: g0403302@nus.edu.sg)*

Examining the Role of Networking Capability in Small and Medium Firm Internationalization

Len Coote, University of Queensland
Rick Loxton, University of Queensland
Jay Weerawardena, University of Queensland

While research on SME internationalization has increased, there remains a lack of relevant theory on the SME internationalization process. The literature reports that small firms overcome their resource poverty-based constraints to internationalization by developing network relationships. Networking enables SMEs to acquire much needed internationalization process knowledge, and knowledge for the development of innovative products and services for this internationalization. However, networking activity has not yet been conceptualized and measured as a competitive capability in internationalization research. Drawing on the capability-based theory of competitive strategy, this paper conjectures that internationally entrepreneurial SMEs build and nurture distinctive networking capabilities, enabling them to acquire new knowledge. These learning capabilities enable them to pursue innovation thereby facilitating internationalization. Data from Australian firms largely supports the conceptual framework. Implications for theory and practice are presented. *(For more information, please contact: Jay Weerawardena, University of Queensland, Australia: j.weerawardena@business.uq.edu.au)*

Session: 2.4.10 - Interactive

International R&D and Innovation

Presented On: June 25, 2006 - 12:30-13:45

Battleship Strategy: The Complementing Role of Born Globals in the MNC's New Opportunity Creation

Mika Gabrielsson, Helsinki School of Economics
Paivi Tossavainen, Helsinki School of Economics
Terhi Johanna Vapola, Helsinki School of Economics

MNCs tend to be effective in implementing their selected strategies, but are less effective in exploiting latent opportunities. In the high tech markets new innovations potentially undermine the MNC's competitive advantage. This article explores why and how large multinationals in the high tech industries complement their in-house R&D by creating constellations of small innovative born globals around them. This approach is called the battleship strategy. The critical elements of the MNC's battleship strategy include the creation of forums for collaboration, the commercialization of open innovations, and the sources of ideas generated through innovative mindset. We argue that through the suggested battleship strategy, the MNC can gain competitive advantage by increasing its identification and exploitation of new business opportunities, lowering its solution costs and the costs of innovation, and impacting the nature of competition. In turn, innovative born globals may also benefit from cooperation with a larger global firm through gaining fast and wide market access. *(For more information, please contact: Terhi Johanna Vapola, Helsinki School of Economics, Finland: terhi.vapola@nokia.com)*

The Effects of R&D, Advertising and Employee Salary on the Firm Performance—The Case of Manufacturing Industry in Taiwan

Kong-Fah Cheng, National Chung Cheng University
Chia-Yu Tu, National Chung Cheng University

This study integrates the R&D, advertising investments and human capital to examine their input-output relationships, and their synergy effects on firm's performance. We use 375 firms in the manufacturing industry in Taiwan and the panel data period from 1992 to 2003. The major findings of this study are the main effects of the R&D, advertising, employee salary and their synergy interaction effect both have significantly positive influence on firm's performance. Finally, the research limit, future research direction, and theoretical and practical implications of this study were also discussed. *(For more information, please contact: Sue-Chin Yang, National Cheng Kung University, Taiwan: r4893101@mail.ncku.edu.tw)*

MNEs, Internationalization of R&D and the Impact on Local Firms: Evidence from China's High-tech Industries

Hongjun Guo, Katholieke Universiteit Leuven
Reinhilde Veugelers, Katholieke Universiteit Leuven

Multinational enterprises (MNEs) are important channels in transmitting technology across national borders through foreign direct investment (FDI) and thus affect local firms in various ways. This study examines the impact of FDI and foreign-owned Research and Development (R&D) on total factor productivity (TFP) of domestic firms in China's high-tech industries. Growth in local firm's TFP is modeled as being dependent on the local firm's distance in technology space to foreign affiliates in the same industry, along with R&D, both foreign-owned and domestic. This model is tested on small-sampled industry-level data for China for the period of 1997-2003, using a within estimator, panel data approach. The results show that the technology gap has a significantly positive relation to the improvement of domestic TFP growth productivity at the industry level. However, we do not find strong positive effect of foreign-owned R&D on improving local productivity. Domestic firms' own R&D, by contrast, is a significant determinant for their local industry's competitiveness and productivity enhancement. *(For more information, please contact: Hongjun Guo, Katholieke Universiteit Leuven, Belgium: hongjun.guo@econ.kuleuven.be)*

High Tech but not Born Global? Start-ups in the Biotechnology Industry

Lisa Jane Hewerdine, University of Adelaide
Catherine Welch, University of New South Wales

In the past decade there has been a surge of interest in the rapid internationalisation of small start-up firms, commonly dubbed 'international new ventures' (INV) or 'born globals'. However, these definitions have generated much debate, and key questions about the characteristics of the INV or born global remain unresolved. In this paper, we start by identifying these key questions and issues requiring further consideration and refinement. We then investigate empirically the research questions arising from our literature review through a comparative case study of three start-ups in the biotechnology industry. Our aim in this paper is, first, to contribute to the born-global literature a better understanding of an industry that has been identified as requiring further research; and, second, to suggest further refinement and extension of the born global concept. *(For more information, please contact: Lisa Jane Hewerdine, University of Adelaide, Australia: lisa.hewerdine@adelaide.edu.au)*

The Effectiveness of International Research and Development by Multinational Enterprises

Ziqi Liao, Hong Kong Baptist University

This paper examines the effectiveness of international research and development projects carried out by the research centers and laboratories of the multinational enterprises in the Republic of Singapore. Empirical analysis indicates that strategic consistency of international research and development projects and innovation capability of the research centers and laboratories in the host country considerably contribute to the improvement of international competitiveness of the multinational enterprises and the growth of their international business. The analysis also suggests that feasible projects must be directed towards technology and product development in the light of the demands of particular market segments and consumer groups. A clear positioning of the international innovation activities helps optimize the use of limited resources. The study provides useful information for making international innovation policies and developing international research and development facilities. *(For more information, please contact: Ziqi Liao, Hong Kong Baptist University, Hong Kong: victor@hkbu.edu.hk)*

Session: 2.4.11 - Interactive***Governance in Emerging Markets***

Presented On: June 25, 2006 - 12:30-13:45

Exploring the Relationship Among Institutionalism, Network, and International Intrapreneurship Linkage on Overseas Performance

Hsiang-Chun (Jocelyn) Chen, National Yunlin University of Science and Technology
Ya-Chun Wang, National Yunlin University of Science and Technology

Reflecting the trend of enterprises' internationalization and the increasing prominence of entrepreneurial firms in the global economy, the objective of this research is to discover the main determinants of international intrapreneurship and the linkage between international intrapreneurship and overseas performance. The empirical investigation based on 110 Taiwanese firms investing in mainland China shows the following research outcomes: (1) A firm's internal factors including management philosophy, culture and resources, are positively associated with a firm's international intrapreneurship. Besides, network relations exhibit a positive relationship with international intrapreneurship; that is, the tighter the network relations are, the higher the international intrapreneurship is. (2) For overseas performance, it is influenced by not only international intrapreneurship but also organizational resources and network relations.

Keywords: international intrapreneurship, overseas performance, institutionalism, network relations
(For more information, please contact: Hsiang-Chun (Jocelyn) Chen, National Yunlin University of Science and Technology, Taiwan: chenhc@yuntech.edu.tw)

Healthy Capital Markets Despite Poor Formal Investor Protection: The Importance of Informal Mechanisms as Illustrated by Sweden's Extensive Owner Networks

Anna Maj Stafsudd, Lund University

Although Sweden is considered a country of low investor protection, it has long combined this characteristic with healthy and extensive capital markets as well as a recent foreign institutional ownership boom, a class of owners who are known for their risk-averseness. It has previously been suggested that these seemingly incompatible characteristics are the result of the importance of informal governance mechanisms, as corporate Sweden has been more likened to a brotherhood, as opposed to either a market or hierarchy. This has, however, not been empirically analyzed. In this paper, two aspects are considered to be of importance: The long-term control and leadership of two spheres (together controlling half of the Swedish stock market) as well as the afore-mentioned corporate social network. The importance of the two are analyzed for the years of 1990 and 2000, between which capital market deregulations and the consequent boom of foreign ownership occurred. It is found that Swedish owners indeed have much more extensive relationships than even a similar country like Denmark and that while Anglo-American corporate governance standards such as one share – one vote are espoused, the two spheres continue their domination of the Swedish stock exchange through extensive use of dual class shares in the oldest and largest stock companies. (For more information, please contact: Anna Maj Stafsudd, Lund University, Sweden: anna.stafsudd@fek.lu.se)

Session: 2.4.12 - Interactive***Emerging Economies***

Presented On: June 25, 2006 - 12:30-13:45

Location Choice and Governance Mechanism Design for Taiwan Manufacturing Firm's Investment in China
Shih Kuan Chiu, Feng Chia University
Han Sheng Huang, Feng Chia University

In this paper we treat the foreign direct investment as a complex transaction and try to discuss two strategic decisions, location choice and the arrangements of governance mechanisms, for foreign direct investment of Taiwanese manufacturing firms in China. First we examine the influence of transaction characteristics on location choice and governance mechanisms design, then the impact of location choice conditions on governance mechanisms design. Finally we examine the effects of these two strategic decisions for foreign investment performances.

Results show that the concept of residual control is a critical principle to govern oversea activities under high investment risk. We find that investment risks like law and operational risks will significantly reduce the motivation of equity control. However good location conditions will encourage investors adopt higher-level residual control

Basing these results, we find that location choice conditions enjoy more significant effect than transaction characteristics for the arrangement of governance mechanisms; in the meantime, we also find that location choice conditions still has more significant influence than governance mechanisms for both kinds of foreign performances for Taiwanese small and medium manufacture firms investing in China.

(For more information, please contact: Shih Kuan Chiu, Feng Chia University, Taiwan: skchiu@fcu.edu.tw)

The Impact of Exchange Rate Strategy on Export Performance: A Study of New Zealand Firms Exporting to Japan

Doren D. Chadee, University of Auckland
David William St George, Victoria University of Wellington

In this study, we analyse the relationship between a number of indicators of exchange rate strategy and the performance of New Zealand firms exporting to Japan. Using linear regression analysis, our findings suggest that an exporter's overall exchange rate strategy is significant and that the nature of the firms' exchange rate management, policy, information, exchange rate negotiation, and currency of invoice display a significant relationship with export performance. *(For more information, please contact: David William St George, Victoria University of Wellington, New Zealand: david.stgeorge@vuw.ac.nz)*

Stages Or Leaps? – Market Strategies Of Telecommunication Operators From Small And Medium Sized Countries

Georges Baume, University of Adelaide
Riku Laanti, University of Adelaide
Fred McDougall, University of Adelaide

This paper discusses international market strategies of companies in an internationalising service industry, the telecommunications industry. The analysis focusses on the market strategies of four national telecommunications operators who have moved from a domestic monopoly to being an actor in the global telecommunications industry. Differences in the market strategies between manufacturing and service companies in general, and in the telecommunications industry in particular, are analysed. The special challenges that telecommunication operators from small and medium size countries face are discussed. The conceptual framework is developed, and methodology and research procedures are introduced. The preliminary case study

findings are reported. (For more information, please contact: Riku Laanti, University of Adelaide, Australia: riku.laanti@student.adelaide.edu.au)

Internationalization Of German Companies Into The Chinese Market – The Consequences On Financial Performance

Andreas Bausch, International University Bremen
Duc Linh Van Tri, International University Bremen

After its economic opening in 1978, China has become more and more attractive for foreign direct investments and developed into a strong internationalization target for other countries. This study analyzes the internationalization-performance relationship of German companies entering the Chinese market. The analysis is carried out for a sample of 85 announcements of the internationalization of German firms into China between 2000 and 2005. An event study methodology is used to measure the German stock market reaction to this event in order to enable a conclusion on the creation or destruction of shareholder value of German firms internationalizing into China. (For more information, please contact: Duc Linh Van Tri, International University Bremen, Germany: d.vantri@iu-bremen.de)

Mode Configuration Ownership and Diversity – The Impact of Firm Size and Knowledge Intensity

Christian Geisler Asmussen, Copenhagen Business School
Gabriel R.G. Benito, Norwegian School of Management
Niron Hashai, Hebrew University
Bent Petersen, Copenhagen Business School

This paper expands foreign operation mode literature by referring to multiple operation modes exerted in different value activities - denoted as "mode configuration" - rather than to a limited number of alternative operation modes at the firm level. Firm size and knowledge intensity are argued to affect the degrees to which firms' mode configurations are hierarchical and diversified. Analyzing a sample of Israeli based firms we show that larger firms exhibit both higher degrees of ownership and diversity when configuring their international value activities. Furthermore, higher levels of knowledge intensity are associated with higher levels of ownership - but not with higher diversity - in firms' configuration of operation modes. The study also suggests that knowledge intensity negatively moderates the impact of size over both mode configuration ownership and diversity. (For more information, please contact: Niron Hashai, Hebrew University, Israel: nironh@huji.ac.il)

Competitive Aggressiveness among Multinational Companies: Preliminary Findings on the Differences between Emerging and Developed Markets

Mohan Subramaniam, Boston College
Tieying Yu, Boston College

This paper investigates the dynamics of competitive aggressiveness of multinational companies (MNCs) in emerging and developed markets. Drawing on the competitive dynamics and multimarket competition perspectives, we found that MNCs compete less aggressively in emerging markets and markets where they have low level of multimarket contact with incumbent rivals. The negative effect of multimarket contact on competitive aggressiveness is stronger in developed markets than in emerging markets. (For more information, please contact: Tieying Yu, Boston College, United States: yuti@bc.edu)

Session: 2.4.13 - Interactive***Outsourcing and Offshoring***

Presented On: June 25, 2006 - 12:30-13:45

Outsourcing from China: Strategies and Guidelines for the American Automobile Supply Industry
Chen Wang Ferguson, Miami University

Global outsourcing to low cost countries is one of the most effective cost -saving strategies for American automotive supply industry. Mexico, Brazil, India and China are the most attractive global FDI locations. Among these locations, China's amazing economic growth, strong automobile demand, low cost labor, foreign investment, export/import, and infrastructure construction make China the most attractive FDI location. This paper discusses strategies and guidelines for American auto suppliers when considering outsourcing from China. Depending on American automotive suppliers' global outsourcing objectives, they can use a service provider, establish a representative office, form a joint venture, or pursue a wholly foreign-owned enterprise. *(For more information, please contact: Chen Wang Ferguson, Miami University, United States: fergusc@muohio.edu)*

The Emergence Of International Outsourcing Agents In China: A New Type Of Player In International Supply Networks

Zheng Liu, University of Cambridge
Yongjiang Shi, University of Cambridge

As China emerges as a centre of manufacturing of the world, more and more small and medium sized enterprises (SMEs) start to outsource their production and related supply chain management in China. But it is very difficult to effectively manage the international outsourcing and supply chain mainly because their limited size and resources. International outsourcing agents emerge as a potential solution pursued by many western companies. Currently it has very limited information from both practical and theoretical aspects to understand the agents and their characteristics. This paper, based on four case studies of agents in three major industrial sectors in China, introduces business models and growth paths of the international manufacturing outsourcing agents, and establishes a set of key performance indicators (KPIs) for evaluation. The paper seeks to help western SMEs and high-tech startups recognise the Chinese maturing and an ideal system for implementation, and to provide theoretical insights about the agents role and characteristics in international supply networks. *(For more information, please contact: Yongjiang Shi, University of Cambridge, United Kingdom: ys@eng.cam.ac.uk)*

Session: 2.4.14 - Interactive***Knowledge, Learning and Adaptation***

Presented On: June 25, 2006 - 12:30-13:45

Cross Cultural Knowledge Transfer within Japanese Multinational Corporations
Parissa Haghirian, Sophia University

Knowledge has without doubt become one of the most valuable resource of multinational corporations. Some authors even propose that knowledge is their only most enduring source of advantage. This challenges companies to manage knowledge effectively and to transfer it successfully from one member to another. This task is especially challenging for multinational corporations (MNCs), which are required to combine knowledge

from company units in different locations. Knowledge needs to be localized, examined, and transferred to be re-used at another location within the organization. This implies overcoming geographical, cultural and lingual barriers. This paper investigates cross cultural knowledge transfer within Japanese multinational corporations and their overseas subsidiaries. It discusses the antecedents that increase the successful reception of knowledge transferred from Japan at the receiving company unit. An empirical investigation among 122 Japanese subsidiaries in Austria, Germany and Korea was conducted and revealed that personal attributes of the knowledge recipient are of great importance. His/her experience of living in a foreign country, low cultural distance towards and a high level of Japanese language proficiency are the most influential factors on cross cultural knowledge transfer within Japanese multinational corporations. *(For more information, please contact: Parissa Haghirian, Sophia University, Japan: parissa.haghirian@wu-wien.ac.at)*

Global Integration and Organizational Global Competence: The Case of Taiwanese MNC's

Bih-Shiaw Jaw, National Sun Yat-sen University
 Chester Hsieh Che Tsai, National Sun Yat-sen University
 Christina Yu-Ping Wang, National Dong Hwa University

We examined how global integration affects MNC's knowledge-based organizational global competence using RBV as theoretical groundwork. We identify an integrative model for firm's knowledge-based global competence and investigate relationships among various integration mechanisms including emotional integration, intellectual integration, operational integration, and social integration.

Our findings from data on 131 Taiwanese MNCs provide evidence that emotional integration is a crucial mediator of great significance for MNC's knowledge-based global competence that facilitates intellectual integration, operational integration, and social integration in our integrative model.

Our results further indicate that intellectual integration, operational integration, and social integration will further enhance emotional integration which further strengthens firm's knowledge-based global competence. *(For more information, please contact: Christina Yu-Ping Wang, National Dong Hwa University, Taiwan: cywang@mail.ndhu.edu.tw)*

The Mediating Effect of Relationship Learning on the Relationship Between Supplier Development Strategy and Competence Upgrading in Global Supply Chain

Shu-Hui Chen, National Cheng Kung University
 Hong-Chun Wang, National Cheng Kung University

Drawing on the learning theory, this study aimed to examine the role of relationship learning in the context of supplier development strategy and competence upgrading from the suppliers' perspective. A sampling survey was conducted through 148 exporting manufacturers of global supply chain in Taiwan. Three structural equation models analysis showed that supplier assessment and direct involvement significantly facilitated the relationship learning while competition pressure negatively impacted the relationship but not significantly. Furthermore, the relationship learning played a mediating role between the SD strategy and competence upgrading. The SD of competition pressure directly stimulated the suppliers' exploitative competence upgrading. *(For more information, please contact: Hong-Chun Wang, National Cheng Kung University, Taiwan: r4892103@ccmail.ncku.edu.tw)*

Knowledge Reuse Across Borders: The Influence of Context, Awareness and Codifiability on Knowledge Reuse Effectiveness

Kah Hin Chai, National University of Singapore
 James F. Nebus, University of North Carolina Charlotte

This paper develops a theory of knowledge reuse. The main distinction between point to point knowledge transfer and knowledge reuse is that knowledge reuse has an intermediate step of capturing and storing the

knowledge after it is produced, but before it is consumed, because of the need to overcome temporal and geographic barriers, as well as reach multiple consumers. The theory first characterizes knowledge along the constructs of awareness and codifiability, which are then applied to the knowledge's content and context. Because context is identified as a major barrier to knowledge reuse, the paper next distinguishes six dimensions of context and suggests mechanisms to overcome obstacles unique to each dimension. In conclusion, a recommended implementation of knowledge reuse based on the theory is presented. *(For more information, please contact: James F. Nebus, University of North Carolina Charlotte, United States: jfnebus@email.uncc.edu)*

Session: 2.5.1 - Competitive

Track: Track 7 - Learning, Knowledge and Innovation

R&D in China, Taiwan and India

Presented On: June 25, 2006 - 13:45-15:00

Chair: Mary Teagarden, Thunderbird

The Effect of International Diversification on the Value of Innovation

Shao-Chi Chang, National Cheng Kung University
Li-Yu Chen, National Cheng Kung University

This study investigates the effect of international diversification on the value of innovation. Based on prior literature, we argue that at the early stage of international diversification, the costs of international diversification on innovation may dominate the benefits. As they accumulate experience and become more established in the global markets, the benefits of international diversification on innovation are realized. We hypothesize a U-shape relationship of international diversification and value of innovation. We further argue that R&D capability and technological opportunity positively moderate this U-shape relationship. Event-study methodology is employed to measure the influence of innovation on firm value. Data of 330 new product announcements made by 168 companies over 1997-2000 are collected in this study. The empirical results are consistent with the predictions of our hypotheses. *(For more information, please contact: Li-Yu Chen, National Cheng Kung University, Taiwan: r6892105@ccmail.ncku.edu.tw)*

The Role of Ethnic Communities in Innovation: An Analysis of Indian Inventors in the U.S

Paul Almeida, Georgetown University
Sali Li, University of Utah
Anupama Phene, University of Utah

Our study examines the effect of an inventor's ethnic community on the pattern of his knowledge search and the resulting impact on the quality of innovation. It explains the economic phenomenon of the quality of innovation created by using a sociological perspective relating to the ethnic social networks of inventors. We find that merely belonging to an ethnic group has negative repercussions for knowledge quality. However utilization of the potential offered by the membership in the ethnic community through active knowledge sourcing from the community increases the quality of innovation. Our results reveal significant differences between Indian inventors in the U.S. and our control group, American inventors demonstrated in the inventor's networks of knowledge sources and collaborators and the volume and quality of knowledge production. We also find significant differences in the effects of knowledge search on the quality of innovation between the two groups. *(For more information, please contact: Anupama Phene, University of Utah, United States: mgtap@business.utah.edu)*

Innovations of International Joint Ventures in Emerging Markets

Jing Li, Simon Fraser University
Changhui Zhou, Peking University

This paper contributes to the IB literature by providing an initial insight into an important yet neglected issue -- innovation of international joint ventures (IJVs). Specifically, we investigate product innovations in market-seeking IJVs in the context of a large emerging market – China - and test two sets of hypotheses, organizational orientation hypotheses and environmental adaptation hypotheses. We suggest that product innovations conducted by IJVs can be understood as partly a consequence of organizational orientation originating from the IJV characteristics initially defined by IJV contract and a strategic response to the evolving conditions of host country environment. Our empirical analysis utilizes a longitudinal dataset consisting of 3226 IJVs in China during 1999-2003. Results suggest that product innovations of IJVs are positively associated with initial conditions such as a balanced ownership structure and investment scale as well as industry drivers such as innovation pace and the level of FDI legitimization. *(For more information, please contact: Changhui Zhou, Peking University, China: czhou@gsm.pku.edu.cn)*

Managing R&D in Asia: Opportunities and Dilemmas for Foreign Firms

Kazuhiro Asakawa, Keio University
Ashok Som, ESSEC Business School

Growing number of foreign firms have been launching their R&D operations in China and India. However, in spite of such growing trend of foreign R&D investment in Asia, academic research in this field has largely remained within the domain of Western (and Japanese) MNCs. It is only recently that the interest in R&D investment in China and India has grown. The key research question that we address here is the opportunities and dilemmas facing MNCs in managing their R&D in China and India. In particular, we investigate the degree to which opportunities and challenges are different in these countries from those of the Western counterparts. After briefly summarizing some of the conventional wisdom of international R&D management in general, we turn our attention to the uniqueness of China and India as the host countries of R&D localization.

MNCs should not forget the conventional way of managing their innovative R&D policies but learn and combine their approaches, styles of management and their capabilities in Asia. We propose that there is no either/or solution but an orchestrated strategy that might bridge the gap between the different strategies that MNCs are focusing today, which might affect their own rule of the game.

(For more information, please contact: Kazuhiro Asakawa, Keio University, Japan: asakawa@kbs.keio.ac.jp)

Session: 2.5.2 - Panel

Track: Track 4 - International Strategic Management

Globalization of Human Capital: The Evolution From Knowledge Based Globalization and Implications for International Business Strategy and Management

Presented On: June 25, 2006 - 13:45-15:00

Chair: Arie Y. Lewin, Duke University

The objective of the session is to discuss trends and evolutionary dynamics involving the beginning of a shift from knowledge-based globalization to human-capital based globalization that began with the growing practice of offshoring administrative and technical work to low cost countries. This international panel will report on a multi year global project that is researching the emergence and evolution of Offshoring administrative and technical work. The project was initiated by Prof. Arie Y. Lewin as a Duke CIBER research initiative and has grown to involve research teams from around the world. Booz Allen and Hamilton is the lead corporate sponsor

of this multi year research initiative. This international research collaboration provides the basis for cross-country comparisons in addition to providing a global perspective on the many issues associated with emergence of human capital globalization. *(For more information, please contact: Arie Y. Lewin, Duke University, United States: ayl3@duke.edu)*

Opening Presentations:

Arie Y. Lewin, Duke University
Carine Peeters, Duke University

Outsourcing and Offshoring in Denmark

Torben Pedersen, Copenhagen Business School

Offshoring in UK

Silvia Massini, Manchester Business School

Offshoring in Germany

Thomas Hutzschenreuter, WHU - Otto Beisheim School of Management

A Coevolutionary Approach to the Emergence of Offshoring White-Collar Work

Henk Volberda, Rotterdam School of Management
Ania Szczygielska, Rotterdam School of Management

Discussants:

Thomas P. Murtha, University of Illinois at Chicago and University of Minnesota
Diana Day, Rutgers University

Session: 2.5.3 - Competitive

Track: Track 3 - Managing People Across Cultures

The Impact of Culture on International Business (II)

Presented On: June 25, 2006 - 13:45-15:00

Chair: Peter J. Dowling, Victoria University of Wellington

Improving Cultural Indices and Rankings Based on a Meta-Analysis of Hofstede's Taxonomy

Vas Taras, University of Calgary
Piers Steel, University of Calgary

The main purpose of this meta-analysis is to offer a refined and more accurate set of national cultural indices and country rankings along the dimensions of Hofstede's model of culture. The improvements are made in two ways. First, the study is based a larger and a more representative sample than that used in Hofstede's or any other large-scale cross-cultural comparison study. The meta-analytic sample was gathered from 508 empirical papers and contains data on 2,115 samples comprising about 500,000 individuals from 66 countries and regions. Second, we take into account and address the changes in national cultures and their relative rankings in the recent turbulent decades. Specifically, using the unique meta-analytic dataset that spans over a 35-year period, we offer separate sets of country rankings and cultural indices for every decade. These indices are indispensable for the researchers who use archival data for they allow for the matching of the archival data with the cultural indices from the corresponding period, an important option that no other cross-cultural study offers. *(For more information, please contact: Vas Taras, University of Calgary, Canada: taras@ucalgary.ca)*

Cultural Distance in International Business: A Meta-Analytic Review

Daniel W. Baack, Saint Louis University
 Karin Staub, Saint Louis University
 Peter Magnusson, Saint Louis University
 Srđan Zdravkovic, Saint Louis University

The effect of cultural distance on international business strategy has been the topic of much debate in the recent literature. In order to further this debate, this paper presents a meta-analysis which addresses the effect of cultural distance on entry mode choice, firm performance, knowledge transfer, and FDI. By aggregating the results from 95 independent effect sizes and a total sample size of 80,897 sample units, we find that cultural distance has an overall negative effect on international business behavior. We further find that this effect is moderated by time, measurement of cultural distance, and regional origin of the firm. *(For more information, please contact: Peter Magnusson, Saint Louis University, United States: magnusph@slu.edu)*

Half a Century of Measuring Culture: Review of Approaches, Challenges, and Limitations Based on the Analysis of 65 Instruments for Quantifying Culture

Vas Taras, University of Calgary
 Julie Rowney, University of Calgary

The paper is based on the examination of sixty-five instruments for measuring cultural values that have been developed over the last half a century. It reviews the currently available models of culture, summarizes the major approaches to quantifying cultural values, and discusses challenges of cross-cultural survey development. Based on the analysis of the original items and scoring procedures used in the reviewed instruments, we also outline typical limitations and weaknesses of the existing culture survey tools. The presentation of the paper at the AIB conference will be supplemented with a fifty-page handout containing original definitions, items, and scoring keys used in the reviewed instruments. *(For more information, please contact: Vas Taras, University of Calgary, Canada: taras@ucalgary.ca)*

Religion, Culture and the Indian Workplace

Asha Rao, California State University, East Bay

India has experienced significant diversity in its people for centuries as a consequence of the steady stream of traders, invaders, and settlers ranging from the Mongals, the Mughals, and more recently the French and the British. While the diversity in religion and culture has promoted political conflict and bloodshed, the differences have been absorbed in the workplace over the years. Today, as one of the world's most populous nations is on the cusp of economic take-off, foreign firms are rushing to engage in the Indian economy and participate in the economic miracle. Much of the attraction lies in the "power of the people" or the intellectual capital of this diverse people. This paper looks at the presence of religion in the Indian workplace and its direct impact as well as indirectly through culturally derived values, beliefs and management practices. It also draws comparisons with the U.S. where managing religious diversity has emerged as a crucial issue after 9/11. It then examines the implications for the latest wave of traders, i.e. MNC investors. While this is a conceptual paper, it draws from interviews with senior executives from Indian and U.S. multinational firms to illustrate issues. *(For more information, please contact: Asha Rao, California State University, East Bay, United States: asha.rao@gmail.com)*

Session: 2.5.4 - Competitive
Track: Track 4 - International Strategic Management

Agency and Governance in Emerging Markets (I)

Presented On: June 25, 2006 - 13:45-15:00

Chair: Yair Aharoni, Tel Aviv University

Relational Contracts in China: Relational Governance and Contractual Assurance

Laura Poppo, Virginia Tech
Kevin Zheng Zhou, University of Hong Kong

What enforces contracts in emerging economies such as China, in which the legal system is weak, yet the use of contracts is still prevalent? We offer that relational governance, a social institution, provides contractual assurance. We develop this perspective and empirically examine whether relational governance functions as a substitute for, or supplement to, weak formal enforcement—the courts—and thus promotes the use of contracts in China. Our findings broadly support this perspective: increasing levels of uncertainty and asset specificity are met with higher levels of relational governance, which in turn promotes greater contract customization. *(For more information, please contact: Kevin Zheng Zhou, University of Hong Kong, Hong Kong: kevinzhou@business.hku.hk)*

Are China's Market Institutions Beginning to Come of Age? The Case of CEO Turnover

Dennis K.K. Fan, Chinese University of Hong Kong
Chung-Ming Lau, Chinese University of Hong Kong
Michael Young, Chinese University of Hong Kong

From a context-sensitive approach, this study evaluates the effectiveness of China's corporate governance mechanisms against a backdrop of rapid transition of its economic system. We find that poor firm performance is an antecedent of CEO turnover regardless of reason. We also find that exceptionally good firm performance is marginally associated with CEO turnover. However, of the governance variables tested, the ratio of non-executives in the board was associated with CEO turnover, while CEO duality was found to be marginally negatively related to CEO turnover. The picture changes somewhat when a distinction is made between voluntary and involuntary turnover. In particular while poor performance is likely to result in voluntary as well as involuntary turnover, only voluntary turnover is associated with exceptionally good performance. In addition, some of the governance variables are supported in the case of voluntary turnover but not in the case of involuntary turnover. Taken as a whole, these results indicate that China's corporate governance mechanisms are beginning to converge toward the Anglo-American model of corporate governance as its market institutions begin to come of age. These results are discussed and suggestions are given for future research. *(For more information, please contact: Chung-Ming Lau, Chinese University of Hong Kong, Hong Kong: cmlau@cuhk.edu.hk)*

Board Monitoring As A Signal Of Agency Problems In Chinese Listed Firms

Yiyi Su, Peking University
Dean Xu, Peking University

Due to imperfect institutions and information asymmetry, the emerging markets are not efficient enough to detect agency problems inside a company. We argue that instead of relying on price signals, investors can look at the board of directors for indications of agency problems, since firms invest in costly board monitoring in proportion to potential agency problems. Using board compensation, board size, and independent directors as

indicators of monitoring costs, we identified six structural and strategic factors that led to agency problems in Chinese listed firms. *(For more information, please contact: Yiyi Su, Peking University, China: suyiyi@gsm.pku.edu.cn)*

From Relational Transactions to Arm's-Length Transactions During Institutional Transitions

Mike Peng, University of Texas at Dallas
Jiewei Yu, Ohio State University
Qi Zhou, Ohio State University

How do firms make strategic choices in response to fundamental and comprehensive institutional transitions in emerging economies? A recent article (Peng, 2003) argues that with more market-oriented institutional transitions, firms may move from a relationship-based, personalized transaction structure to a rule-based, arm's-length exchange regime. However, it remains unclear when and under what circumstances such strategic transitions would occur. We develop a parsimonious model to predict that the optimal timing of the strategic transitions from relational transactions to arm's-length transactions is contingent on the multiple facets of a country's institutional profile, including informal institutions such as national culture and formal institutions that encourage market competition, reduce information problems, and enhance legal effectiveness. Cross-country variations in the optimal timing of strategic transitions are thus highlighted to contribute to an institution-based view of strategic choices. *(For more information, please contact: Qi Zhou, Ohio State University, United States: zhou.148@osu.edu)*

Session: 2.5.5 - Panel

Track: Track 5 - Entry, Expansion & Operations Strategies

Practical Experiences in Meeting the Regulatory Challenges of Foreign Business Operations and Expansion in China

Presented On: June 25, 2006 - 13:45-15:00

Chair: Robert Cronin Goodwin, University of Maryland University College

Panelists:

Robert Cronin Goodwin, University of Maryland University College
Kim Woodard, Javelin Investments
John Grobowski, Baker & McKenzie
Douglas Stephen Clark, Lovells

This panel, entitled "Practical Experiences in Meeting the Regulatory Challenges of Foreign Business Operations and Expansion in China?" consists of four individuals with extensive experience in doing business in China. The panel will explore the practical experiences of foreign companies operating in China from the point of view of several China-based business persons and attorneys. The panel will address issues that are both timely and relevant for AIB members, including the regulatory and other issues related to the acquisition of Chinese companies by foreign companies, the ways in which foreign companies can protect their intellectual property, including the recent experiences of a foreign lawyer in utilizing the Chinese legal system for enforcement of intellectual property rights, and the legal and regulatory issues related to utilizing joint ventures or wholly owned subsidiaries as the entry vehicles for the Chinese market. Attendees will have the opportunity to ask questions of the panel members. *(For more information, please contact: Robert Cronin Goodwin, University of Maryland University College, United States: rgoodwin@umuc.edu)*

Session: 2.5.6 - Competitive
Track: Track 2 - Economics, Finance, Taxation, Regulation

FDI and MNEs (II)

Presented On: June 25, 2006 - 13:45-15:00

Chair: Huilin Lin, National Taiwan University

An Assessment Of The Relationship Between Foreign Direct Investment And Economic Growth

Jonathan Andrew Batten, Macquarie University
Xuan Vinh Vo, University of Western Sydney

This paper investigates the relationship between foreign direct investment (FDI) and economic growth in a number of host countries including both developed and developing countries using a dataset from 1980 to 2003. Employing a panel data modelling technique, we provide the answers to two critical research questions: what is the linkage between FDI and economic growth and does this relationship change under different legal, institutional, educational and economic conditions? Overall the analysis supports the view that FDI has a stronger positive impact on economic growth in countries with a higher level of education attainment, openness to international trade and stock market development, and a lower rate of population growth and lower level of risk. Thus countries undertaking reform of cross-border capital restrictions and controls and other policy aimed at encouraging domestic and foreign investment need to incorporate broader social policy objectives –such as education, legal and institutional reform- to maximise the benefits from FDI. *(For more information, please contact: Jonathan Andrew Batten, Macquarie University, Australia: jabatten@gmail.com)*

Defining and Classifying MNCs in International Business: Implications for Research Strategy and Design

Colm Kearney, Trinity College
Jenny Berrill, Trinity College
Raj Aggarwal, Kent State University

The Multinational Corporation (MNC) is one of the most important concepts in International Business and yet there is no consistent definition or approach to measurement. International business (IB) scholars have adopted various approaches to defining and measuring MNCs, and to choosing their samples of multinational companies (MNCs) to be included in their empirical studies. The lack of clarity in defining one of the central terms in the IB literature has curtailed the pace of advancement in many key areas of IB research. IB scholars researching similar themes have often obtained contradictory results due to the choice of MNC definition adopted. With the recent emergence of born globals and international new ventures, the issue of definition has become more urgent. We argue that in view of the myriad types of MNCs, the search for a single operational definition is not helpful. Borrowing from the ontological approaches that are commonly and usefully employed in the life and natural sciences, we introduce a taxonomic classification of 73 types of MNC and 37 types of global corporation that can aid IB scholars in choosing suitable operational definitions for theoretical models and as guides to the data selection decision in empirical studies. *(For more information, please contact: Jenny Berrill, Trinity College, Ireland: berrillj@tcd.ie)*

Tariff Effects on MNC Decisions to Engage in Intra-Firm and Arms-Length Trade

Susan Feinberg, Rutgers University
Michael Keane, Yale University

Using confidential micro panel data from the Bureau of Economic Analysis (BEA) on US MNCs and their Canadian affiliates, we study the dramatic growth of intra-firm and arms-length U.S.-Canada trade from 1984 to

1995. We find trade growth occurred almost entirely on the intensive rather than the extensive margin, i.e., MNCs that already traded in 1984 greatly expanded trade, while few MNCs commenced trade. Additionally, MNCs' decisions to trade intra-firm and arms-length trade are unrelated to tariff and transport cost reductions. This is consistent with case study evidence in Keane and Feinberg (2005), where MNC executives indicate that the small tariff reductions from 1984 to 1995 were not sufficient to justify fixed costs of overhauling international supply chains. Our results have implications for recent models of international trade that rely on sensitivity of intra-firm trade to tariffs at the extensive margin to explain how small tariff declines could have led to the explosion of intra-firm trade since the 80s. Our results here and in Keane and Feinberg (2005) suggest that the reason for the growth of intra-firm trade is not tariff reductions but rather the adoption of just-in-time logistics, which has substantially reduced the inventory carrying cost of intra-firm trade. *(For more information, please contact: Susan Feinberg, Rutgers University, United States: feinberg@business.rutgers.edu)*

Foreign Ownership and Corporate Performance

Jongmoo Jay Choi, Temple University
Sehyun Yoo, San Diego State University

There is a considerable debate on the impact of foreign investment on host economies. This paper examines the relation between foreign equity ownership and firm performance by using a panel sample of Korean firms for 1993-2002. Empirical results show that foreign investors positively affect firm performance by active monitoring, complementing domestic institutional investors. The effects of indigenous factors such as family and chaebol affiliation are insignificant. It was after the government completely opened the stock market and undertook reforms following the Asian financial crisis that such positive relation was realized. There is secondary evidence that in addition to direct effects through shareholder activism, foreign investors can also influence corporate performance through board representation or by stimulating productivity. *(For more information, please contact: Jongmoo Jay Choi, Temple University, United States: jjchoi@temple.edu)*

Session: 2.5.7 - Competitive

Track: Track 9 - Security & International Competitiveness

Security and International Competitiveness

Presented On: June 25, 2006 - 13:45-15:00

Chair: Charles M. Vance, Loyola Marymount University

Anti-Piracy Effectiveness and Managerial Confidence - Insights from Multinationals in China

Gerald Fryxell, China Europe International Business School
Deli Yang, Bradford University
Agnes Sie, Valspar, Inc.

