



UNIVERSITY OF EDINBURGH  
Business School



# INTERNATIONAL BUSINESS: NEW CHALLENGES, NEW FORMS, NEW PRACTICES.

The Academy of International Business  
(UK and Ireland Chapter)

38th Annual Conference  
14th - 16th April 2011

University of Edinburgh Business School

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## Welcome

The University of Edinburgh Business School is delighted to welcome you to the 38<sup>th</sup> Annual Conference of the Academy of International Business (UK & Ireland Chapter). The continuity and change we see in international business is reflected in our setting –an historical building extensively renovated to become a 21<sup>st</sup> century business school. Many of the forces and pressures within international business – the shift of production and economic power towards the emerging economies, the increasing exchange of people, goods, services and capital throughout the world, and the transfer of knowledge between territories and peoples within and outwith organisations might have been discussed at the very founding of the University in the 16<sup>th</sup> Century. Indeed, pressures of international business were among those that lay behind its founding.

This continuity and change remain for us to manage. New technological development, in which Edinburgh University pioneers still, has always driven international business change, but specific new technologies drive it in new and sometimes different ways. Long-standing driving forces in the capital markets, many pioneered within this city, have played their part in the evolution of international business over the centuries, but recent disruptions are leading managers in the financial services industry, amongst others, to find new management models for their international business activities. This leads us to our conference theme this year: International Businesses – New Challenges, New Forms, New Practices.

This ongoing evolution led us to innovate with a new idea of keynote interviews, and we are grateful for the courage shown by our pioneers in this experiment. The number, scale and complexity of large, complex, collaborative projects and programmes is increasing, presenting new challenges for those practicing international business. Our first keynote interviewer is Tamer Cavusgil of Georgia State University, who will interview three managers working at the heart of this challenge: Hillary Sillitto from the THALES Group, Paul Holbourn from Selex Galileo S.p.A, and Hermine Schnetler, from the UK Astronomy Technology Centre. The process of internationalization was a challenge for the Scottish state and for its entrepreneurs in the 16<sup>th</sup> century; so it is today. Now, however, we see very different types of firms rising to the challenge, and our second keynote interviewer Pervez Ghauri of Kings College at the University of London will interview individuals at the heart of the internationalization process from within very different types of businesses. We are delighted to hear from Carla Mahieu of Aegon N.V., Arten Moussavi of Biofoodnutrition, SE, Ian Stevens of Mpathy Ltd, and Paul D'Arcy of Raytheyon, UK.

This annual conference allows scholars of the UK and Ireland Chapter to share their work and their ideas, and to learn. The atmosphere, as always, will be of learning, and of exchange, characterised by a spirit of generosity. The outcome is an exceptional number of presenters from around the world. With almost half of the presentations being from scholars from elsewhere in the world, this UK and Ireland Chapter event is very much an international conference. Knowledge exchange and growth of capability, as we know, requires generosity

of spirit from all those involved, facilitated by social interaction. We hope that we have set a good scene for interaction – focussed as well as social.

Our spirit of learning and development is reflected in the Doctoral Colloquium, organised as in previous years by our colleagues at the University of Glasgow Business School - managed by Anna Morgan-Thomas, supported tirelessly by Jane Britton. The popularity of the colloquium grows year by year. This year 59 students are being supported by the generosity of 58 senior colleagues who have given up their own time before and after the conference to help these young scholars. Thanks to all.

We have relied also on the generosity of so many who made the conference a possibility, who I would now like to acknowledge. Double blind reviewing, and the contribution of helpful comments by reviewers is a selfless task on which we all rely, and they are acknowledged within the programme. Our keynote interviewers and the individuals participating in the panels have given up their time to provide this new approach. My academic colleagues here at Edinburgh have done a lot of last-minute reviewing, and I have relied on members of the executive committee of our chapter for advice and support. Thanks to our PhD students, the papers have been organized into a programme, the papers put into packs, and we are being guided around the Business School. Thanks to the support of Nick Oliver, Head of the University of Edinburgh Business School, the conference itself has been underwritten. Goodwill is powerless without good management, and here I am profoundly grateful for the work of Sandra Peddie, Conference Manager, and the organising team that made it possible, Sarah Anderson, Hazel Parker and Nicola Sukatorn.

I hope that you enjoy the conference and that we might see you next year in Liverpool.

A handwritten signature in black ink that reads "Simon Harris". The signature is fluid and cursive, with a large initial 'S' and a stylized 'H'.

Simon Harris  
AIBUKI 2011 Conference Chair  
University of Edinburgh Business School

## **Sponsors**

**The Academy of International Business (UK and Ireland Chapter) acknowledges the support of the following sponsor of the 38<sup>th</sup> Annual Conference hosted by the University of Edinburgh Business School.**



**Palgrave Macmillan is a generous long-time supporter and sponsor of the AIBUKI annual conference**

Palgrave Macmillan is a global academic publisher, serving learning and scholarship in higher education and the professional world. Palgrave Macmillan publishes textbooks, journals, monographs, professional and reference works in print and online, focusing on the Humanities, the Social Sciences and Business. As part of the Macmillan Group, the company represents an unbroken tradition of 150 years of independent academic publishing, continually reinventing itself for the future.

## **University of Edinburgh Business School**

The University of Edinburgh Business School enjoys a long tradition of teaching and research. The School offers undergraduate, postgraduate and executive education programmes in business and management and provides a platform for research, discussion and debate on a wide range of business issues.

Part of the University of Edinburgh one of the world's top 40 universities with a rich heritage of delivering education for over 400 years, the Business School has an international student body typically representing more than 25 countries.

In August 2010 the School relocated to a new building at Buccleuch Place, located at the heart of the University campus. This state-of-the-art space features eight lecture theatres, multiple syndicate rooms, an executive education suite, student study centre and online resource, cafe and significant flexible space for staff and students. The building has been designed and specified to meet the current and anticipated future needs of the School's portfolio of activities and represents an investment of £17m by the University.

The School's teaching and research covers six main subject areas – accounting & finance, entrepreneurship & innovation, management science & business economics, marketing, organisational studies and strategy & international business. An emerging area of expertise for the Business School is carbon management through an innovative partnership with the School of GeoSciences.

The School is accredited by EQUIS and AMBA and consistently ranked in the Financial Times and Economist MBA Rankings – reflecting not just a long history of business teaching but also the substantial experience of a faculty comprising more than 80 teaching staff. Core to the School's philosophy is a close interaction with the corporate world through industry-based research and consultancy.

The School aims to attract excellent staff and students from around the world; to provide an intellectual environment which fosters debate and world-class research and to build strong connections to the world of business.

## **Conference Organisation**

**The AIBUKI Conference 2011 was organised by the University of Edinburgh Business School:**

**Simon Harris**  
**Conference Chair**

Sandra Peddie  
Conference Manager

Sarah Anderson, Hazel Parker and Nicola Sukatorn  
Conference Secretaries

Kenneth Amaeshi  
Chris Carr  
Jose Godinez  
Steven Harwood  
Omair Hatem  
Jia Li  
Ling Liu  
Shubo Liu  
Brad MacKay  
Volker Mahnke (Copenhagen Business School)  
Sheetal Patel  
Sacha Rawlence  
Thor Sigfusson  
Veselina Stoyanova  
Konstantinos Tsanis  
Alessa Witt  
Rick Woodward

## **Doctoral Colloquium Organisation**

The Convenor of the Doctoral Colloquium is Dr Anna Morgan-Thomas, and she was assisted by Jane Brittin. Both at the University of Glasgow.

The purpose of the Doctoral Colloquium is to provide doctoral researchers in International Business with the opportunity to improve their research skills. Students present and discuss their research with a panel of distinguished scholars in the field, in interactive sessions that are open to all conference delegates. This year the Colloquium has been expanded to include formal training sessions, for example, a hands-on workshop on how to publish in top journals with Professor Ulf Andersson.

The Colloquium also provides doctoral researchers with an opportunity to interact with colleagues from other institutions working on International Business topics, and to join and feel part of the AIB community of researchers. There are two streams in the Doctoral Colloquium. Stream A is the competitive stream and is for students who have made progress in the development of their research, or who have recently completed their doctoral thesis.

Papers submitted for Stream A are eligible for both the Neil Hood and Stephen Young Prize for the Most Original New Work and the Michael Z Brooke Doctoral Prize. Stream B is for students who are in the earlier stages of their doctoral research, usually before data collection. Papers submitted for Stream B may be considered for the Neil Hood and Stephen Young Prize for the Most Original New Work, but will not be eligible for the Michael Z Brooke Doctoral Prize.

**59 papers were accepted this year, 15 papers for presentation in Stream A and 44 papers for presentation in Stream B.**



## Reviewers

**We would like to thank the many reviewers who volunteered their time to help out with our double blind peer review process:**

Frederick Ahen, Turku School of Economics, Finland  
Eva Alföldi, University of Manchester, UK  
Kenneth Amaeshi, University of Edinburgh Business School, UK  
Yasemin Bal, Yildiz Technical University, Turkey  
Ödül Bozkurt, Lancaster University Management School, UK  
Trevor Buck, Loughborough University, UK  
Hanni Candelin-Palmqvist, University of Turku, Finland  
Chris Carr, University of Edinburgh Business School, UK  
Yi-Ying Chang, National Taiwan University of Science and Technology, Taiwan  
Jennifer Chang, Feng Chia University, Taiwan  
Shao-Chi Chang, National Cheng Kung University, Taiwan  
Charles Chen, University of Phoenix, United States  
Jeremy Clegg, University of Leeds, UK  
Gary Cook, University of Liverpool, UK  
Carla Costa, Technical University of Lisbon, Portugal  
Mike Crone, University of Strathclyde, UK  
Louise Curran, Toulouse Business School, France  
Pavlos Dimitratos, Athens University of Economics and Business, Greece  
Nigel Driffield, Aston Business School, UK  
Jun Du, Aston Business School, UK  
Thambi Durai, Precision Infomatic(M) Private Limited-IT Industry, India  
Stefano Elia, Politecnico di Milano, Italy  
Taina Eriksson, Turku University, Finland  
Natasha Evers, National University of Ireland Galway, Ireland  
Diana Andreea Filipescu, Autonomous University of Barcelona, Spain  
Fragkiskos Filippaios, University of Kent, UK  
Andrew Finger, Unisinos Business School, Brazil  
Margaret Fletcher, University of Glasgow, UK  
Peter Gabrielsson, University of Vaasa, Finland  
Mika Gabrielsson, Aalto University, Finland  
Axele Giroud, University of Manchester, UK  
Sougand Golesorkhi, Manchester Metropolitan University, UK  
Ray Griffin, Waterford Institute of Technology, Ireland  
Calin Gurau, GSCM - Montpellier Business School, France  
Birgit Hagen, University of Pavia, Italy  
Simon Harris, University of Edinburgh Business School, UK  
Stephen Harwood, University of Edinburgh Business School, UK  
Omaira Hatem, University of Edinburgh Business School, UK  
Pia Hurmelinna-Laukkanen, University of Oulu, Finland  
Elaine Hutson, University College Dublin, Ireland  
Rhona Johnsen, Audencia School Of Management, France  
Alexandra Kaar, Johannes Kepler University, Austria  
Igor Kalinic, University of Groningen, Netherlands  
Oskar Kayasan, European Research Centre, UK  
Colm Kearney, Trinity College Dublin, Ireland  
Breda Kenny, Cork Institute of Technology, Ireland  
Mari Ketolainen, Turku School of Economics at University of Turku, Finland  
Rebecca Chung Hee Kim, Nottingham University, Malaysia  
Alina Kudina, University of Warwick, UK  
Olli Kuivalainen, Lappeenranta University of Technology, Finland  
Nishant Kumar, Stockholm University, Sweden  
Hyun-Jung Lee, London School of Economics, UK  
Edward Lee, University of Hertfordshire, UK  
Yong Kyu Lew, University of Manchester, UK  
Xiaoqing Li, Northumbria University, UK  
Yun Li, Standard and Poor's, United States  
Ling Liu, University of Edinburgh Business School, UK  
Sharon Loane, University of Ulster, UK  
Robert MacKay, University of Edinburgh Business School, UK  
Alex Mackinnon, University of Stirling, UK  
Volker Mahnke, Copenhagen Business School, Denmark  
Tuija Mainela, University of Oulu, Oulu Business School, Finland

Antonio Majocchi, University of Pavia, Italy  
 Michael McDermott, Northern Kentucky University, United States  
 Frank McDonald, University of Bradford, UK  
 Carla Millar, University of Twente, Netherlands  
 Fiona Moore, Royal Holloway, University of London, UK  
 Lucia Morales, Dublin Institute of Technology, Ireland  
 Eleanor Morgan, University of Bath, UK  
 Aroop Mukherjee, King Saud University, Saudi Arabia  
 Surender Munjal, Leeds University Business School, UK  
 Phillip Nell, Copenhagen Business School, Denmark  
 Huu Le Nguyen, Hanken School of Economics, Finland  
 Niina Nummela, University of Turku, Finland  
 Martha O'Hagan Luff, Trinity College Dublin, Ireland  
 Augustas Osseo-Asare, University of Sunderland, UK  
 Ursula Ott, Loughborough University, UK  
 Gul Berna Ozcan, Royal Holloway, University of London, UK  
 Eriikka Paavilainen-Mäntymäki, Turku School of Economics, Finland  
 Tara Patzelt, University of Tübingen, Germany  
 Noemi Pezderka, University of Manchester, UK  
 Shameen Prashantham, University of Glasgow, UK  
 Manuela Presutti, University of Bologna, Italy  
 Markus Pudelko, Tübingen University, Germany  
 Vesa Puhakka, University of Oulu, Oulu Business School, Finland  
 Rose Quan, Northumbria University, UK  
 Mizan Rahman, University of Lincoln, UK  
 Yasir Rashid, University of Waikato, New Zealand  
 Mélanie Raukko, Turku School of Economics, Finland  
 Sacha Rawlence, University of Edinburgh Business School, UK  
 Glenn Richey, The University of Alabama, United States  
 Youssef Said, National Engineering School of Tunis, Tunisia  
 Ayse Saka-Helmhout, University of Surrey, UK  
 Grazia D. Santangelo, University of Catania, Italy  
 Hugh Scullion, National University of Ireland Galway, Ireland  
 Rauni Seppola, University of Jyväskylä, Finland  
 Per Servais, University of Southern Denmark, Denmark  
 Rotem Shneor, UiA University of Agder, Norway  
 Rudolf Sinkovics, The University of Manchester, UK  
 Agnieszka Skuza, Poznan University of Economics, Poland  
 Stoyan Stoyanov, University of Edinburgh Business School, UK  
 Roger Strange, University of Sussex, UK  
 Larry Su, University of Greenwich, UK  
 Helene Tenzer, Tuebingen University, Germany  
 Konstantinos Tsanis, University of Edinburgh Business School, UK  
 Ko-Min Kevin Tseng, Commerce Development Research Institute, Taiwan  
 Romeo Turcan, Aalborg University, Denmark  
 Chaiporn Vithessonthi, Mahasarakham University, Thailand  
 Stefan Volk, Tübingen University, Germany  
 Sigrun M. Wagner, Royal Holloway, University of London, UK  
 Denice Welch, Melbourne Business School, Australia  
 Lawrence Welch, Melbourne Business School, Australia  
 Jason Whalley, University of Strathclyde, UK  
 Colin Wheeler, University of Portsmouth, UK  
 Witold Wilinski, Warsaw School of Economics, Poland  
 Richard Woodward, University of Edinburgh Business School, UK  
 Qunyong Xie, The Hong Kong University of Science & Technology, China  
 Mo Yamin, University of Manchester, UK  
 Yong Yang, University of Essex, UK  
 Andrey Yukhanaev, Northumbria University, UK  
 Jane J. Zhang-Rice, University of Strathclyde, UK  
 Angelika Zimmermann, Loughborough University, UK

## **Prizes**

There are four awards presented at the AIBUKI Annual Conference:

- The Palgrave Award for the Best Competitive Paper.
- The Emerald Critical Perspectives on International Business Prize.
- The Michael Z Brooke Doctoral Prize, awarded to the doctoral researcher who presents the best paper in the competitive stream (Stream A) of the Doctoral Colloquium.
- The Neil Hood and Stephen Young Prize for the Most Original New Work, awarded to the doctoral researcher from either stream (A or B) of the Doctoral Colloquium who presents the 'best new research'.

## **Publishers**

The following publishers have stands at the 2011 Conference in the Business School Concourse:

Edward Elgar Publishing

Euromonitor International

Emerald Group Publishing

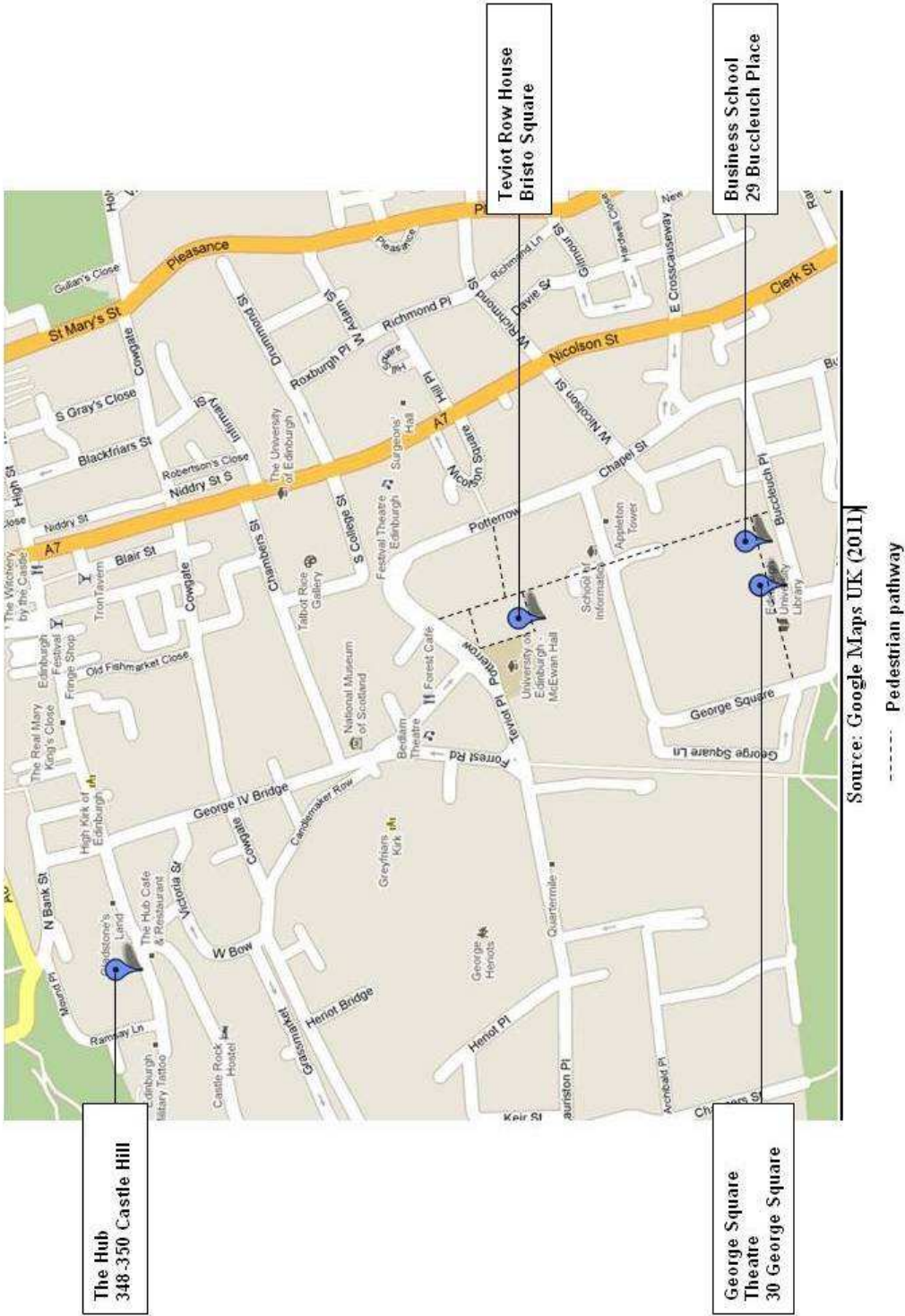
Palgrave Macmillan

Pearson Education

Sage

Conference Map

Map: Edinburgh University Business School, George Square Theatre, Teviot Row House & The Hub



## **General Information Regarding The Conference**

### **Conference Reception Desk**

We have a dedicated Conference Reception Desk located on the Concourse Level (Ground) of the Business School.

It will be open at the following times:

Thursday, 14 April 1800 to 1930 hrs

Friday, 15 April 0800 to 1800 hrs

Saturday, 16 April 0830 to 1800 hrs

### **Completion of Registration**

All registration fees and other charges must be paid in full in order to complete your Registration. At this time, you will receive your Delegate bag, as well as a Conference Badge. Please wear your badge at all times during the Conference, as only delegates with official Conference ID will be allowed into any of the Conference Sessions and functions.

### **Dress Code**

The dress code for the entire Conference, including the Conference Gala Dinner, is smart casual.

### **Catering**

Tea, and coffee will be served during the breaks in the Business School Concourse.

Lunches are served at Teviot Row House and then tea and coffee back at the Business School Concourse.

### **Conference Gala Dinner**

The Conference Gala Dinner will be held at the Hub on Castle Hill at 6.30pm.

### **Parallel Sessions**

All presenters may upload their presentations in either a Microsoft Powerpoint file, 93-2007 version as latest, Microsoft Word, 93-2007 version as latest, or as a .pdf file. They are responsible for ensuring that their presentations are uploaded onto the computer in the room in advance of the start of their Session. Assistance will be available to assist in the process. Presentations may of course be uploaded during any of the breaks prior to the allocated session, however please do so only on the same day that you will present.

During the Parallel Sessions, each Presenting Author will make a 15 minute presentation on their paper. The Session Chair is responsible for directing any Q&A and for ensuring that the Session ends on time. Any time left at the end of the each Session will be devoted to general Q&A on all papers presented during the Session. Presenting Authors are therefore asked to remain in their rooms until the end of the Session if possible.

## **Papers**

In the Conference Bag, you will receive a CD containing all the conference papers presented during the Parallel Sessions. The papers are saved under the Presenting Author's last name and paper title (or a part of it). If you can't find the paper you're looking for, please feel free to contact the Presenting Author directly using the email provided in the Delegate Listing at the back of this Conference Programme & Book of Abstracts.

## Keynotes



### **Professor S. Tamer Cavusgil**

S. Tamer Cavusgil is Fuller E. Callaway Professorial Chair and Executive Director, CIBER, Georgia State University, Atlanta, GA. Tamer holds MBA and Ph.D. degrees in business from the University of Wisconsin. Tamer specializes in the internationalization of the firm, global strategy, emerging markets, and buyer-seller relationships in cross-border business. Tamer's professional career spans teaching, research and administrative responsibilities in international business at Michigan State University, Bradley University, University of Wisconsin, and the Middle East Technical University (Turkey).

Tamer has authored more than a dozen books and over 190 refereed journal articles. His work is among the most cited contributions in international business. His books include *International Business: The New Realities*, 2<sup>nd</sup> Ed., co-authored with G. Knight and J. Riesenberger.



### **Professor Pervez N Ghauri**

Professor Ghauri completed his PhD at Uppsala University in Sweden and is at present Professor of International Business at King's College London. He is a Fellow of European International Business Academy and was Vice President for Academy of International Business during the period 2008 – 2010. Recently, he was awarded an honorary Doctorate by Turku School of Economics and Management, Finland in recognition of his contributions towards the field of International Business.

Professor Ghauri has published more than 23 books and numerous articles in Journals such as; Journal of International Business Studies, British Journal of Management, Journal of World Business, Management International Review and Journal of Business Research. He is Editor in Chief for International Business Review and Editor (Europe) for the Journal of World Business.

## Programme Summary

### Thursday 14<sup>th</sup> April 2011

16.00 – 18.00	Executive Committee Meeting (Exec C'ttee Members Only) <i>Business School Roof Terrace</i>
18.00 – 19.30	Drinks Reception & Registration (All welcome) <i>Business School Concourse</i>
19.30 – 20.00	Doctoral Panellists' Briefing Meeting (Panellists only) <i>Business School Lecture Theatre 1</i>

### Friday 15<sup>th</sup> April 2011

From 08.00	Registration <i>Business School Concourse</i>
08.30 – 10.30	Doctoral Stream A/B <i>Business School</i>
10.40 – 11.00	Conference Welcome <i>George Square Lecture Theatre</i>
11.00 – 12.30	Keynote Interviews: Managing Complex Cross-Border Collaborative Projects and Programmes. (Prof. Tamer Cavusgil) <i>George Square Lecture Theatre</i>
11.00 – 12.30	Parallel sessions/panels 1 <i>Business School</i>
12.30 – 14.00	Lunch Break <i>Teviot Row House</i>
14.00 – 15.30	Keynote Interviews: Managing the Process of Internationalisation (Prof. Pervez Ghauri) <i>George Square Lecture Theatre</i>
14.00 – 15.30	Parallel sessions/panels 2 <i>Business School</i>
15.30 – 16.00	Tea/Coffee Break <i>Business School Concourse</i>
16.00 – 17.30	Parallel sessions/panels 3 <i>Business School</i>
18.30 –	Drinks Reception followed by Dinner and Ceilidh <i>The Hub</i>



**Saturday 16<sup>th</sup> April 2011**

09.00 – 10.30	Parallel sessions/panels 4 <i>Business School</i>
10.30 – 11.00	Tea/Coffee Break <i>Business School Concourse</i>
11.00 – 12.30	Parallel sessions/panels 5 <i>Business School</i>
12.30 – 14.00	Lunch Break <i>Teviot Row House</i>
13.30 – 14.00	AIB Members Meeting <i>Business School Auditorium</i>
14.00 – 15.30	Parallel sessions/panels 6 <i>Business School</i>
15.30 – 16.00	Tea/Coffee Break <i>Business School Concourse</i>
16.00 – 18.00	Doctoral Stream B <i>Business School</i>

# Conference Programme at a Glance

## Location of Rooms

Room	Location
Concourse	Business School Ground Floor
George Square Theatre	See Map provided.
Auditorium	Business School Ground Floor
Lecture Theatre 1	Business School Lower Ground Floor
Lecture Theatre 2	Business School Lower Ground Floor
Lecture Theatre 3	Business School Lower Ground Floor
Lecture Theatre 4	Business School Lower Ground Floor
Lecture Theatre 5	Business School First Floor
Lecture Theatre 6	Business School First Floor
Lecture Theatre 7	Business School First Floor
Roof Terrace	Business School Fourth Floor
Teviot Row House	See Map provided.

## Thursday 14<sup>th</sup> April 2011

	Roof Terrace	Concourse	Lecture Theatre 1
<b>16.00-18.00</b>	Executive Committee Meeting (Executive Committee Members only)		
<b>18.00-19.30</b>		Drinks Reception & Registration (all welcome)	
<b>19.30-20.00</b>			Doctoral Panellists' Briefing Meeting (panellists only)

Friday 15<sup>th</sup> April 2011

	Concourse – Ground Floor	George Square Theatre	Auditorium	Lecture Theatre 7	Lecture Theatre 4	Lecture Theatre 2	Lecture Theatre 3	Lecture Theatre 1	Lecture Theatre 6	Lecture Theatre 5
From 8.00am	Registration (Concourse)									
08.30- 10.30	Exhibition & Break-out		<b>Doctoral A1</b> Foreign Investment, Co- operation and Innovation	<b>Doctoral A2</b> Internationalis- ati-on of Service Firms	<b>Doctoral A3</b> Management in a Cross Cultural Environment	<b>Doctoral A4</b> Entrepreneurial Processes, Resources and Outcomes	<b>Doctoral A5</b> Contexts and Modes of Internationalisati- on	<b>Doctoral B1</b> Foreign Entry Mode Decisions: Implications for Knowledge, Innovation and Performance	<b>Doctoral B2</b> International Strategy: Processes and Outcomes	<b>Doctoral B3</b> The Process and Context of Internationalisati- on
From 9.30am	Tea/Coffee Available in Concourse (until 11am)									
10.40- 11.00	Conference Welcome (George Square Theatre)									
11.00- 12.30	Exhibition & Break-out	<b>Keynote Interviews – Managing Complex Cross- Border Collaborative Projects and Programmes Tamer Cavusgil</b>	<b>Session 1A</b>  No papers.	<b>Session 1B</b> SPECIAL PANEL International Entrepreneur- ship	<b>Session 1C</b>  No papers.	<b>Session 1D</b>  No papers.	<b>Session 1E</b>  No papers.	<b>Session 1F</b> Internationalis ati-on from Emerging Markets	<b>Session 1G</b> Firm Networks and Social Relations	<b>Session 1H</b> Methods For Research in International Business
12.30- 14.00	Lunch Break (Teviot Row) Tea/Coffee from 1.15pm Business School Concourse									

Friday 15<sup>th</sup> April cont'd

	Concourse – Ground Floor	George Square Theatre	Auditorium	Lecture Theatre 7	Lecture Theatre 4	Lecture Theatre 2	Lecture Theatre 3	Lecture Theatre 1	Lecture Theatre 6	Lecture Theatre 5
14.00- 15.30	Exhibition & Break-out	<b>Keynote Interviews – Managing the Process of Internationalis- ation</b> Pervez Ghauri	<b>Session 2A</b> Financial Performance in Emerging Markets	<b>Session 2B</b> Knowledge Transfer Within and Outwith The MNC	<b>Session 2C</b>  No papers.	<b>Session 2D</b>  No papers.	<b>Session 2E</b> Corporate Governance and Finance	<b>Session 2F</b> Foreign Direct Investment From Emerging Markets	<b>Session 2G</b>  No papers.	<b>Session 2H</b> Strategic Change - The International Dimension
15.30- 16.00	Tea/Coffee Break (Concourse)									
16.00- 17.30	Exhibition & Break- out		<b>Session 3A</b> SPECIAL PANEL International Business Theory	<b>Session 3B</b> SPECIAL PANEL International Entrepreneur- ship	<b>Session 3C</b> International Strategy	<b>Session 3D</b> Outsourcing and Off- shoring	<b>Session 3E</b> Re- internationalisati- on and De- internationalisati- on	<b>Session 3F</b> International Business and Emerging Markets	<b>Session 3G</b> Internationalisati- on Process and Dynamic Capabilities	<b>Session 3H</b> Technology and Internationalis- ation
18.30	Drinks Reception at The Hub followed by Conference Dinner and Ceilidh									

**Saturday 16<sup>th</sup> April 2011**

	<b>Concourse – Ground Floor</b>	<b>Auditorium</b>	<b>Lecture Theatre 7</b>	<b>Lecture Theatre 4</b>	<b>Lecture Theatre 2</b>	<b>Lecture Theatre 3</b>	<b>Lecture Theatre 1</b>	<b>Lecture Theatre 6</b>	<b>Lecture Theatre 5</b>
09.00- 10.30	Exhibition & Break-out	<b>Session 4A</b> SPECIAL PANEL Quantitative Research	<b>Session 4B</b>  No papers.	<b>Session 4C</b> Management In International Organisations	<b>Session 4D</b> Knowledge Transfer Practices by Firms From Emerging Markets and Transition Economies	<b>Session 4E</b> SPECIAL PANEL Corporate Responsibility and Governance Across Institutional Contexts	<b>Session 4F</b> International Business and Local Economies	<b>Session 4G</b> SME Internationalisati -on: Resources and Management	<b>Session 4H</b> The Effect of Networks
10.30- 11.00	Tea/Coffee Break (Concourse)								
11.00- 12.30	Exhibition & Break-out	<b>Session 5A</b> SPECIAL PANEL Publishing in International Business Journals	<b>Session 5B</b> International New Ventures	<b>Session 5C</b> International Human Resource Management	<b>Session 5D</b> SPECIAL PANEL New Multinational Enterprises from Emerging Economies	<b>Session 5E</b> SPECIAL PANEL Corporate and Social Responsibility in Developed and Emerging Market Contexts	<b>Session 5F</b> Location in Emerging Markets	<b>Session 5G</b> SME Internationalisati -on: Learning and Strategy	<b>Session 5H</b> Entrepreneurship Creativity and International Business
12.30- 14.00	Lunch Break (Teviot Row) Tea/Coffee from 1.15pm Business School Concourse								
13.30- 14.00	AIB Members Meeting (Auditorium)								

**Saturday 16<sup>th</sup> April 2011 cont'd**

	<b>Concourse – Ground Floor</b>	<b>Auditorium</b>	<b>Lecture Theatre 7</b>	<b>Lecture Theatre 4</b>	<b>Lecture Theatre 2</b>	<b>Lecture Theatre 3</b>	<b>Lecture Theatre 1</b>	<b>Lecture Theatre 6</b>	<b>Lecture Theatre 5</b>
14.00- 15.30	Exhibition & Break- out	<b>Session 6A</b> SPECIAL PANEL Catalysts for PhD Excellence and International Business Research Methods Training	<b>Session 6B</b> Partnerships and Alliances	<b>Session 6C</b> Human Resource Management in Asia	<b>Session 6D</b> Knowledge Creation and Transfer	<b>Session 6E</b> Corporate Governance	<b>Session 6F</b> Foreign Direct Investment in Emerging Economies	<b>Session 6G</b> SME Internationalisati on: The Decision Process	<b>Session 6H</b> Culture and Praxis in the International Firm
15.30- 16.00	Tea/Coffee Break (Concourse)								
16.00- 18.00	Exhibition & Break- out	<b>Doctoral B4</b> Knowledge, Capabilities and Internationalisati on	<b>Doctoral B5</b> Institutional Environment and it's Impact on Internationalisati -on	<b>Doctoral B6</b> Managing Culture and Cross-Cultural Management	<b>Doctoral B7</b> Emergent Forms and Patterns of Internationalisati on	<b>Doctoral B8</b> Dynamic Patterns of International Development	<b>Doctoral B9</b> Internationalisati -on, Capabilities and Entrepreneurial Strategies	<b>Doctoral B10</b> International Marketing, Finance and Performance	<b>Doctoral B11</b> Corporate Social Responsibility and International Branding

## Programme Sessions

Please note the underlined author is the presenting author.

**Friday 15th April 2011**

### **Doctoral Colloquium A1 - Foreign Investment, Co-operation and Innovation**

**8.30am - 10.30am Auditorium**

**Panellists: Peter Buckley, University of Leeds, UK, Alan Rugman, University of Reading, UK and Bruce Hearn, University of Leicester, UK**

R&D Spillovers from Foreign Direct Investment (FDI) in the Republic of Korea: The Role of Firm-Level Heterogeneity

Yoo Jung Ha

*Manchester Business School, University of Manchester, Manchester, UK*

Foreign Direct Investment in Emerging Market: Multiple Approaches to Complement Dunning's Ownership-location-internalization Paradigm

Helen Cai

*The University of Hull, Hull, UK*

National and International Innovative Cooperation: Effects and Complementarities. Evidence from Spanish Firms

Juan Fernandez-Sastre<sup>1</sup>

*<sup>1</sup>Spanish National Research Council (CSIC), Madrid, Spain,*

*<sup>2</sup>Universidad Autónoma de Madrid (UAM), Madrid, Spain*

### **Doctoral Colloquium A2 - Internationalisation of Service Firms**

**8.30am - 10.30am Lecture Theatre 7**

**Panellists: Lawrence Welch, Melbourne Business School, Australia, Olli Kuivalainen, Lappeenranta University of Technology, Finland and Frank McDonald, University of Bradford, UK**

An Investigation into the Market Entry Mode Choices of International Retailers into the Developing Nigerian Market. (An Institutional and Transaction Cost Perspective)

Mathew Analogbe

*University of Strathclyde, Glasgow, UK*

How SMEs Internationalise: A Study of the Internationalisation of Irish Architecture Firms

Deirdre Canavan

*Dublin Institute of Technology, Dublin, Ireland*

Flexibility and Commitment When Entering in Foreign Countries Through Acquisitions: A Case Study

Leonidas Quadros da Paixao

*Universidad Autonoma de Barcelona, Barcelona, Spain*

## **Doctoral Colloquium A3 - Management in A Cross-Cultural Environment**

**8.30am - 10.30am Lecture Theatre 4**

**Panellists:** Ulf Andersson, Copenhagen Business School, Denmark, Denice Welch, Melbourne Business School, Australia and Hyun-Jung Lee, London School of Economics, UK

Subsidiary Ambidexterity: A New Lens Through Which Subsidiary Bargaining Power can be Examined?

Marty Reilly

*Dublin Institute of Technology, Dublin, Ireland*

Reverse Diffusion of HRM Practices in MNCs: How and Where does it Occur?

Michal Lemanski

*WU Vienna, Vienna, Austria*

Understanding Chinese and Western Cultures within the Internationalised Academic Working Environment

Xiaozheng Zhang

*Loughborough University, Loughborough, UK*

## **Doctoral Colloquium A4 - Entrepreneurial Processes, Resources and Outcomes**

**8.30am - 10.30am Lecture Theatre 2**

**Panellists:** Tamer Cavusgil, Georgia State University, United States, Jim Love, University of Birmingham, UK and Breda Kenny, Cork Institute of Technology, Ireland.

Dynamic Capability - Management of the Capability Base of an International Technology-based SME

Taina Eriksson

*Turku University School of Economics, Turku, Finland*

The Importance of Information and Planning Processes for SMEs Entrepreneurial Orientation and International Performance

Edith Olejnik

*Trier University, Trier, Germany*

An Investigation into the Formation and Nature of Entrepreneurial Teams in the Video Games Industry

Isobel Cunningham

*University of Ulster, Derry, UK*

## **Doctoral Colloquium A5 - Contexts and Modes of Internationalisation**

**8.30am - 10.30am Lecture Theatre 3**

**Panellists:** Colm Kearney, Trinity College Dublin, Ireland, Pervez Ghauri, King's College London, UK and Witold Wilinski, Warsaw School of Economics, Poland

Bank Foreign Direct Investment: A Russia Perspective

Grant Webber

*Kingston University, London, UK*



Subsidiary Strategy and the Role of the Subsidiary Manager :  
Integrating the Middle Manager Perspective  
Dónal O'Brien  
*Dublin Institute of Technology, Dublin, Ireland*

Antecedents and Outcomes of Corporate Social Entrepreneurship at  
the BOP  
Misagh Tasavori  
*Manchester Business School, Manchester, UK*

## **Doctoral Colloquium B1 - Foreign Entry Mode Decisions: Implications for Knowledge, Innovation and Performance**

**8.30am - 10.30am Lecture Theatre 1**

**Panellists:** Roger Strange, University of Sussex, UK, Nigel Driffield, Aston University, UK and Dimitros Tsagdis, University of Hull, UK

The Choice between Cross-border M&As and Greenfields and Their Strategic Implications: The Case of Chinese MNEs  
Ziyi Wei  
*University of Reading, Reading, UK*

Key factors Influencing Learning Process in IJV Network in Chinese Service Market  
Nan Jia  
*Manchester Business School, Manchester, UK*

The Determinants of Foreign Direct Investment (FDI): A Panel Data Study of Developed and Developing Countries  
Qi Yan Kam, Bruce Hearn  
*University of Leicester, Leicester, UK*

Knowledge Transfer, Organisational Learning and the Performance of International Strategic Alliance: Evidence from Taiwanese Information and Communication Technology Industries  
Mia Ho  
*King's College London, London, UK*

## **Doctoral Colloquium B2 - International Strategy: Processes and Outcomes**

**8.30am - 10.30am Lecture Theatre 6**

**Panellists:** Jeremy Clegg, University of Leeds, UK, Gary Cook, University of Liverpool, UK and Yi-Ying Chang, National Taiwan University of Science and Technology, Taiwan

British Multinationals in South East Asia: Strategy, Subsidiary and Performance  
Quyen Nguyen  
*University of Reading, Reading, UK*

Dynamics of Exchange Governance Mechanisms and Innovation Capabilities in International Strategic Technology Alliances  
Yong Kyu Lew  
*Manchester Business School, The University of Manchester, Manchester, UK*

Political Processes in Partnerships  
Konstantinos Tsanis  
*University of Edinburgh, Edinburgh, UK*

Retailers' Strategic Responses to Institutional Pressures and the Effect on Legitimacy and Performance: The Case of Finnish Multinational Retailers in Baltic States  
Alphonse Aklamanu  
*University of Vaasa, Etelä Pohjanmaan, Finland*

## **Doctoral Colloquium B3 - The Process and Context of Internationalisation**

**8.30am - 10.30am Lecture Theatre 5**

**Panellists: Sami Saarenketo, Lappeenranta University of Technology, Finland, Heinz Tuselmann, Manchester Metropolitan University, UK and Stephen Chen, Macquarie University, Australia**

An Alternative Approach to Marketing in High-tech INVs  
Gabriela Gliga  
*National University of Ireland, Galway, Ireland*

Small and Medium Enterprises' Selection of International Mode of Market Entry: Proactive and Reactive Motivators and Mode of Entry Choice.  
Vasilios Stouraitis  
*Henley Business School, Reading, UK*

An Investigation on China's Exporting Trading Companies  
Jia Li  
*University of Edinburgh, Edinburgh, UK*

The Strategic Corporate Responsibility of Pharmaceutical Companies in Emerging Economies: A Comparative Institutional Perspective  
Frederick Ahen  
*Turku School of Economics, Turku, Finland*

**Conference Welcome**  
**10.40am - 11.00am George Square**  
**Theatre**

Nick Oliver, Head of School, University of Edinburgh Business School

Simon Harris, Conference Chair, AIB-UKI Conference 2011

**Keynote Interview - Managing Complex Cross-Border Collaborative Projects and Programmes - Tamer Cavusgil, Georgia State University, United States**

**11.00am - 12.30pm George Square**      **Chair: Volker Mahnke,**  
**Lecture Theatre**      **Copenhagen Business School,**  
      **Denmark**

Panellists:

Hillary Sillitto, The THALES Group, France, Paul Holbourn, Selex Galileo S.p.A, Italy and Hermine Schnetler, UK Astronomy Technology Centre, UK

This session will examine the management challenges faced by those managing large, complex, collaborative projects and programmes, and how they address them. The interviews will be followed by a panel discussion and will conclude with an open discussion.

