

SMS 33rd ANNUAL INTERNATIONAL CONFERENCE



Strategy and Sustainability

CONFERENCE PROGRAM



Strategic Management Society

Welcome	3
About the Strategic Management Society	5
2013 Board of Directors	6
Past Annual International Conferences	7
2013 Awards	8
Conference Paper Awards	9
Registered Attendees Distribution.....	13
Hotel Maps	14
Conference Information	16
Conference at a Glance.....	17
My Schedule Overview.....	18
2013 Review Committee	20
Conference Tracks	22
Pre-Conference Sessions	23
Sunday Sessions	25
Monday Sessions	42
Tuesday Sessions.....	94
Exhibitors	142
Presenter Index.....	151



Dear colleagues,

Welcome to Atlanta and to the 33rd Annual International Conference of the Strategic Management Society.

Known as the “Capital of the New South,” Atlanta is a vibrant and growing city steeped in U.S. history. It provides the perfect backdrop for discussions around the theme of Strategy and Sustainability. Atlanta continues to sustain economic growth and development while being challenged by the many issues of environmental and social sustainability that surround economic prosperity. The city, like many of us, is actively seeking to better understand the nature of sustainability in all of its dimensions.

This year’s program promises to provide important insights into sustainability as it relates to strategy research and practice today. The Interest Group track chairs have each developed an exciting slate of workshops, panel presentations, and paper sessions that highlight cutting edge thinking and research. Similarly, the conference track chairs have built programs that highlight the increasing importance of sustainability as both a goal and a context for strategy scholars and practitioners.

As you browse through the full program to plan your own conference schedule, we would like to highlight for you the plenary events and showcase sessions that will provide insight and food for thought on the nature of strategy and sustainability. We begin with the four plenary sessions:

Rita McGrath (Columbia University), Brian McManus (Global Growth & Strategy Leader and COO of Accenture’s Strategy and Transformation Consulting Practice), and V. Ganapathy Subramanian (Head of Strategy and Planning at Infosys) will open the conference on Sunday with a plenary entitled **The Future of Strategy in a Transient Advantage World**. The panelists will discuss the challenges and possibilities of creating sustainable advantage in an increasingly complex and fast-paced business environment.

On Monday we will hear from two individuals who have made significant contributions to our understanding of strategy and sustainability. Neville Isdell, former Chairman and CEO of Coca-Cola and an active advocate for “connected capitalism” will receive the Lifetime Achievement Award. Clayton Christensen (Harvard University), well known for his work on innovation and growth, will receive the C.K. Prahalad Award.



Is Green Green? In this plenary on Tuesday afternoon, Cynthia Cantor (Chief Marketing Officer, GE Power & Water), Ed Rogers (Director of Corporate Strategy, UPS), and Stuart Hart (Cornell University) will discuss Strategy and Sustainability from different vantage points.

We are also pleased to offer a number of showcase panels. Please check the conference program for detailed information about these sessions.

No SMS conference would be complete without social engagements that provide unique opportunities for networking and catching up with colleagues and coauthors. We look forward to welcoming you to the conference at the opening reception at the Omni Hotel Saturday evening from 19:00-21:00. Monday’s gala event will be held at the Georgia Aquarium. Just a short walk from the hotel, SMS attendees and their pre-registered guests will have exclusive, after-hours access to the aquarium’s galleries, Deepo’s Undersea 3D Wondershow, and the unique experience of dining alongside whales, sharks, and living reefs. A reception at 19:00 will close the conference on Tuesday.

In closing, we wish to offer our thanks to the track chairs, IG chairs, reviewers, speakers, presenters, and the SMS staff for their roles in the planning and execution of this year’s conference. And thanks to you for joining us in Atlanta; we hope that you enjoy the conference and your visit to our city.

Pamela Barr
Frank T. Rothaermel
Program Co-Chairs



Dear Conference Participant:

We are pleased to welcome you to Atlanta for the 33rd Annual International Conference of the Strategic Management Society where we will engage in conversation around the theme of Strategy and Sustainability. In today's challenging global economic, environmental and social climate, questions about sustainability in all its dimensions have captured the attention of organization leaders, academics and consultants alike.

Our four conference tracks and thirteen Interest Group tracks include the best of the hundreds of proposals that were submitted for presentation at the conference. In addition, our Program Co-Chairs, Pam Barr and Frank Rothaermel, have organized a set of exciting plenary and showcase panel sessions. Our Atlanta Extensions—one-day topical workshops held before and after the conference—have been organized by academic institutions to take place in Houston, TX; Knoxville, TN; Charleston, SC; and Atlanta, GA.

The primary goal of the SMS Annual Conference—indeed, the primary goal of all of the SMS's varied activities—is to promote excellence in the study and practice of strategic management. We are supported in this endeavor by the efforts of literally thousands of volunteers who review proposals, organize Interest Group programs, serve on editorial boards, nominate and choose SMS award winners, and in countless other ways help enrich the conversation about strategy and strategic management within the Society. We are extremely grateful for all the people who make this conference, along with all the other SMS activities, possible.

The SMS is a growing and dynamic organization. We encourage you to stay in touch with all the latest developments by visiting the SMS website, by attending the SMS Business Meeting that will be held here at this Conference, and by reading the SMS newsletter and Annual Report.

The annual conference always provides an opportunity to network with friends and colleagues, present and receive feedback on the latest research, and enjoy the ambiance in a vibrant city. We hope you have an enlightening and enjoyable conference, and please, experience all the delights Atlanta has to offer!



Robert Hoskisson
President



Nikolaus Pelka
Executive Director



A Professional Society for the Advancement of Strategic Management

The Strategic Management Society (SMS) is unique in bringing together the worlds of reflective practice and thoughtful scholarship. The Society focuses on the development and dissemination of insights on the strategic management process, as well as on fostering contacts and interchange around the world.

The SMS is membership-based and was founded at an inaugural meeting in London in 1981. Today, it enjoys the support of close to 3,000 members representing over 1,200 institutions and companies in over 80 countries. Our activities are made possible through the dedicated support from hundreds of individuals who take on a variety of responsibilities, volunteering their time and expertise.

MEETINGS

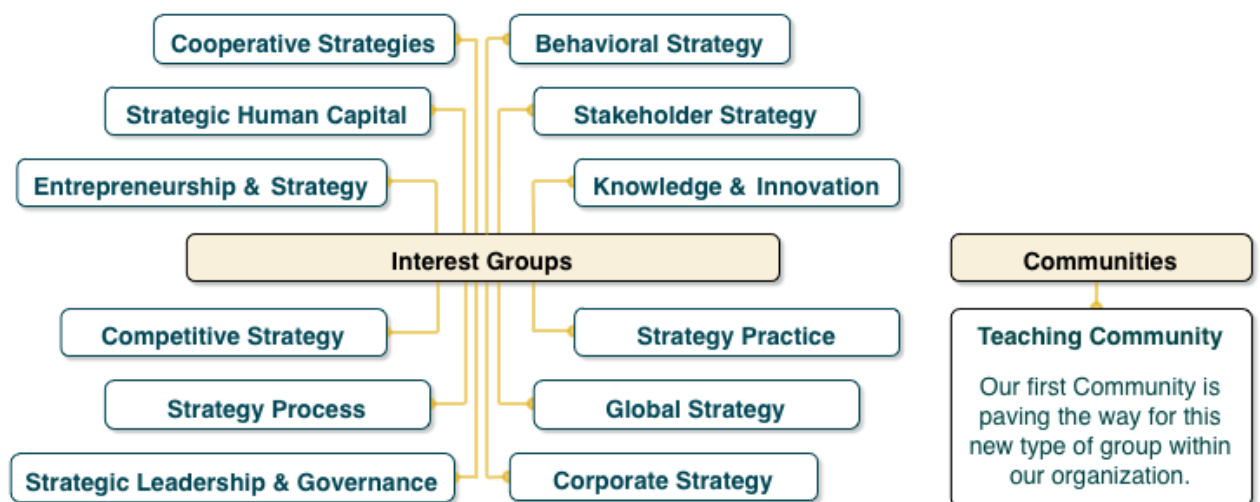
The SMS holds an annual meeting at various sites around the world, typically alternating between North America and Europe; some past locations included Amsterdam, Baltimore, Barcelona, Berlin, Boston, Chicago, London, Mexico City, Montreal, Orlando, Paris, Philadelphia, Phoenix, San Francisco, San Juan, Singapore, Stockholm, Toronto, Vancouver, Vienna, San Diego, Cologne, Germany, Washington DC, Rome, Miami and most recently, Prague. Each conference addresses a current theme, with specific tracks addressing sub-themes, and presents multiple sessions by leading experts in the field from around the world.

The SMS has responded to membership interest in special topics through its introduction of a series of smaller, regionally based meetings addressing more specific industry or subject themes. Conferences have taken place in such places as Shanghai, Catania, Hyderabad, Rio de Janeiro, San Diego, Singapore, Guangzhou, Lake Geneva and Glasgow.

PUBLICATIONS

The Strategic Management Society is proud to be involved with Wiley & Blackwell in the publication of leading journals and innovative books, which for more than three decades have been vital tools for the benefit of researchers and practitioners in the field. The *Strategic Management Journal* (SMJ) has since its inception in 1980 been the official journal of the Strategic Management Society. This Class A journal is consistently rated one of the top publications in the management area. We also offer two quarterly journals, the *Strategic Entrepreneurship Journal* (SEJ) and the *Global Strategy Journal* (GSJ). The intent is for these two publications to become Class A journals that promote the development and dissemination of advances in the field by maintaining the highest standards of intellectual thought combined with practical relevance, just as their sister publication, the *SMJ* has done for many years. The SMS Book Series focuses on cutting edge concepts/topics in strategic management theory and practice. The books emphasize building and maintaining bridges between theory and practice. They generate and test theories of strategic management and demonstrate how to learn, understand and apply these theories in practice.

SMS INTEREST GROUPS AND COMMUNITIES (IG&C) The primary purpose of the Interest Groups and Communities within the SMS is to act as a catalyst for building and disseminating new ideas in research, practice, and teaching around a set of core issues in strategic management. Each Interest Group and Community recognizes a major, individual stream of practice and research interest, and aims to serve the needs of members with special interests in this stream of work. Members of the SMS can elect to join up to two Groups and one Community of their choice; additional Interest Groups may be added for a nominal fee.





Robert Hoskisson
Rice University
President



Laura B. Cardinal
University of Houston



Richard Whittington
University of Oxford



Marjorie Lyles
Indiana University
President Elect



Javier Gimeno
INSEAD



Africa Ariño
IESE Business School



Jay Barney
University of Utah
Past President



Costas Markides
London Business School



Robert Burgelman
Stanford University



Steven Floyd
University of Massachusetts
Treasurer



Pamela Barr
Georgia State University



Margaret Peteraf
Dartmouth College



Nikolaus Pelka
Strategic Management Society
Executive Director



Russell Coff
University of Wisconsin-Madison

1981 LONDON

Global Strategic Management in the 1980's

Program Chairs: Derek Channon & Hugh Parker

1982 MONTREAL

Exploring the Strategy-Making Process

Program Chairs: Henry Mintzberg & Marianne Jelinek

1983 PARIS

Making Strategy Work

Program Chair: Dominique Heau

1984 PHILADELPHIA

Targeting Strategies

Program Chair: Peter Lorange

1985 BARCELONA

The Essence of Strategic Management

Program Chair: Eduard Ballarin

1986 SINGAPORE

Cultures and Competitive Strategies

Program Chairs: Peter FitzRoy & Gordon Redding

1987 BOSTON

Strategy: Prospect and Retrospect

Program Chairs: Joseph Bower & Andrall Pearson

1988 AMSTERDAM

Winning Strategies for the 1990's

Program Chair: Jan Eppink

1989 SAN FRANCISCO

Strategies for Innovation

Program Chair: Robert Harris

1990 STOCKHOLM

Strategic Bridging: To Meet the Challenges of the Nineties

Program Chairs: Leif Melin & Hans-Olof Hagén

1991 TORONTO

The Greening of Strategy – Sustaining Performance

Program Chairs: David Hurst & Rod White

1992 LONDON

Strategic Renaissance: The Transformation of Economic Enterprise

Program Chair: James Kelly

1993 CHICAGO

Integrating Strategy

Program Chair: Edward Zajac

1994 PARIS

Strategy Styles: Management Systems, Types and Paradigms

Program Chair: Michel Ghertman

1995 MEXICO CITY

Strategic Discovery: Opening New Worlds

Program Chair: Raul Alvarado

1996 PHOENIX

Competing in the New Economy: Managing Out of Bounds

Program Chairs: Gary Hamel & C K Prahalad

1997 BARCELONA

Managing in an Interconnected World

Program Chair: Joan E Ricart

1998 ORLANDO

Tailoring Strategy – One Size Does Not Fit All

Program Chair: Kevin Coyne

1999 BERLIN

Winning Strategies in a Deconstructing World

Program Chairs: Dieter Heuskel & Rudi K F Bresser

2000 VANCOUVER

Strategy in the Entrepreneurial Millennium:

New Winners, New Business Models, New Voices

Program Co-Chairs: Raffi Amit, Charles E Lucier & Bertrand G Shelton

2001 SAN FRANCISCO

Reinventing Strategic Management –

Old Truths and New Insights

Program Co-Chairs: Richard Bettis & Derek Dean

2002 PARIS

Old Barriers Crumbling, New Barriers Rising

Program Co-Chairs: René Abate & Karel Cool

2003 BALTIMORE

Intersections: Strategy Across Conventional Boundaries

Program Co-Chairs: Rita Gunther McGrath & Bertrand G Shelton

2004 SAN JUAN

Strategic Balance: Driving Innovation And

Maintaining Performance

Program Co-Chairs: Patricia Gorman Clifford & Steven Floyd

2005 ORLANDO

Strategic Management: Achievements And Opportunities

Program Co-Chairs: Irene Duhaime & Carl W Stern

Associate Chair: Javier Gimeno

2006 VIENNA

Strategy and Governance in a World of Institutional Change

Program Co-Chairs: Javier Gimeno & Jens Schaedler

Associate Chair: Peter Ring

2007 SAN DIEGO

The Challenges of Non-Market Influences on Market Strategies

Program Chair: Peter Ring

Associate Chair: Thomas Mellewigt

2008 COLOGNE

How Does Knowledge Matter?