This paper examines the perceptions of the multinationals on the effectiveness of anti-piracy strategies and the interactions of managerial confidence in the IP regime in China on such effectiveness. Theoretically, the authors propose an anti-piracy model. Empirically, with data from 128 multinationals, the preliminary test demonstrates that anti-piracy strategies have a powerful effect on curtailing piracy explaining 58% of the variations in the anti-piracy success. The level of managers' confidence in the intellectual property regime in China strongly impacts on the relationship with antipiracy strategies. *(For more information, please contact: Deli Yang, Bradford University, United Kingdom: d.yang@bradford.ac.uk)*

Terror Incognito: Is the New Global Terrorism A Form of Political Risk?
David A. Wernick, Florida International University

International business theorists have traditionally viewed terrorism as a form of host country political risk experienced primarily by firms operating in volatile or conflictive areas. Recent scholarship, however, has emphasized numerous critical distinctions between political risk and terrorism. The former tends to affect firms directly (e.g., through the expropriation of assets or restrictions on financial transfers), whereas the latter's effects are often felt indirectly, through transportation disruptions, declines in business confidence, and the passage of governmental antiterrorism mandates that hinder the movement of people, goods, and capital across borders. While the conceptualization of terrorism as a form of political risk might have sufficed at one time, we argue that it has become anachronistic in a post-9/11 world in which global terrorist networks have emerged as a serious security threat to governments and multinational firms. This paper argues for a more robust definition of "geopolitical risk," which takes into account the evolving transnational nature of the terrorist threat, its growing sophistication and lethality, and its ability to disrupt global value chain activities. A series of propositions are offered on how U.S. manufacturing firms with international operations may reduce their exposure to terrorism and mitigate the adverse effects of antiterrorism mandates. *(For more information, please contact: David A. Wernick, Florida International University, United States: wernick@gmail.com)*

The Impact of Security Measures in Transacting Global Business
Robert Grosse, Thunderbird
Subhash Jain, University of Connecticut

This article proposes the inclusion of homeland security as another factor in broadening the field of international business for research and theory development. A model is introduced that conceptualizes the role of security measures in conducting business across national boundaries. It is used to examine the impact of homeland security on global resource transformation and distribution of output. The paper concludes by laying out a research agenda for homeland security and the theory of the international firm. *(For more information, please contact: Robert Grosse, Thunderbird, United States: grosser@t-bird.edu)*

Session: 2.5.8 - Competitive
Track: Track 1 - The Context of Global Business

Corporate Social Responsibility

Presented On: June 25, 2006 - 13:45-15:00

Chair: Maria Lai-Ling Lam, Malone College

Corporate Social Responsibility Across Borders: How do Social and Organizational Contexts Influence Company Attitude to CSR?

Cheryl Rivers, University of the Sunshine Coast
Xiaohua Yang, Queensland University of Technology

Differences in attitudes toward corporate social responsibility (CSR) can be a barrier to the successful formation of international joint ventures. This paper extends current understanding of the drivers of CSR by proposing a new model that shows the society-level and the organizational-level variables that influence a multinational enterprise's attitude to CSR. It is proposed that there will be cross-border differences in how CSR is approached because it is influenced by the government legislation, community voice, the presence and lobbying of Non-Government Organizations and by industry and third party codes of conduct. We also recognize that a corporation's attitude to CSR is influenced by its corporate culture, customers' expectations, shareholders'

expectations and the expectations of its employees. The theoretical and practical implications of the model are discussed. *(For more information, please contact: Xiaohua Yang, Queensland University of Technology, Australia: x3.yang@qut.edu.au)*

Corporate Response to Pressure from Socially Responsible Investments

Emma Sjöström, Stockholm School of Economics

The purpose of this conceptual paper is to understand how corporations respond to pressure from "socially responsible investments?". Investors, environmental organisations and other actors increasingly use the financial market to voice concern with environmental and social matters. The study finds that response, in this context, should be understood as a dynamic process, and it shows how response to the same pressure can change over time. *(For more information, please contact: Emma Sjöström, Stockholm School of Economics, Sweden: des@hhs.se)*

The Effect of National Corporate Responsibility Environment on Japanese Foreign Direct Investment

Paul W. Beamish, University of Western Ontario

George Z. Peng, University of Western Ontario

We examine the relationship between Japanese foreign direct investment (FDI) and the national corporate responsibility (NCR) environment in host countries using corporate social responsibility and international business theories. Based on data from the Japanese Government's Ministry of Finance, Accountability, and other sources, we find that the level of NCR has a positive relationship with FDI inflow for developing countries. The relationship for developed countries is negative but not statistically significant. The underlying host country development stage moderates the relationship. The results can help deepen understanding of FDI behaviors and have practical implications for host countries in terms of attracting FDI. *(For more information, please contact: George Z. Peng, University of Western Ontario, Canada: gpeng@ivey.uwo.ca)*

Why Jordanian Companies Go Green: An Institutional Approach

Yousef Eiadat, University College Dublin

Aidan Kelly, University College Dublin

Aine Kelly, St. John of Gods

Frank Roche, University College, Dublin

Previous research examining environmental responsiveness has primarily focused on the empirical relationship between variety of pressure sources and responsiveness (Bansal & Roth, 2000; Henriques & Sadosky, 1996) and has largely avoided proposing a theoretical foundation for such a relationship. The purpose of this article is to set out a framework for understanding environmental responsiveness from the perspective of resource dependence and institutional factors. Our empirical results propose that organisations do not respond because they are told to respond, rather they do so because it constitutes appropriate, and thus legitimate behaviour, or because their response is internalised by socially constructed players endowed with differing capacities for action and parts to play *(For more information, please contact: Yousef Eiadat, University College Dublin, Ireland: yousef.husein@ucd.ie)*

Session: 2.5.9 - Competitive
Track: Track 6 - Marketing and Supply-Chain

Branding

Presented On: June 25, 2006 - 13:45-15:00

Chair: Gary Davies, Manchester Business School

Consumer Evaluations of Vertical Service Line Extensions

Ko De Ruyter, Maastricht University
Jing (Jill) Lei, University of Ontario
Martin Wetzels, Eindhoven University of Technology
Terry Wu, University of Ontario

Vertical service line extensions extend an established brand name to services at different quality/price levels. In this article, the authors examine the impact of the primary vertical line extension variable, the direction of extensions, on consumer responses to new extensions. Findings of an empirical study in the hotel industry indicate that consumers perceive higher risks for step-up extensions than for step-down extensions, which leads to lower consumer evaluations, perceived value, and purchase intentions in step-up than in step-down extensions. Furthermore, the results also suggest that the extension direction moderates the impact of prior knowledge and service guarantees on consumer responses to vertical service line extensions. *(For more information, please contact: Jing (Jill) Lei, University of Ontario, Canada: jill.lei@uoit.ca)*

Nation Branding: How the National Image of the United Kingdom Influences the Attractiveness of its Outputs

Theresa Loo, Leeds University
Gary Davies, Manchester Business School

There is intuitive appeal to the proposition that a nation brand can be managed much like a corporate brand, but there exist neither theoretical foundation nor empirical data to support the concept. We test the idea that the same imagery for a nation can have a positive effect on a non-national's propensity to purchase multiple outputs. Using the 'theory of reasoned action' (Ajzen & Fishbein, 1980) we argue that national image influences beliefs about outputs, which in turn influence attitude, which in turn affect propensity to consume. We test this model in the context of the image of the United Kingdom and three outputs: products, tourism and education. Using data from China and India, a model is developed from a calibration sample, $n = 433$, and tested against a validation sample, $n = 431$, using structural equation modelling. The model fitted the data well for both samples and for data from each country. The model shows that a national image for Chic (prestigious, refined, elegant) and Enterprise (innovative, cool, trendy) has a positive influence on the beliefs about, attitudes towards and propensity to consume all three outputs. The concept of a nation brand, conceptualised much as a corporate brand, is supported. *(For more information, please contact: Gary Davies, Manchester Business School, United Kingdom: g.davies@mbs.ac.uk)*

Revitalizing Suffering Multinational Brands: An Empirical Study

Melinda L. Andrews, Florida State University
Daekwan Kim, Florida State University

This study explores factors influencing the revitalization of a multinational brand that is perceived negatively by local consumers because of various reasons such as past poor quality or negative publicity. While overall brand perceptions play an important role in influencing customer decisions, understanding what improves the consumer's perception of multinational brands is of vital importance to marketers. This study conceptualizes

brand revitalization as a second order construct, arguing that brand revitalization is comprised of improved brand image, brand associations, and brand attitudes. Innovative product improvements, warranty programs, third-party appraisals, and advertising communications are hypothesized to play a role in revitalizing multinational brands plagued by negative perceptions. The study finds support for three of the four hypotheses. In addition, the moderating effect of the management's local market knowledge is tested on several proposed relationships. *(For more information, please contact: Daekwan Kim, Florida State University, United States: dkim@cob.fsu.edu)*

Country of Origin: A Brand Umbrella?

Janell D. Townsend, Oakland University
Sengun Yenyurt, University of Nevada

The authors investigate the effects of a brand's marketing mix activities in conjunction with those of compatriot brands on the brand equity of a focal brand. The study is conducted within the context of the U.S. automotive market, using the largest pre-purchase brand related data set in the industry combined with secondary data. A seemingly unrelated regression model is used to test the conceptual model. The results indicate significant spillover effects, as well as selective competitive effects from brands with the same country of origin. *(For more information, please contact: Janell D. Townsend, Oakland University, United States: townsend@oakland.edu)*

Session: 2.5.10 - Competitive

Track: Track 6 - Marketing and Supply-Chain

Consumer Attitudes, Perceptions, and Loyalty

Presented On: June 25, 2006 - 13:45-15:00

Chair: Sergio Carvalho, University of Manitoba

Personal Global Connectivity and Consumer Behavior: A Study in Shanghai

Jiaming Sun, Texas A&M University
George Xun Wang, University of Wisconsin-Parkside

This paper aims to examine the relationship between global connectivity and consumer behavior in the city of Shanghai, China. Using Structural Equation Modeling analysis, we found that personal global connectivity has the strongest direct effect and significant indirect effect on global consumption by mediating other exogenous variables such as age, educational attainment, and income. The direct effects of education and income disappear when global connectivity is controlled, while the negative effect of age remains. *(For more information, please contact: George Xun Wang, University of Wisconsin-Parkside, United States: wang@uwp.edu)*

Willingness to Boycott Foreign Products as a Reaction to Nationalistic Sentiments: An Exploratory Study in Brazil

Sergio Carvalho, University of Manitoba

This study draws on social dominance theory and intergroup relations to explore the impact of nationalistic sentiments on consumers' willingness to boycott foreign products. Consistent with the expectations, the existence of a mere commercial conflict, independently of its outcome, involving the home country (Brazil) and a foreign nation (USA or Paraguay) seems to be sufficient to raise nationalistic sentiments. The results also indicate that consumers' willingness to boycott foreign products might be mediated by their perception of group

(nation) economic power (dominance). (For more information, please contact: Sergio Carvalho, University of Manitoba, Canada: carvalho@cc.umanitoba.ca)

Consumer Attitudes Toward Marketing: A Cross-cultural Comparison Between China and Canada

Annamma Joy, Lingnan University
 Hon-kwong Lui, Lingnan University
 Tsang-Sing Chan, Lingnan University
 Geng Cui, Lingnan University

Previous studies suggest that consumers' attitudes toward marketing may be influenced by their consumerism sentiment and cultural values. The study compares China and Canada with respect to consumer attitude toward marketing. Based on consumer surveys in the two countries, the results show that consumers in China have more positive attitude toward marketing than their Canadian counterparts. Subsequent Oaxaca decomposition suggests that both consumerism sentiment and idealism help to explain the difference in consumer attitude between the two countries. Chow's test of inequality of regressions indicate that the parameter estimates are significant different for the two samples. Given the significant moderating effects of consumerism sentiment and cultural values, the slightly positive attitude in China cannot taken as a sign of satisfaction with marketing practices in the country. Instead, both marketers and policy-makers need to be more vigilant in protecting the rights and interests of consumers. (For more information, please contact: Geng Cui, Lingnan University, Hong Kong: gcui@ln.edu.hk)

Why Customers Remain with a Particular Provider: An Integrative Model and Empirical Investigation

Heng-Chiang Huang, National Taiwan University
 Hsien-Tung Tsai, National Taiwan University

Although academic literature and business practice are currently directing increased attention to the determinants of customer retention, the focus has, nonetheless, been predominantly on evaluations of past purchasing experience with a firm and the perceived costs associated with leaving the provider. In this paper, the authors draw from the consumer behavior literature to propose a concept that incorporates expected value sharing, which focuses on the future rather than the context of past evaluations of the provider's performance. The study highlights the critical roles played by three drivers, namely future value sharing, switching barriers, and customer satisfaction, which in turn influence customer repurchase intentions subject to different customer relationship-orientations. To test the proposed hypotheses, the authors use structural equation modeling based on data obtained from a music foundation in Taiwan. The results suggest that the relationships between the drivers and customer repurchase intentions are moderated by different customer relationship-orientations. The empirical findings, theoretical and practical implications are all considered and discussed. (For more information, please contact: Hsien-Tung Tsai, National Taiwan University, Taiwan: f90724040@ntu.edu.tw)

Session: 2.5.11 - Competitive

Track: Track 3 - Managing People Across Cultures

International HRM Policies and Practices

Presented On: June 25, 2006 - 13:45-15:00

Chair: Jan Selmer, Aarhus School of Business

Cultural Value Orientations and HRM Policies and Practices: An Empirical Study of Oman

Zeynep Aychan, KOC University
 Pawan Budhwar, Aston University
 Ann Davies, Aston University
 Abdul Basit Al-Hamadi, Sultan Qaboos University

This study empirically examined the influence of cultural orientations on employee preferences of human resource management (HRM) policies and practices in Oman. Data were collected from 712 employees working in six large Omani organisations. The findings indicated that there were a number of cultural orientation differences among Omani employees based on age, educational and work experience. The findings showed a strong orientation towards mastery, harmony, thinking and doing, and a weak orientation towards hierarchy, collectivism, subjugation, and human nature-as-evil. The results have demonstrated a clear link between value orientations and preferences for particular HRM policies and practices. Group-oriented HRM practices were preferred by those who scored high on collectivism and being orientations, and those who scored low on thinking and doing orientations. Hierarchy-oriented HRM practices were preferred by those scoring high on hierarchy, subjugation and human nature-as-bad orientations, and those scoring low on thinking and mastery orientations. Finally, preference for loose and informal HRM practices was positively associated with being, and negatively associated with thinking, doing, and harmony orientations. The theoretical and practical implications of these findings are discussed in detail. *(For more information, please contact: Pawan Budhwar, Aston University, United Kingdom: p.s.budhwar@aston.ac.uk)*

Examining the Impact of Country Differences on Performance Attribution

Thomas A Birtch, Cambridge University
 Flora Chiang, Chinese University of Hong Kong

This study examines cross-national differences in the perceived attributes of employee performance using a multi-country sample drawn from Canada, China (Hong Kong), Finland, and the United Kingdom. Significant country differences were found in the relative importance individuals attach to internal versus external causes of their performance. Respondents in Canada, Finland, the United Kingdom considered internal factors as being the most relevant. This was in contrast to their counterparts in China (Hong Kong) where a combination of both internal and external factors are believed to influence performance outcomes. Understanding these international differences is essential to managers grappling with the design and implementation of performance management systems in cross-border settings. The present study also paves the way for future research. *(For more information, please contact: Flora Chiang, Chinese University of Hong Kong, Hong Kong: florab@baf.msmail.cuhk.edu.hk)*

Effects of Gender and Family on Earnings and Career Paths: A Cross-Cultural Study of Europe, the United States and Japan

Nini Yang, San Francisco State University

This study takes a cross-cultural approach to examine gender-based pay differentials and career paths, particularly comparing Europe, the United States, and Japan. Results indicate that despite increased participation of women in the workforce and their substantial inroads into managerial and professional jobs, gender-based pay gaps persist across borders. However, patterns of the work-family relationship and the impact of gender on earnings differ significantly among industrial societies. Data show that the magnitude of gender-based pay differentials is unrelated to a country's degree of economic development. Factors that influence pay equity and career paths range from contextual and organizational variables such as cultural norms, types of the regime, and corporate practices to individual differences in gender, family, education, and occupation. The business argument for gender equity and family-friendly policies is linked to the national context. Cultural norms about gender roles and types of the regime pertaining to the role of the state in statutory provisions help explain trends and developments in gender-based pay adjustments and variations at

the firm level. Based on recent national and regional labor statistics and incorporating prior cross-cultural research, several propositions have been developed through a multivariate conceptual framework, which provide suggestions for future research and implications for the practical field. *(For more information, please contact: Nini Yang, San Francisco State University, United States: nyang@sfsu.edu)*

Attitudes Towards Performance-Related Pay System: A Case Study in a Japanese Firm

Hyun-Jung Lee, London School of Economics

Yuko Iijima, London School of Economics

This study explored (1) the antecedents of employees' attitudes towards performance-related pay (at-PRP) and (2) a potential relationship between the at-PRP and organizational citizenship behaviour (OCB). Based on a sample of 155 sales representatives in a large electric manufacturing company in Japan, the results show that 'occupational commitment' and 'competitiveness' were found to be positively related to at-PRP whereas 'organizational commitment' and 'age' were found to be negatively related to at-PRP. The relationship between at-PRP and OCB was not significant. *(For more information, please contact: Hyun-Jung Lee, London School of Economics, United Kingdom: h.lee@lse.ac.uk)*

Session: 2.5.12 - Competitive

Track: Track 1 - The Context of Global Business

Trust, Bargaining and Relationships

Presented On: June 25, 2006 - 13:45-15:00

Chair: Srilata Zaheer, University of Minnesota

Transition Economies and Trust Building

Reinhard Bachmann, University of London

Hans Van Ees, University of Groningen

Many transition economies are characterised by a relatively rudimentary institutional framework. Weak legislative structures and the absence of effective market regulation and property right enforcement rules often prohibit mutually profitable business transactions and - more generally - restrict the chances for innovation and sustainable growth. Against this background, we analyse the extent to which more efficient governance mechanisms can contribute to a more favourable business environment. In doing so, we adopt a network perspective. We argue that both in developed market economies as well as in centrally planned economies much of economic exchange takes place in networks. However, the characteristics of these networks, in particular the concept of trust, can differ significantly. This leads us to conclude that the real challenge of the process of economic transition is connected to building new economic exchange networks. In this paper, we discuss this argument and analyse how the current enlargement of the E.U. into Eastern Europe may favourably affect this process of institutional change in the accession countries. *(For more information, please contact: Reinhard Bachmann, University of London, United Kingdom: r.bachmann@bbk.ac.uk)*

Extending the Bargaining Power Model: Explaining Governance Outcomes Among Nations, MNEs, and NGOs

James F. Nebus, University of North Carolina Charlotte

Carlos Ramon Rufin, Babson College

Governance of today's international issues is established by different types (nation states, MNEs, NGOs, etc.) and numbers of actors. This introduces a level of complexity beyond that taken into account by the dyadic

model of bargaining power theory. To date, most analysis of these complex governance issues has taken the form of descriptive case studies that explain these events ex-post. This situation begs two questions. First, what theories can IB researchers use to extend the bargaining power model in order to predict governance outcomes in the more complex, multiple actor context? Second, what quantitative methodologies can IB researchers use to move beyond ex-post case studies toward predicting outcomes. This paper proposes a theory in which the governance interactions among these actors reflects their legal, economic, and political relationships; their governance preference alignments, and the motivation to set governance. The paper also offers a corresponding network model and methodology to predict the degree to which an actor determines governance outcomes for a specific issue area. An example applies this theory to the governance of privatized public utilities in the Dominican Republic during 1999-2003. *(For more information, please contact: James F. Nebus, University of North Carolina Charlotte, United States: jfnebus@email.uncc.edu)*

Impact of Institutional Pressure on Board Structure in Korea

Dong-Sung Cho, Seoul National University
Jootae Kim, Dankook University

Managers sometimes decide strategy as an adaptation process to external pressure. This paper seeks to interpret the managerial decision making process in terms of sociological viewpoint. I apply institution theory to corporate governance reform (board reform) in Korea. In Korea, governance reform was imposed after the currency crisis of 1997. I interpret that the reason of the governance reform comes not from internal analysis but from external pressure. I hypothesize that larger firms, firms with lower performance and firms with higher debt tend to face higher pressure for governance reform and that firms with more globalization experience and firms that are members of business groups also faced higher pressure. From the regression analysis, most hypotheses were supported. *(For more information, please contact: Jootae Kim, Dankook University, South Korea: jkim@dankook.ac.kr)*

Left at the Altar? A Relational View of Global Merger and Acquisition Announcements in the 1990s

Ruth Aguilera, University of Illinois at Urbana-Champaign
Xavier Escandell, University of Illinois
John Dencker, University of Illinois at Urbana-Champaign

In this paper, we analyze data on the world's largest merger and acquisition (M&A) announcements in the 1990s to explore the relational factors that determine their completion or withdrawal. Existing research on this little understood phenomenon in the M&A process typically focuses on the characteristics and actions of acquirer firms to understand financial and strategic M&A elements. We offer a new perspective by focusing on the dyadic relationship between acquirer and target firms. Controlling for strategic and financial factors, we find that the completion of an announced M&A is more likely to the extent that the relational capabilities stemming from country-level, industry-level and organizational-level factors generate a cooperative and trustworthy relationship. We conclude by discussing theoretical and managerial implications of our multi-level relational model. *(For more information, please contact: Ruth Aguilera, University of Illinois at Urbana-Champaign, United States: ruth-agu@uiuc.edu)*

Session: 2.5.13 - Competitive

Track: Track 3 - Managing People Across Cultures

Knowledge Management, Innovation and Entrepreneurship

Presented On: June 25, 2006 - 13:45-15:00

Chair: Fiona Moore, Kingston University

The Knowledge Transfer Anomaly

Paul Brewer, University of Queensland

Knowledge transfer between units within MNC's and between independent organisations involved in international business is an important element of performance. Researchers have shown that generally cultural differences place difficulties in the way of both information and knowledge transfer across national borders, both within MNC's and across organisations. This study examines the knowledge transfer process between different cultural groups in a particular setting and concludes that in this situation cultural differences do not hinder knowledge transfer. Explanations are provided for this anomaly and implications for international business managers are drawn. *(For more information, please contact: Paul Brewer, University of Queensland, Australia: p.brewer@business.uq.edu.au)*

Cross-Cultural Validation of a Scale to Assess International Corporate Entrepreneurship

Jian Zhang, Tsinghua University

Wei Zhang, Tsinghua University

Roger (Rongxin) Chen, University of San Francisco

Gary A. Knight, Florida State University

Cross-cultural research on corporate entrepreneurship is important in the entrepreneurial practice of Chinese companies. This article tests the cross-cultural validity and reliability of the ENTRESALE, an important construct measuring corporate entrepreneurship activities. Our empirical test on firms in China as well as English and French speaking Canada shows that the ENTRESALE has consistent dimensional validity, high congruence validity, discriminant validity, and reliability among different cultural settings. Accordingly the scale appears to have strong external validity and can be used in a variety of international settings to assess the extent of firms' entrepreneurial orientation. Additional findings and implications are discussed. *(For more information, please contact: Wei Zhang, Tsinghua University, China: zhangw3@em.tsinghua.edu.cn)*

The Role of Goal Orientation and Accountability in Knowledge Sharing

Raymond A. Noe, Ohio State University

Sheng Wang, University of Nevada, Las Vegas

Zhong-Ming Wang, Zhejiang University

The present research draws upon accountability theory and goal orientation literature to examine the effects of two situational factors (i.e., evaluation and evaluation-plus-reward) and the three dimensions of goal orientation on knowledge sharing via a KMS. A longitudinal quasi-experimental field study was conducted in a software development company in China to test the hypotheses. As predicted, both evaluation and evaluation-plus-reward have positive effects on knowledge sharing. Performance-prove goal orientation had a positive effect on knowledge sharing but no effect was found for performance-avoid goal orientation. Learning goal orientation interacted with evaluation-plus-reward to affect knowledge sharing. The implications of these results are discussed. *(For more information, please contact: Sheng Wang, University of Nevada, Las Vegas, United States: sheng.wang@unlv.edu)*

Predictors of Perceived Individual Creativity and Organizational Innovativeness in Egypt and Thailand

Gillian Rice, Thunderbird

Nittaya Wongtada, National Institute of Development Administration

Organizations in developing countries need to be more creative and innovative in order to enhance their competitiveness in the knowledge-based global economy. The objective of this study is to test whether extant

theories relating Organizational Support and Organizational Atmosphere to Individual Creativity and Organizational Innovativeness apply in Egypt and Thailand. The findings from a survey of employees suggest that, contrary to expectations, there is no direct positive relationship between Organizational Atmosphere and Individual Creativity. Rather, Organizational Support mediates an indirect effect between these constructs. Organizational Support is positively related to Individual Creativity which is then positively related to Organizational Innovativeness. Differences in effect sizes between the Egyptian and Thai samples might be explained by subtle differences in the cultural and business environments. In cultures where conformity is particularly admired, the careful guidance of supervisors appears necessary to enhance creative behavior. *(For more information, please contact: Nittaya Wongtada, National Institute of Development Administration, Thailand: nittaya@nida.ac.th)*

Session: 2.6.1 - Competitive

Track: Track 7 - Learning, Knowledge and Innovation

Innovative Capabilities, Knowledge Transfer and Relationships

Presented On: June 25, 2006 - 15:30-16:45

Chair: Andreas Michael Klossek, Freiberg University of Mining and Technology

The Strength of R&D Network Ties in High-Tech Industries

Hans Van Kranenburg, Radboud University

John Hagedoorn, Maastricht University

Danielle Cloudt, Maastricht University

This paper studies the effect of inter-firm R&D network ties on the technological performance of companies in high-tech industries. Tie strength is analysed through a multidimensional perspective. We find that strong ties in terms of the dimensions time and depth, measured by length and multitude of partnerships, degree of cooperation and similarity of ties, do indeed improve technological performance. However, our findings on cultural closeness support a weak ties perspective. Our research suggests that a combination of stronger and weaker R&D ties, with elements of both social embeddedness and international diversity, is most beneficial for the technological performance of companies. *(For more information, please contact: John Hagedoorn, Maastricht University, Netherlands: j.hagedoorn@os.unimaas.nl)*

Network Structure, Knowledge Transfer, and Interfirm Learning

Susan S S Wong, University of Sydney

This conceptual paper explores how network configuration can be optimized for maximum knowledge transfer and learning in the dynamic global environment. By pulling together the different theories and concepts, viz, strategic management theory (Resource-base View (RBV) and Knowledge-based view (KBV), network theory, economic sociology, embeddedness, social capital, coevolutionary and international entrepreneurship, this paper proposes that i) a firm's proclivity to adopt exploration and/or exploitation learning strategy is related to its perceived degree of environmental turbulence ii) a firm's propensity to develop non-redundant or redundant business network linkages is related to its choice of learning strategy, which in turn is related to its perceived degree of environmental turbulence iii) the structural embeddedness (non-redundant/redundant links) has to be complemented by the relational embeddedness (quality of relationships) to facilitate effective knowledge transfer for a balance combination of exploration and exploitation learning strategy. The theoretical framework and propositions are developed for the purpose of initiating future empirical studies. *(For more information, please contact: Susan S S Wong, University of Sydney, Australia: susan_wongss@yahoo.com.au)*

The Role Of Cross-Border Knowledge Transfer In The Innovation Performance Of UK Enterprises
Marion Sylvia Frenz, University of London

In order to stay competitive in global markets firms increasingly need to tap into highly specific knowledge to keep generating innovations. Much of this knowledge is likely to be located outside a firm's home country. This paper examines the effects of cross-border knowledge transfer on the innovation performance of UK enterprises. Two modes of knowledge transfer are considered in the paper: knowledge exchanged internally through a company network that spans over different countries and knowledge acquired externally through cross-border cooperation activities. The paper finds that international linkages increase the innovation performance of UK enterprises over and above local linkages in the case of product-type innovations and patents. No association is found in the case of process-type innovations. *(For more information, please contact: Marion Sylvia Frenz, University of London, United Kingdom: m.frenz@bbk.ac.uk)*

Integration and Technological Capability Accumulation in International Joint Venture in China
Huiping Li, Rutgers University

Taking the perspectives of competence-based view of the firm and of organizational learning, this study examines the technological capability building in the international joint ventures (IJVs) in China. The study focuses on whether IJVs in China have built local technological capabilities through acquiring and then using the international resources and knowledge to which they have gained access and, if so, the level of the technological capabilities that they have been able to develop as a result. The research also examines the organizational mechanisms of the technological capability building process by studying the interaction between the Chinese joint venture and the IJV-partner's (parent company) IJV-peer subsidiaries. Through looking at such interactions we can also further explore the strategy and structure that IJVs pursue to build technological capabilities, and the rate at which they are able to build such technological capabilities. *(For more information, please contact: Huiping Li, Rutgers University, United States: huipingli@hotmail.com)*

Session: 2.6.2 - Competitive
Track: Track 5 - Entry, Expansion & Operations Strategies

Growing Subsidiaries Abroad – Not Too Fast, Not Too Slow

Presented On: June 25, 2006 - 15:30-16:45

Chair: Jiatao Li, Hong Kong University of Science and Technology

Investment into New Foreign Subsidiaries under Receding Perception of Uncertainty
Jan Hendrik Fisch, Hohenheim University

The paper develops and tests a growth options model to explain the sequence of investment into new foreign subsidiaries. The value of growth options depends on uncertainty, which is perceived high at entry but receding in the post-entry phase. Pursuing the establishment of 634 German subsidiaries abroad suggests that option values guide the investment decisions in the first years but later lose their relevance in favor of common net present values. *(For more information, please contact: Jan Hendrik Fisch, Hohenheim University, Germany: jhfisch@uni-hohenheim.de)*

Endogenous Constraints to International Expansion

Thomas Hutzschenreuter, WHU - Otto Beisheim School of Management

Johannes C. Voll, WHU - Otto Beisheim School of Management

Empirical research has found different patterns of international expansion of companies. Some expand regularly with small, steady steps; others expand rapidly in one period and slow down their expansion in a following period. It has also been found that this irregularity negatively affects benefits from internationalization. Against this background, we attempt to shed light on some important factors influencing the rate of international expansion. We ground our research on the seminal work by Penrose (1959) and argue that expansion is limited by available managerial services. If managerial services are overstretched by complex expansion projects in one period, this has a negative impact on the rate of international expansion in a subsequent period. Also, managing a complex network of international subsidiaries strains managerial services and slows down further international expansion. We focus on cultural distance as important source of complexity for the internationalizing firm. Using longitudinal data on the international expansion path of 91 German companies, we show that high international expansion in terms of cultural distance in one period slows down the rate of international expansion in the subsequent period. Moreover our results suggest that high cultural diversity of a company's subsidiaries has a negative impact on the rate of international expansion. *(For more information, please contact: Thomas Hutzschenreuter, WHU - Otto Beisheim School of Management, Germany: th@whu.edu)*

On the Growth of Foreign Affiliates: Multinational Plant Networks, Joint Ventures, and Flexibility

Jianglei Zou, Katholieke Universiteit Leuven

René Belderbos, Katholieke Universiteit Leuven

Although there is an abundant literature on foreign entry and exit strategies by multinational firms, surprisingly little attention has been devoted to the analysis of affiliate growth. In this paper we analyze employment growth in a large sample of Japanese manufacturing affiliates in nine Asian countries during the years leading up and into the Asian financial crisis (1995-1999). We find evidence that multinational firms use the flexibility options created by their multinational network to adjust affiliate employment in response to labor cost growth in other countries in which they operate plants. While joint ventures do not exhibit lower growth rates as such, they are substantially less responsive to changing environmental conditions (labor cost and market growth) in the focal country and hence underperform in high growth environments. Our findings suggest that more research is needed on the heterogeneous strategic responses of multinational firms and their affiliates to changing economic environments. *(For more information, please contact: René Belderbos, Katholieke Universiteit Leuven, Belgium: Rene.belderbos@econ.kuleuven.be)*

Pace of Expansion and FDI Performance: The Case of Auto FDI in China

Qingjiu Tom Tao, Lehigh University

Ruihua Joy Jiang, Lehigh University

How fast do firms expand in a foreign market after their initial entry? Is faster better? This paper investigated the relationship between a firm's pace of post-entry foreign expansion and its market share performance in a foreign market. Numerous researches have studied various point-of-entry decisions such as why (motivations), how (entry modes), where (location choices), and when (entry timing) firms make foreign entries. Studies have also investigated the consequences of internationalization, i.e., the relationship between degree of internationalization and firm performance. However, little is known about what happens after initial entry into a foreign market and before firms reach a certain degree of international diversity. As a step towards understanding the internationalization process, this study explores one important characteristic of post-entry foreign expansion – pace of expansion and its performance implications. Parallel hypotheses are developed from the perspectives of industrial organizational economics and that of organizational learning, the resource-based view of the firm, and internationalization theory. The post-entry experiences of 214 foreign firms in China's automobile market reveal inverted-U shape relationship between expansion frequency and firm performance

and J-shape relationship between expansion magnitude and firm performance. *(For more information, please contact: Ruihua Joy Jiang, Lehigh University, United States: rjiang@lehigh.edu)*

Session: 2.6.3 - Panel

Track: Track 1 - The Context of Global Business

China and India: Global Competitors, Foes or Phantoms?