**1B - Special Panel - International Entrepreneurship**

**11.00am - 12.30pm Lecture Theatre 7**      **Chair: Sharon Loane, University of Ulster, UK**

Developing High-Tech INVs - Acting at Three Levels

Tuija Mainela, Elina Pernu, Vesa Puhakka  
*University of Oulu, Oulu, Finland*

The Impact of Internationalisation on Small Firms' Choice of Location and Propensity for Relocation

Per Servais, Jan Møller Jensen, Erik S Rasmussen  
*University of Southern Denmark, Odense, Denmark*

Knowledge Assimilation Processes of Rapidly Internationalising Scottish SMEs

Margaret Fletcher, Shameen Prashantham  
*University of Glasgow, Glasgow, UK*

International New Ventures in 'Low Tech' Sectors: A Dynamic Capabilities Perspective

Natasha Evers  
*NUI Galway, Galway, Ireland*

International Performance of High Tech SMEs: The Role of Network Resources

Breda Kenny<sup>1</sup>, John Fahy<sup>2</sup>

<sup>1</sup>*Cork Institute of Technology, Cork, Ireland,* <sup>2</sup>*University of Limerick, Limerick, Ireland*

## **1F - Internationalisation from Emerging Markets**

**11.00am - 12.30pm    Lecture Theatre 1    Chair: Yue Xu, Hull Business School, UK**

UK Universities' Entry into the Chinese Market: A Stages Approach to the Internationalization of Higher Education?

Xiaoqing Li, Joanne Roberts

*Northumbria University, Newcastle, UK*

New Forms of Internationalization: Strategic Asset Seeking Motives

Ayse Akcal

*King's College, London, UK*

Productivity Performance of Export Entry and Exit: Evidence from Indian Firms

Sushanta Mallick<sup>1</sup>, Yong Yang<sup>1</sup>

<sup>1</sup>*Queen Mary University of London, London, UK*, <sup>2</sup>*Essex University, Southend-on-sea, UK*

Does Policy matter? The Chinese Outward FDI into Africa

Yue Xu<sup>1</sup>, Leilei Tang<sup>1,2</sup>, Akamavi Raphaël<sup>1</sup>

<sup>1</sup>*Hull Business School, Hull, UK*, <sup>2</sup>*Strathclyde Business School, Glasgow, UK*

## **1G - Firm Networks and Social Relations**

**11.00am - 12.30pm    Lecture Theatre 6    Chair: Rauni Seppola, University of Jyväskylä, Finland**

The Influence of Culture on the Adoption of Social Network Sites

Rotem Shneor<sup>2</sup>, Kalanit Efrat<sup>1</sup>

<sup>1</sup>*Ruppin Academic Center, Emek Hefer, Israel*, <sup>2</sup>*University of Agder, Kristiansand, Norway*

A Re-Examination of the Stages Model of Internationalization: A Theory for Born Globals?

Viveca Sasi

*Aalto University School of Economics, Helsinki, Finland*

The International Relationship Portfolio Strategies Of High-Tech INV Entrepreneurs: The Influence Of Domestic Industry Context.

Thor Sigfusson<sup>1</sup>, Simon Harris<sup>2</sup>

<sup>1</sup>*University of Iceland, Reykjavík, Iceland*, <sup>2</sup>*University of Edinburgh, Edinburgh, UK*

Investigating the Relationship of Companies, Associations and Federations in European Union Lobbying Activities: the Case of Energy Sector

Robert Kennedy, Fragkiskos Filippaios, John Sharp

*University of Kent, Kent, UK*

Importance of Social Capital in Internationalization of the Firm A Business Network View

Rauni Seppola

*University of Jyväskylä, Jyväskylä, Finland*

## **1H - Methods For Research in International Business**

**11.00am - 12.30pm Lecture Theatre 5**

**Chair: Anna Morgan-Thomas,  
University of Glasgow, UK**

Research Methodology in International Business: A Review of Articles Published in the Recent Decade (2000-2008) in JIBS

Stephen Chen<sup>1</sup>, B. Elango<sup>2</sup>

<sup>1</sup>Macquarie University, Sydney, Australia, <sup>2</sup>Illinois State University, Normal, USA

Critical Review of Methodological Issues in Dynamic Capabilities Research

Taina Eriksson

*Turku University School of Economics, Turku, Finland*

Reflections on Using Case Studies and Qualitative Methods in IB research on MNE-Government Relations

Sigrun M. Wagner<sup>1,2</sup>

<sup>1</sup>Royal Holloway, University of London, Egham, UK, <sup>2</sup>Loughborough University Business School, Loughborough, UK

Common Method Variance in IB Research: Truth or Urban Legend?

Anna Morgan-Thomas<sup>1</sup>, Agnieszka Childlow<sup>1</sup>

<sup>1</sup>University of Glasgow, Glasgow, UK, <sup>2</sup>Manchester Metropolitan University, Manchester, UK

## **Lunch Break**

**12.30pm - 2.00pm Teviot Row**

**House/Concourse**

**Keynote Interview - Managing the Process of Internationalisation - Pervez Ghauri, Kings College London, UK**

**2.00pm - 3.30pm George Square**

**Theatre**

**Chair: Simon Harris, University of  
Edinburgh, UK**

Panellists:

DabaCarla Mahieu, Aegon N.V., Arten Moussavi, Biofoodnutrition SE, Ian Stevens, Mpathy Ltd, and Paul D'Arcy, Raytheyon UK

This session will examine the business and management challenges faced by those leading a process of internationalisation, whether from large mature companies or from new or younger businesses. The interviews will be followed by a panel discussion and will conclude with an open discussion.

## **2A - Financial Performance in Emerging Markets**

**2.00pm - 3.30pm Auditorium**

**Chair: Fragiskos Filippaios,  
University of Kent, UK**

An Analysis of the Chinese Stock Market during the Global Financial Crisis

*Su Qian Kong, Joseph Coughlan, Lucía Morales  
Dublin Institute of Technology, Dublin, Ireland*

Internationalization through Warsaw Stock Exchange - an Empirical Analysis.

*Witold Wilinski  
Warsaw School of Economics, Warsaw, Poland*

Bank Characteristics and Liquidity Transformation: The Case of GCC Banks

*Ritab Al-Khouri  
Qatar University, Doha, Qatar*

Structural Breaks and Financial Volatility: Lessons from BRIC Countries

*Lucía Morales, Esmeralda Gassie  
Dublin Institute of Technology, Dublin, Dublin, Ireland*

Equity Culture Development in Central and Eastern European Countries: A Conceptual and Empirical Examination

*Zita Stone<sup>2,1</sup>, Fragiskos Filippaios<sup>1</sup>, Carmen Stoian<sup>1</sup>  
<sup>1</sup>University of Kent, Canterbury, UK, <sup>2</sup>George Mason University, Washington, United States, -*

## **2B - Knowledge Transfer Within and Outwith the MNC**

**2.00pm - 3.30pm**

**Lecture Theatre 7**

**Chair: Nigel Driffield, Aston  
University, UK**

It Takes Two To Tango: Joint Effects of Expatriates' Competencies to Transfer and Subsidiary Absorptive Capacity on Subsidiary Performance

*Yi-Ying Chang<sup>1</sup>, YaPing Gong<sup>2</sup>, Mike Peng<sup>3</sup>  
<sup>1</sup>National Taiwan University of Science and Technology, Taipei, Taiwan,  
<sup>2</sup>Hong Kong University of Science and Technology, Hong Kong, China,  
<sup>3</sup>University of Texas at Dallas, Texas, USA*

Can Cultural Difference Affect Supplier Innovativeness in International Customer-Supplier Relationships?

*Ruey-Jer Jean<sup>1</sup>, Rudolf Sinkovics<sup>1</sup>, Daekwan Kim<sup>1</sup>  
<sup>1</sup>National Chengchi University, Taipei, Taiwan, <sup>2</sup>Manchester Business School, Manchester, UK, <sup>3</sup>Florida State University, Tallahassee, USA*

Intra-firm Trade, Embeddedness and International Knowledge Transfer in the MNE

*Nigel Driffield<sup>1</sup>, Jim Love<sup>2</sup>, Stefano Menghinello<sup>1</sup>  
<sup>1</sup>Aston University, Birmingham, UK, <sup>2</sup>Birmingham University, Birmingham, UK*

## **2E - Corporate Governance and Finance**

**2.00pm - 3.30pm** Lecture Theatre 3 **Chair: Martha O'Hagan Luff,**  
**Trinity College, Ireland**

Managerial Compensation Structure in Chinese PLCs

Larry Su

*University of Greenwich, London, UK*

The Corporate Governance and Valuation Effects of Alliance Investments

Jung-Ho Lai<sup>1</sup>, Sheng-Syan Chen<sup>2</sup>, Shao-Chi Chang<sup>3</sup>

<sup>1</sup>National Taipei College of Business, Taipei, Taiwan, <sup>2</sup>National Taiwan University, Taipei, Taiwan, <sup>3</sup>National Cheng Kung University, Tainan, Taiwan

Multinational Corporate Financing And Parity Relations

M. Shahid Ebrahim<sup>1</sup>, Ike Mathur<sup>1</sup>

<sup>1</sup>Bangor University, Bangor, Gwynedd, UK, <sup>2</sup>Southern Illinois University, Carbondale, Illinois, USA

The Indirect International Diversification Benefits of Investing in US Based Multinationals

Colm Kearney, Jenny Berrill, Martha O'Hagan Luff

*Trinity College, Dublin, Ireland*

## **2F - Foreign Direct Investment From Emerging Markets**

**2.00pm - 3.30pm** Lecture Theatre 1 **Chair: Richard Nyuur,**  
**Swansea University, UK**

The Political Economy of Infrastructure MNEs: the Case of Chinese Investment in Africa

Yuxuan Tang<sup>1,2</sup>, Robert Pearce<sup>1,2</sup>

<sup>1</sup>University of Reading, School of Economics, Reading, UK, <sup>2</sup>John H Dunning Centre for International Business, Reading, UK

Motives for Outward FDI: A Case Study of Chinese SMEs

Rose Quan, Joanne Roberts

*Northumbria University, Newcastle Upon Tyne, UK*

Russian Outbound Investments – Towards a New Perspective?

Andrey Yukhanaev, Joanne Roberts

*Northumbria University, Newcastle-upon-Tyne, UK*

Foreign Investors' Level of Satisfaction in a Host Country and their Strategic Decision Making: Insights from Ghana.

Richard B. Nyuur, Yaw A. Debrah

*Swansea University, Swansea, UK*

## **2H - Strategic Change - The International Dimension**

**2.00pm - 3.30pm** Lecture Theatre 5 **Chair: Niina Nummela, Turku**  
**School of Economics, Finland**

Surviving China: MNC Capability Development and Equifinality

Markus Paukku, Paula Kilpinen

*Aalto University, Helsinki, Finland*

Business Restructuring In A Transition Economy: A General Equilibrium Analysis With Firm-Type Costs' Differences

María C. Latorre

*Universidad Complutense de Madrid, Madrid, Spain*

Bounded Reliability, Transaction Costs, and the Organizational Structure Change of Barclays Bank's International Business in Malta 1975-1979

Qing Lu, Debra Johnson

*University of Hull, Hull, UK*

International Business Research And Game Theory: Looking Beyond The Prisoner's Dilemma

Ursula Ott

*Loughborough University, Loughborough, UK*

Switching Operation Mode - a Strategic Approach

Niina Nummela<sup>1</sup>, Sami Saarenketo<sup>1</sup>

<sup>1</sup>*Turku School of Economics, Turku, Finland, <sup>2</sup>Lappeenranta University of Technology, Lappeenranta, Finland*

## **Tea and Coffee Break**

**3.30pm - 4.00pm Concourse**

## **3A - Special Panel - International Business Theory**

**4.00pm - 5.30pm Auditorium Chair: Simon Collinson, University of Warwick Business School, UK**

Evolving Conceptualizations of MNC Structure and Strategy in International Business

Björn Ambos

*Vienna University of Business and Economics, Vienna, Austria*

The Theory of International Business Pre-Hymer

Peter Buckley

*Leeds University, Leeds, UK*

Fifty Years of International Business Theory and Beyond

Alan Rugman, Quyen Nguyen

*University of Reading, Reading, UK*

## **3B - Special Panel - International Entrepreneurship**

**4.00pm - 5.30pm Lecture Theatre 7 Chair: Margaret Fletcher, University of Glasgow, UK**

Value Creation of an Internationalizing Entrepreneurial Firm - The Business Model Perspective

Niina Nummela<sup>1</sup>, Liisa-Maija Sainio<sup>2</sup>, Sami Saarenketo<sup>2</sup>, Taina Eriksson<sup>1</sup>

<sup>1</sup>*University of Turku, Turku, Finland, <sup>2</sup>Lappeenranta University of Technology, Lappeenranta, Finland*

How Does the Internet Influence the Internationalisation Process and International Customer Relationships of UK Manufacturing SMEs?

Ko-Min Kevin Tseng<sup>1</sup>, Rhona Johnsen<sup>2</sup>

<sup>1</sup>*Commerce Development Research Institute, Taipei, Taiwan, <sup>2</sup>Audencia School of Management, Nantes, France*



Entrepreneurship and Urban Growth: Dimensions and Empirical Models  
Mizan Rahman<sup>1</sup>, Nafeez Fatima<sup>2</sup>  
<sup>1</sup>University of Lincoln, Lincoln, UK, <sup>2</sup>University of Waterloo, Ontario, Canada

Decision-Making in Born Globals - Effectuation or Causation?  
Svante Andersson  
Halmstad University, Halmstad, Sweden

### **3C – International Strategy**

**4.00pm - 5.30pm** Lecture Theatre 4 **Chair: Chris Carr, University of Edinburgh, UK**

The Relationship Between Global Strategies, Strategic Group and Performance  
Wen-Kang Hsieh<sup>2</sup>, Chi-Yu Huang<sup>1,3</sup>, I-Pin Lu<sup>3</sup>  
<sup>1</sup>National Chuanghua University of Education, Chuanghua, Taiwan,  
<sup>2</sup>Hua-Nan Bank, Taipei, Taiwan, <sup>3</sup>I-Shou University, Kaohsiung, Taiwan

East, West, Home is Best: Regional Strategies, Liability of Foreignness, and Firm Performance  
Alina Kudina  
Warwick Business School, Coventry, UK

Low Cost Airlines: Just Regional or Are We Seeing the Emergence of a New Paradigm?  
Chris Carr, Nora Weisskopf  
University of Edinburgh Business School, Edinburgh, UK

### **3D - Outsourcing and Offshoring**

**4.00pm - 5.30pm** Lecture Theatre 2 **Chair: Mike Crone, University of Strathclyde, UK**

The Role of Crowdsourcing Intermediaries and Firms' Motives for Using Them: an Exploratory Study  
Eva Alfoldi<sup>1</sup>, Krystallia Moysidou<sup>2</sup>  
<sup>1</sup>University of Manchester, Manchester, UK, <sup>2</sup>Technische Universität München, München, Germany

Off-shoring and Outsourcing for Shareholder Value: Now You See It Now You Don't  
Colin Haslam<sup>1</sup>, Tord Andersson<sup>2,1</sup>, Edward Lee<sup>1</sup>, Ya Ping Yin<sup>1</sup>  
<sup>1</sup>University of Hertfordshire, Hatfield, UK, <sup>2</sup>Swedbank, Stockholm, Sweden

Practicing International Business: Business Relationships and the Development of the International Knowledge Base of SMEs  
Alexandra Kaar  
Johannes Kepler University, Linz, Austria

Service Offshoring and Cultural Differences: Evidence from a US Financial Services Multinational's Operations in Three EU Countries  
Mike Crone<sup>1</sup>, Paul McCoy<sup>2</sup>  
<sup>1</sup>University of Strathclyde, Glasgow, UK, <sup>2</sup>Queen's University Belfast, Belfast, UK

**3E - Re-internationalisation and De-internationalisation**  
**4.00pm - 5.30pm** Lecture Theatre 3 **Chair: Lawrence Welch,**  
**Melbourne Business School,**  
**Australia**

De-internationalization: A Conceptualization

Romeo Turcan

*Aalborg University, Aalborg, Denmark*

Determinants of Motives, Process, and Success of Re-  
Internationalization: A Theoretical Framework

Huu Le Nguyen, *Soren Kock*

*Hanken School of Economics, Vaasa, Finland*

Organizational Failure Research Revisited: Antecedents, Moderators  
and Post-Exit Effects

Joseph Amankwah-Amoah

*Bristol University, Bristol, UK*

Expanding Perspectives on Re-internationalisation

*Susan Freeman*<sup>1</sup>, *Catherine Welch*<sup>2</sup>, *Lawrence Welch*<sup>3</sup>

<sup>1</sup>*University of Adelaide, Adelaide, Australia,* <sup>2</sup>*University of Sydney,*

*Sydney, Australia,* <sup>3</sup>*Melbourne Business School, Melbourne, Australia*

**3F - International Business and Emerging Markets**  
**4.00pm - 5.30pm** Lecture Theatre 1 **Chair: Cristina Stoian,**  
**Autonomous University of Barcelona,**  
**Spain**

Trade in East Asia: An Analysis of the Structure and Dynamics of  
Intermediates and Final Goods Trade by Technology

*Louise Curran*<sup>1</sup>, *Soledad Zignago*<sup>1</sup>

<sup>1</sup>*Toulouse Business School, Toulouse, France,* <sup>2</sup>*Banque de France,*  
*Paris, France*

Across the Strategic Divide

*Alex Mackinnon*, *Markus G Kittler*

*University of Stirling, Stirling, UK*

A Resource-based view of the determinants of foreign expansion by  
emerging country multinational firms

*Peter Buckley*<sup>1</sup>, *Peter Enderwick*<sup>3</sup>, *Nicolas Forsans*<sup>1</sup>, *Surender Munjal*<sup>1,2</sup>

<sup>1</sup>*University of Leeds, Leeds, -,* <sup>2</sup>*University of Delhi, Delhi, India,*

<sup>3</sup>*Auckland Technical University, Auckland, New Zealand*

Unveiling the Forms and Mechanisms of Country of Origin Effect: The  
Case of Chinese Multinational Enterprises' Approach to Employer  
Associations

*Judith Shugin Zhu*, *Chris Nyland*

*Monash University, Melbourne, Victoria, Australia*

Time to Have a Look at Export Behaviour in CEE Emerging Markets?  
Internal Export Determinants in the Romanian SMEs Context

*Esteban Lafuente*, *Cristina Stoian*

*Autonomous University of Barcelona, Barcelona, Spain*

### **3G - Internationalisation Process and Dynamic Capabilities**

**4.00pm - 5.30pm** Lecture Theatre 6

**Chair: Adam Steen, Australian Catholic University, Australia**

International Diversification and the Market Value of New Product Introduction

*Chi-Feng Wang<sup>1</sup>, Li-Yu Chen<sup>2</sup>, Shao-chi Chang<sup>3</sup>*

<sup>1</sup>National Yunlin University of Technology, Yun-Lin, Taiwan, <sup>2</sup>Fo Guang University, I-Lan, Taiwan, <sup>3</sup>National Chenh Kung University, Tainan, Taiwan

A Value Chain Configuration Perspective on the Internationalisation Process of Emerging Country MNCs

*Rasha Rezk, Jagjit Singh Srail*

*Institute for Manufacturing, Cambridge University, Cambridge, UK*

Corporate Ownership and Internationalisation: The Effects of Family, Bank and Institutional Investor Ownership in the UK and in Continental Europe

*Antonio Majocchi<sup>1</sup>, Vincenza Odoric<sup>2</sup>, Manuela Presutti<sup>2</sup>*

<sup>1</sup>University of Pavia, Pavia, Italy, <sup>2</sup>University of Bologna, Bologna, Italy

The Role of Dynamic Capabilities in International Expansion

*Saba Khalid*

*University of Vaasa, Vaasa, Finland*

Internationalisation in the Tourism Industry: A Case of Australian Based Backpacker Accommodation Operators.

*Adam Steen<sup>1</sup>, Vicki Peel<sup>2</sup>*

<sup>1</sup>Australian Catholic University, Melbourne, Australia, <sup>2</sup>Monash University, Victoria, Australia

### **3H - Technology and Internationalisation**

**4.00pm - 5.30pm** Lecture Theatre 5

**Chair: Gary Cook, University of Liverpool, UK**

International Strategic Technology Alliances - A Framework for Governance Mechanisms and Innovation Capabilities

*Yong Kyu Lew, Rudolf R. Sinkovics*

*Manchester Business School, Manchester, UK*

Outsourcing as an Internationalisation Path: The Case of UK Biopharmaceutical SMEs

*Calin Gurau*

*GSCM - Montpellier Business School, Montpellier, France*

International technology acquisition and its impact on innovation

*Suma Athreye<sup>1</sup>, Yong Yang<sup>2</sup>*

<sup>1</sup>Brunel University, Uxbridge, UK, <sup>2</sup>University of Essex, Essex, UK

Clustering, MNEs and Innovation: Who Benefits, and How?

*Gary Cook<sup>1</sup>, Naresh Pandit<sup>2</sup>, Hans Loof<sup>3</sup>, Borje Johansson<sup>4,3</sup>*

<sup>1</sup>University of Liverpool, Liverpool, UK, <sup>2</sup>University of East Anglia, Norwich, UK, <sup>3</sup>Royal Institute of Technology, Stockholm, Sweden,

<sup>4</sup>Jonkoping University, Jonkoping, Sweden

**Saturday 16th April 2011**

**4A - Special Panel – Quantitative Research Methodologies**

**9.00am - 10.30am Auditorium**

**Chair: Nigel Driffield, Aston University, UK**

*Financial Risk and the Operating Strategies of FDI*

*David Schmidt<sup>1</sup>, Nigel Driffield<sup>1</sup>, Jim Love<sup>2</sup>*

*<sup>1</sup>Aston University, Birmingham, UK, <sup>2</sup>Birmingham University, Birmingham, UK*

*Investing in China - Is What You See What You Get?*

*Nigel Driffield, Jun Du*

*Aston University, Birmingham, UK*

*Location Choices of FDI and Multinational Performance: First*

*Evidence from Matched Firms*

*Nigel Driffield<sup>1</sup>, Yong Yang<sup>2</sup>*

*<sup>1</sup>Aston University, Birmingham, UK, <sup>2</sup>Essex University, Essex, UK*

*Merger Momentum of International Mergers and Acquisition Activities and Value Implications of Indian Multinationals*

*Aysun Ficici, Bulent Aybar*

*Southern New Hampshire University, Manchester, USA*

*Fuzzy Sets in International Business Research: Application to a Qualitative Study in Rural China.*

*Sacha Rawlence*

*University of Edinburgh, Edinburgh, UK*

**4C - Management In International Organisations**

**9.00am - 10.30am Lecture Theatre 4**

**Chair: Fiona Moore, Royal Holloway, University of London, UK**

*Dealing With The Translation Task Within MNCs: The Role Of Social Networks*

*Rebecca Piekkari<sup>1</sup>, Denise Welch<sup>2</sup>, Lawrence Welch<sup>2</sup>, Jukka-Pekka Peltonen<sup>1</sup>, Tiina Vesa<sup>1</sup>*

*<sup>1</sup>Aalto University, Helsinki, Finland, <sup>2</sup>Melbourne Business School, Melbourne, Australia*

*Managerial Attitudes in Russian Organizations: A Study of 8 Geographic Regions and 14 Industries in Russia*

*Alexei Kovesnikov<sup>1</sup>, Mats Ehrnrooth<sup>1</sup>, Azer Efendiev<sup>2</sup>, Evgeniya Balabanova<sup>2</sup>*

*<sup>1</sup>Hanken School of Economics, Helsinki, Finland, <sup>2</sup>Higher School of Economics, Moscow, Russia*

*Ambivalence, Anthropology and Business: The Problems and Potentials of Ethnographic Research in International Organisations*

*Fiona Moore*

*Royal Holloway, University of London, London, UK*

#### **4D - Knowledge Transfer Practices by Firms From Emerging Markets and Transition Economies**

**9.00am - 10.30am Lecture Theatre 2 Chair: Richard Woodward, University of Edinburgh, UK**

Foreign Presence and Local Firms' Decisions on Export and Domestic Sales in Chinese Manufacturing

*Yingqi Wei<sup>1</sup>, Xiaming Liu<sup>2</sup>, Chengang Wang<sup>3</sup>, Jue Wang<sup>4</sup>*

<sup>1</sup>University of York, York, UK, <sup>2</sup>Birkbeck College, London, UK,

<sup>3</sup>University of Bradford, Bradford, UK, <sup>4</sup>Southwestern University of Finance and Economics, Chengdu, China

Learning from International Markets: Facilitators and Barriers for Firms in Transition Economies

*Laila Kasem, Kevin Ibeh*

*University of Strathclyde, Glasgow, UK*

Exports, Innovation and Cooperation. Case of Russian Firms

*Maria Smirnova<sup>2</sup>, Daria Podmetina<sup>1</sup>, Vera Rebyazina<sup>2</sup>, Juha*

*Väättänen<sup>1</sup>*

<sup>1</sup>Lappeenranta University of Technology, Lappeenranta, Finland,

<sup>2</sup>Saint-Petersburg State University, GSOM, Saint-Petersburg, Russia

Knowledge Source Preferences as Determinants of the Entrepreneurial Orientation of Knowledge-Based Firms in Emerging Markets

*Richard Woodward<sup>1,3</sup>, Esin Yoruk<sup>2</sup>, Slavo Radosevic<sup>2</sup>*

<sup>1</sup>University of Edinburgh Business School, Edinburgh, UK, <sup>2</sup>School of Slavonic and East European Studies, University College London, London, UK, <sup>3</sup>CASE – The Centre for Social and Economic Research, Warsaw, Poland

#### **4E - Special Panel - Corporate Responsibility and Governance Across Institutional Contexts**

**9.00am - 10.30am Lecture Theatre 3 Chair: Kenneth Amaeshi, University of Edinburgh, UK**

Need to Implement the Human Rights Laws and Policies in the International Business Environment for Sustainable Development: A Case Study on Business School

*Noor Mohammad*

*Multi Media University, Melaka, Malaysia*

Are Corruption and Ease of Doing Business Correlated? An Analysis of 172 Nations

*Jorge Mongay, Diana Andreea Filipescu*

*Autonomous University of Barcelona, Barcelona, Spain*

Value destruction and competitive disadvantage: emotional manipulations and corporate irresponsibility in disintegrated marketing communications

*Frederick Ahen*

*Turku School of Economics, Turku, Finland*

#### **4F - International Business and Local Economies**

**9.00am - 10.30am** Lecture Theatre 1

**Chair: Robert Pearce,  
Reading University, UK**

An Analysis of Inbound FDI and its Impact on Employment in Wales, 1983-2007

Mark Cook<sup>1</sup>, Grahame Fallon<sup>1</sup>, Graham Hall<sup>1</sup>

<sup>1</sup>University of Wolverhampton, Wolverhampton, UK, <sup>2</sup>University of Northampton, Northampton, UK, <sup>3</sup>UWIST, Cardiff, UK

The FDI and Trade Relationship Revisited under Structural Change: Evidence from a Sector-Based Analysis

Fragkiskos Filippaios<sup>1</sup>, Constantina Kottaridi<sup>1</sup>

<sup>1</sup>University of Kent, Canterbury, UK, <sup>2</sup>University of Peloponnesse, Tripolis, Greece

National Innovation System and Globalization: The Implication for Technological Catching-up

Feng Zhang<sup>1</sup>, Robert Pearce<sup>2</sup>

<sup>1</sup>St. Mary's University, Texas, USA, <sup>2</sup>Reading University, Reading, UK

#### **4G - SME Internationalisation: Resources and Management**

**9.00am - 10.30am** Lecture Theatre 6

**Chair: Alfredo D'Angelo,  
University of Glasgow, UK**

Modeling the Resource Generation Potential: Locational and Cognitive Insights in Small Firms' International Entry Mode Choice

Zahid Majeed, Evgeny Polyakov, Eleanor Davies

University of Huddersfield, Huddersfield, UK

Managing SMEs Survival and Growth during Financial Crisis in Transition Economy: A Chaos Theory Approach

Huu Le Nguyen, Soren Kock

Hanken School of Economics, Vaasa, Finland

Rapidly Internationalising Small Firms: Are Human Resources the Missing Part of the Puzzle: Towards an Understanding of the Implications for IE Research and Practice

Sharon Loane, Trevor Morrow, Laura Bradley

University of Ulster, Londonderry, UK

Exploring SMEs Internationalization: Institutional Barriers, Market Drivers and Entrepreneurial Orientation

Daria Volchek, Kaisu Puumalainen, Sami Saarenketo, Ari Jantunen

Lappeenranta University of Technology, Lappeenranta, Finland

What Drives SMEs Beyond Regional Markets?

Alfredo D'Angelo<sup>1</sup>, Antonio Majocchi<sup>2</sup>, Antonella Zucchella<sup>2</sup>

<sup>1</sup>University of Glasgow, Glasgow, UK, <sup>2</sup>University of Pavia, Pavia, Italy

#### **4H - The Effect of Networks**

**9.00am - 10.30am    Lecture Theatre 5    Chair: Brian Massey, Trinity College Dublin, Ireland**

Context Matters! How the Business Network Context Influences the Extent to Which Subsidiaries Embed Locally

Phillip C. Nell, Ulf Andersson

*Copenhagen Business School; Center for Strategic Management and Globalization, Frederiksberg, Denmark*

How does Subsidiary Network Structure Matter?

Zhaleh Najafi Tavani<sup>1</sup>, Axele Giroud<sup>2</sup>, Rudolf Sinkovics<sup>2</sup>

<sup>1</sup>*University of Strathclyde, Glasgow, UK*, <sup>2</sup>*University of Manchester, Manchester, UK*

Networks, International Market Selection, and Export Performance

Xinming He<sup>1</sup>, Yingqi Wei<sup>1</sup>

<sup>1</sup>*Newcastle University, Newcastle upon Tyne, United Kingdom*,  
<sup>2</sup>*University of York, York, United Kingdom*

High Tech Clusters: Factors, Formation and Forms

Brian Massey

*Trinity College Dublin, Dublin, Ireland*

#### **Tea and Coffee Break**

**10.30am - 11.00am    Concourse**

#### **5A - Special Panel – Publishing in International Business Journals**

**11.00am - 12.30pm    Auditorium    Chair: Frank McDonald, University of Bradford, UK**

Editorial Area for Journal of International Business

Ulf Andersson

*Copenhagen Business School, Copenhagen, Denmark*

Editor of International Business Review and European Editor of Journal of World Business

Pervez Ghauri

*King's College London, London, UK*

Editor-in Chief of The Multinational Business Review

Alan Rugman

*University of Reading, Reading, UK*

Additional contributions from Glenn Richey (International Journal of Physical and Logistics Management) and Chengang Wang (Cambridge Economic Journal and World Development).

## **5B - International New Ventures**

**11.00am - 12.30pm Lecture Theatre 7 Chair: Mika Gabrielsson, Aalto University, Finland**

Conceptualizing Rapid Internationalization in the Biotechnology Industry - A Finnish Point of View

Mari Ketolainen  
*University of Turku, Turku, Finland*

The International Growth of Born Global Firms: Tracking Drivers and Dimensions Along Time

Birgit Hagen, *Antonella Zucchella*  
*University of Pavia, Pavia, Italy*

International Pathways of SMEs - Case of Two Software Born Globals

Olli Kuivalainen, *Sami Saarenketo*  
*Lappeenranta University of Technology, School of Business, Lappeenranta, Finland*

Global Growth and Performance of International New Ventures: Configuration and Coordination

Mika Gabrielsson<sup>1</sup>, *Peter Gabrielsson*<sup>2</sup>  
<sup>1</sup>*Aalto University School of Economics, Helsinki, Finland*, <sup>2</sup>*University of Vaasa, Vaasa, Finland*

## **5C - International Human Resource Management**

**11.00am - 12.30pm Lecture Theatre 4 Chair: Markus Pudelko, Tübingen University, Germany**

The Impact of Foreign Ownership on Gender and Employment Relations in Large Japanese Companies

George Olcott<sup>1</sup>, *Nick Oliver*<sup>2</sup>  
<sup>1</sup>*University of Tokyo, Research Center for Advanced Science and Technology, Tokyo, Japan*, <sup>2</sup>*University of Edinburgh Business School, Edinburgh, UK*

Expanding vs. Surpassing The National Sphere: Organizational Identity Narratives Of Multinational Corporate Employees

Ödül Bozkurt  
*Lancaster University, Lancaster, UK*

Perceived homophily climate in an environment of violent ethnic conflict: assessing the impact of workgroup ethnic diversity, quality of work relationships and employee sensitivity to ethnic conflict

Hyun-Jung Lee<sup>1</sup>, *Carol Reade*<sup>1</sup>  
<sup>1</sup>*London School of Economics, London, -*, <sup>2</sup>*San Jose State University, San Jose, -*

Foreign Subsidiaries as Sites of Self-Actualization for Career-Minded Japanese Women

Markus Pudelko, *Helene Tenzer*, *Eriko Varkey*  
*Tübingen University, Tübingen, Germany*



**5D - Special Panel - New Multinational Enterprises From Emerging Economies**

**11.00am - 12.30pm Lecture Theatre 2**

**Chair: Xioahui Liu,  
Loughborough University, UK  
and Ling Liu, University of  
Edinburgh Business School, UK**

How do Dynamic Capabilities and Institutions Influence the Post-Internationalisation Performance of Chinese State-Owned Enterprises (SOEs)?

Lan Gao<sup>1</sup>, Huan Zou<sup>2</sup>, Lisen Tu<sup>3</sup>

<sup>1</sup>Loughborough University, Loughborough, UK, <sup>2</sup>University of London, London, UK, <sup>3</sup>CITIC Securities Co., Ltd., Hong Kong, Hong Kong

"Learning at Home How to Invest Abroad": Domestic Diversification, Top Management Teams and International Expansion of Firms from Emerging Markets

Xiaohui Liu<sup>1</sup>, Jiangyong Lu<sup>2</sup>, Igor Filatotchev<sup>3</sup>, Mike Wright<sup>4</sup>

<sup>1</sup>Loughborough University, Loughborough, UK, <sup>2</sup>Peking University, Beijing, China, <sup>3</sup>City University London, London, UK, <sup>4</sup>Nottingham University Business School, Nottingham, UK

Direction of Outward FDI of EMNEs: Evidence from the Indian Pharmaceutical Sector

Sumon Bhaumik, Nigel Driffield

Aston University, Birmingham, UK

Top Executive Compensation, Subnational Institutions and Internationalization

Xiaohui Liu<sup>1</sup>, Jiangyong Lu<sup>2</sup>, Amon Chizema<sup>1</sup>

<sup>1</sup>Loughborough University, Loughborough, UK, <sup>2</sup>Peking University, Beijing, China

The Spillover Effects of Foreign-owned Exporters and Locally-owned Exporters: Evidence from Firm Level Data in China

Ting Zhao<sup>1</sup>, Ling Liu<sup>2</sup>

<sup>1</sup>Zhejiang Gongshang University, Hangzhou, China, <sup>2</sup>University of Edinburgh, Edinburgh, UK

**5E - Special Panel - Corporate and Social Responsibility in Developed and Emerging Market Contexts**

**11.00am - 12.30pm Lecture Theatre 3**

**Chair: Chung Hee Kim,  
University of Nottingham,  
Malaysia**

Actualizing Global Sustainability: CSR, Second Best Institutions and the Political Power of MNCs in Developing Economies

Frederick Ahen

Turku School of Economics, Turku, Finland

Determining the Extent of the Responsibilities of MNCs in Human Rights Violations

Stephen Chen

Macquarie University, Sydney, Australia

CSR in Transition Economies: A Study of SMEs in the Bulgarian Wine Industry

Veselina Stoyanova, Kenneth Amaeshi  
*University of Edinburgh, Edinburgh, UK*

Making Sense of Global and Local Pressures on Corporate Social Responsibility Across Institutional Contexts

Chung Hee Kim<sup>1</sup>, Kenneth Amaeshi<sup>2</sup>, Simon Harris<sup>2</sup>  
<sup>1</sup>*University of Nottingham, Selangor, Malaysia*, <sup>2</sup>*University of Edinburgh, Edinburgh, UK*

## **5F - Location in Emerging Markets**

**11.00am - 12.30pm Lecture Theatre 1      Chair: Denice Welch, Melbourne Business School, Australia**

Subsidiary Ambidexterity: A New Lens Through Which Subsidiary Bargaining Power can be Examined?

Marty Reilly, Pamela Sharkey Scott  
*Dublin Institute of Technology, Dublin, Ireland*

Gaining Influence on Headquarter Decisions in the Networked MNC

Volker Mahnke  
*Copenhagen Business School, Copenhagen, Denmark*

Distance and MNC Strategic Decisions

Taieb Hafs<sup>2</sup>, Gwyneth Edwards<sup>1</sup>, Mehdi Farashahi<sup>1</sup>, Rick Molz<sup>1</sup>  
<sup>1</sup>*John Molson School of Business, Concordia University, Montreal, Quebec, Canada*, <sup>2</sup>*HEC, University of Montreal, Montreal, Quebec, Canada*

In Search of Theory: Towards an Integrating Conceptual Framework for Subsidiary Research

Donal O'Brien, Pamela Sharkey Scott, Pat Gibbons  
*Dublin Institute of Technology, Dublin, Ireland*

Repositioning International Staff Transfers as Strategy-In-Action

Denice Welch<sup>1</sup>, Adam Steen<sup>1</sup>  
<sup>1</sup>*Melbourne Business School, Melbourne, Australia*, <sup>2</sup>*Australian Catholic University, Melbourne, Australia*

## **5G - SME Internationalisation: Learning and Strategy**

**11.00am - 12.30pm Lecture Theatre 6      Chair: Eriikka Paavilainen-Mäntymäki, Turku School of Economics, Finland**

The Type and Number Resources and the Performance of Early Internationalization Korean SMEs?

Taekyung Park<sup>2</sup>, Frank McDonald<sup>1</sup>  
<sup>1</sup>*University of Bradford, Bradford, UK*, <sup>2</sup>*Yeungnam University, Gyeongsangbuk, Republic of Korea*

SME Internationalization to Emerging Economies: Institutional Pressures and the Impacts of Market Knowledge from Strategic Suppliers

Markku Heiskanen, Ahmad Arslan  
*University of Vaasa, Vaasa, Finland*

New Adventures in Explaining Internationalisation: A Consideration of Usefulness of the Uppsala Process of Model of Internationalisation in the Case of an Irish Born Global

*Gavin Hanley<sup>3</sup>, Jim Bell<sup>2</sup>, Ray Griffin<sup>1</sup>*

<sup>1</sup>Waterford Insitute of Technology, Waterford, Ireland, <sup>2</sup>University of Ulster, Derry, Ireland, <sup>3</sup>Google, Dublin, Ireland

Commitment and Learning in the Internationalisation Process: A Comparative, Longitudinal Multiple-Case Study of SMEs in Australia and Finland

*Eriikka Paavilainen-Mäntymäki<sup>1</sup>, Catherine Welch<sup>2</sup>, Neil Palagedara<sup>2</sup>*

<sup>1</sup>Turku School of Economics, Turku, Finland, <sup>2</sup>University of Sydney, Sydney, Australia

## **5H - Entrepreneurship Creativity and International Business**

**11.00am - 12.30pm Lecture Theatre 5 Chair: Heidi Kreppel, University of Erlangen-Nürnberg, Germany**

Creativity in International Entrepreneurship

*Tuija Mainela<sup>1</sup>, Vesa Puhakka<sup>2</sup>*

<sup>1</sup>University of Oulu, Department of International Business, Oulu, Finland, <sup>2</sup>University of Oulu, Department of Management, Oulu, Finland

The Role of State-Business Pragmatism to Encourage a New Form of Entrepreneurship

*Oskar Kayasan*

European Research Centre, University of London, London, UK

Core Values, Perceptions and Opportunity-Seizing among Local Entrepreneurs in Turkey-Canakkale

*Murat Kasimoglu, Atul Mishra, Lynne Butel, Daba Chowdhury Dr. University of Plymouth, Plymouth, UK*

Brand Personality and Country-of-Origin Effects - A Comparative Analysis of Chinese and Indian Brands in Germany

*Heidi Kreppel*

University of Erlangen-Nürnberg, Nuremberg, Germany

## **Lunch Break**

**12.30pm - 2.00pm Teviot Row House/Concourse**

## **6A - Special Panel - Catalysts for PhD Excellence and International Business Research Methods Training**

**2.00pm - 3.30pm Auditorium Chair: Jeremy Clegg, University of Leeds, UK**

Catalysts for PhD Excellence and IB Research Methods Training (Discussion)

*Jeremy Clegg<sup>1</sup>, Eva Alfoldi<sup>2</sup>, Olli Kuivalainen<sup>3</sup>*

<sup>1</sup>University of Leeds, Leeds, UK, <sup>2</sup>Manchester Business School, Manchester, UK, <sup>3</sup>Lappeenranta University of Technology, Lappeenranta, Finland

## **6B - Partnerships and Alliances**

**2.00pm - 3.30pm** Lecture Theatre 7

**Chair: Huu Le Nguyen, Hanken  
School of Economics, Finland**

Can International Marketing Strategic Alliances Add Value to the Firm?  
Short and in Long Term Analysis

Desislava Budeva<sup>1</sup>, Stoyan Stoyanov<sup>2</sup>

<sup>1</sup>Ramapo College of New Jersey, Mahwah, USA, <sup>2</sup>University of  
Edinburgh, Edinburgh, UK

Control in Cross-Border Acquisitions - The Role of M&A Teams and the  
Integration Manager in Cross-Border Acquisitions

Melanie Raukko

*Turku School of Economics, University of Turku, Turku, Finland*

Middle Managers as Opportunity Seekers in International Partnerships:  
A Process Approach

Konstantinos Tsanis, Simon Harris

*University of Edinburgh, Edinburgh, UK*

The Impact of Partner and Unit Characteristics on Determinants of  
Conflict Management Strategies in International Joint Ventures

Huu Le Nguyen<sup>1</sup>, Jorma Larimo<sup>1</sup>

<sup>1</sup>Hanken School of Economics, Vaasa, Finland, <sup>2</sup>University of Vaasa,  
Vaasa, Finland

## **6C - Human Resource Management in Asia**

**2.00pm - 3.30pm** Lecture Theatre 4

**Chair: Chin-Ju Tsai,  
Royal Holloway, University of London,  
UK**

Women's Career Opportunities in Japanese Organizations: From a  
Feminist and an Emic View

Markus Pudielko, Helene Tenzer, Eriko Varkey

*Tübingen University, Tübingen, Germany*

Hotel Practitioners' Expectations and Perceptions toward Interns'  
Internship Program Satisfaction

Chi-Yu Amy Huang<sup>1,3</sup>, Fu-Yuan Cheng<sup>3</sup>, I-Pin Lu<sup>2</sup>

<sup>1</sup>National Chuanghua University of Education, Chuanghua, Taiwan, <sup>2</sup>I-  
Shou University, Kaohsiung, Taiwan, <sup>3</sup>Toko University, Chiayi, Taiwan

Paternalistic Leadership and Organizational Commitment in  
Collectivistic Context

Tasneem Fatima, Sadia Jahanzeb, Fouzia Syed

*International Islamic University, Islamabad, Pakistan*

A Study of Employees' Perceived Performance Appraisal Accuracy in  
Chinese State-Owned Enterprises

Chin-Ju Tsai, Wen-Lai Wang

*Royal Holloway, University of London, Surrey, UK*

## **6D - Knowledge Creation and Transfer**

**2.00pm - 3.30pm** Lecture Theatre 2

**Chair: Pia Hurmelinna-Laukkanen, University of Oulu, Finland**

The Transition from Product to Service-Centric Manufacturer: A Network View of Taiwanese Manufacturing Firms

Ko-Min Kevin Tseng<sup>1</sup>, Rhona E. Johnsen<sup>2</sup>

<sup>1</sup>Commerce Development Research Institute, Taipei, Taiwan, <sup>2</sup>Audencia School of Management, Nantes, France

Value Creation through the Firm or the Community? New Forms of Collaboration

Bjørn-Tore Flåten

University of Agder, Kristiansand, Norway

Need for Speed?: MNE's R&D Spillovers in High Velocity Environments

Ha Yoo Jung, Giroud Axèle

University of Manchester, Manchester, United Kingdom

Competitive Performance of Internationalized Firms - the Roles of Appropriability Regime and Rival Absorptive Capacity

Pia Hurmelinna-Laukkanen

University of Oulu, Oulu, Finland

## **6E - Corporate Governance**

**2.00pm - 3.30pm** Lecture Theatre 3

**Chair: Bruce Hearn, University of Leicester, UK**

The Impact of Founder on Corporate Governance in UK IPOs

Ying Liu, Jenifer Piesse, Igor Filatotchev

Bournemouth University, Bournemouth, UK

The Contrasting Effects of Board Composition and Structure on IPO Firm Underpricing in a Developing African Context

Bruce Hearn

University of Leicester, Leicester, UK

Product Market Competition, Corporate Governance and Legal Origin

Dominic Chai<sup>1</sup>, Simon Deakin<sup>2</sup>, Prabirjit Sarkar<sup>3</sup>, Ajit Singh<sup>2</sup>

<sup>1</sup>University of Manchester, Manchester, UK, <sup>2</sup>University of Cambridge, Cambridge, UK, <sup>3</sup>Jadavpur University, Kolkata, India

The Performance and the Effects of Family Control in North African IPOs

Bruce Hearn

University of Leicester, Leicester, UK

## **6F - Foreign Direct Investment in Emerging Economies**

**2.00pm - 3.30pm** Lecture Theatre 1

**Chair: Roger Strange, University of Sussex, UK**

European Integration and Ownership of Companies in European Transition Economies. A Research Report.