Program Chairs: Thomas Mellewigt & Bolko von Oetinger

2009 WASHINGTON DC

Strategies in an Uncertain World

Program Chairs: Marjorie Lyles & Jeffrey Reuer

2010 ROME

Strategic Management at the Crossroads

Program Chairs: Giovanni Battista Dagnino, Rosario Faraci, Gianmario Verona, & Maurizio Zollo

2011 MIAMI

Strategies for a Multi-Polar World: National Institutions And Global Competition

Program Chair: Jose de la Torre

Associate Program Chair: Aya Chacar

2012 PRAGUE

Strategy in Transition

Program Co-Chairs: Björn Ambos, Igor Filatotchev, Ondrej Landa



All award winners will be announced and recognized during the Tuesday Awards Luncheon. Visit the SMS Website (www.strategicmanagement.net) for a complete list of past winners.

Dan and Mary Lou Schendel Best Paper Prize

In 1993, some thirteen years after the Strategic Management Journal was launched, an annual best paper prize was established by co-sponsors John Wiley & Sons and the Strategic Management Society to honor substantial work published in the SMJ. The award was renamed to its current title in 2007 honoring the contributions of Dan and Mary Lou Schendel to the SMJ. The award is for a paper published five or more years prior to teaching, and/or practice. Once eligible, a paper remains eligible until selected as the best paper. Continued eligibility allows recognition to be made for those insights and findings that sometimes occur before their time and only become widely recognized as significant until other work is published. Authors of the winning paper receive a monetary award of US\$ 5,000.

SMS Emerging Scholar Award

Inaugurated in 2007, the prize is awarded annually to a relatively young or new scholar, who displays exemplary scholarship in research, education and related academic activities that seek to improve current strategic management practice. The criteria for this award recognizes a portfolio of work that suggests the candidate will make fundamental contributions to the way we think about knowledge essential to achieving durable organizational success. Eligible to be nominated are members of the SMS. The likely winner of the award will be under the age of 40 with at least 5 years since his/her PhD, and have a record of publications and professional activity that has demonstrated their work to be significant and with impact. The recipient of this Award will receive US\$ 5,000 and has the opportunity to present his or her research at the SMS Annual International Conference.

CK Prahalad Distinguished Scholar-Practitioner Award

Introduced in 2011, this award was created to honor the legacy of CK Prahalad. The award recognizes excellence in the application of theory and research in practice. These include but are not limited to contributions to knowledge through the extraction of learning from practice; authored scholarly works that have substantially affected the practice of management; and/or the integration of research and practice. A scholar-practitioner who has used applied learning to influence how theory and research guide practice will be honored by this award. Special attention will be given to a scholar-practitioner whose contributions have shaped the understanding of global strategic leadership.

SMS Lifetime Achievement Award

The SMS presents the Lifetime Achievement Award to honor the highest level of achievement in strategic management by a business leader. This award is only presented when an appropriate honoree is identified. The recipient of this award has demonstrated sustained strategic leadership and innovation that significantly altered strategy practice and is recognized as influencing the scholarly debate in leading academic institutions.

SMS Best Conference Paper Prize

The Strategic Management Society first presented this prize in 1998 to honor the best paper presented at the SMS Annual International Conference. Nominated authors are invited to submit a full version of their submitted proposal. The papers are reviewed and 10 finalists are named prior to the conference. Decisions are mainly based on the soundness of the conceptual development, the originality and application of the appropriate methodology. The prize for the best conference paper consists of a US\$ 1,500 award. In addition, four other papers receive Honorable Mention prizes consisting of a US\$ 750 award.

SMS Best Conference Paper Prize for Practice Implications

This award was inaugurated following the initiative of the Practice of Strategy Interest Group and is co-sponsored by the publishing house Wiley-Blackwell. Nominated authors are invited to submit a full version of their submitted proposal for consideration by the committee. These papers are reviewed and 5 finalists are named prior to the conference. The primary criterion for this prize is practitioner relevance. At the margin some weight may also be given to practitioner (co-) authorship or research sponsorship and funding. The prize for the best conference paper for practice implications consists of a US\$ 1,000 award.

SMS Best Conference PhD Paper Prize

The SMS with the initial support from the consulting firm Booz Allen Hamilton created this award in 2000 in recognition of a PhD candidate's presentation of an outstanding paper at the SMS Annual International Conference. The award is granted to PhD candidates, who are the primary authors of an accepted proposal for the conference. All qualifying authors have been invited to submit a full version of their paper for consideration by a review committee in this competition. Five winners are honored as SMS Best Conference PhD Paper Prize recipients and will receive awards of US\$ 1,500 each.

Friend of the SMS



To distinguish those who have contributed over the years and have become pillars of our Society, in 2006 the recognition as Friend of the SMS was introduced to the conference. Recognized are conference attendees, who either have been SMS members for 20 or more years, attended 10 or more annual conferences, served as a program chair of a past conference, served as a Board member of the Society, or have been elected to the Fellows Group within the SMS. As a sign of recognition and appreciation, a golden SMS logo is added to the conference name badges of these individuals. The names of the Friends of the SMS are also displayed during the program intermissions on the projections screens of the plenary hall at the conference.

★ SMS BEST CONFERENCE PAPER PRIZE

The following ten papers have been selected as finalists out of 52 nominated and submitted papers for this award. You will find these papers indicated throughout the program. The winning paper and the honorable mentions will be announced at the Tuesday Awards Luncheon.

MONDAY

TRACK F | SESSION 71 | 08:00-09:15

Why There?: Decomposing the Choice of Target Industry

Lasse Lien, *Norwegian School of Economics*

Peter Klein, *University of Missouri*

MONDAY

TRACK I | SESSION 146 | 08:00-09:15

Shift in Value Creation: Competence-Destroying Discontinuity on Complementary Assets

Alessio Cozzolino, *Bocconi University*

Gianmario Verona, *Bocconi University*

MONDAY

TRACK M | SESSION 187 | 08:00-09:15

A Participatory Approach To Stakeholder Engagement: Defining A Hierarchy Of Strategic Action

Lite Nartey, *University of South Carolina*

Sinziana Dorobantu, *New York University*

Witold Henisz, *University of Pennsylvania*

MONDAY

TRACK N | SESSION 8 | 08:00-09:15

Ambiguous Adaptation: The Effect of Formal Governance and Informal Adaptation on Premature Relationship Termination

Marcus Møller Larsen, *Copenhagen Business School*

Jacob Lyngsie, *Copenhagen Business School*

MONDAY

TRACK A&B | SESSION 67 | 09:45-11:00

Do Managers Systematically Underestimate the Potential for Waste Reduction?

Luca Berchicci, *Erasmus University-Rotterdam*

Andrew King, *Dartmouth College*

MONDAY

TRACK E | SESSION 87 | 09:45-11:00

Value Appropriation, Search Frictions, and Secondary Markets

Robert Seamans, *New York University*

Victor Bennett, *University of Southern California*

Feng Zhu, *University of Southern California*

MONDAY

TRACK G | SESSION 126 | 17:00-18:15

Cap-(ture) and-Trade: Arbitraging by multinational firms in the EU Emissions Trading Scheme (EU ETS)

Sanjay Patnaik, *George Washington University*

TUESDAY

TRACK C | SESSION 110 | 09:45-11:00

Can Firms Pay Less By Doing Good? The Effect of Corporate Philanthropy on Employee Salary Requirements

Vanessa Burbano, *University of California-Los Angeles*

TUESDAY

TRACK E | SESSION 89 | 15:45-17:00

Estimating Value Creation from Revealed Preferences: Application to Value-Based Strategy

Olivier Chatain, *University of Pennsylvania*

TUESDAY

TRACK I | SESSION 144 | 17:15-18:30

Recruitment, Resistance to Change, and Obsolescence

Amit Jain, *National University of Singapore*





SMS BEST CONFERENCE PAPER FOR PRACTICE IMPLICATIONS AWARD

The following five papers have been selected as finalists out of 27 nominated and submitted papers for this award. You will find these five papers indicated throughout the program. The winning paper will be announced at the Tuesday Awards Luncheon.

MONDAY

TRACK E | SESSION 87 | 9:45 – 11:00

Value Appropriation, Search Frictions, and Secondary Markets

Robert Seamans, *New York University*

Victor Bennett, *University of Southern California*

Feng Zhu, *University of Southern California*

TUESDAY

TRACK M | SESSION 189 | 8:00 – 9:15

New Dimensions to Firm-Stakeholder Relationships through Social Media: Examination of Electric Power Companies' Twitter

Eun-Hee Kim, *George Washington University*

Yoona Youm, *George Washington University*

MONDAY

TRACK H | SESSION 117 | 9:45 – 11:00

Strategic Management of Sustainability: The Struggle for Legitimacy

Monika Lesner, *Leuphana University of Lüneburg*

Jan-Florian Schlapfner, *Leuphana University of Lüneburg*

Markus Reihlen, *Leuphana University of Lüneburg*

TUESDAY

TRACK M, A&B | SESSION 190 | 11:00 – 12:15

A Naturalistic Stakeholder View of Social Welfare

J W Stoelhorst, *University of Amsterdam*

Flore Bridoux, *University of Amsterdam*

MONDAY

TRACK K | SESSION 24 | 14:00 – 15:15

The Shadow of the Past: Examining the Influence of Prior Founding Experience on Later Venture Success

Amrita Lahiri, *University of Washington*

Anu Wadhwa, *EPFL*

✿ SMS BEST CONFERENCE PhD PAPER PRIZE

The following 10 papers have been selected as finalists from 238 nominated papers for this award. You will find these papers indicated throughout the program. The five winning papers will be announced at the Tuesday Awards Luncheon.

SUNDAY

TRACK N | SESSION 9 | 15:15 – 16:30

Do Knowledge Flows Trigger Interfirm Cooperation? Evidence from the Enterprise Software Industry

Hyun Ju Jung, *Georgia Institute of Technology*

TUESDAY

TRACK F | SESSION 81 | 8:00 – 9:15

The Competitive Advantage of Business Groups: Entrepreneurial or Rent Seeking? Evidence From North Africa

Addis Gedefaw Birhanu, *Bocconi University*

MONDAY

TRACK F | SESSION 71 | 8:00 – 9:15

The State, Government Officials' Political Incentives and Corporate Diversification in an Emerging Economy

Danqing Wang, *INSEAD*

TUESDAY

TRACK L,I | SESSION 219 | 11:00 – 12:15

Human-Capital and Power Structure: Understanding Technological Exploration in New-Ventures

Jaclyn Shor, *Drexel University*

Daniel Tzabbar, *Drexel University*

MONDAY

TRACK H | SESSION 117 | 9:45 – 11:00

Strategic Management of Sustainability: The Struggle for Legitimacy

Monika Lesner, *Leuphana University of Lüneburg*

Jan-Florian Schlapfner, *Leuphana University of Lüneburg*

Markus Reihlen, *Leuphana University of Lüneburg*

TUESDAY

TRACK G | SESSION 217 | 15:45 – 17:00

Managing Levels of CSR Implementation within an MNC: The Role of Receptivity to Institutional Pressures

Anne Jacqueminet, *HEC-Paris*

Rodolphe Durand, *HEC-Paris*

MONDAY

TRACK I | SESSION 148 | 9:45 – 11:00

Cognitive Microfoundations of a Dynamic Capability: What Leads to Business Model Innovation in New Firms?

Yuliya Snihur, *Toulouse Business School*

Christoph Zott, *IESE Business School*

TUESDAY

TRACK M | SESSION 188 | 15:45 – 17:00

Firm Response to Environmental Activism: The Contingent Nature of Secondary Stakeholder Salience

Trey Sutton, *Florida State University*

MONDAY

TRACK K | SESSION 24 | 14:00 – 15:15

The Shadow of the Past: Examining the Influence of Prior Founding Experience on Later Venture Success

Amrita Lahiri, *University of Washington*

Anu Wadhwa, *EPFL*

TUESDAY

TRACK A&B | SESSION 105 | 17:15 – 18:30

The Locus of Capabilities in Emerging Markets: Micro-Macro Resource Grafting by Leading Domestic Firms

Aline Gatignon, *INSEAD*

Laurence Capron, *INSEAD*



SMS EMERGING SCHOLAR AWARD 2013

The recipient of the 2013 SMS Emerging Scholar Award presents and discusses current research.

MONDAY

TRACK S | SESSION 236 | 09:45–11:00

SMS Emerging Scholar Presentation

2013 SMS Emerging Scholar

CK PRAHALAD DISTINGUISHED SCHOLAR-PRACTITIONER AWARD

MONDAY

TRACK Q | SESSIONS 291 | 12:00–12:45

CK Prahalad Distinguished Scholar-Practitioner Award Honoring Clayton Christensen

Clayton Christensen, *Harvard University*

SMS LIFETIME ACHIEVEMENT AWARD

The recipient of the SMS Lifetime Achievement Award is Neville Isdell. He will be presented this award in the following session:

MONDAY

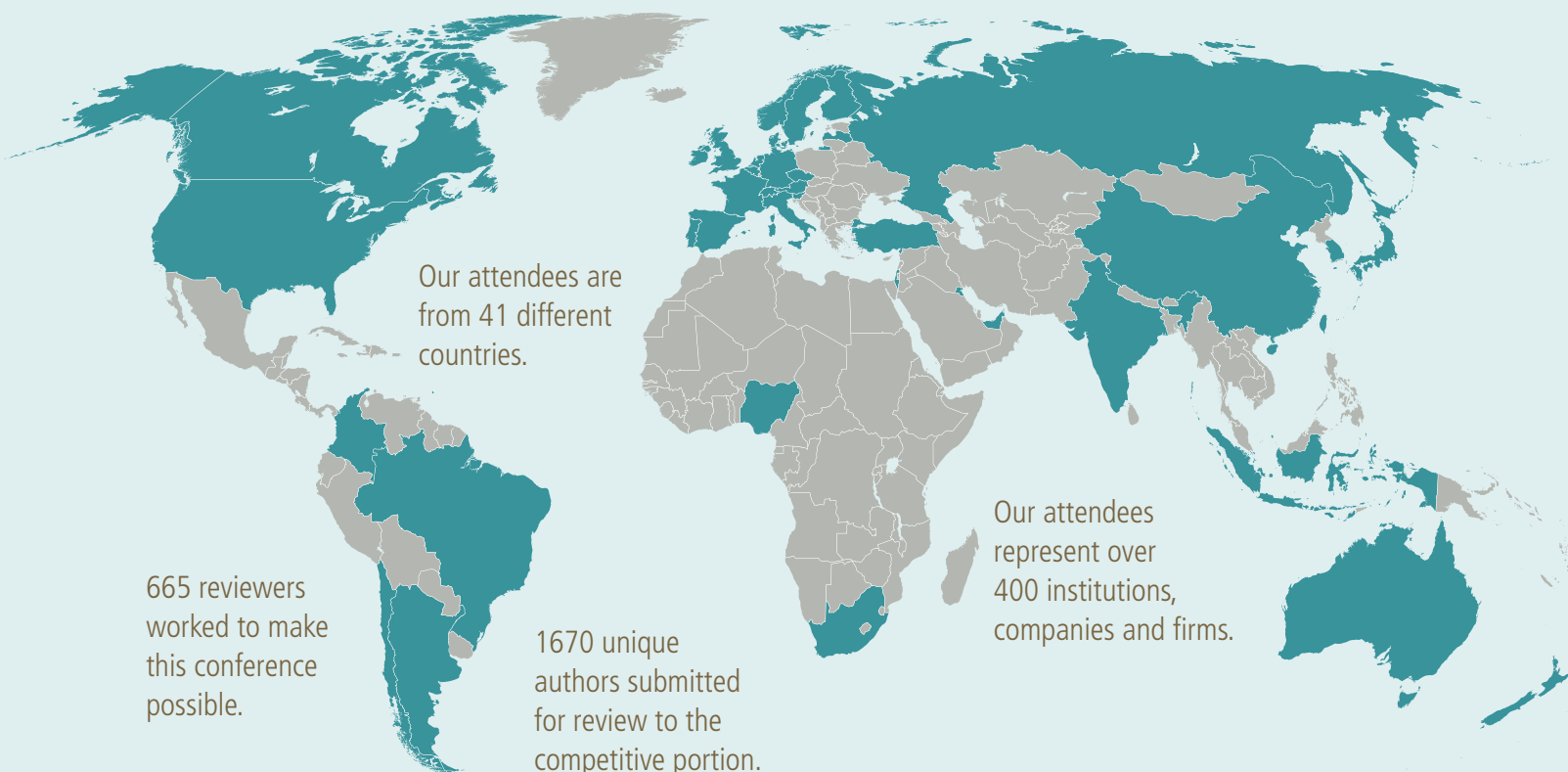
TRACK Q | SESSION 59 | 11:15–12:00

SMS Lifetime Achievement Award Honoring Neville Isdell

Neville Isdell, *Coca-Cola Company*

REGISTERED ATTENDEES DISTRIBUTION

The countries printed in blue indicate the geographical distribution of this year's conference attendees.
All data is of September 10, 2013.