Presented On: June 25, 2006 - 15:30-16:45

Chair: David M. Reid, Rochester Institute of Technology

Panelists:

David M. Reid, Rochester Institute of Technology
James Dean, Western Washington University
Jonathan Woetzel, McKinsey & Company

China and India have followed radically different approaches to their economic opportunities and development. China's has to a large extent been government managed, or at least steered. The Indian approach has been more or less incremental. Though China's progress, on many metrics, such as FDI attracted, or GDP growth, has been more impressive than that of India, they are each capitalizing on different sets of opportunities. This panel will compare and contrast the achievements of both economies and attempt to crystallize the essential differences. The approaches of each will be appraised as will critical appraisal of the few examples so far of Indian and Chinese cooperation. In this way the panel will work towards offering a prognosis of the two as an evolving cooperative partnership. *(For more information, please contact: David M. Reid, Rochester Institute of Technology, United States: dreid@cob.rit.edu)*

Session: 2.6.4 - Competitive

Track: Track 4 - International Strategic Management

Agency and Governance in Emerging Markets (II)

Presented On: June 25, 2006 - 15:30-16:45

Chair: Trevor Buck, Loughborough University

Interlocking Directorates and Firm Performance in an Emerging Economy

Kevin Au, Chinese University of Hong Kong
Mike Peng, University of Texas at Dallas
Bing Ren, Nankai University

There is a debate on whether interlocking directorates positively or negatively influence firm performance. One hypothesis suggests that interlocking directorates help fill the institutional voids during the transition and thus help improve firm performance. A competing hypothesis argues that corporate governance failure drives interlocking directorates as a social cohesion device to facilitate managerial exploitation of shareholders' interests. However, no previous study has investigated this crucial issue in the context of institutional transition. Taking advantage of China's institutional transition, we amass a longitudinal database from 284 listed firms spanning eight years (1994-2001). Our results show that network centrality negatively influences firm performance, thus supporting the corporate governance hypothesis. *(For more information, please contact: Bing Ren, Nankai University, China: renbing@nankai.edu.cn)*

Interlocking Directorates, Ownership Concentration and Firm Performance During China's Institutional Transition

Kevin Au, Chinese University of Hong Kong

Bing Ren, Nankai University

We proposed two competing theoretical frameworks to explain the interlocking directorate network effect on firm performance in China. Ownership concentration was also hypothesized as a moderator for this relationship. The hypotheses were tested using data from 942 listed firms on China's stock exchange markets in 1999. Results show that centrality in the interlocking directorate network negatively influences firm performance, and this negative effect becomes weaker under a more concentrated ownership structure. These results support a governance failure hypothesis which suggests that interlocking directorates help self-interested managers to exploit central corporations and deteriorate firm performance under governance failure. The results also show that concentrated ownership structure helps to safeguard managerial exploitation during China's transition to a market economy. *(For more information, please contact: Bing Ren, Nankai University, China: renbing@nankai.edu.cn)*

The Mediating Role of Agency Costs in the Relationship Between Chinese State Ownership and Firm Value: A Stewardship Perspective

Mohamed Feras Salama, University of Texas at El Paso

Trien Vinh Le, University of Texas at El Paso

Based on the implications of agency and stewardship theories, we examine the impact state ownership on firm value in Chinese publicly-traded firms. Specifically, based on the discussion of Chinese business cultures and the relationships between the government (as a shareholder) and managers in Chinese privatized publicly-traded firms, we apply stewardship theory to hypothesize that, in highly state owned publicly-traded firms, managers work for the interest of shareholders. Consequently, agency costs decrease and firm value is enhanced. On the other hand, when state ownership is decreased, we utilized agency theory to explain the incongruence of interest between managers and shareholders. Specifically, when state ownership is decreased, we hypothesize that agency costs increase and firm value declines. Moreover, based on the causal relationship between state ownership, agency costs and firm value, we hypothesize that there is a mediating effect of agency costs on the relationship between state ownership and firm value. We use a sample of 776 publicly traded Chinese firms to test our hypotheses. The results confirm our hypotheses. *(For more information, please contact: Trien Vinh Le, University of Texas at El Paso, United States: tvle@utep.edu)*

An Agency Perspective of Subsidiary Management in Central and Eastern Europe

Barbara Brenner, Vienna University of Economics and Business Administration

Taco H. Reus, Florida Atlantic University

Whereas agency theory is in the mainstream of Western thinking about head office management, it is less used in the context of transition economies, such as Central and Eastern Europe (CEE). This is surprising considering that control, which stands at the core of agency theory, has a very distinctive meaning in this particular context. Through rich qualitative data from 46 in-depth interviews with executives in CEE, we explore how agency theory applies to subsidiary management by Western multinational companies in CEE. It shows how agent-principal relationships are notably influenced by context. In particular, current political and economic risk, to some degree rooted in a history of communism, influence interest alignment and information asymmetry between head offices and foreign subsidiaries in Central and Eastern Europe. This, then, has important implications for instances of moral hazard and adverse selection in foreign subsidiaries. Multinational companies, through expatriates and inpatriates, can control these contextual effects, and are critical for dealing with the agency problem. *(For more information, please contact: Barbara Brenner, Vienna University of Economics and Business Administration, Austria: barbara.brenner@wu-wien.ac.at)*

Session: 2.6.5 - Panel

Track: Track 3 - Managing People Across Cultures

Outward FDI by Chinese Multinational Enterprises: Implications for International Human Resource Management

Presented On: June 25, 2006 - 15:30-16:45

Chair: Helen L. De Cieri, Monash University

Panelists:

Helen L. De Cieri, Monash University
Shuming Zhao, Nanjing University
Cherrie Jiuhua Zhu, Monash University
Jie Shen, University of South Australia
Peter J. Dowling, Victoria University of Wellington

The topic of outward foreign direct investment (OFDI) from developing countries has generated a stream of international business research since the late 1970s. There is increasing awareness of the significant, emerging phenomenon of Chinese OFDI. Over the last decade, Chinese multinational enterprises (MNEs) have made a huge amount of OFDI; China is now one of the world's leading foreign investors. There is an emerging literature which examines the HRM implications of FDI in Chinese enterprises, yet most of this focuses on inward FDI from foreign investors. Recent evidence suggests that growth and developments in Chinese outward FDI create unexplored challenges for Chinese MNEs.

The focus of this panel is on the HRM implications which would follow a significant development of OFDI from Chinese enterprises looking to establish subsidiaries in other countries. The emergence of Chinese MNEs as globally competitive players presents both challenges and opportunities for Chinese managers, other transnational firms, and for the IB researchers who seek to study these firms. This symposium brings together a senior HR executive in a leading Chinese MNE with internationally-recognised experts on HRM in China and International HRM. *(For more information, please contact: Helen L. De Cieri, Monash University, Australia: Helen.decieri@buseco.monash.edu.au)*

Session: 2.6.6 - Competitive

Track: Track 7 - Learning, Knowledge and Innovation

Knowledge Brokers and Teams

Presented On: June 25, 2006 - 15:30-16:45

Chair: Stephen T. Rudman, San Francisco State University

The Isolated Minority: Explaining Subsidiary Isolation and its Performance Implications

Julian Birkinshaw, London Business School
Niklas Arvidsson, Service Management Group
L. Felipe Monteiro, London Business School

Applying a new theoretical and empirical approach to intra-firm knowledge transfers, this paper provides some initial insight to the little-researched phenomenon of why some subsidiaries are isolated from knowledge transfer activities within the MNC. Knowledge transfer is framed as a problemistic search process initiated by the recipient unit. We show that knowledge flows from units that are perceived to be highly capable to units that perceive themselves to be highly capable. Knowledge flows are also associated with existing levels of communication and reciprocity. Taken together, these findings suggest that knowledge transfers in MNCs typically occur between highly capable members of an in-crowd, while the isolated minority rarely, if ever, engage in knowledge sharing activities. Finally, we show that the isolated minority underperforms other subsidiaries, suggesting the possibility of a "liability of internal isolation?". *(For more information, please contact: L. Felipe Monteiro, London Business School, United Kingdom: fmonteiro@london.edu)*

Knowledge Transfer Processes in MNCs: Enhancing the Speed of Knowledge Transfer

Tina Claudia Ambos, University of Edinburgh
Bjoern Ambos, University of Edinburgh

In view of turbulent market environments and the shortening of product and technology cycles, companies need to tap into global pockets of knowledge quickly in order to provide solutions to pressing problems, to win competitive races and to identify potential new business avenues. Thus, the effectiveness of knowledge transfer within multinational corporations will partly be determined by its speed. Examining knowledge flows among 162 MNC units in 48 multinational companies our study reveals that the choice of knowledge management processes has a significant impact on the speed of transfer. All three processes we studied (knowledge brokers, transnational teams and technology interfaces) have been identified as powerful knowledge transfer mechanisms in prior research, yet, as our study demonstrates, their impact on the speed of knowledge transfer varies considerably. In particular, our findings show that the use of transnational teams improves the speed of knowledge transfer considerably, whereas the use of knowledge brokers has a negative impact on speed. We also provide some interesting insights into the interplay of codification and the use of technological interfaces. *(For more information, please contact: Tina Claudia Ambos, University of Edinburgh, United Kingdom: tina.ambos@ed.ac.uk)*

Organizational Transformation in Transition Economies: Harnessing the Power of Learning

Sarah E.A. Dixon, Kingston Business School
Klaus E. Meyer, University of Reading
Marc Day, Henley Management College

Enterprises in transition economies must transform to survive. We develop a theoretical framework to explain a three-stage process of organizational transformation which harnesses the power of learning. The role of the top management team is key to making a break with the administrative heritage increasing the absorptive capacity of the organization. Organizational learning leads to the development of dynamic and operational capabilities which provide for short term survival and long term competitive advantage. We start from a resource-based perspective, but draw additionally on other management theories to capture influences on organizational transformation that are important in the transition context. *(For more information, please contact: Sarah E.A. Dixon, Kingston Business School, United Kingdom: s.dixon@kingston.ac.uk)*

Attitudes Towards Knowledge Sharing and Knowledge Governance Mechanisms

Dana Minbaeva, Copenhagen Business School
Torben Pedersen, Copenhagen Business School

Knowledge resides within individuals that are involved in the creation and application of the new knowledge in the first place. Thus, the sharing of knowledge is ultimately dependent on employees' knowledge sharing behavior. In this paper we will provide answers to key questions like: What drives individual behavior to share

knowledge? And what kind knowledge governance mechanism can be applied in order to influence the individual behavior? Conceptually, we will draw on social psychology literature and employ the "theory of reasoned action" (Ajzen and Fishbein 1980). The contribution of the paper is three-fold as we: 1) endogenously explain the knowledge sharing behavior of individuals as determined by their attitude towards knowledge sharing; 2) suggest governance mechanism (like reward systems and reputation) that influence individuals' knowledge sharing behavior; and 3) test the proposed model on a unique dataset covering multiple respondents (individuals) engaged in knowledge sharing. *(For more information, please contact: Torben Pedersen, Copenhagen Business School, Denmark: tp.int@cbs.dk)*

Session: 2.6.7 - Special Session

International Trajectories of Late-Movers (BALAS Special Session)

Presented On: June 25, 2006 - 15:30-16:45

Chair: Maria Tereza Fleury, University of São Paulo

Regiocentric Strategies of Brazilian Corporations in Latin America

Angela Maria Cavalcante da Rocha, University of Rio de Janeiro

International Trajectories of Brazilian Multinationals: Coping with Obstacles, Challenges and Opportunities

Betania Tanure, University Fundação Dom Cabral

Álvaro Bruno Cyrino, University Fundação Dom Cabral

Catching-up in the Global Economy: International Trajectories of Brazilian and Chinese Firms

Maria Tereza Fleury, University of São Paulo

Afonso Fleury, University of São Paulo

Leveraging Tacit Knowledge in International Operations

Moacir de Miranda Oliveira, Junior, University of São Paulo

Discussants:

João Carlos Lemos, General Manager, EMBRACO China

Guan Dongyuan, Managing Director, Embraer China

Session: 2.6.8 - Competitive

Track: Track 2 - Economics, Finance, Taxation, Regulation

Governance (II)

Presented On: June 25, 2006 - 15:30-16:45

Chair: Zhonghua Wu, National University of Singapore

Effects of Corporate Governance and Monetary Union on Corporate Liquidity

Naiwei Chen, Providence University

Arvind Mahajan, Texas A&M University

We investigate corporate liquidity (cash holdings) in 15 European Union (EU) countries [12 Economic and Monetary Union (EMU) countries and 3 non-EMU countries] from 1993 to 2002. We provide evidence that creditor rights affect corporate liquidity and their effect is more consistent than that of shareholder rights. Debt and net working capital become better substitutes for cash in EMU countries than non-EMU countries. Our results suggest that monetary union has enhanced market integration, agency theory variables significantly influence cash holdings, and it is important to deal with the endogeneity problem in corporate liquidity studies. These results also have significant implications for regional groups like ASEAN, SAARC, etc., contemplating further integration of their markets. *(For more information, please contact: Arvind Mahajan, Texas A&M University, United States: mahajan@tamu.edu)*

A Comparative Analysis of Corporate Governance Systems in Latin America: Argentina, Brazil, Chile, Colombia and Venezuela

Marcelo Bucheli, University of Illinois at Urbana-Champaign
Ruth Aguilera, University of Illinois at Urbana-Champaign

This paper analyzes corporate governance systems in five Latin American countries: Argentina, Brazil, Chile, Colombia and Venezuela. We account for the broader institutional environment by explaining changes over time as well as existing corporate governance systems. We use a stakeholder definition of corporate governance that includes examining insiders such as owners and boards of directors as well as outsiders such as employees. This corporate governance perspective allows for a systematic cross-national comparison. *(For more information, please contact: Ruth Aguilera, University of Illinois at Urbana-Champaign, United States: ruth-agu@uiuc.edu)*

Does Privatization Lead to Institutional Change?

Narjess Boubakri, HEC Montréal
Jean-Claude Cosset, HEC Montréal
Houcem Smaoui, Université Laval

In this paper, we analyze whether privatization induces changes in the legal institutions of governance (namely, law and order, corruption and execution of contracts). To test this hypothesis, we determine whether and to what extent the design of privatization, in terms of progress, volume and method, has induced changes in the perception of the country's institutions of governance. We study the link between privatization and legal governance through a dynamic panel approach over the 1984- 2001 period for a sample of 20 developed and 34 developing countries. Our findings suggest that large scale (in terms of progress and volume) privatization leads to more corruption in developing countries but yields no changes in the perception of future institutions of governance. The only way this latter is improved and corruption decreased is to privatize through public share issues. Indeed, public share issues (as opposed to private sales to strategic investors) help to curb corruption, improve the quality of law enforcement and hence, overall investor protection. In developed countries, share issue privatization leads to an improvement in the quality of law enforcement. Furthermore, the progress or the volume of privatization transactions helps to reduce the risk of corruption. *(For more information, please contact: Jean-Claude Cosset, HEC Montréal, Canada: jean-claude.cosset@hec.ca)*

Stock Market Reactions to Private Investor Strategies in Emerging Economies

Kalpana Seethepalli, World Bank
Hildy Teegen, George Washington University

Although privatization in emerging market infrastructure sectors such as electricity provides exciting opportunities to investors, these risky projects require careful strategic design and implementation of appropriate investment structures given the investing firm's capabilities and the nature of the specific risks inherent in the target market (deconstructed along macroeconomic, political, institutional, and regulatory

dimensions). We utilize an event study methodology to empirically assess the stock price reaction of privatization announcements in the electricity sector in emerging markets to demonstrate the performance implications of strategic fit between investor strength, environmental risk, and investment project structure. The study utilizes the Private Participation in Infrastructure database of the World Bank (PPI), in conjunction with supplemental data from a variety of sources to provide normative guidance to managers in infrastructure firms that seek the approval of shareholders for their investment decisions. Although many proposed fit measures were rewarded by the stock market, managers appear to persist in making strategic investment decisions in emerging market infrastructure that financial markets deem incorrect. *(For more information, please contact: Hildy Teegen, George Washington University, United States: teegen@gwu.edu)*

Session: 2.6.9 - Competitive

Track: Track 6 - Marketing and Supply-Chain

Innovativeness, New Product Development, and Entrepreneurship

Presented On: June 25, 2006 - 15:30-16:45

Chair: William H.A. Johnson, Bentley College

Innovativeness and Price Sensitivity of Korean Consumers: A Second Order Perspective

Ronald E. Goldsmith, Florida State University
 Leisa Reinecke Flynn, Florida State University
 Daekwan Kim, Florida State University
 Wan-Min Kim, Pukyong National University

Pricing new products to maximize market acceptance and profitability can be difficult because of variations in consumer characteristics. One factor to consider is consumer price sensitivity. The price sensitivity of the earliest buyers may play an especially important role in marketplace acceptance of new products. The purpose of the present study was to assess the relationship between consumer innovativeness for new fashionable clothing and price sensitivity for such clothing. A causal model of this relationship was developed representing fashion innovativeness as a multi-dimensional, second-order factor, a new and unique way of conceptualizing and operationalizing consumer innovativeness. The model was tested using data from a sample of 857 Korean consumers. The measurement of innovativeness as a second-order construct was successful, and as predicted, fashion innovativeness was negatively related to fashion price sensitivity. *(For more information, please contact: Daekwan Kim, Florida State University, United States: dkim@cob.fsu.edu)*

Knowing Better of the Sea in the Second Plunge: A Study of Serial Entrepreneurship in China

William Schulze, University of Utah
 Zhineng Li, Case Western Reserve University
 Sali Li, University of Utah

While it stands to reason that serial entrepreneurs – individuals who have founded more than one new venture – should achieve higher levels of success than novices, to date researchers have found little support for this proposition. But is this rather perplexing result an artifact of the mature competitive environments in which most research has been conducted – and in which competitive equifinality is commonplace – or it is real, and hence indicative of the need for new theory? We explore these questions by testing existing theory in two geographic regions in a rapidly emerging transition economy, China. In China, entrepreneurship has been generally referred as “plunging into the sea”, we intend to examine whether the prior “plunging?” experiences will help entrepreneurial venture achieve greater success in “the sea?” of entrepreneurship?. Data from 440 Chinese entrepreneurial ventures suggests that experienced entrepreneurs are better at developing networks,

and at managing organizations than novices, but like their counterparts in developed countries, do not necessarily achieve higher levels of venture performance. Implications for theory, as well as for entrepreneurship in the context of transition economies are addressed. *(For more information, please contact: Sali Li, University of Utah, United States: pmgtsl@business.utah.edu)*

An International Comparison of Practices, Strategic Capabilities and Performance in New Product Development

Roberto Filippini, University of Padova
Zeljana Piccolotto, University of Padova
Livio Corain, University of Padova
William H.A. Johnson, Bentley College

An exploratory study of the New Product Development (NPD) programs of 283 firms from Italy, Germany, Japan and the USA is described and the findings of a survey regarding each company's NPD practices, processes, use of strategic guides and performance is given. Both differences and similarities across the 4-country sample are found and the implications of these preliminary findings discussed. *(For more information, please contact: William H.A. Johnson, Bentley College, United States: wjohnson@bentley.edu)*

The Effect of Supply Chain Integration, Modular Production, and Cultural Distance on New Product Development: A Dynamic Capabilities Approach

Ronaldo C. Parente, Rutgers University
Daniel W. Baack, Saint Louis University
Eugene D. Hahn, Salisbury University

This study examines the effect of production modularization and supply chain integration on new product development, and the moderating effect of cultural distance on the relationship between product modularization and new product development. Testing our framework in the automobile industry of Brazil, our findings indicate that supply chain integration has a positive effect on new product development while cultural distance moderates the effect of product modularization on new product development. *(For more information, please contact: Daniel W. Baack, Saint Louis University, United States: baackdw@slu.edu)*

Session: 2.6.10 - Competitive

Track: Track 8 - Offshoring and Outsourcing

Offshoring and outsourcing: Industry Practices

Presented On: June 25, 2006 - 15:30-16:45

Chair: K. Scott Swan, College of William & Mary

Economies of Scope and Patterns of Global Outsourcing

Zhihao Yu, Carleton University

This paper presents a model in which economies of scope in production play a key role in a vertically-linked production structure. It identifies the divergence in the degrees of economies of scope and the attribute spaces of the products in different stages of production as a fundamental economic force behind outsourcing. Among other things, it is shown that outsourcing occurs in the following two extreme/opposite scenarios in terms of production and characteristics of the good: either (i) the degree of economies of scope is relatively very high and/or the attribute space is very small (i.e., close to a homogenous good), or (ii) the degree of economies of

scope is relatively very low and/or the attribute space is very large (i.e. highly specialized input/service). (For more information, please contact: Zhihao Yu, Carleton University, Canada: zhihao_yu@carleton.ca)

The Influence of 'The China Option' on Subsidiary Technology Sourcing Strategy

Brent Allred, College of William & Mary
K. Scott Swan, College of William & Mary

We draw on transaction cost economics and the technology innovation management literature to advance a contextual model of the link between the perceived influence of China on technology strategy and MNC subsidiary sourcing strategy. In particular, we hypothesize that the relationship between a perceived influence of China on technology strategy and MNC subsidiary process technology sourcing strategy is moderated by the innovation context. Here, we consider the innovation context to be externally represented by the appropriability regime and dominant design, while internally it is measured by the subsidiary's level of complementary assets. We test our predictions on a multi-industry sample of 111 MNC subsidiaries from the Association of Equipment Manufacturers. We find support for the moderating influence of the innovation contexts of appropriability regime and complementary assets. (For more information, please contact: K. Scott Swan, College of William & Mary, United States: scott.swan@mason.wm.edu)

Global Outsourcing of Services

Adam C. Ahern, University of Minnesota
Thomas James Norman, University of Minnesota
Mahmood A. Zaidi, University of Minnesota

Global services outsourcing (offshoring) is a specific practice fueled by the evolution of technology and globalization. The advent of the internet and falling communication and computing costs has placed traditionally safe "white collar" service jobs in accounting, computer programming, and research occupations at-risk to offshore workers in lower-wage countries. Some view the trend in services offshoring as more harmful to national economies than manufacturing offshoring, because of "high-value" jobs involved. This fear has led to debate over protectionist policies in developed nations. For example, in the United States laws have been passed at the state and federal level that eliminate or minimize government contracts awarded to companies that use foreign labor.

This paper is part of a larger study, which examines the impact of offshoring and the corresponding implications for government and business. In this study we examine the relationship between the level of service exports from 28 countries to eight countries: Australia, Canada, France, Germany, Italy, Japan, the United Kingdom and United States. The results show the level of association of labor costs, educational level, technological infrastructure, distance and the official language of the exporting country with the share of its service exports to the eight aforementioned countries

(For more information, please contact: Thomas James Norman, University of Minnesota, United States: tnorman2@csom.umn.edu)

The Offshoring of Radiology

Timothy Keane, Rockhurst University
Martin H. Stack, Rockhurst University

For the past twenty years, international trade in services has grown faster than merchandise trade. One factor that has contributed to the internationalization of services is offshoring. Advances in communications have enabled a wide range of services to be transferred between countries, while improvements in a number of industry specific technologies have increased the scope of work that can be digitized and thus transferred using these new communication tools. While healthcare is not a market often associated with international trade, a

combination of regulatory and technological developments are quickly transforming elements of this traditionally national market. To more fully understand how markets such as healthcare are responding to these opportunities and challenges, this paper examines the case of radiology. It begins with a brief overview of what radiology is. Section two discusses why offshoring radiology might be attractive. Sections three examines some of the issues that healthcare entities have to address as they weigh the advantages and disadvantages of offshoring a service such as radiology. Section four discusses what lessons the offshoring of radiology holds for other knowledge intensive markets. *(For more information, please contact: Martin H. Stack, Rockhurst University, United States: martin.stack@rockhurst.edu)*

Session: 2.6.11 - Competitive

Track: Track 3 - Managing People Across Cultures

Strategic HRM in MNEs

Presented On: June 25, 2006 - 15:30-16:45

Chair: Pawan Budhwar, Aston University

The Black Box of SHRM-Firm Performance Linkage: The Mediation Effect of Organization Climate

Li-Qun Wei, Hong Kong Baptist University
Chung-Ming Lau, Chinese University of Hong Kong

What happens in the process of strategic human resource management (SHRM) implementation has long been argued as a 'black box', which needs to be examined so as to understand why SHRM has impacts on organizational performance. This paper examined the mediating role of organizational climate on the relationship between SHRM and firm performance. Empirical results from a sample of Chinese enterprises of various background indicated that the impact of SHRM on organizational performance was partially mediated by an adaptive and flexible organization climate. In addition, an adaptive climate was more likely to be formed due to the implementation of SHRM in firms encountering higher degree of environmental uncertainty. *(For more information, please contact: Li-Qun Wei, Hong Kong Baptist University, Hong Kong: weiliqu@hkbu.edu.hk)*

Acquirer Nationality, HR Practices and Post-Acquisition Performance

Dalia Rachman-Moore, College of Management
Yaakov Weber, College of Management

The growth in mergers and acquisitions (M&A) activity around the world, the volume of capital involved, and the pervasiveness of M&A stand in sharp contrast to their high rate of failure. This paper proposes a knowledge-based view of acquisitions that suggests that to enhance M&A performance acquirers must use HR practices to develop integration capabilities during post-merger integration. The findings of the study show that changes in HR practices, including training methods, communication, and autonomy of HR managers at the sites of the acquirer are related to M&A performance. The study also explores the crucial differences between acquirers from various countries in the way human resources are managed, and tests the relationships between HR practices and post-merger performance in multiple countries. The findings show that there is no clear best practice for enhancing M&A performance, and that clear national differences in approach to post-merger integration do exist. *(For more information, please contact: Yaakov Weber, College of Management, Israel: yweber@bezeqint.net)*

Universalistic or Contingency Model? Contribution of HRM Towards Firms' Performance in Greece

Pawan Budhwar, Aston University
Anastasia Katou, University of Macedonia

This paper investigates the impact of HRM systems on organisational performance in a sample of 178 Greek manufacturing organisations. The results show strong support for the 'universalistic' model, highlighting that both resource-development and reward-relations systems are positively related with organisational performance. The results also show weak and partial support for the 'contingency model', i.e., resource-development and reward-relations systems are contingent on the business strategies of quality, innovation, and cost in determining organisational efficiency. The study concludes that the universalistic and contingency perspectives are not necessarily mutually exclusive but on the contrary are in some cases complementary. *(For more information, please contact: Pawan Budhwar, Aston University, United Kingdom: p.s.budhwar@aston.ac.uk)*

Human Resource-Based Competitive Advantage - The Case of Motivational Rents

Oliver F Gottschalg, HEC School of Management, Paris

This paper proposes a theory of whether and under what circumstances human resource practices aimed at the creation of high levels of aggregate employee motivation can be a source of sustainable competitive advantage. Drawing on the received literature in social psychology, it develops a three-dimensional conceptual framework of antecedents and consequences of employee motivation in organizational setting. It then identifies tacitness, causal ambiguity and context specificity as crucial attributes of human resource practices that are able to generate and capture superior levels of motivation rents despite competitive pressures and thereby constitute a source of sustainable competitive advantage.

(For more information, please contact: Oliver F Gottschalg, HEC School of Management, Paris, France: gottschalg@hec.fr)

Session: 2.6.12 - Competitive

Track: Track 1 - The Context of Global Business

Emerging Issues in International Business Research

Presented On: June 25, 2006 - 15:30-16:45

Chair: Zhixing Xiao, China Europe International Business School

Entrepreneurial Culture and Economic Growth; Revisiting McClelland's Thesis

Sjoerd Beugelsdijk, Nijmegen School of Management
Rogier Smeets, Nijmegen School of Management

We re-estimate McClelland's (1961) thesis on entrepreneurial culture and economic development. McClelland found a strong positive correlation between measures of need for achievement (N achievement) imagery in school text books and the subsequent rate of economic growth. Benchmarking our findings against generally accepted empirical growth models, we find no support for his thesis. This leads us to re-think the relationship between entrepreneurial culture and economic growth. *(For more information, please contact: Sjoerd Beugelsdijk, Nijmegen School of Management, Netherlands: s.beugelsdijk@fm.ru.nl)*

A Systematization and Integration of Different Approaches in Cross-National Management Research
Markus Pudelko, University of Edinburgh

It can be argued that the main debate within cross-cultural or cross-national management research is between two opposite approaches labelled here as universalism and particularism. This theoretical debate is vital for scholars and managers alike as it is not only of conceptual relevance but also has practical consequences. The first question is whether there are "best practices" in management, which are of universal validity and which can be borrowed by companies of one country from companies of another country (universalism) or whether differences in particular cultures and other contextual factors make this impossible (particularism). The second question is whether MNCs should use universally standardized practices when doing business around the world (universalism) or whether they should adapt to each particular local context (particularism)? This article contributes to overcoming this dualism, not by declaring one position more valid than the other, but by integrating the opposing approaches in a way that allows scholars and managers alike to structure universal and particular contextual factors into one framework. The proposed model should ultimately assist in determining what makes a national economy competitive. *(For more information, please contact: Markus Pudelko, University of Edinburgh, United Kingdom: markus.pudelko@ed.ac.uk)*

The Export Performance Construct: Development of a New Measurement Model and Guidelines for Validation
Angela da Rocha, Federal University of Rio de Janeiro
Jorge M. T. Carneiro, Federal University of Rio de Janeiro
Jorge Ferreira da Silva, Catholic University in Rio de Janeiro

Poor conceptualization of the export performance construct may undermine theory development efforts and may be one of the reasons behind the often-conflicting findings in empirical research. This article reviews the conceptual and empirical literature and proposes a new analytical scheme that may serve as a standard for judging content validity. A critical assessment of some of the most frequently cited measurement frameworks, followed by an analysis of recent (1999-2004) empirical research, makes it clear that there are flaws in the conceptualization and operationalization of the export performance construct that have to be addressed. A new measurement model is advanced and some guidelines for its future empirical validation are suggested. The new measurement framework allegedly improves other past efforts in terms of breadth of coverage of the construct's domain (content validity). It also offers a measurement perspective (with the simultaneous use of both formative and reflective approaches) that seems to better reflect the nature of the construct. *(For more information, please contact: Jorge M. T. Carneiro, Federal University of Rio de Janeiro, Brazil: jorgemtc@globocom)*

The Role of Industry in the Relationship Between Firm Internationalization and Performance
B. Elango, Illinois State University
Mona Verma Makhija, Ohio State University

According to the industrial organization and strategy literatures, the industry context is a critical component of strategy-performance relationship. Industry context, however, has rarely been seriously taken into account in past literature that has studied the effects of firms' international expansion strategies on performance. The omission of this critical component of internationalization may have contributed to misspecification of the relationship and the conflicting findings seen in the literature. This research investigates this issue by considering seven attributes of a multinational firm's industry context that might influence the effectiveness of its international strategy. We find that a firm's internationalization is positively associated with performance only after controlling for industry context. By highlighting the role of industry, this research adds important insights to the debate in the literature on the benefits of internationalization for a firm's performance. *(For more information, please contact: Mona Verma Makhija, Ohio State University, United States: makhija_2@cob.osu.edu)*

Session: 2.6.13 - Competitive
Track: Track 5 - Entry, Expansion & Operations Strategies

Adapting Subsidiaries to the Local Context

Presented On: June 25, 2006 - 15:30-16:45

Chair: Changqi Wu, Peking University

When Shall We Hold Up An Umbrella? The Diffusion of MNE Subsidiary's Group Structure in an Emerging Economy

Xufei Ma, National University of Singapore

This paper compares the predictions of transaction cost and institutional theories in an empirical study of Fortune Global 500 firms' subsidiary group structure in China's emerging economy. We find that the diffusion of such a practice is not simply a function of the inherent efficiency, and that MNEs tend to conform to the regulative settings of the host country environment as well as mimetic isomorphism pressures imposed by the local firms and global counterparts from the same home country or in the same industry. The findings suggest that institutional model adds significant explanatory power over and above the predictions of the transaction cost model. *(For more information, please contact: Xufei Ma, National University of Singapore, Singapore: maxufei@nus.edu.sg)*

Dependency or Interdependency: United States Power Generation Firms' Entry into China

Lena Croft, Chinese University of Hong Kong
Shige Makino, Chinese University of Hong Kong

Conventional theories of market entry assume choice availability. These assumptions of investment pattern are subject to challenges in the power generation market of an emerging economy where the host government controls most key resources. With such constraints, entrants become heavily dependent on their partners. This study investigates how the resource dependency frameworks explain better on some US power generation firms that manage to operate electricity facilities in China whereas some have to abort. Using cross-case analysis, patterns emerged illustrate how two groups of entrants manage key resources differently. *(For more information, please contact: Lena Croft, Chinese University of Hong Kong, Hong Kong: lenacroft@cuhk.edu.hk)*

Foreign Firms' Market Segment Entry – The US Automobile Industry, 1986-2003

Alex Eapen, University of Sydney

Discontinuities in buyer traits and preferences in product markets give rise to "market segments" where variance in these traits is lower within than across segments. New firms entering the product market are faced with non-uniform resource distributions across these segments and hence, have differing propensities to enter a given segment at a given point in time. In this paper, we examine the question of what factors shape foreign firms' product segment-entry behavior in a given host country industry. We develop predictions from multiple theoretical perspectives – population ecology, spatial economics, strategic momentum and multi-market competition theories – and test them using data on segment entries of foreign assemblers in the US automobile industry over a period of nearly two decades (1986 – 2003). Our results suggest support for density dependence theory and strategic momentum. We also find partial support for the multi-market competition prediction. *(For more information, please contact: Alex Eapen, University of Sydney, Australia: A.Eapen@econ.usyd.edu.au)*

Examining Post-Entry Market Orientation of Foreign Subsidiaries: Entry Mode Difference and the Legitimization Effects

Changhui Zhou, Peking University
Mingkun Liu, Peking University

This study examines market orientation of foreign subsidiaries in an emerging market during the post-entry time period. Specifically, we argue that entry mode differs in market orientation and such difference is moderated by the legitimization of FDI in the host country. Our empirical analysis was based on panel data of 1247 foreign subsidiaries in China during 2000-2003 by employing panel data regression techniques. Results suggest that joint ventures are more indigenous-market oriented whereas wholly-owned subsidiaries are more international-market oriented. The legitimization of FDI at the sector level has strong impact on subsidiary's market orientation. That is, subsidiaries in an industry with high legitimization of FDI tend to be local-market oriented; conversely, subsidiaries in an industry with low legitimization of FDI tend to be global market oriented. Results further show that the legitimization of FDI in the sector tends to mitigate the entry mode difference in market orientation. Entry mode exhibits greater difference in market orientation when FDI legitimization in the sector is low. This difference decreases as the level of FDI legitimization at the sector level becomes higher. *(For more information, please contact: Mingkun Liu, Peking University, China: liumingkun@gsm.pku.edu.cn)*

Session: 2.7 - Special Session***Global Competitiveness from the Perspective of Asian Multinationals***

Presented On: June 25, 2006 - 17:00 - 18:00

Chair: Changqi Wu, Peking University

Nurturing and Developing Large Enterprises with International Competitiveness: COSCO's Implementation and Exploitation

Jiafu Wei, President and CEO, China Ocean Shipping (Group) Company (COSCO)

Samsung: Emergence of a Korean Management System in Global Economy

Seung Ho "Sam" Park, President, Samsung Economic Research Institute China Center (SERIChina)

ABSTRACTS FOR MONDAY, JUNE 26, 2006

Session: 3.1.1 - Panel

Track: Track 4 - International Strategic Management

Showcase Panel on 'Multinationality and Performance'

Presented On: June 26, 2006 - 08:10-09:25

Chair: Simon Collinson, Warwick University

Panelists:

Harry P. Bowen, Vlerick Leuven Gent Management School
 Anthony Goerzen, University of Victoria
 Alan M. Rugman, Indiana University
 Srilata Zaheer, University of Minnesota

This showcase panel, put together by the track chair, will discuss the latest developments and research trends looking at the topic of 'Multinationality and Performance'.