Miglana Naydenova-Bocheva, Michal Lemanski, Barbara Stöttinger  
WU Vienna, Vienna, Austria

Domestic and Foreign Direct Investors in Oman: Economic, Institutional, and Policy Patterns

*Ahmed Al-Maimani<sup>1,2</sup>, Dimitrios Tsagdis<sup>1</sup>*

<sup>1</sup>Ministry of Commerce and Industry, Muscat, Oman, <sup>2</sup>University of Hull Business School, Centre for Regional and International Business, Scarborough, UK

The Restructuring of African Mobile Telecommunications: Towards a Sustainable Structure?

*Peter Curwen, Jason Whalley*

University of Strathclyde, Glasgow, UK

Foreign Direct Investment in China: a City Level Spatial Effects Model

*Frederic Blanc-Brude<sup>4,1</sup>, Grahame Cookson<sup>1</sup>, Jenifer Piesse<sup>2,5</sup>, Roger Strange<sup>3</sup>*

<sup>1</sup>King's College London, London, UK, <sup>2</sup>Bournemouth University, Bournemouth, UK, <sup>3</sup>University of Sussex, Brighton, UK, <sup>4</sup>Infrastructure Economics Ltd, London, UK, <sup>5</sup>University of Stellenbosch, Cape Town, South Africa

## **6G - SME Internationalisation: The Decision Process**

**2.00pm - 3.30pm** Lecture Theatre 6

**Chair: Jim Love, University of Birmingham, UK**

SMEs Internationalization and Organizational Implications: What Changes when a SME Internationalize the Production?

*Igor Kalinic<sup>1</sup>, Cipriano Forza<sup>2</sup>*

<sup>1</sup>University of Groningen, Groningen, Netherlands, <sup>2</sup>University of Padova, Padova, Italy

New Theoretical Paradigms for New International Business Phenomena: International Entrepreneurship Theory and the Internationalization of Firms from Emerging Markets

*Omaima Hatem, Simon Harris*

University of Edinburgh Business School, Edinburgh, Scotland, UK

From Microfoundations to Organisational-level Capabilities: An Integrated View on the Born Globals' Accelerated Internationalisation

*Quan Anh Nguyen, Gillian Sullivan Mort*

La Trobe University, Melbourne, Victoria, Australia

Decision-making and International Entrepreneurship: An Effectuation Theory Perspective

*Igor Kalinic<sup>1</sup>, Cipriano Forza<sup>1</sup>*

<sup>1</sup>University of Groningen, Groningen, -, <sup>2</sup>University of Padova, Padova, Italy

Export Propensity, Export Intensity and Firm Performance: The Role of the Entrepreneurial Founding Team

*Panagiotis Ganotakis<sup>1</sup>, Jim Love<sup>2</sup>*

<sup>1</sup>Aston University, Birmingham, UK, <sup>2</sup>University of Birmingham, Birmingham, UK

## **6H - Culture and Praxis in the International Firm**

**2.00pm - 3.30pm Lecture Theatre 5 Chair: Carmen Stoian, Kent Business School, UK**

National Culture's Consequences on Corporate Political Activity in the European Union

Andrew Barron

*Strathclyde Business School, Glasgow, UK*

Gaining Legitimacy Through Alliance Formations as a Strategic Response to Liberalization: Some Preliminary Evidence from the Airline Industry in Africa

Joseph Amankwah-Amoah

*Bristol University, Bristol, UK*

Twice as Smart? The Role of CEO Biculturalism in International Acquisition Decisions

Dorota Piaskowska<sup>1</sup>, Grzegorz Trojanowski<sup>2</sup>

<sup>1</sup>University College Dublin, UCD Business School, Management Group, Dublin, Ireland, <sup>2</sup>Xfi Centre for Finance and Investment, University of Exeter Business School, Exeter, UK

A Social Capital Approach to the Inter-Cultural Differences Management in a MNEs: Empirical Evidence from the Tourist Sector

Manuela Presutti, Lucrezia Zambelli

*Department of Bologna, Bologna, Italy*

Divided We Stand: Cultural Differences within Europe and their Impact on International Collaborative Arrangements

*Jeanette Hexter, Carmen Stoian, Paul Phillips*

*Kent Business School, Canterbury, UK*

## **Tea and Coffee Break**

**3.30pm - 4.00pm Concourse**

## **Doctoral Colloquium B4 - Knowledge, Capabilities and Internationalisation**

**4.00pm - 6.00pm Auditorium**

**Panellists: Ling Liu, University of Edinburgh Business School, UK, Markus Pudelko, Tübingen University, Germany and Antonella Zuchella, Università degli Studi di Pavia, Italy**

Towards Open Ecosystems: Mapping Cultural Constraints to Open Innovation Variability in Multinational Companies in the United Kingdom and Germany

Norman Mueller

*Anglia Ruskin University, Cambridge, Cambridgeshire, UK*

Developing Capabilities for Internationalization in Knowledge-intensive Companies

Mari Ketolainen

*Turku School of Economics, Turku, Finland*

The Knowledge Economy: Are MNEs Reluctant to Allocate (more) Asset-Seeking FDI in Emerging Economies? The Case of Brazil

Christopher Kramer

*Manchester Metropolitan University Business School, Manchester, UK*

Enhanced Outward Internationalisation Through Strategic Suppliers'  
Market Knowledge  
Markku Heiskanen  
*University of Vaasa, Vaasa, Finland*

## **Doctoral Colloquium B5 - Institutional Environment and it's Impact on Internationalisation**

**4.00pm - 6.00pm Lecture Theatre 7**

**Panellists: Pavlos Dimitratos, Athens University of Economics and Business, Greece, Rudolph Sinkovics, University of Manchester, UK and Alfredo D'Angelo, University of Glasgow, UK**

Predicting Corporate Failure in Germany and UK: A Stakeholder Theory Perspective

Kingsley Appiah<sup>1</sup>

<sup>1</sup>Loughborough University, Loughborough, Leicestershire, UK, <sup>2</sup>Kwame Nkrumah University of Science and Technology, Kumasi, Ghana

Influence of Institutional Environment on the Process and Outcome of SME's Internationalization Between Developed and Emerging Economies: Case of Finnish-Russian Cross-border Area

Daria Volchek

*Lappeenranta University of Technology, Lappeenranta, Finland*

Host Country Determinants of FDI in Central America

Jose Godinez

*The University of Edinburgh, Edinburgh, UK*

The Competence Development of Korean Subsidiaries: Firm-Specific Advantages vs. Location-Specific Advantages

Junghoon Lee

*Manchester Business School, Manchester, UK*

## **Doctoral Colloquium B6 - Managing Culture and Cross-Cultural Management**

**4.00pm - 6.00pm Lecture Theatre 4**

**Panellists: Amon Chizema, Loughborough University, UK, Dorota Piaskowska, University College Dublin, Ireland and Joseph Amankwah-Amoa, University of Bristol, UK**

The Job Demands-Resources model and its relationship with international assignment effectiveness.

Lucy Rattrie

*University of Stirling, Stirlingshire, UK*

Appraising the Role of Cross-Cultural Communication in International Management in Developing Countries

James Abugre

*University of Swansea, Swansea, UK*

Repair Processes of Intercultural Superior-Subordinates Relationships

Jörg Büechl

*Tübingen University, Tübingen, Germany*

Building Bridges across Psychic Distance: Cross-Border Networks and the Internationalisation of Scottish SMEs in a 'Guanxi' Context

Carole Couper

*University of Glasgow, Glasgow, UK*



## **Doctoral Colloquium B7 - Emergent Forms and Patterns of Internationalisation**

### **4.00pm - 6.00pm Lecture Theatre 2**

**Panellists:** Marian Jones, University of Glasgow, UK, Per Servais, University of Southern Denmark, Denmark, and Peter Gabrielsson, University of Vaasa, Finland

Hidden Champions: Critical Review and Investigation Proposal

Alessa Witt

*University of Edinburgh, Edinburgh, UK*

The Emergence of Southern Multinationals

Rasha Rezk, Jagjit Singh Srail

*Institute for Manufacturing, Cambridge, UK*

Internationalisation of High-Tech SMEs: The Case of German Biotech Firms

David Freund

*Manchester Metropolitan University, Manchester, UK*

The Boundary and Location Decision of Born Global Firms: Re-Examining FDI, MNE and International Trade Theories

Masahiro Kotosaka

*Saïd Business School, University of Oxford, Oxford, UK*

Toddlers from emerging markets: A study of transnational entrepreneurs from Russia, Bulgaria and Poland

Stoyan Stoyanov

*University of Edinburgh, Edinburgh, UK*

## **Doctoral Colloquium B8 - Dynamic Patterns of International Development**

### **4.00pm - 6.00pm Lecture Theatre 3**

**Panellists:** Kevin Ibeh, University of Strathclyde, UK, Niina Nummela, University of Turku, Finland and Anthony Roach, University of Manchester, UK

The Evolution and Patterns of Firm-level Internationalisation Over Time

Lisa Spencer

*Trinity College Dublin, Dublin, Ireland*

The Internationalization of Family Owned Nigerian Small and Medium Enterprises: Evidence From the Nigerian Manufacturing SME's

Wasiu Basit Ajani

*Southern Cross University, Gold Coast, Australia*

The Factors Influence the Stability of International Joint Ventures: An Integration of Transaction Cost View and Knowledge-base View of the Firm

Lu-Yun Cheng

*The York Management School, University of York, York, UK*

International Entry Modes: A Multi-Theoretical Approach and Empirical Investigation

Emmanouil Sofikitis

*Athens University of Economics and Business, Athens, Greece*

## **Doctoral Colloquium B9 - Internationalisation, Capabilities and Entrepreneurial Strategies**

**4.00pm - 6.00pm Lecture Theatre 1**

**Panellists:** Margaret Fletcher, University of Glasgow, UK, Eva Alfoldi, University of Manchester, UK, and Glenn Richey, University of Alabama, United States

Exploring the Deliberate and Emergent Internationalization Strategies in the Context of Born Global Firms

Burak Tunca

*University of Agder, Kristiansand, Norway*

Market-driving Strategies and International entrepreneurial Firms: The Effects of Market-driving Network and Entrepreneurial-marketing Organization on its Competences and Strategic Choices

Tanyaporn Soontornthum

*Manchester Business School, Manchester, UK*

The Role of Dynamic Capabilities on Internationalisation in the Digital Content Industry (DCI) - a Cross-National Study

Jonathan Twinem

*University of Ulster, Belfast, Northern Ireland, UK*

An Exploration of the Diffusion of Mobile Banking in the Retail Banking Sector

Jennifer Mullan

*University of Ulster, Magee Campus, UK*

## **Doctoral Colloquium B10 - International Marketing, Finance and Performance**

**4.00pm - 6.00pm Lecture Theatre 6**

**Panellists:** Mika Gabrielsson, Aalto University, Finland, Susan Freeman, University of Adelaide, Australia and Mo Yamin, University of Manchester, UK.

Role of Learning in Networks on Firm Upgrading in Polish Food-processing and Clothing Industries

Deniz Yoruk

*Science and Technology Policy Research (SPRU), University of Sussex, Brighton, UK*

Customer Retention in Cross-border Acquisitions

William Degbey

*University of Turku School of Economics, Turku, Finland*

Exploring the Challenge of Marketing Metrics

Markus Lamest

*School of Business, Trinity College Dublin, Dublin, Ireland*

Textual Sentiment Analysis of International Financial Markets

Sha Liu

*Trinity College Dublin, Dublin, Ireland*

**Doctoral Colloquium B11 - Corporate Social Responsibility and International Branding**

**4.00pm - 6.00pm Lecture Theatre 5**

**Panellists: Colin Wheeler, University of Portsmouth, UK, Stan Paliwoda, University of Strathclyde, UK and Anna Morgan-Thomas, University of Glasgow, UK**

The extent of CSR Strategy Integration By The Subsidiaries of MNCs in A Developing Country Context Highlighting Parent-Subsidiary Relationship

Monalisa Haque

*University of Bradford, Bradford, UK*

How Institutional Entrepreneurs Develop their Innovative Capabilities: Construction of Corporate Social Responsibility in the Transition Economy of China

Shubo Liu

*University of Edinburgh, Edinburgh, UK*

Corporate Branding in Multinational Corporations - Giving Sense to a Corporate Brand

Riitta Birkstedt

*Turku School of Economics, Turku, Finland*

# Abstracts

## Parallel session 1B - Special Panel - International Entrepreneurship

Chair: Sharon Loane, University of Ulster, UK

### Developing High-Tech INVs - Acting at Three Levels

This session brings together a panel of international scholars to share their knowledge of contemporary International Entrepreneurship (IE) issues. The topics included in this session include, the processes of international entrepreneurship, technological innovation and opportunity recognition; SMEs and locational/relocational factors; organisational learning, absorptive capacity and knowledge assimilation; how INVs in low-tech sectors develop competitive advantage and a multi dimensional approach to the network resource view. The session will have an opportunity for discussion among audience members and the participants, facilitated by the panel session chair(s).

Tuija Mainela, Elina Pernu, Vesa Puhakka, *University of Oulu, Oulu, Finland*

The purpose of this research is to analyze the development of high-tech international new ventures as an acting process by individuals in relationship networks. The study cross-fertilizes research on internationalization of international new ventures, opportunity development of entrepreneurs and innovation development in technology-based firms. A longitudinal case study on the development process of an international new venture operating in the software business is used as a base for analytical generalization and theory development. Statistical generalization based on common patterns experienced by several firms was not sought in this study. Using the process research approach with event based analysis the study, however, provides an in-depth analysis of international new venture development through acting of individuals at the level of key events.

The study illustrates events at three intertwined levels of acting on the development of an international new venture. It defines internal problem solving, external solution creation, opportunity selling and opportunity organizing as the behaviors driving the emergent, multi-level process and embedding the venture in various networks. From the business practice viewpoint the study illustrates how the complexity of building high-tech international new ventures is, to a great extent, due to the necessity of handling the process at three levels simultaneously and in connection to each other. Since international new ventures are often based on business opportunities that have a short window of opportunity, the timeline creates further challenges. Embedding the business into various resourcing, legitimizing and otherwise assisting networks is crucial.

The originality value of the study is based on its provision of insight to the ways of acting in networks that intertwines the internationalization, opportunity and technology development in development of a high-tech international new venture. The study follows the development process in real time, something that is quite rare in previous international entrepreneurship research. The methods for examining a complex development process over time can be utilized by other process researchers.

### The Impact of Internationalisation on Small Firms' Choice of Location and Propensity for Relocation

Per Servais, Jan Møller Jensen, Erik S Rasmussen, *University of Southern Denmark, Odense, Denmark*

Purpose - The primary focus of this article is on the international (import and export) activities of the firm and the impact on the firms' criteria for choice of location and the propensity for relocation.

Design/methodology/approach - A web survey was carried out among small- and medium sized Danish firms. Data used in the present study is based on responses from 622 firms. The analysis is conducted in two sub-sections. The first section focuses on how export/import intensity is related to the location motives of the firm and the propensity to relocate the firm to another national location or abroad. Pearson's correlation with corresponding test of significance is used to explore the possible relationships between the international engagement and the firm's criteria for choice of location. In the second section the responding firms are classified into one of four categories as suggested in a local/global typology. ANOVA is conducted in order to assess whether there exists any significant differences between the four types of firms with regard to the location motives and relocation propensity for the firms'

Findings - The study shows that the international engagement of the firm influences the need for better location in respect to infrastructure (especially airport and highways) and to a lesser degree other types of infrastructure (railways and harbours). Interestingly firms put less emphasis on the direct economic factors (infrastructure) compared with access to customers/suppliers, local network and above all access to research institutions. The study shows that international firms put significantly more emphasis on the relationship with research institutions than more local firms. The study also indicates that a higher international engagement increases the firm's intention to relocate abroad, which could be one of the unwanted sides of firms' internationalisation.

Originality/value - Guided by insights from location and relocation theory and international entrepreneurship theory, the connection between firms' export and import engagement and the reasons for location and propensity for relocation are explored. The article also suggests an internationalisation typology of firms that can be used in future research on the internationalisation of the firm.

Keywords - Location, International activities, Small firm, Local firms, Denmark  
Paper type -Research Paper

### Knowledge Assimilation Processes of Rapidly Internationalising Scottish SMEs

Margaret Fletcher, Shameen Prashantham, *University of Glasgow, Glasgow, UK*

The accumulation of knowledge and learning by firms has been identified as critical to their internationalisation. This article explores knowledge assimilation processes of rapidly internationalising SMEs. This is a qualitative enquiry in two stages. First, four case-studies were selected from firms that were participating on an internationalisation programme run by Scottish Enterprise, the regional development agency. Data collection involved semi structured interviews with CEOs and programme providers, and archival data. Second, two focus groups were held with six CEOs participating in the programme. Our findings indicate that knowledge sharing is important for rapidly internationalising SMEs and that firms adopted high levels of formality in assimilating knowledge. Two key aspects of formality were identified as important; formal planned events to share explicit and tacit knowledge and the codification of tacit to explicit knowledge. Knowledge may be assimilated less formally by the retention of tacit knowledge as tacit, while utilising elements of formality. We find that learning for internationalisation can be transferred to support domestic growth.

It is important for firms to develop appropriate knowledge assimilation processes within their management systems to support internationalisation. The CEO and management team need to take the lead in marshalling commitment to learning processes and to cultivate an organisational culture that is supportive of learning. This research contributes to international entrepreneurship by providing insights into the knowledge assimilation processes employed by rapidly internationalising SME to manage the tensions between the need for greater formality to be efficient at learning, and informality to enable speedy decision-making.

### International New Ventures in 'Low Tech' Sectors: A Dynamic Capabilities Perspective

Natasha Evers *NUI Galway, Galway, Ireland*

Purpose – Drawing on the Dynamic Capabilities Perspective and the Resource Based View of the firm (RBV), this paper seeks to further our understanding of international new ventures operating in a traditional low technology sector - an understudied context in International entrepreneurship.

Design/methodology/approach – Exploratory research merited qualitative research as the chosen methodology. Multiple case study design and critical incident technique were the main qualitative techniques employed.

Findings – The case entrepreneurs' objective and subjective capabilities emerge as a critical key resource for strategically managing and developing the dynamic capabilities of the firm in areas of R&D, logistics and production. The firms' capability to adapt and renew themselves through product diversification strategies was also critical for sustainable competitive advantage in a highly turbulent and competitive sector of seafood.

Research limitations/implications – The study is sector specific and while the sample size is small, findings are consistent. The paper presents a conceptual research framework for exploring further dynamic capabilities theory across diverse empirical high and low-tech industry contexts.

Practical implications – Low technology sectors are considered a 'forgotten sector' of innovation policies in small-developed economies (Hirsch-Kreisen, 2008). Findings from this study identify a number of important implications of relevance to policy-makers and managers.

Originality/value – This study contributes to the knowledge and understanding of how INVs in traditionally low-tech sectors develop competitive advantage on international markets. The study presents an entrepreneurial perspective to the dynamic capabilities theory of the firm and presents a conceptual research framework to further our understanding on INVs.

#### **International Performance of High Tech SMEs: The Role of Network Resources**

Breda Kenny<sup>1</sup>, John Fahy<sup>2</sup> <sup>1</sup>*Cork Institute of Technology, Cork, Ireland,* <sup>2</sup>*University of Limerick, Limerick, Ireland*

This study identifies and examines the relationship between network resources and international performance of High Tech SMEs (HTSME) in the telecommunications industry in Ireland. The network resource construct for this paper comprises three dimensions: network human capital resources, network resource combination and information sharing. Empirical research was carried out using a mail survey in which 154 firms completed and returned the questionnaire. Three hypotheses were analysed using structural equations modelling using LISREL. The study's main finding suggests a positive relationship between a firm's network human capital resources and international performance. However, no support was found for the relationship between network resources combinations, information sharing and international performance. This study is cross sectional, confined to a single industry and focused on the role of networks in the HTSME context only. Results from this study provide policy makers and practitioners with additional insights into specific network resource based factors that are associated with international performance for HTSMEs. Such an assessment would help identify specific areas of relationship strengths and weakness in terms of the level of human capital available to firms, the combinations of complementary resources across firms and the extent and level of information exchange between firms. The paper concludes with a discussion of these findings and the overall implications for policy makers and managers. Specifically, it is necessary to identify and review the types of resources that are critical to the international performance of firms and develop and implement business strategies building on those resources in order to enhance the likelihood of international success. This study offers a multiple dimensionality to the network resource concept by measuring the direct effect of the type of network resources in terms of human capital, information and network resource combinations on international performance of High Tech SMEs (HTSMEs) in the telecommunications industry. These findings advance network research by highlighting the trade-offs that networks impose on firms that seek to manage and leverage their network resources.

#### **Parallel session 1F - Internationalisation from Emerging Markets**

**Chair: Yue Xu, Hull Business School, UK**

##### **UK Universities' Entry into the Chinese Market: A Stages Approach to the Internationalization of Higher Education?**

Xiaoping Li, Joanne Roberts *Northumbria University, Newcastle, UK*

The Higher Education (HE) sector has become increasingly commercial and international in scope. Higher Education Institutes (HEIs), and in particular universities, make a significant contribution to economic activity and they are an important and growing source of overseas revenue. Yet there is little research into HEIs as international businesses. This paper seeks to contribute to understandings of the internationalization of HEIs by assessing the extent to which an evolutionary approach is evident in their overseas business activity, beginning with exports before moving on to contractual arrangements, then joint ventures and finally the establishment of wholly owned subsidiaries. Do HEIs traverse a number of stages during their entry into overseas markets, becoming more involved and committed to foreign location as they pass through such stages?

Drawing on primary and secondary research the paper focuses specifically on the internationalization of UK universities as they expand into the Chinese market. In particular, the findings of primary research from case studies of ten UK universities operating in China are reported. Primary data was gathered through 41 face-to-face interviews with senior executives involved in HE internationalization practices. This research reveals that the internationalization of the UK universities in relation to the Chinese market is still at a low commitment stages. In addition, UK universities do not follow a uniform pattern. Nevertheless, in terms of the level of commitment and mode of service delivery this study does identify a common developmental route with the key stages of internationalization for most UK universities in China being firstly exporting followed by the establishment of contractual arrangements (including validation, franchise and joint program). To date only two universities have developed joint ventures, and currently government regulation prevents the establishment of wholly owned campuses in China. The characteristics of each mode of internationalization are presented, providing their underlying principles and offering strategic options for future practitioners seeking to achieve international ambitions in higher education.

##### **New Forms of Internationalization: Strategic Asset Seeking Motives**

Ayşe Akcal, King's College, London, UK

Increased levels of internationalization from emerging markets has led to discussions and questions on the motives of these firms and their behavior. This paper aims to highlight the debates on the internationalization motives of the emerging market firms, and point out the contradictions arising from such motives and international business theories. The proposed research is an in depth analysis of the firm specific asset composition of emerging market firms, international and domestic, in order to examine changes in the asset composition of such firms over time and also to contribute to the theories of internationalization with respect to strategic asset seeking motives and emerging market firm structure. The main focus of the paper and the research is to ascertain whether emerging market firms are solely internationalizing and also performing on the basis of their specific abilities such as the ability to function in institutionally weak environments and the ability to manufacture at low cost or whether such firms are developing firm specific assets similar to those of their counterparts in developed countries. Another focus of this research is to look at the domestic firms and inquire whether such firms are accumulating strategic assets parallel to the increasing liberalization levels in emerging markets. Such results will contribute to the discussion of the mainstream international business theories such as the eclectic paradigm or the internalization theory, which focus on firm specific advantages as a prerequisite of internalization. Another object of the research is to improve the understanding of strategic asset seeking motives, analyzing whether this motive is prevalent on a larger set of companies or not. The proposed research is a longitudinal analysis of Turkish firms, quoted in the stock exchange, over a period of 10 years, in order to identify the performance indicators of such firms and to observe the changes in such indicators through time. Data is gathered from the independently audited financials of the 320 firms quoted on the Istanbul exchange over a period of 10 years.

##### **Productivity Performance of Export Entry and Exit: Evidence from Indian Firms**

Sushanta Mallick<sup>1</sup>, Yong Yang<sup>1</sup> <sup>1</sup>*Queen Mary University of London, London, UK,* <sup>2</sup>*Essex University, Southend-on-Sea, UK*

This paper contributes to the literature on exporting and firm productivity, focusing on export entry (efficiency), learning (post-entry growth) and exit (inefficiency) by Indian firms. Using firm-level data covering over 9,000 firms from India over the period of 1989-2009, our main objective is to examine the effect of exporting on firm productivity, correcting for selection bias using propensity-score matching, which allows an adequate 'like-for-like' comparison between new exporting firms and non-exporters. Robust to different matching estimators, we find evidence of learning-by-exporting that new exporting firms acquire rapid productivity growth after entry, relative to non-exporters. We also find that 1) exporters on average are more productive than non-exporters; 2) productive firms tend to self-select in entering the exporting market, and 3) least productive exporters are found to exit the export market as these firms experienced an adverse productivity effect for up to five years prior to the year of exit.

## Does Policy matter? The Chinese Outward FDI into Africa

Yue Xu<sup>1</sup>, Leilei Tang<sup>1,2</sup>, Akamavi Raphaël<sup>1</sup> <sup>1</sup>Hull Business School, Hull, UK, <sup>2</sup>Strathclyde Business School, Glasgow, UK

Chinese firms have been unprecedentedly active in making direct investment into the African countries in recent years. In this paper, we explore the key determinants of Chinese Outward Direct Investment into Africa by using a comprehensive panel dataset of Chinese OFDI in 48 African countries over the period of 2003-2007. The analysis based on Generalised Method of Moments (GMM) estimation suggests the positive self-reinforcing effect of Chinese OFDI on itself. The findings support the view that market size, natural resource endowments, and labour participation rate, among others have positive effects on Chinese OFDI. Surprisingly, our hypotheses on negative effect caused by poor infrastructure, capital market, and corruption in Africa are not supported. Taken together, our results show to some extent policy does not matter for the Chinese OFDI in Africa.

## Parallel session 1G - Firm Networks and Social Relations

**Chair: Rauni Seppola, University of Jyväskylä, Finland**

### The Influence of Culture on the Adoption of Social Network Sites

Rotem Shneor<sup>2</sup>, Kalanit Efrat<sup>1</sup> <sup>1</sup>Ruppin Academic Center, Emek Hefer, Israel, <sup>2</sup>University of Agder, Kristiansand, Norway

Global e-commerce is on the rise. According to a recent JP Morgan report, global online revenues in 2011 are expected to reach USD 680 billion, further growing up to USD 963 billion in 2013 (Rao, 2011). Accordingly, online ad spending continues its double digit annual growth, and expected to reach USD 40.5 billion in 2014 in the USA alone, up from USD 25.8 billion in 2010 (eMarketer.com, 2010). More specifically, marketing investments directed at social networking sites were estimated at USD 7 billion in 2010, and are expected to further grow up to USD 38 billion by 2015 (Marketingcharts.com, 2010). Such growth prospects correspond well with findings of a survey by Forrester Research, showing that most marketing managers pursue social technology applications for marketing, with 95 percent of which planning to either maintain or increase their investments (Li & Bernoff, 2009).

The introduction of the Internet into daily lives of people facilitated the emergence of various social network sites, also often referred to as 'virtual communities'. Members of such communities represent highly interesting groups for marketers from a commercial point of view. They form relatively homogeneous groups through self selection, they are highly involved in the community, they produce large amounts of interesting information, and they tend to be loyal to their virtual community (VC) through time. Therefore, in marketing terms, engaging members of VCs in viral marketing becomes the main attraction of social networks, as members are connected to each other in a way that increases trustworthiness of the messages transferred between them due to their potential impact on marketing performance and effectiveness.

Indeed, VCs were found to impact consumer decision making at the information search stage (de Valck, et al., 2009, Gil-Or, 2010), to enhance brand awareness and loyalty (Flavián & Guinali, 2005, Gil-Or, 2010, McWilliam, 2002, Porter, 2004, Spaulding, 2010), to improve market segmentation capabilities (Flavián & Guinali, 2005, Kozinetz, 1999, MacLaran & Catterall, 2002, Porter, 2004), to contribute to processes of product development (Li & Bernoff, 2009, Porter, 2004, Spaulding, 2010), as well as to expand market shares and generating sales (Gil-Or, 2010, Li & Bernoff, 2009, Porter, 2004, Spaulding, 2010, The Economist, 2010).

Although the rise in attention, it must be acknowledged that VCs commercial exploitation remains a relatively new phenomenon most companies are still learning about and experimenting with.

While the previous discussion regarding the characteristics of VC's impact on marketing performance, refer to the individual's engagement level in the community, segmentation along more fundamental social factors, such as national culture, have been unexplored. Since cultural values have a direct impact on behavior (Baack & Singh, 2007, Franke & Nadler, 2008, Soares, et al., 2007, Taras, et al., 2010), one can assume that individuals' participation in VCs in general, and relationship-oriented (RO) social network sites in particular, is a behavior which may be facilitated, amongst other factors, by cultural values.

The current study explores the influence of culture on national user engagement levels in social network sites. More specifically, it examines the impact of Hofstede's four cultural dimensions on the share of Facebook users out of total online population (FPOP) in the specific context of developed economies. The study shows that FPOP is negatively impacted by the cultural dimensions of uncertainty avoidance and masculinity dimensions, as well as by the control variable of share of online population out of total population. The study concludes with some practical segmentation recommendations for marketers aiming for more effective social network marketing efforts.

### A Re-Examination of the Stages Model of Internationalization: A Theory for Born Globals?

Viveca Sasi, Aalto University School of Economics, Helsinki, Finland

According to Madsen and Servais (1997) the current research on INVs tends to be purely descriptive without a well-developed theoretical frame of reference. It appears that we lack a uniform theory explaining INVs ability to rapidly become international and global.

One can argue that the traditional international business theory would be suited to explain the phenomenon of the INVs. Yet, according to McDougall et al. (1994) the international business theory cannot fully explain the international new venture or the born global phenomena because it assumes a slower and gradual international growth of the firm. This is the area that is analyzed here. The purpose here is to answer to the question: Can traditional internationalization theories explain the Born Global firms?

### The International Relationship Portfolio Strategies Of High-Tech INV Entrepreneurs: The Influence Of Domestic Industry Context.

Thor Sigfusson<sup>1</sup>, Simon Harris<sup>2</sup> <sup>1</sup>University of Iceland, Reykjavik, Iceland, <sup>2</sup>University of Edinburgh, Edinburgh, UK

This study applies network and INV theories in examining the relationship formation of international software entrepreneurs to make an original contribution to understanding the relationships that entrepreneurs in INVs develop and use. We find marked differences in the relationship they develop, depending on whether or not there is a strong domestic presence for their industry. The study supports three conjectures: that domestic industry presence influences the strength of the entrepreneurs' relationships, it influences the location of the relationship networks, and it influences the entrepreneur's activeness in forming international relationships. A strong local industry can help INV firms to start-up, but it can act to constrain subsequent international relationships formation. The differences analysed here help us develop an analytical framework that helps understanding of the different relationships of international entrepreneurs.

### Investigating the Relationship of Companies, Associations and Federations in European Union Lobbying Activities: the Case of Energy Sector

Robert Kennedy, Frangiskos Filippaios, John Sharp, University of Kent, Kent, UK

This paper investigates the importance of corporate or business lobbying activities through organisations engaging in Industry Associations and Federations in order to influence the legislative decision making process at the European Union (EU). We are addressing a gap identified in the literature regarding the importance of lobbying coalitions and their influence in the EU (Kluver, 2010). A sample of companies, associations and federations belonging to the energy sector were identified, contacted and interviewed with a focus on a better understanding the process of lobbying and its underlying dynamics in the EU. The importance that companies place on the involvement with their industry association is related to the effectiveness that a common position, from an association's perspective, has to the relevant EU institutional bodies. This is can be also seen when looking at the EU level associations that are often federations of associations. Companies do see their membership to an association as an active position. Companies seek to add value to the associations' efforts towards the EU institutions. Although associations are seen as an important element to a company's corporate political activities at the EU, it is important to point out that the large companies from the power and energy industry see associations as being a component in a wider array of channels available to them. On the other hand even for those companies which possess the resources and capabilities to undertake corporate political activities at the EU level entirely on their own, this relationship with relevant associations is a desirable one.

## Importance of Social Capital in Internationalization of the Firm A Business Network View

Rauni Seppola *University of Jyväskylä, Jyväskylä, Finland*

This paper examines the internationalization process as a social learning process. Internationalization is seen as a process of interactive, cumulative relationship development and learning. Learning is based on experiences of current activities which start with interaction. The outcomes of successful interactions are long-term relationships characterized by trust. Trust is social capital that increases cultural capital and has a positive effect on cooperation. We can assume that it increases knowledge, and decreases uncertainty and the psychic distance perceived by the actors involved. Experience of diverse markets and institutional knowledge are also important to firms seeking access to foreign markets. Social capital defined as trust is the most important factor influencing knowledge acquisition between actors. Hence, the proposition of this paper is that there are positive associations between social capital, knowledge and access to foreign markets.

Keywords: social capital, trust, commitment, experience, knowledge, business relationships, internationalization

## Parallel session 1H - Methods For Research in International Business

**Chair: Anna Morgan-Thomas, University of Glasgow, UK**

### Research Methodology in International Business: A Review of Articles Published in the Recent Decade (2000-2008) in JIBS

Stephen Chen<sup>1</sup>, B. Elango<sup>2</sup> <sup>1</sup>*Macquarie University, Sydney, Australia,* <sup>2</sup>*Illinois State University, Normal, USA*

The field of international business is multidisciplinary in nature and attracts scholars from a variety of backgrounds. While this multitude of talent from related disciplines offers IB a unique position in the business literature, it is not evident if particular research methodologies predominate in this field. Therefore, we content analyze papers published in the recent 10 Volumes (Vol. 31 to 40) of the Journal of International Business Studies. This journal is the flagship journal of the Academy of International Business and is widely accepted as the dominant journal in the field. Our analysis provides a snapshot of extant methodologies and insights into the evolution of the field and offers several implications for future research.

### Critical Review of Methodological Issues in Dynamic Capabilities Research

Taina Eriksson, *Turku University School of Economics, Turku, Finland*

Even though the methodological perspective has remained nearly unexplored in the domain of dynamic capabilities research, it is often claimed that dynamic capabilities have been studied only with qualitative research methods. It is important for the advancement of the dynamic capabilities approach that increasing attention is paid to the research methods. This paper presents an extensive review of 142 empirical studies on dynamic capabilities that was carried out to find out what kinds of research strategies have been used.

The initial search yielded 373 articles, of which 232 are empirical studies. The quality of the articles was carefully evaluated, which led to the final set of 142 articles. The screening of the articles in terms of quality showed that there are various sources of problems in the study design. Inconsistencies in the research strategy could be found, for example, in conflicting research purpose and data or conflicting data and conclusions. On the other hand, there could be found studies where the operationalisation had led to over simplification of the concept.

The review shows that the number of both conceptual and empirical studies has been rising steadily since the inception of the discussion in the 1990's, and that conceptual papers continue to be a notable part of the dynamic capabilities discussion. Among the empirical studies, there are, in addition to qualitative case studies a considerable number of quantitative studies. A third of all the empirical studies are actually quantitative studies based on large number of responses or other data. Another third, however, are single-case studies. An interesting finding is that the single-case studies mainly focus on examining large firms, whereas studies combining quantitative and qualitative methods focus more on SMEs.

With regard to the data used in the studies, it was discovered that only around one third of the studies utilise more than one source of data. Moreover, only one in ten of the quantitative studies utilised multiple data sources, whereas nearly half of qualitative studies used more than one type of data. Therefore, there would definitely be room for more studies (especially quantitative ones) combining different data to achieve better understanding of the phenomenon. Additionally, there would be need for an increasing number of mixed methods studies. Finally, narrative studies seem to be lacking in the domain of dynamic capabilities, even though narratives could bring important insights into the questions of how dynamic capabilities develop and how they operate.

Also the time frame of the data used in the studies was examined. Great majority of the studies contain longitudinal elements. Despite processes being much emphasised in the dynamic capabilities approach, it was found that also carefully designed cross-sectional studies can inform the development of theory on dynamic capabilities. It can be clearly seen in the results that quantitative studies form the largest part of the cross-sectional studies. Nonetheless, it is important that the cross-sectional data is not misused for processual analyses.

### Reflections on Using Case Studies and Qualitative Methods in IB research on MNE-Government Relations

Sigrun M. Wagner<sup>1,2,1</sup> *Royal Holloway, University of London, Egham, UK,* <sup>2</sup>*Loughborough University Business School, Loughborough, UK*

This paper reflects on the methodological challenges in an IB research project investigating MNE-government relations in the area of environmental regulations in the European Union for the automotive industry, where data had to be treated confidentially, and where access to interviewees was difficult to negotiate. The initial research design of a case study with semi-structured interviews is presented and then the modifications that were made based on the first set of data collection are discussed, including changing the terminology used with interviewees and extending the cases of environmental regulations to three. The method of analysis and the format of writing-up are then presented and discussed, which were also changed. Additionally, some of the terminology and the code to identify the anonymised interviewees were modified as well. The paper finishes with a reflective conclusion and methodological recommendations for qualitative research in IB on MNE-government relations.

Key Words: Research design, qualitative methods, case study, semi-structured interviews, data collection, flexibility, coding, MNE-government relations

### Common Method Variance in IB Research: Truth or Urban Legend?

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In a recent editorial Chang et al. (2010) draw attention to common method variance (CMV) as a source of bias with IB field. CMV refers to the variance within measures that is due to measurement method: method may produce a degree of variance in all measures that are assessed with the same method. CMV affects variance having inflammatory effect on the variance captured. The authors note that this problem might be particularly severe in studies using single-source primary data collected through self-reported questionnaires, that is, in situations where both the dependent and independent explanatory variables are collected at the same time, from the same respondent and through one method. There is some debate on severity of the CMV within the context of IB. The review of articles published in JIBS leads Chang et al. (2010) to a conclusion that CMV might affect a significant proportion of publications. The authors point to the high incidence of articles based on self-reported questionnaires and the number of potential sources of CMV identified within these articles. The paper acknowledges that this evidence shows how frequently the risk of CMV appears in JIBS articles and not the magnitude of CMV in these articles. The current paper extends the empirical assessment of CMV beyond JIBS with an aim to provide empirical evidence for the effects of CMV on IB research.

## Parallel session 2A - Financial Performance in Emerging Markets

Chair: Fragiskos Filippaios, University of Kent, UK

### An Analysis of the Chinese Stock Market during the Global Financial Crisis

Su Qian Kong, Joseph Coughlan, Lucia Morales, *Dublin Institute of Technology, Dublin, Ireland*

The recent global financial meltdown has strongly affected developed economies, which have seen how the collapse of some of their large financial institutions has negatively affected the performance of their stock markets. On the other hand the crisis seems to only have had some minor effects in emerging economies that appear to be quite unscathed by the financial turmoil. In particular, the Chinese economy is showing signs of great strength with a solid 10 per cent of GDP growth, which can be considered to be a key driving force of the world economic recovery. As a result, Chinese economic and political influence is becoming more relevant as time passes. Therefore, the aim of this paper is to investigate the relationship between the Chinese stock market, the U.S. stock market, and the linkages between these stock markets and one macroeconomic fundamental variable that is the Chinese overnight repo rate. This initial framework will help us to shed some light with regard to US stock market behaviour and its potential impact on the Chinese stock market and monetary policies during the global financial crisis.

The Chinese economy is characterised by capital control regulation and a unique dual stock structure that can influence foreign investment activities in the country. Moreover, the People's Bank of China (PBC) sets up its interbank interest rate (i.e. repo rate) to affect investment activities in China and abroad. This study uses daily time series of the Shanghai Composite (SHC) index, S&P 500 index, and the Chinese overnight repo rate spanning April 2003 to May 2010. In addition, structural tests are conducted by using the series residuals to identify a common breakpoint for the current crisis.