CONFERENCE STATISTICS

Total number of competitive sessions

Paper	117
Common Ground	23
Panel	5

Total number of non-competitive sessions

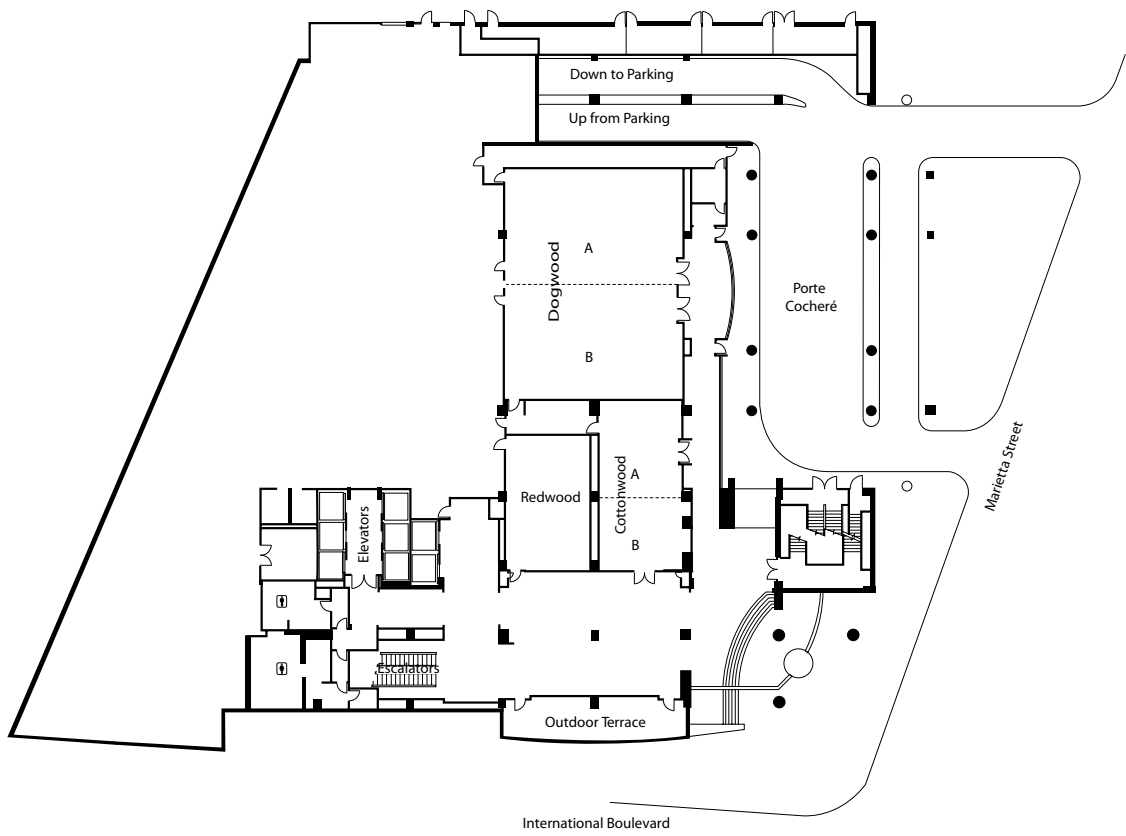
Interest Group	36
Showcase Panels	7
Plenaries and Keynotes	4
Workshops	8

ATTENDEES BY REGION

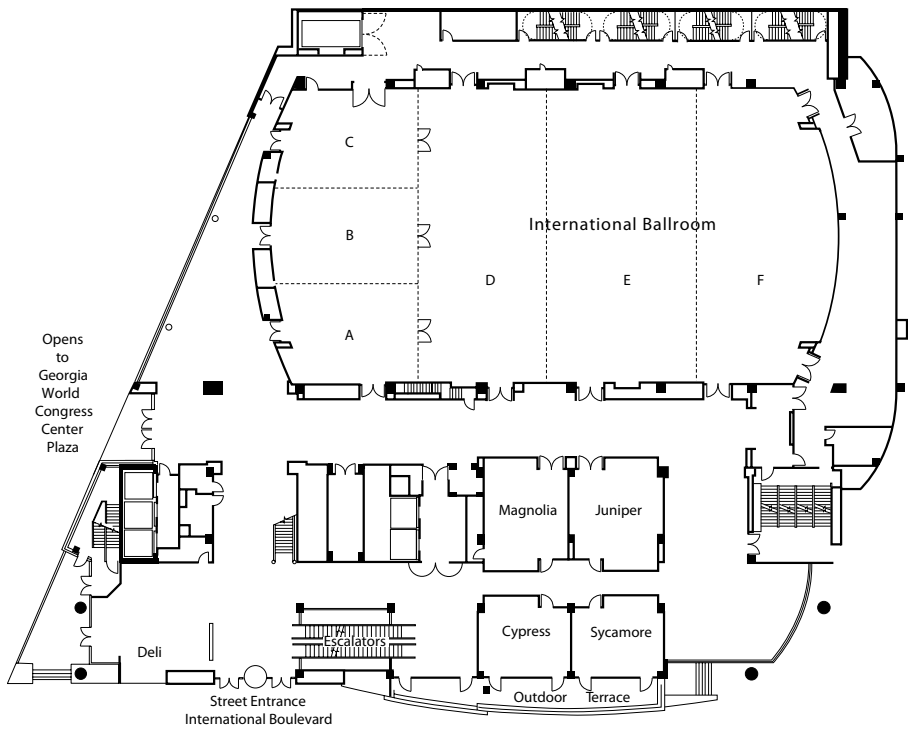
	Conference Attendees By Region		Conference Presenters By Region	
North America	53%	482	49%	349
Europe	35%	316	39%	282
Asia	7%	60	8%	54
Australia/New Zealand	2%	18	2%	14
Middle East	1%	9	>1%	4
Latin America	1%	13	1%	11
Africa	>1%	5	>1%	3
		903		717



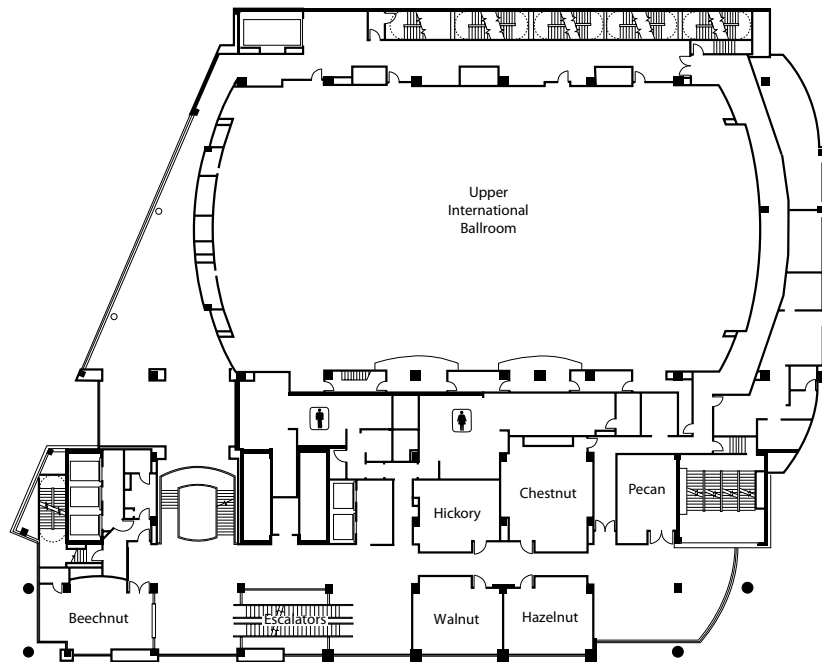
North Tower
M1/Street Level



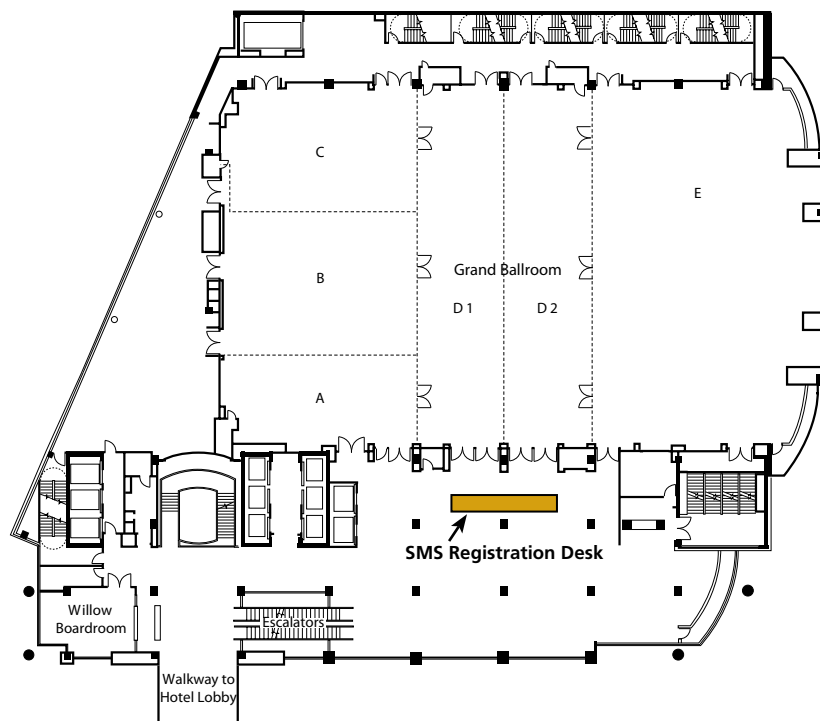
North Tower
M2/International Ballroom Level



North Tower
M3/Meeting Level



North Tower
M4/Grand Ballroom Level



Recommended Dress

Business casual attire is recommended for all conference sessions.

Monday Evening Event

We hope you join us for an evening at the Georgia Aquarium! Conference attendees will have exclusive, after-hours access to the aquarium's galleries, Deepo's Undersea 3D Wondershow and the unique experience of dining alongside whales, sharks and living reefs. The dress for this event is business casual & **conference name badges are required for entrance into the event.**

Name Badges

Name badges must be worn by attendees, guests, and exhibitors at all times. Your name badge will be your ticket to luncheons and evening events. Access to these functions will be denied if you are without your name badge.

Name Tents

Presenters on the program receive a name tent as part of their registration materials. If you are a presenter, it is your responsibility to bring this name tent with you to your session and to place it in front of you on the speaker's table before your presentation.

Exchange of Handouts and Presentations

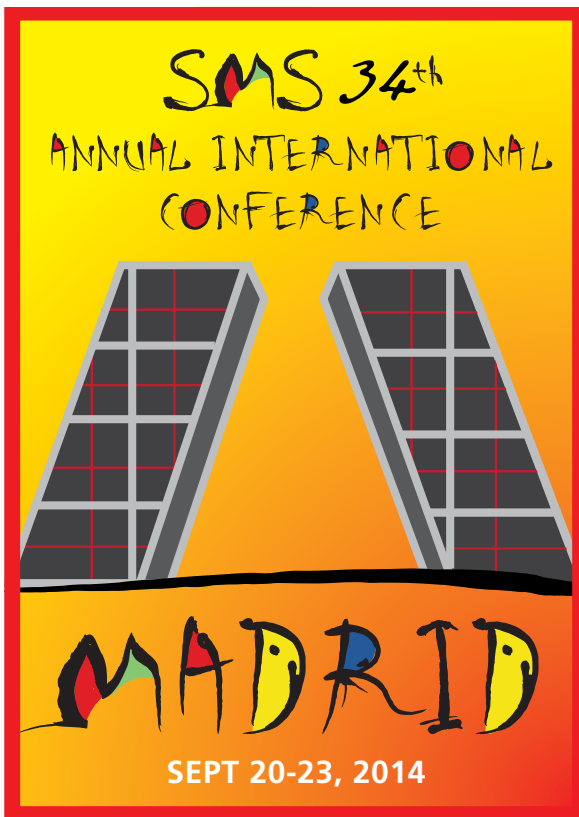
Upload and download functionality is available on the conference website and we have invited presenters to make their handouts and presentations available through this mechanism. If presenters have accepted this invitation, you will find a download button next to the presentation on the particular session page of the conference website.

No Smoking Policy

In consideration of all attendees, we request that there be no smoking during all sessions and meal functions. Please note that the entire hotel is non-smoking.

Internet Café

There will be an internet café located in International Ballroom E, located on the M2 level in the North Tower.