Session: 3.1.2 - Competitive

Track: Track 7 - Learning, Knowledge and Innovation

MNCs' Knowledge Capabilities

Presented On: June 26, 2006 - 08:10-09:25

Chair: Yves L. Doz, INSEAD

Learning Networks and Technological Capability at the Subsidiary Level

Simon Collinson, Warwick University
 Jung-li Wang, Warwick University

Despite the range of studies exploring the role of subsidiaries as contributors to MNE competences surprisingly few specify the form of this contribution and the mechanisms by which subsidiaries develop the underlying capabilities. This paper examines the development of technological capabilities for process and product innovation at the subsidiary level. 5 Taiwan-based subsidiaries of MNEs in the integrated circuits sector are compared using quantitative and qualitative measures of the types and levels of marketing-related, design-related and production-related capabilities they develop. We also identify the internal (MNE) and external (local, regional or global) networks used both to exploit and co-develop new capabilities. The relevance of the three main drivers identified in the mainstream international business (IB) literature, namely: HQ mandate, internal subsidiary decision-making and host country characteristics is still evident. However, as shown by studies of indigenous technological capability outside the IB literature, we find these subsidiary-level capabilities and learning processes to be highly context-specific, including but beyond industry context and subsidiary location. *(For more information, please contact: Simon Collinson, Warwick University, United Kingdom: s.collinson@warwick.ac.uk)*

Organizational Capabilities and the Effectiveness of Knowledge Flows: The Impact of Distance within the Multinational Corporation

Bjoern Ambos, University of Edinburgh
Tina Claudia Ambos, University of Edinburgh

This paper aims to shed light on the interplay of capabilities and knowledge transfer effectiveness. Adopting a capabilities perspective, we provide a new angle on knowledge transfers within MNCs. Empirical data on 324 knowledge transfer relationships of MNC units, i.e. headquarters and subsidiaries, was used to test the impact of coordination and systems capabilities on knowledge transfer effectiveness in situations of differentiation and dispersion. Our results show that organizational capabilities are vital to increase knowledge transfer effectiveness. While systems capabilities function relatively culture-free, we find that coordination capabilities are moderated by spatial and contextual distance. *(For more information, please contact: Tina Claudia Ambos, University of Edinburgh, United Kingdom: tina.ambos@ed.ac.uk)*

Tapping the Power of Local Knowledge

Mark Easterby-Smith, Lancaster University
Shenxue Li, Lancaster University

It has long been recognized that local knowledge disadvantage significantly hinders the MNC's host country performance. However, there is little understanding of how such a liability can be actually mitigated. This question is especially timely in transition economies where multinational corporations (MNCs) increasingly establish their production or presence but the level of the liability of foreignness is recognized to be higher than that in developed markets. In this exploratory study, we used a multiple case study methodology to examine 18 leading MNCs and investigate how they develop competitive advantage from local knowledge in China. The results suggest an empirical model: that MNCs employed a management process of local knowledge encompassing three strategic efforts - knowledge penetration, knowledge blending, and knowledge integration. We discuss the implications of this model and suggest future research directions. *(For more information, please contact: Shenxue Li, Lancaster University, United Kingdom: s.li@lancaster.ac.uk)*

Session: 3.1.3 - Special Session

Meet the Editors Session 1: Learning to Publish in International Business

Presented On: June 26, 2006 - 08:10-09:25

Roundtable discussions with the editors of leading international journals:

S. Tamer Cavusgil, Journal of International Marketing (Editorial Review Board Member, Ex-Editor 1993-2000)
Pervez Ghauri, International Business Review (Editor)
Anne S. Tsui, Management and Organization Review (Editor)
Klaus Macharzina, Management International Review (Honorary Editor)

Session: 3.1.4 - Competitive
Track: Track 5 - Entry, Expansion & Operations Strategies

Managing Cross-Border Mergers and Acquisitions

Presented On: June 26, 2006 - 08:10-09:25

Chair: Zoltan Antal-Mokos, European School of Management and Technology

Do We Buy More or Less When We Want to Learn? The Knowledge Strategies and Structural Forms of US Cross-Border Acquisitions

Manuel Ferreira, Instituto Politecnico de Leira
Dan Li, Indiana University
Stephen Tallman, University of Richmond

Cross-border acquisitions may be a primary mode for accessing novel knowledge and the building up of knowledge capabilities. However, the successful exploration of novel business and/or location knowledge may require specific structural forms for the incorporation and internal transfer to occur. In this paper we examine the relationship between the knowledge strategy and the structural form of the acquisition, specifically the degree of equity acquired. Our analyses of 439 US cross-border acquisitions revealed a curvilinear effect of location-related knowledge exploration but a linear effect of business-related knowledge exploration on the structural form of cross-border acquisition. We conclude that the knowledge strategy, and perhaps the type of knowledge being sought, is related in complex manners to the structural form adopted. *(For more information, please contact: Dan Li, Indiana University, United States: lid@indiana.edu)*

Cross Border Mergers and Acquisition in China: An Industry Panel Study, 1991-2003

Huan Zou, Loughborough University
Paul Simpson, Manchester Business School

The rapid rise in cross-border mergers and acquisitions in emerging markets in the past two decades has raised the research problem on what determines the patterns and, in particular, what influences their behaviour over time. Our study is motivated by previous work on the industrial pattern of M&A activity and the relative meagre understanding of the dynamics of M&As in emerging markets. Employing a panel database, this paper models the behaviour, at an industry level, of foreign M&As in China – the largest emerging economy, for the period 1991-2003. It would appear that variables from the industrial organisation, domestic merger and FDI literature have significant influences on changes in activity. Our results support the argument that much of foreign M&As during the 1990s in China was driven by broad fundamental factors, such as industry competition and deregulation. At the same time, technological intensity and market growth appear not to be strongly linked with cross-border M&A activity in our sample. *(For more information, please contact: Huan Zou, Loughborough University, United Kingdom: h.zou@lboro.ac.uk)*

Acquisition Value Creation in Emerging Markets: A Study of Acquisitions in India

Prashant Kale, University of Michigan

Following recent liberalization of emerging markets, acquisitions have become an important means to achieve entry and growth for firms interested in participating in these markets. Yet, there is little research examining whether these acquisitions have created positive value for these firms, and on factors that explain value creation in these transactions. Using the context of acquisitions in India, which is one of the largest emerging markets, this study takes an initial step in that direction. It finds that unlike developed country settings where

acquisitions generally destroy value (in terms of stock market returns) for acquiring companies, emerging markets acquisitions actually create positive value for both acquiring and target firms. Unlike in developed markets, in emerging markets related acquisitions generally do not create much greater value than unrelated acquisitions. In these markets MNC acquirers, who possess greater acquisition experience, also create much more value in their acquisitions than local acquirers do. However these relationships change over time, as emerging markets like India liberalize further, and then become similar to that in developed market acquisitions. Over time, in emerging markets too related acquisitions exhibit greater value than unrelated ones, and acquisition value creation difference between MNC and local acquirers also diminishes (*For more information, please contact: Prashant Kale, University of Michigan, United States: kale@umich.edu*)

Cross-Border M&A: Fast & Cheap?

Kevin K. Boeh, University of Western Ontario

I study the transaction costs of internationalization by way of cross-border mergers and acquisitions. Including both the time (effort) and the actual monetary costs required, I find that cross-border M&A are not as "costly" as many may think. I find that cross-border M&A deals do differ from domestic deals in many ways, including that cross-border deals are actually conducted more quickly than domestic deals. Most importantly, in a more fully specified model of the determinants of both the costs and time required to implement M&A, there is no difference between conducting domestic versus cross-border M&A. As such, managers considering internationalization by way of M&A, or considering domestic versus cross-border M&A may be well suited to set aside certain concerns about the difficulties of doing cross-border deals. Finally, the determinants identified are shown to be the critical areas of focus for managers and researchers concerned with such transaction costs, guiding future research toward mechanisms to lower these costs. (*For more information, please contact: Kevin K. Boeh, University of Western Ontario, Canada: kboeh@ivey.uwo.ca*)

Session: 3.1.5 - Competitive

Track: Track 4 - International Strategic Management

Subsidiary Control: Who's in Charge?

Presented On: June 26, 2006 - 08:10-09:25

Chair: Markus Pudelko, University of Edinburgh

Causes and Consequences of Practical Drift in the Multinational Subsidiary

Véronique Ambrosini, Cranfield School of Management

Andreas Birnik, Cranfield School of Management

Cliff Bowman, Cranfield School of Management

This research introduces the organisation theory concept of practical drift into the literature on multinational subsidiary management. In the context of subsidiary management, practical drift occurs when pragmatic subsidiary managers shift from a 'global' rules-based operating logic towards a 'local' task-based logic in order to do whatever they perceive as necessary given the subsidiary's local operating conditions. From the perspective of the overall performance of the multinational, practical drift can have both positive and negative consequences depending on the context in which it occurs. We argue that practical drift at the subsidiary level is more likely to occur when subsidiary management perceive the corporate strategy process as characterised by strategic drift, lack of procedural justice and poor overall execution quality. Our argument is based on explorative research into strategy execution challenges in relation to cross-border integration in a Scandinavian subsidiary of an international mobile telecommunications company. One of the authors was a full-time employee of the researched company at the time of collecting the data. This provided access to rich information about the

relationship between the subsidiary and headquarters that may have been difficult to collect by an independent external researcher.

(For more information, please contact: Andreas Birnik, Cranfield School of Management, United Kingdom: andreas.birnik@cranfield.ac.uk)

A Test of Two Competing Explanations of Control in Multinational corporations
Stewart Johnston, University of Melbourne

This paper tests the validity of two competing explanations of the use of control mechanisms in MNCs. One view suggests that for a given subsidiary which control mechanism is used is largely contextual, determined by knowledge asymmetries between HQ and subsidiary brought about the nature of the subsidiary task. The other argues that MNCs do not use control mechanisms as alternatives but layered on top of each other and applied in combination. The results suggest that the latter perspective offers a closer reflection of actual MNC practice.

(For more information, please contact: Stewart Johnston, University of Melbourne, Australia: stewartj@unimelb.edu.au)

Subsidiary Autonomy in Product Diversified Multinational Corporations: A Resource Dependence Perspective
Shao-Tzu Wu, National Chengchi University

This paper extends resource dependence perspective to a diversified context and an international setting. While most international business studies assume that a parent company has absolute decision making authority over its subsidiaries, we propose that resource dependency determines to whom this authority belongs (subsidiary autonomy in this paper); accordingly, a subsidiary does have the authority to make its own decisions if it owns critical and scarce resources that the entire multinational corporation relies on. However, inappropriate autonomy delegation will increase the negative impact of external uncertainty on the whole multinational group. After controlling for relevant variables and analyzing the data of 644 multinational corporations of Taiwan, we feel that we have validated our major arguments: perceived institutional pressure and diversification strategy affect subsidiary autonomy. This study also provides guidance for headquarters' managers to determine the appropriate levels of subsidiary autonomy associated with headquarters' diversification strategy. *(For more information, please contact: Shao-Tzu Wu, National Chengchi University, Taiwan: shaotzu.wu@gmail.com)*

Session: 3.1.6 - Competitive

Track: Track 3 - Managing People Across Cultures

Leadership and Team Management

Presented On: June 26, 2006 - 08:10-09:25

Chair: Ping Ping Fu, Chinese University of Hong Kong

Team Mental Model Convergence and Accuracy: Its Development and Effects in Cross-Cultural Work Teams

Jing Qiu, Peking University

Leigh Anne Liu, Georgia State University

Zhixue Zhang, Peking University

In this article, we explore the development of team mental models in cross-cultural work teams and its impact on team performance. Integrating two traditional perspectives of team diversity-information/decision-making perspective and social categorization perspective, we argue that while cultural diversity is negatively related to team mental model convergence, it positively influences team mental model accuracy, and the team mental

model convergence and accuracy work together to influence team performance. Our theories thus help resolve the inconsistent findings of the research on team diversity and performance relationship. *(For more information, please contact: Jing Qiu, Peking University, China: qiuqing@gsm.pku.edu.cn)*

National Culture and the Usage of Transformational Leadership Practices in Six Nations

Hugo Zagorsek, University of Ljubljana

As the world's economies are becoming increasingly integrated into global trading relations, the need to understand cultural influences on leadership has never been greater. The paper examines the usage of five leadership practices of transformational leadership (Kouzes & Posner, 1987) by MBA students from six diverse nations from five continents: U.S, Nigeria, Slovenia, South Korea, India and Argentina. Multi-factor ANOVA was performed to determine the strength of the impact of national culture on leadership. A measure of the effect size (eta-squared), which provides a percentage of variance in the usage of five transformational leadership practices explained by the nationality of respondents, was obtained. To correct for the differential effects of various errors and biases a person-standardization was performed and results compared to "normal" results. The major conclusion is that the culture does have a small, but significant impact on the usage of transformational leadership behaviors – on average it explains around 5% of the observed variation in the usage of transformational leadership practices in the six countries studied (even when the gender and age of the respondents are controlled for). Although the strength of the cultural influence on leadership is quite small in absolute terms, culture explains much more variation than other, more "traditional" moderator variables, such as gender, age, or work experience. *(For more information, please contact: Hugo Zagorsek, University of Ljubljana, Slovenia: hugo.zagorsek@ef.uni-lj.si)*

An Empirical Analysis Of Managers' Adjustment To Working In Multi-National Project Teams In The Pipeline And Plant Construction Sector

David Rygl, University of Erlangen-Nuremberg

Alexander T Mohr, Bradford University

Jonas F Puck, University of Erlangen-Nuremberg

This paper empirically investigates the adjustment of managers in multi-national project teams to the specific work context of such teams, i.e. the fact that team members come from diverse national backgrounds and there is no single (host country) culture dominating the team. It builds on, and extends existing theoretical and empirical research on organisational socialisation and expatriate adjustment in order to develop a conceptual framework that suggests a number of antecedents as well as behavioural and attitudinal outcomes of managers' adjustment to the multi-cultural context in such teams. The empirical results by and large support our hypotheses. *(For more information, please contact: Alexander T Mohr, Bradford University, United Kingdom: a.t.mohr@bradford.ac.uk)*

A Longitudinal Investigation on the Factors Affecting Newcomers' Adjustments: Evidence from Japanese Corporations

Tomokazu Takeuchi, Kawaguchi Junior College

Norihiko Takeuchi, Tokyo University of Science

Using the longitudinal survey data of 74 newcomers working for Japanese firms, the study demonstrated that socialization tactics used by Japanese firms were positively related to the degree of newcomers' socialization, which eventually correlated positively with the time-series differences in organizational commitment and achievement motivation from the first year (T1) to second year (T2) of their organizational entry, and negatively with the longitudinal change in turnover intentions from T1 to T2. In addition, results showed that newcomers' attitudes toward their pre-entry job search efforts as of their entry (T1) had a negative influence on the change in value commitment from T1 to T2, indicating that those who rated their past job search activities successful as

of their entry tended to diminish the level of their organizations' value acceptance over a year. Findings are used to discuss how firms can effectively manage their entry-level employees to increase person-organization fit for employees. *(For more information, please contact: Norihiko Takeuchi, Tokyo University of Science, Japan: ntake@ms.kuki.tus.ac.jp)*

Session: 3.1.7 - Competitive

Track: Track 7 - Learning, Knowledge and Innovation

Learning Across Firm Boundaries

Presented On: June 26, 2006 - 08:10-09:25

Chair: Carl F. Fey, Stockholm School of Economics

Learning to Share Knowledge in the Italian Motorsport Industry

Francesca Mariotti, University of Stirling

The paper reports empirical research into the processes of knowledge sharing in the Italian motorsport industry. The research outlines a perspective on learning how to share knowledge and it highlights the essential role of participation in collaborative activities. This perspective suggests that knowledge sharing is not something achieved through the simple transfer of resources, but rather is an ongoing social accomplishment in which network firms constitute and re-constitute knowledge while engaging in collaborative activities. In particular, it is shown that there have been significant efforts in the Italian industry to promote participation and a culture of working together in product development activities. This has been achieved through the instigation of three knowledge sharing processes: the promotion of a culture of working together, co-location and the use of resident engineers, and shared education and training. In making sense of these developments, the paper extends the work of Lave and Wenger (1991), Brown and Duguid (1991), and Tsoukas and Vladimirou (2001) at an inter-organizational level of analysis. *(For more information, please contact: Francesca Mariotti, University of Stirling, United Kingdom: francesca.mariotti@stir.ac.uk)*

Environmental Pressure for Learning and Frugality in Cross-border Knowledge Transfer: Role of Focal Firm-IBA Relationship and Communication Frequency

Debmalya Mukherjee, University of Memphis

Liliana Perez Nordtvedt, University of Texas at Arlington

Cross-border transfer of knowledge is widely considered as an important field of research. Pursuing a nodal level of analysis (knowledge flows from international business affiliates or IBAs to a focal firm) this research advances and tests a theoretical model pertaining to frugality in cross-border knowledge transfer. Frugality in the transfer of the knowledge refers to the degree to which the focal firm acquired and implemented the new knowledge from the IBA with the minimal amount of resources possible. Specifically, we predicted that environmental pressure for learning on the focal firm would be positively associated with the relationship and communication frequency between the focal firm and the IBA. We further predicted that the relationship between the IBA and the focal firm would be positively associated with the frugality in cross-border knowledge transfer and that the communication frequency between the IBA and the focal firm would be negatively associated with the frugality in cross-border knowledge transfer. We empirically tested these hypotheses using a structural equation modeling technique and mostly found strong support for all our predictions except one. *(For more information, please contact: Debmalya Mukherjee, University of Memphis, United States: dmukhrj1@memphis.edu)*

Organizational Learning and Mutli-Unit Ownership in Franchising
Xiaoli Yin, San Francisco State University

In this study, I study the effects of multi-unit franchisee capabilities on store level performance. Specifically, I propose that individual franchised stores gain access to the knowledge and routines from other peer stores owned by the same franchisees and enjoy subsequent performance benefits. I also argue that as multi-unit franchisees own more stores, individual franchised stores benefit more from the expertise of their franchisees. It is those stores with poorer prior performance that tend to benefit more from the multi-unit ownership. I develop these ideas around organizational learning and multi-unit ownership and test the hypotheses using longitudinal data from over 2,000 stores within one of the biggest U.S. restaurant chains from 1991 to 1997. The study contributes to previous literature by offering a learning perspective to the study of franchising and other complex multiunit organizations such as multinational corporations (MNCs). *(For more information, please contact: Xiaoli Yin, San Francisco State University, United States: yinx@sfsu.edu)*

Knowledge Acquisition Under Guanxi: A Multilevel Analysis of Governmental Relationships and Business Networks Effect on the Learning-Performance Relationship in China
Xiaoyun Chen, University of Hong Kong
Joseph C. Miller, Michigan State University

The authors examine two constructs which potentially moderating the well-established knowledge acquisition/firm performance continuum in China: business networks (the quality of the firms' relationships with its suppliers, distributors, customers) and government relationships (the quality of the firms relationships with local and regional government officials). Additionally, hierarchical linear modeling is used to determine if the firm type (joint venture or not) or product category changes the effect of any of the hypothesized relationships in the base model. The authors find that business networks tend to have a significant effect on competitive advantage, both as a direct effect and as a moderator, but have no effect on market share in a similar fashion. Also, we find that governmental relationships tend to increase market share, but the decrease the differentiability of the firm's products with those of its competitors. Additionally, it is found that for companies in a joint venture, business networks are more important in achieving competitive advance than for regular local firms, and governmental relationships are more crucial for attaining market share for firms that produce durable products than those that produce non-durables. *(For more information, please contact: Joseph C. Miller, Michigan State University, United States: millerj@bus.msu.edu)*

Session: 3.1.8 - Competitive
Track: Track 5 - Entry, Expansion & Operations Strategies

The Impact of Distance on International Business

Presented On: June 26, 2006 - 08:10-09:25

Chair: Peter Monge, University of Southern California

Factors Moderating the Impact of Psychic Distance: Empirical Tests on Bi-Lateral Trade Flows
John Douglas Dow, Melbourne Business School

This paper is the second in a series developing and testing a new set of multidimensional scales for measuring psychic distance. In addition to the traditional measure of culture, these scales include differences in language, religion, education levels and political ideologies. The scales are tested for their predictive power on bilateral trade flows across broad set of industries and countries. This model is then used as a benchmark for testing three sets of moderating hypotheses. *(For more information, please contact: John Douglas Dow, Melbourne Business School, Australia: d.dow@mbs.edu)*

Internationalization, Distance Premium, Knowledge Intensity and Foreign Experience

Tamar Almor, College of Management
 Niron Hashai, Hebrew University
 Seev Hirsch, Tel Aviv University

This paper relates firms' internationalization levels to their knowledge intensity and accumulated international experience. Internationalization level is argued to be affected by the 'distance premium', which is defined as the excess of international over domestic costs of business interactions. The paper shows that firms with high levels of knowledge intensity face higher distance premium than firms characterized by low knowledge intensity. Consequently, high knowledge intensive firms have a higher propensity to internationalize and to internalize their value adding activities. An empirical test, which compares the effect of knowledge intensity and accumulated international experience on firms' internationalization levels, shows the dominance of the former, thus confirming the proposition that economic factors go a long way toward explaining internationalization patterns. *(For more information, please contact: Niron Hashai, Hebrew University, Israel: nironh@huji.ac.il)*

Psychic Distance and its Relevance: Evidence from Smaller Firms Exporting to Brazil

Suzana Braga Rodrigues, University of Birmingham
 John Child, University of Birmingham

This paper addresses three research questions relating to psychic distance. The first is whether the parsimony in reducing psychic distance to a single factor such as culture is warranted, or whether it is appropriate instead to return to the multi-dimensional delineation of the concept suggested by its originators. Adoption of a multi-dimensional approach in turn enables the second question to be asked, which is whether different dimensions of psychic distance are equally significant in the eyes of the corporate executives who are actively engaged in business with a given foreign country. The third question is how such executives have endeavored to cope with the difficulties that one or several of the psychic distance dimensions may present to their business, possibly through measures to 'bridge' or 'avoid' potential problems.

Quantitative and qualitative evidence is presented from a study of 31 British SMEs exporting to Brazil. This supports the application of a multi-dimensional approach to psychic distance. Moreover, there was variance in the impact that different psychic distance dimensions were perceived to have on the firms' business with Brazil. One-third of the SMEs experienced difficulties in coping with the negative impacts of psychic distance features. Among the others, most were reducing negative impacts through various forms of bridging, while a smaller number had found ways of avoiding them. The study has implications for current theorizing and avenues of future research.

(For more information, please contact: John Child, University of Birmingham, United Kingdom: j.child@bham.ac.uk)

Performance of Foreign Direct Investment in Tunisia: Transaction Cost, Psychic Affinity and Control

Karima Zmerli, Faculté des Sciences Economiques et de Gestion à Mahdia and Sfax
 William Newburry, Rutgers University
 Fathi Akrouf, Faculté des Sciences Economiques et de Gestion à Sfax

This study examines the competing explanations of transactions costs, psychic affinity and control in explaining perceived performance of foreign direct investment (FDI) in Tunisia. Results suggest that transaction costs, and more specifically value of know-how, explains performance perceptions. Also, psychic affinity, and in particular cultural familiarity, contributes to explaining perceived performance. In the context of our study, control levels appear not correlated with performance perceptions. We contribute to the existing literature on FDI performance by demonstrating the importance and impact of each transaction cost and psychic affinity

dimension separately, and by providing a foundation for better understanding the dynamics by which FDI occurs in African countries, in general, and Middle East and Northern African (MENA) countries, in particular. (For more information, please contact: William Newburry, Rutgers University, United States: newburry@andromeda.rutgers.edu)

Session: 3.1.9 - Competitive

Track: Track 6 - Marketing and Supply-Chain

E-Marketing

Presented On: June 26, 2006 - 08:10-09:25

Chair: Jungkun Park, Purdue University

E-Trust Building Customer Management: Cross Cultural Study

Jungkun Park, Purdue University
Sujin Yang, Seoul National University
Sang-Lin Han, Hanyang University

This empirical research investigates American and Korean online shoppers for their trust dimensions for online retailers. The study aimed to determine whether e-trust antecedents influence trust dimensions differently and whether the multidimensional trust contributed differently to perceived risk and willingness to depend on e-retailers in USA vs. Korean cultures. Structural equation modeling was employed to examine the casual structure underlying the postulated relationships and to investigate the field of cultural differences in online consumers. All eight hypotheses were tested to demonstrate the applicability of the theoretical model. The findings indicate that uncertainty avoidance as well as individualism vs. collectivism is likely to affect how consumers in different cultural settings build e-trust differently. (For more information, please contact: Jungkun Park, Purdue University, United States: park4@purdue.edu)

Applying Prospect Theory to Evaluate the Effectiveness of Online Auction Strategy in the In-ternational Competitive Environment

Wann-Yih Wu, National Cheng Kung University
Cheng-Feng Cheng, National Cheng Kung University

This study focuses on the indirect effects of online auction strategy on bidder satisfaction through online auction price in the international competitive environment. The authors attempt to de-velop a mathematical model for the online auction based on the prospect theory to identify the optimal guideline of strategies and then adopt the multivariate analysis to illustrate the contribution of this mathematical model. These results indicate that the online bidder is inclined adopt higher price ori-ented bidding strategy when the auction starts, and otherwise adopt lower bidding strategy. Second, the optimal guideline of quality strategy implies that the auctioneer must focus on information or sys-tem quality strategy to gain the optimal bidder satisfaction if the effect of service quality on price is larger than that of information-system quality on price. Third, online bidder satisfaction tied in the auction price can fill the theoretical gap within information or system quality, service quality, and online bidder behavior. (For more information, please contact: Cheng-Feng Cheng, National Cheng Kung University, Taiwan: cheng.cf@msa.hinet.net)

What Determines the International Success or Failure of Firms: Conducting International Business at eBay

Sherrie Y. X. Komiak, Memorial University of Newfoundland

Paul J. Komiak, Texas A&M International University

Michael Imhof, Texas A&M International University

Many small businesses have started to use eBay as their electronic commerce platform. Such a strategy increases their reach to global customers without a high cost in building their own e-commerce infrastructure or in intense advertising. This paper explores the challenges of creating customer trust and increasing sales for these e-Stores on eBay. To explore these challenges empirically, this paper reports on an analysis of the completed transactions of 84 e-Stores on eBay across 14 countries. The results suggest that buyer culture, store size, and store history significantly affect the level of customer trust in an e-Store. Pragmatically, our study indicates that the seller feedback profile strategy was particularly successful in attracting consumers from collectivist cultures. *(For more information, please contact: Paul J. Komiak, Texas A&M International University, United States: pjkomiak@students.tamui.edu)*

Internet Based Sales Channel Strategies of Born Globals

Mika Gabrielsson, Helsinki School of Economics

Peter Gabrielsson, University of Vaasa

The recent technological environmental changes on sales channel strategies have had a significant impact on the channel alternatives that are available. At forefront of this development are the born global firms, which have adopted internet based channels relatively quickly. This study examines internet based sales channel strategies of born global companies. Interestingly many of these firms relied not only on internet based channels but used combinations of conventional channels and internet. The structure and development from single towards multiple sales channels is described and analyzed on the basis of four theoretical approaches. A framework is developed, which consist of three independent factors: (1) the internationalization/globalization process, (2) products, market and internet suitability, and (3) long-term channel relations. The internet based multiple sales channels are found out to be more common in born globals which have reached a higher globalization degree than those which still are at some preliminary stages. These results contribute to the relatively under-researched area focusing on international internet sales channels and use of multiple channels. *(For more information, please contact: Mika Gabrielsson, Helsinki School of Economics, Finland: mika.gabrielsson@hse.fi)*

Session: 3.1.10 - Competitive**Track: Track 1 - The Context of Global Business*****Innovation and Diffusion***Presented On: June 26, 2006 - 08:10-09:25**Chair:** Stefanie Lenway, University of Illinois at Chicago*Global Sensing and Sensibility - A Multi-Stage Matching Assessment of Competitive Advantage from Foreign Sources for Innovation*

Thorsten Andreas Teichert, University of Hamburg

Wolfgang Sofka, ZEW - Centre for European Economic Research

We focus on a core competitive capability of a modern firm: The ability to deliver successful innovations in a globalized environment. Companies literally find themselves confronted with a world of ideas. The challenge remains to decide which impulses should be on top of the list and which at the bottom. Given limited resources

and substantial investments, betting on the wrong horse can be risky and costly. Theoretically integrated in capability based view of the firm we investigate firms' capabilities to assimilate, identify and prioritize valuable knowledge across national, cultural and social borders; a competence which we call global sensing. We establish an analytical framework to examine whether global sensing activities generate competitive advantage. Consequently, we develop an empirical, multistage evaluation strategy. The latter rests on a matching approach for a recent, broad sample of almost 1,700 German companies from both services and manufacturing. We find the strongest and most consistent support for global sensing as a strategic enabler for technological leadership. Apart from this strategic advantage we observe that foreign external sources for innovation are generally not superior to domestic ones. *(For more information, please contact: Wolfgang Sofka, ZEW - Centre for European Economic Research, Germany: sofka@zew.de)*

Co-Evolutionary Sclerosis Impeding Organizational High Technology Innovation Diffusion: A Case Study

Hamidah Salleh, National University of Singapore

Tariq Malik, Birkbeck College, University of London

This case study explores the co-evolutionary patterns between organizational practices, biotechnology and institutional structures to identify the sources of the failure of technological innovation diffusion. The findings on the case suggest that the mismatch in the evolution of these dimensions is likely the source of failure. The evidences indicate that the superimposition of the old frames of technology on the new realities is one of the leading factors that apparently caused internal institutional sclerosis. The organizational path-dependent practices are slower than the knowledge and technological changes in the business domains. The revelations imply that in the current conditions, the sagging routines are becoming a liability rather than an idiosyncratic asset, which are more often highly tied to the protected agendas of the echelon groups, and the vertically oriented groups are apparently subject to the fallacies of group-thinking (homogeneity) in the firm. *(For more information, please contact: Tariq Malik, Birkbeck College, University of London, United Kingdom: T.Malik@mbs.bbk.ac.uk)*

Is e-Government Development and e-Participation Related to Business Competitiveness? : A Cross Country Analysis

Thompson S H Teo, National University of Singapore

Shirish C Srivastava, National University of Singapore

Using secondary data from 113 countries and the literature on Information Technology (IT) impact and fit as the guiding theoretical lenses, we examine the relationship of e-Government development and e-Participation with national business competitiveness. In addition to the direct relationships, we analyse the moderating role of country environment on the relationship between e-Government development and business competitiveness and also on the relationship between e-Participation and business competitiveness. Our results highlight the importance of e-Government development as well as e-Participation for national business competitiveness. Further, our results also show the moderating role of human capital, public institutions and macro-economic condition on the relationship between e-Government development and business competitiveness of a nation. Human capital and public institutions positively moderate this relationship whereas macro-economic environment marginally moderates the relationship in the negative direction. In contrast to this, the relationship between e-Participation and business competitiveness is positively moderated only by national human capital. Through this research, we make some important contributions and implications for researchers, practitioners and policy makers. *(For more information, please contact: Shirish C Srivastava, National University of Singapore, Singapore: shirish@nus.edu.sg)*

Session: 3.1.11 - Competitive
Track: Track 1 - The Context of Global Business

Network Approaches to Global Issues

Presented On: June 26, 2006 - 08:10-09:25

Chair: Tagi Sagafi-nejad, Texas A&M International University

The Impact of Managerial Networking and Market-Based Strategies on Firm Growth During Institutional Upheaval: A Study of Entrepreneurs in a Transition Economy

Dan S. Chiaburu, Pennsylvania State University

Marjorie A. Lyles, Indiana University

Wade M Danis, Georgia State University

Building on institutional theory, we integrate the social network and strategic management perspectives by examining how strategic behaviors evolve during the context of economic transition, and assess the implications for firm growth. Using data collected from 135 small and medium-sized enterprises (SMEs) in 1993, and 200 SMEs in 2001, we find that managerial networking declines markedly over time whereas the reliance on market-based strategies increases. Managerial networking is strongly associated with firm growth early in the transition process, whereas market-based strategies are not. This pattern reverses later in the transition. *(For more information, please contact: Wade M Danis, Georgia State University, United States: wdanis@gsu.edu)*

Globalisation and Connectedness: A Network Approach to International Business

Peter Liesch, University of Queensland

John Steen, University of Queensland

Tim Kastle, University of Queensland

There have been recent calls for the field of International Business to retool its routines by becoming genuinely interdisciplinary. This paper takes such an approach by using recent advances in the fields of evolutionary economics and applying them to IB. Evolutionary economists are now viewing the economy as an actual network. Consequently, one of the key analytical tools in this approach is network analysis. Some of the basic methods in network analysis are reviewed. The paper then looks at how using these tools might be of use in IB studies. In particular, it outlines fruitful research paths in the areas of globalisation and regionalisation, and the measurement of performance in multi-national firms and alliances. In each case, propositions are put forward which can be analytically tested with the use of network analysis. The paper concludes with a brief outline of a research agenda which utilises this approach in International Business studies. *(For more information, please contact: Tim Kastle, University of Queensland, Australia: t.kastle@business.uq.edu.au)*

Foreign-Local Linkages in International Business: A Review and Extension of the Literature

Joanna Scott-Kennel, Victoria University of Wellington

Axele Giroud, Bradford University

Despite a growing interest - and number of publications - dedicated to linkages between foreign subsidiaries and host country firms, the literature can be described as emergent. Contributions from multiple disciplines, inconsistent use of terms and methods, and a lack of reflection and review in the area have hindered attempts to systematically consider the linkage phenomenon. This paper aims to address this gap by reviewing the extant literature on inter-firm linkages with three specific objectives in mind. The first is to distinguish between spillovers and linkages and to define key terms. The second is to present a typology of linkages arranged along vertical and horizontal dimensions. The third is to provide a critical discussion on methodology employed in the

study of linkages. The authors argue misuse of terminology has impeded cross-case comparison, and that there is a need for in-depth, detailed firm-level data to grasp the full complexity of both the scope and the intensity of linkages. *(For more information, please contact: Joanna Scott-Kennel, Victoria University of Wellington, New Zealand: joanna.scott-kennel@vuw.ac.nz)*

The Evolution of International Trade: A Network Approach to Measuring Globalisation

John Steen, University of Queensland
 Tim Kastle, University of Queensland
 Peter Liesch, University of Queensland

Network analysis is a new and promising technique to use in the study of international business. It holds promise at both the macro scale, as demonstrated here, and at the micro scale in the study of firms. It holds out the promise of integrating these two levels in a unique and fruitful way. This paper makes several important contributions towards advancing this research agenda. It creates a unique longitudinal data set, which provides new insights in the evolution of the international trade network. It explains and demonstrates a number of analytical techniques that have not yet been used in international business, but which hold great promise. And it presents analytical findings that make a contribution to the conceptualisation and measurement of globalisation. In particular, a suite of three network measures are shown to be useful metrics for several of the changes that are commonly associated with the concept of globalisation. At the same time, the analysis shows a surprising level of stability in the overall structure of the international trade network. *(For more information, please contact: Tim Kastle, University of Queensland, Australia: t.kastle@business.uq.edu.au)*

Session: 3.1.12 - Competitive

Track: Track 2 - Economics, Finance, Taxation, Regulation

International Finance and Economics

Presented On: June 26, 2006 - 08:10-09:25

Chair: Susan Feinberg, Rutgers University

Factors Influencing the Internationalisation of Firms: Micro Foundations of Macro Determinants

George Argitis, University of Crete
 Christos N. Pitelis, University of Cambridge

We draw on insights from the theory of the multinational enterprise (MNE) to explain outward investment and (thus) internationalisation. We claim that micro insights from the work of Stephen Hymer, Edith Penrose and other extant theories of the MNE can serve as micro foundations of some macro determinants of internationalisation. The focus on macro determinants pursues and develops an earlier critique of the theory of the MNE by Penrose; that it fails to distinguish between intra-national and inter-national expansion of firms. We propose demand-side national business cycle considerations as a Penrose-inspired answer to the Penrosean critique. Our evidence derives from USA and UK data, supports insights from Hymer, Vernon, Penrose and our response to the Penrosean challenge. *(For more information, please contact: Christos N. Pitelis, University of Cambridge, United Kingdom: c.pitelis@jbs.cam.ac.uk)*

Transaction and Transfer Efficiencies and the Size of FDI

Dexin Yang, Shandong University of Finance

This paper develops a general equilibrium model with endogenous international economic structure and international division of labour to identify the forces that determine the size of international direct investment flows. It generates unambiguous statements about the determination of the size of FDI and the nature of the influence of the determining variables. It shows that the volume of FDI is affected positively by host country's transaction efficiency for final goods and ordinary labour, home country's transaction efficiency for managerial and technical professionals, as well as international transfer efficiency for cross-border movement of managerial and technical professionals; and negatively by difficulty in the production of intermediate goods, transaction efficiency for managerial and technical professionals at home, and international transaction efficiency for traded goods. While consistent with some established hypotheses, the findings have cleaned up some misunderstandings in the literature on FDI. It has methodological and theoretical contributions and its findings have rich policy implications in the era of globalisation. *(For more information, please contact: Dexin Yang, Shandong University of Finance, China: dexin.yang@sciis.org.cn)*

The Relationship between Investment and Cash Flow—Evidence from Asian Countries

Raj Aggarwal, Kent State University
Sijing Zong, California State University, Stanislaus

The sensitivity of internal cash flow and investments of firms with different levels of financial constraint has proven to be a puzzling problem. Fazzari et al. (1988) contend that the most financially constrained firms would have the highest sensitivity between internal cash flow and investment because the imperfect market results in a higher cost of external capital. However, Kaplan and Zingales (1997) and Cleary (1999) provide empirical evidence of just the opposite; that the least financially constrained firms have the highest sensitivity between internal cash flow and investments. Trying to reconcile the opposing arguments, Cleary et al. (2006) demonstrates that the relationship between investment and cash flow should be a U-Shaped curve. Motivated by the recent development of research on this topic, the present study investigates the relationship of cash flow and investment in an international setting. The findings of this paper support the conclusions of Cleary et al (2006), and show that all six Asian countries in this study follow the similar cash flow/ investment sensitivity. *(For more information, please contact: Raj Aggarwal, Kent State University, United States: raggarwa@bsa3.kent.edu)*