The Johansen and the Engle-Granger approaches are used to identify cointegration relationships between the variables, and a VAR and VECM model are applied to analyse the short-run and causal relationship. The main findings show evidence of cointegration in the long-run and short run between the Shanghai Composite and the repo rate. Additionally, the causal analysis shows a unidirectional effect running from the SHC → repo rate → S&P500 → SHC during the pre-crisis period (April 2003 to September 2007). On the other hand, the causal effects changed their direction to S&P500 → SHC; S&P500 → repo rate; repo rate → SHC during the financial crisis (October 2007 to May 2010), which suggests the PBC can use its monetary policy to stabilize its stock market during the crisis period (for example during 2008-2009 the Chinese government intervened in its economy through a variety of stimulus packages).

Even though Chinese monetary policy can influence US stock market in stable period, it has not affected the US stock market during the crisis period. Then, the results confirm that the US stock market has a predictive power over Chinese stock market for the whole sample period.

Finally, the contagion analysis based on the Forbes and Rigobon (2002) methodology did not find evidence of contagion between the Chinese and US stock market. These results are confirmed after improving the test by adding an extra explanatory variable (repo rate). Consequently, our results indicate the existence of diversification opportunities among these markets.

### Internationalization through Warsaw Stock Exchange - an Empirical Analysis.

Witold Wilinski, *Warsaw School of Economics, Warsaw, Poland*

The main objective of this article is to present the results of empirical research relating to internalization of Polish companies. The analysis that has been carried out relates mainly to motives for undertaking investments, methods of their financing, ownership structure and one aspect of institutional environment, i.e. the Polish mandatory pension fund system.

The research was based on a sample of 400 large and medium companies listed on the Warsaw Stock Exchange, out of which 96 companies conducting international activities have been selected. The companies at their early stage of internationalization, i.e. conducting export activities only, have not been taken into account. Additionally, all companies registered and located outside of Poland and not controlled by Polish capital have been eliminated with the aim of concentrating on Polish businesses. The companies conducting their activities abroad in order to optimize their tax results have not been taken into consideration either.

Unlike most articles concerning research on emerging multinationals, the analysis that has been carried out was based on "first-hand" primary data, including among others quarterly and annual financial statements of the companies, and on the information contained in issue prospectuses, also those concerning issues of shares related to the purchase of specific foreign companies. The time range covers the years 2000-2010, and in case of annual financial statements, 2009 is the last year of the research period. The main positive features of the applied methodology are: (1) full availability of financial data due to the fact that the companies are listed on the public stock market; (2) full comparability of input data based on uniform financial data in accordance with International Financial Reporting Standards; (3) coherent and comparable period of publication of the data; (4) full, i.e. 100% range of the information obtained (as opposed to survey research method).

The findings of the research show clear differences in internationalization strategies applied, depending on the sector in which the company operates. The conclusions presented in the study also relate to the role of the pension system functioning in Poland, which is an important source of capital for the companies listed on the Stock Exchange, as well as the role of the Stock Exchange itself, as an important tool enabling the companies to gain capital for their foreign expansion. The research results may be helpful both in further theoretical analyses of internationalization of the companies from CEE and other emerging markets, and may also represent a significant practical value for the management staff of the companies.

### Bank Characteristics and Liquidity Transformation: The Case of GCC Banks

Ritab Al-Khouri, *Qatar University, Doha, Qatar*

This paper uses a simple measure of liquidity creation to examines empirically the effect of bank capital and other micro and macro - characteristics on liquidity creation. We apply the analysis to data from a sample of 43 banks operating in 6 of the countries comprising the GCC (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates) market over the period 1998-2008. Large banks with high capital seem to produce most of the liquidity by the banking sector in the GCC market. However, the negative relationship between profitability and liquidity created by banks indicate either high loan losses or high cost of intermediation.

### Structural Breaks and Financial Volatility: Lessons from BRIC Countries

Lucia Morales, *Esmeralda Gassie Dublin Institute of Technology, Dublin, Dublin, Ireland*

While there is a substantial literature on the analysis of volatility spillovers between stock returns and domestic exchange rates, surprisingly, little empirical research has examined volatility spillovers between oil prices and emerging economies, where a clear gap of research have been found regarding to the BRIC financial markets and the effects of the 2007-2009 World economy crisis. This lack of research might appear as surprising given that energy markets are of particular interest as they are considered a fundamental reference for economic recovery and growth. Therefore, this work aims to address this gap on the literature by looking at the BRIC financial markets and their co-movements with regard to some energy markets (oil, natural gas and electricity) and also to the international pressures that may arise from fluctuations originated in the US stock markets. This research major findings show compelling evidence highlighting the weak integration levels that exist among the Chinese financial markets, energy markets and the US stock market. On the other hand, the Brazilian, Indian and Russian markets are found to be more sensitive to international shocks arisen from US markets and also to energy markets instability, especially with regard to oil market uncertainty.



## Equity Culture Development in Central and Eastern European Countries: A Conceptual and Empirical Examination

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This paper serves as a theory building discussion of the concepts of equity culture and its creation mechanism. We believe that the conceptualisation itself can be regarded as a valuable theoretical contribution in its field. The combination of theoretical concepts used and consequently arranged into a single theory building block is also innovative. Equity culture is a less popular source of finance in the CEECs but yet developed in a number of developed economies. The way these economies, i.e. CEECs, will proceed is a dynamic and challenging issue to observe.

We graphically display ten CEECs from our research sample and four benchmarks in terms of their macro-economic, institutional and managerial characteristics and thus cumulatively, we believe, portray the status of their financial system developments and equity culture creation. The Co-Plot applied to create the exhibits, enable us firstly, to identify indicators leading to debt financing and equity financing; and secondly, to place individual CEECs not only in terms of their general financial system development credibility but also in relation to equity culture creation.

## Parallel session 2B - Knowledge Transfer Within and Outwith the MNC

**Chair: Nigel Driffield, Aston University, UK**

### It Takes Two To Tango: Joint Effects of Expatriates' Competencies to Transfer and Subsidiary Absorptive Capacity on Subsidiary Performance

[Yi-Ying Chang](#)<sup>1</sup>, YaPing Gong<sup>2</sup>, Mike Peng<sup>3</sup> <sup>1</sup>National Taiwan University of Science and Technology, Taipei, Taiwan, <sup>2</sup>Hong Kong University of Science and Technology, Hong Kong, China, <sup>3</sup>University of Texas at Dallas, Texas, USA

Drawing upon the organizational learning perspective and the knowledge-based view, we examine when and how expatriate competencies to transfer knowledge may enhance subsidiary performance. Integrating the literature on expatriation and absorptive capacity, we propose that subsidiary absorptive capacity moderates the influences of expatriate competencies (i.e., ability, motivation, and social capital) to transfer knowledge on subsidiary performance, and that the moderating effect is mediated through the actual knowledge flow into the subsidiary. We drew on qualitative data gathered from 86 interviews of expatriates and quantitative data based on surveys of 324 expatriates and 324 local managers from 162 Taiwanese multinationals operating in the UK. Results largely supported the proposed framework.

### Can Cultural Difference Affect Supplier Innovativeness in International Customer-Supplier Relationships?

[Ruey-Jer Jean](#)<sup>1</sup>, Rudolf Sinkovics<sup>1</sup>, Daekwan Kim<sup>1</sup>, <sup>1</sup>National Chengchi University, Taipei, Taiwan, <sup>2</sup>Manchester Business School, Manchester, UK, <sup>3</sup>Florida State University, Tallahassee, USA

The increasing competitive pressures and speed of R&D and product innovation have many multinational enterprise (MNE) customers to outsource their core activities to suppliers. Despite organizational challenges due to cultural and physical separation from their partners, these are now charged with supplier-driven innovation. This study looks at key drivers to supplier innovativeness, examines the role of national culture in shaping supplier innovativeness and examines the impact of this dimension on relationship performance in international customer-supplier relationships. Our findings from a large-scale survey of Taiwanese electronics suppliers provide evidence for the contribution of antecedents such as customer orientation, customer's control and technological uncertainty to the enhancement of supplier innovativeness. Innovativeness contributes to increased customer dependence and improves relationship performance. The role of differences in masculinity is also tested in this study, and while there is no statistically significant effect on supplier innovativeness, we find that a performance and achievement-oriented culture may be detrimental to relationship development in international exchange relationships.

### Intra-firm Trade, Embeddedness and International Knowledge Transfer in the MNE

[Nigel Driffield](#)<sup>1</sup>, Jim Love<sup>2</sup>, Stefano Menghinello<sup>1</sup>, <sup>1</sup>Aston University, Birmingham, UK, <sup>2</sup>Birmingham University, Birmingham, UK

This paper examines knowledge transfer between parent firms and their international affiliates using a unique official dataset of MNE affiliates which distinguishes between technology and other managerial knowledge flows. Particular attention is paid to the role of intra-firm trade among multinationals as a conduit for international knowledge transfer. We find that intra-firm trade and knowledge transfer are closely linked. Affiliates which are embedded into the parents' (physical) supply chain are more likely to receive and impart flows of new knowledge than those which are not, consistent with the transfer of 'core' technology and other knowledge. We also find that affiliates' intangible knowledge capital is linked to reverse knowledge transfers (from affiliates to parents), and that being exposed to export markets makes affiliates less technologically dependent on their parent.

## Parallel session 2E - Corporate Governance and Finance

**Chair: Martha O'Hagan Luff, Trinity College, Ireland**

### Managerial Compensation Structure in Chinese PLCs

[Larry Su](#), University of Greenwich, London, UK

Using an unbalanced panel which consists of a total of 43626 executives in 1362 publicly listed corporations (PLCs) in China during 1999 and 2007, this paper empirically examines whether and to what extent intra-firm compensation structure affects managerial incentives and firm performance. The paper finds that pay increases as executives move up the corporate hierarchy into higher versus lower ranks. In addition, pay gap is the largest between the first and second tier executives. Pay dispersion is positively related to the number of tournament participants, the level of noise in the business environment and firm performance. The empirical results are consistent with the tournament theory and against equity, relative deprivation and sabotage theories of managerial compensation.

### The Corporate Governance and Valuation Effects of Alliance Investments

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Based on agency theory, this study examines the role of corporate governance mechanisms in explaining the valuation impact of corporate alliance investments. In considering the importance of corporate governance in mitigating the agency hazard in alliances, we investigate three sources: the board of directors, managerial incentive plans, and the external takeover market. Using a sample of 1,743 U.S. firms that announced alliances between 2001 and 2007, we find that board meetings, managerial ownership, and managerial equity-based compensation have significantly positive effects on alliance outcomes. Active boards are effective in supervising and advising alliance investment decisions, and incentive plans align manager and shareholder interests by curbing executive opportunisms and discouraging risk aversion. We also show that board meetings and incentive plans exert a more pronounced influence on cross-border (vs. domestic) and unrelated (vs. related) alliances. For alliances with more severe agency hazards, these governance mechanisms augment disciplinary benefits and better secure shareholder interests. Finally, we find that board size, outside director proportion, and anti-takeover protection are not significant in explaining alliance valuation effects, probably due to the existence of counteractive effects.

## Multinational Corporate Financing And Parity Relations

M. Shahid Ebrahim<sup>1</sup>, Ike Mathur<sup>1</sup> *Bangor University, Bangor, Gwynedd, UK,* <sup>2</sup>*Southern Illinois University, Carbondale, Illinois, USA*

Multinational corporations play a vital role in the enhancement of global welfare. This is the reason why financial economists have endeavored to analyze the feasibility of undertaking and financing foreign projects. We extend this literature for multinational corporate financing by modeling the agency perspective of equity and debt in a rational expectations framework to: (i) derive conditions for at most nine equilibria under which lending would occur, (ii) demonstrate the endogeneity of bankruptcy, (iii) derive an interior optimal capital structure contingent on the risk of expropriation, and (iv) derive a set of pricing conditions different from the well-known foreign exchange parity relationships under risk aversion and market imperfections such as taxes. We illustrate that irrespective of the form of debt used, the optimal capital structure of a multinational corporation entails the pareto-efficient design of securities.

## The Indirect International Diversification Benefits of Investing in US Based Multinationals

Colm Kearney, Jenny Berrill, Martha O'Hagan Luff, *Trinity College, Dublin, Ireland*

This paper investigates if the home bias puzzle can be partially explained by indirect international diversification via investment in home based multinational firms in the US. Using firm level data on the Russell 1000 firms between 1994 and 2007, it tests if the addition of portfolios of international firms to portfolios of domestic firms offers diversification benefits. Rather than using a single measure to rank firms by internationalisation, this paper uses a novel approach combining three measures to take the level, dispersion and location of a firm's foreign sales into account. This provides a more robust measure of internationalisation. Firms are classified on a dynamic basis, looking at the average level and growth in internationalisation over three periods between 1994 and 2007. Mean-variance spanning and Sharpe ratio test results provide strong evidence that home based international diversification benefits exist in the US, providing a partial explanation for investors' preferences for domestic equity investments.

## Parallel session 2F - Foreign Direct Investment From Emerging Markets Chair: Richard Nyuur, Swansea University, UK

### The Political Economy of Infrastructure MNEs: the Case of Chinese Investment in Africa

Yuxuan Tang<sup>1,2</sup>, Robert Pearce<sup>1,2</sup>, <sup>1</sup>*University of Reading, School of Economics, Reading, UK,* <sup>2</sup>*John H Dunning Centre for International Business, Reading, UK*

The paper begins with an attempt to formalise the broad parameters of infrastructure MNEs (derived within established modes of IB analysis) and applies aspects of this to discussion of Chinese FDI in the Construction and ICT sectors in Africa. From this background it is suggested that Chinese IMNEs expanding into Africa are serving to mediate between the needs and potentials of two differently-based and differently- phased processes of economic development.

The capacities of the Chinese IMNEs are seen to reflect their position in the achieved developments of the Chinese economy. Firstly, in the form of country-specific advantages that reflect this growth (access to capital and foreign exchange). Secondly, as firm-specific advantages (technologies and skills) learnt in playing a role in infrastructure creation in China.

From the point of view of African development a major constraint on the ability to realise developmental potentials (most notably in resource-based sectors) is the lack of necessary infrastructure and the capacities to finance and create it locally. Then Chinese IMNEs are well placed to overcome these restraints and implement major infrastructure projects in Africa. This, of course, correlates, precisely with China's growing need for resource access.

### Motives for Outward FDI: A Case Study of Chinese SMEs

Rose Quan, Joanne Roberts, *Northumbria University, Newcastle Upon Tyne, UK*

The motives stimulating foreign direct investment (FDI) is a topic of intense interest in the field of international business. Studies predominately focus on multinational enterprises (MNEs) from the Western developed countries. However, in the recent years outward FDI from developing countries, such as China and India, has been increasing. In addition, the fast changing global business environment and technology advances have increased the ease with which small and medium sized enterprises (SMEs) can access customers and suppliers both domestically and internationally. Although attention has been paid to the outward FDI from developing countries firms, further in-depth investigation of this phenomenon is required, especially, in relation to SMEs.

Given the increased Chinese outward investment in the recent years, this paper sets out to advance knowledge of the internationalisation of Chinese SMEs (CSMEs). The main research objective is to explore the motives of outward FDI with specific focuses of why CSMEs managers decided to enter the North England? In what sense does the home country context of China influence such outward investment decisions? Addressing these questions will contribute to the existing understandings of the motives driving OFDI by CSME directed towards developed countries.

This study employs a social constructionist approach to interpret the CSME decision makers' unique experiences and perceived values in determining their international business decisions. We empirically examined the motivations behind CSMEs' decisions to investing in the North of England via semi-structured interviews. 15 CSME managers in the North of England participated. The qualitative interview data was analysed through template analysis.

Drawn largely from the primary interviews of CSMEs operating in the North of England, this paper concludes that the decision of CSMEs to initiate its internationalization (especially entering the Western developed countries) can be explained by combining different international theories. The results indicate three elements underpinning a CSMEs decision to enter the North of England: 1) the institutional environment in the home country (China) play an important role in promoting CSMEs' international expansion, 2) government support and networks in the host country are crucial factors in attracting CSMEs to the North of England, and 3) CSME managers' personal traits, such as risk-taking, ambitions and experience, along with strategic intentions, have significant impact on the existence of new international ventures for CSMEs.

The findings of this qualitative study imply that new international ventures are fuelled increasingly by SMEs. Although those SMEs have limited resources, they still attempt to discover business opportunities in different countries. It is believed that this study provides valuable insights for international researchers, practitioners, and policy makers. It offers alternative understanding of the international experience of SMEs and contributes to practice grounded in an Asian-SME context. It is hoped that the findings and insights drawn from this research paper provide practical guidance for SMEs managers engaged in international expansion decisions.

### Russian Outbound Investments – Towards a New Perspective?

Andrey Yukhanaev, Joanne Roberts, *Northumbria University, Newcastle-upon-Tyne, UK*

The purpose of the paper is to review the current theoretical understanding of the foreign direct investment (FDI) activities of the Russian transnational corporations (TNCs) with a view to assessing the appropriateness and applicability of classical theoretical concepts in accounting for Russian outward FDI. Propositions for alternative analytical perspectives are also considered. The internationalisation strategies and global expansion of TNCs from the developing and transitional economies is a rapidly evolving field of international business research, yet there remains scope for further critical discussion and theoretical contributions. The first part of the paper will review existing studies in the field of Russian outbound FDIs. The second part will analyse the nature and peculiarities of the Russian OFDIs in the light of the leading internationalisation theories. In the final part, the LLL model (linkage, leverage, learning) will be discussed in the context of Russian TNC's investment activities together with 'political risk mitigation' strategies. Particular attention will be given to the motivations stimulating the foreign investment activities of Russian companies.

## **Foreign Investors' Level of Satisfaction in a Host Country and their Strategic Decision Making: Insights from Ghana.**

Richard B. Nyuur, Yaw A. Debrah, *Swansea University, Swansea, UK*

The issue of firms internalising their ownership advantages in foreign countries has been extensively researched in international business literature. One important area in the literature is the determinants of FDI inflow. This literature, covering both developed and developing countries, suggests that countries with attractive investment environments are likely to attract investors. However, firms' future strategic decisions in the host country after the initial investment which is an important issue worth extensive academic enquiry, is under researched; and the scant literature that does exist is focused on developed countries. The paucity of studies on this issue in developing Sub-Saharan African (SSA) countries is surprising, especially when considering efforts made by governments in these countries to attract and retain foreign investors in their economies. This study attempts to close this gap in the literature, as it explores the conditions under which foreign firms' strategic choices, i.e. expansion, downsizing, relocation and termination of their operations in Ghana will become a dominant and priority item in the organisation's agenda. These choices were examined through the lens of international business strategy.

Foreign firms operating in the country were surveyed about their strategic decisions and the factors that will precipitate such decisions. The data collected was analysed using correlations and standard multiple regression. We observed that many foreign companies found factors within the business environment to be favourable, and plan to expand their operations within the next three to five years. The study found a positive relationship between foreign firms' satisfaction with the business environment and expansion; no relationship between satisfaction and downsizing; and a negative relationship between satisfaction and relocation, as well as satisfaction and termination. We therefore argue that host countries' business environments play an important role in foreign firms' strategic decisions. Favourability of the business environment is likely to precipitate expansion, while unfavourability will influence firms to terminate or relocate their operations from the host country. The study particularly found that good market access, favourable government policies and low labour cost are important in retaining foreign firms, as well as motivating them to expand their operations. The implication from this study is that, governments in SSA countries seeking to attract and retain foreign firms, and encourages them to expand, will need to ensure that the business environment is favourable.

## **Parallel session 2H - Strategic Change - The International Dimension**

**Chair: Niina Nummela, Turku School of Economics, Finland**

### **Surviving China: MNC Capability Development and Equifinality**

Markus Paukku, Paula Kilpinen, *Aalto University, Helsinki, Finland*

This empirical study of organizational change in the multinational company (MNC) context aims to contribute to the dynamic capability discussion by emphasizing the context of the focal firm. A contextualized analysis of a firm's capability development, organizational change and contextualized performance in a specific market allows for an understanding of the interplay between the internal and external environment puts this capability research in a position to make an empirical contribution in line with the co-evolution logic.

We follow four case firms through a period of organizational change as they develop strategies and capabilities to deal with the rise of China as a lead market within their respective industries. Based on negotiated access to both managers at the headquarters and the Chinese subsidiaries we find several different strategies by which to approach the Chinese market. These range from a negative case of failing to adapt, reactively adapting, actively engaging and aggressively shaping the market.

As a result, we put forward the concept of equifinality and call for capabilities scholars and International Business research to explicitly recognize the heterogeneity both within their researched firms and their environments and the multiple paths that can lead to the same outcome.

### **Business Restructuring In A Transition Economy: A General Equilibrium Analysis With Firm-Type Costs' Differences**

María C. Latorre, *Universidad Complutense de Madrid, Madrid, Spain*

This paper takes a new perspective to study the business restructuring that the arrival of multinationals enterprises (MNEs) produces on host economies. Its main novelty is the use of a computable general equilibrium (CGE) model to evaluate the performance of national firms and MNEs. Intuitively, both types of firms should behave differently. Further, many studies support this empirically. However, very few offer quantitative evidence based on a general equilibrium methodology, i.e., an approach that takes into account the interaction among all sectors in the economy, together with goods and factor markets, the demand and production side of the phenomenon, as well as micro and macroeconomic variables.

The model is applied to the case of the Czech Republic, which has been a very attractive foreign direct investment location in the last three decades. Thus, there is an important presence of MNEs in most sectors of the economy. We replicate the strong arrival of MNEs to the Motor vehicles' sector of this country and analyse the responses of both types of firms in the short run. The study offers quantitative estimations for production, prices and costs of national firms and MNEs within the 20 broad sectors in which the Czech economy has been split.

One important feature of the model is that it reproduces the differential cost structures of both national firms and MNEs in each of the 20 sectors. Based on real data (OECD, 2009 and Czech National Bank, 2004), we reflect the fact that national firms are generally more labour intensive and rely more on domestic (instead of imported) intermediates than their MNEs' counterparts operating in the same sector. The scarce CGE models with MNEs do not include such features. They tend to characterise the presence of MNEs by their share in the capital of the different sectors, without differentiating the input mix of both types of firms. However, the differential cost structures, present in our model, have important implications for the results. In fact, the higher labour intensity of national firms is the key for their higher levels of production, compared to MNEs.

Regarding prices, the differential pattern between both types of firms seems weaker. In general, national firms tend to charge slightly higher prices, but some exceptions arise. The latter can be understood by analysing the intermediate cost structures of firms in those sectors that do not follow the general trend in prices.

We also offer an estimation of the impact of the arrival of MNEs on the GDP, welfare (measured as the change in aggregate private consumption), capital rate of return, wages and aggregate trade of the host economy. In accordance with the literature, MNEs from Motor vehicles have a rather limited impact on GDP and welfare from the Czech Republic in the short run. Aggregate trade flows increase strongly. The production of MNEs in Motor vehicles themselves and in two upstream sectors rises heavily. But this is not the case in the rest of sectors.

These results could be of interest for the policy maker. They transmit the idea that there may be other sectors in which the arrival of MNEs is more beneficial for consumers and firms of the host economy.

### **Bounded Reliability, Transaction Costs, and the Organizational Structure Change of Barclays Bank's International Business in Malta 1975-1979**

Qing Lu, Debra Johnson, *University of Hull, Hull, UK*

This working paper (WP) analyses the impact of the Maltese government's bounded reliability on Barclays Bank's transaction costs and how Barclays Bank dealt with it in light of the insight provided by Williamson on 'transaction cost economics', by Henisz and Zelner on 'transaction cost politics' and by Verbeke and Greidanus on 'bounded reliability'. We find that the bounded reliability of the Maltese government, closely related to its policy, political incidents and the economic situation, caused transaction hazards which further influenced Barclays Bank's transaction costs. Bounded reliability is thus a dynamic concept rather than a static one. To offset the bounded reliability, Barclays Bank adopted both generalised and specialised governance structures. The generalised structure included the organizational structure of Barclays Bank's international business in Malta, specified by related contractual terms complying with the relevant Maltese government banking legislation and regulations and Barclays Bank's rules; the specialised structure comprised not only commitment and coordination but also resistance. We also find that there is an interaction between the generalized governance mechanism of organizational structure and the specialized governance mechanism: the change of the organizational structure led to the change of specialised governance mechanism; the failure of specialised governance mechanism led to the change of organizational structure.

## International Business Research And Game Theory: Looking Beyond The Prisoner's Dilemma

Ursula Ott, *Loughborough University, Loughborough, UK*

This article outlines the un-mined potential of Game Theory for International Business research. Game Theory has been only rarely used in International Business. Although its applications to International Business problems do exist, there is considerably more potential for its refinements to be related to topics of uncertainty and dynamics in strategic interactions in International Business.

Game Theory offers a strategic tool to look forwards by reasoning backwards which can be very useful for decision-makers in multi-person decision-making situations. Schelling (1960) showed as much in the Strategy of Conflict a rational analysis of international political conflict - as did Axelrod (1984) in the Evolution of Co-operation, which showed how cooperation can emerge in a world of self-interested egoists (superpowers, businesses and individuals) without central authority to police action. Both conflict and co-operation are crucial parts of Game Theory and the strategic treatment of decision-making situations has contributed to a better understanding of behavior in social, political and economic settings.

In addition to the Prisoner's Dilemma, this paper outlines the three key equilibrium concepts developed to attend to time and information dimensions - Subgame Perfect Equilibrium, the Bayesian Nash Equilibrium and the Perfect Bayesian Equilibrium. Consistently choosing this structure, the paper shows the background of these equilibrium concepts in the Game Theory literature, its application to International Business so far and the future directions to be explored. This article discusses the strength and weaknesses of game theory in international business and comes up with useful examples for tackling the challenges of International Business by using game theoretical reasoning in the future.

## Switching Operation Mode - a Strategic Approach

Niina Nummela<sup>1</sup>, Sami Saarenketo<sup>1</sup> <sup>1</sup>*Turku School of Economics, Turku, Finland,* <sup>2</sup>*Lappeenranta University of Technology, Lappeenranta, Finland*

This study aims at describing the internationalisation process of an international new venture, a small software firm, from the viewpoint of foreign operation modes and strategic decision-making. It is a longitudinal single case study, the case being a small international new venture in the software industry. In the case study data triangulation was used to capture a holistic picture of the subject matter. The study confirms that foreign operation modes are used as mode combinations but also point out several issues that contradict with earlier studies. It highlights the fact that instead of market-level evaluation in a small, international new venture mode change may be based on a strategic decision on the company level. However, the timing of the change may be determined by market-level factors. The drivers of mode change may be related to the desire for increasing control and partners' commitment but more importantly to the company's desire to manage its international growth and geographically spreading value network. Company's financial situation and changes in ownership and management may be significant drivers for the strategic decisions leading to change of foreign operation mode.

## Parallel session 3A - Special Panel - International Business Theory

**Chair: Simon Collinson, University of Warwick Business School, UK**

### Evolving Conceptualizations of MNC Structure and Strategy in International Business

This panel will examine the evolution of international business theory over the past 50 years (1960-2010) and beyond. As well assessing the current state-of-the-art in IB theory, we will examine the theoretical heritage underlying past and current IB theory. Two sets of questions will be addressed in keynote presentations and discussion:

(1) What themes and debates, constructs, units of analysis, measures, methods and underpinning theoretical approaches have characterised the field across half-a-century of scholarship?

(2) Which of these will be the most (and least) relevant over the next 50 years?

Clearly we will not present a comprehensive review. Panellists will selectively highlight what they consider to be significant, particularly as regards the appropriateness of our theories to answer current and future questions.

Björn Ambos, *Vienna University of Business and Economics, Vienna, Austria*

An MNC's organizational architecture, i.e. its formal structure, the strategy-structure connex, and the relationships of individual units, has been a long standing theme of IB research for the last half century. In my presentation I will pinpoint some key developments in this field, departing from more general notions on corporate strategy and structure, towards more 'contemporary' conceptualizations of MNCs as differentiated networks. A particular emphasis will be put on our changing understanding of the value-creating roles of organizational units (i.e. headquarters, subsidiaries, Centers of Excellence) for the crafting of corporate strategies and how such evolving conceptualizations determine where we are today and what might be missing in the future.

### The Theory of International Business Pre-Hymer

Peter Buckley, *Leeds University, Leeds, UK*

This paper examines the theory of international business before 1960 when Stephen Hymer wrote his seminal thesis. It is shown that there existed a considerable amount of theory, but this was uncoded, unsystematic, fragmented and not institutionalised in a single academic discipline. Hymer achieved his insights in a parsimonious fashion, but this has resulted in some interesting and relevant theory being subsequently ignored. It is of considerable benefit to international business theorising to revisit this earlier theory and to recognise its insights.

### Fifty Years of International Business Theory and Beyond

Alan Rugman, *Quyen Nguyen, University of Reading, Reading, UK*

As the field of international business has matured, there have been shifts in the core unit of analysis. First, there was analysis at country level, using national statistics on trade and foreign direct investment (FDI). Next, the focus shifted to the multinational enterprise (MNE) and the parent's firm specific advantages (FSAs). Eventually the MNE was analysed as a network and the subsidiary became a unit of analysis. We untangle the last fifty years of international business theory using a classification by these three units of analysis. This is the country-specific advantage (CSA) and firm-specific advantage (FSA) matrix. Will this integrative framework continue to be useful in the future? We demonstrate that this is likely as the CSA/FSA matrix permits integration of potentially useful alternative units of analysis, including the broad region of the triad.

## **Parallel session 3B - Special Panel - International Entrepreneurship**

### **Chair: Margaret Fletcher, University of Glasgow, UK**

#### **Value Creation of an Internationalizing Entrepreneurial Firm - The Business Model Perspective**

This session brings together researchers from four countries to share their knowledge of contemporary International Entrepreneurship (IE) issues and will consist of four parts, which focus on the value creation of internationalizing entrepreneurial firms from the perspective of the business model; the Internet, SME internationalisation, international customer interactions and the degree of technological innovation; the role of cities and (international) entrepreneurship as a mechanism by which a city can grow dynamically; and finally, INV's early internationalization process and the entrepreneurs as effectuators. The session will have an opportunity for discussion among audience members and the participants, facilitated by the panel session chair(s).

Niina Nummela<sup>1</sup>, [Liisa-Maija Sainio](#)<sup>2</sup>, Sami Saarenketo<sup>2</sup>, Taina Eriksson<sup>1</sup>, <sup>1</sup>*University of Turku, Turku, Finland*, <sup>2</sup>*Lappeenranta University of Technology, Lappeenranta, Finland*

**Purpose:** In order to respond to the call for a broader perspective on the internationalization of entrepreneurial firms, this study brings the business model concept to the context of international entrepreneurship, with special emphasis on the notion of value formation and value exchange at company interfaces.

**Design/methodology/approach:** This is a cross-case study based on qualitative data from business model workshops with key company informants in each case firm.

**Findings:** The findings of the study indicate that although the business models of firms with comparable positions may appear similar, there are fine-grained differences both in their activities and their value formation. In addition, the data collection workshops revealed that firms tend to neglect the inspection of their incentives to their partners, as they concentrate on value formation to end customers.

**Practical implications:** From the managerial point of view, the study shows how the managers of international entrepreneurial firms may describe and analyze their business model including the whole value chain systematically from the perspective of value exchange. Firms may gain insights from examining the business models of similar organizations.

**Originality/value:** Even though the role of the business model has also been discussed in previous studies, it has not been that explicitly pronounced in the domain of international entrepreneurship. The paper contributes to previous business model conceptualizations by adding the notion of value exchange at the company interfaces.

#### **How Does the Internet Influence the Internationalisation Process and International Customer Relationships of UK Manufacturing SMEs?**

Ko-Min Kevin Tseng<sup>1</sup>, [Rhona Johnsen](#)<sup>2</sup>, <sup>1</sup>*Commerce Development Research Institute, Taipei, Taiwan*, <sup>2</sup>*Audencia School of Management, Nantes, France*

**Purpose-** The purpose of this paper is to empirically examine the influence of the Internet on the internationalisation process and international customer relationship interactions of UK manufacturing SMEs. The paper is positioned at the interface of the literature on international entrepreneurship and the Internet.

**Design/ methodology/ approach-** The paper discusses the findings from multiple case studies of ten UK manufacturing SMEs from a variety of UK sectors, producing high-tech, medium-tech and low-tech offerings. In-depth interviews with directors or managers of the SMEs were conducted. Individual and cross-case analysis was carried out using coding frameworks to reduce and analyse the data and capture patterns in the findings.

**Findings-** The findings reveal how the influence of the Internet in the internationalisation process and international customer relationship interactions differed in the high-tech, medium-tech or low-tech SME categories. The influence of the Internet differed across three main dimensions: the way in which the SMEs invested in and used different Internet applications for internationalisation and customer relationship support, the SMEs' perceptions of the Internet as a tool to support communication with international customers; the SMEs' reliance on more personal and interactive forms of contact with international customers.

**Practical implications-** The results demonstrate that the level of technological advancement of an SME's offerings has an important bearing on how these firms adopt the Internet in their internationalisation process and gain advantages in their international customer interactions. The managerial implications of the study are relevant for manufacturing SMEs, their customers and government agencies involved with SMEs.

**Originality/value-** This research is amongst the first empirical contributions to examine the themes of the Internet, internationalisation and international customer interactions in UK manufacturing SMEs and to highlight the importance of the level of technological advancement of an SME's offerings in distinguishing the ways in which the Internet is used by entrepreneurial small firms in their internationalisation process.

#### **Entrepreneurship and Urban Growth: Dimensions and Empirical Models**

[Mizan Rahman](#)<sup>1</sup>, Nafeez Fatima<sup>2</sup> <sup>1</sup>*University of Lincoln, Lincoln, UK*, <sup>2</sup>*University of Waterloo, Ontario, Canada*

**Purpose** The purpose of this paper is to look at various dimensions of entrepreneurship and the empirical models that try to explain the relationship between entrepreneurship and growth in cities for both developed (USA and Europe) and developing countries.

**Design/Methodology/Approach** This paper provides an in-depth and extensive review of the existing literature on entrepreneurship and economic growth in cities. In most empirical studies, the growth rate of employment or unemployment rate is used as the dependent variable to analyze the effect of entrepreneurship on development. The important independent variables other than entrepreneurship (new start ups) are localization, urbanization, level of education, age, industry structure (specialization vs. competition), monopoly or competition. The economic units considered for cities are labor market areas (LMAs), standard metropolitan areas (SMAs) and consolidated metropolitan statistical areas (CMSAs). The majority of studies have utilized discrete dependent variable models such as Tobit or Probit to calculate the probability of the effect of entrepreneurship on economic growth. Other studies have applied ordinary least square estimation to find the cross sectional variation of employment growth that accounts for entrepreneurial activities. Panel data are employed in a number of models to control for region specific and country specific fixed effects.

**Summary of Findings** In this paper, four important dimensions of entrepreneurship are identified. First, for entrepreneurial studies on economic growth, cities are considered to be appropriate economic units rather than states or countries. Second, there are several definitions and measurements of entrepreneurship available in the literature. Hence, empirical models and their results may vary depending on the model specification. Third, the relationship between employment growth (a proxy for economic growth) and innovative activity is dynamic in nature and thus the problem of endogeneity needs to be addressed. And, finally, entrepreneurship has a spatial dimension and that characteristic must be incorporated into the urban and regional models of entrepreneurship. Three different types of urban models are chosen to reflect these four central dimensions of entrepreneurship. All three urban models confirm the hypothesis that there exists a statistically significant and positive relationship between entrepreneurship and growth in cities. However, the causality of the relationship is not well established.

**Practical and/or Social Implications** A city's economic growth (measured by percentage increase in city level per capita real Gross Domestic Product over time) is one of the key determinants of standard of living for its inhabitants. The cities with higher growth rates are likely to experience more rapid reduction in poverty and have more equal distribution of income. Therefore, economic growth in cities can contribute positively in reducing poverty and inequality among city dwellers. Then, it is vital that economic units like cities grow over time. One of the mechanisms by which a city can grow dynamically is entrepreneurship. Knowledge that is created in an economic unit such as cities is translated into profitable market venture by entrepreneurs. The social implications of entrepreneurial activity can be summarized as creating new employment opportunities and employment growth in cities and thus improving the quality of life of city dwellers.

**Originality** A critical and in-depth summary of existing quantitative work on entrepreneurship and economic growth in different cities - is the original contribution of the paper.

## Decision-Making in Born Globals - Effectuation or Causation?

Svante Andersson, *Halmstad University, Halmstad, Sweden*

**Purpose** The purpose of this study is to enhance the understanding of a born global firm's early internationalization process and the entrepreneur's decisions regarding internationalization by using effectuation theory.

**Design/methodology/approach** An explorative case study is used to explore if effectuation theory is a fruitful alternative perspective compared with the dominant paradigm (causation), which is primarily used in earlier studies on born globals.

**Finding** The study shows how a born global company could enter many markets in short time, by co-operating with local network partners. The founders' prior knowledge and networks were important to understand the rapid international expansion. Effectuation theory focuses on the entrepreneurs' ability to create opportunities together with network partners and is a useful tool to understand the development in the born global firm.

**Research limitations/implications** The study shows that effectuation theory holds promise for developing the international entrepreneurship area. Future research is recommended to focus not only on the entrepreneur's competencies but also on the entrepreneur's behaviour, including during the time before they started the firm.

**Practical implications** Decision-makers in the early development of born global firms are recommended to use his/her own and his/her company's resources and network. Also advantage should be taken of opportunities when they are recognized or created, instead of focusing on traditional planning activities.

**Originality/value** There are few studies which have used effectuation theory as a basis for understanding the early development of a born global firm.

## Parallel session 3C – International Strategy

**Chair: Chris Carr, University of Edinburgh, UK**

### The Relationship Between Global Strategies, Strategic Group and Performance

Wen-Kang Hsieh<sup>2</sup>, Chi-Yu Huang<sup>1,3</sup>, I-Pin Lu<sup>3</sup> <sup>1</sup>National Chuanghua University of Education, Chuanghua, Taiwan, <sup>2</sup>Hua-Nan Bank, Taipei, Taiwan, <sup>3</sup>I-Shou University, Kaohsiung, Taiwan

Recently, companies in Taiwan in order to maintain their competitive advantages for growth and survival, they would select going out and take global strategy. However, these companies have to face the hindered of Taiwan's investment policy of China and violent shift of global business environment, what kind of global strategy is the most suitable? That is most important for the companies to maintain the competitive advantages. Therefore, this study explores the most suitable global strategy from strategy group perspective and then compares the performance of different global strategies. This empirical study target domestic high tech companies, including those investing in China, currently executing global strategy. These surveys were filled out by first class managers. As a result, we send out 140 surveys totally and then received 71 answers. There are 9 invalid surveys and 62 surveys remaining, and the effective return rate is 44.3%. This study utilizes factors analysis, cluster analysis, and ANOVA to test these hypotheses. This study found three important results. First, we based on the strategy implement similarities of strategy group perspective to divide the global strategy. Second, we divide four dimensions of strategy group. These are cost control, technology and market development abilities, product differentiation and vertical integration. Finally, the most suitable global strategy is specific market niche strategy.

### East, West, Home is Best: Regional Strategies, Liability of Foreignness, and Firm Performance

Alina Kudina *Warwick Business School, Coventry, UK*

This paper analyzes the performance implications of the regional and global strategies pursued by multinational companies. It argues that a firm could experience different performance effects for its intra- and inter-regional operations due to differences in the liability of foreignness between these two levels (among other factors). The extensive body of research analyzing the relationship between multinationality and performance treats international expansion as a continuous phenomenon (Sullivan 1994a, 1994b; Gomes & Ramaswamy, 1999; Contractor, Kundu & Hsu, 2003; Lu & Beamish, 2004; Ruigrok & Wagner, 2003; Capar & Kotabe, 2003). But the assumption that all countries are largely alike in terms of expansion is unrealistic, since both the liability of foreignness and the costs of moving into a new region are likely to be much more prohibitive as the firm moves further away from its home region, which will duly affect performance (Verbeke & Brugman, 2009). ). Also, research suggests that the pattern of internationalization, or distribution of foreign activities among foreign countries, matters more to performance than the mere degree of internationalization (Goerzen & Beamish, 2003; Goerzen & Asmussen, 2007). Hence, it is important to separate the effects of different geographies when analyzing the relationship between the degree of multinationality and performance. By exploring how the distribution of the company's activities among different regions affects its performance, this study makes an important contribution to the M-P literature and regional literature. Using a large sample of MNEs drawn from all triad regions during the period 1998–2008, I find significant support for the difference in the effects on performance between firms who operate within their home region and those who venture outside it.

My results suggest that a firm's sales within its home region have a strong positive impact on its financial performance, whereas its sales outside its home region do not. This finding suggests that expansion within a firm's home region is more profitable than its expansion outside of it. Hence, the current analysis contributes to the globalization vs. regionalization debate by showing that there are significant performance differences between firms' operations within their home regions and their operations outside of them (Ghemawat, 2001, Rugman, 2005).

The present findings are in line with the emerging analysis of multinational firms' regional strategies. To date, very few studies have analyzed the impact of regional vs. global strategies on performance. Published work has either focused on a rather limited dataset (Li & Li, 2007; Rugman et al. 2007; Chen, 2007; Richter, 2007) or has used survey or qualitative data (Collinson & Rugman 2008). Still, these existing studies point in the same direction as this one: international expansion within the home region has more beneficial effect on the firm's performance than expansion outside it.

This paper's findings are also interesting from the point of view of the current literature on multinationality and performance. The recent consensus on the S-shaped nature of the relationship suggests that there is a third stage of international expansion, during which further internationalization begins to have a negative impact on performance. This happens because firms are over-expanding – they have reached a point at which the costs of international expansion begin to outweigh the benefits they realize as a result. Contractor et al. (2007) suggest that this inflection may coincide with the point when the firm first expands outside of its home region. The present study's findings also point towards such a possibility (although I do not find a negative relationship). More research should be conducted to analyze this proposition empirically.

### Low Cost Airlines: Just Regional or Are We Seeing the Emergence of a New Paradigm?

Chris Carr, *Nora Weisskopf. University of Edinburgh Business School, Edinburgh, UK*

30 years ago network carriers worldwide adhered to a single business model, based on high fares supported by differentiation and regulation. Following de-regulation, low cost carriers marked a second now-well recognized paradigm. Today's consensus suggests polarization as between the two. But with globalization is this really sustainable? Already low-cost players like Air Asia X are shifting to more global long-haul routes. Does this herald the dawn of a third paradigm, marked by re-convergence?