Save the Date

Strategies in a World of Networks

Africa Ariño

IESE Business School
Program Chair

Alejandro Beltrán

McKinsey & Company
Associate Program Chair

Pascual Berrone

IESE Business School
Associate Program Chair



LEARN MORE AT
madrid.strategicmanagement.net

SATURDAY, SEPTEMBER 28, 2013

19:00 — 21:00 Welcome Reception

SUNDAY, SEPTEMBER 29, 2013

08:00 — 09:15 Interest Group Sessions
 09:15 — 09:45 AM Coffee Break
 09:45 — 11:00 Interest Group Sessions
 11:15 — 12:30 Interest Group Sessions
 12:30 — 13:30 Lunch
 13:45 — 14:45 Plenary: The Future of Strategy in a Transient Advantage World
 14:45 — 15:15 PM Coffee Break
 15:15 — 16:30 Paper/Common Ground/Panel Sessions
 16:45 — 18:00 Interest Group Business Meetings
 18:15 — 19:00 SMS Business Meeting

MONDAY, SEPTEMBER 30, 2013

08:00 — 09:15 Paper/Common Ground/Panel Sessions
 09:15 — 09:45 AM Coffee Break
 09:45 — 11:00 Paper/Common Ground/Panel Sessions
 11:15 — 12:00 Plenary: Lifetime Achievement Award
 12:00 — 12:45 Plenary: CK Prahalad Award
 12:45 — 13:45 Lunch
 14:00 — 15:15 Paper/Common Ground/Panel Sessions
 15:30 — 16:30 Showcase Panels
 16:30 — 17:00 PM Coffee Break
 17:00 — 18:15 Paper/Common Ground/Panel Sessions
 19:00 — 22:00 Monday Night Event

TUESDAY, OCTOBER 1, 2013

08:00 — 09:15 Paper/Common Ground/Panel Sessions
 09:15 — 09:45 AM Coffee Break
 09:45 — 10:45 Plenary: Is Green Green?: Insights from Industry and Academia
 11:00 — 12:15 Paper/Common Ground/Panel Sessions
 12:15 — 14:00 Award Lunch
 14:15 — 15:15 Showcase Panels
 15:15 — 15:45 PM Coffee Break
 15:45 — 17:00 Paper/Common Ground/Panel Sessions
 17:15 — 18:30 Paper/Common Ground/Panel Sessions
 19:00 — 20:00 Closing Reception



MY SCHEDULE OVERVIEW

SATURDAY SEPTEMBER 28, 2013

19:00 – 21:00	Welcome Reception
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SUNDAY, SEPTEMBER 29, 2013

08:00 – 09:15	Interest Group Session I	SESSION	ROOM	PAGE #
09:15 — 09:45	Coffee Break			
09:45 — 11:00	Interest Group Session II	SESSION	ROOM	PAGE #
11:15 – 12:30	Interest Group Session III	SESSION	ROOM	PAGE #
12:30 – 13:30	Luncheon			
13:45 – 14:45	Plenary Panel I: The Future of Strategy in a Transient Advantage World			
14:45 – 15:15	Coffee Break			
15:15 – 16:30	Parallel Paper/ Common Ground/ Panel Sessions	SESSION	ROOM	PAGE #
16:45 – 18:00	Interest Group Business Meetings			
18:15 – 19:00	SMS Business Meeting			

MONDAY, SEPTEMBER 30, 2013

08:00 – 09:15	Parallel Paper/ Common Ground/ Panel Sessions	SESSION	ROOM	PAGE #
09:15 — 09:45	Coffee Break			
09:45 – 11:00	Parallel Paper/ Common Ground/ Panel Sessions	SESSION	ROOM	PAGE #
11:15 – 12:00	SMS Lifetime Achievement Award			
12:00 – 12:45	CK Prahalad Award			
12:45 – 13:45	Luncheon			
14:00 — 15:15	Parallel Paper/ Common Ground/ Panel Sessions	SESSION	ROOM	PAGE #
15:30 — 16:30	Showcase Panels	SESSION	ROOM	PAGE #
16:30 – 17:00	Coffee Break			
17:00 — 18:15	Parallel Paper/ Common Ground/ Panel Sessions	SESSION	ROOM	PAGE #
19:00 – 22:00	Monday Night Event			

TUESDAY, OCTOBER 1, 2013				
08:00 – 09:15	Parallel Paper/ Common Ground/ Panel Sessions	SESSION	ROOM	PAGE #
09:15 — 09:45	Coffee Break			
09:45 — 10:45	Plenary Panel II: Is Green Green? Insights from Industry and Academia			
11:00 – 12:15	Parallel Paper/ Common Ground/ Panel Sessions	SESSION	ROOM	PAGE #
12:15 – 14:00	Awards Luncheon			
14:15 — 15:15	Showcase Panels	SESSION	ROOM	PAGE #
15:15 — 15:45	Coffee Break			
15:45 – 17:00	Parallel Paper/ Common Ground/ Panel Sessions	SESSION	ROOM	PAGE #
17:15 — 18:30	Parallel Paper/ Common Ground/ Panel Sessions	SESSION	ROOM	PAGE #
19:00 – 20:00	Closing Cocktail Reception			



2013 REVIEW COMMITTEE

The individuals listed below worked with this year's Program Chairs, Pam Barr and Frank Rothaermel to select the proposals and compose the sessions for the different conference tracks, pre-conference sessions, and awards. We appreciate and gratefully recognize the tremendous amount of time and effort spent making this a successful event.

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The Strategic Management Society sincerely thanks and gratefully recognizes the time and effort of the following persons who served as reviewers for the SMS 33rd Annual International Conference.

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It is the primary objective of the SMS to provide opportunities for discussion and development of the latest research ideas in strategy. This is consistent with the practice of evaluating proposals rather than finished papers. In this spirit of discussion and development, we work with two session formats for proposal presentations:

Conference Theme Tracks	Interest Group Tracks
A – Sustaining Advantage	E – Competitive Strategy
B – Stewardship and Sustainable Development	F – Corporate Strategy
C – Social Dimension	G – Global Strategy
D – General Track	H – Strategy Process
	I – Knowledge and Innovation
	J – Strategy Practice
	K – Entrepreneurship & Strategy
	L – Strategic Human Capital
	M – Stakeholder Strategy
	N – Cooperative Strategies
	O – Strategic Leadership and Governance
	P – Behavioral Strategy
	T – Excellence in Teaching

Common Ground Sessions

The “Common Ground” sessions provide an improved opportunity for authors and audience members to interact more directly around a number of papers in a related theme.

- For the Atlanta Conference we are planning a total of 23 common ground sessions, each will be 1 hour 15 minutes.
- A common ground session is constituted of at least one author of the 5-6 proposals, a facilitator, and audience members. The facilitator is not an author on one of the proposals.
- The Common Ground sessions will be chaired and facilitated by known scholars in the session's topic. It is the responsibility of these facilitators to allocate time among participants and lead a productive discussion.
- To ensure sufficient time for interaction, the facilitator will ask for an initial 3-4 minutes summary presentation of a presenter's study focusing only on the main motivations and findings of each paper. We want the time to be structured as a conversation (i.e., short interventions, highly interactive), not as a sequence of monologues.
- Projectors or PowerPoint presentations will not be used. Flipcharts will be available in each room to facilitate visual discussion. Authors, however, were encouraged to make available for download or bring to the session a one-page summary.

Paper Sessions

The traditional Paper Sessions provide an opportunity for authors to present their research in a comprehensive fashion and aided by multimedia equipment, followed by interaction between authors and audience on a number of papers in a related theme.

- For the Atlanta Conference we are planning a total of 117 paper sessions, each will be 1 hour 15 minutes.
- A paper session is constituted of at least one author of 3-4 proposals, a session chair, and audience members. Often times, the session chair will be one of the presenting authors.
- Each presenting author will have 12-15 minutes for their presentation, depending on the number of presentations within the session. The remaining time will be used for discussion.
- Each session room will have a LCD projector available.
- Presenters were invited to upload their presentation handout and make it available for download to other conference attendees.

Pre-application was required to participate in these workshops.

SESSION 290

COMPETITIVE STRATEGY JUNIOR FACULTY AND PAPER DEVELOPMENT WORKSHOP

CJFPD WORKSHOP	Date	Saturday, Sep 28
	Time	09:15 – 15:45 h
Workshop	Room	Walnut

Competitive Strategy Junior Faculty and Paper Development Workshop

Workshop Organizers

Giovanni Battista Dagnino, *University of Catania*
Rahul Kapoor, *University of Pennsylvania*

This workshop will include panel discussions and breakout sessions. Senior faculty panels will discuss critical aspects of the research and publication process, ways to craft a successful research program, future directions in competitive strategy research, and other questions of concern for junior faculty. A breakout session will provide opportunities for participants to discuss and receive feedback on their work in an informal setting.

SESSION 295

COOPERATIVE STRATEGIES AND KNOWLEDGE & INNOVATION PAPER DEVELOPMENT WORKSHOP

CSKIPD WORKSHOP	Date	Saturday, Sep 28
	Time	13:00 – 16:00 h
Workshop	Room	Hazelnut

Cooperative Strategies and Knowledge & Innovation Paper Development Workshop

Workshop Organizers

Stefano Brusoni, *Swiss Federal Institute of Technology Zurich*
Ha Hoang, *ESSEC Business School*
Laura Poppo, *University of Kansas*

The objective of this PDW is to offer insights to junior scholars on future research opportunities and to provide personal feedback to those actively researching topics in cooperative strategies, knowledge and innovation, and its intersection. Scholars within both interest groups examine core processes such as exploration, boundary-spanning, learning, and adaptation at the interpersonal, intraorganizational and interorganizational levels of analysis. This suggests that a joint workshop will be coherent to the participants while affording opportunities for cross-fertilization.

SESSION 294

GLOBAL STRATEGY PAPER DEVELOPMENT WORKSHOP

GSPD WORKSHOP	Date	Saturday, Sep 28
	Time	09:00 – 15:00 h
Workshop	Room	Hickory

Global Strategy Paper Development Workshop

Workshop Organizers

Timothy Devinney, *University of Leeds*
Mitchell Koza, *Rutgers University*
Luis Vives Ramon, *Llull University*

The purpose of this PDW is to provide Global Strategy scholars with developmental feedback on their current research projects in global strategy studies. The PDW is open to all scholars but preference will be given to PhD students and early career academics. While we hope that many of these papers will be eventually submitted to the Global Strategy

Journal, Strategic Management Journal, Strategic Entrepreneurship Journal, and other International Business Journals, the purpose of the PDW is broader: to improve the quality of global strategy research and bring new scholars into the field.

SESSION 309

STRATEGIC LEADERSHIP AND CORPORATE GOVERNANCE WORKSHOP

PCJFD WORKSHOP	Date	Saturday, Sep 28
	Time	09:15 – 15:45 h
Workshop	Room	Pecan

PhD Candidate & Junior Faculty Development Workshop

Workshop Organizer

Anja Tuschke, *University of Munich*

The workshop will start with a paper development session that offers participants the opportunity to discuss their work in small groups. Participants will exchange feedback during the paper development portion, with each group's discussion being facilitated by one or more experienced scholar(s) familiar with the topic or method in question. Discussants include Brian Connolly, Parthiban David, Karen Schnatterly, Anja Tuschke, and Bob Wiseman. In addition, there will be a theory development session. Paul Godfrey will provide insights into how to structure ideas and topics, build a model, and develop theory. Participants will work on these questions based on one of their (empirical or theoretical) papers.

SESSION 313

PHD WORKSHOP

PHD WORKSHOP	Date	Saturday, Sep 28
	Time	08:30 – 19:00 h
Workshop	Room	International B

PhD Workshop

Workshop Organizers

Atul Nerkar, *University of North Carolina*
Sendil Ethiraj, *London Business School*

The Doctoral Workshop is intended for doctoral students at the early stage of their dissertation research. The Workshop will be highly interactive and will include a variety of panels as well as, practical sessions on developing dissertation proposals and launching academic careers, and a meet-the-editors session. The 25 individuals attending this workshop were selected through a competitive entry and review process. They will each receive scholarships that are funded partially through the generous support of the Society for the Advancement of Management Studies (suppliers of the Journal of Management Studies).



SESSION 310

STRATEGY PROCESS AND CORPORATE STRATEGY COLLOQUIUM ON MERGER AND ACQUISITION PROCESSES

WORKSHOP	Date	Saturday, Sep 28
	Time	09:00 – 18:00 h
Workshop	Room	Chestnut

Strategy Process and Corporate Strategy Colloquium on Merger and Acquisition Processes**Workshop Organizers**

Bruce Lamont, *Florida State University*
 Gwendolyn Lee, *University of Florida*

This colloquium on M&A Process is a full-day conversation that kicks off with a retrospective glance on the future of M&A process research. Then three sessions will cover cutting-edge research on Pre-deal Processes, Post-deal Processes, and Learning and Capability Evolution. Each presentation will share with the participants the latest research ideas on M&A Process. The colloquium features a “theme lunch” where participants are invited to discuss their research ideas over lunch with the keynote speaker, panelists and session chairs about Pre-deal Processes, Post-deal Processes, and Learning and Capability Evolution. This unique format of interaction provides an opportunity for participants to exchange ideas with other researchers of similar interests.

SESSION 311

TEACHING EXECUTIVES WORKSHOP

WORKSHOP	Date	Saturday, Sep 28
	Time	13:00 – 16:00 h
Workshop	Room	Cypress

Teaching Executives Workshop**Workshop Organizers**

Margaret Cording, *IMD*
 Silke Mischke, *IMD*

The Excellence in Teaching Community is offering an interactive three-hour workshop focused on the processes that lead to significant and long-lasting learning by executives. How executives learn – and therefore how we teach them – is fundamentally different from less experienced learners. At the end of this workshop, participants will have a framework that enables them to place their content in a highly relevant context while actively accommodating the underlying learning processes. This framework will help us to be more mindful of the numerous (and often nuanced) differences in teaching to executives versus more degree-oriented students.

SESSION 312:

THE IMPACT OF TECHNOLOGY ON TEACHING STRATEGY

WORKSHOP	Date	Saturday, Sep 28
	Time	14:00 – 17:00 h
Workshop	Room	Sycamore

The Impact of Technology on Teaching Strategy**Workshop Organizers**

Tunji Adebesean, *Lagos Business School*
 Peter Klein, *University of Missouri*

CSIG will be offering its second annual teaching workshop. This three-hour workshop we will address both competitive strategy content and pedagogical methods. This year's workshop focuses on technological innovation and its impact on teaching strategy. The higher-education industry is abuzz with talk about MOOCs, distance learning, computer-based learning, and other pedagogical innovations. Participants will break into small groups for in-depth discussion and practice using new tools. After regrouping, participants will discuss about what these innovations mean for the higher-education industry, and business schools in particular.