Session: 3.1.13 - Competitive

Track: Track 7 - Learning, Knowledge and Innovation

Trajectories of Change

Presented On: June 26, 2006 - 08:10-09:25

Chair: Udo Zander, Stockholm School of Economics

Science, Social Networks and Spillovers

Jasjit Singh, INSEAD
Olav Sorenson, London Business School

Although prior empirical research has established that science appears to stimulate the widespread diffusion of knowledge, the exact mechanism through which science catalyzes knowledge flow remains somewhat ambiguous. This paper considers whether the observed knowledge diffusion associated with science-based innovation stems from the norm of openness and incentives for publication, or whether scientists maintain more dispersed social networks that facilitate the dissemination of tacit knowledge. Our analysis supports the former mechanism: We use patent citation patterns to track knowledge flows, and find that science-based innovations diffuse more widely even after controlling for the underlying social networks of researchers as measured using

data on prior collaborations. We also find that publication and social networks act as substitutes in the diffusion of knowledge. *(For more information, please contact: Jasjit Singh, INSEAD, Singapore: jasjit.singh@insead.edu)*

The Creation, Evolution and Demise of the NYC New Media Innovation Ecosystem: A Process Theory Approach
Cliff Wymbs, Baruch College

The analysis of the New York City New Media Ecosystem uses a narrative-based theory of action to show how participants cope with market and technological uncertainties and permit new trajectories and attributions to evolve within the context of the main story plot. Teleological and dialectic motors associated with different units of analysis (individual, ecosystem) are used to explain the process of how and why changes unfold in the ecosystem. Patterns identified here appear to be applicable to other new media ecosystems around the world and to knowledge based clusters in other industries. *(For more information, please contact: Cliff Wymbs, Baruch College, United States: clifford_wymbs@baruch.cuny.edu)*

Knowledge Governance and the Theory of the Firm
Lars Håkanson, Copenhagen Business School

This paper suggests a new synthesis of knowledge-based approaches to the theory of the firm. It employs a social-constructivist and contextual conceptualization of knowledge as residing in groups of practitioners, epistemic communities, arguing that the ease or difficulty of sharing knowledge is more dependent on the cognitive capabilities of the exchange partners than on the characteristics of the knowledge they exchange. On the basis of this conceptualization, a simple typology of four basic knowledge processes is proposed: articulation, replication, combination and integration. The latter requires exchange and reconciliation of knowledge across epistemic communities, whose members are often unfamiliar with one another's specialized codes, theories and tools (Grant, 1996a, 1996b). Firms constitute epistemic communities in their own right, conferring on their members the means by which specialist knowledge can be effectively combined and integrated. Firms are superior to markets not only because of the enabling advantages of firm organization but firm governance is needed also to mitigate the moral hazards associated with the investments necessary to create them. *(For more information, please contact: Lars Håkanson, Copenhagen Business School, Denmark: lh.int@cbs.dk)*

Only Practice Makes Perfect! Or Is There Something Else? - Institutional and Cognitive Antecedents of Junior Faculty's Publication Productivity -

Isabell Melanie Welp, University of Munich
Marina Anna Fiedler, University of Munich

This paper uses contemporary survey data from Germany, Switzerland, and Austria to examine the institutional and cognitive antecedents of early career publication productivity from the junior faculty's perspective in a changing institutional environment in German-speaking Europe. We examine both the direct and indirect effects of institutional factors on publication productivity. Additionally, we also look at the cognitive concept of publication preoccupation as antecedent of publication productivity. We test our hypotheses by surveying the junior faculty at management schools as this group of scholars is most affected by the ongoing institutional transformation. Our main results show that time investment, teaching seminars at the graduate level and publication preoccupation significantly predict junior faculty's research productivity and that the 'value commitment of the advisor towards international top-tier publishing', and participation in a PhD program significantly predict publication preoccupation. Moreover, we find that publication preoccupation mediates the relationship between both the value commitment of the advisor towards international top-tier publishing and time investment with research productivity. *(For more information, please contact: Marina Anna Fiedler, University of Munich, Germany: fiedler@lmu.de)*

Session: 3.2.1 - Panel

Track: Track 5 - Entry, Expansion & Operations Strategies

International Competitiveness of Trade in Services

Presented On: June 26, 2006 - 09:35-10:50

Chairs: Doren D. Chadee, University of Auckland and Greg Mahony, University of Canberra

The last decade has experienced unprecedented growth of trade in services. This is largely the result of the combination of revolutionary developments in information and communication technologies and the liberalisation of trade in services through the GATS. And, given that services permeates almost every aspect of business, today, more and more companies are engaged in one form or another in services trade across national boundaries. Trade in services has also become more sophisticated compared to the traditional forms of services export trade such as tourism, consultancy, and education where advanced industrialised countries dominated. By contrast, new forms of services have emerged with new players from developing countries challenging the traditional ways of doing business. Despite the growing importance of services in cross border trade and the changing competitive landscape, this area remains largely under researched. The objective of the panel is to bring together a number of specialists in the area of trade in services to consider theoretical, methodological and measurement issues as they relate to research on trade in services. The panel focuses on the growth of global trade in services, methods of foreign market entry and expansion by service firms, and also considers how the policy environment relates to such growth. A particular emphasis is on Australian and New Zealand services trade in emerging markets in Asia . *(For more information, please contact: Doren D. Chadee, University of Auckland, New Zealand: d.chadee@auckland.ac.nz)*

International Competitiveness of Offshore Information Technology (Enabled) Service Providers in India

Revti Raman, University of Auckland
Doren D. Chadee, University of Auckland

Use of Networks and International Knowledge for Service Firms in Emerging Markets of Asia

Susan Maria Freeman, Monash University

Shifting Reciprocity and Balance of Trade Patterns in U.S.-Asian Telecom Service Alliances: A 25-Year Analysis

Roger Kashlak, Loyola College in Maryland
Hugh Sherman, Ohio University

The Development of the Educational Services to China from Australia

Phil Lewis, University of Canberra

Factors Underpinning Success in Services Trade: the Case of Australia and Asia

Greg Mahony, University of Canberra

Liberalising Global Trade in Education Services: the Need to Move out of the Current Impasse

Vik Naidoo, Ministry of Education

Discussants:

Terry Wu, University of Ontario
Karl Sauvart, UNCTAD

Session: 3.2.2 - Competitive
Track: Track 1 - The Context of Global Business

How Does Country Affect Performance?

Presented On: June 26, 2006 - 09:35-10:50

Chair: John Mezias, University of Miami

Does it Matter Where Countries Are? Geography, Distance, and MNE Location Choices

Lilach Nachum, City University New York
Srilata Zaheer, University of Minnesota
Shulamith Gross, City University New York

Theories of MNE location choices – based on principles of comparative advantage and on agglomeration externalities - are inconclusive regarding the impact of the geography of countries on MNEs' location decisions. Neither do the actual location choices of MNEs show any discernable patterns in this regard. We extend the location model to account for the geography of countries, and focus on the implications of their distance from other countries to MNE location decisions. We conceptualize distance as bearing both costs and opportunities and delineate the impact of various dimensions of distance on location choices. The empirical tests show that geographic factors explain about half the variation in MNE location preferences. The effect of distance on MNE location choices is found to be mixed and complex – it depends crucially on the dimension of distance, with distance from centers of knowledge by far the most critical dimension, while distance from population centers and the sea do not affect MNE location preferences. We suggest that the management of distance is a critical potential source of MNE advantages, and that ignoring the geography of countries weakens the strategic implications that can be drawn from the MNE location model. *(For more information, please contact: Lilach Nachum, City University New York, United States: Lilach_Nachum@baruch.cuny.edu)*

FDI Productivity Spillovers Across Regions: A Missing Link

Xiaowen Tian, Nottingham University Business School

Using firm-level data from China, the study sets out to examine FDI productivity spillovers across regions within a host country. The study finds strong evidence that FDI located in the growth pole on the coast adversely affects the productivity of domestic firms in the peripheral interior. In addition, there is some, weak though, evidence that FDI in the peripheral interior positively affects the productivity of domestic firms located in the growth pole on the coast. The findings unveil a missing link between MNCs and local firms, and fill a vacuum in the FDI literature.

Key word: FDI, productivity spillovers, spread effect, backwash effect, China
(For more information, please contact: Xiaowen Tian, Nottingham University Business School, United Kingdom: Xiaowen.Tian@nottingham.ac.uk)

There's No Place Like Home. A Strategic Framework to Overcome Liability of Foreignness in the German Car Market

Wolfgang Sofka, ZEW - Centre for European Economic Research
Jörg Zimmermann, Max Planck Institute of Economics

Globalization has led to exciting new business opportunities. Still, national and cultural boundaries have not evaporated into a "borderless world." Several studies have identified so-called liabilities of foreignness that arise

from a lack of embeddedness in the host market and subsequent competitive disadvantages. Countervailing strategies for these effects have remained scarce so far. We suggest that this is due to the lack of a viable approach to quantify these effects and develop a conceptual framework to estimate the individual degree of liability of foreignness of a firm from a market perspective. We apply our approach to the German new car market. For a comprehensive sample of roughly 1,400 car models from 2003 we estimate the relative turnover disadvantage for all major foreign manufacturers. We find that most foreign producers have managed to overcome liabilities of foreignness. Still, some face significant challenges. A submarket analysis shows that home market advantages are more deeply rooted in the Western part of Germany and that foreign competitors find a more accessible competitive environment in Eastern Germany. Therefore, East Germany is a superior platform for deploying effective countervailing strategies. Moreover, we identify a broader rationale to engage in untapped but promising markets like China. *(For more information, please contact: Jörg Zimmermann, Max Planck Institute of Economics, Germany: zimmermann@econ.mpg.de)*

Session: 3.2.3 - Special Session

Meet the Editors Session 2: Learning to Publish in International Business

Presented On: June 26, 2006 - 09:35-10:50

Roundtable discussions with the editors of leading international journals:

S. Tamer Cavusgil, Journal of International Marketing (Editorial Review Board Member, Ex-Editor 1993-2000)

Pervez Ghauri, International Business Review (Editor)

Anne S. Tsui, Management and Organization Review (Editor)

Klaus Macharzina, Management International Review (Honorary Editor)

Session: 3.2.4 - Competitive

Track: Track 7 - Learning, Knowledge and Innovation

Absorptive Capacity

Presented On: June 26, 2006 - 09:35-10:50

Chair: Peter Hagstrom, Stockholm School of Economics

An Empirical Study on Determinants of Practice Transfer within MNCs

Hsiang-Chun (Jocelyn) Chen, National Yunlin University of Science and Technology

Shu-Fen Wu, National Yunlin University of Science and Technology

An important source of competitive advantage for multinational corporations (MNCs) is their ability to utilize their locally created knowledge worldwide. However, previous literature has indicated that knowledge or practice transfer encounters barriers or stickiness. The core of this study is to discuss the determinants affecting practice transfer within MNCs. Based on the data derived from 84 questionnaires of Taiwanese subsidiaries within MNCs, the results reveal that (1) the more tacit and specific knowledge the more dense interunit communication; (2) formal institutional distance is positively related to implementation, but negatively associated with internalization; (3) informal institutional distance has a negative impact on internalization; (4) adaptation moderates informal institutional distance and internalization (5) as expected, inter- and intraunit communication can enhance absorptive capacity of the receiving unit, and further indirectly affect perceived

satisfaction and implementation; (6) knowledge dependence is found to be positively related to perceived satisfaction. Beyond our expectation, knowledge dependence also has an impact on inter- and intraunit communication. According to the findings, the following managerial implications are offered as references: (1) practice transfer is involved with "persons?", hence, it becomes more complex. Organizations are supposed to exploit human resource practices to support transfer, such as educational training for employees or linking the performance assessment with transfer performance. (2) Support from upper levels can produce intangible influence on the success of transfer. (3) Complete transfer mechanism is necessary. (4) Notice the importance of "ceremonial adoption?" or "form-decoupling?" (*For more information, please contact: Hsiang-Chun (Jocelyn) Chen, National Yunlin University of Science and Technology, Taiwan: chenhc@yuntech.edu.tw*)

The Multinational Corporation and the Global Sourcing of Knowledge: Remodeling Absorptive Capacity

Christos N. Pitelis, University of Cambridge
 Marina Papanastassiou, Copenhagen Business School
 Constantina Kottaridi, University of Peloponnese
 Dimitris Thomakos, University of Peloponnese

We build on extant theory of the MNE, MNE subsidiaries, absorptive capacity and Penrose's concept of 'productive opportunity' to develop a framework on the MNE and absorptive capacity (AC) that allows us to explore the role of subsidiaries in the global sourcing of knowledge. We develop and test hypotheses using primary questionnaire-collected data. Our results support the idea that subsidiaries' AC can be improved by the AC of the MNE group and in turn may improve the performance of the subsidiaries and the group as a whole. (*For more information, please contact: Christos N. Pitelis, University of Cambridge, United Kingdom: c.pitelis@jbs.cam.ac.uk*)

International Absorptive Capacity: A More Comprehensive Theoretical Discussion of Absorptive Capacity

Michael A. Stanko, Michigan State University

Through examining both technology and international absorptive capacity, a more complete understanding of the ways in which an organization learns about technology from its environment is presented. Literature surrounding absorptive capacity (particularly in the international domain) is reviewed. The definition of absorptive capacity is reconsidered and narrowed in scope, such that it remains relevant to researchers and is distinct from other constructs. A conceptual model is presented which adds to our understanding of the ways in which firms garner technological knowledge from their environment, and this knowledge's impact on innovation. The paper concludes with a discussion of possible approaches for empirically testing this conceptual model and future research directions. (*For more information, please contact: Michael A. Stanko, Michigan State University, United States: stankomi@msu.edu*)

The Impact of Eloquent Capacity on Absorptive Capacity in European Economic Interest Groupings (EEIGs)

Hui Tan, Leeds University
 Keith Glaister, University of Sheffield
 Elko Klijn, Rotterdam School of Management
 Peter J. Buckley, Leeds University

This paper introduces and develops the concept of eloquent capacity in international joint ventures. We argue that eloquent capacity is an essential element in the knowledge transfer process. The function of eloquent capacity is to articulate knowledge to the recipient. We concentrate on the interaction between absorptive capacity and eloquent capacity in the knowledge transfer process between partners in European Economic Interest Groupings. We develop several hypotheses concerning the influence of the ability to teach of a transferor (eloquent capacity) on the ability to learn (absorptive capacity) of a recipient partner. Findings suggest that a high ability to plan and communicate improves the ability to identify new knowledge by a

learning partner. Furthermore, a high ability to express knowledge stimulates better abilities to identify, assimilate, and apply knowledge commercially by a learning partner. *(For more information, please contact: Elko Klijn, Rotterdam School of Management, Netherlands: eklijn@rsm.nl)*

Session: 3.2.5 - Competitive

Track: Track 4 - International Strategic Management

Subsidiary-level Competence-Creation

Presented On: June 26, 2006 - 09:35-10:50

Chair: Ayse Saka-Helmhout, University of Groningen

The Location of Competence-Creating vs. Competence-Exploiting Activities of Foreign-Owned MNCs in European Regions

Lucia Piscitello, Politecnico di Milano
John A. Cantwell, Rutgers University

This paper examines how the characteristics of local inter-firm networks affect the location of subsidiary research and development (R&D) facilities. It distinguishes between subsidiary R&D that is competence-creating (creates new lines of technology for the multinational corporate group) and competence-exploiting (adapts established lines of technology). The key dimensions of local networks are the degree of cross-firm concentration or diversity in the relevant industry, and the relative presence of domestically-owned versus foreign-owned firms. The empirical investigation uses patents granted in the US to the world's largest industrial firms for inventions achieved in their European-located operations, classified by the host European region in which the research facility responsible is located, over the period 1987-1995. Intra-industry spillovers are positive from dominant insider firms that are well connected locally, but negative when these insiders are domestically-owned. Foreign-foreign spillovers from non-dominant firms are positive in the competence-creating case. *(For more information, please contact: Lucia Piscitello, Politecnico di Milano, Italy: lucia.piscitello@polimi.it)*

Contribution of MNCs to subsidiary stakeholders

Pradeep K. Ray, University of New South Wales
Sunil Venaik, University of Queensland

The international business literature has evolved from addressing the question of how MNCs are more efficient organizations for exploiting innovations globally – to the issue of how MNCs are more effective in creating new products, processes and technologies worldwide. However, the question of how MNCs contribute to, and share benefits with, the host country stakeholders has received little attention in the literature. Our research shows that the contribution of MNCs to the subsidiary company and country stakeholders in the form of R&D, exports and royalty earnings is significantly less than expected. Insufficient compensation to local subsidiary stakeholders may undermine the motivation of subsidiary managers to discover new sources of advantage for the MNC. It may also discourage subsidiary country governments from offering incentives to MNCs for inward FDI. *(For more information, please contact: Sunil Venaik, University of Queensland, Australia: svenaik@business.uq.edu.au)*

Paths & Barriers To Enhance A Node In An International Manufacturing Network

Omar Salgado, University of Cambridge
Mike Gregory, University of Cambridge
Yongjiang Shi, University of Cambridge

Ways MNE's allocate, manage and empower their subsidiaries is important subject for International Business. From network perspective, the allocation of resources and standardization of subsidiaries' capabilities are key functions of headquarters; on the other hand, continuous improvement of subsidiary's capabilities and their differentiation are on local managers' duties. These different perspectives bring into discussion paths and barriers to keep subsidiary's role current. The case study presented in this paper examines barriers to upgrade subsidiary's role, presents a model of subsidiary's relationships, demonstrate those relationships, and define a path to improve (*For more information, please contact: Omar Salgado, University of Cambridge, United Kingdom: os242@cam.ac.uk*)

Relationship Exploring and Competence Building in Emerging Market: Antecedents and Role of Subsidiary Initiatives

Lu-Jui Chen, Yuan Ze University
 Chun-Chung Chen, Yuan Ze University
 Heng-Yih Liu, Yuan Ze University

Multinational enterprises (MNEs) start to formulate their development in emerging market especially when their domestic businesses face a diminishing return. This study proposes a conceptual model for antecedents and role of subsidiary initiatives. We argue that MNEs can adopt an organization design with loosely coupled structure, empowerment mechanism, and appropriate incentive scheme to pursue their interests in emerging market. We suggest that loosely coupled structure, empowerment, and incentive scheme individually have a positive effect on subsidiary initiatives, and that both empowerment and incentive scheme have moderating effects on the relationship between loosely coupled structure and subsidiary initiatives. Subsidiary initiatives further foster relationship exploring and competence building, which may lead to subsidiary development. Under the transnational approach, MNEs have less organizational norms and behavioral restrictions, and encourage subsidiaries to explore and adapt to local market. MNEs thus reconfigure their resources base, reformulate their expansion strategies to achieve sustainable advantage in the global market. (*For more information, please contact: Lu-Jui Chen, Yuan Ze University, Taiwan: s929605@mail.yzu.edu.tw*)

Session: 3.2.6 - Competitive

Track: Track 3 - Managing People Across Cultures

Ethics and Values in International Business

Presented On: June 26, 2006 - 09:35-10:50

Chair: Sidney John Gray, University of Sydney

Ethical Dilemmas in Researching Management Across Cultures

Daniel W. Skubik, California Baptist University
 Bruce W. Stening, Australian National University

While the methodological problems associated with cross-cultural management research have been widely discussed, much less attention has been given to the ethical dilemmas confronting those who seek to undertake their research in cross-cultural settings. In an era when ethics is central to all social activities, it is critical that management researchers are equipped to deal with ethical questions relating to their studies in other cultures. This paper seeks to identify the nature of those ethical dilemmas and to explore ways in which they might satisfactorily be resolved. Specifically, it addresses the question of whether a code of ethics would be useful for international business researchers. It is concluded that while codes of conduct can be helpful in guiding and regulating researchers' behaviour, there are a number of other means by which the desired ends can be achieved. (*For more information, please contact: Bruce W. Stening, Australian National University, Australia: bruce.stening@anu.edu.au*)

To Be or Not to Be: An Analysis of Optimism and Hope in the United States and India

Gwendolyn Combs, University of Nebraska, Lincoln
 Sucheta Nadkarni, University of Nebraska, Lincoln
 Bill Provaznik, University of Nebraska, Lincoln

This study examines differences in two prominent positive organisational behaviour constructs—hope and optimism—between the United States and India. Using a sample of 80 Indian and 77 American employees working in two comparable insurance agencies in each country, our study shows that American employees are more optimistic than Indian employees, whereas Indian employees are more hopeful than American employees. We explain these differences in hope and optimism between American and Indian employees within the cultural contexts of the two countries. The insights provided by our comparisons of hope and optimism may help multinational corporations develop human resource management practices that accommodate the values and preferences of American and Indian employees. *(For more information, please contact: Sucheta Nadkarni, University of Nebraska, Lincoln, United States: snadkarn@unlnotes.unl.edu)*

Within Culture Differences and Responses to Ethical Dilemmas: A Study of Thai Managers and Professionals

Charmine E.J. Härtel, Monash University
 Dau Youngsamart, Monash University
 John Hunter McWilliams, Deakin University
 Ruby Ming Ming Ma, Monash University
 Greg Fisher, RMIT University

In this study, we examine the influence of within culture differences on responses to ethical dilemmas. The study, undertaken on a sample of Thai managers and professionals working in a German Multinational Corporation in Thailand, used five self-report measures to assess within cultural differences relevant to the Thai context: how religious one is, how important religion is as an influence on one's work behaviour, how important Kreng Jai (mutual obligation and consideration) is as an influence on one's work behaviour, how important the concept of patron-client relationship is as an influence on one's work behaviour, and how Thai (as opposed to Western) one's work values are. Participant responses for seven scenarios were obtained. The scenarios comprised five scenarios used in previous studies of ethical behaviour and two scenarios developed to illustrate ethical dilemmas that may arise due to the Thai cultural characteristics of patron-client relationships and Kreng Jai. Three multiple regression analyses, one for each dependent variable, were conducted, enabling assessment of the influence of each of the five independent variables adjusting for the effect of the others. Findings suggest that the likelihood of performing the unethical behaviour illustrated by the scenario was influenced only by the extent to which one reported holding Thai (rather than Western) work values. None of the within cultural differences were related to participants' evaluation of whether their peers would engage in the unethical behaviour. The extent to which participants judged the unethical behaviour as unethical was, however, negatively related to how much participants reported religion to influence their work behaviour. Limitations and implications of the research are discussed. *(For more information, please contact: Charmine E.J. Härtel, Monash University, Australia: charmine.hartel@buseco.monash.edu.au)*

Personal Values in Urban China and South Korea: Modern Confucian Societies in Transition

Romie Frederick Littrell, Centre for Cross Cultural Comparisons / Auckland University of Technology
 Gary D. Gregory, University of New South Wales
 Ilan Alon, Rollins College

Data were collected in two urban centres in societies traditionally considered to be heavily influenced by Confucian values, Guangzhou, China and Seoul, South Korea. Theoretical discussion centres on the relationships between the two taxonomies of values, one defined by Confucian social systems, the other by the Schwartz

Values Survey (SVS). The samples were from younger population cohorts, with the average age of the samples approximately thirty years. Results indicate that, based upon the SVS, the two samples do not demonstrate preferences for Confucian values, and support the contention of the World Values Survey that as the two societies develop socioeconomically, they are moving away from traditional values toward self expression values. (For more information, please contact: Romie Frederick Littrell, Centre for Cross Cultural Comparisons / Auckland University of Technology, United States: crossculturalcentre@yahoo.com)

Session: 3.2.7 - Competitive

Track: Track 4 - International Strategic Management

Institutions and Governance: Local Rules of the Game

Presented On: June 26, 2006 - 09:35-10:50

Chair: Anne S. Tsui, Arizona State University

New Institutional Theory and International Corporate Governance: From General Propositions to Hypotheses for Germany.

Trevor Buck, Loughborough University
Amon Chizema, Loughborough University

New Institutional Theory and International Corporate Governance Change: From General Propositions to Hypotheses for Germany

Institutional theory has usually been associated with path dependence and inertia. In international corporate governance, it has been used as an explanation for the supposed continued divergence of national systems. Recent developments in institutional theory, however, identify the circumstances in which change is likely to occur.

Neo-institutional theory is therefore employed to derive propositions concerning governance change in general. Subsequent empirical tests will take years to complete. However, these propositions are then developed in the context of German corporate governance, and executive stock options as a specific governance element, to produce specific, testable hypotheses that are proposed as a theoretical advance.

(For more information, please contact: Amon Chizema, Loughborough University, United Kingdom: A.Chizema@lboro.ac.uk)

Firm Performance During Institutional Transition: Effect of Group Affiliation for Emerging Market Firms

Andrew Delios, National University of Singapore
Ajai S Gaur, National University of Singapore

We investigate the performance implications of business group affiliation over a longitudinal period to capture the effects of institutional transitions. Drawing from the institutional voids and market failure perspectives of business groups, we argue that as institutions in a country evolve and markets for capital, labor and products develop, the positive effects of group affiliation will decline, while the negative effects will increase. We test our arguments on a sample of 8,882 Indian firms, 3,087 of which are affiliated with business groups and 5,795 of which are not. We look at the 12 year time period, from 1993-2004, during which there has been substantial development in various markets in India. We find that group affiliation becomes affiliated with lower firm

performance during a period in which substantial institutional transitions have taken place. *(For more information, please contact: Ajai S Gaur, National University of Singapore, Singapore: ajai@nus.edu.sg)*

Portfolio Restructuring and Performance: Do Corporate Governance and Environmental Change Play a Role?

Zhonghua Wu, National University of Singapore
Ishtiaq Pasha Mahmood, National University of Singapore

Based on the agency theory and institutional perspective, we examine how corporate governance in a firm and changes in the institutional environment are associated with the incidence and performance consequences of portfolio restructurings. Using data from 170 portfolio restructuring transactions from 130 Japanese machinery firms over the period 1998 to 2002, we find that owner-manager alignment not only reduces the incidence of both asset contraction and expansion restructuring, but also increases the performance influences of asset contraction restructuring. Corporate blockholder ownership encourages the incidence of portfolio restructurings; while for firms with relationships with more influential banks, asset expansion restructuring becomes less likely to happen. Our findings suggest that greater checks and balances among stakeholders are important and even can compensate for some of the inherent weakness of external, market-based forms of control. *(For more information, please contact: Zhonghua Wu, National University of Singapore, Singapore: g0403303@nus.edu.sg)*

MNE Subsidiaries' Seeking For Internal or External Legitimacy Under Dual Institutional Pressures: In The Case of Corruption

Kenny Oh, University of Texas at Dallas
Seung-Hyun Lee, University of Texas at Dallas

We examine how institutional duality of corruption affects multinational enterprise (MNE) subsidiaries' engagement in corruption. Drawing on institutional theory and MNE theory, this study captures the extent of conflict between dual institutional pressure between home and host countries and then delineates its influence on MNE subsidiaries' adoption of corruption in the 22 Central and Eastern Europe countries. Result suggests that institutional duality is negatively associated with MNE subsidiaries' bribing behaviors. We also present the case of ritual conformity in regulative elements of institutions in corruption, which suggests practical insights for the battle against corruption. Finally, we discuss the theoretical implications and limitations of this research. *(For more information, please contact: Kenny Oh, University of Texas at Dallas, United States: kennyoh64@yahoo.com)*

Session: 3.2.8 - Competitive

Track: Track 5 - Entry, Expansion & Operations Strategies

Local Partner Perspectives on Foreign Investors

Presented On: June 26, 2006 - 09:35-10:50

Chair: Hemant Merchant, Simon Fraser University

How do Buyer-Seller Relationships Influence Suppliers' Modes of Entry? An Empirical Examination from the Supplier's Point of View

Chwo-Ming Yu, National Chengchi University
Huang-Che (David) Wong, National Chengchi University
Yu-Ching Chiao, National Chung Hsing University

Unlike previous studies, which have assumed that firms, as buyers, act in isolation, we examine the choice of entry mode from the point of view of the supplier. We argue that in those situations in which suppliers are requested to make follow-up investments with buyers, the suppliers' choice of entry mode will be influenced by their linkages with buyers. Two types of linkages are identified as explanatory variables: those with foreign buyers, and those with domestic buyers. Based on transaction cost theory and network theory, respectively, we propose two competing pairs of hypotheses relating to firms' tendencies to establish wholly-owned subsidiaries or joint ventures. Specifically, network theory suggests that linkages with foreign buyers will tend to engender joint ventures, while linkages with domestic buyers will tend to engender wholly-owned subsidiaries. Transaction cost theory, however, suggests a conflicting set of predictions. After examining a sample of 400 Taiwanese manufacturers, we find that suppliers' entry mode choices are more accurately explained by transaction cost theory. *(For more information, please contact: Chwo-Ming Yu, National Chengchi University, Taiwan: yu54@nccu.edu.tw)*

Non-equity Alliances and the Performance of Indian Software Firms

Stanley Nollen, Georgetown University
N.S. Siddharthan, Delhi University

The Indian software industry has grown very rapidly for more than a decade. In this study we report the results of a multivariate statistical analysis of the determinants of sales revenue growth and profit margins of Indian software firms. Based on original firm-level survey data, our SUR estimates show that both the firm's growth and profits are greater if it has more foreign non-equity alliances. Firms enjoying higher labor productivity with experienced managers and holding quality certifications achieve higher growth while firms of recent vintage having greater interaction with non-resident Indians report higher profit margins. *(For more information, please contact: Stanley Nollen, Georgetown University, United States: nollens@georgetown.edu)*

Local Parent Control in International Joint Ventures: A Study of IJVs in China

Seung Ho Park, Samsung Economic Research Center / CEIBS
Dong Chen, Loyola Marymount University

Using survey data on IJVs in China, this study examines how local parent firms modify their output, process, and social control to accommodate internal and external conditions. The findings suggests that Chinese parent firms utilize process control in order to learn from foreign partners; their equity contribution and general competence enables all types of control; their knowledge contribution enhances their process and social control. In response to goal incongruence with untrustworthy partners, Chinese parent firms mainly rely on social control. And to influence IJVs of great importance, they tend to exercise output control. *(For more information, please contact: Dong Chen, Loyola Marymount University, United States: dchen@lmu.edu)*

Antecedents of Horizontal Acquisitions During Institutional Transitions: A Theoretical Model and Evidence from Chinese Beer Industry

Changqi Wu, Peking University
Yuping Zeng, Peking University

This paper detects antecedents of horizontal acquisitions in the context of institutional transitions. The specific characteristics of transition economies highlight a seller-determining characteristic of mergers and acquisitions in transitional economies. This leads to a critical question of horizontal acquisitions in transitional economies: why and when do a firm might be willing to sell? Drawing on the resource based view and institutional theory, we develop a theoretical model relating the likelihood of a firm to be acquired to: (1) its embeddedness in the pre-transition institutional system; (2) organizational changes it undertook in responding to institutional transitions; (3) its current strategic differentiation and conformity. The theoretical model is tested with data from Chinese beer industry from 1995 to 2004. The empirical results are consistent with the predictions of the

theoretical model, showing that in the context of institutional transitions, a firm's fate in the dynamic environment is affected by both its historic background and its current behaviors. (For more information, please contact: Yuping Zeng, Peking University, China: zengyuping@gsm.pku.edu.cn)

Session: 3.2.9 - Competitive

Track: Track 6 - Marketing and Supply-Chain

Power, Dependence, and Perceived Fairness in Distribution Channels

Presented On: June 26, 2006 - 09:35-10:50

Chair: S. Tamer Cavusgil, Michigan State University

The Impacts of Specific Investments and Similarity of Business Value on Perceived Fairness in the Supplier-Distributor Relationship: The Moderating Role of Dependence

Jia Liu, Tsinghua University

Ping Zhao, Tsinghua University

Zhilin Yang, City University of Hong Kong

Zuohao Hu, Tsinghua University

It is argued that economic and social values increase the level of perceived fairness. Based upon 348 supplier-dealer dyads, we find that both specific investments and similarity of business value have a positive effect on perceived fairness, and the impact of the latter is stronger. Our results also indicate that the moderating effects of dependence on the relationship between values and perceived fairness are distinct for two types of fairness. (For more information, please contact: Zuohao Hu, Tsinghua University, China: huzh@em.tsinghua.edu.cn)

Response Strategies to Noncooperative Incidents in International Distribution Partnerships

Chun Zhang, University of Vermont

S. Tamer Cavusgil, Michigan State University

Meng Zhao, California State University, Dominguez Hills

David A. Griffith, Michigan State University

Using an individual incident as the unit of analysis, this study attempts to address questions including (1) what are the viable response strategies to noncooperative incidents (NCIs) in international distribution partnerships, (2) how do NCI attributions influence the use of response strategies, and (3) how do response strategies affect channel equity. Borrowing from literature in institutional economics, channel governance and attribution theory, this research develops a model of response strategies to NCIs in international distribution partnerships. This model is tested using a cross-industry survey of U.S. manufacturers that export through foreign distributors. The findings of the empirical research suggest that four types of response strategies (exit, adjustments of incentives, adjustments of socialization, and tolerance) are associated with different types of NCI attributions and influence the change in channel equity. (For more information, please contact: Chun Zhang, University of Vermont, United States: chun.zhang@uvm.edu)

Dependence of Automotive Supplier Firms in Developing Countries: An Empirical Study from Turkey

Murat Akpınar, Turku School of Economics and Business Administration

Peter Zettinig, Victoria University of Wellington

The geographical shift in the production of motor vehicles towards developing countries has initiated the growth of local supply industries. Local suppliers in developing countries, however, are at a disadvantage vs. their

mostly multinational customers. This paper focuses on supplier – original equipment manufacturer relationships in the Turkish automotive industry through the application of a resource-dependence perspective. Whereas the development of a conceptual framework allows us to detect the distribution of power in such industrial relationships, the testing of the developed framework with the statistical analysis of secondary data from Turkey generates a number of explanations of the origin of power asymmetries in the Turkish context. As a result we construct a map with strategic paths that indicate how supplier firms may be able to overcome disadvantages and growth inhibitors resulting from dependence to original equipment manufacturers. The framework is able both to serve the strategic positioning at a micro-level and also to generate tools for industry wide analysis, which creates value for industry associations and governments on local and national levels. *(For more information, please contact: Peter Zettinig, Victoria University of Wellington, New Zealand: peter.zettinig@vuw.ac.nz)*

Understanding Contract Enforcement Effects in Marketing Channels in China: Saliency of Observer Effect and Fairness Judgments

Jiang Qingyun, Fudan University
 Chuoyan Dong, University of Hong Kong
 David K. Tse, University of Hong Kong

A number of seminal studies have provided valuable insights on how suppliers adopt enforcement actions when their distributor contracts are violated. This paper complements the literature by examining the receiver effects of such contract enforcement actions and assesses how these effects affect channel relationship and performance. We do so by focusing the receiver side of contract enforcement (CE) action, the behavior by focal and observer distributors. Our paper first delineates the key behavioral process (in particular, fairness judgment) that distributors go through as they receive the contract enforcement actions. Using integrative insights from fairness judgments, transaction cost analysis and relational exchange paradigm, our paper discusses how focal and observer distributors react to these contract enforcement actions. In particular, we postulate that procedurally fair CE actions enhance supplier professional integrity and promote perception of supplier's governance ability which in turn reduces opportunistic behavior through tighter control in the channel. Distributively fair CE actions, on the hand, enhance supplier's moral integrity, promote stronger long-term co-operations which in turn reduces opportunistic behaviors through sharing of profits. Our paper discusses the academic and managerial implications of the model. *(For more information, please contact: Chuoyan Dong, University of Hong Kong, Hong Kong: davidtse@business.hku.hk)*

Session: 3.2.10 - Competitive

Track: Track 10 - Internationalization of Asian Firms

Technology and the Internationalization of Asian Firms

Presented On: June 26, 2006 - 09:35-10:50

Chair: Ping Deng, Maryville University of St. Louis

National Culture and Perceived Information Technology Capability: A Comparison of Born Global Firms in People's Republic of China and the United States

Man Zhang, Bowling Green State University
 James McCullough, University of Puget Sound
 Patriya Tansuhaj, Washington State University

Born global firms must be able to communicate and process data efficiently and effectively throughout the firm and with international suppliers and distributors. Thus information technology capability plays very important

role in their business. Yet, information technology capability is often affected by the various cultures in which born global firms conduct their domestic and international operations. This study examines the influence of cultural environments on information technology (IT) capability of born global firms. Data were collected from 121 Chinese and 51 American born global firms. The results show that three of the four dimensions of IT capability are perceived differently in China and the U.S.; the only one that is perceived the same is the IT human relationship resources. *(For more information, please contact: Man Zhang, Bowling Green State University, United States: mzhang@cba.bgsu.edu)*

"A Roasted Duck Can Still Fly Away": National Culture and the Failure of Internationalization and Loss of Technological Advantage by an Entrepreneurial Start-Up

Marina Zhang, Australian National University
Mark Jonathan Dodgson, University of Queensland