Global extremists might perceive opportunities for globally standardized strategies, akin to Ford's old "world car" which proved over-hyped failures. But airline economics are fundamentally different above some 3000km, and some 90 'hybrid' low cost, slightly differentiated players, still survive alongside purer players like Ryanair.

Low cost airlines like Southwest Airlines went from local to national and then regional strategies. Were they to go for more global routes, they must choose either a standardized pure lowest cost model or a "hybrid" offering differentiation too? This third paradigm may entail low cost airlines finally going global, but

even re-convergence, as network airlines simultaneously strive to cut costs? We analyse the international strategies and performances of the world's top low-cost airlines, offering insights from Air Asia X's perspective.

### **Parallel session 3D - Outsourcing and Offshoring**

**Chair: Mike Crone, University of Strathclyde, UK**

#### **The Role of Crowdsourcing Intermediaries and Firms' Motives for Using Them: an Exploratory Study**

Eva Alföldi<sup>1</sup>, Krystallia Moysidou<sup>2</sup>, <sup>1</sup>*University of Manchester, Manchester, UK*, <sup>2</sup>*Technische Universität München, München, Germany*

In this paper, we address the emerging phenomenon of crowdsourcing, which refers to companies or institutions taking a function (usually marketing and market research) once performed by employees and outsourcing it to an undefined and generally large network of people in the form of an open call (Howe, 2006). The concept of crowdsourcing has so far been under-researched, with existing contributions focusing on the basic process, advantages and disadvantages of this phenomenon. Taking an international perspective, our exploratory research extends and refines existing knowledge about crowdsourcing by investigating the role of intermediaries in the crowdsourcing process and by examining the differing motives of different types of firms (MNEs and domestic firms) to engage in crowdsourcing through an intermediary. We employ a single embedded case study of Europe's largest crowdsourcing intermediary, Tmd.com, as well as four of its client firms. Through in-depth interviews as well as personal participation in the crowdsourcing platform, we create a refined framework of the crowdsourcing process through intermediaries and highlight the ways in which specialist crowdsourcing intermediaries such as Tmd.com can add value to companies' efforts in marketing, new product development and market research. In addition, we find that crowdsourcing can also influence HRM, distribution and logistics strategies. With regards to firms' motives, we find that domestic firms tend to have a more short-term view of the benefits of crowdsourcing (word-of-mouth marketing), whilst MNEs are more likely to have a long-term, strategic view. Our work is intended to provide a basis for further research into this emerging area within marketing and international management.

#### **Off-shoring and Outsourcing for Shareholder Value: Now You See It Now You Don't**

Colin Haslam<sup>1</sup>, Tord Andersson<sup>2,1</sup>, Edward Lee<sup>1</sup>, Ya Ping Yin<sup>1</sup>

<sup>1</sup>*University of Hertfordshire, Hatfield, UK*, <sup>2</sup>*Swedbank, Stockholm, Sweden*

Off-shoring and out-sourcing are significant elements in the corporate restructuring portfolio. The acceleration and deepening in the global out-sourcing and off-shoring project by US multinational coincides with changes in corporate governance, where in an era of shareholder value financial incentives coupled to managerial remuneration modify corporate strategy. In an era of shareholder value off-shoring and out-sourcing of global financial value chains promised higher margins and return on assets for shareholders. This paper employs a financial framework to discriminate between cost reduction and cost structure. Our argument is that off-shoring and out-sourcing whilst necessary may not be a sufficient condition for financial transformation and delivering shareholder value.

#### **Practicing International Business: Business Relationships and the Development of the International Knowledge Base of SMEs**

Alexandra Kaar *Johannes Kepler University, Linz, Austria*

This paper builds on and extends current debates regarding the internationalisation process of small- and medium-sized enterprises (SMEs) by combining research from the field with insights derived from business network and learning research. It provides a differentiated perspective on the dynamics of learning throughout the internationalisation process by taking into account existing and emerging business relationships and interactions of the internationalising firms. Specifically, it examines how the substance of business relationships affects the development of international knowledge. This way, it increases our understanding of how firms develop their international knowledge base while at the same time reconciling some of the inconsistencies evident in the internationalisation process literature.

Within the behavioural internationalisation process literature, different approaches highlight the importance of both, network relationships of the internationalising firm and the entrepreneur, as well as learning and international knowledge development processes. The focus with network studies has been on social network dynamics and structural elements of networks. The studies pointed to the role of direct and indirect relationships representing the social capital of the firm in identifying foreign business opportunities. They examined the timing of foreign market entries and resource commitment decisions (Ellis, 2010, Zhao & Hsu, 2007), as well as whether foreign market entries are conducted reactively in response to opportunities presented by network members, or identified by means of active search (Agndal, Chetty, & Wilson, 2008). However, they largely remain silent on the role that these relationships play in the actual enactment of the business opportunities. This seems to be an important gap in current research as internationalisation represents an ongoing process. Specifically, the way in which business relationships influence learning processes underlying small firm internationalisation have remained a black box. This study therefore departs from the predominant view that it is the structures of networks that determine the internationalisation process. By taking a business relationship perspective (e.g. Håkansson & Snehota, 1995), it puts the substance of existing and newly formed business relationships by the internationally active firm centre stage. The study examines how the specific configuration of business relationships actually influences the development of the international knowledge base. In doing so, this study furthermore departs from the general assumption of experiential learning dominating the internationalisation process literature (Eriksson, Johanson, Måjkgaard, & Sharma, 1997)

Findings from seven in-depth case studies show that firms vary in their foreign market and institutional knowledge needs and learning intent depending on market characteristics, partially explaining differences in the pace of internationalisation. Long-term and stable business relationships with local intermediaries frequently serve as an extended knowledge base regarding specific market and institutional knowledge. This again reduces knowledge needs and speeds up the internationalisation process.

Depending on the learning intent, reactive and active forms of interaction-based learning are also possible. The configuration of the activity links, resource ties, and actor bonds furthermore determines possibilities for knowledge development. Sequential activity links for instance reduce the ability of the firm to learn from the business relationships. Overall, business relationships and different forms of learning interact in complex ways, determining the development of the firms' international knowledge base.

#### **Service Offshoring and Cultural Differences: Evidence from a US Financial Services Multinational's Operations in Three EU Countries**

Mike Crone<sup>1</sup>, Paul McCoy<sup>2</sup> <sup>1</sup>*University of Strathclyde, Glasgow, UK*, <sup>2</sup>*Queen's University Belfast, Belfast, UK*

The growing phenomenon 'service offshoring' has attracted increasing attention from the popular media, policy-makers and academic researchers. Cross-national cultural differences have been identified as a potentially significant influence on the location and effective performance of offshored services but this issue has received only limited treatment in the literature to date. To contribute to the emerging literature on service offshoring, this paper investigates the existence, nature and extent of differences in the culturally-determined work-related values of staff working at a US financial services multinational in Europe. Specifically, Hofstede's values survey module questionnaire was completed by staff working in this firm's 'retirement service centres' in Ireland, Portugal and Germany, which were involved in existing or potential bilateral intra-firm work offshoring relationships. The study identified significant differences in work-related values between the three country groups on several of the Hofstede dimensions. However, some of the results were surprising in that they contradicted the anticipated direction of cultural differences based on the published Hofstede country dimension scores. Some potential implications of these findings for the firm in question, for managerial practice more generally, and for policy-makers in different national contexts are discussed.

## **Parallel session 3E - Re-internationalisation and De-internationalisation**

### **Chair: Lawrence Welch, Melbourne Business School, Australia**

#### **De-internationalization: A Conceptualization**

Romeo Turcan, *Aalborg University, Aalborg, Denmark*

At the early stage of the IB research, the choice of an international market and of mode of entry to serve that market had been identified as a frontier issue. Recent advances in IB research broaden the scope of this frontier by addressing the issues of mode combinations and mode change. Despite the substantial progress made by IB scholars in the domain of international entry mode, there is still no entirely adequate explanation of how companies operate in foreign markets. While the extant literature has emphasized the role of domestic and foreign country factors on the initial choice of foreign market entry mode, less is documented on the effect of changes in the external environment, or indeed internal changes within the firm on the continuance of internationalization beyond selection decisions.

In response to the above concerns, this paper aims to encourage a dynamic scholarly conversation about de-internationalization with the aim to further the progress of IB research. De-internationalization is viewed as part of the broader perspective of the overall cross-border strategy of a firm, however, to date the research on de-internationalization remains somehow scarce and needs additional research. To aid researchers in this quest, this paper seeks to further delineate the domain of scholarly research on de-internationalization by developing a typology of de-internationalization, addressing the issues related to de-internationalization mode change, discussing the way de-internationalization decisions are made, and addressing methodological concerns.

The method of constructing typologies by reduction is employed to construct the typology of de-internationalization by cross-tabulating the polar dimensions of de-internationalization: total vs. partial and in business vs. out of business. The proposed typology could be employed by researchers to deal with a challenge that relates to carrying out theoretical sampling in a proper manner, e.g., in recognizing appropriate polar cases when the strategy of seeking polarity has been selected.

Methodological discussion is built around several facets of de-internationalization phenomenon, mainly: i) de-internationalization is perceived as something negative and undesirable, as a failure; ii) it is a challenge to negotiate access, because human nature has a tendency to suppress admission of failure; iii) it is also a challenge to conduct longitudinal studies given the high mortality rate that to a certain degree is associated with de-internationalization; iv) sampling bias is also an issue since the extant research tends to focus primarily on obtainable rather than on important data. The paper draws IB researchers' attention to Critical Incident Technique as a methodology to be employed to better capture the richness of data on de-internationalization. The paper also provides recommendations for sampling strategies aimed to mitigate the attribution errors when people take credit for positive outcomes and attribute negative outcomes to external factors, no matter what their true cause.

#### **Determinants of Motives, Process, and Success of Re-Internationalization: A Theoretical Framework**

Huu Le Nguyen, *Soren Kock, Hanken School of Economics, Vaasa, Finland*

Most previous studies of internationalization process of firms over the past forty years have focused only on how firms can be successful at the first attempt or consequence entry to enter to foreign markets. At the same time, researchers of international business studies noticed that there was also high number of firms withdrawing from the market they had entered. However, there has been lacking of studies which focus on firms' motives and their process of re-internationalization. In addition, the question of how firms can re-internationalize successfully was left unanswered. In order to fill this gap, this paper employs three different approaches including network, organizational learning, and institutional approach to build up models of motives, process, and success of re-internationalization. The paper concludes with the implications and suggestions for further studies.

Keywords: motive, process, success, re-internationalization, network, learning, and institutional

#### **Organizational Failure Research Revisited: Antecedents, Moderators and Post-Exit Effects**

Joseph Amankwah-Amoah, *Bristol University, Bristol, UK*

Although the last few years have witnessed a burgeoning stream of research on organizational failure, much of the literature is still largely fragmented across different disciplines and our understanding limited. Reviewing studies in management and related disciplines since the late 1970s, this paper integrates the literature on organizational failure within a framework that links the antecedents, stages of decline, moderators and post-exit effects. The review also sheds light on the extant theoretical perspectives approaches taken to study the subject. The paper concludes with a discussion of the theoretical and practical implications as well as directions for future research.

#### **Expanding Perspectives on Re-internationalisation**

Susan Freeman<sup>1</sup>, Catherine Welch<sup>2</sup>, Lawrence Welch<sup>3</sup> <sup>1</sup>*University of Adelaide, Adelaide, Australia*, <sup>2</sup>*University of Sydney, Sydney, Australia*, <sup>3</sup>*Melbourne Business School, Melbourne, Australia*

In this article the exploratory work on re-internationalisation by Welch and Welch (2009) is extended. The nature of the international heritage that is a product of international involvement is examined - including both internal and external aspects. Internal components of international heritage might include the knowledge and experience of staff and the network connections they retain to relevant actors in the international arena. Important also is any retained intellectual property, going beyond international exit, and potentially forming both a foundation and reason for eventual international re-entry. Part of the firm's international heritage is bound to exist externally to the firm, in markets where the firm operated. Different forms may include institutions associated with international operations - such as foreign market intermediaries - as well as "brand memory" on the part of former customers. The footprint left in foreign markets, is not always positive and able to be re-activated in the future, and competitive actions could be aimed at ensuring that re-entry is a difficult option. Without active maintenance, many of the positive aspects of a firm's international heritage are bound to dissipate over time. But decline is not inevitable - staff changes may be critical. The departure of internationally active staff normally leads to a loss of heritage, but it could also mean the loss of problem staff, and the removal of a barrier to re-entry. The introduction of new staff with better international skills, knowledge and networks might be a part of the re-activation of international interest by a firm.

Whatever the spark that causes re-entry activity, there is no certainty about the process. The retained international heritage may be of limited relevance if the firm seeks to return to new and different foreign markets, with different operation modes. Many companies will fail the re-entry exercise. In this article we postulate three main determinants of re-internationalisation - or areas of influence: the capacity to re-internationalise, including resources in various forms such as retained networks; external pressures and opportunities, including approaches by interested foreign parties that have maintained an interest in a firm from its previous activities; and managerial interest, intention and action.

We see re-internationalisation as not just an interesting though small aspect of internationalisation in general, but also as a topic of interest for policy makers. As a group, re-internationalisers may be worthy of particular focus given that they could have the capacity for a more effective return to international operations given their former international experience - and do it more rapidly than first-timers. To some extent, retention of the positive aspects of former operations is in the hands of the de-internationalised firm, for example by pursuing an active relationship maintenance program as is common amongst international project firms.



## Parallel session 3F - International Business and Emerging Markets

Chair: Cristina Stoian, Autonomous University of Barcelona, Spain

### Trade in East Asia: An Analysis of the Structure and Dynamics of Intermediates and Final Goods Trade by Technology

Louise Curran<sup>1</sup>, Soledad Zignago<sup>1</sup> <sup>1</sup>Toulouse Business School, Toulouse, France, <sup>2</sup>Banque de France, Paris, France

Discussion on Asia's trade often focuses on the large trade surpluses which the region, led by China, enjoys with the rest of the world. There has been less interest in deconstructing the nature of that surplus and exploring what is happening within Asia itself. However recent work has shown that some of the most profound changes in world trade are within Asia, rather than between Asia and the rest of the world. For example there has been an increase of 9 percentage points in the importance of intra-ASEAN+3 trade in ASEAN+3 imports between 1994-2007 against an increase of just over 4 percentage points in the import share of the region in world trade (Curran and Zignago, 2010). Such major changes beg further analysis.

The objective of this paper is to analyse trade within the East Asian region with the help of an extensive and highly accurate database of trade flows. The period that will be covered is 1994 to 2007. A key interest is to differentiate between flows of finished goods and intermediate products. The objective is to explore trade in the Asian region, both in finished goods and in the inputs to production, and draw some conclusions from that evolution.

The results indicate that the ASEAN+3 region is undoubtedly becoming increasingly integrated on the import side, although exports tend to be increasingly oriented beyond the region. However the level of regional integration varies by technology and type of product. In terms of changes over time, within ASEAN+3 the home region has gained market share in imports in all product categories covered (intermediates and final goods) in the low and medium tech sectors, but in high tech goods has only seen a significant increase in share in capital goods.

The level of churning in the market - i.e. the extent of change in market share between the key players - is highest in high tech products and lowest in medium tech. In terms of the division of labour within industry, the paper indicates that there is an expansion in the importance of intra-regional imports of intermediate products, especially in medium and low tech sectors, consistent with an expansion of the supply chains for these technologies within the region. In high tech intermediates it is the RoW group that is expanding as a key supplier to industry in ASEAN+3.

Finally, our figures tend to support the work of other researchers who have questioned the extent to which the East Asian region is becoming an autonomous global source of high technology goods (Ferrantino et al, 2008; Ma et al, 2009).

The dynamic of trade in the high tech sector is quite different to that in medium and low tech. In high tech, intra-trade is not expanding significantly as a share of imports, except in capital goods, while the local market remains marginal as an outlet for local production. This is not consistent with a major re-orientation of ASEAN+3 production systems towards high tech products, at least not in a manner which is autonomous of global production systems. Rather it is consistent with a local production system which remains highly dependent on both inputs and demand from beyond the region.

### Across the Strategic Divide

Alex Mackinnon, Markus G Kittler *University of Stirling, Stirling, UK*

It is acknowledged that the weight of IB research is concentrated in Western and predominantly North American studies. There is now an increasing number of studies with a focus on Asia and in particular on China. Yet there is no test for universality in applying Western theoretical concepts to Chinese studies - nor, indeed, the reverse. This paper sets out to theorise strategic elements of universality that have evolved over time but argues that those elements need holistic integration, rather than only individual analysis, and a dynamic interaction when applied across borders.

### A Resource-based view of the determinants of foreign expansion by emerging country multinational firms

Peter Buckley<sup>1</sup>, Peter Enderwick<sup>2</sup>, Nicolas Forsans<sup>1</sup>, Surender Munia<sup>1,2</sup>, <sup>1</sup>University of Leeds, Leeds, -, <sup>2</sup>University of Delhi, Delhi, India, <sup>3</sup>Auckland Technical University, Auckland, New Zealand

This study investigates the determinants of cross border acquisitions (CBAs) by emerging multinational enterprises (EMNEs) drawing on the 'Resource-based view' (RBV) of the firm. The traditional perspective of the RBV assumes independence of firms and views cooperative behavior of the firm as an anomaly. However, firms can draw competitive advantages from network resources - resources embedded in inter-firm alliances and networks (Lavie 2006; Buckley et al. 2010). Extending the current perspective of the RBV which considers networks as resources, we argue that resources acquired from foreign sources can augment the competitive advantages of a firm. This proposition has theoretical implications for the theory of the firm and internationalization frameworks.

We provide empirical evidence by investigating the relationship between a firm's resources - foreign and indigenous - and foreign expansion through CBAs. Using a sample of 649 acquisitions abroad made by 412 Indian firms during the period of 2000-2007, we find a positive relationship between the resource endowment of acquiring firms and their acquisition activities. This study adds to our understanding of the determinants of cross-border acquisitions and provides avenues for further research.

### Unveiling the Forms and Mechanisms of Country of Origin Effect: The Case of Chinese Multinational Enterprises' Approach to Employer Associations

Judith Shugan Zhu, Chris Nyland, *Monash University, Melbourne, Victoria, Australia*

This study explores how country of origin effect manifests itself in Chinese multinational enterprises' (MNEs) approach to host country employer associations. Using qualitative data from 21 Chinese MNEs, this study argues that country of origin effect in relation to Chinese multinational enterprises mainly manifests itself in several shaded forms such as the transfer of management ethos, the evasion of restrictive home country practices and the competitive disadvantage. The study also finds robust evidence that country of origin primarily works through the mindset of executive expatriate managers. This paper contributes to the fields of human resource management/industrial relations and international business in several ways. First, it unprecedentedly investigates country of origin effect in the context of MNEs from emerging economies. Second, it advances the development of country of origin effect thesis by proposing and validating four forms of country of origin effect and by identifying a major mechanism through which country of origin effect works. Lastly, this study fills a gap in literature, that is, the paucity of research on MNEs' approach to employer associations, particularly that of MNEs from emerging economies.

### Time to Have a Look at Export Behaviour in CEE Emerging Markets? Internal Export Determinants in the Romanian SMEs Context

Esteban Lafuente, Cristina Stoian, *Autonomous University of Barcelona, Barcelona, Spain*

SMEs internationalisation plays a pivotal role for the economic growth and sustainability of world's economies. In the Central and Eastern European context, which has received very limited research attention to date, this matter gains increased relevance as the most important challenges faced by countries seeking to transform from centrally planned economies into market-based systems has been the need to develop competitive SMEs, which could act on both the domestic and international markets.

This study addresses this gap in the international business literature by investigating the internal determinants of export behaviour and the different transitions in-and-out of exporting shown by of Romanian SMEs.

Given the focus of the study on the internal, controllable determinants of the export activity, the theoretical background of the paper is provided by the Resource Base View (RBV) considered from an international perspective. A comprehensive literature review on these determinants and their influence on export activity is displayed and consequently eleven hypotheses and the conceptual model are proposed.

To attain the objective of the paper we carry out a quantitative analysis using a rich data set of 319 Romanian SMEs for the year 2008. Logit and Tobit regression models are carried out in order to test the proposed hypotheses.

Consistent with previous studies on export behaviour, our empirical findings indicate that the entrepreneur's profile strongly influences export behaviour. More precisely, gender, managerial education and labour experience represent key components that help explaining both export propensity and intensity. Also, product/service customisation and the possibility of purchasing online positively impact firm's export involvement and behaviour, respectively.

As for the different movements in-and-out of exporting, our results indicate that new exporters are mainly consolidated firms managed by male entrepreneurs with managerial background, whereas firms that exit export activities are managed by more risk-averse entrepreneurs although their businesses grew. Finally, regular exporters have a strong preference for more adapted products and have access to online distribution channels.

In light of this paper's results, practitioners should be aware that, presently, due to rapid technological development along with greater regional economic integration and the removal of an increasing number of trade barriers, entering overseas markets is not bearing as much risk as it used to in the past, while representing a viable alternative for firm's growth and pursuit of higher profits. Decision makers aiming to get involved in exporting and/or increasing their international sales should seriously consider making their company's offering accessible for purchase online and should be aware that for entering international markets their offering should be customised according to the foreign market's idiosyncrasy.

The results also highlight the idea that internationalisation support policies should have the capacity to be customised to fit the specific profile of the targeted beneficiaries. Policy initiatives should aim to enhance the development of decision makers' managerial capabilities and practical know-how. Thereby, the promotion of management based studies, perhaps coupled with some practical training programs which are already pursued, in both schools/universities and workplaces, should receive greater and continuous policy support not only to increase the exporting activities amongst SMEs, but also to get entrepreneurs more familiarised with the opportunities and challenges typical of the international milieu.

Although the paper focused on a sample of Romanian SMEs, the findings could be of interest to firms in other CEE countries. With respect to the future research directions it would be interesting to replicate similar both quantitative and qualitative studies in other emerging markets contexts.

## **Parallel session 3G - Internationalisation Process and Dynamic Capabilities**

### **Chair: Adam Steen, Australian Catholic University, Australia**

#### **International Diversification and the Market Value of New Product Introduction**

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Although previous studies on international diversification are plentiful, they mainly focus on the effect of international diversification on overall firm performance, and the results are mixed. This study extends this line of research and explores the impact of international diversification on new product performance. Specifically, we ask if international diversification explains the stock market reactions to new product introduction (NPI) announcements. We find an inverted-U-shaped relationship between international diversification and the announcement returns of NPIs, revealing that the market value of NPIs initially improves and then declines with increasing international diversification. The results also show that intangible assets, such as technological and marketing capabilities, positively moderate the relationship between international diversification and the market value of NPIs. Our study not only highlights the importance of considering both sides of international diversification in affecting investors' assessments of corporate new product strategies, but also shows the possibility of internal capabilities in changing the fixed relationship between international diversification and the market value of new products.

#### **A Value Chain Configuration Perspective on the Internationalisation Process of Emerging Country MNCs**

Rasha Rezk, Jagjit Singh Srail, *Institute for Manufacturing, Cambridge University, Cambridge, UK*

Purpose Researchers have extensively explored the Foreign Direct Investment (FDI) patterns of western Multinational Corporations (MNCs), particularly their investment motives. The emergence of Southern multinationals from non-triad countries are however not well understood either in terms of motives or how these firms' capabilities evolve as part of their internationalisation strategy.

Exploring the internationalisation process of MNCs not only investigates their evolution patterns, but may also inform potential motives behind their foreign investment. Johnason and Valne (1977) have introduced one of the first models of MNC internationalisation process, which explained the initial expansion of market seeking MNCs particularly from small home countries, but the model neglected resource and asset seeking MNCs (Dunning and Lundan, 2008). Building on their model, as well as Porter (1980, 1985) 'functional-based' value chain concept, Dunning and Lundan (2008) have used a network approach to explain the possible evolution of MNCs and how the different phases of internationalisation is dependent on the initial motive of FDI. Using a related 'process-based' value chain perspective, Srail & Fleet (2010) investigated and identified different investment patterns of emerging countries and traditional western MNCs.

This paper takes an operations management perspective and manufacturing value chain based analysis to capture the internationalisation process of Emerging Countries (EC) MNCs. In particular the network configuration of the different internationalisation phases is considered, and the evolution of EC-MNCs capabilities as part of their internationalisation strategy is described.

Approach Value chain configuration and analysis tools are developed building from related concepts in the literature, providing a framework to explore the influence of network configuration on EC-MNCs network capability.

Using this framework, the different phases of internationalisation are captured for selected EC-MNCs. The stages of internationalisation are mapped against the manufacturing value chain activities identifying the different evolutionary patterns of EC-MNC network configuration. The changing network configurations of these EC MNCs are analysed to consider how they influence the evolution of their capabilities.

Findings This exploratory study has captured the alternative value chain evolutionarily models of EC-MNCs, in terms of their geographical configuration and the distribution of activities and resources across the global networks of these firms.

The approach has led to the identification of phases in EC MNC evolution, based on identifying particular configuration states. Different configuration states are linked to specific internationalisation phases of development, and particular internationalisation motives supported by associated EC-MNC capabilities.

Research Implications and Contribution From an academic perspective, the paper expands the existing literature on network configuration and capabilities to include the new domain of EC-MNCs.

From an industrial context perspective, the research captures the competitive advantages and capabilities of the EC-MNCs and how they develop. Accordingly, this will be of interest to EC-MNCs who face the challenges of managing fast evolving global footprint. The research will be also of relevance to the international business and international operations management communities, as it aims to provide insights on the motives of OFDI from EC-MNCs, their internationalisation process, international operations network design and management.

## **Corporate Ownership and Internationalisation: The Effects of Family, Bank and Institutional Investor Ownership in the UK and in Continental Europe**

Antonio Majocchi<sup>1</sup>, Vincenza Odorici<sup>2</sup>, Manuela Presutti<sup>2</sup> <sup>1</sup>University of Pavia, Pavia, Italy, <sup>2</sup>University of Bologna, Bologna, Italy

**Research problem and theoretical framework** While the role of corporate governance has been increasingly analysed during recent years, it is only very recently that the effects of corporate governance features on firm international strategies have been also considered. Really, in their classical version neither TC economics nor the RBV consider the ownership type as a determinant of overall firm internationalisation. According to TC theory, the level of internationalisation is the result of the assessment of the costs and the benefits of coordinating international transactions internally by the management relative to those incurred through external coordination via the market. From the RBV perspective, a key driver of the diversification process is the existence of excess capacity, either of physical assets or knowledge, and one strategy through which the firm can exploit these underused resources is by entering foreign markets.

**Aim of research** We consider the potential role played by different kind of shareholders among the determinants of firm international level. The objective of this quantitative paper is twofold. First, using a European sample of listed firms, we intend to assess if and how different shareholders typologies affect the firms' degree of internationalisation. Second, distinguishing between the firms quoted in the UK from those listed in countries of Continental Europe (France, Germany, Italy, Poland and Spain) we intend to investigate if the different characteristics of the corporate governance systems in the two regions have any impact on firms' internationalisation levels.

**Main findings** Overall our results confirm that different kind of ownerships affect with different degree of intensity the overall level of firm's multinationality. First, we find that family ownership lead to lower international diversification levels. Second, our results show that the effects of ownership over firm's international strategies depend also on the context of analysis. Our findings suggest that the attitude towards internationalisation of financial institutional investors can differ sharply when the corporate governance rules and habits are different. While in the Continental Europe context, bank ownership negatively affects the level of internationalisation our result show that in an Anglo-Saxon context institutional investors promote internationalisation.

## **The Role of Dynamic Capabilities in International Expansion**

Saba Khalid, University of Vaasa, Vaasa, Finland

The theoretical discussion in this study, analyses the complementary role played by intangible assets, dynamic and substantive capabilities in initial and subsequent expansion following entry. Based on a pilot qualitative study and a survey of 100 ICT firms, our results show that dynamic and substantive capabilities indeed play a major role in initial and subsequent expansion stages, however, demonstrate different kinds of substantive capabilities being significant at entry and expansion stages. Our findings confirm theoretical assumption that the integration of foreign market knowledge as key intangible asset in building up specific capabilities in a market (substantive capability) at the subsequent expansion stage. The practical implication of our study reveals that firms may be able to identify which capability to use at entry and expansion stages in foreign markets.

## **Internationalisation in the Tourism Industry: A Case of Australian Based Backpacker Accommodation Operators.**

Adam Steen<sup>1</sup>, Vicki Peel<sup>2</sup> <sup>1</sup>Australian Catholic University, Melbourne, Australia, <sup>2</sup>Monash University, Victoria, Australia

Within the field of international business the tourism industry has received relatively little attention. In particular the literature on internationalization provides little discussion of the tourism industry and what has been discussed largely focuses on international hotel operators. One major and growing sector of the international tourism market is the backpacker market. The importance of this sector to international tourism has only recently been recognized and many countries have, or are in the process of, developing formal plans to develop this market further. This paper explores the factors which are driving the internationalization of Australian backpacker accommodation operators. Increasing level of commercialization together with concomitant financial resources are transforming the industry. We propose that internationalization can be seen as part of the evolution of an increasingly sophisticated and diversifying sector of the tourism market.

## **Parallel session 3H – Technology and Internationalisation**

**Chair: Gary Cook, University of Liverpool, UK**

### **International Strategic Technology Alliances - A Framework for Governance Mechanisms and Innovation Capabilities**

Yong Kyu Lew, Rudolf R. Sinkovics, Manchester Business School, Manchester, UK

This paper discusses the dynamics of exchange governance mechanisms (GMs) and innovation capabilities in international strategic technology alliances (ISTAs). Anchored in theories of transaction cost economics (TCE), relational view (RV), and resource-based view (RBV), the paper develops a framework and propositions among ISTA GMs, innovation capabilities, and performance outcomes. Previous literature has focused on interfirm relationships between manufacturers and distributors in the downstream business marketing context. This paper focuses on technological innovation activities in the upstream value chain and takes an international business (IB) perspective. Based on literature in IB, strategy, and innovation management, this paper argues that technological commitment and process control are advantageous behavioral GMs in managing complex technology resources in ISTAs and developing innovative products. By linking ISTA GMs to innovation capabilities, the framework allows for a dynamic perspective and captures how interfirm level ISTA GMs contribute to firm level innovation capabilities in new product development (NPD) and market development (MD) contexts. An integrative framework and propositions developed explain how external technology resources permeated through ISTA GMs enable firms to augment innovation capabilities and multi-dimensional business performance in high-tech industries. This work provides a theoretical ground for empirical research on ISTAs in R&D intensive high-tech industries.

### **Outsourcing as an Internationalisation Path: The Case of UK Biopharmaceutical SMEs**

Calin Gurau, GSCM - Montpellier Business School, Montpellier, France

**Aim:** The elimination of trade barriers have determined a significant increase in international transactions, encouraging international outsourcing. Although extremely important, international outsourcing it is not officially considered as a path of firm internationalisation. Most existing models indicate exporting as an essential condition of firm's internationalisation. However, it can be argued that some industrial sectors present specific characteristics that contradict the existing theories. This study investigates the specific competitive structure of the UK biopharmaceutical sector and the international activities of UK biopharmaceutical SMEs, presenting evidence regarding the existence of a different internationalisation path: internationalisation through outsourcing.

**Research hypotheses:** To explore the internationalisation process of the UK SMBEs, and its particular characteristics, the following research hypotheses are formulated:

H1: Most of the UK SMBEs can be considered as 'Born Global' firms.

H2: The main reason of the UK SMBEs to start international operations is to outsource international resources.

H3: The level of international outsourcing of the UK SMBEs is substantial.

H4: The international operations of the UK SMBEs evolve during their life cycle – the importance of outsourcing operations declines when firm reaches maturity.

**Research methodology:** In order to validate these research hypotheses a questionnaire survey was applied. The population of study is represented by the independent UK SMBEs (firms with a maximum of 500 direct employees). These firms were identified and accessed using the Database of the British Biotechnology Association. The data was collected through a structured questionnaire, sent by email or mail to the respondents (executive managers of UK SMBEs), and then processed using SPSS. 300 structured questionnaires were sent to the UK SMBEs, from which 118 were filled in and returned, resulting a response rate of 39.33%.

Findings: Many SMBEs can be defined as 'Born Global', since the internationalisation process of these SMBEs starts soon after incorporation. On the other hand, the findings indicate that the internationalisation process of the UK SMBEs is mainly driven by outsourcing reasons. Therefore, the institutional forms of outsourcing represent also a framework for international expansion. Considering these specific characteristics, the existing theoretical models of internationalisation can be enriched with the concept of 'Born Global Purchasers', companies that start their internationalisation process with purchasing and outsourcing activities.

The results offer interesting insights in the evolution of the UK biopharmaceutical companies. Initially, SMBEs depend heavily on external sources of funding, this representing a frequent activity at international level. However, the older companies who had the time to develop and launch products will progressively obtain revenues, either from selling products or providing services, and correspondingly, the importance of fund sourcing as an international activity will decrease. These older companies will also tend to allocate more of their internal resources for foreign investments, in order to develop their production capabilities and or distribution network. Foreign research and the cross border exchange of information remain important activities for all SMBEs, regardless of their age and experience, even if the foreign research activities tend to decrease slightly over time. This is normal for an information and technology intensive sector like biopharmaceuticals, where discoveries are made on a global basis.

#### International technology acquisition and its impact on innovation

Suma Athreye<sup>1</sup>, Yong Yang<sup>2</sup>, <sup>1</sup>Brunel University, Uxbridge, UK, <sup>2</sup>University of Essex, Essex, UK

This paper investigates the impact of externally sourced technology on the probability of innovation (product, process or product and process). Using a unique dataset created by merging the Community Innovation survey data with import information in the International Trade in Services, we distinguish between three groups of firms- those that do not buy technology, those that buy technology but only locally and those that combine elements of bought local technology with internationally bought technology. Our findings suggest that bought technologies encourage process innovation but have a detrimental effect on product innovation. Innovation among domestic buyers of technology are influenced by a range of technology purchases (through R&D services, computer services and in-licensing) while firms that buy technology internationally benefit only from the purchase of R&D services-these are consistent with known features of technology as a good- viz. its context dependent nature and the large degree of tacitness. Lastly, we find that strategic and formal protection methods encourage the probability of innovation among firms that buy technology domestically or do not buy technology at all. They also tend to influence product innovation favourably and process innovation unfavourably. However, they have no effect on innovations by firms that buy technology internationally.

#### Clustering, MNEs and Innovation: Who Benefits, and How?

Gary Cook<sup>1</sup>, Naresh Pandit<sup>2</sup>, Hans Loof<sup>3</sup>, Borje Johansson<sup>4,3</sup> <sup>1</sup>University of Liverpool, Liverpool, UK, <sup>2</sup>University of East Anglia, Norwich, UK, <sup>3</sup>Royal Institute of Technology, Stockholm, Sweden, <sup>4</sup>Jonkoping University, Jonkoping, Sweden

This paper explores three under-researched questions in the literature on multinational enterprise, clustering and innovation. Firstly, to what extent does multinationality lead to higher rates of innovation activity and performance? Secondly, what, if any, is the link between cluster location by MNEs and innovation inputs and outputs? Thirdly, are there any significant differences between domestic and overseas multinationals in these regards? A review of the literature leads to the generation of five hypotheses which are tested in the paper. Hypothesis 1 is that clusters promote innovation. Hypothesis 2 is that MNEs will engage in and produce higher levels of innovation in clusters. Hypothesis 3 is that domestic MNEs will display higher levels of innovation effort and success compared to overseas MNEs. Hypothesis 4 is that MNEs will benefit from linkages at wider spatial scales in innovation systems compared to uninalational enterprises. Hypothesis 5 is that regional linkages in the scientific innovation system will be more important to domestic than to overseas firms. The paper makes a further contribution by distinguishing between localisation economies, which relate to cluster strength in a firm's own line of activity, and urbanization economies, which relate to the overall scale of a cluster and the diversity of its economy. Most of the extant literature on MNEs and clusters fails to make this distinction.

The paper uses evidence based primarily on 11,775 firms derived from the UK Community Innovation Survey 2007 to explore the relationships between clusters and innovation and the particular effects on multinational enterprises (MNEs) from being located in a cluster, testing for differences between domestic and overseas MNEs. Hypothesis 1 is partially supported. The results find some evidence that both localization and urbanization externalities in clusters promote both innovation inputs and outputs, however there is some ambiguity. Regional employment in the firm's own line of activity exerts the most consistent positive influence. A disproportionate concentration of activity in a particular industry in a cluster and the diversity of industries in a cluster sometimes promote innovation, sometimes not. The overall scale of activity in a region is seldom significant. Likewise, hypothesis 2 receives only partial support. MNEs appear to exert higher levels of innovation effort, however evidence regarding their superiority in innovation outputs was weaker. Hypothesis 3 was largely contradicted. Contrary to Porter, it appears that overseas firms benefit more than domestic overall. Hypothesis 4 was supported. MNEs are less inclined to be engaged in or to derive benefit from innovations at local scale, but do so significantly at wider spatial scales. Hypothesis 5 was also supported. Domestic MNEs gain a significant premium from engaging in regional scientific innovation systems compared to overseas MNEs.

#### Parallel session 4A - Special Panel - Quantitative Research Methodologies

**Chair: Nigel Driffield, Aston University, UK**

This session seeks to highlight some of the recent developments in quantitative work, and discusses how they may be applied to studies in international business. It offers an interesting contrast between the econometric approaches, applied for example to productivity growth, or ownership change, with alternative approaches, such as event-day studies. The session also includes some time-series stock market analysis, exploring links between stock markets. With the growing data availability, particularly for example on FDI or trade flows, making time series analysis more viable, such approaches will become of increasing interest to mainstream IB scholars.

#### Financial Risk and the Operating Strategies of FDI

David Schmidt<sup>1</sup>, Nigel Driffield<sup>1</sup>, Jim Love<sup>2</sup>, <sup>1</sup>Aston University, Birmingham, UK, <sup>2</sup>Birmingham University, Birmingham, UK

The different motives of foreign direct investment seek to exploit varying advantages and competencies in foreign markets. The firm's basic entry motive is linked with an operating strategy with a unique set of business risks. Subsidiaries balance the added financial risk of using higher leverage to support growth with the business risks that attend these operating strategies to maximize their risk to return ratio. Financial leverage in the foreign subsidiary provides both higher returns and some added shareholder protection through risk sharing with host creditors. We find support for a modified, dynamic trade-off model in which the capital structure of foreign subsidiaries is linked with their operating strategy and the risk factors in the subsidiary's host environment.

#### Investing in China - Is What You See What You Get?

Nigel Driffield, Jun Du, Aston University, Birmingham, UK

This paper examines the impact of ownership change of state owned firms in China. We focus in particular on acquisition by foreign firms, examining the determinants of the probability of a firm being privatised, and subsequently acquired by a foreign firm. Building on this, we then contrast the gains in terms of profitability and productivity growth, highlighting the contrasts in these results in terms of returns to external stakeholders (shareholders) or internal shareholders (managers). Overall we find that once we control for the probability of better performing firms being those that are acquired, foreign acquisition does generate productivity growth, but not profits growth.

#### **Location Choices of FDI and Multinational Performance: First Evidence from Matched Firms**

Nigel Driffield<sup>1</sup>, Yong Yang<sup>2</sup>, <sup>1</sup>Aston University, Birmingham, UK, <sup>2</sup>Essex University, Essex, UK

We seek to extend the literature on FDI and firm performance. Despite theoretical and conceptual analysis, the literature on estimating the role of location choices of FDI on multinational performance has generally disregarded some form of reverse causality. Drawing on firm-level data covering over 16,000 multinational firms from 46 countries in the period 1997-2007, we employ a matching process and find that, although the majority of foreign investment occurs in developed countries, firms are more profitable once they invest more in developing countries

#### **Merger Momentum of International Mergers and Acquisition Activities and Value Implications of Indian Multinationals**

Aysun Ficici, Bulent Aybar, Southern New Hampshire University, Manchester, USA

This study investigates the Internationalization strategies of Indian Multinationals. Hence, it scrutinizes the value implications of Indian Multinationals (IMs). This study examines 763 mergers and acquisitions (M&A) announcement of 93 IMs during the sample period of 2000-2008. First, the paper explores the effects of cross-border expansion patterns on firm value creation. Second, it examines market reaction to the announcements of cross-border expansion patterns. Finally, it evaluates the effects of merger momentum on firm value of cross-border expansion activities. This study finds that most IMs earn positive abnormal returns during the event windows defined in this study. Hence, it is generally evident that there is value creation in international expansion activities of IMs.

#### **Fuzzy Sets in International Business Research: Application to a Qualitative Study in Rural China.**

Sacha Rawlence University of Edinburgh, Edinburgh, UK

This paper discusses the application of the fsQCA method (fuzzy sets, qualitative comparative approach) to a recent piece of International Business research, identifies features that contributed to the success of the research project, and outlines some limitations.

Fuzzy set coding is the reduction of qualitative or quantitative data into summary form, but without the loss of detail that would result from binary coding. The sets represent many causal conditions and a single outcome condition, and each case is scored on a continuous scale from 0 to 1 for each condition. The purpose of fuzzy set analysis is to explore combinations, patterns and interactions between the conditions, and this exploration is formalised in the use of fsQCA software. This considers each case as a configuration of conditions, and uses Boolean logic to propose set-theoretic relationships between the causal conditions and the outcome condition. These relationships distinguish between necessity and sufficiency, both of which are represented in solution statements that thus cater for multiple and conjunctural - in addition to contingent - causality.

This study explored the causal factors of transaction costs and institutions, and their effect on firms' inclination to internalise, cooperate - or even become isolated from the market. The participants were family-owned tourism firms in rural Southwest China, and qualitative data were collected through interviews conducted in Chinese and English. The final dataset consisted of six conditions coded for 13 case firms.

The analysis found that the firms who became isolated were generally those who reported both high transaction costs and weak institutions, whilst firms could avoid isolation in spite of high transaction costs if institutions were perceived to be strong. The critical finding was the differentiation between the roles of formal and informal institutions: informal institutions were the key to avoiding isolation as a response to high transaction costs, whilst the strength or weakness of formal institutions (which are the focus of much business research and economic development policy) was not causally important.