SESSION 156

COMPETITIVE STRATEGY, COOPERATIVE STRATEGIES

TRACK E, TRACK N	Date	Sunday, Sep 29
	Time	08:00 – 09:15 h
Interest Group Panel	Room	Cottonwood Room AB

New Empirical Methods for Strategy Scholars**Session Chair**

Gonçalo Pacheco de Almeida, *HEC Paris*

Panelists

Rajshree Agarwal, *University of Maryland*

Seth Carnahan, *University of Maryland*

Wilbur Chung, *University of Maryland*

Peer Fiss, *University of Southern California*

Libby Weber, *University of California-Irvine*

Advances in computer power and new developments in statistical methods across different fields have generated new empirical tools that are valuable for researchers in strategy. This session will provide a window into such cutting-edge advances. We will start by pinpointing the issue of causality in empirical research in strategy and explore some tools that can help strategy scholars. Specifically we will cover the use of experiments (both natural and lab designed), random parameter models (RPM) and Qualitative Comparative Analysis (QCA). Panelists will explain the methods, their pros and cons, and provide examples of their application to strategy questions.

SESSION 165

GLOBAL STRATEGY

TRACK G	Date	Sunday, Sep 29
	Time	08:00 – 09:15 h
Interest Group Panel	Room	Hazelnut Room

Replication in Global Strategy and Strategic Management Research**Session Chair**

Nandini Lahiri, *Temple University*

Panelists

Richard Bettis, *University of North Carolina-Chapel Hill*

Constance Helfat, *Dartmouth College*

J Myles Shaver, *University of Minnesota*

Reproducibility of results lies at the core of modern empirical research, yet management journals publish few replication studies. This has been combined with professional norms that largely ignore replication and, consequently, make it difficult to ascertain empirical regularities. Moreover, lack of replication permits data snooping and exaggerated significance levels to go unchallenged. The need for replication studies is particularly acute in global strategy, due to the emphasis on cross-border research. Without replication, it is difficult to know whether research findings are robust to differences in geographic settings. In this session, the panelists will discuss the rationale for replication studies and their benefits. The panel will then engage the audience in a discussion of replication in global strategy and strategic management research.

SESSION 168

KNOWLEDGE AND INNOVATION

TRACK I	Date	Sunday, Sep 29
	Time	08:00 – 09:15 h
Interest Group Panel	Room	Dogwood Room A

Transforming Business Decisions with Big Data**Session Chair**

Stefano Brusoni, *Swiss Federal Institute of Technology Zurich*

Panelists

William Hakes, *Link Analytics*

Kerstin Neumann, *Bocconi University*

Stefan Seiler, *UBS*

Mary-Anne Williams, *University of Technology, Sydney*

The 'Big Data' phenomenon is so large, so varied and so complex that it is changing the way decision makers comprehend and harvest the value it encapsulates. It provides new opportunities, and poses new challenges. It can be used for gaining new insight and knowledge that inform decision making. It enables a new paradigm in real-time evidence-based decision making. The 2012 Gartner Report on Big Data found that organizations able to exploit their Big Data will outperform those that fail to do so by more than 20% across all the key financial metrics. At the same time, the availability of big data poses new challenges to organizations and decision-makers. Traditional analytical and training techniques may be inadequate to prepare decision-makers that operate in data-rich environments. Ethical questions emerge with reference to the reliance on massive amounts of data collected without explicit consent, or the direct engagement of those who generate and use these data, that may be leveraged to affect individual choices of consumers. This panel will discuss the opportunities and challenges that Big Data create for organizations, relying on the experience of speakers from both academia and practice.

SESSION 162

ENTREPRENEURSHIP AND STRATEGY

TRACK K	Date	Sunday, Sep 29
	Time	08:00 – 09:15 h
Interest Group Panel	Room	Hickory Room

Strategic Entrepreneurship**Session Chair**

Naga Lakshmi Damaraju, *Indian School of Business*

Panelists

Giovanni Battista Dagnino, *University of Catania*

Michael A. Hitt, *Texas A&M University*

David Ketchen, *Auburn University*

Anita McGahan, *University of Toronto*

Mike Hitt will give an overview of strategic entrepreneurship. David Ketchen will speak about strategic entrepreneurship in small businesses and Anita McGahan will speak about private-sector entrepreneurship in the interests of improving the health of the poor. MB and Giovanni will speak regarding international entrepreneurship and challenges.



SESSION 250

STRATEGIC HUMAN CAPITAL

TRACK L	Date	Sunday, Sep 29
	Time	08:00 – 09:15 h
Interest Group Panel	Room	Juniper Room

What Is Human Capital, Really? Economic and Psychological Views of Our Key Construct

Session Chair

Clinton Chadwick, *University of Kansas*

Panelists

Benjamin Campbell, *Ohio State University*

Janice Molloy, *Michigan State University*

This session will begin with two consecutive 15-minute presentations by leading scholars from the Strategic Human Capital interest group on what constitutes strategic human capital and why it “matters”. These presentations will encompass the economically-oriented and psychologically-oriented forms of strategy, respectively. Following these presentations, we will break the attendees into roundtable discussions. Each roundtable will discuss the topic and generate a set of comments/propositions about the research implications of these two different views of human capital to share with the group.

SESSION 172

STAKEHOLDER STRATEGY, EXCELLENCE IN TEACHING

TRACK M, TRACK T	Date	Sunday, Sep 29
	Time	08:00 – 09:15 h
Interest Group Panel	Room	Cypress Room

Bringing Sustainability to Life in the Classroom

Session Chair

Jeffrey Harrison, *University of Richmond*

Panelists

Tima Bansal, *University of Western Ontario*

Doug Bosse, *University of Richmond*

Irene Henriques, *York University*

Robert Wright, *Hong Kong Polytechnic University*

There is a need for an approach to bring sustainability issues to life in the classroom. Students being actual or future leaders should be motivated and challenged to explore how business can create sustainable value for their key stakeholders and, thus, securing a sustainable advantage relative to other businesses. In this session, we explore existing frameworks, tools and good practices that provide students a possibility to approach issues of sustainability in the classroom. This interdisciplinary session draws on the knowledge of scholars from the fields of stakeholder strategy and from the teaching community. The panelists from the SSIG and the TC provide their insights regarding the relationships between stakeholder management and sustainability and, respectively, the didactical frameworks, tools and good practices available to establish awareness and involvement among students taking classes related to issues of sustainability. In a non-traditional setting, the panelists interact with the participants organized in four different groups. Participants in each of these groups elaborate on how issues of sustainability could be brought to life in classrooms. Many academics polarize the important practice of teaching and research into separate and distinct worlds--rarely integrating them as complementarities in our pursuit toward better scholarship. This sharing session will also showcase a game that brings these two worlds together to help take our scholarship of teaching, learning, and research

to the next level; and in the process stimulate higher level thinking from our students and real managers when dealing with complicated, unsolved issues, challenges and problems. The idea of “staying F.O.C.U.S.E.D.” game (http://myweb.polyu.edu.hk/~msleung/focused_dice.html) in a complicated world was developed based on an extensive survey of 400+ business students and discussions with practitioners about what it would take to help students get better in their thinking and action.

SESSION 191

STRATEGIC LEADERSHIP AND GOVERNANCE

TRACK O	Date	Sunday, Sep 29
	Time	08:00 – 09:15 h
Interest Group Panel	Room	Magnolia Room

How Governance Mechanisms Influence Strategic Leadership and Decision-Making

Session Co-Chairs

Patricia Klarner, *University of Munich*

Anja Tuschke, *University of Munich*

Panelists

Marta Geletkanycz, *Boston College*

Scott Graffin, *University of Georgia*

James Wade, *Emory University*

James Westphal, *University of Michigan*

Research has long examined the influence of governance mechanisms and strategic leadership (including incentives, power distribution, upper echelons, team dynamics etc.) on strategic choice, behavior, and performance outcomes. This panel aims at bridging governance and leadership perspectives on these topics and discusses current themes as well as pressing questions for future research.

SESSION 237

BEHAVIORAL STRATEGY

TRACK P	Date	Sunday, Sep 29
	Time	08:00 – 09:15 h
Interest Group Panel	Room	Dogwood Room B

Forging a Behavioral Strategy Interest Group Identity: Multiple Views on a Shared Research Agenda

Session Chair

Rhonda Reger, *University of Tennessee*

Panelists

Christina Fang, *New York University*

Shayne Gary, *University of New South Wales*

Thomas Powell, *Oxford University*

The leadership of the newly formed Behavioral Strategy Interest Group will discuss the rationale and aims for the community of scholars to be served by the interest group.

09:15 – 09:45
COFFEE BREAK

SESSION 246

EXCELLENCE IN TEACHING

TRACK T	Date	Sunday, Sep 29
	Time	09:45 – 11:00 h
Interest Group Workshop	Room	Redwood Room

Mini-Workshop: On Teaching Implications: Reflections from Leading Editorial Boards**Session Co-Chairs**

Margaret Cording, *IMD*
 Jay Dial, *Ohio State University*
 Robert Wright, *Hong Kong Polytechnic University*

Round Table Discussants

Africa Ariño, *IESE Business School*
 Kenneth Brown, *University of Iowa*
 Timothy Devinney, *University of Leeds*
 Scott Graffin, *University of Georgia*
 Sarah Kaplan, *University of Toronto*
 Arie Lewin, *Duke University*
 Will Mitchell, *Duke University*
 Torben Pedersen, *Copenhagen Business School*
 James Robins, *WU-Vienna*
 Mike Wright, *Imperial College London*

How might our teaching be improved if researchers included a section on “implications for management education” in addition to the usual “implications for research” and “management implications” in their published works? This highly interactive session brings together editors from our leading journals to debate and discuss the pedagogical implications of our scholarship for the classroom, and in the process, better equip the next generation of thought-leaders for a complicated world. We feel that such a game-changing idea would also be aligned with the direction of business school scholarship and impact in making us matter more. Journal Editors taking part through round-table discussions are: Africa Arino (Academy of Management Discoveries); Kenneth G. Brown (Academy of Management Learning & Education); Timothy Devinney (Academy of Management Perspectives); Scott D. Graffin (Academy of Management Journal); Sarah Kaplan (Organization Science); Arie Lewin (Management and Organization Review); Torben Pedersen (Global Strategy Journal); James A. Robins (Long Range Planning); Will Mitchell (Strategic Management Journal) and Mike Wright (Strategic Entrepreneurship Journal).

SESSION 157

COMPETITIVE STRATEGY

TRACK E	Date	Sunday, Sep 29
	Time	09:45 – 11:00 h
Interest Group Panel	Room	Cottonwood Room AB

Strategies in the Digital Area: Competing through Platforms, Ecosystems, and Open Innovation**Session Chair**

Juan Alcacer, *Harvard University*

Panelists

Ron Adner, *Dartmouth College*
 Bruno Cassiman, *IESE Business School*
 Andrei Hagiu, *Harvard Business School*
 Karim Lakhani, *Harvard University*

Platforms, ecosystems and social networks are emerging as competitive tools in multiple industries. This new competitive landscape brings challenges and opportunities to strategy scholars to develop new conceptual frameworks, test previous theories and push our understanding of industry dynamics and competitive strategy. A group of pioneers in the field will describe the phenomenon, offer an overview of the most recent research in the area, provide their conceptual approach

to platforms, ecosystems and open innovation, and clarify basic concepts and misconceptions.

SESSION 160

CORPORATE STRATEGY

TRACK F	Date	Sunday, Sep 29
	Time	09:45 – 11:00 h
Interest Group Panel	Room	Cypress Room

Leadership and Strategic Change**Session Co-Chairs**

Bruce Lamont, *Florida State University*
 Toyah Miller, *Indiana University*

Panelists

Warren Boeker, *University of Washington*
 Marta Geletkanycz, *Boston College*
 Sucheta Nadkarni, *Drexel University*
 Rajiv Nag, *Georgia State University*
 Margarethe Wiersema, *University of California-Irvine*

This session would explore the relationship between strategic leadership (CEOs, top management teams, boards of directors) and change in corporate strategy (strategic change). Some possible key questions that we would discuss include: What role do strategic leaders play in strategic change? What is the role of leadership shaping identity before and during strategic change? How do team dynamics, power, and demography impact the firm's change in corporate strategy? What can research in this area tell us about intersection between strategic leadership and corporate strategy?

SESSION 166

GLOBAL STRATEGY, STRATEGY PROCESS

TRACK G, TRACK H	Date	Sunday, Sep 29
	Time	09:45 – 11:00 h
Interest Group Panel	Room	Dogwood Room A

Capability Building across Countries in MNCs**Session Chair**

Taco Reus, *Erasmus University - Rotterdam*

Panelists

Steven Kahl, *Dartmouth College*
 Margaret Peteraf, *Dartmouth College*
 J Myles Shaver, *University of Minnesota*

Capability development, in recent years, has been of interest to both research and practice. While capabilities such as managing alliances, acquisitions, integration of diverse resources, among others, have been in focus, the challenges in the process of capability development and deployment is particularly challenging to MNCs. The increased complexity in the case of MNCs is caused by multiplicity of location and institutional characteristics that these firms face. The panelists will address this important managerial and research challenge by sharing recent research in this domain. The panel will then engage the audience in identifying questions that have the potential to impact future research in this area.



SESSION 167

KNOWLEDGE AND INNOVATION

TRACK I	Date	Sunday, Sep 29
	Time	09:45 – 11:00 h
Interest Group Panel	Room	Hazelnut Room

Ethics, Innovation and Responsibility

Session Chair

Stefano Brusoni, *Swiss Federal Institute of Technology Zurich*

Panelists

Grant Hawkins, *Atlanta Police Foundation*
 Silvia King Wyckoff, *Atlanta Police Foundation*
 Anita McGahan, *University of Toronto*
 Antonio Vaccaro, *IESE Business School*

Organizations differ in how they deal with ethical and sustainability issues. The literature on technology ethics highlights interesting cases where designers (consider using the word architects instead of designers) have intentionally pursued an immoral objective, e.g. a bridge designed with the aim of limit the mobility of people with specific ethnic backgrounds, or hardware and software designed to control users' activities, violating elementary privacy rights, etc. Internet technologies have not only made the world a more connected place, they have also led to the creation of 'digital sweatshops', i.e. overcrowded rooms where workers play online games, up to twelve hours a day in order to create virtual goods, which can then be sold to other, obviously richer, players. The aim of this panel is fostering the discourse about ethics and innovation over and above the ongoing discussion about corporate social responsibility by comparing insights from different fields of research and business practices. The panel includes leading scholars in the field of techno-ethics and CSR as well as practitioners, both engaged in the effort of making business and public organizations better prepared for the ethical implications of the innovation decisions they take.