The possession of key international technical standards can provide considerable competitive advantage in many fields of high technology. Avaro, a start-up Korean company, developed and owned a critical standard in the emerging international mobile payments industry. The company also enjoyed many of the conditions conducive to successful internationalization, such as supportive international networks, encouraging government policy, attractive international market and financing opportunities and a munificent technological and business home national base. Yet the company's efforts at early and rapid internationalization failed. A multiplicity of factors explains how, despite its many advantages, the company did not internationalize successfully, including issues related to the constitution of the entrepreneurial team and the social networks surrounding it. The paper highlights the importance of constraining cultural factors, manifested in their most extreme form as nationalism, and argues that research into international entrepreneurship has fully to account for national cultural influences. *(For more information, please contact: Mark Jonathan Dodgson, University of Queensland, Australia: mark.dodgson@uq.edu.au)*

Performance Effects of International Technology Sourcing: The Case of Korean Firms

Jay Hyuk Rhee, Korea University
Martin Hemmert, Korea University

In this paper, we investigate the effects of internationalization on performance in the field of technology sourcing, understood as the acquisition of technological knowledge either from inside or outside of a firm. Based on considerations regarding the costs and benefits of international technology sourcing, we expect that firms face a trade-off between increasing effectiveness (newness, market fit, transferability) and decreasing efficiency (cost control of input factors, operating efficiency, speed) when internationalizing their activities in this field. Furthermore, we apply these considerations to the case of Korean firms, which can be classified as latecomers in international technology sourcing, and develop hypotheses regarding the performance effects of international technology sourcing for these firms. We test our hypotheses through the analysis of survey data on the international technology sourcing in 37 technological fields of 5 leading R&D intensive Korean firms and observe that (a) international technology sourcing from firm-internal sources has a negative effect on effectiveness, (b) international technology sourcing from other firms has a positive effect on effectiveness and (c) international technology sourcing from non-industrial sources negatively influences efficiency. Our results highlight the specific conditions under which latecomer firms may improve their performance through international technology sourcing. *(For more information, please contact: Martin Hemmert, Korea University, South Korea: mhemmert@korea.ac.kr)*

Patterns of Chinese Firms Internationalization - The Lenovo Case

Francois Duhamel, HEC School of Management, Paris

Chinese companies recent internationalization present different patterns, in terms of motivations and choices of market entry. In this paper, we show the relevance of historical processes to account for Chinese firms' internationalization through foreign acquisitions. To illustrate this phenomenon, we develop the case of Lenovo, which now ranks as the 3rd company in the world in the PC market, after the acquisition of IBM PC Division in 2004. (For more information, please contact: Francois Duhamel, HEC School of Management, Paris, France: duhamelf@hec.fr)

Session: 3.2.11 - Competitive

Track: Track 3 - Managing People Across Cultures

The Impact of Globalization on International Management

Presented On: June 26, 2006 - 09:35-10:50

Chair: William Newburry, Rutgers University

Technological Readiness as a Dynamic Capability

Daniel G. Bachrach, University of Alabama
 Michael G. Harvey, University of Mississippi
 R Glenn Richey, University of Alabama
 Hui Wang, Peking University

With the United States holding the title of economic superpower and China emerging to potentially supplant her, we examined the influence of task interdependence and unit-level performance on unit technological readiness. The experiment was conducted in the United States and The People's Republic of China. A total of 383 evaluators participated. Participants were exposed to a task-interdependence manipulation and a unit level performance manipulation. Ratings of technological readiness were measured. Results support a three way interaction effect of task interdependence, unit performance, and culture on technological readiness estimations providing insights into dynamic differences in the management of units in both the United States and People's Republic of China. (For more information, please contact: R Glenn Richey, University of Alabama, United States: grichey@cba.ua.edu)

From "Onion" to "Ocean": Paradox and Change in National Cultures

Tony Fang, Stockholm University

Differing from the dominant bi-polar paradigm of analyzing national cultures, this article champions a dialectical approach which sees each national culture as having a life of its own full of dynamics and paradoxes. The article calls for shifting our mindset from the Cold War "onion" way of analyzing culture to a new "ocean" way of understanding culture to capture the dynamics of national cultures. The Chinese philosophy Yin Yang offers crucial implications for theory rebuilding of international cross-cultural management in the age of globalization. (For more information, please contact: Tony Fang, Stockholm University, Sweden: tf@fek.su.se)

A House Divided? The 'Cohort Model' of the MNC as a Critical Perspective on Culture in Globalising Organisations and its Implications for Existing Theory

Fiona Moore, Kingston University

In this paper, I will outline and discuss a proposed new way of viewing the relationship between national cultures and multinational corporations developed through applying ethnographic research techniques to multinational corporations: the 'cohort model' of the organisation. I will also consider its potential theoretical

and practical applications for the study of culture, and its impact on knowledge management, in international business, and for the potential utility of ethnographic research in business and management studies. I argue that the cohort model allows us to take a more complex view of the organisation, in line with the current trend in international business studies towards viewing MNCs not as simple entities, but as complicated, embedded and networked social groupings. As I will demonstrate through the case study, the cohort model is particularly useful for examining situations of change and knowledge transfer within organisations. The model also allows us to consider the ways in which the micropolitical affects the macropolitical in organisations, and to generalise usefully from extant case studies. I will thus not only demonstrate the potential utility of the 'cohort model' to international business studies, but indicate how qualitative research methodologies, particularly in the ethnographic field, can allow researchers a more comprehensive, holistic picture of the organisation. *(For more information, please contact: Fiona Moore, Kingston University, United Kingdom: f.moore@kingston.ac.uk)*

The Cultural and Institutional Determinants of Agglomeration: A Study of Plant Location Choice in the Global Semiconductor Industry

Zheyang Wu, University of Southern California
 Xavier Martin, Tilburg University
 Robert Salomon, New York University

Although scholars from various disciplines have examined both the antecedents to, and consequences of, firm location choice, we understand less than we should about how national culture and the institutional environment impact the location decisions of firms. To fill this gap, we examine how cultural and institutional factors impact the location decisions of firms. We theorize that a collectivist national culture, as well as institutional uncertainty (decomposed into economic and political components), encourages firms to collocate their plants with existing agglomerations of plants in the same industry. Empirically, we study the location pattern of 935 plants from 262 parent firms across 26 countries in the semiconductor industry. Moreover, because for foreign investments, the cultural and institutional environments in the home country differ from those in the host country, we explore whether foreign investments into a particular country are influenced by cultural and institutional conditions in the host and/or home country. Consistent with our theory, we find that firms are more likely to agglomerate in collectivist countries, and in those characterized by political and economic uncertainty. Further, firms making foreign investments are more likely to follow the location patterns exhibited in the host, rather than their home, country. *(For more information, please contact: Zheyang Wu, University of Southern California, United States: zwu@usc.edu)*

Session: 3.2.12 - Competitive

Track: Track 8 - Offshoring and Outsourcing

Strategic Aspects of Offshore Outsourcing

Presented On: June 26, 2006 - 09:35-10:50

Chair: Runjuan Liu, University of Alberta

The Impacts of Service Offshoring and Inshoring on U.S. Labor Market

Runjuan Liu, University of Alberta

We assume two channels through which service offshoring affects U.S. workers. We identify that about 18% working age private workers are potentially affected by service offshoring through their affiliated industries and 25% are potentially affect through their affiliated occupations. According to the proposed channels, we link cross-border service data and matched CPS data to estimate the impacts of service offshoring to China and India on earning growth and probability of switching industry/occupation of U.S. workers. We find weak

evidence that earning growth is negatively associated with service offshoring to China and India, strong evidence that probability of switching occupation is positively related to service offshoring to China and India, and little evidence that probability of switching industry is positively related to service offshoring to China and India. We also provide the first evidence that earning growth and job stability are positively associated with service inshoring to China and India. These results call for well-designed trade assistant programs for workers at risk to service offshoring, but do not call for new protectionism. *(For more information, please contact: Runjuan Liu, University of Alberta, Canada: runjuan.liu@ualberta.ca)*

A Research Model for Enhancing Competitiveness Through Offshore Outsourcing

Ben L. Kedia, University of Memphis
Somnath Lahiri, University of Memphis

The business landscape is currently witnessing widespread migration of routine service functions from developed nations as the U.S to several foreign countries as India, China, Ireland etc. where cost of skilled labor is lower. This is happening as more and more firms practice offshore outsourcing of services (OFS) to survive in today's highly competitive environment. Despite its current and anticipated future growth, the practice of OFS has not received adequate attention from a scholarly focus. Of particular concern is the absence of a broad framework that can aid fuller understanding of OFS using the perspectives of users and providers in conjunction. We observe that our existing understanding of OFS is relatively narrow and one-sided.

In this paper, we delineate the importance of OFS as an important research domain, provide an overview of the extant conceptualization of OFS, and offer a model that takes into consideration the user- and provider sides. We posit that competitiveness of user firms is intricately related with the dynamics of their provider firms, and also on the economic and social parameters of the provider nations. Further, the outcome of a properly planned and executed OFS alliance will result in mutual value creation. *(For more information, please contact: Somnath Lahiri, University of Memphis, United States: slahiri@memphis.edu)*

Globalization and Firm Restructuring

Kristien Coucke, Ehsal
Enrico Pennings, Erasmus
Leo Sleuwaegen, Katholieke Universiteit Leuven

Pressured by growing international competition an increasing number of firms are forced to rationalize productive operations. Especially poorly performing firms need to improve their profitability through downsizing or relocating their operations, which in many cases causes collective employee-layoffs. This paper adds to the emergent literature on the consequences of downsizing by looking into the determinants of collective employee-layoffs. Based on a unique sample of firms reporting collective layoffs in Belgium this paper analyzes the firm's decision to dismiss all employees (exit), a significant proportion of its employees (downsizing), or to close down part of its activities and to move production abroad (international relocation). We theoretically show and empirically find that relocating firms are most profitable among the restructuring firms, have invested more in the recent past, operate in sectors with significant economies of scale and belong more often to a multinational group than firms opting for downsizing or exit. Downsizing firms are more capital intensive than relocating firms, while exiting firms are less profitable, smaller, younger and more labor intensive than downsizing or relocating firms. *(For more information, please contact: Leo Sleuwaegen, Katholieke Universiteit Leuven, Belgium: leo.sleuwaegen@econ.kuleuven.ac.be)*

Understanding International Entrepreneurship Processes: The Roles of International Learning and Entrepreneurial Teams' Social Networks

Taiyuan Wang, University of Western Ontario

International entrepreneurship (IE) plays an important role in the world economy. Newly established firms are likely to possess neither resources nor knowledge to go abroad. Under such situations, international learning based on entrepreneurial teams' social networks seems critical. In this paper, I develop a theoretical framework to explain the roles of international learning and entrepreneurial teams' social networks in IE processes. I argue that perceived IE opportunities trigger international learning, which in turn drives the exploitation of IE opportunities. Further, the effect of perceived IE opportunities on international learning, and the effect of international learning on IE opportunity exploitation are contingent upon entrepreneurial teams' social networks. (For more information, please contact: Taiyuan Wang, University of Western Ontario, Canada: twang@ivey.uwo.ca)

Session: 3.2.13 - Competitive

Track: Track 1 - The Context of Global Business

Determinants of 'Responsible' Corporate Behavior

Presented On: June 26, 2006 - 09:35-10:50

Chair: Nakiye Boyacigiller, Sabanci University

Investigating the Determinants of Whistleblowing Intention: Reporting Initial Findings of an Empirical Study in P. R. China

Ying Zhang, Hong Kong Baptist University

Randy K. Chiu, Hong Kong Baptist University

Interest of whistleblowing in China has been heightened in business and public administration both by widely-publicized individual cases (e.g., Dr. Jiang Yanyong) and by the anti-corruption campaign in the recent years. Currently, there is no comprehensive theory of whistleblowing that existed to explain the phenomenon, but theories on prosocial behavior and ethical decision making have been utilized by various researchers to predict whistleblowing decision making process.

This study proposed an interactionist model of whistleblowing incorporating individual and organizational characteristics, based on Rest's four-component ethical decision making model and Trevino's person-situation interactionist model. Surveys were conducted in 10 banks of Zhejiang Province, P. R. China. Consistent with our hypothesis, the result showed that ethical judgment explained a significantly high variance of whistleblowing intention ($R^2=0.32$). Positive mood was a moderator that interacted with ethical judgment to predict whistleblowing intention. Moreover, a three-way interaction effect was also found to be significant ($p<0.001$) such that organizational ethical culture served as a second moderator on the interaction effect of positive mood and ethical judgment towards whistleblowing intention. These findings were interpreted by theories in organizational behavior and business ethics. Limitations and implications were addressed and discussed in the end of the paper. (For more information, please contact: Ying Zhang, Hong Kong Baptist University, Hong Kong: 04415698@hkbu.edu.hk)

NGOs' Influence on MNEs' Social Development Strategies: A Transaction Cost Perspective

Jonathan Doh, Villanova University

Sushil Vachani, Boston University

Hildy Teegen, George Washington University

This paper applies the transaction cost economics (TCE) framework to explain the effect of nongovernmental organizations (NGOs) on multinational enterprises (MNEs) as they resist or adopt social development strategies. It classifies MNEs' social development strategies by level and posture, and types of NGOs depending on their role as advocates or service providers. It develops propositions about NGOs' effect on MNEs' transaction costs,

and how they vary with level and posture of MNEs' social development strategy, with important aspects of the international institutional context, and with MNEs' stage and mode of foreign entry (*For more information, please contact: Sushil Vachani, Boston University, United States: svachani@bu.edu*)

How Market Attractiveness Moderates the Relationship Between Corruption and FDI

Lance Eliot Brouthers, University of Texas at El Paso
 Mohamed Feras Salama, University of Texas at El Paso
 Yan Gao, University of Texas at El Paso
 Jason McNicol, University of Texas at El Paso

While the scholarly consensus is that corruption has a negative impact on foreign direct investment (FDI), a competing theory ("speed money" – corruption may enhance efficiency for private investors in countries with underdeveloped economic and legal regulations), as well as the experiences of a number of Developing Countries suggest that higher levels of corruption may not always deter FDI. We attempt to resolve this paradox by proposing that market attractiveness moderates the relationship between corruption and foreign investment; when firms face highly corrupt, highly attractive markets, the attractiveness of the market reduces the impact of corruption, causing FDI to be greater than what it would be in a less attractive, but equally corrupt market. Managerial implications and future research directions are discussed. (*For more information, please contact: Yan Gao, University of Texas at El Paso, United States: ygao@utep.edu*)

Firm Self-Regulation Through International Certifiable Standards: Determinants of Symbolic Versus Substantive Implementation

Glen Taylor, University of Tampa
 Petra Christmann, Rutgers University

International certifiable management system standards that have been advocated as a governance mechanism for firm self-regulation of environmental conduct, working conditions, and broader corporate social responsibility issues are only effective if certified firms comply with standards' requirements. Weaknesses in the standard auditing and certification system give rise to the possibility that firms can obtain certification without complying with a standard's requirements. This paper aims to contribute to a better understanding of the conditions under which international certifiable standards are effective mechanisms for firm self-regulation by empirically examining the determinants of firm compliance with requirements of these standards. Because customer requirements are an important driver of standard certification our hypotheses focus on the impact of customer activities and characteristics on suppliers' level of compliance. Our empirical analysis shows that ISO certified firms in China strategically select their level of compliance depending on customer preferences, customer monitoring, expected sanctions by customers and firm capabilities. These findings cast doubt on the effectiveness of international certifiable standards as a mechanism for self-regulation. We discuss implications for the design of a global system of self-regulation based on certifiable standards and for future research on certifiable standards. (*For more information, please contact: Petra Christmann, Rutgers University, United States: christmannp@rbs.rutgers.edu*)

Session: 3.3.1 - Panel

Track: Track 3 - Managing People Across Cultures

Expatriate Experiences In China: A Practical Perspective

Presented On: June 26, 2006 - 11:15-12:30

Chair: Timothy Michael Devinney, Australian Graduate School of Management

Panelists:

Timothy Michael Devinney, Australian Graduate School of Management
 Benjamin Zhai, Egon Zehnder International
 William McCahill, WilmerHale
 David Kay, Microsoft Corporation
 Sabina Brady, Western Academy
 Wendy Simpson, Invest Victoria

The expatriate experience in developing countries has been the subject of numerous books and films. The sense of confusion experienced by Bill Murray in "Lost in Translation" no doubt came with a lot of nods and recognition from those who went through similar experiences in the first, second or even third overseas assignment. The purpose of the "expatriate experiences" panel is to provide a free flowing discussion of the experiences of long established expatriates in China. The panelists represent those whose experiences range from the established corporate networks that have evolved over the last two decades to those involved in sensitive non-governmental and governmental work in China. The purpose is to provide more than the usual recent expatriate experience by involving panelists who have seen China from the inside from the transition in the early 1980s to the booming 21st century. (For more information, please contact: Timothy Michael Devinney, Australian Graduate School of Management, Australia: T.Devinney@agsm.edu.au)

Session: 3.3.2 - Special Session
Born Globals: New Frontiers (ANZIBA Special Session)

Presented On: June 26, 2006 - 11:15-12:30

Chair: Peter Liesch, University of Queensland

Do Born Global Firms Represent a Truly Distinct Type of Organisation?
 John Douglas Dow, Melbourne Business School

Traditionally Internationalised Firms and Born Globals: Do They Differ?
 Elizabeth Rose, Victoria University of Wellington
 Janti Gunawan, Sepuluh Nopember
 Valerie J. Lindsay, Victoria University of Wellington

Born Globals: Demystifying their Rapid and Early Internationalisation
 Jay Weerawardena, University of Queensland

Hidden Ties in International New Venturing: The Case of Portfolio Entrepreneurs
 Sara McGaughey, University of Leeds

Session: 3.3.3 - Panel

Track: Track 10 - Internationalization of Asian Firms

Emerging MNEs from Emerging Markets: Comparing the Experiences of China, India, and Korea

Presented On: June 26, 2006 - 11:15-12:30

Chair: Ravi Ramamurti, Northeastern University

Panelists:

Ravi Ramamurti, Northeastern University
Dong-Sung Cho, Seoul National University
Peter Williamson, INSEAD
Ming Zeng, Cheung Kong Graduate School of Business

This panel will examine the driving forces behind the rise of MNEs from China, India, and Korea--firms such as Haier, Lenovo, Infosys, Ranbaxy, Samsung, and Daewoo. We use country as the unit of analysis because in the early stages of internationalization, a firm's competitiveness depends critically on home-country or location-specific advantages (LSAs). The countries represented are all Asian but otherwise diverse in terms of size of economy, development strategy, role of state enterprises, and experience with internationalization.

Questions to be explored include: (1) in which industries have each country's firms internationalized the most, and why? (2) what role did government policies play in this process? (3) what are the strengths, weaknesses, and strategies pursued by firms as they internationalize? (4) how sustainable are their competitive advantages? and (5) what are the implications of this trend for global competition?

Juxtaposing the national experiences of three important Asian countries should provoke fruitful inquiry into the reasons for observed similarities and differences, and help develop generalizations about the internationalization of firms from emerging economies and understand the implications for global competition. *(For more information, please contact: Ravi Ramamurti, Northeastern University, United States: r.ramamurti@neu.edu)*

Session: 3.3.4 - Competitive

Track: Track 1 - The Context of Global Business

Impact of Institutions

Presented On: June 26, 2006 - 11:15-12:30

Chair: Zhan Su, Université Laval

Formal vs. Informal Institutional Determinants of Entrepreneurship in Urban China

Katherine Terrell, University of Michigan
Michael Louis Troilo, University of Michigan

We test for the relative importance of formal v. informal institutions as a catalyst for entrepreneurship in urban China using survey data from five cities for the period 1996-2001. We find that social ties to family and friends, our proxy for informal institutions, are relatively insignificant compared to formal financial institutions proxied by the levels of bank savings deposits and foreign direct investment in the urban environment. *(For more information, please contact: Michael Louis Troilo, University of Michigan, United States: mtroilo@umich.edu)*

Business Group Affiliation as Institutional Linkages: An Integration of Resource-based View and Institutional Perspective

Jane Lu, Singapore Management University
Xufei Ma, National University of Singapore

We conceptualize business group affiliation as institutional linkages by integrating resource-based view and institutional perspective. In a sample of 1,233 Chinese listed companies, we find that group affiliation's value is more prominent in mitigating young firms' "liability of newness" rather than small firms' "liability of smallness", and that it can add more to firms operating in less-developed locations or in restricted industries. Our findings point to the contingent value of business group affiliation in emerging economies. *(For more information, please contact: Xufei Ma, National University of Singapore, Singapore: maxufei@nus.edu.sg)*

Does Democracy Matter? An Institutional Conflict Perspective

Suhaib Riaz, University of Western Ontario

Based on institutional studies literature, we introduce the theoretical idea of 'institutional conflict' to explore whether democracy matters for MNEs. We develop the theoretical argument that more democratic countries have less underlying institutional conflict, and therefore MNE subsidiaries in these countries would have higher survival rates. We also argue that prior MNE experience in a host country would enable it to mitigate some of the pitfalls associated with institutional conflicts in the country, and would thus moderate the relationship between democracy and MNE subsidiary survival. We then empirically examine the phenomena, using a measure of democracy for host country governments from the UNDP Human Development Report. We test the impact of democracy on MNE subsidiary survival using a sample of 7884 Japanese overseas subsidiaries across 85 countries over a ten year period (1992 - 2001). Controlling for several organizational and country level variables, we find support for both the main effect of democracy and interactive effect of prior host country experience and democracy on MNE subsidiary survival. *(For more information, please contact: Suhaib Riaz, University of Western Ontario, Canada: sriaz@ivey.uwo.ca)*

The Consequences of Context: Institutions and Venture Performance in Developed vs. Emerging Economies

Niels Billou, European School of Management and Technology

This paper examines the impact of national institutional context, comprised of regulatory, cognitive, and normative dimensions, on venture performance in developed vs. emerging economies. Data is collected on 451 Information Technology ventures in five countries, three developed and two emerging: Denmark, Egypt, Iran, Ireland and UK. Structural equation modelling is used to demonstrate that the national institutional context has both direct and indirect effects on venture performance in both emerging and developing market contexts. The results show the regulatory environment is positively and significantly associated with venture performance in both developed and developing countries; however, the effect is stronger in developing economies. In developed economies, normative and cognitive dimensions have only significant indirect relationship with venture performance, whereas they have only direct effects in the emerging market model. Specific human capital is shown to be more relevant in developed markets, whereas general human capital is shown to be more important in emerging markets. The pursuit of an innovation strategy is shown to be significant in both contexts. Insights from these findings will enrich our understanding of venture performance in a global context and allow for more robust theories of performance across different contexts. *(For more information, please contact: Niels Billou, European School of Management and Technology, Germany: billou@esmt.org)*

Session: 3.3.5 - Competitive
Track: Track 4 - International Strategic Management

Intra-organization Strategy and Control

Presented On: June 26, 2006 - 11:15-12:30

Chair: David Wilson, Warwick University

Managing Diversified Divisions through Socio-Cultural Mechanisms: An Exploratory Comparison between Korean and U.S. Firms

Ji-Hwan Lee, Ewha Womans University

Based on theoretical considerations, this article investigates the socio-cultural mechanisms through which diversified firms are effectively managed without loss of control. Empirical results based on samples from Korea and the U.S. show that socio-cultural mechanisms such as shared values and corporate-level training, were significantly and positively associated with divisional performance. Korean chaebols appear to have leveraged socio-cultural mechanisms better than large U.S. firms, and thus, have had an advantage in continuing to diversify. Cases of chaebols that have built in those mechanisms successfully are examined in an attempt to identify actual levers behind the statistical results, and thus extract practical insights. *(For more information, please contact: Ji-Hwan Lee, Ewha Womans University, South Korea: leejh@ewha.ac.kr)*

The Role of Market Orientation in the Business Success of the MNC's Foreign Subsidiaries

Riliang Qu, Aston Business School

In recent discussions over the contribution of marketing to the strategy dialogue, market orientation has been singled out as being of particular importance in relation to the understanding of competitive advantage (Day et al 1992, Hunt and Lamb 2000). Research in the past has focused primarily on firms operating in domestic markets. As such, despite the recent progress, it is unclear of relevancy of market orientation as a construct in the context of multinational corporations (MNC) and their foreign subsidiaries. In this study, we set out to explore the role of market orientation in the subsidiary business performance. An investigation of a sample of 252 foreign subsidiaries in the UK revealed that except for "receptive? subsidiaries (Taggart 1998), market orientation has significant positive relationships with a number of business performance measures in all three other types of subsidiaries, suggesting that market orientation is a key driver for business performance at foreign subsidiaries.

(For more information, please contact: Riliang Qu, Aston Business School, United Kingdom: r.qu@aston.ac.uk)

International Agent Performance: Global Capabilities and Principal-Agent Relationships

William Newburry, Rutgers University

Huiping Li, Rutgers University

International business research has primarily focused on large multinational corporations, with smaller family-owned businesses being less well studied, despite their prevalence and importance to the world economy. We conduct an activity-level examination of the internationalization process of a small family business in twenty-nine countries involving thirty-six agents in order to understand factors that contribute to overseas agent performance. We develop and empirically test hypotheses predicting international agent performance based upon two categories of internationalization process variables: agent global capabilities and relationship development. Additionally, we use three dependent variables: activity-level performance, agent-level performance, and principal firm-evaluated performance. In doing so, the paper integrates core theory related to managing overseas subsidiaries, internationalization process, and network relationships and applies these

theories to small family businesses. We find that inter-agent communication and agent coordination capabilities are both positively related to performance across all three of our performance measures. Additionally, having a principal-agent relationship defined by a formal contract is negatively related to performance for all three measures. Significant relationships for four other independent variables (responsiveness capabilities, principle firm provided training, cultural competencies, and standardization preferences) vary based upon the performance measure used. *(For more information, please contact: William Newburry, Rutgers University, United States: newburry@andromeda.rutgers.edu)*

Session: 3.3.6 - Panel

Track: Track 8 - Offshoring and Outsourcing

Global NGOs: Challenges and Opportunities in a Networked World

Presented On: June 26, 2006 - 11:15-12:30

Chair: William B. Werther, University of Miami

Panelists:

William B. Werther, University of Miami
 Jeffrey Kerr, University of Miami
 Peter Monge, University of Southern California
 Janet Fulk, University of Southern California
 Mary Teagarden, Thunderbird

Nongovernmental organizations (NGOs) continue to play an increasingly integral role both as barriers to and facilitators of globalization. They can facilitate competitive advantage or they can thwart strategic plans that have undesirable social, ecological, or other consequences. Love them or hate them, NGOs are an integral consideration of any global strategy businesses choose to pursue.

This roundtable explores the challenges and opportunities facing NGOs in an increasingly networked world. While NGOs face unique limitations in their ability to deliver on their individual vision and missions, they also face emerging opportunities to shape the on-going globalization process. Whether through NGO networks, alliances with businesses, or partnerships with government, NGO increasingly can offer international businesses a patina of respectability that can further shape the corporate social responsibility of business, foreign and domestic.

The panel seeks to identify the drivers and barriers to increased NGO influence on the globalization process. Then, within this increasingly global context, the roundtable explores how NGOs are responding. Finally, the session ends with a discussion of needed research. Where do we need more information? Greater transparency among NGOs? What are seemingly useful research propositions and hypotheses that should be explored further? *(For more information, please contact: William B. Werther, University of Miami, United States: werther@miami.edu)*

Session: 3.3.7 - Competitive

Track: Track 1 - The Context of Global Business

Internationalization Issues

Presented On: June 26, 2006 - 11:15-12:30

Chair: Llewellyn D. Howell, University of Hawaii at Manoa

Exploring Patterns of Upstream Internationalization: The Role of Home-Region 'Stickiness'

Rob Van Tulder, RSM Erasmus University
 Alan R. Muller, University of Amsterdam

Recent work has emphasized the importance of regional strategies downstream, adding new depth to the debate on 'globalization'. This paper contributes by exploring the upstream dimension of MNE strategies for a sample of Triad-based Fortune 500 firms. We theorize that firms are relatively more constrained in internationalizing upstream activities than downstream activities. The source of that constraint is co-evolutionary 'stickiness' that stems from the vested interests home-region stakeholders (such as suppliers, labor, research institutes and governments) have in higher value adding upstream activities. We find support for our hypothesis that MNEs with higher levels of value-added upstream are relatively constrained in their ability to shift that activity outside the home region due to its strategic significance for home-region stakeholders. *(For more information, please contact: Alan R. Muller, University of Amsterdam, Netherlands: amuller@uva.nl)*

Internationalization of SMEs in Europe: A Comparative Study

Leo-Paul Dana, University of Canterbury
 Mary Han, Ryerson University
 Vanessa Ratten, Queensland University of Technology
 Isabell Melanie Welpe, University of Munich

We examine new research on the internationalization of small and medium-size enterprises (SMEs) in 27 European countries. We find that, in both established market economies and in transition economies, SME international entrepreneurship is driven by internal resources and capabilities, membership in networks or clusters, favorable government policies, economy, competitive market conditions, and industry structure. We then develop a conceptual model and propositions of the drivers of European SME internationalization. Our findings have important implications for managers in improving their firms' international market performance. *(For more information, please contact: Mary Han, Ryerson University, Canada: mhan@ryerson.ca)*

Institutional Change and the Determinants of Internationalization: The Banking Sector between 1980 and 2000

Alfred Slager, RSM Erasmus University
 Rob Van Tulder, RSM Erasmus University
 Fabienne Fortanier, University of Amsterdam

The role of (changes in) national and international institutions in shaping the O, L, and I advantages that induce firms to engage in FDI has received increased theoretical, but yet only limited empirical attention. Using data on the degree of internationalization of the world's largest banks for the 1980-2000 period, this study finds that the motives for firms to invest abroad changed dramatically after the implementation in 1993 of a new international institution, the Basel Capital Accord. *(For more information, please contact: Fabienne Fortanier, University of Amsterdam, Netherlands: F.N.Fortanier@uva.nl)*

The Internationalization of the Public-Affairs Function in U.S. MNEs: Organization and Management

Jean Boddewyn, Baruch College

Researching the organization and management of international public affairs (IPA) in the then new MNEs started in the 1960s. At first, IPA studies kept fairly good pace with what was known about the MNEs' nonmarket environments, their structurings and processes. After 1980, a disconnect developed in our knowledge of these three interrelated topics. In particular, much of more recent IPA research: (1) has failed to reflect the true scope, real actors and organizational location of the IPA function; (2) has remained focused on old issues (e.g., about the hierarchical relationship between headquarters and subsidiaries); (3) has become

mired in complex statistical analyses of remote data; (4) has sometimes used relevant theories in marginal ways, and (5) has overlooked important IPA issues and developments. Yet, we can stretch our research methodologies and refocus our studies on currently significant IPA issues, their organization and management in the face of new nonmarket threats and opportunities. *(For more information, please contact: Jean Boddewyn, Baruch College, United States: jean_boddewyn@baruch.cuny.edu)*

Session: 3.3.8 - Competitive

Track: Track 5 - Entry, Expansion & Operations Strategies

Building Networks to Facilitate Internationalization

Presented On: June 26, 2006 - 11:15-12:30

Chair: Dean Xu, Peking University

The Acquisition of Foreign Marketing Knowledge via Indirect Export Channels: Evidence from Central China

Paul D. Ellis, Hong Kong Polytechnic University

Guijun Zhuang, Xi'an Jiaotong University

The process of market reform that characterizes the move away from regimes of central planning in transition economies creates a need for managers to acquire the techniques and skills of marketing. In contrast with an extant emphasis on inward direct investment, this study examines the role played by international trade intermediaries in the transfer of marketing knowledge across borders. Data collected from manufacturers in central China reveal that the value of marketing knowledge transferred is contingent upon intermediary performance of export marketing services and the likelihood of their being replaced. *(For more information, please contact: Paul D. Ellis, Hong Kong Polytechnic University, Hong Kong: mspaul@polyu.edu.hk)*

International Venturing of Chinese Firms: The Mediating Effects of Networks and Corporate Entrepreneurship

Chung-Ming Lau, Chinese University of Hong Kong

Daphne W. Yiu, Chinese University of Hong Kong

Garry D. Bruton, Texas Christian University

Past literature on foreign direct investment generally supports an economics perspective that there is a direct positive relationship between firm-specific ownership advantages and international expansion. However, in emerging economies with their institutional environment context of lower resource munificence and continuous economic liberalization, a richer perspective is needed. Combining the internalization view of foreign direct investment with an institutional perspective, this study proposes a mediation model of FDI by firms from the emerging economy of China; the focus here is on international venturing by such firms where they build or buy new production facilities rather than simply seek to distribute a product in a nation. It is shown empirically that the relationship between a firm's technological capabilities and successful international venturing is mediated by two factors. First, ties with institutional networks and business networks in the home country are critical. Second, corporate entrepreneurship is crucial in transforming firms for efficiently leveraging knowledge and technologies within the firm that are necessary to expand internationally. *(For more information, please contact: Daphne W. Yiu, Chinese University of Hong Kong, Hong Kong: dyiu@cuhk.edu.hk)*

Structural Holes, Third-Party Intermediaries and the Alliance Creation Process for Smaller Multinational Enterprises

Cliff Wymbs, Baruch College

The case analyses show how smaller multinational enterprises use third-party intermediaries to build social networks, bridge structural holes, and create cross-cultural alliances. We show how a narrative can be deconstructed into specific events and how these events are combined to form patterns that drive a teleological process model of alliance formation. We also show how social networks are dynamically reconfigured to conform to these patterns. A comprehensive base case is used to create a hypothesis and propositions and supplemental cases are used to test and extend them. *(For more information, please contact: Cliff Wymbs, Baruch College, United States: clifford_wymbs@baruch.cuny.edu)*

Overcoming Legitimacy-Related Challenges in International Joint Ventures

Lailani Laynesa Alcantara, University of Tsukuba
Yasuo Hoshino, University of Tsukuba
Hitoshi Mitsuhashi, University of Tsukuba

Along with local knowledge, legitimacy is also a crucial resource for foreign firms in exploring local markets. While foreign firms can overcome the challenge of lack of local knowledge by acquiring complementary knowledge of a local partner in international joint ventures (IJVs), they still need to devise strategies to overcome legitimacy-related challenges even they use IJVs as entry means. One contributing factor to such challenges is the unfamiliarity with foreign firms on the part of local stakeholders, which makes resource procurement from local markets an undertaking laden with unforeseeable hazards. We propose that one way in which foreign firms can enhance legitimacy for their IJVs is by credibly signaling their true value through interfirm linkages upon which local stakeholders, confronted by high levels of uncertainty, based their evaluations. Additionally, we speculated that this strategy would be particularly beneficial for IJVs of foreign firms with no or less tenure in the local market. We find support for our arguments using an event history analysis of manufacturing IJVs' corporate customer procurement in Japan. *(For more information, please contact: Lailani Laynesa Alcantara, University of Tsukuba, Japan: laynesa@sk.tsukuba.ac.jp)*

Session: 3.3.9 - Competitive

Track: Track 6 - Marketing and Supply-Chain

Sales & Supply Chain Management

Presented On: June 26, 2006 - 11:15-12:30

Chair: Jennifer L. Nevins, Appalachian State University

Social Capital in International Channels of Distribution: The Implications of Structural and Relational Ties on Performance and Continuity

Jennifer L. Nevins, Appalachian State University

This study adopts a distributor perspective to examine social capital in international channels of distribution. Internationalization theories suggest that exporters often rely on independent distributors when entering new foreign markets due to the exporters' lack of knowledge and experience. Foreign market distributors are an important source of information about international market conditions and may fulfill many critical functions in supplying customers in the export market. Despite the value provided by distributors, evidence regarding the long-term viability of non-integrated export channels is not encouraging. Increasing knowledge and familiarity with the foreign market has been associated with the likelihood that exporters will terminate relationships with independent distributors. Using a social capital framework, we investigate aspects of exporter-distributor relationships to identify factors that may enhance or impede performance and continuity of the channel relationship.