#### **Parallel session 4C - Management In International Organisations**

**Chair: Fiona Moore, Royal Holloway, University of London, UK**

##### **Dealing With The Translation Task Within MNCs: The Role Of Social Networks**

Rebecca Piekkari<sup>1</sup>, Denise Welch<sup>2</sup>, Lawrence Welch<sup>2</sup>, Jukka-Pekka Peltonen<sup>1</sup>, Tiina Vesa<sup>1</sup> <sup>1</sup>Aalto University, Helsinki, Finland, <sup>2</sup>Melbourne Business School, Melbourne, Australia

In this paper, we address the role of translation in MNC operations; a little researched area in international management. Drawing on the results of a case study of a Nordic bank, we identify a range of factors that drive translation activity: time allocation, accuracy, speed of response, cost, technology, confidentiality and task criticality. However, a key finding was the importance of social networks as a coping mechanism for employees confronted with the need to provide rapid translation for work-related situations. While the case company had a central translation department, this was not extensively used. A somewhat surprising aspect was the way in which external social networks, even relatives, were utilised.

##### **Managerial Attitudes in Russian Organizations: A Study of 8 Geographic Regions and 14 Industries in Russia**

Alexei Koveshnikov<sup>1</sup>, Mats Ehrnrooth<sup>1</sup>, Azer Efendiev<sup>2</sup>, Evgeniya Balabanova<sup>2</sup> <sup>1</sup>Hanken School of Economics, Helsinki, Finland, <sup>2</sup>Higher School of Economics, Moscow, Russia

In this exploratory study we examine managerial values and attitudes possessed by Russian managers in contemporary Russian organizations. Taking the theoretically derived dimensions of leadership in Russia suggested in the Western literature as our starting point, we show that these dimensions do not allow for full comprehension of the plurality of managerial attitudes and values existing in today's Russia. Hence, we argue that it may be more adequate to derive these dimensions empirically. To do that, we analyzed a sample of 482 line and middle managers covering 8 geographic regions and 14 different industries of Russia. Employing factor and cluster analyses we identified four distinct clusters of managers in contemporary Russian organizations. These ranged from the "Independent professionals" cluster, which comes close to what is often seen as the idealized Western managerial attitude / style comprising both democratic and professional orientations, up to the cluster of "Paternalistic leaders" consisting of managers who seem to embody the most "Soviet" managerial style being paternalistic, traditional and authoritarian. The analysis has important implications for Western organizations operating in Russia. The identified plurality of managerial attitudes contingent on a number of contextual factors indicates that Western companies need to use different approaches in dealing with their Russian counterparts and no universal approach exists.

##### **The Dilemma of Single or Hybrid Career Path Choice among MNC Knowledge Professionals**

Emmanouil Sofikitis, Dimitris Manolopoulos, Pavlos Dimitratos, Athens University of Economics and Business, Athens, Greece

This study seeks to explore knowledge professionals' career preferences regarding a single or a hybrid career path. It incorporates two categories of research variables; the type of Research and Development (R&D) laboratories in which knowledge professionals are employed (i.e. asset exploiting or asset augmenting units); and the employee-related characteristics (i.e. age, education, gender, marital status). Research evidence is based on a large scale study of 921 professionals employed in 70 R&D units of MNC subsidiaries in Greece. A logistic regression model was run with the professionals' preference for a single or a hybrid career path formulating the dependent variable. Research findings indicate that the type of R&D unit, employee age and marital status constitute strong predictors of knowledge professionals' career choice on either a single or a hybrid path and thus, should be taken into consideration when formulating a human resources management policy. This paper contributes to the scant evidence provided by career literature hitherto with respect to the career choices of R&D knowledge professionals in MNCs. It is, further, seemingly the first study to incorporate the type of R&D units as a predictor of the single vs hybrid career choice.

## **Ambivalence, Anthropology and Business: The Problems and Potentials of Ethnographic Research in International Organisations**

Fiona Moore *Royal Holloway, University of London, London, UK*

In this paper, I will draw upon Smelser's concept of ambivalence as a means of understanding an important contribution which anthropology can make to international business studies, as well as, paradoxically, a key reason why it remains largely on the margins of the discipline. I will consider how anthropology introduces ideas of cultural complexity and identity into analysing business settings, as well as inherently questioning the role of the researcher, the preconceptions brought to the analysis, and the received wisdom or folk categories which permeate the study, as well as the practice of business. Following a consideration of a case study of the use of ethnography in investigating ambivalence in mergers and acquisitions, I will conclude by considering some ways forward for the ethnographic study of organisations.

## **Parallel session 4D - Knowledge Transfer Practices by Firms From Emerging Markets and Transition Economies**

**Chair: Richard Woodward, University of Edinburgh, UK**

### **Foreign Presence and Local Firms' Decisions on Export and Domestic Sales in Chinese Manufacturing**

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Building on the literature on the export-domestic sales relationship, productivity spillovers from foreign direct investment and strategic competitor analysis, this paper establishes an analytical framework with the following two key hypotheses. (1) Foreign presence as a whole is likely to have a simultaneous negative impact on local firms' domestic sales, but positive impact on their exports. (2) Foreign presence from Hong Kong, Macau and Taiwan (HMT presence) is more likely to generate this pattern of impact than other foreign presence. These hypotheses are tested and supported by a large and recent firm level panel data set from Chinese manufacturing. The implications are discussed.

### **Learning from International Markets: Facilitators and Barriers for Firms in Transition Economies**

Laila Kasem, Kevin Ibeh, *University of Strathclyde, Glasgow, UK*

The role of knowledge and learning has for long been a central focus of internationalisation research. Knowledge was conceptualised as the sole explanatory variable in the Uppsala internationalisation model (Johanson and Vahlne 1977) and a critical enabling factor for early and rapid internationalisation (Autio et al. 2000; Oviatt and McDougall 1994). Knowledge, or lack of it, is therefore a well established explanatory factor for the international behaviour of firms. What is, however, less well understood are the effects of internationalisation on firms' knowledge bases, a research question explored only in a handful of previous studies (Barkema and Vermeulen 1998; Zahra et al. 2000). The present study focuses on this less trodden path. It draws on the organisational knowledge perspective to examine the influence of international expansion on firms' marketing and technological learning, as well as identify factors that may enhance or hinder the learning process.

Qualitative evidence was collected from 9 private firms operating within traditional industries in a transition economy, Syria, thus providing rare empirical insights on learning from internationalisation among firms from the Middle-East. Findings suggest that not all companies would benefit from operating across the border with regards to their knowledge base. A number of critical factors were identified as affecting how much learning could occur. The first and the most important of these is the management team's absorptive capacity. The ability of the management to appreciate the value of new information and to try to obtain it is critical. However, absorptive capacity is not an intrinsic attribute. It is in itself influenced by some key factors, including the management team's entrepreneurial orientation as well as their previous experience and the firm's inward international activities. Firm networks were not found to determine whether learning occurs or not, but were in many cases the source from which the company obtained new knowledge.

The second identified factor was the mode of entry. Low involvement entry modes, while useful for gaining some insights from international markets, do not seem to offer transition economies' firms the appropriate platform to realise the full potentials of international markets. Finally, the characteristics of the foreign market, particularly its similarity level to the home market in terms of market conditions and economic development, strongly influence the extent of learning that can take place. Firms expanding to markets similar to the domestic market tend to have little incentive to upgrade their knowledge base, whereas those venturing to more advanced economies, especially Europe or North America, and needing to compete at a higher level, appear to have a greater imperative to continuously enhance their capabilities. Contrary to expectations, firm's age at entry was not an important indicator of the extent of knowledge gains from international activities.

The paper concludes with recommendations for managerial decision making as well as for further research on this rarely examined research area.

### **Exports, Innovation and Cooperation. Case of Russian Firms**

Maria Smirnova<sup>2</sup>, Daria Podmetina<sup>1</sup>, Vera Rebyazina<sup>2</sup>, Juha Väättäen<sup>1</sup> <sup>1</sup>*Lappeenranta University of Technology, Lappeenranta, Finland*, <sup>2</sup>*Saint-Petersburg State University, GSOM, Saint-Petersburg, Russia*

The paper aims to look at the level of openness of Russian firms when cooperating with external partners on innovation. The main focus is made on the differences in collaboration with external partners between the exporting and non-exporting firms. The study is based on a survey on 223 Russian companies from various industries. The main research questions, addressed in the study, are directed at the interaction with key stakeholders within the NPD processes, comparing exporting and non-exporting firms, and comprise the following aspects: (1) are there any patterns in the Russia firms' behavior, describing their attitude to being open in interaction with stakeholders when developing new products; and (2) are these patterns related to the factor of internationalization? The findings indicate existing differences between the exporting and non-exporting firms in building the networks of stakeholders within the NPD activities. At the same time almost no significant differences between the exporting and non-exporting firms in assessing the involvement success were identified, providing counterintuitive results on the study. The results are explained through the various strategies applied by exporting and non-exporting firms in new product development.

### **Knowledge Source Preferences as Determinants of the Entrepreneurial Orientation of Knowledge-Based Firms in Emerging Markets**

Richard Woodward<sup>1,3</sup>, Esin Yoruk<sup>2</sup>, Slavo Radošević<sup>2</sup> <sup>1</sup>*University of Edinburgh Business School, Edinburgh, UK*, <sup>2</sup>*School of Slavonic and East European Studies, University College London, London, UK*, <sup>3</sup>*CASE – The Centre for Social and Economic Research, Warsaw, Poland*

This paper takes a new and critical view of the entrepreneurial orientation (EO) construct and seeks to identify factors that may have a significant effect on the EO of knowledge-intensive firms. In it, we explore the proposition that differences in EO across firms may be significantly affected by differences in firms' preferences regarding the sources of knowledge crucial for their competitive advantage. We construct a theoretical link between EO and knowledge source preferences using March's (1991) work on exploration and exploitation and Zahra's (1996) work on technology strategy, and then find evidence that knowledge-intensive firms' exploration and exploitation of knowledge sources is critical for understanding of their EO. Our research is based on 208 firms operating in knowledge intensive industries in six Central and East European countries (CEEC). We identify three types of firms in terms of patterns of sources of knowledge: external R&D knowledge based firms, in-house knowledge based firms and value chain dependent firms. In our analysis of EO, taking a cue from the work of Lumpkin & Dess (1996), instead of the standard approach employing a single measure, we use one that breaks EO down into its various dimensions. Using various measures of three dimensions of EO (innovativeness, pro-activeness and risk-taking), we have found that the EO is strongest in firms based on external knowledge and weakest in firms dependent on value chains. This leads us to conclude that new approaches to the EO construct itself, breaking it down into its component dimensions, are justified both from a theoretical and empirical standpoint.

## Parallel session 4E - Special Panel - Corporate Responsibility and Governance Across Institutional Contexts

**Chair: Kenneth Amaeshi, University of Edinburgh, UK**

There is a growing interest on how CSR and Corporate Governance practices are functions of their institutional contexts. Most of these institutional accounts, however, tend to adopt a macro (national level) approach, which appears to suggest some kind of organisational field homogeneity within national institutional contexts. This tends to under-emphasise possible heterogeneities within national institutional boundaries, which have been picked up by a related literature on the significance of sectors in accounting for corporate actions. The latter literature is also gradually permeating and unsettling the core tenets and foundations of national business systems and comparative capitalism, which are in orientation macro-centric. Scholars promoting the sector-based perspective argue that national business systems are not necessarily homogenous but are most of the time characterised by heterogeneities. This is the first of two special panels that discuss these issues.

### **Need to Implement the Human Rights Laws and Policies in the International Business Environment for Sustainable Development: A Case Study on Business School**

Noor Mohammad, *Multi Media University, Melaka, Malaysia*

There is a growing interest on how CSR and Corporate Governance practices are functions of their institutional contexts. Most of these institutional accounts, however, tend to adopt a macro (national level) approach, which appears to suggest some kind of organisational field homogeneity within national institutional contexts. This tends to under-emphasise possible heterogeneities within national institutional boundaries, which have been picked up by a related literature on the significance of sectors in accounting for corporate actions. The latter literature is also gradually permeating and unsettling the core tenets and foundations of national business systems and comparative capitalism, which are in orientation macro-centric. Scholars promoting the sector-based perspective argue that national business systems are not necessarily homogenous but are most of the time characterised by heterogeneities.

The concept and idea of international business issue bears a long history and also connected in line with the trading of the Portuguese, Dutch, British East India Company etc. The nature and scope of this business has also been changed with the socio economic needs along the globalization. At present, its nature has been completely changed and regulated under a set of rules and policies. But unfortunately these rules and policies are not properly implemented and human rights based. Some problems such as global economic crisis, internet hacking, non compliance with the international laws including the human rights laws and policies, unethical activities, etc., have been observed. Therefore, the international human rights have been often ignored and consequently, the impacts have been taking place against the natural laws and policies and results of it of course have been affecting the global humanity. In order to deal with the international business including teaching and research, we need to rethink about the principles and philosophy underlined in the Stockholm Conference, 1972; the Rio de Janeiro, 1992; the Vienna Convention, 1985; the Montreal Protocol, 1987; the Basal Convention, 1989; and the Biodiversity Convention, 1992 etc, along with the international environmental law issues. In addition to that, the international human rights and humanitarian laws and policy issues such as the Magna Carta, 1215; the Petition of Rights, 1628 and the Bill of Rights, 1689; the Act of Settlement, 1701; the French Declaration of Rights of Man and of the Citizen, 1789, the Universal Declaration of Human Rights, 1948; the International Covenant on Civil and Political Rights, 1966; the International Covenant on Economic, Social and Cultural Rights, 1966; the International Convention on the Elimination of All Forms of Racial Discrimination, 1966 etc; need to be done for the purpose of bringing about a sustainable development and environment on this our earth. If not, we should need to introduce and implement the international human rights law and need to exercise the business ethics as pointed out in the different religions also such as the holy Quran, Hadith, Gita, Bible, Christian, Buddhism etc; without which the international business cannot be meaningful and sustainable. This study will critically examine and evaluate on the international business studies and issues under the Faculty of Business and Law based on primary and secondary sources consisting of 25 respondents through structured and unstructured questionnaire of different criteria including the university lecturers, civil society, international nongovernmental and governmental organizations etc; at the Multi Media University, Melaka, Malaysia.

Keywords: Human Rights Laws and Policies, International Business Environment, Sustainable Development.

### **Are Corruption and Ease of Doing Business Correlated? An Analysis of 172 Nations**

Jorge Mongay, *Diana Andreea Filipescu, Autonomous University of Barcelona, Barcelona, Spain*

One of the most relevant issues to take into account in today's international management strategies are both the evaluation of "corruption" in a destination country and the evaluation of the "ease of doing business" in the same country. Both issues are important in order to guarantee transparency in operations (appearing in countries with low levels of corruption) and ease of doing business (the total amount of processes designed by local authorities in order to setup or conduct a business).

Corruption and ease of doing business have been widely analyzed independently by several researchers but there is a lack of research focused on the correlation between the two magnitudes and their interdependence. This is the aim of this study, explicitly analyze to what extent "corruption" and "ease of doing business" are correlated. In order to reach our objective, a total of 172 nations are analyzed, employing data from Corruption Perception Index and Doing Business rankings. The findings are interesting, since data shows us a high interdependence between the two variables under analysis. This study is organized as follows. First, a review of corruption and the ease of doing business are presented together with the rankings that stand at the basis of our analysis. We present afterwards the results, followed by their interpretation, final conclusions and implications.

### **Value destruction and competitive disadvantage: emotional manipulations and corporate irresponsibility in disintegrated marketing communications**

Frederick Ahen, *Turku School of Economics, Turku, Finland*

Consumers of today are neither uninvolved nor unaware of authentic brands and phony brand images. Their near ubiquitous influence and display of power for all intents and purposes as stakeholders of the firm cannot be denied. This intuitive notion is analytically obvious and holds a ring of logical plausibility. Nevertheless, even the savviest consumer can hardly deny that astute marketing managers in organizations employ more powerful mechanisms to circumvent the delivery of promises especially in quotidian corporate practices such as R&D, production, distribution, advertising and all forms of corporate practices and communications. There are countless activities that take place in organizations which are at variance with their portrayed image and above all pluralistically in sharp contrast with the interests they serve. In a generation that sees with its feelings and understands with its eyes, consumer behaviour goes far beyond the traditional expectation of offering good prices, quality products and other product attributes. They demand corporate environmental and social responsibility. The single most important element that plays a decisive role in explaining why people buy or choose not to buy a particular brand is emotion. This paper seeks to evaluate the extent to which the above is true and the levels at which emotions are manipulated in domestic and international IMC. I employ contemporary theories and examples to analyse the extent to which emotional appeals affect consumer choices and how such manipulations turn to work against corporate reputation in terms of lost opportunities to co-create value in the long term. The product of the analysis thus far aims at the fruitfulness of a firm's optimization of dynamic capabilities and entrepreneurial orientation towards the basic mission of creating and not destroying value in order to maintain its competitiveness. The approaches in systematically theorizing strategic CR communication has often been more stylistic than substantive and practically oriented. This paper contributes in the latter terms to reshape managerial thinking about the intertwined nature of corporate strategic decisions and actions and the direct effect on stakeholder response. Clearly, the global socio-economic and institutional pendulum seems to have swung towards a trajectory of the well-received wisdom of sustainability and responsible communications defined by integrity and unambiguous firm identity; and so must managerial thought adapt to shape and be reshaped by such dynamics. Drawing on the main arguments and examples highlighted in this paper, it can be observed that emotions avoid decision paralysis but not in absolute terms. Different products and services require different dominant moods upon which the IMC is built. It is also found that consumer decision is also linked to money. Rational consumer choice theories still apply in high risk products such as financial investments and health services to evaluate their price and level of utility. These services require trust since consumers do not base on feelings to make long term investment decisions. However, there is consistent evidence to suggest that emotional appeals in IMC are fundamental and universal because consumers first respond to their emotions which govern their external environment. This is why an emotionally satisfied customer is also a loyal customer. For high risk products, both emotional and rational appeals are employed. This implies that emotion and reason, though separate, are often complementary. Therefore it is recommended that once the dominant mood is chosen, it must stay true, adapt to stakeholder demands but stay innovative. It should stay creative but should also avoid the risk of creating suspicion in order to build and maintain a strong brand image because authenticity of brand identity integrated at all levels of corporate actions in unique and socially engaging manner is the source of competitive advantage.

## Parallel session 4F - International Business and Local Economies

**Chair: Robert Pearce, Reading University, UK**

### An Analysis of Inbound FDI and its Impact on Employment in Wales, 1983-2007

Mark Cook<sup>1</sup>, Grahame Fallon<sup>1</sup>, Graham Hall<sup>1</sup>, <sup>1</sup>*University of Wolverhampton, Wolverhampton, UK*, <sup>2</sup>*University of Northampton, Northampton, UK*, <sup>3</sup>*UWIST, Cardiff, UK*

Successive governments have sought to attract inbound Foreign Direct Investment (FDI) to the UK, motivated partially by the desire to compensate for the loss of manufacturing employment in domestically owned businesses located in disadvantaged regions. This strategy has achieved considerable success, with the result that foreign-owned subsidiaries now account for substantial shares of employment in many peripheral regions, including Wales.

The quantity, quality, and sustainability of the jobs created or safeguarded by inbound FDI in the UK's peripheral regions have come under increasing scrutiny in recent years, leading to concerns as to the efficiency and effectiveness of the UK's inward investment policies in employment terms, where such regions are concerned. Problems have arisen in attempting to differentiate between jobs created and jobs safeguarded by inbound FDI, and in estimating the numbers of indigenous jobs lost or displaced as a result of such FDI, due to the formation of more efficient, foreign-owned plants.

The current paper seeks to explore the impact of inbound FDI on employment in one UK peripheral region, Wales, during the period from 1983 to 2007. The aim of the underlying study was to examine and seek to understand the relationships between TNCs' countries of origin, types of FDI (new, expansionary, merger and acquisition and joint ventures), FDI-related capital investment, and (new and safeguarded) employment in the Welsh context. Relatively few empirical studies into these linkages (Jones and Wren, 2004 being one exception) have been carried out at the UK regional level, whilst many have tended to focus on more aggregated data (Hill and Munday, 1992 and 1995) or on specific themes, such as change components analysis (Stone and Peck, 1996). The present study seeks to help rectify this apparent gap in the literature, whilst also adding to scholarly and policy makers' knowledge and understanding of the contribution that inward investment policy can make to the attraction of inbound FDI and to the result creation or safeguarding of employment in the UK peripheral economy context.

The findings reported in this paper indicate that inbound FDI into Wales is dominated by new and expansionary FDI, whilst FDI through the merger and acquisition route and through joint ventures are relatively less important for the Principality. There is also clear evidence that both the number of new and expansionary inbound FDI projects is significantly and positively correlated with new jobs. The findings do not support the argument that new and expansionary FDI projects, and FDI measured by new jobs are determined by different explanatory factors.

The findings also suggest that, when we consider total capital investment in new FDI projects, it is the US which has traditionally been the dominant country of origin for inbound FDI, although there is little indication that the greater level of US investment leads to more jobs for Wales. The EU has become increasingly important over time as a source of inbound FDI-related employment in the Principality, with the result that targeting this region (along with the US, Canada and Japan) as a potential source of new FDI inflows (alongside the more promising emerging market countries) will also be beneficial for Wales.

### The FDI and Trade Relationship Revisited under Structural Change: Evidence from a Sector-Based Analysis

Fragkiskos Filippaios<sup>1</sup>, Constantina Kottaridi<sup>1</sup>  
<sup>1</sup>*University of Kent, Canterbury, UK*, <sup>2</sup>*University of Peloponnese, Tripolis, Greece*

This study revisits the long standing argument on the FDI and Trade relationship in an effort to shed some new light on the issue as well as investors' behavior. This is achieved within the context of structural changes as proposed by the Investment Development Path paradigm going, consequently, beyond existing analyses. In addition, it does so in a sector-based framework where more accurate results may be obtained and safer implications may be outlined. We use the most expanded data span in the current literature, from the early stages of transition in 1992 to 2006 as well as an enriched dataset of countries and location factors. Results pinpoint to a differential relationship between FDI and imports among the sectors, indicating a complementary one for manufacturing and services and a substitution one for agriculture. In the case of FDI we find strong locational characteristics such as the large market size, the gradual improvement of the macro-environment and finally the quality of labour force as centripetal forces, well documented along the structural changes framework of the IPD we employ here.

### National Innovation System and Globalization: The Implication for Technological Catching-up

Feng Zhang<sup>1</sup>, Robert Pearce<sup>2</sup> <sup>1</sup>*St. Mary's University, Texas, USA*, <sup>2</sup>*Reading University, Reading, UK*

This article reviews early literature about national innovation system (NIS) that was introduced to analyze postwar Japanese technology policy and economic growth. We initiated an application of NIS concept on China in the context of globalization. We adopted the broad definition of NIS to include foreign-owned firms operating in China as a part of China's NIS, and speculated that foreign-owned firms may not only draw upon China's NIS but also significantly contribute to the system. Some implications of early literature on the further development of China's NIS are also discussed.

## Parallel session 4G - SME Internationalisation: Resources and Management

**Chair: Alfredo D'Angelo, University of Glasgow, UK**

### Modeling the Resource Generation Potential: Locational and Cognitive Insights in Small Firms' International Entry Mode Choice

Zahid Maieed, Evgeny Polyakov, Eleanor Davies, *University of Huddersfield, Huddersfield, UK*

Resource-starving small firms in this era of cut throat competition follow an aggressive attitude towards internationalization. One of the most important challenges faced by the manager's in small firm in developing economies is to find new ways to successful internationalization through suitable entry modes. In particular when the small firms expand their international operations from emerging to developed economies. The role of cognitive perception remains inconclusive in SME internationalization and this is an area which is relatively under-researched. Based on the integration of cognitive psychology and Dunning eclectic framework, this paper develops a rigorous model and tests a logical hypothesis for entry mode selection. By introducing the new resource value generation taxonomies, this study explores the impact of ownership, location and cognitive dimensions on small firm entry mode choices.

The data was collected from a sample of three major provinces of Pakistan through postal and drop-off survey (questionnaire). As the dependent variable was dichotomous, logistic regression was used to analyze the data set.

Integration of Dunning framework with cognition (dynamic capabilities) supports new value generation taxonomies of entry mode selection. The findings support the central role of ownership, location and cognitive advantages in the choice and selection of high value generation modes. The new value generation dependent taxonomies (high and low value generation modes) introduced in this research, and complexities associates with IB research highlights the need for further empirical, cross-cultural and longitudinal studies. This research through careful deliberation presents useful implication that will enhance the SME international activity of small firms from developing economies.

### Managing SMEs Survival and Growth during Financial Crisis in Transition Economy: A Chaos Theory Approach

Huu Le Nguyen, Soren Kock, *Hanken School of Economics, Vaasa, Finland*

This paper investigates how firms survive and grow in turbulent environment caused by the financial crisis 2008 using the framework constituting from Chaos theory. The empirical based on in depth interviews with 25 SMEs in emerging transition economy of Vietnam. The results revealed that to survive in turbulent



environment, SMEs need to shift their focus to the one that can benefit the most from the new environments, to react quickly and willingly to move into new business to take advantages of the opportunities from environments, to stress on marketing activities, strategic alliance and social networks. This paper is believed to have significant contribution both to expand Chaos theory in business studies and to pragmatic knowledge of managing SMEs in turbulent environment.

Keywords: Chaos theory, financial crisis, turbulent environment, SMEs, survival, growth

#### **Rapidly Internationalising Small Firms: Are Human Resources the Missing Part of the Puzzle: Towards an Understanding of the Implications for IE Research and Practice**

Sharon Loane, Trevor Morrow, Laura Bradley, *University of Ulster, Londonderry, UK*

In recent years there has emerged an extant body of literature focusing on rapidly internationalising firms which are known by various terms, 'born global firms' (McKinsey & Co, 1993; Knight & Cavusgil, 1996; Madsen & Servais, 1997), 'international new ventures' (McDougall et al., 1994; Oviatt & McDougall, 1994), 'committed internationalists' (Bonaccorsi, 1992) and internationally focused 'knowledge-intensive' firms (Bell, 1995; Boter & Holmquist, 1996). These tend to be smaller firms formed by active (international) entrepreneurs. Typically, their offerings involve substantial value added, often due to a significant breakthrough in processes or technology (Knight & Cavusgil, 1996). A characteristic is that management adopts a global focus from the outset and embarks on rapid and dedicated internationalization (McKinsey & Co, 1993). As more and more small firms are internationalising rapidly and often at or close to inception, this has generated a growing interest in understanding how they these firms gain sustainable competitive advantage (Zahra, 2005).

There has been growing acceptance that the accumulation of knowledge and learning by small and medium sized enterprises (SMEs) may have a critical influence on their internationalisation (Johanson and Vahlne, 1977, 1990; Oviatt and McDougall, 1994, Jones and Coviello, 2005). Clearly knowledge accumulation and learning are undertaken by people in such firms. Indeed the nature of the human capital resources deployed by these often knowledge based or knowledge intensive firms may influence their internationalisation trajectories. To date, there has been little focus on the Human Resource Management (HRM) decisions and processes of rapidly internationalising small firms. Given the criticality of supporting international new ventures as engines of job growth and innovation (Admiraal, 1996; Braunerhjelm, 1993; McDougall and Oviatt, 1996), this is a surprising omission by IE scholars. Therefore, in an effort to address this gap in our understanding, and drawing upon the resource and knowledge based views of small firm internationalisation, as well as the International HRM (Bjorkman and Lervick 2007; Brewster and Suutari 2005; Collings et al 2007; Collings et al 2009; Collings et al 2011, McDonnell et al 2010 (a,b); Scullion et al 2007) and Strategic HRM literatures (Collings et al 2008, Gooderham et al 2008; Wright et al 2001; we develop and present a research agenda for HRM in the rapidly internationalising small firm.

#### **Exploring SMEs Internationalization: Institutional Barriers, Market Drivers and Entrepreneurial Orientation**

Daria Volchek, Kaisu Puimalainen, Sami Saarenketo, Ari Jantunen, *Lappeenranta University of Technology, Lappeenranta, Finland*

Purpose - The study explores the influence of external factors, such as institutional barriers and market drivers, as well as internal entrepreneurial orientation on several dimensions of internationalization: degree of internationalization, first country and operation mode, timing, and subjective internationalization performance.

Design/Methodology/Approach - A sample of small and medium sized enterprises (SMEs) from Finland serves as a study setting. Data was collected via cross-industry survey from the sample of manufacturing and service companies with a usable responses of 255 entrepreneurs.

Findings - First, the analysis indicates that market drivers, rather than institutional factors influence company's decision of first operation mode. Entrepreneurial orientation tends to compensate the effect of market drivers in that choice. Second, entrepreneurial orientation provides a diminishing effect on perception of institutional barriers, and thus can break the tendency of first internationalization at the markets with lower geographical proximity. Third, market drivers, implying competitive and industry-based influence, facilitate the intensity of internationalization and thus positively influence the degree of internationalization (DOI).

Research limitations - The findings are based on a small sample of companies, what restricts the opportunities of extended statistical analysis and influence level of significance of environmental and internationalization variables interdependence. The applied data encounters only the home-country institutional and market influences on internationalization, however we suggest the further broadening of empirical setting that could include host-country environmental factors.

Practical implications - The positive linkage between market environment and first entry mode choice suggests that replication of other incumbents' experiences can decrease the level of perceived uncertainty at the early stages of internationalization. Institutional barriers can be overtaken by the means of the increased entrepreneurial orientation.

Originality/value - Understanding the role of the environmental factors on the internationalization of SMEs remains to be the area which requires the expansion of empirical exploratory and replicate studies with a variations of empirical settings.

Keywords: internationalization, entrepreneurial orientation, institutional barriers, market drivers, degree of internationalization

#### **What Drives SMEs Beyond Regional Markets?**

Alfredo D'Angelo<sup>1</sup>, Antonio Majocchi<sup>2</sup>, Antonella Zucchella<sup>2</sup>, <sup>1</sup>*University of Glasgow, Glasgow, UK*, <sup>2</sup>*University of Pavia, Pavia, Italy*

Purpose: This paper aims to bring the regionalization of trade transactions debate into the definition of the degree of internationalization of exporting small and medium-sized enterprises (SMEs) in order to refine the concept of export intensity and shed a new light on its determinants. In particular, we examine the influence of internal (technological and managerial) and external (environmental/institutional) factors on the level of export intensity that firms derive from inside and outside their home regional market.

Methodology/approach: Drawing on the resource-based view as theoretical framework and deriving working hypotheses from the export management literature, we analysed the data from an Italian sample of manufacturing SMEs by applying Tobit regression models.

Findings: The results show that product innovation and R&D personnel have a positive impact on export intensity, regardless the geographical destination of exports. On the other hand, some factors such as being located in a district/local cluster or the presence of external managers are significant and have a positive impact only on intra and extra regional export respectively. From this viewpoint exporting outside the regional market has to be considered as especially subject to the liability of foreignness, thus requiring more dedicated and specialised resources

Originality/value: The findings reported in the paper support the hypothesis that the drivers of exporting inside and outside a regional market are partially different and that the export intensity construct should take into account the regional nature of trade transactions.

Keywords: export intensity, SMEs degree of internationalisation, extra regional exports.

## Parallel session 4H - The Effect of Networks

**Chair: Brian Massey, Trinity College Dublin, Ireland**

### Context Matters! How the Business Network Context Influences the Extent to Which Subsidiaries Embed Locally

Phillip C. Nell, Ulf Andersson, *Copenhagen Business School; Center for Strategic Management and Globalization, Frederiksberg, Denmark*

Many studies have focused on the effects of the external embeddedness of MNC subsidiaries. However, little attention has been given to its antecedents. We try to fill this gap and investigate the extent to which subsidiaries and their direct external partners adapt to the level of business network complexity, measured as the degree of influence other actors in the wider network exert on the subsidiary's key business relationships. We find evidence for an inverted u-shaped relationship, i.e. subsidiary embeddedness increases with the degree of network complexity but decreases once complexity exceeds a certain threshold. We discuss implications with regard to network change, over-embeddedness, and the literature on the strength of strong versus weak ties.

### How does Subsidiary Network Structure Matter?

Zhaleh Najafi Tavani<sup>1</sup>, Axele Giroud<sup>2</sup>, Rudolf Sinkovics<sup>2</sup>, *<sup>1</sup>University of Strathclyde, Glasgow, UK, <sup>2</sup>University of Manchester, Manchester, UK*

This paper investigates the variation within subsidiaries in terms of knowledge development, reverse knowledge transfer, and influence as immediate joint outcomes of the degree of subsidiary-parent firm embeddedness and external embeddedness. Based on the extent of subsidiary-parent firm embeddedness and external embeddedness, subsidiaries were categorized into four groups: Fully Embedded, Locally Embedded, Internally Embedded, and Isolated. Results from 184 subsidiaries operating in Knowledge Intensive Business Service (KIBS) sectors in the United Kingdom indicate significant inter-group differences in terms of knowledge development, influence, and reverse knowledge transfer. Moreover, the empirical data show that while high degree of external embeddedness is the pivotal element of subsidiary knowledge development, high level of subsidiary-parent firm embeddedness is the main determinant of reverse knowledge transfer and a subsidiary's influence on strategic decisions of MNCs.

### Networks, International Market Selection, and Export Performance

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One of the critical decisions for firms to make when they expand into international markets is which market to choose. Past research usually relies on simply description of those internal or external factors related to such decisions when ignoring the performance implication and thus lacking normative indication. Thus international market selection remains an under-researched area till recently. Drawing on resource-based view, this paper investigates how a firm's resources and capabilities related to external networks impact on its international market selection (IMS), in particular two key aspects: the location decision and the performance implication. Successful IMS requires not only acquisition of information and knowledge about foreign markets in order to surmount the economic, institutional and cultural barriers related to its internationalization process, but also utilization of the acquired information and knowledge effectively. External networks, as a web of personal connections and relations with external actors for the purpose of securing favors in personal and/or organizational actions, are able to help a firm to decrease information and knowledge barriers and transaction costs and improve international business operations. We hypothesize that firms with abundant external networks are more likely to choose culturally distant markets as a structure to exploit these resources and capabilities than to choose culturally close markets. Furthermore, this effect is moderated by firms' absorptive capacity. An analysis of 230 Chinese exporting manufacturers shows support to the hypotheses, and indicates that a fit between network resources and capabilities and IMS improves international performance.

### High Tech Clusters: Factors, Formation and Forms

Brian Massey *Trinity College Dublin, Dublin, Ireland*

The phenomenon of high tech clustering is of great interest to scholars in management science, regional development and economic policy today, as well as practitioners at many levels. Since the early work of economists on industrial districts and the identification of Marshallian externalities (Marshall 1891) there has been interest in the agglomeration affect within industries. Similar enterprises seemed to be found in the same regions. Eventually this industrial agglomeration became known as clustering and is now associated specifically, though not exclusively, with the development of technology. Meanwhile recognition of the entrepreneurial element was emerging from some economic work; particularly that of the Austrian School and this work identified the role of the entrepreneur in economic change and growth (Schumpeter 1934, Kirzner 1973). This has given rise to much research in the fields of management and economics. Recently more interest has developed in the specific way entrepreneurship can stimulate regional economic growth.

There has been much and fruitful scholarship seeking to explore cluster phenomena of recent years. However the literature and theory on this topic seem at an impasse. Contributions come from economics, industrial organisation, management science, strategic management, international business and entrepreneurship, all discrete fields in their own right. Organising and understanding this theory in concert proves difficult.

As a solution to this, a redefining of focus is proposed here, away from the areas that influence the research and theory, instead focusing on the clusters themselves. To do this the development of clusters is analysed under three lenses: 1. Input Factors, 2. Cluster Formation, and 3. Cluster Forms. This allows for a practical organisation of contributing theory and a more workable approach to investigating clusters and their relevant issues to regions and firms. Their implications can then be reflected back to specific areas of interest at either; regional, MNE or start up levels.

This paper seeks to make a theoretical contribution by providing a new conceptual structure with which to examine the cluster phenomenon. Following an exploration of these lenses and their existing literatures, implications are drawn for both regional and firm levels using this new structure, uncovering new directions of interest for future research and suggesting how further understanding of clusters and their relevant issues may be gained.

## Parallel session 5A - Special Panel - Publishing in International Business Journals

**Chair: Frank McDonald, University of Bradford, UK**

This panel will include presentations by journal editors on key factors for preparing to submit papers to International Business journals. This will be followed by a Q & A session on publishing high quality papers in International Business. A virtual support group, hosted by Bradford Centre in International Business, will be set up from this panel to support researchers, especially early career researchers, to prepare papers for submission to International Business journals.

The Q & A Panel will be composed of the representatives of the journals shown above, plus Glenn Richey, University of Alabama and Chengang Wang, Bradford University School of Management. Glenn is Co-Editor International Journal of Physical Distribution and Logistics Management, and Chengang Wang is a frequent reviewer for the Journal of International Business Studies, Cambridge Economic Journal and World Development.

### Editorial Area for Journal of International Business

Ulf Andersson, *Copenhagen Business School, Copenhagen, Denmark*

**Editor of International Business Review and European Editor of Journal of World Business**  
Pervez Ghauri  
*King's College London, London, UK*

**Editor-in Chief of The Multinational Business Review**  
Alan Rugman  
*University of Reading, Reading, UK*

## **Parallel session 5B - International New Ventures**

### **Chair: Mika Gabrielsson, Aalto University, Finland**

#### **Conceptualizing Rapid Internationalization in the Biotechnology Industry - A Finnish Point of View**

Mari Ketolainen *University of Turku, Turku, Finland*

This paper takes a look at two concepts used to describe internationalizing companies, namely born global and rapid internationalizer, and tries to justify, which one of the concepts is most suitable to be used in the context of Finnish biotechnology industry. The small size, openness and peripheral location of the domestic market are expected to push Finnish and other companies originating in small and open economy (SMOPEC) to globalize their business, and thus, the biotechnology industry is chosen as an example here (Gabrielsson & Gabrielsson 2004, 667). The analysis is done with the help of five criteria set for Born Globals: Vision and strategy to become global/international; size and technological orientation; time to become global/international; geographical expansion in terms of a minimum of 25% of foreign sales or a minimum number of countries served outside the home country and geographical expansion outside the home continent with a minimum of 50% external sales. The dimensions utilized for the analysis of the features of rapid internationalizers were the duration of time between firm's birth and its internationalization (including the extent of internationalization), the international outlook of the managers or the company, and the size. When the Finnish biotechnology companies were analyzed based on the criteria for Born Globals and dimensions for rapid internationalizers, the analysis showed that the concept of rapid internationalizer is more suitable to be used in this context.

#### **The International Growth of Born Global Firms: Tracking Drivers and Dimensions Along Time**

Birgit Hagen, Antonella Zucchella, *University of Pavia, Pavia, Italy*

International new ventures or born globals have been studied and discussed broadly as regards their start-up, mainly trying to define and examine some key dimensions of their internationalisation process, namely intensity or degree, speed, and scope of internationalisation. The factors triggering this phenomenon have also been investigated but have rarely been related to the above key dimensions and tracked through time, along the born global life cycle. In other words, little research is available into the continued internationalisation of these firms (Liesch et al., 2007). Such work would give further insight into the strategic options and development of the born global initial trajectory and contribute to theory building. The objective of the current paper therefore is to investigate which factors are important regarding the dimensions of speed, scope and intensity along the internationalisation of born globals. It furthermore attempts to profile two born global firms and their internationalisation process along these drivers and dimensions, drawing partly on recent approaches to model accelerated internationalisation. Both companies are internet-enabled, relying on e-commerce as their only selling platform. In this business, firms are expected to be "naturally" born global (Kobrin, 2001). Our findings do not fully support this view and highlight the role of resources and capabilities in differentiated growth patterns, irrespectively of the industry (Rumelt, 1991).

#### **International Pathways of SMEs - Case of Two Software Born Globals**

Olli Kuivalainen, Sami Saarenketo, *Lappeenranta University of Technology, School of Business, Lappeenranta, Finland*

There has been an increased attention in the internationalization of small and medium-sized enterprises (SMEs) in the international business literature during the last two decades. Thanks to advances in communication, information, and transportation technologies, emergence of global consumers, and a proliferation of global products, for example, also SMEs are able to increase their degree of internationalization (DOI) and take an advantage of the opportunities of an almost borderless marketplace. The appearance of (or at least a sudden increase in) born global (BG) companies is clearly a response to these rising opportunities as more and more companies are taking the step towards global markets earlier and more rapidly than similar companies did before.

Correspondingly, many researchers have recently questioned the suitability of the 'classic' incremental internationalization models and "newer approaches" towards the SME internationalization have been presented both in managerial and academic forums. In this paper we focus on BGs and the conceptualization of their pathways. We see that a pathway consists of several phases or stages during which a company follows a certain behavioural pattern and these patterns can be linked to both internationalization and company life-cycles. In general, the purpose of this paper is twofold. First, we propose a conceptual framework based on earlier literature on BGs that delineates the key dimensions of an international pathway of BG companies. We begin this by taking the dimensions used in a well-known born global definition under scrutiny, i.e. time, scale and scope of internationalization. Second, we utilize the proposed framework.

Consequently, by utilizing longitudinal data we study the scale and scope of internationalization of two Finnish software BGs. The results from these two case studies show that although the time frame for internationalization has been really short for both companies and internationalization has occurred almost in parallel with the founding of the companies, we are able to distinguish phases in internationalization process and analyze critical incidents which make these companies move further towards deeper internationalization.

Thus, our opinion is that it is of importance to study the phases/stages even if the company's life cycle is 'condensed' to be able to understand how companies become BGs and how this 'degree of born-globalness' develops further. This paper with two software BG case studies can hopefully contribute to this discussion. By utilizing the life-cycle concept in addition to the traditional internationalization stages approach we also hope to make the model more approachable to practicing managers.

For researchers our suggestion is that the classic BG measures used should be developed to be a) more longitudinal (instead of cross-sectional) and b) more detailed by incorporating more sub-dimensions into the scale and scope measures. In general, this study aims to advance the BG literature by laying a conceptual and empirical foundation for the future research on international pathways of BGs.

#### **Global Growth and Performance of International New Ventures: Configuration and Coordination**

Mika Gabrielsson<sup>1</sup>, Peter Gabrielsson<sup>2</sup>, <sup>1</sup>*Aalto University School of Economics, Helsinki, Finland*, <sup>2</sup>*University of Vaasa, Vaasa, Finland*

Research on International New Ventures (INV) has dealt with the early internationalization of INVs and the factors explaining their birth. However, there has been virtually no research on post-entry growth. In particular, research on changes in the configuration and coordination of value chain activities during globalization has been scarce. Moreover, the performance implication of global growth has received limited attention. The implications for both growth speed and financial performance deserve more understanding in this context. The article develops a framework and hypotheses on the configuration and coordination of INVs during globalization based on international entrepreneurship and management research.