SESSION 235

STRATEGY PRACTICE

TRACK J	Date	Sunday, Sep 29
	Time	09:45 – 11:00 h
Interest Group Panel	Room	Chestnut Room

Strategic Dynamics: Beyond Practice, Process, People in Fostering Impactful Learning and Teaching in Strategic Action

Session Co-Chairs

Stephen Cummings, *Victoria University of Wellington*
 Lisa Gaerber, *Copenhagen Business School*
 Hanna Lehtimäki, *University of Eastern Finland*
 Elizabeth Rose, *University of Otago*
 Timo Santalainen, *Aalto University*

Panelists

Julia Balogun, *Bath University*
 Steven Floyd, *University of Massachusetts-Amherst*
 Paul Friga, *University of North Carolina-Chapel Hill*
 Marjorie Lyles, *Indiana University*
 Richard Whittington, *University of Oxford*

This session aims to foster debate about the ways in which the emergence and dynamics that underpins strategic action can be better attended to in future research, teaching and learning initiatives collaboratively with executives and policy makers. This event seeks to bring the themes of strategic learning, change, emergence and dynamism back into our ongoing efforts to understand phenomena in the ways social actors act, interact and transact as they negotiate ongoing tensions, paradoxes and competing priorities all central to the character of strategic action. This theme of strategic dynamics needs to be addressed from a number of theoretical and methodological perspectives and your contributions

already in the field of strategic management and associated areas would be a great voice to bring to the table to enrich the discussion.

SESSION 164

ENTREPRENEURSHIP AND STRATEGY

TRACK K	Date	Sunday, Sep 29
	Time	09:45 – 11:00 h
Interest Group Panel	Room	Hickory Room

Real Options and Entrepreneurship: What Questions Can We Ask?

Session Chair

Naga Lakshmi Damaraju, *Indian School of Business*

Panelists

Jay Anand, *Ohio State University*
 Michael Leiblein, *Ohio State University*
 Yong Li, *State University of New York-Buffalo*
 Joseph Mahoney, *University of Illinois-Urbana Champaign*
 Rita Gunther McGrath, *Columbia University*
 Tony Tong, *University of Colorado-Boulder*

Joseph Mahoney and Yong-Li will discuss their ideas under the following title: What unique insights does real options theory offer concerning financing entrepreneurship? This would include a) Rationale for financing entrepreneurship (startups)b) Timing c) Contingent financing (staging; sequential investment) d) Portfolio investment and e) Contracting Jay Anand will focus on entrepreneurship in established firms using a portfolio approach as per my research papers in this area. Michael Leiblein will discuss real options and innovation activity. The focus will be on the use of option logic to complement theories of advantage with particular attention to the use of option logic to consider timing advantages. TonyTong will focus on making R&D and capital investment decisions, how sensitive are entrepreneurial firms to market uncertainty? Do entrepreneurial firms respond to uncertainty differently than large and established firms? He will present some findings from a recent project. Rita McGrath will focus on "what habitual entrepreneurs understand about options reasoning that most of us don't".

SESSION 251

STRATEGIC HUMAN CAPITAL

TRACK L	Date	Sunday, Sep 29
	Time	09:45 – 11:00 h
Interest Group Panel	Room	Juniper Room

Where Are We Going Next in Strategic Human Capital Research?

Session Chair

Clinton Chadwick, *University of Kansas*

Panelists

Matthew Bidwell, *University of Pennsylvania*
 Benjamin Campbell, *Ohio State University*
 Alison Mackey, *California Polytechnic State University*
 Janice Molloy, *Michigan State University*
 Anthony Nyberg, *University of South Carolina*
 Scott Snell, *University of Virginia*

This session will feature a panel of the Strategic Human Capital interest group's Representatives at Large, who will each briefly describe their views on the following questions: What do we know about strategic human capital? What are the most compelling under-researched questions? How can we as a community encourage more good research on these questions? The session will include opportunities for panelists and attendees to discuss these questions.

SESSION 234

COOPERATIVE STRATEGIES

TRACK N	Date	Sunday, Sep 29
	Time	09:45 – 11:00 h
Interest Group Panel	Room	Sycamore Room

Learning to Manage Corporate Development Portfolios**Session Co-Chairs**

Koen Heimeriks, *Tilburg University*
Pinar Ozcan, *Warwick Business School*

Panelists

Chris Bingham, *University of North Carolina-Chapel Hill*
Melissa Graebner, *University of Texas-Austin*
Werner Hoffmann, *WU-Vienna*
Tomi Laamanen, *University of St. Gallen*
Mario Schijven, *Texas A&M University*

In this workshop, we will explore the micro and meso-dynamics associated with firm growth through alliances, acquisitions, and divestitures. The workshop will begin with an overview and discussion of what we know about this topic by the organizers. In this section, our focus will be on prior work on alliances, acquisitions, and divestitures and how these activities enable firm growth. Recent work has started to compare different types of growth (internal, alliance- or acquisition-led) and what internal processes help firms develop an alliance or acquisition capability (Capron, 2010; Heimeriks et al., 2012; Zollo and Singh, 2004). Also, such activities have a direct influence on how market networks come about and how industries evolve (Gawer and Cusumano, 2002; Jacobides et al, 2006; Ozcan and Santos, 2012). Yet, so far only few of the contingencies and micro dynamics that enable individual firms to outperform their peers have been examined. The next section aims to share new insights into when what type of growth is favorable and how firms develop capabilities for different types of growth. Each panelist will present for 20 minutes followed by 10 minutes of discussion and Q&A. Finally, the last hour will be dedicated to a discussion of the existing gaps, bridges and other contingencies between the micro and meso-level underpinnings and firm growth. In a lively discussion between the panelists and participants, we hope to provide a more integrated view of these traditionally separate topics and find new paths for future research to bring them closer.

SESSION 192

STRATEGIC LEADERSHIP AND GOVERNANCE

TRACK O	Date	Sunday, Sep 29
	Time	09:45 – 11:00 h
Interest Group Panel	Room	Magnolia Room

Individuals and Teams at the Top of the Firm – Current and Emerging Topics**Session Chair**

Christine Shropshire, *University of Georgia*

Panelists

Albert Cannella Jr, *Arizona State University*
David Sirmon, *University of Washington*
Anja Tuschke, *University of Munich*
Yan Zhang, *Rice University*

This panel aims at discussing important topics and research avenues revolving around individual leaders and teams at the top of the firm. We are going to address governance choices like nomination and turnover decisions – including internal and external reasons for these decisions – which ultimately result in changes in board composition and inter-firm interlocks. Conceptual as well as empirical avenues of research will be highlighted.

SESSION 238

BEHAVIORAL STRATEGY

TRACK P	Date	Sunday, Sep 29
	Time	09:45 – 11:00 h
Interest Group Panel	Room	Dogwood Room B

Strategy As Arbitrage: A Behavioral Strategy Approach**Session Chair**

Christina Fang, *New York University*

Panelists

Christina Fang, *New York University*
Songcui Hu, *University of Arizona*
Chengwei Liu, *University of Warwick*
Lamar Pierce, *Washington University-St. Louis*

Strategy is concerned with finding profit opportunities. In teaching as well as practice, the implicit assumption is that not all opportunities have been exploited. Rather, there is money left on the table, the only problem is how to spot it. We argue that an appropriate theoretical foundation for strategy should start with the assumption that there are arbitrage opportunities. To examine this question, researchers in strategy need to combine evidence from behavioral sciences and organization theory on how firms evaluate input factors and implement new practices with models of how and why arbitrage opportunities can persist in factor and product markets.



SESSION 248

EXCELLENCE IN TEACHING

TRACK T	Date	Sunday, Sep 29
	Time	11:15 – 12:30 h
Interest Group Panel	Room	Redwood Room

Talking About a Revolution: Building a Community of Scholars to Revolutionize Our Teaching Experience

Session Co-Chairs

Margaret Cording, *IMD*
 Jay Dial, *Ohio State University*
 Robert Wright, *Hong Kong Polytechnic University*

Panelists

Josh Plaskoff, *IUPUI*

Interested in building a community of people curious about how to radically improve the effectiveness of teaching? A community of practice is a group of people, brought together by common belief, common behavior and a sense of belonging who strive to enhance their dominant work practice. This session will bring together SMS Members committed to innovating in the classroom, learning from each other, and sharing deep know-how and passion around helping our students learn in profound and long-lasting ways. Come join us as we build something new.

SESSION 158

COMPETITIVE STRATEGY

TRACK E	Date	Sunday, Sep 29
	Time	11:15 – 12:30 h
Interest Group Panel	Room	Cottonwood Room AB

New Formats for Research in Strategy

Session Chair

Charles Williams, *Bocconi University*

Panelists

Nicholas Argyres, *Washington University-St. Louis*
 Bruno Cassiman, *IESE Business School*
 Andrew Van de Ven, *University of Minnesota*

Over the past decade, numerous leading scholars in strategy have called to expand the nature of research in strategy from the traditional 'hybrid' papers that combine verbal theorizing with large-sample empirical analysis to new formats that preserve the diversity and vibrancy of the field. The panel will explore two specific formats being promoted: theory driven and stylized-fact driven research. One of the goals is to engage in a conversation that highlights the needs for new types of research. Second, and equally important, the session will help to discuss quality standards for these new formats as well as provide information on initiatives promoting them undertaken by the major journals in the field.

SESSION 159

CORPORATE STRATEGY

TRACK F	Date	Sunday, Sep 29
	Time	11:15 – 12:30 h
Interest Group Presentation	Room	Cypress Room

Publishing Strategic Management Research

Session Chair

Caterina Moschieri, *IE Business School*

Panelists

Manuel Becerra, *IE University*
 Melissa Graebner, *University of Texas-Austin*
 Yan Zhang, *Rice University*
 Maurizio Zollo, *Bocconi University*

This session focuses on the key steps of the publication process in leading journals of strategic management. It covers journal selection, editorial

decisions, and revision strategies. It offers advice on how to deal with or respond to different editorial decisions, including reject, reject and resubmit, and revise and resubmit. The session reviews revision strategies involving strategic management theories and research. Panelists include successful authors and current and past editors of journals such as the *Academy of Management Journal*, *Global Strategy Journal*, and *Strategic Management Journal*.

SESSION 174

STRATEGY PROCESS, COOPERATIVE STRATEGIES

TRACK H, TRACK N	Date	Sunday, Sep 29
	Time	11:15 – 12:30 h
Interest Group Panel	Room	Magnolia Room

International Alliance Management Processes

Session Chair

Xavier Castaner, *University of Lausanne*

Panelists

Africa Ariño, *IESE Business School*
 Marjorie Lyles, *Indiana University*
 J Myles Shaver, *University of Minnesota*
 Harbir Singh, *University of Pennsylvania*

The management of international alliances – alliances between partners from different countries – pose specific challenges given the geographical and institutional distance among partners. Further, the purpose of international alliances often is entry in a new market for at least one of the partners. There has been substantial research on the contractual hazards companies face in this kind of ventures as well as on the learning processes. And several practice recommendations have been formulated, however, the failure rate is still too high (such as recent JVs between European and Indian firms for the Indian market show) and calls for more research. This panel will take stock of the current state of the art in international alliance management process research and formulate recommendations for future research.

SESSION 241

STRATEGY PROCESS, STRATEGIC LEADERSHIP AND GOVERNANCE

TRACK H, TRACK O	Date	Sunday, Sep 29
	Time	11:15 – 12:30 h
Interest Group Panel	Room	Hazelnut Room

What's with the Board? Strategic Decision-Making Processes in the Boardroom

Session Co-Chairs

Tomi Laamanen, *University of St. Gallen*
 Anja Tuschke, *University of Munich*

Panelists

Morten Huse, *Universität Witten Herdecke*
 Jay Lorsch, *Harvard University*
 Michael Useem, *University of Pennsylvania*

Most governance and strategy research on boards has focused on structural or demographic features – composition, remuneration, and ownership – as possible determinants of the quality of their decision-making. However, very little is known on boards' decision-making processes, due in part to the difficulty of having access to them. Nevertheless, due to their importance, it seems urgent to think how to better bridge this gap. Researchers with a long-standing interest and access to boards, together with current board members, will discuss how to.

SESSION 169

KNOWLEDGE AND INNOVATION

TRACK I	Date	Sunday, Sep 29
	Time	11:15 – 12:30 h
Interest Group Panel	Room	Dogwood Room A

Foundations Session: A conversation with Linda Argote about Organizational Learning**Session Co-Chairs**Sunkee Lee, *INSEAD*Corey Phelps, *HEC-Paris*Florian Rittiner, *Swiss Federal Institute of Technology***Panelists**Linda Argote, *Carnegie Mellon University*

This session continues an emerging tradition in the K&I Interest Group to bring the K&I community closer to the ideas and to the people who wrote important, foundational papers at the intersection of strategy, knowledge and innovation. The focus of this foundational session will be on the past, present and future of organizational learning knowledge research from the perspective of one its foundational contributors – Professor Linda Argote. The session will be conducted as an interview followed by a question and answer period. The questions are developed in collaboration with the whole Knowledge and Innovation Community.

SESSION 242

STRATEGY PRACTICE

TRACK J	Date	Sunday, Sep 29
	Time	11:15 – 12:30 h
Interest Group Panel	Room	Chestnut Room

Delivering Strategic Impact: The Power of ABC Collaborations**Session Chair**Timo Santalainen, *Aalto University***Panelists**Elena Antonacopoulou, *University of Liverpool*David Collis, *Harvard University*Andreas Raharso, *Hay Group*George Tovstiga, *University of Reading*

Discussion on relevance of strategy research has been on the rise for years. One reason is that the logic of career advancement in academia is based on papers published in A-class journals; reviewed by colleague academics. Strategy practitioners almost never read A-class journals. A “great divide” seems to exist between research and practice. Best strategies in practice are conceptionally sound. High-performing strategists are great conceptual thinkers. They are able to convert strategic thinking into impactful practice. Strategy consultants are – or should be – able to bridge conceptual frames with practical challenges. With practitioners they address relevant issues and develop solutions that have power impact. ABC collaboration has great potential. Still reality is far from ideal. This interactive session addresses key challenges and seeks new solutions for promoting ABC collaborations that deliver strategic impact – for academics, practitioners and consultants.

SESSION 163

ENTREPRENEURSHIP AND STRATEGY, GLOBAL STRATEGY

TRACK K, TRACK G	Date	Sunday, Sep 29
	Time	11:15 – 12:30 h
Interest Group Panel	Room	Hickory Room

Entrepreneurial Firms and MNCs: An Emerging Market Perspective**Session Co-Chairs**Naga Lakshmi Damaraju, *Indian School of Business*Nandini Lahiri, *Temple University***Panelists**Sharon Alvarez, *Ohio State University*Alfonso Gambardella, *Bocconi University*Anil Gupta, *University of Maryland*Subramanian Rangan, *INSEAD*

With increasing attention to emerging markets, both entrepreneurial and multinational firms recognize the importance of non-traditional strategies. For example, non-market strategies often play a critical role in emerging economies. Yet, relatively little attention is paid to the antecedents and performance consequences of such strategies. The institutional context under which firms operate is also significantly different. This raises the question of the influence that institutional context and strategy have on each other. Do institutions matter differently under a set of conditions? The purpose of this session is to discuss different perspectives within the domain. Panelists will share recent research spanning a broad range of theories and markets. The panel will then engage the audience in identifying questions that have the potential to impact future research in this area.