A conceptual model relates relational social capital, manifested in the level of trust and communication between channel partners, with resource exchange between distributors and exporters. Resource exchange, in turn, is posited to have differential influences on channel outcomes of performance and relationship continuity. Structural social capital, evidenced by the brokerage role that distributors provide on behalf of exporters with foreign market constituents, is posited to have direct and moderating influences on channel outcomes. Culture is examined for its moderating effects on the primary relationships. The model thus examines how social capital impacts continuity and performance of exporter-distributor relationships. *(For more information, please contact: Jennifer L. Nevins, Appalachian State University, United States: nevinsjl@appstate.edu)*

Global Logistics Strategies and Environmental Uncertainty

Shih Chieh Fang, National Kaohsiung First University of Science and Technology
Shyh-Rong Fang, National Chung Hsing University
Cheng-Kai Hu, I-Shou University

Intensive competition in the global market place has led companies to respond more quickly to customer needs. In the complex and uncertain environment, proper global logistics strategy creates firm value through faster product development and shorter delivery time. Recently, global logistics management becomes an emerging issue both in the practical business and academic research. Based on the "Environment - Structure - Conduct - Performance" framework, this paper proposes a conceptual framework on environmental uncertainty, global logistics strategy, inter-organizational governance and global logistic performance. And five propositions are constructed for further study. *(For more information, please contact: Cheng-Kai Hu, I-Shou University, Taiwan: kyle.hu@msa.hinet.net)*

A Cross-Country Empirical Comparison of Environmental Supply Chain Management Practices in the Automotive Industry

Jo Crotty, Aston Business School
Joseph Sarkis, Clark University
Qinghua Zhu, Dalian University of Technology

Increasing resource scarcity and environmental burden caused by organizational activities and human consumption have made environmental supply chain management (ESCM) an important dimension of corporate environmental management. The automotive industry, one of the most globalized industries, has some of the most pervasive human-made environmental influences. We advance the body of knowledge in the arena of international corporate environmental management by providing a comparative analysis of the United Kingdom (UK) and Chinese automotive industries, two of the largest players in this industry. Using an empirical study of 128 companies, 39 in the UK and 89 in China, we investigate issues related to ESCM pressures, practices, and performance. We provide a general comparative analysis of these three main dimensions, pressures, practices and performance, with a focus on the similarities and differences between these two countries based on a standard statistical analysis. In general, UK firms enjoyed fewer pressures, adopted fewer ESCM practices and perceived less benefits from ESCM practices. Chinese firms encountered greater pressures, were more mature in their adoption of ESCM practices and perceived greater performance influence (both positive and negative). *(For more information, please contact: Jo Crotty, Aston Business School, United Kingdom: j.crotty@aston.ac.uk)*

An Empirical Investigation of Interrelationships Among Information Control, Supervisor Role Ambiguity, Role Stressors and Job Satisfaction in an Export Sales Context

Evangelia S. Katsikea, Athens University of Economics and Business
Marios A. Theodosiou, University of Cyprus

Despite the plethora of studies investigating various aspects of personal selling and sales management in a domestic context, no empirical attempt has been made to explore these issues within an export marketing

context. In response to this lacuna in the existing body of knowledge, the present study develops an integrated model of information control, supervisor role ambiguity, and export sales manager role conflict, role ambiguity and job satisfaction. Based upon a review of the relevant literature, in combination with in-depth interviews with export executives, a set of research hypotheses are developed and empirically tested in a study conducted among U.K. exporters. Research findings support all hypothesized associations, confirming the robustness of existing sales management concepts and theories in an export-sales context. Implications for business practitioners are discussed, and streams for future research are identified. *(For more information, please contact: Marios A. Theodosiou, University of Cyprus, Cyprus: mariosth@ucy.ac.cy)*

Session: 3.3.10 - Competitive

Track: Track 10 - Internationalization of Asian Firms

Organizational Strategy and the Internationalization of Asian Firms

Presented On: June 26, 2006 - 11:15-12:30

Chair: Yadong Luo, University of Miami

Organizational Form and the Choice of Markets in India's Software and Information Technology Industry

Sumit Majumdar, University of Texas at Dallas

Davina Vora, University of Texas at Dallas

Ashok Nag, Reserve Bank of India

We explore the factors that induce Indian software and information technology firms to conduct business in different regions of the world. Specifically, we suggest that organizational form, in terms of firms being public limited, private limited, and unincorporated, as well as regional characteristics, influence the extent of international business conducted regions around the world. Internationalization in the regions of the US and Canada, Europe, East Asia, Latin America, the Middle East, South Asia, and Australia and New Zealand were studied. Results partially support our hypotheses. Organizational form was found to impact regional sales in the US and Canada, Latin America, the Middle East. Organizational size and business type were also significantly related to international sales in a number of regions. Implications for our findings, as well as directions for future research, are discussed. *(For more information, please contact: Davina Vora, University of Texas at Dallas, United States: davina.vora@utdallas.edu)*

Subsidiary-Specific Advantages, Internationalization, Product Diversification, and Subsidiary Performance in an Emerging Market

Yi-Chuan Chen, National Chengchi University

Yu-Ching Chiao, National Chung Hsing University

Peng-yu Li, National Chengchi University

This study aims to extend researchers' understanding of subsidiaries' strategies to diversify both internationally and with regards to their product offerings. Accordingly, the study examines—at the subsidiary level—the relationships between subsidiary-specific advantages, internationalization, production diversification, and performance. Testing our hypotheses through the empirical analysis of a sample of 920 Taiwanese subsidiaries in China, we find that: (1) subsidiaries possessed of a greater number of subsidiary-specific advantages tend to engage in a greater number of internationalization and product diversification activities, and also tend to enjoy better performance; and (2) outward internationalization and reinvesting in related business by subsidiaries positively impact subsidiary performance. *(For more information, please contact: Yu-Ching Chiao, National Chung Hsing University, Taiwan: chiaoy@dragon.nchu.edu.tw)*

The Impact of Diversification and Industry Technology Characteristics on the Performance of Developing Country Multinationals

Lin Yuan, National University of Singapore
 Nitin Pangarkar, National University of Singapore
 Andrew Delios, National University of Singapore

In this paper, we examine the simultaneous impact of product and geographic diversification on the performance of listed firms in China. We also examine the moderating effect of the technology on the above two relationships. Based on an analysis of 154 listed firms over the time period 1992 to 2002, we find that geographic diversification has a weak negative relationship with performance but product diversification has U-shaped relationship with performance. With regard to the moderating effect of technology characteristics, we find that it is fruitful for high technology firms to undertake product diversification but low technology firms are better off diversifying geographically. *(For more information, please contact: Lin Yuan, National University of Singapore, Singapore: g0403305@nus.edu.sg)*

Foreign Shareholders and Survival of Overseas Subsidiaries of MNE's from Emerging Countries

Wei Wei Xu, National University of Singapore

This study examined the role of concentrated foreign shareholders in parent firms in relation to the survival of the overseas subsidiaries of MNEs from an emerging economy, China. This research finds that firms with foreign shareholder presence, compared to purely domestic-owned firms, are related to a higher survival rate of overseas subsidiaries. Further, this study unpacks the effect of foreign shareholders on the survival of overseas subsidiaries, and suggests that foreign shareholders have a greater propensity to establish wholly owned subsidiaries, which explains how and why the relationship between foreign shareholders and higher survival probability of overseas subsidiaries occurs. This research used an extensive sample of 455 overseas subsidiaries of 184 Chinese multinational firms from 1992 to 2004. *(For more information, please contact: Wei Wei Xu, National University of Singapore, Singapore: g0403304@nus.edu.sg)*

Session: 3.3.11 - Competitive

Track: Track 3 - Managing People Across Cultures

Issues in International Organizational Behavior

Presented On: June 26, 2006 - 11:15-12:30

Chair: Charmine E.J. Härtel, Monash University

Work Stress, Coping, and Work Outcomes in Six National Contexts: Implications for International Management

Jose Rojas-Mendez, Universidad de Talca
 Fran Brew, Macquarie University
 Karen S. Moustafa, Indiana-Purdue University at Fort Wayne
 Aizzat Mohd. Nasurdin, Universiti Sains
 Murat Gumus, Canakkale Onsekiz Mart University
 Mannsoo Shin, Korea University Business School
 Ujvala Rajadhyaksha, Indian Institute of Technology
 B.N. Srivastava, Indian Institute of Management
 Annamaria Lammel, Free University
 Olga Soler, University of Venezuela
 Rabi S. Bhagat, University of Memphis

Stefan Schmid, University of Regensburg
 Balaji Krishnan, University of Memphis
 Tim Keeley, Kyushu Sangyo University
 David L. Ford, Jr., University of Texas at Dallas
 Vilma Coutino-Hill, Universidad de Talca
 Pamela K. Steverson, University of Memphis
 Darwish Yousef, United Arab Emirates University
 Michal Nowak, University of Gdansk
 Susana Vargis, University of Birmingham
 Bernadette Setiadi, Universitas Indonesia

In an era of rapid globalization, it is important that managers of global corporations understand the processes that individuals use in coping with organizational stresses. In this six-country study of dissimilar cultures, we examine the significance of problem-focused and emotion-focused coping as two important moderators of the relationship between organizational stress and psychological strain as well as the effects of psychological strain on four valued work outcomes. Our results indicate that problem-focused coping is negatively correlated with organizational stress in some cultural contexts while emotion-focused coping emerges as a moderator in other cultural contexts. However, in some cultural contexts, i.e., Germany, neither problem-focused coping nor emotion-focused coping emerges as a significant moderator. The results are discussed in terms of developing a culture-based theory of organizational stress. The significance of such research endeavors for understanding the intricacies of coping patterns in enhancing dialogue across borders is also discussed. *(For more information, please contact: Rabi S. Bhagat, University of Memphis, United States: rbhagat@memphis.edu)*

Effectiveness and Efficiency of Intra- and Intercultural Communication: Empirical Evidence from a Sino-German Experiment

Markus G. Kittler, University of Nuremberg
 Yaling Pan, UIBE, Beijing
 Dirk Holtbruegge, University of Nuremberg

Effective and efficient communication can be regarded as a major source of competitive advantage in international business. It is not only a prerequisite of successful marketing and human resources strategies but also of importance for the internal coordination of multinational corporations (MNCs). Different communication styles and their influence on intracultural as well as intercultural interaction is therefore a topic of growing relevance. In this article, Hall's (1976) communication-oriented concept of High- and Low-Context-Cultures and Krippendorff's (1986) information theory are combined to an experiment to assess communication effectiveness and efficiency based on different degrees of context-orientation. Furthermore, the existence of archetypical interferences as hindrances to effectiveness and efficiency on the process of communication is scrutinized. The experiment was conducted among German and Chinese students at Tongji University in Shanghai. The results of an analysis of 1132 intracultural and 312 intercultural communication processes partially support our hypotheses about the influence of culture on communication effectiveness and efficiency. *(For more information, please contact: Dirk Holtbruegge, University of Nuremberg, Germany: Dirk.Holtbruegge@wiso.uni-erlangen.de)*

National Stereotype Character and Reputation: The Mediating Role of Identification

Rosa Chun, Manchester Business School

The aim of this paper is to explore the mediating role of national identification between different aspects of national character, nation attractiveness and overall reputation. The empirical context is China and the UK, on a stereotype image of China and their reputation as perceived by four groups, Chinese nationals living in China, those studying or working abroad in Britain, Chinese who have emigrated to or were born in Britain, and British Citizens with no Chinese heritage. Significant differences are found on national character dimensions,

attractiveness, identification and overall reputation between the four groups. A hypothesized model is constructed to test the mediating effect of identification on the relationship between national character dimensions and attractiveness and reputation. Identification fully mediates the influence of Ruthlessness (selfish, arrogant, tough) on Attractiveness and partially mediates the effect of both Agreeableness (friendly, sincere, open) and Chic (stylish, elitist, superior) on Attractiveness and Reputation. Promoting identification amongst overseas Chinese is therefore important in promoting national reputation internally and externally. *(For more information, please contact: Rosa Chun, Manchester Business School, United Kingdom: rosa.chun@mbs.ac.uk)*

Acquiring Expertise in International Business Skills: An Examination of Managerial Commitment

Debmalya Mukherjee, University of Memphis

Somnath Lahiri, University of Memphis

Tejinder K Billing, University of Memphis

Developing employees who can manage the increasing complexity of running global organizations is a key priority for many organizations. However, little is known about what drives top executives of these firms to remain committed to developing/acquiring international expertise. Although the concept of commitment has been widely discussed in business literature, scant attention has been given to its study in the realm of international business. In this paper, we study the antecedents to international expertise commitment, which refers to the extent to which top executives identify with the goal of developing international expertise. Analyses are conducted with hierarchical regression equations; the results show considerable support for our theoretical expectations. *(For more information, please contact: Tejinder K Billing, University of Memphis, United States: tkbilling@memphis.edu)*

Session: 3.3.12 - Competitive

Track: Track 5 - Entry, Expansion & Operations Strategies

Managing Subsidiary Performance

Presented On: June 26, 2006 - 11:15-12:30

Chair: Francesca Sanna-Randaccio, University of Rome "La Sapienza"

Subsidiary Organizational Performance in the MNE: A Comparison of the Influence of Internal and External Business Networks

Mohammad Yamin, Manchester Business School

The objective of this paper is to make a contribution to understanding how business networks influence a subsidiary's performance in the multinational enterprise. Extant research has shown that subsidiaries are often important sources of entrepreneurship and business development and are thus able to significantly improve the technological and organizational competencies of the MNE of which they are a part. Extant research also shows that subsidiary roles are significantly buttressed by their embeddedness in a network of business relationships with particular customers and suppliers. The present paper develops this literature by specifically comparing the impacts of internal and external business networks on the subsidiaries competence development and contribution to the MNE. This issue has not been considered in prior research which has focussed almost exclusively on external business relationships. The analyses presented in the paper suggest that whilst internal business relationships are possible their impact on competence development is likely to be much weaker compared to external networks. *(For more information, please contact: Mohammad Yamin, Manchester Business School, United Kingdom: mo.yamin@mbs.ac.uk)*

Long-Term or Short-Term Agreements: The Influence of Transaction Cost Variables – Empirical Evidence from Joint Ventures in China

Preet S. Aulakh, York University
Yigang Pan, York University
Marshall Shibing Jiang, Brock University

The literature of instability of joint ventures examines premature termination of joint ventures. Premature termination is based on the assumption that firms have anticipation of duration before they set up joint ventures. We believe that an anticipated duration is reflected on the contractual duration of a joint venture agreement. The determinants of a contractual duration has not been extensively examined recently ever since Joskow's (1987) important work on this topic. Joskow didn't look into international joint ventures and limited his examination on one variable – asset specificity. According to Williamson (1991), transaction variables such as asset specificity, small numbers, and external uncertainty, do not only affect the governance structure but also affect firms' intention on adaptability. Two types of adaptability – autonomy adaptability and cooperation adaptability reflect firms' intention of alliance duration, with autonomy adaptability being associated with short-term duration and cooperation adaptability with long-term duration. The purpose of this study is to test how transaction cost variables affect firms' contractual duration when setting up international joint ventures. We examine international joint ventures established in China during 1979 and 1996. Results provide support for most of the hypotheses developed in this study. *(For more information, please contact: Marshall Shibing Jiang, Brock University, Canada: msjiang@brocku.ca)*

Local Linkages, Firm Size, and FDI Performance

Homin Chen, National Taiwan University
Chia-Wen Hsu, National Taiwan University
Shih-Ju Wang, National Taiwan Normal University

This paper examines the pattern of firm size and local linkages in Taiwan's foreign direct investment (FDI). Using Taiwanese manufacturing firms investing in China as the sample for our investigation, we find that firm size and local linkages have significant impact on Taiwanese FDI performance in China. The empirical findings show that large firms are keen on making relational linkage and marketing linkage to enhance FDI performance, while small firms are eager to make resource linkage to enhance FDI performance in China. The results have important implications for international expansion, especially with regards to development in emerging markets. *(For more information, please contact: Chia-Wen Hsu, National Taiwan University, Taiwan: kevinjubi@yahoo.com.tw)*

Does Home Country Matter?

Yu Li, Peking University
Changqi Wu, Peking University

This article examines the relative effects of home country, industry, foreign affiliate and year on the performance of foreign affiliates in China. Using Chinese census data in the period 1998-2002, variance component analysis is applied to estimate the relative effects of independent variables. The results show that the home country effects are the important sources of the accounting profitability and competition position of foreign affiliates in China. We also find that the importance of home country effect depends on the level of economic development of a home county. Moreover, for foreign affiliates from less developed countries, the main effects of industry are nearly zero and the home country effects are the most important determinants of subsidiary's performance, following the foreign affiliate effects. Our results also suggest that different industry definitions affect the relative effects of home country, industry and foreign affiliates. *(For more information, please contact: Yu Li, Peking University, China: liyumine@263.net)*

Session: 3.3.13 - Special Session***Can Latin American Firms Compete? (BALAS Special Session)***

Presented On: June 26, 2006 - 11:15-12:30

Chair: Robert Grosse, Thunderbird

Immigrant Latin American Entrepreneurs: Savvy Chameleons or Proud Peacocks?
Joseph Ganitsky, Loyola University of New Orleans

Sources of Competitiveness of Large Mexican Groups
Robert Grosse, Thunderbird
Douglas E. Thomas, University of New Mexico

Economic Groups in Latin America
Robert Grosse, Thunderbird

Competing Under Stress: The Shrimp Cluster in Venezuela
Michael Penfold, IESA

Session: 3.4 - Interactive***Interactive Sessions with Light Lunch (III)***

Presented On: June 26, 2006 - 12:30-13:45

All Interactive Sessions numbered 3.4.X below will be located in Room 17/Hall. Light lunch will also be provided in the same location for all participants.

Session: 3.4.1 - Interactive***Cross Culture, IHRM, Expatriates***

Presented On: June 26, 2006 - 12:30-13:45

Avoidance as the First Choice of Default Management: Challenges in Overseas Korean Organizations
Inju Yang, University College Dublin

Avoidance becomes the default management style for dealing with cross-cultural conflict in overseas Korean organizations rather than a collaborative style. This is due to the absence of personalized informal social ties that are utilized in Korea to progress information sharing and conflict resolution, and to the absence of a formalized and transparent conflict resolution mechanism understood and accepted by both Korean managers and overseas workers. The division between the public and private spheres in Korea is not always well defined due to the pervasive "jeong", a bond of empathy, similar to and an extension of family ties in Koreans' everyday life. This also leads the culture that one has to develop sensitivity for the interaction partner, and other situational cues in order to find out the hidden emotions and intention in communication. Informal social ties such as regular events where teams or groups spend spare time together outside the formal work place help to build personal relations, and this process of building close relationships (and consequently building jeong exchange) with supervisors, enables subordinates to gradually pick up the non-verbal cues unexposed in

directives. However, when Korean organizations attempt to transplant home management practices directly to their overseas operations, conflicts arise as cultural and organizational differences exist. Korean companies operating overseas need to adopt more formal and transparent HR and communication systems that ensure the participation and motivation of the overseas workforce rather than relying on the informal and personal management systems to which Korean managers are accustomed. *(For more information, please contact: Inju Yang, University College Dublin, Ireland: inju.yang@ucd.ie)*

Cultural Tendencies in Negotiation: A Comparison of Finland, Mexico, Turkey, and the United States

Allan Bird, University of Missouri, Saint Louis
 Terri Lituchy, Concordia University
 Lynn E. Metcalf, California Polytechnic State University
 Mark F. Peterson, Florida Atlantic University
 Mahesh Shankarmahesh, University of Missouri, Saint Louis

A comprehensive framework having potential to yield comparable information across countries on twelve negotiating tendencies was proposed more than fifteen years ago by Weiss and Stripp (1985); however the framework received almost no attention and was never empirically tested. We clarify, refine, and operationalize four of the twelve dimensions in the model and gather data that allow comparisons between countries. Findings establish the utility of the framework in identifying country differences across four countries: Finland, Mexico, Turkey, and the United States. Further work to be done on scale development is discussed. *(For more information, please contact: Lynn E. Metcalf, California Polytechnic State University, United States: lmetcalf@calpoly.edu)*

Trust Building Between American and Chinese Negotiators

Maria Lai-Ling Lam, Malone College

The paper focuses on trust building between American and Chinese business negotiators and recommends some strategies to enhance the effectiveness of Chinese expatriates in the United States or Chinese executives in Hong Kong as trust-builders between American multinational corporations and the Chinese market. It elaborates how thirty-six Chinese expatriates in the United States and twenty-four Chinese executives in Hong Kong establish trust between U.S. negotiators coming from an individualistic, goal-oriented, low-context culture with a mature market economy and a well-established legal system and Chinese negotiators coming from a collectivistic, relationship-oriented, power-driven, high-context culture with an emerging market economy and embryonic legal system. These Chinese expatriates and executives are working for American corporations in cooperative business project negotiations. The data was collected through semi-structured personal in-depth interviews from Year 1994 to Year 2004 in the United States and in Hong Kong. Many Chinese expatriates and executives are found to maximize the trusting relationships with the Chinese representatives but cannot transfer back to the relationships between American and Chinese representatives. It is important for American corporations to develop shared understanding between American representatives and their ethnic Chinese in the context of U.S.-China cooperative project negotiations through corporate policy and training programs before a team of American representatives is formed. The American corporations are recommended to enhance the effectiveness of their ethnic Chinese employees in trust building process between U.S. and Chinese negotiators through various corporate policies and training programs. *(For more information, please contact: Maria Lai-Ling Lam, Malone College, United States: mlam@malone.edu)*

Host Country National Ethnocentrism, Personal Attributes of Expatriates and Expatriate Work Adjustment: A Host Country Perspective

Klaus J Templer, Nanyang Technological University

250 host country nationals (HCNs) from Singapore provided information on their degree of ethnocentrism, and rated their expatriate superiors on four factor-analytically derived personal attributes and on their work adjustment. We hypothesized that personal attributes of expatriates and ethnocentrism of HCN subordinates would be related to expatriate work adjustment. Hierarchical regression analyses showed that HCN ethnocentrism and two expatriate personal attributes, approachability/ friendliness and technical skills/ energy level, were related to expatriate work adjustment over and above control variables such as HCN gender, age and educational level, expatriate age and marital status, and the time the dyad has worked together. This study confirms the importance of expatriates' personal attributes and leads to a discussion on the role of HCN ethnocentrism in understanding expatriate work adjustment. Managerial implications and future research directions are discussed. *(For more information, please contact: Klaus J Templer, Nanyang Technological University, Singapore: akjtempler@ntu.edu.sg)*

Person-Organization Fit: An Organizational Level Analysis of Fit and Outcomes in Six National Contexts

Simone Arbour, University of Windsor
Cheryl A. Boglarsky, Human Synergistics International
Catherine T. Kwantes, University of Windsor

A group level analysis was conducted on person-organization fit by examining differences between employees' perceptions of their current organizational culture and a description of the organizational culture they viewed as most conducive to effective employee performance. Twenty seven organizations were clustered, using hierarchical cluster analysis, based on their levels of four organizational level outcomes: teamwork, common goal orientation, upward and downward communication. The organizations came from six different national contexts. It was found that a smaller gap between employees' perceived and desired levels of the extent to which their organization emphasizes those aspects of organizational culture that encourages employees to interact with others and approach tasks in ways that will help them to meet their higher-order satisfaction needs for affiliation, esteem, and self-actualization resulted in higher levels of positive organizational outcomes. Some evidence was found for an effect of national context on the relationship between fit and organizational outcomes. *(For more information, please contact: Catherine T. Kwantes, University of Windsor, Canada: ckwantes@uwindsor.ca)*

Asian Women in Top Management

Sowon Kim, University of Geneva

The number of women who have reached top management positions in the corporate world is significantly lower than their male counterparts. Three perspectives intend to explain the under-representation of women in management positions: person-centered, organization-focused and broader institutional perspective.

Most studies on women executives have focused on the corporate barriers for women's advancement in the U.S. and Europe. Similar corporate barriers have been found in the Asian context, however, there is limited empirical research on how Asian women have successfully reached the executive suite. This paper will present the literature review on Asian women in management and will take the example of South Korea to illustrate the impact of the socio-cultural context (e.g. Confucian traditions) on women's career advancement.

(For more information, please contact: Sowon Kim, University of Geneva, Switzerland: sowon.kim@hec.unige.ch)

A Mixed Measurement Model Analysis of the Importance of Intrinsic and Extrinsic Work Rewards Across Cultures

Jennifer M. Ferreter, Baruch College
Charles A. Scherbaum, Baruch College

Previous research examined the measurement equivalence of intrinsic and extrinsic organizational rewards across cultures and, as hypothesized, the proportion of items that are not equivalent was greater for dissimilar cultures compared to similar cultures on several cultural dimensions. However, the proposed research will take a closer look at those countries that are culturally similar, but the results indicated that the measurement in these countries was not equivalent. Specifically, this study will explore emerging classifications of respondents into homogeneous groups without having a pre-established taxonomy, such as Hofstede's (1980) taxonomy. To explore these latent classifications, a mixed-measurement models analysis was used. Results indicate that four classes emerged from the extrinsic rewards data and nine classes emerged from the intrinsic rewards data, however the viability of all nine classes is questioned. Novel groupings of countries are offered based upon similarities in response patterns and suggestions for future research are discussed. *(For more information, please contact: Jennifer M. Ferreter, Baruch College, United States: jmferreter@yahoo.com)*

The Cultural Basis of Management Strategy: Professional vs. Family Business Management in Two Countries
William David Brice, University of Arkansas, Little Rock
Wayne Daniel Jones, University of Hawaii

This study empirically investigates the underlying cultural basis for firm goal-setting and strategy by comparing values and beliefs of family-business members with that of professional managers across two countries. Family-firm literature stresses the differences between family-firm culture, goal-setting and strategy with that of professional management. Family-firm culture is said to be a resource leading to competitive advantage. Based on a survey comparing 163 family-firm members and 168 bank managers in two countries, Ukraine and the U.S., this study looked for statistically significant differences between the culture of members of family-owned firms and non-family professionals within the same nation. Results showed significant differences between family-firm members and non-family professionals in all countries. Differences were in the same direction across the U.S. and Ukrainian samples for three constructs supporting a conclusion that Power Distance, Social Flexibility and Spirituality difference directions are potentially universal in terms of family-firm culture. These three may be potential contributors to the culture-based family-firm competitive advantage discussed in management literature. *(For more information, please contact: William David Brice, University of Arkansas, Little Rock, United States: brice@hawaii.edu)*

Session: 3.4.2 - Interactive

International R&D and Innovation

Presented On: June 26, 2006 - 12:30-13:45

Strategic R&D Location in European Manufacturing Industries
René Belderbos, Katholieke Universiteit Leuven
Elissavet Lykogianni, Katholieke Universiteit Leuven
Reinhilde Veugelers, Katholieke Universiteit Leuven

The objective of this paper is to analyze the determinants of MNEs' incentives to internationalize R&D focusing on local knowledge sourcing and its impact on overseas R&D. In particular, this paper develops a model of strategic interaction between two MNEs taking also into account the differences in technology advance between firms allowing for technology leaders to compete with technology laggards. It is assumed that the decision of one MNE to allocate R&D in the foreign affiliate has an impact on the optimal decision on R&D internationalization of the rival MNE, while this interaction depends on the degree of product market competition. The model allows for inter-firm spillovers as well as for knowledge flows intra-firm, while absorptive capacity plays an important role allowing firms to access knowledge in their host markets. In the second part of this paper the predictions of the theoretical model are empirically tested. Using data on

patenting activity and production of the leading MNEs in the manufacturing industries within the EU15 area, we investigate the impact of inter-firm spillovers, intra-firm knowledge transfers, product market competition and local sourcing opportunities on the R&D internationalization strategies of these firms in the European manufacturing industries. *(For more information, please contact: Elissavet Lykogianni, Katholieke Universiteit Leuven, Belgium: elissavet.lykogianni@econ.kuleuven.be)*

Knowledge Management and Innovativeness: The Contingent Role of Organizational Climate and Structure

Chung-Jen Chen, National Cheng Kung University
Jing-Wen Huang, National Cheng Kung University

The purpose of this study is to investigate the moderating roles of organizational climate and structure in the relationship between knowledge management and firm innovativeness. Regression analysis was used to test the hypotheses in a sample of 146 observations of Taiwanese firms. The findings suggest that two assessments of knowledge management, knowledge creation and sharing, are positively related to firm innovativeness. The effect of knowledge management on innovativeness is positively moderated by supportive climate. Further, knowledge management is a stronger predictor for innovativeness when organizational structure is decentralized, integrated and less formalized. *(For more information, please contact: Jing-Wen Huang, National Cheng Kung University, Taiwan: r4891104@mail.ncku.edu.tw)*

Globalization of Reciprocity: Open Source Software in China

Chong Ju Choi, City University
Jai Beom Kim, Sungkyunkwan University

Two of the major developments in the global economy in the 21st century are the emergence of China's economy and corporations, and the global Open source software movement. China received \$65 billion dollars of foreign direct investment in 2004, making it the top destination for foreign direct investment in the world. Open source software (OSS) communities such as Apache, Linux, Mosaic are a globally accelerating phenomenon and an industry worth \$7 billion dollars in 2005 and growing at 30% per year. The purpose of this conceptual paper is to analyze the importance of "reciprocity". Reciprocity is fundamental to the success of global open source software, and China's social market economy as well. Given the emphasis on China's local institutions towards reciprocity along with the foundations of open source software behaviour being reciprocity, we predict that China's social market economy will help to accelerate the global developments of open source software. *(For more information, please contact: Jai Beom Kim, Sungkyunkwan University, South Korea: dreamier17@yahoo.com.au)*

Determinants of Technological Change: A Patent Data Analysis

Elena Kosmopoulou, University of Reading

In the literature on innovation, the determinants of technological change is arguably a much neglected issue. This work aims to fill the gap and statistically examine whether, and to what extent, three of the most quoted parameters: the type of industry, the technological field, and period/time (PIT) play the important role it is often attributed to them in the literature (and economic press). In addition, the role and importance of interactions between these parameters is examined.

Further, based on the empirical evidence from the US patents from the world's largest manufacturing firms, in the period 1969-1995, this paper hopes to contribute in the understanding of the specific PITs and their interactions that have most actively contributed to technological change in the recent period.

(For more information, please contact: Elena Kosmopoulou, University of Reading, United Kingdom: E.Kosmopoulou@BTinternet.com)

Hierarchical Modular R&D Structure and Intellectual Property Protection: Evidence from Multinational R&D Labs in China

Henry Chesbrough, University of California, Berkeley
Xiaohong Quan, Stanford University

This paper examines how multinational corporations (MNCs) protect their research and development (R&D) activities that are conducted in weak intellectual property regime (IPR) countries. Findings from a small scale survey and four case studies in China show that a hierarchical modular R&D structure can be an effective way for MNC R&D labs to protect their intellectual property, and thus facilitate appropriation of returns in weak IPR regime developing countries. *(For more information, please contact: Xiaohong Quan, Stanford University, United States: irisquan@stanford.edu)*

Session: 3.4.3 - Interactive

E-Commerce

Presented On: June 26, 2006 - 12:30-13:45

Explaining and Predicting Consumer Intentions to Sell Over the Internet: An Exploratory Model

Ying Huang, Michigan State University

P2P e-commerce represents a new class of mercantile processes that are ushering in the networked economy with huge potential. As P2P e-commerce becomes increasingly popular, there is a growing need for marketing researchers to investigate the nuances of this particular means of exchange (Massad and Tucker, 2000). However, much attention has been given to B2B and B2C formats, and P2P form is not fully understood yet. Therefore, in this paper, we call for including the individual Internet selling behavior in the consumer Internet behavior research. We seek to understand the role of consumers as sellers in P2P e-commerce. In particular, the objectives of this paper have two folds: 1) to apply extant consumer behavior theories to individual selling phenomenon, and 2) to organize and present factors that lead to individuals' online selling behavioral intentions. *(For more information, please contact: Ying Huang, Michigan State University, United States: huangyi2@msu.edu)*

The Impact of Service Intangibility on Service Firms' e-commerce Entry Strategy: A Conceptual Framework and Research Propositions

David D.C. Tarn, I-Shou University
Kuo-Chien Chang, I-Shou University

A considerable amount of research has focused on e-commerce technology, but few have treated it in the context of an entry strategy in international business and marketing academia. Existing research has not explored the relationship among service intangibility, cultural factors, and e-commerce entry strategy. Accordingly, this study highlights service intangibility in the proper perspective from both service providers and service recipients and how cultural factors (host country culture) moderate the relationship between service intangibility and the e-commerce entry strategy of international service firms. After a literature review, three propositions are proposed and the authors question whether e-commerce entry strategy differs with the degree of service intangibility, and whether the host country's culture characteristics that service firms face in the host market with the extent of service intangibility exhibit interactive effects on their e-commerce entry strategy. The authors further discuss other possible sources of effects that may impact the relationship between service intangibility and e-commerce entry strategy (e.g., firm origin, industry type, investment country type, and sample time frame) for a future empirical test, and some practical suggestions and academic directions are also

provided. (For more information, please contact: David D.C. Tarn, I-Shou University, Taiwan: dctarn@isu.edu.tw)

Pay-for-Play: The Japanese Way to M-Commerce Success

Nikhilesh Dholakia, University of Rhode Island
Mark Michael Lennon, University of Rhode Island

With a population of 120 million people, in Japan there are over 80 million mobile phones. These devices have become integral to day-to-day living, as there are a plethora of mobile commerce websites that Japanese consumers have become reliant on. This contrasts with the US where web connectivity is still in its nascent stage, and mobile phones are not as ubiquitous. In this work in progress paper, in lieu of a formal literature review, we cite various applicable strategy literature, in our description of the two very different business models deployed in these countries. Our contribution will be two fold: to identify salient strategy theory and to help fill the gap in the literature about Japanese and US mobile telecommunication companies. (For more information, please contact: Mark Michael Lennon, University of Rhode Island, United States: markmlennon@gmail.com)

Session: 3.4.4 - Interactive

Regions and Location

Presented On: June 26, 2006 - 12:30-13:45

Searching for Emerging Regionalization Patterns in MNCs Operating in Central and Eastern Europe

Arnold Schuh, Vienna University of Economics and Business Administration

Regional players among the MNCs operating in Central and Eastern Europe have to decide if they should regard their businesses as a collection of individual markets or as a homogeneous region. The purpose of this paper is to examine if and how regionalization concepts have been actually implemented by foreign MNCs in CEE. The analysis focuses on the preconditions for the emergence of a regional strategy, on the identification of the main areas of regional integration and the relationship between strategy and organizational structure. By using a longitudinal case study approach a better insight on how regional strategies have emerged during the internationalization process of the firm and, if, in which way they have manifested themselves in business decisions is gained. The findings raise new questions about the regionalization construct: The operationalization of regionalization needs further clarification, in particular with respect to the decision-making process and the distinction of regional integration from other forms of transnational integration. The relationship between strategy and structure is still ambiguous. Furthermore, regionalization is in the management reality not an exclusive concept as portrayed in the EPRG framework but represents just one possible approach to gain transnational integration advantages. (For more information, please contact: Arnold Schuh, Vienna University of Economics and Business Administration, Austria: arnold.schuh@wu-wien.ac.at)

Consumer Xenocentrism in China: An Exploratory Study

Charles Chi Cui, Manchester Business School
Guoli Liu, College and University of Charleston
Rene Dentiste Mueller, College and University of Charleston
George Xun Wang, University of Wisconsin-Parkside

Traditionally, marketing has focused on in-group favoritism and out-group hostility or derogation (i.e. ethnocentrism); surprisingly little research has been devoted xenocentrism or out-group favoritism and in-group

derogation. This study (*For more information, please contact: Rene Dentiste Mueller, College and University of Charleston, United States: muellerr@cofc.edu*)

Privatization of Insurance in India - Consumer Attitudes and the Growing Middle Class
Peggy A Ellis, Nova Southeastern University

After India's independence from Britain, many of its industries were nationalized with the intent of protecting the interest of its population and ultimate consumers. After years of this self imposed control and near bankruptcy, India, in the late 1990's opened its markets to a world of new players. This study would look at the insurance industry in particular and how private entrants are adjusting to the challenges that are India. Since the interest has been great to get early entrant advantage, the question facing the private sector is how to acquire a competitive advantage and how to gain market share from a deeply entrenched public sector. This paper attempts to measure the attitudes of the consumer regarding the shift from a state controlled and understood industry to one that has been opened to new players with new rules, new products and snappy new ads. It attempts to discover how a burden of history can impact the attitudes of the consuming public. (*For more information, please contact: Peggy A Ellis, Nova Southeastern University, United States: epeggy@nova.edu*)

Session: 3.4.5 - Interactive

Corporate Social Responsibility, Ethics, Justice

Presented On: June 26, 2006 - 12:30-13:45

Institutional Quality, Bribery, and Firm Growth: A Cross-country Analysis
Jay Anand, Ohio State University
Mike Peng, University of Texas at Dallas
Jiewei Yu, Ohio State University
Qi Zhou, Ohio State University

How do firms' political strategies vary in response to diverse institutional qualities across countries? Resource dependence theory suggests that firms are likely to intensify their political activities with government agents in countries where firms' resource dependence on government is high. The institutional root of high resource dependence on government often results from poor market-supporting institutions and consequently high discretionary power of government agents. However, this proposition has rarely been directly tested in a cross-country setting. Utilizing a large, cross-country survey sample covering 5,032 firms in 48 countries, we focus on an important yet overlooked political strategy in the literature, bribery, and find that firms' monetary investment in bribing government agents is positively associated with the low quality of the following three formal institutional dimensions: (1) financial market development, (2) government regulations, and (3) the quality of legal system. In addition, we report that the monetary investment in bribing government agents seems to have a negative effect on firm growth. Overall, our findings extend the resource dependence theory by identifying the institutional contingencies on firms' political strategy. (*For more information, please contact: Qi Zhou, Ohio State University, United States: zhou.148@osu.edu*)