## Parallel session 5C - International Human Resource Management

**Chair: Markus Pudelko, Tübingen University, Germany**

### The Impact of Foreign Ownership on Gender and Employment Relations in Large Japanese Companies

George Olcott<sup>1</sup>, Nick Oliver<sup>2</sup> <sup>1</sup>University of Tokyo, Research Center for Advanced Science and Technology, Tokyo, Japan, <sup>2</sup>University of Edinburgh Business School, Edinburgh, UK

In recent years, there has been an increasing level of attention paid to the role of gender at the workplace, with a greater emphasis on equality between the sexes and increased opportunities for participation by women. This is particularly true of Japan, where women have traditionally played a subservient role to men, but which has endured 20 years of relative economic decline and which faces serious demographic problems as the population ages (e.g. Economist 2010). Many commentators have called on Japanese companies to utilise female employees more effectively, not only to enhance equality but also as a means of improving competitiveness (OECD 2008). Much of this comment has been framed in the general context of the need for Japan to move from its traditional communitarian organisational practices to a more market-oriented approach: in other words to shift the very basis on which the Japanese version of capitalism is founded.

At the same time the "Varieties of Capitalism" literature has recently begun to address gender issues (Estevez-Abe 2006; Estevez-Abe et al. 2001; Rubery 2009; Soskice 2005) and posits that differences in patterns of employment relations between men and women may be explained by the institutions that underpin the 'Liberal Market Economy' and the 'Coordinated Market Economy' models of capitalism. From this perspective, the status of women in society, and in particular the workplace, is determined by a country's institutional arrangements which are themselves the product of the social constructions of societal members that constitute the society's cultural foundations. Japan is considered to be an archetypal coordinated market economy and its employment system does indeed share characteristics, including the status of women in the workplace, with other such economies. However, a country's institutional arrangements are not necessarily impervious to change. Cross-border investment flows in the form of global mergers and acquisitions (M&A), with their associated changes to enterprise ownership and control can challenge local institutional patterns.

The purpose of this paper is to investigate the impact of such acquisitions on one particular aspect of the employment system, the role of gender and the prospects for the advancement of female employees. We investigate the position of white-collar female employees at 10 Japanese firms, all located in Japan. Five of these had been taken over by non-Japanese firms shortly before the research was conducted; the other five remained wholly Japanese-owned. On most measures, the ability of female employees to advance in Japan is amongst the lowest of any OECD countries and we investigate whether acquisition by foreign firms makes any difference to the prospects for the female employees they employ.

We find that while results are uneven across our case studies, with female employees at some companies experience more change than at others, firms acquired by foreign firms have tended to be active in promoting gender equality at the workplace and that the number of female managers increases. However it is also clear that deeply embedded attitudes towards gender roles have also been difficult to dislodge. Such embeddedness will indicate that variety will continue to be a feature of global capitalism for the foreseeable future.

### Expanding vs. Surpassing The National Sphere: Organizational Identity Narratives Of Multinational Corporate Employees

Ödül Bozkurt, Lancaster University, Lancaster, UK

This paper draws upon interviews with 72 high-skilled employees in three leading MNCs in the mobile telecommunications equipment sector to discuss how they understand and depict the national identity of their employers. More specifically, the paper explores how MNC employees carry out organizational identity work through their interpretations of the organizational essence of their employers against a grid of globality and nationality and the justificatory frames they offer as informing these interpretations. Two dominant interpretations emerge from the empirical study. In the narrative of expanding the national, workers depict their employing organization as remaining national in essence, and accruing greater economic, social, and cultural influence beyond the geographical boundaries of the home country in and through the corporate network. By contrast, in a contradictory narrative of surpassing the national the MNC is portrayed as highly differentiated from and/or not particularly marked by the national characteristics of the home country, and going beyond national borders by leaving the national sphere of the home country behind. The interview study offers four core findings about the organizational identity narratives of MNC employees: First, that nationality is a salient member category in perceiving and representing organizational identity among MNC employees; secondly, that the variable narratives do not reflect (or correspond to) objective organizational differences and as such need to be understood as accounts representing a range of forms of reasoning about identity; thirdly, that the narratives are multi-national in their making in that they do not map on to members of different nominal nationalities or even positions within the MNC organization; and fourthly, the empirical claims about the organizational identity of employers do not uniformly correspond to the same, ie positive or negative, normative assessments of the employers

The study suggests that the organizational member accounts of MNCs constitute an important source of empirical material in efforts to ascertain the nature of the multinational organization and need to be more systematically incorporated into inquiry in this area, instead of the widespread reliance on limited number of organizational informants whose claims are taken as objective indicators of organizational realities. The multifariousness and fluidity of the ways in which MNC employees perceive, understand and portray the organizational identity of their employers pose a challenge not only to thinking about national identities in transnational social spaces as stable and static, negotiated primarily at the individual level and largely with consistent correspondence to national membership categories, but also to efforts to define and hence promote a "global mindset" among the management ranks of MNCs.

### Perceived homophily climate in an environment of violent ethnic conflict: assessing the impact of workgroup ethnic diversity, quality of work relationships and employee sensitivity to ethnic conflict

Hyun-Jung Lee<sup>1</sup>, Carol Reade<sup>1</sup>, <sup>1</sup>London School of Economics, London, -, <sup>2</sup>San Jose State University, San Jose, -

Creating an inclusive and positive diversity climate is one of the main challenges faced by 21st century organizations, whether they operate domestically or globally. As organizations are considered to be reflections of their societal context, we investigated the relationship between employee perceptions of the external interethnic environment and the internal homophily climate of the workplace. Homophily is the principle that a contact between people who are similar on given attributes such as race and ethnicity occurs at a higher rate than among dissimilar people. Our sample consists of 420 managers working in a range of industries in Sri Lanka, a country that experienced a longstanding civil war fueled by ethnic tensions, hence the ethnic tensions have become part of life for their citizens. Given the societal context of ethnic tension, and the possibility that this context may be reflected inside the organization, we conceptualize perceived homophily climate to mean the atmosphere created in the workplace by possible employee preference to work with those who share the same ethnicity, religion, and cultural and social background.

Social identity theory, terror management theory, and the contact hypothesis form our theoretical lens for examining the relationships between our study variables. Our results show a strong positive relationship between employees' sensitivity to violent ethnic conflict external to the firm and their perception of the homophily climate in the workplace. Further, in our examination of the intraorganizational antecedents of homophily climate, we found that the level of workgroup ethnic diversity is negatively related to the homophily climate in the workplace. We also found that the perceived quality of work relationships moderates the relationship between workgroup ethnic diversity and perceived homophily climate. Our study contributes to the international management literature by bringing the societal context of ethnic relations into the analyses of homophily climate in organizations, which heretofore revolved around intraorganizational factors as the main contributors to intercultural/homophily climate. Our analyses sought to fill this gap in the literature. As multinational enterprises increase in number, and their reach expands into areas of the world where ethnic tension is part of the operating environment, it behooves managers to understand the ethnopoltical context and how it may play out in their organizations.

## Foreign Subsidiaries as Sites of Self-Actualization for Career-Minded Japanese Women

Markus Pudelko, Helene Tenzer, Eiko Varkey, *Tübingen University, Tübingen, Germany*

It is generally recognized that Japanese organizations are characterized by a high degree of culture-induced gender inequality. In contrast, subsidiaries of foreign multinationals have been found to offer 'relief routes' for career-minded Japanese women, allowing them to escape the constraining environment of domestic organizations. Our in-depth interviews with 39 female Japanese professionals working for foreign subsidiaries indicated, rather unsurprisingly, that Japanese women who chose working for foreign employers in Japan did so deliberately in order to promote their career. Our interviewees particularly appreciated the challenging tasks, better career opportunities and more attractive salaries foreign employers offered them.

More interestingly, however, we found that their career choices were not motivated by professional concerns alone, but also by emotional factors. Our data suggests that career-minded Japanese women increasingly reject traditional Japanese gender roles and the discriminatory work environment of domestic organizations. In contrast, they thrive in the comparatively egalitarian work environment provided by foreign employers, as working for a foreign subsidiary signifies for them the pursuit of a more liberating foreign (i.e. Western) lifestyle. The high importance our interviewees ascribed to these affective motivations implies that management research needs to be more receptive to anthropological insights into the emotional side of work.

We furthermore found that the pursuit of a successful management career for a foreign employer puts Japanese women in some respects in the role of outsiders. While our interviewees to some degree regretted their marginalization in the tightly woven fabric of Japanese society, they also perceived themselves as a kind of social avant-garde, possibly setting new trends in Japanese working life and perhaps in Japanese society at large. Given their disadvantaged position in the traditional system and their resulting dissatisfaction, career-minded Japanese women they are most willing and prepared to act out their potential as change agents. Further research will need to monitor this beginning change process over time.

We argue that our specific findings from the Japanese context reveal and exemplify a more general mechanism: If societal constraints (such as the Japanese cultural context) are so tight that an employment system is not amenable to reform even when met by dissatisfaction of a larger group (such as Japanese women), external pressures (such as foreign employers offering more egalitarian working conditions) might open loopholes in the cultural and institutional system that allow the dissatisfied groups to escape their former constraints. Once such loopholes have been opened, they develop transformative potential and are unlikely to close again.

This concept has important implications for the choice of cultural and institutional theories in management research. If external pressures can open up loopholes in a system and ultimately lead to fundamental changes, the concepts of closed national cultures and institutional systems with clear-cut boundaries between them cannot be upheld. Instead, cross-national management research should identify the pressure points where outside influences might open up loopholes in order to anticipate possible changes.

## Parallel session 5D - Special Panel - New Multinational Enterprises From Emerging Economies

**Chairs: Xiaohui Lui, Loughborough University, UK and Ling Liu, University of Edinburgh Business School, UK**

The special session focuses on the determinants, strategies and outcomes of new multinational enterprises from emerging economies.

### How do Dynamic Capabilities and Institutions Influence the Post-Internationalisation Performance of Chinese State-Owned Enterprises (SOEs)?

Lan Gao<sup>1</sup>, Huan Zou<sup>2</sup>, Lisen Tu<sup>3</sup>, <sup>1</sup>*Loughborough University, Loughborough, UK*, <sup>2</sup>*University of London, London, UK*, <sup>3</sup>*CITIC Securities Co., Ltd., Hong Kong, Hong Kong*

### "Learning at Home How to Invest Abroad": Domestic Diversification, Top Management Teams and International Expansion of Firms from Emerging Markets

Xiaohui Liu<sup>1</sup>, Jiangyong Lu<sup>2</sup>, Igor Filatotchev<sup>3</sup>, Mike Wright<sup>4</sup>, <sup>1</sup>*Loughborough University, Loughborough, UK*, <sup>2</sup>*Peking University, Beijing, China*, <sup>3</sup>*City University London, London, UK*, <sup>4</sup>*Nottingham University Business School, Nottingham, UK*

Using a unique dataset of Chinese listed firms, we examine the determinants of the internationalization strategies of firms in emerging markets from a knowledge based perspective. We report that the intensity and scope of internationalization are jointly determined by domestic industrial and geographic diversification, and top management team (TMT)'s knowledge embedded in political connections and international experiences. We also show that TMT's previous international experiences strengthen, whereas TMT's prior political connections weaken, the impact of competitive advantages derived from domestic diversification on firms' international diversification.

Keywords: Domestic Diversification; Top Management Team; FDI

Running Title: Domestic Diversification and OFDI

### Direction of Outward FDI of EMNEs: Evidence from the Indian Pharmaceutical Sector

Sumon Bhaumik, Nigel Driffield, *Aston University, Birmingham, UK*

This paper seeks to add to the small but growing literature of emerging market MNEs. Using a two linked large firm level data bases, it seeks to explore the determinants of the direction of outward investment of Indian pharmaceutical companies, i.e., developed vs. developing country destinations. It specifically examines the impact of two firm-level characteristics that embody "non-OLI" firm-specific capabilities of EMNEs. The finding of this study is that family firms (and business group affiliations) that were optimal responses to institutional and market failures, and hence are ubiquitous in emerging markets, are keen on investing in other developing countries but much less so in developed countries. However, international linkages not only facilitate overseas investment of EMNEs in general, they also help (partly) offset the disinclination of family firms to invest in the latter countries.

### Top Executive Compensation, Subnational Institutions and Internationalization

Xiaohui Liu<sup>1</sup>, Jiangyong Lu<sup>2</sup>, Amon Chizema<sup>1</sup>, <sup>1</sup>*Loughborough University, Loughborough, UK*, <sup>2</sup>*Peking University, Beijing, China*

This study considers and empirically examines the relationship between top executive pay and equity ownership and internationalization, taking variations in subnational institutions into account.

### The Spillover Effects of Foreign-owned Exporters and Locally-owned Exporters: Evidence from Firm Level Data in China

Ting Zhao<sup>1</sup>, Ling Liu<sup>2</sup>, <sup>1</sup>*Zhejiang Gongshang University, Hangzhou, China*, <sup>2</sup>*University of Edinburgh, Edinburgh, UK*

Using detailed cross-section data for 2007 and Heckman two-stage model; this paper examines the spillover effects of export firm's agglomeration. Export firms agglomeration positive spillover effect on indigenous firms exports is found, while the degree of spillover effects are different depending on either the difference

of industrial sectors or that of firm's ownership. Specifically, the spillover effect evoked by the agglomeration of locally-owned export firms is stronger than that of foreign-owned export firms; the spillover effect evoked by the agglomeration of export firms of same industry is stronger than that in different industry. Moreover, our empirical study confirms that spillover effects of different export firms' agglomeration are different in eastern, central and western regions in China. These findings underline the importance of Chinese locally-owned firms and their contribution to export performance.

## **Parallel session 5E - Special Panel - Corporate and Social Responsibility in Developed and Emerging Market Contexts**

**Chair: Chung Hee Kim, University of Nottingham, Malaysia**

There is a growing interest on how CSR and Corporate Governance practices are functions of their institutional contexts. Most of these institutional accounts, however, tend to adopt a macro (national level) approach, which appears to suggest some kind of organisational field homogeneity within national institutional contexts. This tends to under-emphasise possible heterogeneities within national institutional boundaries, which have been picked up by a related literature on the significance of sectors in accounting for corporate actions. The latter literature is also gradually permeating and unsettling the core tenets and foundations of national business systems and comparative capitalism, which are in orientation macro-centric. Scholars promoting the sector-based perspective argue that national business systems are not necessarily homogenous but are most of the time characterised by heterogeneities. This is the second of two special panels that discuss these issues.

### **Actualizing Global Sustainability: CSR, Second Best Institutions and the Political Power of MNCs in Developing Economies**

Frederick Ahen, *Turku School of Economics, Turku, Finland*

### **Actualizing Global Sustainability: CSR, Second Best Institutions, and Political Power of MNCs in Developing Economies**

A salient characteristic of the research on corporate responsibility (CR) and sustainability now points to the institutional environment within which corporate actions unfold. This is an important research gap. Nevertheless, a more complex dimension of the discussion concerns the political power wielded by corporations especially in economies where there exist institutional voids or weaker political and judicial structures. Hitherto the discourse on sustainability has appeared seemingly ideological, loaded with predictable contrapositions which state much about the same thing (businesses should be responsible), rendering this important debate merely incremental, as if it were some worn out cliché. The corporate power of MNCs then denotes a gestalt shift in the discourse of CR due to globalization characterized by legislative, regulatory, socio-cultural, market and technological dynamics which shapes corporate actions on one hand and host country expectations on the other.

The purpose of this theoretical contribution is to argue for a more robust, second best country-specific approach in combination with supranational efforts of international non-governmental organizations (INGOs) in enhancing CR practices in formerly neglected markets or emerging economies (comprising of developing and transition economies). International jurisprudence within this framework is complex due in large part to the fragmented institutional contexts in which organizations are embedded. Nonetheless, resorting to supranational organizations alone to correct these systemic trails of geopolitical, legal, normative and market anomalies will be a continuation of the same old, top-down, first best approaches which keep demonstrating an alarming measure of power asymmetry and conflicts of interest. Companies can no longer rely on aggregate figures provided by certain organizations as the Holy Grail upon which to depend for business intelligence for their operations in EEs. Such information deter firms and produce the kind of results which hitherto have proved unsatisfactory in terms of opening new opportunities for countries and the wider social impact firms can have in such markets were they aware of the second best dimension (informal structures) of such economies.

The foregoing contribution is organized as follows. First, a thorough economic philosophical analysis of institutional theory and corporate responsibility as the main units of analysis is performed. It is followed by business and society issues in the context of emerging economies and offers the main arguments regarding why host countries' bottom-up but cooperative role in ensuring sustainability will be the way forward in the long term in their markets? Therefore, the present paper seeks to advance theoretical analysis by answering the following questions: (i) what is the role of host country institutions in correcting negative externalities of multinational organizations and enforcing CR in their markets? (ii) To what extent does the power asymmetry and political role of MNCs in EEs create socio-political and economic tensions and consequently negative social and environmental effects? Conclusions, policy recommendations and suggestions for multi-disciplinary future research follow.

### **Determining the Extent of the Responsibilities of MNCs in Human Rights Violations**

Stephen Chen, *Macquarie University, Sydney, Australia*

The responsibility of MNCs to uphold and protect human rights has been heightened in recent years as evidenced by codes of conduct such as the UN Global Compact. This paper examines the concepts of "spheres of influence" and "complicity" in Human Rights violations introduced in the UN Global Compact. Drawing on research and theories of power and influence from the organization and management literature, the paper suggests alternative ways to assess influence and complicity in such cases. We agree with the UN Special Representative of the Secretary-General for Business and Human Rights, Professor John Ruggie, that the "sphere of influence" model of corporate social responsibility is inadequate and misleading in many cases. However, we believe that the concept is still useful in a revised form that takes into account the structure of the social exchanges in which the firm is engaged and its position in social networks, including its relationships with states and other entities. These arguments are illustrated with reference to recent human rights cases involving MNC's.

### **CSR in Transition Economies: A Study of SMEs in the Bulgarian Wine Industry**

Veselina Stovanova, Kenneth Amaeshi  
*University of Edinburgh, Edinburgh, UK*

Given the dearth of literature on CSR in SMEs in emerging markets, especially in post-socialist countries in Eastern Europe, this paper explores the drivers and the current implementation of CSR in Bulgarian SMEs. Drawing from an in-depth qualitative case study of eight SMEs in the Bulgarian wine industry, we found that the SMEs specialize in particular aspects of CSR directed mainly towards 'output' (recipient) stakeholders such as the community, the environment and the workforce. Analyses of the drivers of these CSR practices reveal that they were mostly due to both extra-organizational level factors such as pressures from 'input' (donor) stakeholders such as customers and suppliers, and individual level factors such as managers' individual characteristics (manager's education, previous experience and background). The study contributes to the meager literature on CSR in transition economies.

Key words: corporate social responsibility, post-socialist country, Bulgaria, CEOs, small and medium sized companies, wine industry

### **Making Sense of Global and Local Pressures on Corporate Social Responsibility Across Institutional Contexts**

Chung Hee Kim<sup>1</sup>, Kenneth Amaeshi<sup>2</sup>, Simon Harris<sup>2</sup>, <sup>1</sup>*University of Nottingham, Selangor, Malaysia*, <sup>2</sup>*University of Edinburgh, Edinburgh, UK*

This paper examines how and to what extent corporate social responsibility (CSR) is perceived, espoused and enacted in different institutional contexts. Drawing on comparative institutional theory and examples of the UK and Korean contexts, we found that the differences in how CSR is perceived, espoused and enacted in both institutional contexts is not solely a function of a single dominant institutional factor such as regulations, norms and cultures, as assumed in the extant literature. They mainly arise from the complex interactions of the institutional configurations of each of the two countries in our study. We discuss the wider research implications of these results for comparative CSR scholarship.

## Parallel session 5F - Location in Emerging Markets

### Chair: Denice Welch, Melbourne Business School, Australia

#### Subsidiary Ambidexterity: A New Lens Through Which Subsidiary Bargaining Power can be Examined?

Marty Reilly, Pamela Sharkey Scott, *Dublin Institute of Technology, Dublin, Ireland*

The ability of an organisation to adapt and evolve in accordance with external change is frequently cited as a path to sustainability and longevity of operations. The manner in which change, transformation and adaption manifests itself within an organisation continues to prompt research across a wide and varying array of disciplines. Of particular interest in terms of organisational change is capability development as a vehicle for transformation. If real transformation is to occur the organisation must go beyond incremental change in extending and modifying the ways in which it operates (Helfat et al. 2007). Capability development as a driver for organisational transformation therefore recognises the importance of the modification and adaption of a resource base in accordance with external change.

The emerging dynamic capabilities perspective argues that in turbulent environments it is the adaption and modification of capabilities which fuels competitive advantage (Teece, 2007; Teece and Pisano, 1994; Teece, Pisano and Shuen, 1997). Indeed it is widely argued that what differentiates one organisation from another is largely determined by their resources and how they implement and utilize them (Wernerfelt, 1984; Barney, 1991, 1995; Peteraf, 1993). It is now emerging, however, that to meet the exacerbating challenges of fast moving, globally competitive markets, organisations need unique and difficult to replicate dynamic capabilities. This progression in theory aims to overcome the static nature of the resource based view (Mahoney and Pandian, 1992; Priem and Butler, 2001a; 2001b) and addresses the causal questions of how organizations can 'continuously create, extend, upgrade, protect and keep relevant the enterprise's unique asset base' (Teece 2007, p. 1319).

This paper argues that whilst the dynamic capabilities perspective is useful and congruous to change it falls short when applied to subsidiary theory; limiting its applicability to theory and practice in this domain. The subsidiary context is a complex one; characterised by the need for alignment with headquarter driven objectives on one hand, and the need for responsiveness on the other (Scott, Gibbons and Coughlan, 2010) The scope for subsidiary adaption is largely contingent upon headquarter approval and controls in which case subsidiary management may effectively find their hands tied in pursuing adaptive strategies. The agency problem therefore raises some serious concerns over the applicability of the dynamic capability perspective in a subsidiary context. Juggling the competing goals of alignment and adaption reflects a real challenge for subsidiary management. The dynamic capabilities framework fulfills only the responsiveness dimension essentially ignoring crucial aspects of alignment.

This paper proposes looking at the other side of the coin in examining how mechanisms which allow for greater alignment can impact upon the subsidiaries capacity to be adaptive. It is argued that the subsidiaries capacity to gain access to resources and leverage their position will be largely contingent upon the space they occupy within the MNC network. This dual structure of alignment and adaption, and the combinative approach taken in this paper, has been referred to as ambidexterity (Duncan, 1976; Gibson and Birkinshaw, 2004).

Supported by a series of semi structured interviews with subsidiary management the approach taken is in accordance with a recognised need for greater qualitative research into dynamic capabilities and in particular the subtleties of resource creation and regeneration (Ambrosini and Bowman, 2009). A dual structure of alignment and adaption is advanced as reflecting what has been referred to as a higher order capability (Helfat et al. 2007) and which is particularly relevant in a subsidiary context. Finally the scope of capability development as a subsidiary differential and as a valid driver of subsidiary bargaining power is discussed and suggested as a viable avenue for future research.

#### Gaining Influence on Headquarter Decisions in the Networked MNC

Volker Mahnke, *Copenhagen Business School, Copenhagen, Denmark*

In networked MNCs where knowledge and power is distributed, corporate strategy processes benefit from mobilizing regional influence. Based on a survey of regional headquarters in Europe and their relations to MNC headquarters, this empirical paper builds theory and empirically investigates antecedents to regional influence on corporate decisions (e.g. organizational, behavioural, motivational).

We also show how entrepreneurial and administrative charters of regional headquarters moderate such bottom-up influence. Conclusions follow on the design of corporate strategy processes in the contemporary MNC.

#### Distance and MNC Strategic Decisions

Taieb Hafsi<sup>2</sup>, Gwyneth Edwards<sup>1</sup>, Mehdi Farashahi<sup>1</sup>, Rick Molz<sup>1</sup>, <sup>1</sup>John Molson School of Business, Concordia University, Montreal, Quebec, Canada, <sup>2</sup>HEC, University of Montreal, Montreal, Quebec, Canada

Developing and emerging economies play an increasingly important role in the global economy. These nations are not only attracting foreign investment but also establishing their own corporations that are doing business abroad. Expanding operations into developing and emerging countries is a strategy that all firms must consider, either now or in the future. The challenge for these firms is in making the types of strategic decisions that will lead to positive performance. Multinational corporations (MNCs) must decide upon the ownership structure of their subsidiaries, the location of their subsidiaries, and the degree to which each subsidiary internalizes operations. With the right mix of strategic decisions, firms may achieve positive performance. With the wrong mix, they may fail.

This research paper investigates the variables that influence these strategic decisions. We argue that key variables include not only distance between country institutional environments (i.e. institutional distance) as previous research suggests, but also a firm's strategic distance (i.e., the location, quantity and lifespan of current subsidiaries). We also argue that structural distance between the firm's headquarters and its subsidiaries moderates this relationship, conceptualized by the way in which the corporation is organized (i.e. international, global, transnational or multidomestic).

Building upon previous research, this program extends the argument that distance between country institutional environments influences MNC internationalization strategies and behaviour. We argue that in order to understand why same-parent country MNCs operating in the same host countries have varying levels of performance, organizational level factors such as the MNC's pattern of strategic decisions and the MNCs organizational structure must be incorporated into the analysis.

#### In Search of Theory: Towards an Integrating Conceptual Framework for Subsidiary Research

Donal O'Brien, Pamela Sharkey Scott, Pat Gibbons, *Dublin Institute of Technology, Dublin, Ireland*

Despite the importance of the strategic choices taken by subsidiary managers to the long terms survival of their unit, little is known about the phenomenon. (Dörrenbächer & Geppert, 2009; Scott, Gibbons, & Coughlan, 2010). This paper analyses and synthesises the research streams on subsidiary management to date to provide critical conceptual insights and proposes a new theoretical approach to subsidiary analysis, applied to the critical routine of subsidiary strategy.

The adoption of more global business structures by MNEs has led to additional strategic constraints on subsidiary managers (Buckley, 2009; Buckley & Ghauri, 2004; Mudambi, 2008), which we categorise as the dual embeddedness constraint, the domain constraint and the resource constraint. Paradoxically despite these exacerbating constraints, expectations on subsidiary managers to create knowledge and innovation and develop their mandate are escalating, forcing them to evaluate the range of strategic decisions remaining under their control,

While the literature implicitly assumes that subsidiary managers can respond to MNC pressures by reconfiguring resources and developing capabilities (Birkinshaw & Hood, 1998), improving performance (Subramaniam & Watson, 2006) and influencing the strategic direction of the MNE as a whole (Andersson, Björkman, & Forsgren, 2005; Williams, 2009), there is an absence of guidance on how subsidiary managers develop strategies to achieve these options, and influence strategy from below (Andersson, Forsgren, & Holm, 2007). Our review of the empirical and theoretical research on subsidiary management identifies how the tensions between the headquarters perspective and the subsidiary perspective have resulted in the application of inappropriate conceptual frameworks. Platforming from the four primary theoretical approaches applied to date, and combining critical tenets of both the resourced based and transaction cost approaches, we develop a conceptual framework which overcomes prior theoretical limitations and offers a new perspective of subsidiary to apply to the subsidiary unit of analysis.

## Repositioning International Staff Transfers as Strategy-In-Action

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Deploying people internationally is an integral part of global business. Yet, decades after the seminal work by Edström and Galbraith (1977), there has been little interest in going beyond their identified reasons for using international staff transfers to determine what staff transfers actually deliver; that is, their strategic efficacy.

In this paper, we present an argument for taking a strategic approach to gain fresh insights into an enduring international management reality. Using the concepts of strategy-in-action and strategic learning, we examine the outcomes of deliberate intentions related to international staff transfers and identify a range of outcomes that present learning opportunities: learning from failure, failure to learn, learning opportunities overlooked, and awareness as part of strategic learning. The consequences of these outcomes are also addressed: hidden underperformance and its converse, under-recognized; under-utilized resources; and unacknowledged sources.

Possible reasons for the seeming disinterest in what assignments can deliver are then discussed, along with some suggested implications for future research.

## Parallel session 5G - SME Internationalisation: Learning and Strategy

**Chair: Eriikka Paavilainen-Mäntymäki<sup>1</sup> Turku School of Economics, Finland**

### The Type and Number Resources and the Performance of Early Internationalization Korean SMEs?

Taekyung Park<sup>2</sup>, Frank McDonald<sup>1</sup> <sup>1</sup>University of Bradford, Bradford, UK, <sup>2</sup>Yeungnam University, Gyeongsangbuk, Republic of Korea

This paper investigates the type and number of resources that affect performance in foreign markets and competencies to engage in international business activities. Most of the resources considered are clearly identified in the literature, for example, network relationships, the international business experience of managers and the education level of CEOs. However, number or volume type factors such as number of networks and number of employees devoted to international business activities has not been explicitly embraced in most previous studies. By using quadratic regression analysis the paper considers if U-shaped relationships exist between the volume or number variables and the outcomes. Using a survey of early internationalizing SMEs in Korea the paper finds that the international business experience of managers, the number of networks and number of employees devoted to international business activities are significantly related to performance outcomes and to competencies to engage in foreign markets. Most of the other variables considered are found to be not significant, or only significant in a few cases.

### SME Internationalization to Emerging Economies: Institutional Pressures and the Impacts of Market Knowledge from Strategic Suppliers

Markku Heiskanen, Ahmad Arslan, University of Vaasa, Vaasa, Finland

The role of market knowledge has been recognised as a cornerstone for internationalising firms in literature. While some researchers have found (SMEs) to internationalise gradually due to resource limitations and the lack of host country knowledge, others have found them being capable of pursuing international operations from their inception especially if gaining useful market knowledge from the external knowledge resources. However, whilst addressing the role of market knowledge in firm's internationalisation, the role of inward operations and strategic suppliers has not been studied in detail in past studies. This paper is one of the first attempts to address the role of market knowledge from strategic suppliers in SME outward internationalisation and especially in responding to pressures from host country institutions. We propose that market knowledge from strategic suppliers allows SMEs to conform to coercive and normative institutional pressures, as well as identify successful organisational practices in their industry or field to imitate from other firms in the host country. This conformance to pressures and imitation of successful practices results in legitimacy for the SMEs in the host country and enables speeding up the internationalisation. This study is expected to contribute to the application of institutional theory in supply chain management, as well as internationalisation and inter-organisational learning literature.

Keywords: SME inward-outward internationalisation, institutional pressures, market knowledge, strategic suppliers, emerging economies.

### New Adventures in Explaining Internationalisation: A Consideration of Usefulness of the Uppsala Process of Model of Internationalisation in the Case of an Irish Born Global

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It is now almost twenty years since Rennie's (1993) seminal contribution 'Global competitiveness: born global' pointed to anecdotal evidence of start-up companies becoming more active in international markets shortly after establishment. On the back of this contribution, an academic discourse on born globals has emerged which has yielded a rich stream of case evidence (McDougall, et al. 1994; Bell, et al., 2001; Chetty and Campbell-Hunt, 2004), as well as several review papers that have attempted to form a new theory of born global internationalisation (e.g. Oviatt and McDougall, 1994 and Knight and Cavusgil, 1996).

The focus of much of the research on born globals has been on identifying antecedents of performance amongst born global firms (such as Autio, et al., 2000; Knight and Cavusgil, 2004; McDougall and Oviatt, 1996; Zahra, et al., 2000).

All of this research takes it as axiomatic that born global represents a new form of internationalisation in opposition to the dominant (and empirically substantiated) model of internationalisation (the Uppsala process model of internationalisation articulated by Johanson & Wiedersheim-Paul, 1975; and Johanson & Vahlne, 1977, 1990). So in spite of the considerable research undertaken on born globals, limited empirical evidence exists as to whether this phenomena is simply a quickening of the dominant process model of internationalisation or, as has been suggested by Rennie (1993) and Oviatt and McDougall (1994), and taken for granted by most researchers of the phenomenon, it represents a radically different process of internationalisation.

After a critical assessment of the born global literature, framed within the long standing research on the internationalisation process; this paper reports of a comprehensive qualitative case study from a rapidly internationalising Irish software start-up- Alpha Technologies. Since its foundation in 2002, over 90% of the firm's sales have come from a diverse set of international markets.

This case allows for an in depth consideration as to whether born global firms represent a distinct type of organisation, and are thus worthy of research activity independent of the rich tradition on internationalisation. In doing so, it also usefully allows for a consideration as to whether there is anything to be salvaged from the traditional (and processual) discourse on internationalisation.

### Commitment and Learning in the Internationalisation Process: A Comparative, Longitudinal Multiple-Case Study of SMEs in Australia and Finland

Eriikka Paavilainen-Mäntymäki<sup>1</sup>, Catherine Welch<sup>2</sup>, Neil Palagedara<sup>2</sup>, <sup>1</sup>Turku School of Economics, Turku, Finland, <sup>2</sup>University of Sydney, Sydney, Australia

The internationalisation process of firms has occupied researchers for over four decades. The amount of research accumulated during that time is immense, covering several contexts, contents and processes. However, some central tenets of the seminal work by the Uppsala School have yet deserved little attention in the mainstream international business (IB) research. The focus of our paper is on 'commitment' and 'learning' in the internationalisation process, and particularly its definition and operationalisation for the study of the internationalisation process of small and medium-sized enterprises (SMEs).

The lack of adequate consideration of the construct of commitment has made, among others, the researchers focusing on born globals and international new ventures to criticise and question the applicability of the pioneering process models in the current context. The paper at hand aims to go beyond criticising the existing process models and to concentrate on highlighting the forms of commitment that occur in SMEs during their internationalisation.



Our empirical research takes a more holistic approach to internationalisation and studies commitment from other perspectives than merely through institutional upgrades. In addition to this 'how' questions regarding the foreign operation mode choices, we are also addressing the questions of 'where' regarding the foreign market selection, 'what' regarding the type of foreign sales, and 'why' by reporting the insights the interviewees provided that explain the firm internationalisation process from the perspective of commitment and learning. Accordingly, the research question this study seeks to answer is: How do firms increase their commitment other than changing their institutional arrangements for servicing foreign markets?

The comparative, longitudinal multiple case study is based on four Australian SMEs and five Finnish SMEs that have experienced internationalisation since their establishment. Despite their different country of origin and the unique internationalisation process paths, the SMEs in the sample manifest several similarities in terms of ownership, industry, size and age, which enable us to conduct a comparative case analysis both within and cross cases.

The main results of our study concentrate on two resource commitment upgrades detected in the cases, namely sales object diversification and organisational capability building. The findings go beyond the establishment chain and the within-mode change discussion in the existing research, and provide a more holistic understanding about commitment and learning in the internationalisation process of SMEs.

## **Parallel session 5H - Entrepreneurship Creativity and International Business**

**Chair: Heidi Kreppel, University of Erlangen-Nürnberg, Germany**

### **Creativity in International Entrepreneurship**

Tuija Mainela<sup>1</sup>, Vesa Puhakka<sup>2</sup> <sup>1</sup>*University of Oulu, Department of International Business, Oulu, Finland,* <sup>2</sup>*University of Oulu, Department of Management, Oulu, Finland*

International entrepreneurship is primarily about development and enactment of international business opportunities at the intersection of entrepreneurial venture creation and international market creation. The present study approaches international entrepreneurship as social-cognitive processing of information in multicultural situations focused that create novelty in form of international business opportunities to the global marketplace. Through emphasis on role of creativity in international entrepreneurship, a creative process view of international entrepreneurship is advocated. It builds on the cognitive and social-psychological schools of creativity and cognitive, contextual and creation views on international business opportunities. As a result, we suggest three creativity threads as building blocks for a creative process view of international entrepreneurship. It connects creative processing of information, sense-giving through social activities and novel entrepreneurial initiatives in developing international business opportunities in international entrepreneurship.

### **The Role of State-Business Pragmatism to Encourage a New Form of Entrepreneurship**

Oskar Kayasan, *European Research Centre, University of London, London, UK*

This paper extends theory on the role of identity construction in entrepreneurial processes by exploring the role interplay by regimes actors in the formation of new business. The intersection of two principles, the impact of regime action and the value of entrepreneurs has significant implication for entrepreneurship (... regime-led). The intersection of two principles, the impact of regime action and the value of entrepreneurs has significant implication for entrepreneurship (... regime-led). Regime and its agencies can play a significant role in supporting the emergence and success of entrepreneurial enterprises. The regime led business pragmatism has presented a new form of entrepreneurship which is identified as "regime-entrepreneurship". Regime entrepreneurship has rather complex business arrangements which are more evident in autocratic, developing countries. The interplay between the regimes and business require various forms of cooperation from entrepreneurs and other actors despite various conflicting interests. This presents the supplementary problem of ensuring that these actors do engage in collective action when both regime and entrepreneurs are acting in self-interest. We draw on complementary insights from entrepreneurship and regime theories to identify drivers of regime-entrepreneurs and develop an analytical framework. This paper has explored the significant problems with these businesses that are formed under the regime-business interlocking.

### **Core Values, Perceptions and Opportunity-Seizing among Local Entrepreneurs in Turkey-Canakkale**

Murat Kasimoglu, Atul Mishra, Lynne Butel, Daba Chowdhury, *University of Plymouth, Plymouth, UK*

This study examines the culture and perceptions of indigenous Turkish entrepreneurs in respect to their decision-making and how they seize business opportunities. It is the first step in a comparative research project that will be carried out in four European Union countries. The study explores in detail the entrepreneurship culture in the province of Canakkale, Turkey by means of interviews and ethnographic data. Although differences were observed in many respects, it is concluded that entrepreneurs were inclined to alter their normative values as a result of being affected by secularism in conducting business. In particular, this development was noticed among emerging new businesses with foreign partnerships. It was also observed that Turkish entrepreneurs were influenced by critical exogenous factors at certain points in time that have retained their effect on entrepreneurs' attitudes and social dealings. Especially after the First World War, indigenous markets and entrepreneurial systems suffered a regression as a result of ethnic changes and the local market, which had substantial entrepreneurial experience up to this period, underwent a period of crisis until about 1945. Even today, this background retains its influence on the development of the market and Turkish entrepreneurial structure.

### **Brand Personality and Country-of-Origin Effects - A Comparative Analysis of Chinese and Indian Brands in Germany**

Heidi Kreppel, *University of Erlangen-Nürnberg, Nuremberg, Germany*

The presence of Chinese and Indian brands in international markets has increased throughout the last years. One of their main challenges is to overcome the negative country-of-origin effects they face in many countries. Based on the brand personality scale of Aaker, this study analyzes the image of two laptop brands from China and India in Germany. A mall-intercept survey among German consumers was conducted using a self-administered questionnaire which resulted in a total number of 654 respondents. Results reveal significant higher values for the Chinese brand in terms of competence and ruggedness. We show that the perceived personality of Chinese and Indian brands is influenced by demographic, biographic and psychographic factors.

## **Parallel session 6A - Special Panel - Catalysts for PhD Excellence and International Business Research Methods Training**

**Chair: Jeremy Clegg, University of Leeds, UK**

This panel investigates how postgraduate researchers can increase the likelihood that their research will make an original, and perhaps important, contribution to their field. Premised upon the argument that doctoral research training (with good reason) focuses on processual requirement, this panel asks "what can be done to generate and nurture the insights that can lead to original, thoroughly researched and potentially award-winning theses". Case examples will be used to explore how those doctoral researchers who have received acclaim for their work have produced exemplary theses. Breakthrough events and points at which such significant insights were gained will be discussed, along with how these might be cultivated.

### **Catalysts for PhD Excellence and IB Research Methods Training (Discussion)**

Jeremy Clegg<sup>1</sup>, Eva Alföldi<sup>2</sup>, Olli Kuivalainen<sup>3</sup>, <sup>1</sup>University of Leeds, Leeds, UK, <sup>2</sup>Manchester Business School, Manchester, UK, <sup>3</sup>Lappeenranta University of Technology, Lappeenranta, Finland

## **Parallel session 6B - Partnerships and Alliances**

**Chair: Huu Le Nguyen, Hanken School of Economics, Finland**

### **Can International Marketing Strategic Alliances Add Value to the Firm? Short and in Long Term Analysis**

Desislava Budeva<sup>1</sup>, Stoyan Stoyanov<sup>2</sup>, <sup>1</sup>Ramapo College of New Jersey, Mahwah, USA, <sup>2</sup>University of Edinburgh, Edinburgh, UK

Interfirm collaboration has been widely discussed and investigated in marketing literature (Kandemir, Yaprak, and Cavusgil 2006). With the current trend toward globalization more emphasis is placed on international strategic alliances as an alternative to exporting and other forms of foreign market entry.

We investigate specifically marketing strategic alliances that involve cooperation in downstream value chain activities such as distribution, sales, advertising, customer service, etc. Marketing activities are more likely to increase in importance and be viewed as a critical success factors when strategic alliances operate in competitive environment where differentiation is imperative and in markets undergoing rapid changes in product technology, competitor activities and consumer preferences (Varadarajan and Cunningham 1995). Thus, it is likely that in foreign markets marketing alliances will increase in importance and will be associated with better performance relatively to other types of alliances because of the increased complexity of the environment. Therefore, when companies decide to enter new foreign market, forming partnerships will be evaluated positively, and specifically we predict that marketing alliance formed to operate in a foreign market will be perceived beneficial for the US companies. In other words, in efficient capital market, investors will recognize positive cash flows as a consequence of international marketing alliance and the stock price reaction to the announcement will be positive. We also believe that companies that participate in international strategic alliances that cooperate for the accomplishment of certain marketing activities are going to experience positive value creation only in the short term. After entering the foreign market and gaining some knowledge and familiarity with the local environment, companies do not need long term interfirm collaboration in marketing activities because they already achieved an increased access to local consumers, enhanced experience and knowledge about the environment, and can ensure consistent customer satisfaction and retention on their own. Therefore, investors will evaluate international marketing strategic alliances positively only for a short period after their original announcement.

We use an event study methodology to investigate the impact on the stock market evaluation of the U.S. partner in response to the announcement of forming international marketing strategic alliance. According to the efficient market hypothesis, information is readily available to the investors and is always reflected in current stock prices. If investors interpret given announcement as a positive signal, their response will be positive and the returns on the company's stock will be positive. The measure of alliance success in event studies is determined on the basis of incremental value created as a consequence of the announcement and measured through abnormal stock market returns generate around the time of the announcement (Kale, Dyer, and Singh 2002; Swaminathan and Moorman 2009).

These abnormal returns reflect the daily, unexpected fluctuations in stock prices for each firm in the sample during the event period (in our case the days surrounding the announcement of the alliance).

Our results show that companies that form such alliances experience significant and positive abnormal returns. Using a matched sample, however, we also demonstrate that the firms in our sample experience positive abnormal returns for holding periods of up to one year.