SESSION 252

STRATEGIC HUMAN CAPITAL

TRACK L	Date	Sunday, Sep 29
	Time	11:15 – 12:30 h
Interest Group Panel	Room	Juniper Room

Cutting Edge Insights from the Journal of Management Special Issue on Strategic Human Capital**Session Chair**Patrick Wright, *Cornell University***Panelists**Russell Coff, *University of Wisconsin-Madison*Thomas P. Moliterno, *University of Massachusetts-Amherst*

A forthcoming special issue of *Journal of Management* is devoted to strategic human capital. The panelists for this session are the editors of this special issue, who will share insights on where research on this topic is going in the near future, based on their experience in putting this special issue together. This session will also feature comments from some of the authors whose work will be featured in the special issue. The session will include a discussion of the opportunities and challenges inherent in advancing the strategic human capital research stream.



SESSION 195

STAKEHOLDER STRATEGY

TRACK M	Date	Sunday, Sep 29
	Time	11:15 – 12:30 h
Interest Group Panel	Room	Walnut Room

National Competitive Advantage: Stakeholders, Strategy, and Sustainability

Session Chair

Ryan Krause, *Texas Christian University*

Panelists

Suzanne Berger, *MIT*

Graham Kenny, *Strategic Factors*

Christian Ketels, *Harvard University*

Richard Vietor, *Harvard University*

The world has changed in significant and structural ways with China's national strategic plans having led to that country's great success. At the same time we've seen the increasing globalization of corporations which has led many companies to take residence in a nation while being able to outsource production and offshore profits. Unlike China, Western nations avoid developing overall national strategic plans preferring instead to design plans for singular functions such as health, social security and education. Is the practice wise and sustainable? Does the absence of strategic plans expose nations to the risk of long-term decline? Developing an overall national strategic plan remains off the agendas of Western nations as this is seen as synonymous to becoming a command or centrally planned economy. Is this mindset due for change? Would a stakeholder framework provide the path to a truly national strategic plan? Are current economic indicators sufficient to track real national performance? These questions are at the centre of the panel's deliberations. This session is designed for debate and discussion.

SESSION 239

BEHAVIORAL STRATEGY

TRACK P	Date	Sunday, Sep 29
	Time	11:15 – 12:30 h
Interest Group Panel	Room	Dogwood Room B

Theoretical Perspectives in Behavioral Strategy

Session Chair

Rhonda Reger, *University of Tennessee*

Panelists

Irene Duhaime, *Georgia State University*

Sarah Kaplan, *University of Toronto*

Timothy Pollock, *Penn State University*

Robert Wiseman, *Michigan State University*

Leading researchers working within the domain of behavioral and cognitive approaches to strategic management research will share their views on the diversity of theoretical perspectives the Behavioral Strategy Interest Group draws upon, share their views on the state of the field today and seek to spark discussion about promising new directions for researchers to pursue.

12:30 – 13:30
LUNCHEON

SESSION 58

PLENARY TRACK

TRACK Q	Date	Sunday, Sep 29
	Time	13:45 – 14:45 h
Plenary Panel	Room	Grand Ballroom ABC

The Future of Strategy in a Transient Advantage World

Panelists

Rita Gunther McGrath, *Columbia University*

Ryan McManus, *Accenture*

V. Ganapathy Subramanian, *Infosys*

Few observers dispute that economic change appears to be accelerating. Collapsing entry barriers, digitization and the advent of truly global competition in more sectors of the world's economy have brought us to the point in which competitive advantages, even when they are achieved, have short lives. In this thought provoking panel, three experts will lay out their perspective of what strategy means when advantages are short-lived. Among the issues which will be addressed are how strategy should be created, how time compression changes decision-making and what new questions should be addressed. The panel reflects the views of the three major SMS constituencies – Rita Gunther McGrath from academia, V. Ganapathy Subramanian, head of strategy planning at Infosys for businesspeople and Ryan McManus of Accenture from consulting.



Rita Gunther McGrath, a Professor at Columbia Business School, is a globally recognized expert on strategy in uncertain and volatile environments. Her clients include Pearson, Coca-Cola Enterprises, General Electric, Alliance Boots, and the World Economic Forum. She is an instructor, a speaker, and a consultant to senior leadership teams.

She was recognized as one of the top 20 management thinkers by global management award Thinkers50 in 2011. She's also been recognized as one of the top ten business school professors to follow on Twitter. In 2009, she was inducted as a Fellow of the Strategic Management Society, an honor accorded those who have had a significant impact on the field. In 2013 she will serve as Dean of the Fellows. Rita Gunther McGrath is the author of three books in addition to her upcoming book *The End of Competitive Advantage* (Harvard Business Review Press).



Ryan McManus is the Global Growth & Strategy Leader and COO of Accenture's 1700 person, Strategy and Transformation Consulting Practice, where he is responsible for the development of new consulting businesses, market entry, investment management, thought leadership and operations. He has published a number of articles on global M&A, innovation, international market expansion and emerging market entry. Ryan earned an MBA from the University of Chicago Booth School of Business.



V. Ganapathy Subramanian heads the Strategy & Planning function at Infosys. In this role, he leads strategy development and deployment, corporate performance management and operations planning. At Infosys, he was instrumental in institutionalizing key strategic management processes including the setting up of the corporate performance management function. He has over

fifteen years of experience in the areas of strategy, finance and consulting in industries spanning technology services, banking and insurance. V. Ganapathy Subramanian holds a post graduate degree in management and his professional areas of interest include management control systems and enterprise performance management.

14:45 – 15:15
COFFEE BREAK



SESSION 83

LONG-TERM INTERACTIONS & COMPETITION

TRACK E	Date	Sunday, Sep 29
	Time	15:15 – 16:30 h
Paper	Room	Cottonwood Room AB

Session Chair Brian Wu, *University of Michigan*

An Enduring Regional Industrial Cluster: How Temporal and Organizational Heterogeneity Drive Post-Shock Recovery

Nydia MacGregor, *Santa Clara University*

Tammy Madsen, *Santa Clara University*

This paper develops and tests theory on when and how regional industrial clusters evolve. Drawing on several research streams, we argue that the mechanisms that contribute to advantages of locating in a regional industrial cluster vary in strength as the cluster evolves before and after experiencing a major shock. Our approach conceives of regional industrial clusters as complex adaptive systems and emphasizes the roles of endogenous and exogenous mechanisms at the firm, industry, and regional levels in pulling a cluster through various stages of development. We model organizational founding as a function of regional industrial identity, localized competition, specialization, regional diversity, and symbiosis and commensalism, contingent on evolutionary stage. Our analysis covers organizations, industries and regional clusters (Silicon Valley) in California from 1990 to 2009.

Connections Undermine Connectivity: Concentrations of Market and Political Power and Mobile Teledensity

Kinde Wubneh, *University of Pennsylvania*

Witold Henisz, *University of Pennsylvania*

Access to telecommunications services promotes economic growth, but persistent economies of scale and network externalities tend to monopolistic or oligopolistic market structures which suppresses supply. Politicians can add uncertainty to the future revenue of operators by intervening in operations thereby dampening investment incentives. We use proprietary data on wireless subscribers to highlight how concentrations of market and political power lead to undersupply independently and through their joint presence that has a super-additive effect. As supplier concentration increases, mobile teledensity rates decline and this effect increases with concentrations of political power (the inverse of the Political Constraint Index). The nature of these institutional characteristics has important implications for the design of regulatory policy interventions as well as assessment by investors in or consumers of regulated services.

Entry Diversion and Submarket Industry Evolution: Dominance of Incumbents, Disruption, or Isolation?

Bilgehan Uzunca, *IESE Business School*

Bruno Cassiman, *IESE Business School*

In this paper, we offer entry diversion as a new mechanism to explain dynamics that cannot be explained by the existing industry life cycle theories where no shakeout occurs or where one incumbent does not become dominant after a shakeout (e.g., disruption by entrants). Entry diversion happens when entrants observe that expected future profits from a target submarket are decreased by the presence of a cost-efficient incumbent down to a level that the entrant chooses to enter another submarket. Contingent on where entrants are diverted submarkets might reinforce incumbents' dominance, grow to be disruptive leading to change in industrial leadership, or result in isolation. We test our hypotheses using submarket and firm level panel data in global semiconductor manufacturing industry between 1995-2013.

The "Black Box" of Strategy: Competitive Responses to and Performance from Adverse Events

Jeffrey Macher, *Georgetown University*

James Wade, *Emory University*

In many markets, firms face adverse events that alter status quo, trigger responses, and shape performance. We examine the performance effects of an adverse event (a black box warning – BBW) on the competitive responses (via sales visit and promotion) of pharmaceutical firms. BBWs are medication-related warnings that appear on drug package inserts that indicate drug-related risks. Sales visit and promotion approaches are efforts by sales representatives to market drug products to doctors. We utilize publicly-available data on BBWs, and proprietary-level data on pharmaceutical firm sales visit and promotion approaches and doctors' written prescriptions. We posit that firms alter competitive approaches when they or their rivals face BBWs; and BBWs and firms' responses have performance consequences. Using several econometric models, we find support for our hypotheses.

SESSION 75

MANAGING THE BOUNDARIES OF THE FIRM: ENTRY, EXCHANGE, AND EXIT

TRACK F	Date	Sunday, Sep 29
	Time	15:15 – 16:30 h
Paper	Room	Cypress Room

Session Chair Douglas Miller, *University of Illinois-Urbana Champaign*

A Closer Look at Firms' Product Market Dynamics

Douglas Miller, *University of Illinois-Urbana Champaign*

Hsiao-shan Yang, *University of Illinois-Urbana Champaign*

We employ a highly detailed panel dataset of product classifications to document the dynamics of firm entry and exit, and particularly the frequency with which firms both enter and exit different product markets within the same year, which we call 'product turnover.' Approximately 17% of our sample firms in high-tech industries adjust their product portfolio annually, and nearly one-third of those are both adding and dropping products from their portfolio in the same year. The longitudinal nature of our data further allows us to investigate the path dependence of firm dynamics in product markets. We identify four patterns that other researchers should note when choosing different product category systems, time windows, and samples to study diversification and related behaviors.

Chasing Their Tails: Why Do Firms Subsidize Underperforming Business Units?

Carl Vieregger, *Washington University-St. Louis*

This paper applies a new, multidimensional measure of strategic capital allocation to the empirical tendency of firms to make repeated, cross-subsidizing investments in their relatively worst-performing business units. While controlling for structural-economic and managerial-agency barriers to exit, I find that strategic barriers such as business-unit synergy delay the firm's decision to exit from its underperforming business units. While synergy may be an efficient rationale for these cross-subsidizations, I find that managers are ultimately not enhancing firm-level performance through these investments in highly-related, yet underperforming business units. A competing hazards model also enables me to account for any capital re-allocation toward more efficient investments.

Determinants of Alliance Partner Choice: Examining Alliance Partner Network Distance from Perspective of Agency Theory

Ribuga Kang, *University of Minnesota*

This study examines the role of firms' corporate governance mechanisms designed to address agency problems in explaining alliance partner choices. Following the new perspective of agency behaviors in alliance contexts, I relax an implicit assumption that firms are a unitary entity in alliance contexts and examine if managerial opportunism is a significant problem in alliances' partner choice, such as in acquisitions, diversification and R&D investments, by looking at partner network distance. Using a sample of 149 US firms from medical technology and green-technology industries from 1996 to 2010, I find support for the presence of agency hazards in alliance partner choice. Firms tend to form alliances with close over distant partners to avoid their employment risk when the firms are susceptible to managerial misalignment.

Exit Delay: An Experimental Approach

Daniel Elfenbein, *Washington University-St. Louis*

Rachel Croson, *University of Texas-Dallas*

Anne Marie Knott, *Washington University-St. Louis*

Exit/Divestiture is one of the two most salient corporate strategy decisions. There is substantial evidence firms struggle with exit—often delaying it substantially and thereby incurring significant losses in market value. The most prevalent explanation for these delays is “escalation of commitment” (EOC), but EOC is a phenomenon rather than a mechanism. In fact, there are at least seven biases that can be subsumed under EOC. Remedying the delay problem requires scholars to isolate the mechanism(s). We attempt to do this via a lab experiment where we compare treatment subjects who earn profits that depend in part on exit timing, while control subjects are compensated based solely on the accuracy of estimates about underlying profitability.

SESSION 125

INNOVATION AND GLOBAL STRATEGY

TRACK G	Date	Sunday, Sep 29
	Time	15:15 – 16:30 h
Paper	Room	Hazelnut Room

Session Chair Amol Joshi, *University of Hawaii-Manoa*

Catch-up Strategies of Emerging Market MNEs in the Indian Pharmaceutical Industry

Kristin Brandl, *Copenhagen Business School*

Ram Mudambi, *Temple University*

The catch-up process of emerging market multinationals (EMNEs) is often influenced by market liberalization and government policies, especially in the pharmaceutical industry. We study catch-up processes in the context of innovation in the Indian pharmaceutical industry. We begin by surveying the industry's history and institutional environment. We use the population of USPTO patents granted to Indian assignees as well as India-based inventors working for foreign MNEs. This enables us to incorporate knowledge flows occurring through organization-based “pipelines” as well as those occurring through individualized “personal relationships”. Our findings show that in the early stages of liberalization, most innovation was undertaken by foreign-based MNEs. As liberalization progressed, innovation by foreign firms reached a plateau while innovation undertaken by Indian entities, especially state sector organizations, took off.

Collaborating Across Boundaries: How Multinationals Benefit from Global Innovation Ecosystems

Torsten Oliver Salge, *RWTH Aachen University*

Erk Peter Piening, *ESCP Europe*

Sebastian Schaefer, *RWTH Aachen University*

This paper examines how multinationals can benefit from engaging in collaborative innovation activities that cross geographical, functional and temporal boundaries. Drawing on temporally sequenced data from German multinationals, this study finds a multinational's innovative performance to improve with the extent to which the innovation ecosystem it is embedded in covers distinct regions (geographical scope), distinct roles in the supply chain (functional scope) and distinct stages in the innovation process (temporal scope). These preliminary findings are likely to be of interest not only for managers in multinationals seeking to expand their innovation ecosystems, but also for researchers studying geographically dispersed innovation or open innovation more generally.