Government and Public: Business Intelligence and Political Risk Assessment
Llewellyn D. Howell, University of Hawaii at Manoa

A variety of private sector bodies—foreign direct investors, businesses involved in trade, insurance companies offering political risk insurance, and financial institutions providing funding for investment and trade projects—

need to be making assessments of the levels of political risk in countries, cities, provinces, and vicinities of proposed projects. Investors need to know whether expropriation insurance or civil strife insurance should be purchased and, if so, what premium should they be willing to pay. They also need to know what management practices might be called into play in particular locals or for particular projects. Those involved in trade should be aware of whether they need to finance the exchange through the Export-Import Bank of the U.S. or equivalent agencies in other countries. Insurance companies need to know what premium should be sought from the investor. Lending institutions need to know whether political risk insurance is needed or what management practices need to be in place to protect their investments in an investor or trading enterprise. This preliminary paper has multiple objectives that are directed at the quality of the data that are involved in formal political risk assessments and the configurations of that data through the choice of models. *(For more information, please contact: Llewellyn D. Howell, University of Hawaii at Manoa, United States: lhowell@hawaii.edu)*

A Role for Multinational Companies as Indirect Agents of Economic Development
Nila Maria Wiese, University of Puget Sound

Much research has focused on the direct impacts that foreign direct investment through multinationals have on the economic development of developing countries. This paper proposes that MNCs can also play an important role as indirect agents of economic development. This role should be examined by broadening the range of measurable impacts to include socially-related variables of development that may more accurately capture the effects of FDI in developing countries. We examine FDI spillover effects with regard to local entrepreneurship; the creation, adoption and diffusion of innovations; and improvements to women's social conditions. We also explore whether the spillover effects of FDI identified above can be accelerated by the MNC locating within a geographic cluster, and the policy implications associated with it. Finally, we suggest the region as a potential unit of analysis, as this may more accurately capture the uneven patterns of development that are likely to occur within countries. *(For more information, please contact: Nila Maria Wiese, University of Puget Sound, United States: nwiese@ups.edu)*

Session: 3.4.6 - Interactive

Markets and Prices

Presented On: June 26, 2006 - 12:30-13:45

How the Motives of Employee Stock Options are Different from the Executive Stock Options? Evidence from Japan

Hamid Hassan, University of Tsukuba
Yasuo Hoshino, University of Tsukuba

We analyze the economic justifications of stock option compensation in Japanese companies on the bases of three different theories i.e., agency theory, retention and sorting, and financial and ownership structure of the company. With the recent transformations in the traditional business model and lifetime employment structure in Japan, stock option compensation provides an alternative option for the companies to use the company stocks to attract and retain quality personals. Our analyses of a sample of 276 companies of electronics industry show that retention and sorting motives are the underlying reasons to go for employees' stock option plans in Japanese companies. Results also support the determinants of agency theory and ownership structure in defining the use of stock option for executives and employees. *(For more information, please contact: Hamid Hassan, University of Tsukuba, Japan: hamidqau@yahoo.com)*

Is Chinese Currency Undervalued?—an Empirical Analysis

Christopher Gan, Lincoln University
 Minsoo Lee, American University of Sharjah
 Peng Tao, Chinese Financial Service

Given the unique situation in China, where capital account is inconvertible and the economy is growing at annual average rate of 8% over the last two decades, this paper empirically examines the real exchange rate misalignment in China by using Behavioral Equilibrium Exchange Rate (BEER) approach. By comparing the actual rate with the estimated BEER, the paper examines the degree and magnitude of its misalignment if the RMB has been undervalued. *(For more information, please contact: Christopher Gan, Lincoln University, New Zealand: ganc1@lincoln.ac.nz)*

Country of Origin Effects and Foreign IPO Legitimacy: The Moderating Effects of Geographic Scope and Top Management Compensation Structure

R. Greg Bell, University of Texas at Arlington
 Hussam Al-Shammari, University of Texas at Arlington

While a growing number of foreign firms have undertaken initial public offers (IPOs) in foreign markets, international business literature is yet to fully investigate what institutional and macroeconomic factors impact the success of their IPOs. We suggest that Country of Origin effects, including levels of corruption, as well as the economic freedom of an emerging economy, may influence institutional investor's acceptance of emerging market IPOs. Further, we argue that two firm-specific factors, namely geographic scope and top management compensation structure, can enable firms to overcome negative perceptions associated with their country of origin. These factors, over which firms have some level of control, can enhance their legitimacy to developed market participants. *(For more information, please contact: R. Greg Bell, University of Texas at Arlington, United States: gbell@uta.edu)*

The Life Cycle of an Emerging Capital Market

Kirt C. Butler, Michigan State University
 William C. Gerken, Michigan State University

We examine closed-end country fund premiums to net asset values at the time the funds are first introduced for four Southeast Asian markets; Indonesia, the Philippines, Taiwan, and Thailand. Using an estimate of the premium's half-life (i.e. the time that it takes for a premium to be reduced in half), we find that premiums in these markets were relatively short-lived, lasting only a few months. This is despite the fact that these markets remained relatively closed to international investors for many years after the introductions of the country funds. *(For more information, please contact: Kirt C. Butler, Michigan State University, United States: butler@msu.edu)*

Session: 3.4.7 - Interactive***Networks, Alliances and JVs***

Presented On: June 26, 2006 - 12:30-13:45

Benefiting from Scale and Link Alliances: The Contingent Role of Governance Form and Partner Attributes
Chiung-Hui Tseng, National Cheng Kung University

Firms enter strategic alliances for different purposes. According to the motives for participating in partnerships, two basic types of alliances can be identified: scale and link alliances. In scale alliances, allying firms pursue

scale economies and contribute similar resources and skills to the collaboration. Firms entering link alliances, on the other hand, look for learning opportunities and each partner makes complementary contributions to the joint activities. Different from extant literature paying much attention to the alliance dynamics of these two types of alliances, this paper attempts to investigate two under-explored while prominent research questions: (1) how do these alliance types influence focal firms' profitability enhancement? and (2) how does this performance effect vary with different conditions, in particular different governance forms and partner attributes? A theoretical framework linking the alliance types and their co-alignments with governance structures as well as partners selected to participating firms' profitability enhancement is developed. *(For more information, please contact: Chiung-Hui Tseng, National Cheng Kung University, Taiwan.: ctseng@mail.ncku.edu.tw)*

Can The Network Opportunities Come True? Learning-based Mechanisms as the Drivers

Chih-Fang Chiu, I-Shou University

Chih-Hao Tsai, I-Shou University

Su-Li Lin, I-Shou University

Networks bring information opportunities for a firm. Are they can be create the organizational knowledge? We draw on the network approach and the knowledge-based view to present that a firm embedded in the dual networks--strategic network and market network, can receive rich information. If these information opportunities transform the organizational knowledge, the learning-based mechanisms have to be designed to reducing information asymmetry and cognitive distance. We propose this conceptual study can expend the network theory to consistent with a firm's internal resource generating. *(For more information, please contact: Chih-Fang Chiu, I-Shou University, Taiwan: jujuku@sparqnet.net)*

A Collateral-based Theory of International Equity Joint ventures: An Empirical Investigation

Sougand Golesorkhi, University of Manchester

This paper argues that a primary function of the equity capital share division in an equity joint venture (EJV) is to guarantee, the actions of the transacting parties. The central hypothesis is that the type of expertise and the nature of the assets that a firm contributes to a joint venture will be reflected in the amount of equity that it owns. The argument is based on the notion that if parties are ex ante unable to guarantee their actions, they may choose to collaborate with each other through an EJV. By contributing equity capital, each party effectively bears a return generated by their contribution to the EJV in proportion to the share capital that party owns. The framework synthesises existing theories of equity joint ventures (EJV) operations, based on transaction cost economies, resource based theory and capital structure theory of the firm by linking each explanation to the role of equity as guarantee capital. In particular, it focuses on the specific role of such guarantee capital, and its relationship to the nature of the assets provided by EJV partners.

(For more information, please contact: Sougand Golesorkhi, University of Manchester, United Kingdom: sougand_g@hotmail.com)

Avoiding the Parent Trap: Dynamic Identities and Sub-Coalitions in International Joint Venture Top Management Groups

Soo Min Toh, University of Toronto at Mississauga

Tieying Yu, Boston College

Recent progress in social identity theory suggests that ingroup-outgroup distinctions can result in positive negotiated outcomes when the individuals involved also share an overarching superordinate identity. We propose that this phenomenon holds in the international joint venture (IJV) top management group (TMG) context, where managers who possess a dual identity – salient parent firm and IJV identities – would be better

able to capitalize on their differences as sources of strength, rather than sources of strife, in the strategic decision making process. We present a model outlining how social identity processes in the IJV affect conflict resolution among IJV TMG members and highlight the importance of dual identification to the success of IJVs. Our model contributes to existing research by applying social identity theory to understanding the strategic decision making process in the context of IJVs. *(For more information, please contact: Soo Min Toh, University of Toronto at Mississauga, Canada: soomin.toh@rotman.utoronto.ca)*

Cultural Differences and Strategic Alliances in Eastern and Central Europe

Desalegn Abraha, University of Skovde

Akmal S. Hyder, University of Gavle

This paper deals with cultural impact on strategic alliances in eastern and central Europe (ECE). It is argued that countries in ECE have different culture and social backgrounds and therefore will affect alliances differently. ECE have been divided into three groups: fast, medium and slow adapting countries. Two research questions, both dealing with cultural impact are addressed. The first question examines the role of culture in forming and operating alliances while the second question discusses how the process of learning, exchange of resources that lead to performance are affected by cultural differences. The theoretical framework is constituted of three dependent variables, i.e. resources, learning and performance, and the only independent variable, culture. 20 alliances in ECE with all Swedish partners have been studied by using case study method. The result of the study particularly focused two issues: adaptability and cultural differences. As expected, high adaptation took place in the fast adapting countries by confirming that the cultural differences in those countries has been gradually reduced and harmonized. The opposite had been the case for low adapting countries. Companies willing to invest in the low adapting countries will therefore need to be patient and obstinate. *(For more information, please contact: Akmal S. Hyder, University of Gavle, Sweden: ahr@hig.se)*

Social Capital and MNE Innovation: The International Dimension

Rana S Gautam, State University of New York, New Paltz

Harsh W. Mishra, State University of New York, New Paltz

In connecting relational and resource dimensions, the interdisciplinary concept of Social Capital offers a framework that accommodates the emerging reality of a multinational firm engaged in a symbiotic relationship with its environment. Beyond being resource owners and market gobblers, MNEs are influential builders of reciprocal relationships. By proactively owning, locating and internalizing network(s) of relations, a multinational firm gains and sustains their competitive advantage and legitimizes its corporate identity. The effect of network of relationships on innovational outcome has been under-researched. Among a multiplicity of relationships however, this paper specifically examines the role of international knowledge exchange within intra-firm networks in creating firm-specific knowledge. The arguments suggest that innovative performance is a curvilinear function of the international relational content. It is proposed that (1) at low and moderate levels of international relational content, a firm's strategy to utilize intra-firm social capital improves its innovative performance and at (2) higher levels of international relational content, there are diminishing marginal returns to using intra-firm social capital. Further discussion on the proposed theoretical framework suggests that the internationality of a research group network can be assessed by managers to determine an optimal level at which networking with foreign subsidiaries maximizes firm innovation. *(For more information, please contact: Harsh W. Mishra, State University of New York, New Paltz, United States: mishrah@newpaltz.edu)*

International Joint Ventures, Strategic Alliances and Firm Value: An Empirical Analysis of Emerging Market Multinationals

Bulent Aybar, Southern New Hampshire University

Aysun Ficici, Kadir Has University

The aim of this paper is to examine the impact of internationalization activities of Emerging Market Multinational Corporations (EMCs) on the firm value. We provide an empirical analysis of the value implications of non-equity strategic alliances and joint venture activities that took place during the period of 1991-2003 by using an event study framework and cross-sectional regression analysis. We analyze 538 international expansion announcements entailing 376 joint ventures and 162 strategic alliances associated with 66 Emerging Market Multinationals that originate in Southeast Asia, Latin America and Eastern Europe. Overall, the results of this event study suggest that the market, on average, reacts negatively to EMCs' international expansion activities immediately around the announcement day. However, for larger event windows, cumulative abnormal returns are positive and statistically significant. *(For more information, please contact: Aysun Ficici, Kadir Has University, Turkey: aysunf@khas.edu.tr)*

Session: 3.4.8 - Interactive

Outsourcing and Offshoring

Presented On: June 26, 2006 - 12:30-13:45

Ownership and Outsourcing Within Indian Industry

Deepak Datta, University of Texas at Arlington

Sumit Majumdar, University of Texas at Dallas

Based on a sample of 880 Indian firms and using arguments drawn from the transaction cost, property rights and resource-based perspectives our study examines how equity ownership structure influences the extent to which firms engage in the outsourcing of activities. Our findings provide interesting and important insights into how governance mechanisms and ownership structures operate in India. They indicate that while high levels of foreign ownership and government ownership result in greater internal sourcing, ownership by directors and large individual shareholders have a positive impact on the level of outsourcing undertaken by firms. We also find a positive relationship between institutional ownership with outsourcing, a finding that was contrary to what we had expected. Implications of the findings from the viewpoint of practice and future research are discussed. *(For more information, please contact: Sumit Majumdar, University of Texas at Dallas, United States: majumdar@utdallas.edu)*

Relating Entrepreneurship to Global Outsourcing: Opportunity Identification and Spinouts

Edith Charlene Busija, University of Memphis

Rong Ma, University of Memphis

Focusing on individual entrepreneurs and defining entrepreneurship as opportunity identification, this paper proposes a model in which global outsourcing is a driver of entrepreneurship. Unlike previous studies, this paper examines the impact of global outsourcing from the perspective of supplier firms and their employees. Through enhancing the knowledge, information, and network relationships of supplier firms and their employees, global outsourcing is proposed to be positively related to opportunity identification in provider firms. Furthermore, since supplier firms may have varying levels of opportunity orientation (i.e., desire and/or capability to take advantage of opportunities) enhanced entrepreneurship can lead to different outcomes. Provider firms with lower levels of opportunity orientation may create a higher rate of spinouts since employees with enhanced knowledge, information, and network relationships are encouraged to exploit identified opportunities through founding their own firms. For provider firms with higher levels of opportunity orientation, employees are encouraged to pursue their entrepreneurial drive within the incumbent provider firms. *(For more information, please contact: Rong Ma, University of Memphis, United States: rongma@memphis.edu)*

Business Process Outsourcing: Current Trends and Future Implications: A Case Study of India
Grishma Shah, Rutgers University

In recent years and more so in the latest US presidential campaign, growing numbers and types of business services outsourced abroad, specifically to India, have generated much contention in developed countries. Nonetheless, conventional wisdom suggests that the trend is likely to continue for most economists and corporate executives support outsourcing to foreign countries based on international trade and free market optimization theories (Jacobe).? On the receiving end, developing countries are recognizing the potential gains for their domestic job markets and economies and are consciously focusing in on attracting firms for outsourced operations. In AT Kearny's "2004 Offshore Location Attractiveness Index," India remained at the top of the list as site for Business Process Outsourcing. Kearny reports that variables in three major categories places India at the top as an offshore location, people skills and availability, business environment, and financial structure. Indisputably, India has cornered the outsourcing market with a significant margin. In light of that note, the following case study on BPO to India attempts to 1) understand India's growth as a top BPO destination by discussing the variables that continually attribute to its BPO development 2) discuss the implications of such a trend on the Indian economy, education, labor pool and culture and lastly, 3) examine whether India can continue to harbor the economic and political incentives needed to retain its competitive edge in BPO services and still provide better economic opportunities for the whole of its population. *(For more information, please contact: Grishma Shah, Rutgers University, United States: grishs@yahoo.com)*

Session: 3.4.9 - Interactive

Emerging Economies

Presented On: June 26, 2006 - 12:30-13:45

Determinants of Investing Abroad--The Case of Taiwanese Banks

Yi-Yuan Liu, National Chengchi University
Kung-Pao Ying, National Chengchi University

Banks' internationalization is expanding dramatically, fueled by the increasingly intensive world business and economic interdependencies. Some firm-specific and location-specific factors identified from previous studies can predict this expansion, but only from the point of view of the banks in developed countries. The lack of examining banks in rapidly growing markets such as Asia raises concerns regarding the external validity of these predictions. The aim of this study is to explore the impact of these factors on the international expansion of banks in Taiwan. Data regarding foreign investment activities of 25 banks in 27 countries are used to test the research hypotheses. We find that the market size of a host country, a bank's size, and the presence of home country customers in a host country strongly affect a bank's decision to invest in that country. We further explore the impact of international experience, including the experience of a bank and other banks, on the foreign expansion of Taiwanese banks and find a strong support of the experience effect, even overriding the impact of other factors. *(For more information, please contact: Yi-Yuan Liu, National Chengchi University, Taiwan: 93355511@nccu.edu.tw)*

Determinants of Entry Mode Choice and Performance of New Venture Internationalization: Based on Transaction Cost, Social Network, and Absorptive Capacity Theories

Jay Hyuk Rhee, Korea University

The present study seeks to advance the state of our theoretical as well as empirical understanding of the determinants of entry mode choice and performance of new venture internationalization. Based on three leading theoretical perspectives- transaction cost, social network, and absorptive capacity-, we develop

hypotheses focusing on the role of technology-based advantage, startup-team members' social network, and employees' absorptive capacity in predicting entry mode choice and performance of new venture internationalization. With data on internationalization of Korean new ventures, we found evidence that social network and absorptive capacity theories had considerable explanatory power beyond that of transaction cost theory in predicting entry mode choice and performance of new venture internationalization. *(For more information, please contact: Jay Hyuk Rhee, Korea University, South Korea: jayrhee@korea.ac.kr)*

Expansion Strategy and Industry Evolution: The Case of Mobile Telephony in Europe and Hungary

Jamie Anderson, European School of Management and Technology
Zoltan Antal-Mokos, European School of Management and Technology
Andras Bauer, Corvinus University of Budapest

This longitudinal study aims at contributing to our understanding of the role Foreign Direct Investment, and cross-border acquisitions in particular, play in the context of an "emerging industry – emerging market? context. Acquisitions have been instrumental to the advancement of a number of industries in emerging markets. This may be particularly so in rapidly evolving businesses, such as mobile telephony, where large investments and possible first mover advantages call for rapid expansion, and in emerging markets, such as the Central-Eastern European countries, where undervalued assets, above-average growth prospects and potential capability transfers may better justify acquisitive growth strategies. The Hungarian mobile telephony industry thus provides an excellent opportunity to investigate the process by which multinationals expand. We describe it as an interweaving process of changes in technology and value chain as overarching driving forces for long-term strategies, competitive dynamics between global industry consolidators, cross-border equity transactions, and local market evolution and rivalry. Resulting organisational challenges are also discussed. *(For more information, please contact: Zoltan Antal-Mokos, European School of Management and Technology, Germany: antal-mokos@esmt.org)*

Understanding Late-Movers: Insights from the Brazilian Experience

Afonso Fleury, University of São Paulo
Maria Tereza Fleury, University of São Paulo

The aim of this paper is the study of the recent movement of Brazilian enterprises establishing manufacturing facilities in other countries, to extract the information and the knowledge that contributes to International Business theory and practice.

The study departs from the basic assumption that the context in which late-movers are entering is radically different from the context in which the internationalisation processes of the traditional multinationals took place. Therefore, for the study of the late-movers an initial assessment of existing IB theoretical streams should be recommendable. For that aim, an analytical framework was prepared and applied to the Brazilian enterprises.

An extensive process for gathering secondary information about the Brazilian enterprises that have plants abroad provided the background information for the realisation of three case studies. The outcomes revealed the specificities of Brazilian late-movers and provided some insights regarding the way in which IB theory should incorporate the features of this new phenomenon.

(For more information, please contact: Afonso Fleury, University of São Paulo, Brazil: acfleury@usp.br)

Session: 3.4.10 - Interactive***SME's and New Ventures***

Presented On: June 26, 2006 - 12:30-13:45

Entrepreneurial Orientation, New Venture Strategy, and the Performance

Yong-Hui Li, National Cheng Kung University

Ming-Tien Tsai, National Cheng Kung University

The relationship between entrepreneurial orientation and firm performance appears inconsistent. This study examines the role of new venture strategy in the relationship between entrepreneurial orientation and performance. Using data collected from 165 firms in Taiwan's new ventures, we find that the entrepreneurial orientation-performance relationship is mediated by new venture strategy, including product innovation strategy, marketing differentiation, market breadth, and marketing alliance. Structural equation modeling is used to test measurement and structural models. The results suggest the need for consideration of new venture strategy as a mediator in the relationship between entrepreneurial orientation and performance. The limitations and implications are discussed. *(For more information, please contact: Yong-Hui Li, National Cheng Kung University, Taiwan: r4682468@ms51.hinet.net)*

Learning Advantages of Newness: An Analysis, Critique, and Assessment of its Antecedents

Rukiye Isil Yavuz, University of Minnesota

Jifeng Yu, Georgia State University

Shaker A. Zahra, University of Minnesota

Congcong Zheng, San Diego State University

Recent theoretical development in International Entrepreneurship (IE) field emphasizes the learning advantages of newness and its positive effects on firm growth. The learning advantages of newness argument proffers that young firms have advantages when compared to established firms in terms of leverage opportunities to grow both internationally and overall. However, theoretically, the concept of learning advantages of newness is at odds with other central concepts in the organizational learning literature, such as experiential learning and absorptive capacity. This paper seeks to reconcile such incongruity. We attempt to do so by arguing that the learning advantages of newness are a special rather than universal case of learning. We identify the underlying assumptions of the learning advantages of newness argument and propose that a set of environmental, organizational and social influences precedes the learning advantages of newness in international entrepreneurial firms. Our paper contributes to the debate in the international entrepreneurship and international business fields regarding the effect of firm age at international entry on the performance of such entry. *(For more information, please contact: Shaker A. Zahra, University of Minnesota, United States: szahra@csom.umn.edu)*

Session: 3.4.11 - Interactive***Governance in Emerging Markets***

Presented On: June 26, 2006 - 12:30-13:45

Strategy of Firms in an Unstable Institutional Environment: The Case of Textile Firms in a Developing Country

Mehdi Farashahi, Concordia University

Taieb Hafsi, University of Montreal

Institutional instability as one of the most common characteristics of developing countries and its impacts on the strategy of firms is explored in this study. Based on 32 semi-structured interviews with top managers of textile firms in Iran, some theoretical foundations for the strategy of firms in unstable institutional environments are developed. Results show that managers in developing countries get involve in a political struggle to ensure that institutional uncertainty is balanced by a reasonable political give and take. They believe that political process is an instrument of stability. It is argued that power and legitimacy are the key resources for firms' survival in institutionally unstable environments and managers are the main source of firms' power and legitimacy. All these findings are presented in the form of propositions for further future research. Finally, it is believed that the problem with shifting institutions is that a careful research design is required to catch their effects. We need in particular to find situations where there are indeed reasons to believe that institutions are unstable. These situations might be generalized in developing countries but not necessarily obvious, nor easy to trace systematically. *(For more information, please contact: Mehdi Farashahi, Concordia University, Canada: mfarashahi@jmsb.concordia.ca)*

Toward the Development of Corporate Reputation in Chinese Firms

Peter H. Antoniou, California State University at San Marcos
Kern K Kwong, California State University at Los Angeles
Catherine Ellen Levitt, California State University at Los Angeles

China is the fastest changing economy in the history of the world. It is a transitional economy moving from a command based to market based mechanism. In the 25 years since the "opening to the West", China has moved 300 million people out of poverty and quadrupled the average person's income. This rush forward has not been without issues, not the least of which has been the need to redefine the meaning of government, firms and economic leadership. This redefinition has called for a change in the responsibilities of each of these sectors. It has also called for changes in the public perception of success and the dimensions by which this success is measured. This paper seeks to explore the public perception of success in China and changes in strategies necessary to build a reputation for success. This paper finds its base in empirical research in the areas of societal strategy, branding, and technology transfer done by these authors in China over the course of the last 15 years.

(For more information, please contact: Catherine Ellen Levitt, California State University at Los Angeles, United States: clevitt@ggu.edu)

Institutional Theory: The Three Pillars and FDI location in Latin America

John Cullen, Washington State University
Douglas E. Thomas, University of New Mexico
Len J. Trevino, Washington State University

This paper links the three pillars of institutional theory---cognitive, normative, regulative --- with organizational decision making on foreign direct investment (FDI). Specifically, we examine the relationship between FDI inflows in Latin America and institution building -- particularly governments' efforts to create a more favorable FDI climate by reducing uncertainty and, concomitantly, costs associated with long-term capital investments. By combining the three pillars of institutional theory with traditional variables that are known determinants of FDI, we build a more complete model of FDI and we extend the new institutional economics. Elements of institution building examined in the present study include educational attainment, political risk, bilateral investment treaties, trade reform, privatization, tax reform, domestic financial account liberalization, and international financial account liberalization. We found support for the positive link between institutional variables that reduce uncertainty and costs for MNEs and FDI flows into Latin America.

(For more information, please contact: Len J. Trevino, Washington State University, United States: ltrevino@wsu.edu)

Session: 3.4.12 - Interactive***Knowledge, Learning and Adaptation***

Presented On: June 26, 2006 - 12:30-13:45

Tacit Knowledge & Embedded Relations: The Role of Expatriates in MNC Foreign Subsidiaries

Guo-Liang Jiang, University of Western Ontario

Michael J. Rouse, University of Western Ontario

Based on social embeddedness theory and Nonaka's knowledge conversion model, this paper examines how embedded relations affect the inflows of tacit knowledge to MNC foreign subsidiaries. Foreign subsidiaries are conceptualized as being embedded in internal and external networks. The existence of embedded ties in both networks is a necessary condition for the transfer of tacit knowledge to subsidiaries. Expatriates are managers important to foreign subsidiaries. The business and social relations they maintain have a significant impact on subsidiaries' overall embeddedness in networks, thereby influencing the knowledge transfer processes. Drawing on the literature of expatriate management, this paper proposes a set of relations between tacit knowledge inflows and the number of expatriates in a subsidiary, the length of expatriate assignments, cross-cultural adjustment, and the repatriation process. *(For more information, please contact: Guo-Liang Jiang, University of Western Ontario, Canada: fjiang@ivey.ca)*

Customized Globalization: Strategizing Cross-border Knowledge Sharing

Chia-Ching Fatima Wang, University of Cambridge

Conflict potential within multinational corporations exists by the very nature of diversity. Headquarters' role in overseas markets is no longer limited to the transfer of know-how from center to periphery. With increasing success of overseas units, the management of cross-border knowledge is more complex and tensions arise from the dilemma of centralization versus decentralization. Headquarters must seek new strategic directions in order to leverage knowledge resources worldwide. This paper proposes to strategize cross-border knowledge sharing by developing the notion of reconciliation. Centralization and decentralization of knowledge processes are perceived as mirror values that can be reconciled. Action research with a multinational retailer reveals the strategy of 'customized globalization' as a way of enhancing learning in cross-border relationships. *(For more information, please contact: Chia-Ching Fatima Wang, University of Cambridge, United Kingdom: ccfw2@cam.ac.uk)*

One Size Does NOT Fit All: An Understanding of Local Adaptation in Cross-Border Practice Transfers

Jisun Yu, University of Minnesota

Although the concept of local adaptation has been central in the international management literature, our understanding of local adaptation during cross-border practice transfers is still very limited. We believe that more in-depth understanding of local adaptation needs to precede the discussion of its impact on the effectiveness of practice transfers. In this study, we develop theoretical propositions by asking three specific questions: First, when an organizational practice crosses national boundaries, what features are more likely to be adapted to local environments and what features are more prone to remain intact? Second, how do national and organizational contexts influence the practice adaptation in what ways? And finally, under what conditions, does local adaptation enhance the effectiveness of practice transfers? We draw upon the work design perspective developed in the field of organization theory, and national culture as our theoretical background. *(For more information, please contact: Jisun Yu, University of Minnesota, United States: jyu1@csom.umn.edu)*

From Local to Global and Back Again: Tracing the Non-Linear Road to Industrial Relations Dispute Resolution Processes in an Emerging Economy

Carol Reade, San Jose State University
Mark Reade McKenna, Nova Southeastern University

The ancient Silk Road was a major channel for the exchange of commodities and ideas. People interacted along the Road, passing goods and knowledge from one local network to the next. Commodities and ideas traveled back and forth, perhaps returning to the point of origin in a modified and enhanced form, thereby broadening networks of innovation along the Road. In the same way, knowledge of dispute resolution processes has flowed in a multidirectional, non-linear fashion across global networks, resulting in the modification of local processes and practices along the way. This paper highlights the interplay between indigenous and imported dispute resolution processes applied to employment relations issues in Sri Lanka, an emerging economy with a confrontational industrial relations climate. Research and managerial implications are discussed. *(For more information, please contact: Carol Reade, San Jose State University, United States: cewreade@aol.com)*

Session: 3.4.13 - Interactive

Multinationality and Performance

Presented On: June 26, 2006 - 12:30-13:45

The Relation between Firm Performance and CEO Turnover in the Transitional Economy: Evidence from China

Kefei Ma, Peking University
Jing Quan, Peking University

This paper evaluates the empirical relationship between the firm's performance and the chief executive officer (CEO) turnover. We divide the sample of the 783 listed Chinese State-Owned Enterprises into three groups based on each company's average returns on assets during the period of 1990-2001. Different groups present different performing foundations. Analysis is based on a panel data logistic model. We find a positive relation between the probability of CEO turnover and firm performance. This effect is much higher in high and middle performance groups than that in low performance group. In addition, last one year's performance and last three years' average performance have distinct explanatory power in explaining the CEO turnover in varied contexts. It suggests that different evaluation on firm performance could result in different influences on CEO turnover. Therefore, it is important to choose between long-term perspective and short-term perspective when evaluating firm performance. *(For more information, please contact: Kefei Ma, Peking University, China: kfma@pku.edu.cn)*

CEO Origin and the Performance of U.S.-Based Multinationals: Evidence of the Superiority of Imported Leadership

Sylvia Sloan Black, NC A&T University
Marta A. Geletkanycz, Boston College

Academics and practitioners agree that global mindset plays an essential role in the success of multinational enterprises (MNEs). Despite this consensus, understanding of how a global mindset is most effectively instilled in organizations is relatively scant. The present study explores a nascent, yet growing trend among competitive firms – ascendance of foreign-born chief executive officers (CEOs) – and its implications for MNE performance. Using data from a sample of more than 200 U.S.-based MNEs, results show that firms headed by foreign-born CEOs tend to outperform their domestically-led counterparts. Specifically, while foreign-born CEOs are no more likely to engage in incremental international expansion, they are able to extract significantly greater

performance from extant multinational operations than their U.S.-born counterparts. We interpret these findings to suggest that foreign-born CEOs import a culturally-differentiated perspective that is advantageous to multinational success. Implications for research and practice are discussed. *(For more information, please contact: Marta A. Geletkanycz, Boston College, United States: geletkan@bc.edu)*

Internationalization and its Relationship to Firm Performance - The Role of Intangible Resources

Andreas Bausch, International University Bremen
 Mario Krist, International University Bremen
 Nina Rosenbusch, University Giessen

After thirty years of research on the relationship between internationalization and firm performance findings on the direction and magnitude are still contradictory. Contemporary research proposes that the focal relationship is fundamentally context dependent.

We address the question if and how internationalization is related to firm performance with an explicit consideration of the role of intangible resources. Theories of the Multinational Company (MNC) suggest that the availability of intangible resources is key to success in international markets. Most recently another line of research has aimed at reconciling controversial findings by discussing the curve-type that best reflects the internationalization-performance relationship.

Preliminary results for a sample of $n = 52$ publicly listed German firms indicate that internationalization per se has no effect on financial performance but that the availability of intangible resources in the form of technological know-how is essential for success in internationalization. Our research lends support to theories that stress the conditionality of success in internationalization and that emphasize the decisive role of intangible resources. We think that an integration of different theoretical approaches might be helpful to more fully understand the nature of the internationalization-performance relationship.

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A Model of MNC Performance: An Integration of Financial and Strategy-related Perspectives

Sumit K Kundu, Florida International University
 Andrea Jean Roofe, Florida International University

We would expect that the performance of a MNC is influenced by financial and market related variables. This paper explains the performance of the MNE by integrating financial and strategy related variables in a conceptual model of MNE activity. In addition the model proposes that the level of stability of the exchange rate between the host country and that of the home country might be a more appropriate measure of risk, than that of the exchange rate itself. The model proposes a measure of exchange rate stability for use in the measurement of the business risk associated with MNC activities. *(For more information, please contact: Sumit K Kundu, Florida International University, United States: kundus@fiu.edu)*

The Moderating Effect of Environment Turbulence on EMO Behavior on Firm Performance: Looking at Macro Issues.

Tolulope Bewaji, Temple University
 Yunxuan (Tess) Han, Temple University

It has been noted that environmental turbulence has an effect on how export market orientation benefits the performance of the firm; however, it is not known conclusively which types of environmental turbulence has such effect. This study further researched by looking at the macro environmental turbulence factors that a firm faces in exporting to other countries and the moderating effect these factors will have on how export market orientation affects the export performance *(For more information, please contact: Tolulope Bewaji, Temple University, United States: mtolu@yahoo.com)*

Session: 3.4.14 - Interactive***Institutions and NGOs***

Presented On: June 26, 2006 - 12:30-13:45

Institutional Relatedness And Strategic Assets On Performance Variations Of Diversification
Zhenyan Lu, Peking University

Based on integrative perspective of institutional theory and resource-based of view, this article addresses two key questions of strategic research in the diversification research: why are firms different? And what limits the scope of firms? Drawing from the evidence in different context, the article first to theoretically examine direct performance effect of institutional relatedness, and further to advance the extant theoretical framework, argue that IR is one of resources building up the strategic assets. Finally, with the co-adaptation model of IR and SA, the author demonstrates the potential mechanisms to the performance variation of different relatedness of diversification strategy. *(For more information, please contact: Zhenyan Lu, Peking University, China: lvzhenyan@gsm.pku.edu.cn)*

Assessing the Power of Bank Relations: Japanese Evidence
Zhonghua Wu, National University of Singapore

Comparing to other relations such as bank equity in the firms and bank representatives in the corporate board, bank lending relation is the primary mechanism of power and control by banks. Two research questions will be explored: (1) how does the bank lending relation influence corporate efficiency? (2) How do other forms of bank-firm relations moderate the effect of bank lending relation? Bank loan dependence is used as a proxy for bank lending relation, and empirical analysis is conducted on 90 large manufacturing firms and all banks from the major six financial keiretsu in Japan during 1991-1998. We find that for firms with more difficulty in acquiring outside capital, bank loan dependence brings more benefit. However, banks may encourage unprofitable over-investment through their lending policies, and firms with healthy financial status are found to be more negatively influenced than firms in financial distress. Equity ties from banks can serve as a mechanism aligning the interests of banks with those of shareholders, and are found to positively moderate the association between bank loan dependence and corporate efficiency. Banks can acquire information on firms from their representatives in the corporate board, while the moderating effect of bank director relation is insignificant. *(For more information, please contact: Zhonghua Wu, National University of Singapore, Singapore: g0403303@nus.edu.sg)*

The New South Africa: A Structured Approach to Navigating Black Economic Empowerment
Wade M Danis, Georgia State University
Sebastian Mathews, Georgia State University

This paper highlights the challenges international firms face in meeting specific developmental objectives and socio-political expectations of host governments via an in-depth examination of the South African context. We discuss the historical circumstances that led to the emergence South Africa's Black Economic Empowerment (BEE) policies and adopt institutional theory to better understand the change process at three levels: national, industry, and firm. At the national and industry levels we evaluate the often-conflicting principal-agent role that governments and international firms play as vehicles for social and institutional change in emerging markets. We conclude our analysis at the firm level with a high level management primer for multinational enterprises seeking to optimally map their strategy, structure and systems to South Africa's BEE requirements. *(For more information, please contact: Wade M Danis, Georgia State University, United States: wdanis@gsu.edu)*

Session: 3.5 - Plenary

JIBS Decade Award Plenary

Presented On: June 26, 2006 - 13:45-15:00

Chair: Arie Y. Lewin, Duke University

The 2006 JIBS Decade Award, sponsored by Palgrave Macmillan, will recognize the most influential paper published in the 1996 volume of the Journal of International Business Studies.

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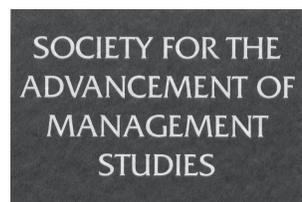
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