### **Control in Cross-Border Acquisitions - The Role of M&A Teams and the Integration Manager in Cross-Border Acquisitions**

Melanie Raukko, Turku School of Economics, University of Turku, Turku, Finland

It has been argued that poor monitoring and post-integration management may explain why companies have difficulties in fulfilling their acquisition objectives (Very & Gates 2007; Very 2004). Prior research has argued that control mechanisms, both formal and informal, are at the heart of the relationship between the acquirer and the acquired firm (Calori, Lubatkin & Very 1994, 362). However, control has received little attention in M&A research (c.f. Calori et al. 1994; Lees 2003; Bijlsma-Frankema 2004; Vuorenmaa 2006). The main purpose of this research is to analyse how to manage and design cross-border acquisitions by focusing especially on the role of the M&A team and the integration manager. 1. How to design M&As from a control perspective? 2. What is the role of M&A teams and integration managers in the cross-border M&A control design? In order to obtain richer data on the M&A practices in different companies, the researchers interviewed altogether 14 persons in 12 companies from different industries. The results imply that while M&A teams have an important role regarding M&A process control, integration managers are crucial regarding acquirer and acquired company relationship.

### **Middle Managers as Opportunity Seekers in International Partnerships: A Process Approach**

Konstantinos Tsanis, Simon Harris, University of Edinburgh, Edinburgh, UK

We use a strategy process lens to examine the roles of middle managers in firm partnerships. Focusing on companies operating in high velocity environments, we suggest that they have a role which has been attributed historically to the top management: They are the people who identify opportunities for different forms of partnerships, who are then evaluated from the top management. Such a role, to the extent of our knowledge, has been ignored in the existing literature.

### **The Impact of Partner and Unit Characteristics on Determinants of Conflict Management Strategies in International Joint Ventures**

Huu Le Nguyen<sup>1</sup>, Jorma Larimo<sup>1</sup>, <sup>1</sup>Hanken School of Economics, Vaasa, Finland, <sup>2</sup>University of Vaasa, Vaasa, Finland

International joint ventures (IJVs) are common modes to enter foreign markets. However, previous research also shows that a high proportion of IJVs are later divested or at least do not reach targets set for them. Researchers have pointed out that the failures of these IJVs are due to the conflicts between partners caused by their differences in motives and national cultures. This paper examines the influence on their conflict management strategy of partner characteristics such as the IJV ownership structure, national cultural background, cultural distance, international experience of the partners, and unit characteristics such as the importance of the IJV for the partner, length of IJV partner relationship and performance of the IJV. Extending from previous studies, this study shows how different influencing factors lead to the choices of conflict management strategies by foreign parent firms.

*Keywords: international joint venture, culture, ownership control, relationship, performance, conflict management strategy.*

## **Parallel session 6C - Human Resource Management in Asia**

### **Chair: Chin-Ju Tsai, Royal Holloway, University of London, UK**

#### **Women's Career Opportunities in Japanese Organizations: From a Feminist and an Emic View**

Markus Pudalko, Helene Tenzer, Eriko Varkey, *Tübingen University, Tübingen, Germany*

Emic and feminist researchers are united in their support of underprivileged groups, but disagree in their evaluation of discriminatory culture-based gender practices in organizations. While the former aim to understand gender roles from a cultural insider's point of view, the latter disapprove of gender inequalities regardless of their cultural context. To investigate and ultimately bridge this partial disagreement, we conducted a qualitative investigation of Japanese women's current career opportunities.

The Japanese case is particularly instructive, since traditional cultural values have promoted the separation of the professional sphere occupied by men and the domestic sphere belonging to women. Our in-depth interviews with 39 female Japanese professionals revealed that these traditional gender roles still strongly exercise their influence on the human resource practices of Japanese organizations, both indirectly through reflections in societal institutions and directly through the internalized values of male and female employees.

However, we also found that both Japanese women and men increasingly perceive the present gender relations and employment situation as constraining. While well educated women feel inhibited in their pursuit of high-profile careers, a growing number of modern Japanese men also feel constrained in their self-actualization by traditional collectivist corporate cultures with their demands for excessively long working hours. In line with these findings, our interview data suggests that Japanese women do not perceive male oppression as the (main) problem and obtaining the same rights and duties not as the solution. Instead, what women mainly require is a substantial redefinition of the work-life balance in Japanese organizations.

We argue that these findings uncover blind spots in both the feminist and the emic approach. While the classical culture-free feminist theory of male oppression and female desire for emancipation fails to take the cultural imprinting of Japanese women and the desires of a new generation of Japanese men into account, the cultural relativism implied in a radically emic stance is in danger of justifying traditional practices that should not be justified and might become, in addition, increasingly obsolete also from current indigenous viewpoints.

In our view, context-specific models of culture-based gender roles are needed to address these blind spots and bridge the partial disagreement between feminism and emic research. Based on the above findings, we provide a theoretical model for the Japanese context that redefines the fault lines between the privileged and the underprivileged away from men and women and towards the organizations and the organized. In our model, privilege lies not so much with men but with (admittedly male dominated) organizations, which are endowed with strong power over their members.

In terms of practical implications, our model suggests that traditional Japanese gender roles will have to change to define a new societal contract between the justified desires of women who seek to pursue on equal terms a career, of men who wish to take more part in family life and of organization that wish to retain and strengthen their competitiveness. Future research should monitor this beginning societal change in order to suggest adequate adaptations for organizational gender practice. In terms of theory, our study aims to bridge conflicting perspectives of different streams within organizational research and promote a more engaged debate across different research communities.

#### **Hotel Practitioners' Expectations and Perceptions toward Interns' Internship Program Satisfaction**

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This study aimed to investigate the difference between expectations and perceptions of hotel practitioners to hospitality students' internship program, and to assess the relationship between the difference and overall satisfaction. Altogether, a total of 150 usable questionnaires were returned. The main result shows the hotel practitioners' expectations to hospitality students higher than perceptions. The results also show that three moderator factors of sex, education and school style all affect hospitality industry practitioners to student overall satisfaction. Based on the findings, recommendations for hospitality schools, hotel practitioners, and students were provided in order to enhance the quality of internship programs.

Keywords: internship satisfaction, hotel practitioners, cooperative education

#### **Paternalistic Leadership and Organizational Commitment in Collectivistic Context**

Tasneem Fatima, Sadia Jahanzeb, Fouzia Syed, *International Islamic University, Islamabad, Pakistan*

In international management research, leadership research has become as one of the most important area. The reason could be that the effective leadership discussion has been expanded across cultures. But leadership literature in cultural context still lacks the strong theoretical knowledge with empirical support (Drost & Von Glinow, 1998). One such area in leadership research is paternalistic leadership which is regarded as a growing research area in management literature, but there is still considerable disparity among authors with respect to the definition and effectiveness of paternalistic practices (Pellegrini & Scandura, 2008). Although Paternalistic leadership has been described in a variety of ways but in more appropriate definition is given as "a style that combines strong discipline and authority with fatherly benevolence" (Farh & Cheng, 2000: 91). Authoritarianism refers to leader behaviors that assert authority and control, Moral leadership can be broadly depicted as a leader's behavior that demonstrates superior personal virtues, self-discipline, and unselfishness (Cheng et al., 2004). Whereas benevolence refers to an individualized concern for subordinates' personal well-being. Integrating theories of leadership and culture this paper builds a theoretical model linking paternalistic leadership to collectivism and to see how they determine the affective commitment in organizations. This study will try to shed light on underlying mechanisms of culture and leadership. Current research draws on one of the important dimension of Hofstede's model of culture the Collectivism/Individualism to explain the impact of paternalistic leadership on affective commitment. It is anticipated that paternalistic leadership will have a positive relationship with affective commitment and culture (collectivism/individualism) will moderate the link between paternalistic leadership and affective commitment. This argument is developed on the basis of previous literature that provides the evidence that collectivism promotes and facilitates the two important dimensions of paternalistic leadership i.e Moral and Benevolence leadership. Moreover, the three dimensions of Paternalistic leadership are explained along with collectivism to explain their interactive impact on organizational commitment. Practical implications of the proposed model and few future directions have been discussed at the end.

#### **A Study of Employees' Perceived Performance Appraisal Accuracy in Chinese State-Owned Enterprises**

Chin-Ju Tsai, Wen-Lai Wang, *Royal Holloway, University of London, Surrey, UK*

This paper presents a study that investigates the factors associated with employees' perceived appraisal accuracy. Performance appraisal (PA), whereby a manager or HR professional appraises the work performance of subordinates, is one of the main managerial tools (Longenecker & Goff, 1992). It is believed that PA contributes to organizational targets through determining, praising and punishing effective and ineffective performance, thereby providing the organization, together with the employees, with a plethora of benefits (Coens & Jenkins, 2000). Most of the research on PA, however, has focused on appraiser and instrument reliability and validity (Cook & Crossman, 2004); only limited research has looked at the views of the employees who are the subjects of PA. It is argued that the more accurate the employees' perceptions of a PA system, the greater the commitment the employees are willing to make to the organization (Organ, 1990). Perceived appraisal accuracy has been shown to influence employees' behavior and performance and, in turn, organizational performance (see e.g. Winstanley, 1975; Lawler, 1981; Yammarino & Atwater, 1993).

The objective of this study is to explore the factors associated with employees' perceived accuracy of PA systems in the context of Chinese state-owned enterprises (SOEs). Understanding the factors affecting employees' perceptions of appraisal accuracy is critical to successful PA systems for two main reasons: first, the organizational justice theory suggests that employees will be motivated when they perceive their PAs as accurate and fair (Adams, 1963; Thuston & McNall, 2010); second, PA outcomes can significantly influence employees' behavior and attitude towards their work and their organizations (Vest, Scott &

Tarnoff, 1995). Ineffective PA may result in demotivated employees or reduced commitment (Fletcher, 2001). Based on the extant literature, the study tests 6 aspects of a performance appraisal system including distributive justice, procedural justice, interactional justice, administrative purpose, developmental purpose and the use of multiple raters.

A mixed methods approach was used to collect the data. Quantitative data collected from a survey of 194 Chinese employees were used to test the hypothesized relationships; qualitative data collected from interviews with 8 respondents were used to help explain the underlying logic behind the relationships. The results of the hypotheses testing show that employees' perceived accuracy of performance appraisal is positively associated with the 3 types of justice and the administrative and developmental purposes of performance appraisal. The findings from the interviews indicate that employees' perceptions of PA are influenced by certain cultural characteristics and the changing business environment. Implications of the findings for research and practice are discussed.

## **Parallel session 6D - Knowledge Creation and Transfer**

**Chair: Pia Hurmelinna-Laukkanen, University of Oulu, Finland**

### **The Transition from Product to Service-Centric Manufacturer: A Network View of Taiwanese Manufacturing Firms**

Ko-Min Kevin Tseng<sup>1</sup>, Rhona E. Johnsen<sup>2</sup>, <sup>1</sup>*Commerce Development Research Institute, Taipei, Taiwan,* <sup>2</sup>*Audencia School of Management, Nantes, France*

The purpose of this paper is to investigate the servitization of Taiwanese manufacturing firms from a network perspective. "Servitization" refers to how manufacturing firms enhance their competitiveness by inserting value-creating services into the product or the production process. Viewed from a network perspective, a manufacturer could strengthen its offering via added-value services through connections to value-creating activities, resources or links with actors in their business network. A review of the literature revealed that manufacturers need to provide added-value services to integrate and strengthen their core capabilities and to provide superior customer value over their competitors. For this research four in-depth case studies of Taiwanese manufacturers were conducted, involving interviews with directors and managers from each manufacturing firm. In addition, interviews with a range of manufacturing industry experts were conducted. The findings focus on how manufacturers source activities from their network to underpin their transition from a product to a service-centric business. Four distinct approaches to servitization in manufacturing firms are discussed. The results demonstrate the importance of the manufacturer's network in supporting servitization and in enhancing the manufacturer's capabilities and management skills.

### **Value Creation through the Firm or the Community? New Forms of Collaboration**

Bjørn-Tore Flåten, *University of Agder, Kristiansand, Norway*

The boundaries of the firm are being challenged and redefined. The latest development of the Internet, often referred to as Web 2.0, create new opportunities for knowledge diffusion, collaborative problem solving, and innovation through user-driven communities. Theories on user innovation thus suggest bringing external sources closer to the firms' value creation activities. From the perspective of the knowledge-based view of the firm, on the other hand, knowledge creates value to the firm when it is transferred within the boundaries of the firm. This paper focuses on the tension between value creation occurring within the firm boundaries and the activities conducted by communities. Addressing the double-edged sword of knowledge where competitors can imitate 'easy-to-transfer' knowledge, this paper suggests that openness does not imply knowledge leak. Through the engagement with an open source software company, eZ System, the findings suggest new hybrid organisational models where the firms' employees are collaborating closely with the external community members in order to create value for the firm. The collaboration is based upon voluntary engagement from both sides, which raises the question of why the external participants engage in the community.

### **Need for Speed?: MNE's R&D Spillovers in High Velocity Environments**

Ha Yoo Jung, Giroud Axéle, *University of Manchester, Manchester, United Kingdom*

Technology spillovers from MNE subsidiaries can vary with industry-level characteristics in the host country, such as technology gap, the level of technology and local absorptive capacity. To add a theoretical framework to the above discussion, this research adapts the theoretical framework about the tripartite interface between organisational task environments (OTE), strategy-making and performance into analysis of FDI spillover. OTE refers the general source of information for the firm (Tan et al., 1994) and fluctuations in OTE can pose more demanding information processing tasks to the organisation. Using the notion of OTE and the business network model of the MNE, we show that the MNE and its units are not effortlessly advantageous given the complexity and dynamism of local OTE. The MNE, once it enters a local market, is confronted with challenges and has to work to sustain competitive advantages as hard as its local rivals do. Therefore, sustainability of MNE investment and the degree of outgoing spillovers from it can vary with the nature of OTE wherein the MNE unit is operating.

Departing from this theoretical discussion, our research question focuses on specific OTE in developed host country, namely high velocity environments (HVE), and interrogates the extent to which MNEs' spillovers vary when local firms operate in HVE. HVE is characterised by rapid and discontinuous changes in competition, market demand, technology, and regulation (Eisenhardt, 1989). In HVE instability is on the rise resulting from greater information intensity, while complexity is intensified as existing architectural and component knowledge are constantly rendered obsolete. HVE influences the nature of the task and the firm's behaviour and thus moderates the process of FDI spillovers.

Our key finding is that, in HVE, the local firm is likely to experience negative horizontal R&D spillovers, if it competes with MNE subsidiaries, and positive backward R&D spillovers, if it is a supplier of the MNE subsidiary. There are no significant extra forward R&D spillovers on the local assembler in HVE. By contrast, the pure effects of horizontal spillovers, forward spillovers, and backward spillovers on local firms in non-HVE are positive on the local competitor, positive on the local assembler, and negative on the local supplier, respectively. Comparison of FDI spillovers in HVE and in non-HVE shows that HVE is a moderator that modifies the nature of existing within-industry effects and between-industry effects. Thus we suggest that HVE and, more broadly the nature of OTE, should be anchored to the literature of FDI spillovers.

There are a number of merits of assessing FDI spillovers in HVE. Firstly, HVE adds a comparative perspective to country case studies of FDI spillovers. The difference between developed and developing host country lies in differences in OTE or more specifically, the extent to which local firms operate in HVE. Secondly, HVE contributes to the evolutionary perspective of FDI spillovers. As technology convergence progresses, the nature OTE can determine whether the host country would stay in the virtuous cycle of FDI promotion and continued technological progress. Finally, this study draws attention to the differentiated nature of forward and backward spillovers. HVE may increase the frequency of inter-firm technology partnership between assembler and supplier, but the impact on each party is asymmetric.

#### **Keywords**

R&D spillovers, MNEs and local economic development, IB theory, Environment and strategy

### **Competitive Performance of Internationalized Firms - the Roles of Appropriability Regime and Rival Absorptive Capacity**

Pia Hurmelinna-Laukkanen, *University of Oulu, Oulu, Finland*

Innovation and R&D activities have internationalized during recent years, but success in these areas does not come easily. Innovation requires certain amount of knowledge exchange, but at the same time companies are afraid of uncontrollable out-bound knowledge flows. Thus, both the extent to which others - especially competing organizations - can access, adopt, and exploit an individual firm's valuable knowledge assets (i.e., the rival absorptive capacity), and the extent to which a firm is able to block the harmful knowledge spillovers (i.e., the appropriability regime) affect the incentives to invest in innovation and the chances to appropriate value from it, as well as the overall competitive performance of the firm in the international markets.

This study examines these constituents of competitive performance among internationalized firms. Analysis of data gathered from 149 internationally operating companies provides empirical evidence on the relationship of innovation and market performance, and the risk of losing core innovation related knowledge and the possibilities to prevent imitation. The results indicate that innovation performance of internationalized companies is indeed related to the absorptive capacity of rivals and the strength of the appropriability regime of the firm. Furthermore, the appropriability regime also moderates the relationship between rival absorptive capacity and innovation performance. Market performance, on the other hand, is not affected by these factors.

## **Parallel session 6E - Corporate Governance**

**Chair: Bruce Hearn, University of Leicester, UK**

### **The Impact of Founder on Corporate Governance in UK IPOs**

Ying Liu, Jenifer Piesse, Igor Filatotchev, *Bournemouth University, Bournemouth, UK*

This paper examines the impacts of founder's characteristics and organisational structures of insider and outsider CEO succession in the UK IPO firms. Unlike much previous work on the selection of insiders versus outsiders that examines CEO change conditional on succession having occurred (Boeker and Karichaili 2002), this paper focuses on the choice of successor ex ante and investigates the importance of founder characteristics by clearly identifying the starting point of the succession event.

Initial public offering is a good start point for a CEO succession study. IPO is the first sale of stock by a private company to the public. IPOs are often issued by smaller, younger companies seeking additional capital to expand. In an IPO, the issuer, with the assistance from an underwriting firm, determines what type of security to issue, the offer price and the time to bring it to market. When a company's founder decides to raise capital by issuing stock, the company undergoes a major corporate restructuring arranged by the underwriters, lawyers and auditors. Examination and evaluation of the firm by new potential stakeholders, investors, and regulators often puts pressure on the firm to replace the founder with a professional CEO in order to increase a firm's legitimacy and reduce uncertainty in a highly competitive environment. Therefore, IPO is an appropriate starting point to study CEO succession and the structure of corporate leadership.

This paper contributes both to the theoretical literature on corporate governance and to empirical research on CEO succession and selection. The theoretical contribution focuses on the consequences of the founder's formal and informal rules in structuring organisational leadership at the strategically important stage of a company. The empirical study examines the impact of founder characteristics and organisational structures of insider and outsider CEO succession in the UK IPO firms. Unlike much previous work on the selection of insiders versus outsiders that examines CEO change conditional on succession having occurred (Boeker and Karichaili 2002), this study focuses on the choice of successor ex ante and investigates the importance of founder characteristics by clearly identifying the starting point of the succession event.

The data was handpicked from firm's IPO prospectuses which are available on Thompson one banker website. Since the dependent variable is binary, the authors applied the logit test to examine the relationship between founder's characteristics and founder CEO succession choice. The findings indicated that a company's leadership structure is not an exogenous factor. The choice of founder-CEO vs. professional CEO is closely related to experience and ownership of the organisational founder.

### **The Contrasting Effects of Board Composition and Structure on IPO Firm Underpricing in a Developing African Context**

Bruce Hearn, *University of Leicester, Leicester, UK*

This study investigates the impact of board governance features and the presence of foreign, OECD and indigenous high society directors on levels of underpricing in Sub-Saharan African (SSA), excluding South Africa, firms. Using a unique and comprehensive dataset of 62 Initial Primary Offerings (IPOs) from across SSA we find evidence that foreign and OECD directors decreases underpricing while increased presence of indigenous high society directors has the opposite effect. Similarly increasing board size and the establishment of nominally independent oversight committees increases levels of underpricing implying that standard international governance best practice is inappropriate in a region dominated by often very alien communitarian societal matrices and values.

### **Product Market Competition, Corporate Governance and Legal Origin**

Dominic Chai<sup>1</sup>, Simon Deakin<sup>2</sup>, Prabirjit Sarkar<sup>3</sup>, Ajit Singh<sup>2</sup> <sup>1</sup>*University of Manchester, Manchester, UK*, <sup>2</sup>*University of Cambridge, Cambridge, UK*, <sup>3</sup>*Jadavpur University, Kolkata, India*

Using the persistence of profits as a measure of the intensity of product market competition in 19 countries for the period 1995-2005, we find that civil law systems are more competitive, in this sense, than common law ones. The strengthening of shareholder protection through company law increases competition between firms in common law countries, but reduces it in civil law ones. We conclude that shareholder rights act as complements to product market competition in the common law world but not in the civil law world, and explain this result by reference to the common-law origins of shareholder-orientated corporate governance.

### **The Performance and the Effects of Family Control in North African IPOs**

Bruce Hearn, *University of Leicester, Leicester, UK*

This paper examines the performance effects of family ownership and influence on board structure and its composition in firms that have recently undergone an initial public offering (IPO) in the North African region. Using a unique and comprehensive hand-collected sample of 63 locally listed IPO firms from across North Africa we find considerable evidence of a sizeable differential between family and non-family controlled firms. I find considerable evidence supporting increased participation of family members at board level while contrastingly the wider dispersion of family ownership facilitates monitoring and surveillance and mitigates underpricing. Equally in line with the extended network and relationships involved in family firms business angels provide the optimal form of governance in contrast to the more formal private equity and venture capital industry.

## Parallel session 6F - Foreign Direct Investment in Emerging Economies

Chair: Roger Strange, University of Sussex, UK

### European Integration and Ownership of Companies in European Transition Economies. A Research Report.

Miglena Naydenova-Bocheva, [Michal Lemanski](#), Barbara Stöttinger, *WU Vienna, Vienna, Austria*

This research report presents preliminary findings from a large scale international project on ownership of companies in six European transition economies: Bulgaria, Czech Republic, Poland, Romania, Russia, and Ukraine. Results show that progressing European integration efforts in most of the countries did not significantly affect the ownership structure of largest companies in the region, and in spite of long-standing calls for and various attempts to privatization of state-owned companies, state ownership is substantial in largest companies. Further, in some countries, although legal ownership is dispersed throughout a network of international legal entities, ultimate ownership can be traced to a small group of individuals and their families who control major parts of the national economy.

In addition we share experience-based insights on data mining and secondary data collection in Central and Eastern Europe, and shed light on issues of availability, quality, and reliability of data, as well as usefulness of various data sources on companies in transition economies.

### Domestic and Foreign Direct Investors in Oman: Economic, Institutional, and Policy Patterns

Ahmed Al-Maimani<sup>1,2</sup>, [Dimitrios Tsagdis](#)<sup>1</sup>, <sup>1</sup>*Ministry of Commerce and Industry, Muscat, Oman*, <sup>2</sup>*University of Hull Business School, Centre for Regional and International Business, Scarborough, UK*

When it comes to reforming FDI policy and the associated public-sector institutions in a particular developing country, so to better serve both domestic and foreign direct investors, the literature seems to present some gaps. This paper, part of an on-going applied research programme, attempts a first step in filling some of these gaps in the case of Oman. To that effect, the importance of FDI economic and institutional determinants are explored, along with the relevance of a range of policy areas for a quota sample of 15 domestic and 15 foreign direct investors in Oman using face-to-face semi structured interviews. The interviewees are evenly spread across the five key sectors (viz. agriculture and fisheries; building and construction; manufacturing; mining and quarrying; trade and tourism) identified in the Oman Vision 2020 document, which set the 25 year strategy for the diversification of the economy. The reported patterns for both domestic and foreign direct investors of are thus also sectorally disaggregated providing some additional insights. All determinants and policy areas appear highly ranked. The top economic determinants for both groups of investors across all sectors are: infrastructure, openness, incentives, and growth; whereas the top institutional ones: transparency, stability, and rule of law. The importance of these determinants is also reflected in the policy areas (viz. infrastructure, labour recruitment, FDI attraction information diffusion, education and training) ranked at the top by both groups of investors across all sectors. The high rankings of policy relevance should also be encouraging to further policy developments. However, the study also finds domestic investors reporting higher rankings than their foreign counterparts for several determinants and policy areas. This suggests that some particular attention needs to be paid to the development of their competences. As direct investment decisions by domestic investors appear to be determined to a larger extent, in comparison to foreign investors, by economic and institutional factors outside their control. Further implications of the findings; e.g. for policies fostering self-sustaining private sector dynamics and sector-specific policy developments are discussed. Areas of further research are delineated that make use of sector-specific focus groups constituted by participants from the public institutions, which were reported as making a difference to either or both groups of investors.

### The Restructuring of African Mobile Telecommunications: Towards a Sustainable Structure?

Peter Curwen, [JASON WHALLEY](#), *University of Strathclyde, Glasgow, UK*

Recent years have witnessed considerable changes in the structure of mobile telecommunication markets. National mobile telecommunication operators have emerged in the United States, and regional ones in Latin America and Europe. These developments have overshadowed the substantial change that has occurred in Africa. Not only have operators begun to expand across the continent, but non-African operators have also been attracted by its significant potential. This papers sets out to explain how these operators have attempted to expand across Africa, and questions whether the mergers and acquisitions that have been undertaken will prove to be any more stable than in the past.

To this end, the paper begins by recounting the main changes that the telecommunications industry has experienced in recent years. Liberalisation and privatisation have been widely adopted, enabling some operators to internationalise and others to create regional footprints for themselves. Technological advances have facilitated other changes, with perhaps the most significant being the use of mobile technologies to deliver telecommunications services. The rapid growth in the use of mobile technologies, coupled with the limited coverage provided by fixed-wire infrastructure in many emerging markets, has resulted in mobile communications being the main way through which individuals and businesses communicate. It is, therefore, unsurprising that research has found a positive relationship between mobile handsets and economic growth. Although the nature of this relationship has been questioned, a considerable body of evidence has emerged that highlights the socio-economic benefits to be derived from the widespread use of mobile handsets.

However, for these benefits to be achieved it is necessary for an efficient market structure to emerge in Africa. An efficient structure will facilitate investment and the development of innovative new services. With this in mind, the second main section of the paper focuses on the merger and acquisition (M&A) activity within Africa that has occurred in recent years and which involves large operators such as Etisalat, MTN, Orascom, VimpelCom and Zain. As these operators have sought to implement their strategies, a series of issues have emerged that highlight the challenges of investing in Africa. Some of these challenges originate from the nature of the telecommunications industry, while others are more general in character. Governments represent one challenge faced by operators. Reflecting the view that telecommunications is a strategic industry, the South African government sought to ensure that there was a significant South African dimension to the merge of MTN and Bharti. In contrast, the Algerian government used the proposed merger between Orascom and VimpelCom to press for the resolution of a long-standing tax dispute.

A second challenge relates to the resources required to engage in M&A activity. Although the acquiring companies are well resourced, their financial resources have been stretched by a combination of the size of the deals and the desire of managers to achieve their ambitious strategies. The rapid pace at which companies like Bharti and MTN have grown has also stretched their managerial reserves, throwing into question their ability to integrate and then develop the companies that they have acquired.

The M&A described in this paper also draws attention to the role played by shareholders in shaping the strategy of operators. On some occasions shareholders have encouraged the international expansion of the operator, while on other occasions they have sought to limit, if not reverse, the expansion of the operator. The paper demonstrates the problems of maintaining shareholder support for strategies that are often costly and difficult to implement.

### Foreign Direct Investment in China: a City Level Spatial Effects Model

Frederic Blanc-Brude<sup>4,1</sup>, Grahame Cookson<sup>1</sup>, Jenifer Piesse<sup>2,5</sup>, [Roger Strange](#)<sup>3</sup>, <sup>1</sup>*King's College London, London, UK*, <sup>2</sup>*Bournemouth University, Bournemouth, UK*, <sup>3</sup>*University of Sussex, Brighton, UK*, <sup>4</sup>*Infrastructure Economics Ltd, London, UK*, <sup>5</sup>*University of Stellenbosch, Cape Town, South Africa*

The determinants of FDI are well established in the international business literature and China only stands out because of the rapid growth in foreign investment since liberalisation. This paper re-examines these determinants but at the city rather than province level and finds results that are robust to the degree of disaggregation. However, while location is central to the FDI decision this is largely ignored in modelling. This paper takes account of these aspects of FDI and finds that spatial dependence is present in the data and a positive spillover effect between neighbouring cities is identified. This improves the previously biased regression coefficients in existing studies of FDI.

## Parallel session 6G - SME Internationalisation: The Decision Process

Chair: Jim Love, University of Birmingham, UK

### SMEs Internationalization and Organizational Implications: What Changes when a SME Internationalize the Production?

Igor Kalinic<sup>1</sup>, Cipriano Forza<sup>2</sup> <sup>1</sup>University of Groningen, Groningen, Netherlands, <sup>2</sup>University of Padova, Padova, Italy

In the last years, several Small-Medium Enterprises (SMEs) internationalized production in low cost countries where they were not previously present. By analyzing five-case firms from Italy, it emerges that these SMEs were forced to perform a relevant number of adaptations that deeply affected their organization. The present research provides empirical evidence that these adaptations, spread in time, implied changes across all organizational elements. This organizational change when described in terms of pace and scope results to be of a continuous radical type (Plowman et al., 2007). The results imply that although it is a complicated and painful process, manufacturing SMEs are potentially able to develop organizational capabilities that rise their global competitiveness.

### New Theoretical Paradigms for New International Business Phenomena: International Entrepreneurship Theory and the Internationalization of Firms from Emerging Markets

Omama Hatem, Simon Harris, University of Edinburgh Business School, Edinburgh, Scotland, UK

Since Adam Smith helped understand the new market phenomena that replaced feudal ones, and Ricardo helped understand trade flows between nations, IB scholars have developed theories in response to new phenomena in need of explanation. This paper reviews that development over recent centuries before outlining the new phenomena of rapidly internationalizing MNEs that are developing from emerging markets. It then reviews and analyses the potential for a newly emerging body of theory - international entrepreneurship theory - to meet that void, and finds that it offers some valuable, but partial explanations.

### From Microfoundations to Organisational-level Capabilities: An Integrated View on the Born Globals' Accelerated Internationalisation

Quan Anh Nguyen, Gillian Sullivan Mort, La Trobe University, Melbourne, Victoria, Australia

For born global firms characterised by accelerated internationalisation, microfoundations play a significant but underexplored role in building organisational capabilities as the firms internationalise at or soon after its inception. In a relatively short period, the organisational capabilities are principally developed from the founding team's microfoundational resources. A missing link exists when capabilities are transformed across different levels of the organisation. We present an integrated model in which microfoundations have been bridged with initial, enhanced dynamic and operational capabilities and the outcome of accelerated internationalisation. The transformation process is mediated by learning mechanism and the founding team's sub-processes of enhancing dynamic capabilities. Concluding remarks, contributions and suggestions for future researches are also offered.

### Decision-making and International Entrepreneurship: An Effectuation Theory Perspective

Igor Kalinic<sup>1</sup>, Cipriano Forza<sup>1</sup>, <sup>1</sup>University of Groningen, Groningen, -, <sup>2</sup>University of Padova, Padova, Italy

This study analyzes the entrepreneurial decision process which guides the Small-Medium Enterprises' internationalization of operations. By analyzing five case studies, we show that the internationalization process can be explained through Effectuation lens. We argue that when internationalization is pursued in the situation of high uncertainty, goal ambiguity, and environmental isotropy even experienced entrepreneurs of already existing organizations tend to adopt effectuation logic during the internationalization decision-making process, rather than causal one.

### Export Propensity, Export Intensity and Firm Performance: The Role of the Entrepreneurial Founding Team

Panagiotis Ganotakis<sup>1</sup>, Jim Love<sup>2</sup>, <sup>1</sup>Aston University, Birmingham, UK, <sup>2</sup>University of Birmingham, Birmingham, UK

This paper investigates the effect that a number of entrepreneurial human capital characteristics have on the export propensity and intensity of new technology based firms (NTBFs), and the effect that those entrepreneurial characteristics and the firm's export activity have on subsequent firm performance. Using a sample of UK NTBFs we find that the while co-existence of technical education and commercial experience in the entrepreneurial founding team increases the probability of exporting, high levels of technical and business education have a significantly positive effect on export intensity. Commercial and managerial experience significantly enhance a firm's subsequent productivity performance, and exporting in one period is associated with subsequent higher productivity.

## Parallel session 6H - Culture and Praxis in the International Firm

Chair: Carmen Stoian, Kent Business School, UK

### National Culture's Consequences on Corporate Political Activity in the European Union

Andrew Barron  
Strathclyde Business School, Glasgow, UK

This paper reports research into cross-national differences in corporate political action (CPA). Original data collected through an online survey, conducted between April and June 2010, of 132 Brussels-based Government Affairs Managers working for large Multinational Enterprises are analysed to ascertain the extent their political activities are influenced by the national business cultures in which they were socialised. Findings indicate that managers socialised in short-term orientated national cultures are more likely to enter into short-term, transactional relationships with policymakers, whilst managers socialised in long-term orientated national cultures will be more likely to engage in longer-term relationships with policymakers. It was also found that managers socialised in power-distance accepting national cultures are more likely to use information strategies, targeting specific information at specific policymakers. By contrast, managers socialised in power-distance rejecting national cultures are more likely to use more indirect constituency-building strategies, using broader public relations activities to target wider political audiences. Contrary to expectations, no link was found between respondents' cultural preferences for acting autonomously or within a group, and whether they choose to engage in individual or collective political action. By considering the hitherto overlooked cultural dimensions of corporate political action, the paper argues that existing CPA literature paints an incomplete picture of the factors determining managers' political objectives and strategies.

### **Gaining Legitimacy Through Alliance Formations as a Strategic Response to Liberalization: Some Preliminary Evidence from the Airline Industry in Africa**

Joseph Amankwah-Amoah, *Bristol University, Bristol, UK*

This article examines the legitimacy rationale underlying alliance formations in the airline industry as a strategic response to liberalization using the case of eight African airlines. Drawing on the legitimacy-based function of alliance formation, the study revealed that the firms' attempts to overcome legitimacy deficits as a strategic response are hampered by "deviant acts" by similar firms in the same environment. The theoretical, managerial and policy implications of these findings are discussed.

### **Twice as Smart? The Role of CEO Biculturalism in International Acquisition Decisions**

Dorota Piaskowska<sup>1</sup>, Grzegorz Trojanowski<sup>2</sup>, <sup>1</sup>*University College Dublin, UCD Business School, Management Group, Dublin, Ireland*, <sup>2</sup>*Xfi Centre for Finance and Investment, University of Exeter Business School, Exeter, UK*

This study investigated how CEO characteristics such as their biculturalism (defined as having internalized more than one cultural schema) and international experience influence their uncertainty perceptions and consequently the ownership stakes in foreign acquisitions their firms opt for. We built on research into the role of uncertainty and experience in international business, upper echelons theory, and literature on biculturalism. We argued that managers may view the uncertainty stemming from host country risk and cultural differences differentially depending on their personal prior international exposure. Empirical tests on a sample of 1025 international acquisitions completed by UK firms over the period of 1999-2008 showed that biculturalism positively moderated the negative impact of cultural differences on acquisition ownership stakes taken. Results corresponding to CEO international experience were inconclusive. This highlighted the importance of considering CEO biculturalism in studying international expansion decisions. Since ours is one of the pioneering empirical investigations of the impact of biculturalism on strategic decisions, we also identify some avenues for future research.

### **A Social Capital Approach to the Inter-Cultural Differences Management in a MNEs: Empirical Evidence from the Tourist Sector**

Manuela Presutti, Lucrezia Zambelli, *Department of Bologna, Bologna, Italy*

Despite the liability of foreignness has been the fundamental assumption driving theories of multinational firms, to the best of our knowledge no study has systematically examined the impact of cultural diversity on the MNE's liability of foreignness. In this paper we examine to what extent cultural differences at a level both of intra-organizational multinational network and inter-organizational multinational network are associated with liability of foreignness. We propose a conceptual framework where the different dimensions of social capital asset - social interaction, trust and shared-improve the exchange and combination of resources and knowledge in different subsidiaries localized in dissimilar cultural contexts, by mitigating the inter and intra organizational cultural differences. It in turn reduces the liability of foreignness.

We empirically apply this conceptual framework to Globus Family of Brands (GFB), which is one of the world's largest tour operator. We focus on different moments of foreign growth of Globus, performing an exploratory longitudinal case study, together with the idea that the social capital development consists in a dynamic and evolutionary path over time. It is also in line with our evolutionary approach to foreignness liability problem which may allow a firm to better understand local cultures and opportunities in a gradual manner, incrementally absorbing cultural diversity into its existing corporate-wide culture. The findings we present have important implications for research in multinational literature because we originally study the problem of liability of foreignness and inter cultural differences according to a social network perspective of analysis. The empirical qualitative analysed case allows us to make more efficient our conceptual framework, confirming the importance of social capital development inside a multinational to reinforce its internal cohesion and to impose a significant presence on external local context where the single subsidiaries are localized. Specifically, the empirical analysis puts in evidence a clear temporal sequence among different dimensions of social capital and their impact on reduction of liability of foreignness by improving inter and intra organizational exchange of knowledge and resources. In fact, the case shows how the headquarter since from the beginning has considered the cognitive dimension - in terms of shared vision - the primary element to defense for reducing the negative effect of foreignness of liability. The cognitive dimension in turn reinforces the importance of informal social interactions - structural dimension - which allow inter and intra organizational actors to realize and adopt their languages, codes, values and practices in different contexts of analysis. The sharing of a collective orientation represents the vision of a unit such as a multinational where social interaction assumes a significant reinforcing role, despite the necessity to adopt the different social actions according to specific different contexts where it is present.

As second temporal step, we empirically verify from the case that social interactions have a direct reinforcing effect on the relational dimension, confirming that the more social interaction are of long duration, the more trusting relationships will become more strong and the involved actors are more likely to perceive each other trustworthy. However, it is evident that the trusting relationships development is also encouraged by the cognitive dimension of social capital which in our model has a direct influence on structural dimension and an indirect on relational one. The interaction between these dimensions is able to improve the resources and knowledge exchange and reduce the inter and intra cultural differences, which at the same time may mitigate the problem of liability of foreignness.

### **Divided We Stand: Cultural Differences within Europe and their Impact on International Collaborative Arrangements**

Jeanette Hexter, Carmen Stoian, Paul Phillips, *Kent Business School, Canterbury, UK*

The aim of this paper is to investigate how cultural differences within Europe affect the success of international collaborative arrangements (ICA). We use a mixed-methodology to analyse the results of a questionnaire-based survey with managers of companies engaged in international collaborative arrangements in the European telecommunications industry.

We find that cultural differences within Europe are significant and can affect the success of ICAs. In particular, we identify national pride as a main contributor to cultural differences within Europe that can affect cross-border collaborations. We also find that cultural differences can lead to ICA failure by increasing complexity but that, if managed properly, they can enhance the ICAs' competitive advantages.

Finally, we put forward recommendations for managers to best manage these cultural differences in order to ensure ICA success.



# **Minutes of Members Meeting**

## **Academy of International Business**

### **UK & Ireland Chapter**

#### **Minutes of Members Meeting**

**10 April 2010**

**Trinity College Dublin**

**1. Minutes of meeting 04 April 2009, Glasgow University**

The Minutes were accepted as true record.

**2. Matters arising**

The Chair reported on the progress of the John Dunning Prize for Lifetime Achievement, which had been approved by the 2010 Members Meeting in Glasgow. The Chair reported that AIB had no objections of such Prize been awarded by the Chapter. The Chair will now speak to the widow of John Dunning to seek her approval and the Chapter's Executive will devise a system for the award of the Prize. The Chair will report back to the Members at the Edinburgh meeting.

**3. Chair's Report**

The Chair reported the said loss of Jim Bell and commemorated his sterling contributions to the Chapter and his tireless ground work for the Chapter having evolved from the UK Chapter to the UK & Ireland Chapter. The Chair highlighted the highest regard Jim Bell was by his international business colleagues and the special event during this Conference to commemorate and celebrate the work and life of Jim Bell.

Further to the Chair's report of the 2009 Members Meeting, the Chair reported on progress of IB referees for the ESRC Review College. The Chapter had nominated a number of IB scholars, several of which have now been accepted to the ESRC Review College, in addition to those IB scholars which are already members of the ESRC Review Panel.

With regard to the forthcoming REF, and calls for submissions for REF panel member nominations, the Chair reported, that in light of IB not having had a panel member in RAE 2008, the Chapter will submit a nomination, with the nominee to be agreed at the next Chapter Executive meeting. The Chair will report progress at the next Members Meeting.

The Chair reported that the Standing Committee of the Learned Societies in Management and Business (SCRAM) has been dormant, mainly due to the change in leadership in BAM. However, the Chapter will seek understandings with other learned societies, such as the Academy of Marketing to rejuvenate SCRAM. The Chair will report back to the Members at the next Members Meeting.

The Chair reported that a new AIB Chapter has been established, the AIB Middle East and North Africa (MENA) Chapter. The Chair warmly welcomed the representative of this Chapter, who has been attending the Dublin Conference.

The Chair congratulated Colm Kearney and Linda Soriton and their colleagues for organising an excellent conference.

**4. Membership Report**

The Membership Secretary reported that membership currently stands at 249. Although this is a slight decrease compared to last year, membership seems to stabilise around this level.

**5. Treasurer's Report**

The Treasurer reported a continuing healthy balance and provided the Members with the summary account as per 07 April 2010.

**6. Elections**

Frank McDonald was unanimously re-elected as the Chapter's Chair and Roger Strange was unanimously re-elected as the Chapter's Treasurer.

**7. Future Conferences**

The 2011 Conference will be held at the University of Edinburgh and the 2012 Conference will be held at the University of Liverpool. Nigel Driffield proposed Ashton University to host the 2013 Conference.

**8. A.O.B**

Peter Buckley has been elected as Chairman of the European International Business Academy (EIBA) and he looks forward to talks with the Chapter about collaboration with EIBA.

**9. Date of next meeting**

At the annual conference at the University of Edinburgh.

# **Agenda for Members' Meeting**

## **Academy of International Business**

### **UK & Ireland Chapter**

#### **Agenda for Members Meeting**

**Saturday, 16 April 2011**

**University of Edinburgh**

1. Apologies and Welcome
2. Minutes of Meeting 10 April 2010, Trinity College Dublin
3. Matters arising
4. Chairman's Report
5. Treasurer's Report
6. Membership
7. Elections
8. Future Conferences
9. A.O.B.

## Notes

## Notes



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