Innovation and Internationalization in the Indian Pharmaceutical Sector: The Role of Ownership Structures

Saptarshi Purkayastha, *Indian Institute of Management-Kozhikode*

Tatiana Manolova, *Bentley University*

Linda Edelman, *Bentley University*

In this study, we combine insights from the strategic management, international business, and corporate governance literatures in order to explore the link between innovation and internationalization under different ownership structures in the context of the pharmaceutical sector in India. We test our four hypotheses on a sample of 63 research-active Indian pharmaceutical firms, all of them affiliated with business groups, over a five-year period (2006-2010) in a balanced panel of 315 firm-year observations. Results indicate that, while research expenditure is positively associated with export intensity, the strength of this relationship is significantly affected by the concentration of ownership (family, foreign corporate, or foreign financial). Theoretical and practitioner implications are discussed.

Network Recombination, Bridging Institutions, and Firm Upgrading: Building Collective Knowledge Resources in Emerging Markets

Gerald McDermott, *University of South Carolina*

Rafael Corredoira, *University of Maryland*

How does the interaction between MNC subsidiaries and local innovation systems help or hinder emerging market firms to capture spillovers and improve their upgrading capabilities? Key barriers for developing countries are their weak institutions and dysfunctional social capital. We offer an alternative view of firm learning and institutions by combining insights from historical institutionalism and network analysis. Using unique survey data of Argentine autsparts suppliers, we argue that firms gain improved access to diverse applied knowledge via ties to even resource poor non-market institutions that act as social and knowledge bridges between isolated producer communities.



SESSION 206

GLOBAL STRATEGY PROCESSES

TRACK H	Date	Sunday, Sep 29
	Time	15:15 – 16:30 h
Paper	Room	Sycamore Room

Session Chair Björn Ambos, *University of St. Gallen*

Competing for Performance: A Study of New Entrants in an Emerging Market

Erik Aadland, *BI Norwegian Business School*

Jamal Shamsie, *Michigan State University*

Although emerging markets present opportunities for new firms to enter, they also face considerable obstacles because they have not yet established a reputation. We therefore examine a specific form of strategy – participation in industry competitions – that can be undertaken by a new entrant to develop a strong reputation in order to improve its position against its rivals. Based on such participation, we show that the reputation that can be developed by a new entrant can either be driven by perceptions of legitimacy or by perceptions of quality. Finally, our results show that the legitimacy driven reputation can hurt and quality driven reputation can benefit the financial performance of the start-up.

Corporate Portfolio Management in Strategic Management Processes: A Multi-Country Investigation of TMT and Board Influence

Jana Oehmichen, *University of Göttingen*

Ulrich Pidun, *Boston Consulting Group*

Michael Wolff, *University of Göttingen*

Our empirical study investigates whether TMT and board structure influence the relevance of corporate portfolio management (CPM) as part of the management process. We show that the presence of a chief marketing officer, board independence and board resource access increases the relevance of CPM. Additionally, we demonstrate the importance of national board systems, since the effect of independence increases in two-tier systems whereas the effect of board resources increases in one-tier systems. By using a mixed method research design that combines archival data from databases and annual reports with survey data we provide important theoretical and empirical insights for research on CPM and strategic planning, on TMTs' and boards' mechanisms to influence strategy and on the relevance of country-specific board systems.

Towards Process-Oriented Explanations of International Joint Ventures Exits

Alexander Nemeth, *TU Bergakademie Freiberg*

Michael Nippa, *Technische Universität Bergakademie Freiberg*

Referring to previous reviews that revealed methodical and empirical flaws of the research on International Joint Ventures (IJV) exit and corresponding calls for alternative approaches we apply resource dependence and learning theory to develop a more process-related IJV exit framework and propositions, which we test using a multi-method approach yielding 22 in-depth case studies. Based on our empirical findings IJV learning theory is extended by identifying and integrating moderating factors such as IJV performance or exit barriers that frequently hinder the dissolution of IJVs, resulting in continuing an IJV, although the aforementioned theories would predict its termination.

Unfolding Key Organizational Episodes by Events: How a SOE's Spin-off Evolves with Dual-linkage Processes

Yifei Du, *University of Electronic Science and Technology of China*

The purpose of this research was to develop a unfolding model of key organizational episodes in a SOE's spin-off, who absorbed tensions between foreign giant firms and domestic parental company and went through environmental turbulences to a well-survival. I conducted a

5-year field-based research to analyze events evolving in time sequence. The model, built on in-depth interviews and over-200-event collections, suggests that a longitudinal evolutionary process be unfolded into three organizational episodes – generation, independence, and survival – linked to the dual-linkage processes. The constant linking with giants and buffering effects on spin-off at each episode, as well as more detail at each sub-episodes, are described. Implications for interorganizational relationships (IORs), entrepreneurship flexibility, and buffering in organizational research of spin-offs are discussed.

SESSION 128

EXPLOITATION VERSUS EXPLORATION

TRACK I	Date	Sunday, Sep 29
	Time	15:15 – 16:30 h
Paper	Room	Chestnut Room

Session Chair Denisa Constanta Mindruta, *HEC-Paris*

Institutional Opportunities and Constraints for Exploration and Exploitation: A Cross-Country Analysis

Denisa Constanta Mindruta, *HEC-Paris*

Joao Eduardo Albino Pimentel, *HEC-Paris*

We examine the impact of macro-institutional environment on exploitative-explorative innovation. Building on organizational learning and institutional theories, we identify country-level institutions in the product, finance, education and labor markets that might foster or conversely, hinder firms' incentives and ability to engage in exploration versus exploitation. We test our conjectures by analyzing all patented firm innovations in 23 countries over the 1985-2008 timeframe. Underlying our empirical methodology is the premise that a long-term environmental tendency to create opportunities (or constraints) for one direction of innovation search over the other will generate distinctive patterns of innovation outputs. We discuss the implications of this study for the literature on the antecedents of exploration-exploitation, the institutional sources of inter-firm variation, and more broadly, for the national systems of innovation.

Opening Up but Staying Local: Insights from Partnership Formations between Established and Startup Firms

Thomas Klueter, *IESE Business School*

In this paper, we combine perspectives on organizational myopia and organizational learning to investigate how success and failure shapes the reaction of established firms to external partnering opportunities. We provide a dynamic model in which the general tendency of firms to search locally is moderated by prior failure and prior success in R&D. We argue that while prior failure is important to firms' consideration of novel technological solutions, prior success can make them more receptive to solutions at an earlier stage of development. We examine potential and realized partnerships between established and startup firms in the bio-pharmaceutical industry and find support for our model. The study provides insights into how established firms respond to emerging partnering opportunities and explicates the role of prior success and failure affecting different myopic tendencies.

Sources Of A Duality Of Stability and Change: Exploring the Interrelatedness of Organizational Routines

Erik Strauss, *WHU-Otto Beisheim School of Management*

Sabine Spittler, *WHU-Otto Beisheim School of Management*

Juergen Weber, *WHU-Otto Beisheim School of Management*

Organizations operate in increasingly dynamic environments and experience a need for balancing stability and change as a prerequisite for sustainable organizational performance. Therefore, we study the

relationship between patterns of persistence and change by asking how organizations can succeed in balancing stability and change through carrying of knowledge across interrelated organizational routines. In the course of developing this contribution, our paper could potentially contribute to the theoretical conceptualization of organizational routines. Particularly, we try to emphasize the interrelatedness of organizational routines, the boundaries of organizational routines and the detection of change (along with an approach to differentiating change from variation or stability) within the academic discourse. Accordingly, we aim to resolve the nescience pertaining to the reciprocal but sometimes contradictory relation of stability and change.

Sustaining Performance: Effects of Organizational Identity on Exploratory and Exploitative Activities

Diana Barbara Perra, *Erasmus University-Rotterdam*

Suzana Rodrigues, *Erasmus University-Rotterdam*

This work throws light on the effect of intimate organizational mechanisms on the sustainability of firm performance. We suggest that firm identity configurations have important implications on the organization's capability to remain vital and responsive in turning contextual conditions. Our model addresses the implications of highly institutionalized organizational identities on the firm's exploitative and exploratory behavior, and the moderating effect of transformational leadership on these relationships. The survey-based findings presented in this paper indicate that strong organizational identities are conducive to exploitation, but do not significantly affect exploration. Transformational leadership is confirmed to reinforce this positive effect.

SESSION 135

EXTERNAL KNOWLEDGE SOURCING AND INNOVATION

TRACK I	Date	Sunday, Sep 29
	Time	15:15 – 16:30 h
Paper	Room	Walnut Room

Session Chair Carmen Weigelt, *Tulane University*

Benefits of Vertical Specialization for Leveraging Knowledge Spillovers

Nandini Lahiri, *Temple University*

Carmen Weigelt, *Tulane University*

We study how a firm's vertical scope affects its ability to leverage internal and external knowledge sources for innovation performance. Building on arguments that vertical scope influences the coordination of knowledge exchange inside the firm we suggest that vertical scope affects the leveraging of a) external knowledge in geographic clusters and b) internal technological diversity defined as knowledge spanning different technological domains for innovation performance. Using a sample of 103 vertically specialized firms and 165 vertically integrated firms in the semiconductor industry, we find that vertically specialized firms are better at leveraging their cluster access to knowledge. Similarly, while vertically specialized firms are superior at leveraging lower levels of internal technological diversity, vertically integrated firms are better at mitigating negative effects associated with higher diversity.

Does Open Innovation Shape the Strategies of Small and Medium Sized Firms? Collaborations with the OS community and Firm Diversification

Massimo Colombo, *Polytechnic University of Milan*

Evila Piva, *Polytechnic University of Milan*

Cristina Rossi Lamastra, *Polytechnic University of Milan*

We investigate how collaboration with the Open Source community shape SMEs' diversification strategies, as reflected by the scope of their product portfolio. Specifically, we study in which circumstances software SMEs actively collaborating with the OSS community can leverage the

freely available resources of the OSS community for diversification. Econometric estimates on a sample of 101 European software SMEs show that a positive relation exists between the experience that SMEs have gained in collaborating with the OSS community and the scope of their product portfolio. This relation is positively moderated by the share of programmers in the firm workforce. Likewise, SMEs that are better able to leverage the individual absorptive abilities of their programmers as regards to the OSS community have a larger product portfolio.

Linking Knowledge Sourcing with Commercialization Strategies: The Role of Absorptive Capacity

Lee Davis, *Copenhagen Business School*

Jerome Davis, *Dalhousie University*

Karin Hoisl, *University of Munich*

While the link between internal/external knowledge sourcing, absorptive capacity and innovation has been theoretically and empirically analyzed, the further link to how firms commercialize the resulting innovations – by themselves, or via an external party – has not been systematically explored. This is surprising, given Chesbrough's (2003) emphasis that firms should use both external and internal ideas, and internal and external paths to market. This paper builds on and extends the existing literature by exploring how internal and external knowledge sourcing, combined with absorptive capacity, affect the choice of commercialization strategy. We find that while extensive external knowledge sourcing decreases the likelihood of internal commercialization, high absorptive capacity increases it. For managers, this underlines the importance of finding effective ways to integrate externally sourced knowledge.

Solving Achilles' Heel Problem in Open Innovation: Role of Diversity of Contribution & Locus of Selection

Poonam Oberoi, *Grenoble Ecole de Management*

Isabel Maria Bodas Freitas, *Grenoble Ecole de Management*

Christophe Haon, *Grenoble Ecole de Management*

The focus of this conceptual paper is on how firms should organize for open innovation. We consider organizing for open innovation to be more intricate than just search strategies and hence elaborate a new definition of open innovation as a sequential two-step process comprised of getting diverse contributions and deciding on locus of selection. Locus of selection represents the Achilles's heel problem in today's open innovation process. Firms solely focus on gathering external contributions and ignore that under certain situations it might be worthwhile to share the decision making power. We develop a typology of different approaches to open innovation. Moreover, we use the characteristics of the problem to explain how a firm could organize itself and outline the salient operational aspects of open innovation.

SESSION 57

STRATEGY PRACTICE

TRACK J	Date	Sunday, Sep 29
	Time	15:15 – 16:30 h
Interest Group Panel	Room	Dogwood Room A

Micro Perspectives on Strategy: Substance and Theories

Session Chair

Hanna Lehtimäki, *University of Eastern Finland*

Panelists

Tomi Laamanen, *University of St. Gallen*

Joseph Porac, *New York University*

Thomas Powell, *Oxford University*

Karen Schnatterly, *University of Missouri*

Richard Whittington, *University of Oxford*

Margarethe Wiersema, *University of California-Irvine*

This panel will tackle substantive issues in strategy from the various perspectives associated with the recent 'micro turn' in strategy. The format



will be one of challenge and response. Specifically, panel members from various micro perspectives (cognitive, behavioral, process and practice) will be challenged to respond with their particular insights and methods to substantive research issues raised first by panelists affiliated with two substantive SMS Interest Groups (Corporate Strategy and Strategic Leadership and Governance) and then by members of the audience. The aim is to foster a dialogue involving both panellists and audience that will tease out the distinctive and complementary contributions of each micro perspective to practical research on substantive issues in core empirical and theoretical domains of the strategy discipline.

SESSION 19

INSTITUTIONAL THEORY AND STRATEGIC ENTREPRENEURSHIP

TRACK K	Date	Sunday, Sep 29
	Time	15:15 – 16:30 h
Paper	Room	Hickory Room

Session Chair Craig Armstrong, *University of Alabama*

Entrepreneurial Firms and Signaling for Creditworthiness: A Bayesian Modeling Approach

Tevfik Aktekin, *University of New Hampshire*
Devkamal Dutta, *University of New Hampshire*
Jeffrey Sohl, *University of New Hampshire*

In this study, we develop a Bayesian model of factors an entrepreneurial venture utilizes to signal its creditworthiness. By doing so, the study makes two main contributions to the entrepreneurship literature. First, recognizing that access to liquid funds from external sources such as banks is a very important driver of firm survival and growth, we develop a multilevel model of factors that influence the venture's creditworthiness as revealed in its D&B Paydex score. The multilevel model incorporates co-variables at the firm, industry and entrepreneurial cluster level and thus offers a more comprehensive explanation of factors that affect the venture's creditworthiness. Second, the study also contributes to the growing literature on exploration of organizational and management issues through incorporation of Bayesian methods in analysis.

Formal vs. Informal Institutions: Competing Institutional Logics in the Development of Chile's Venture Capital Industry

German Echecopar, *Adolfo Ibanez University*
Sharon Matusik, *University of Colorado-Boulder*
Carla Bustamante, *University of Colorado-Boulder*
Santiago Mingo, *Adolfo Ibanez University*

Venture capital (VC) plays an important role in the development of an entrepreneurial ecosystem. Though many countries have attempted to develop their own VC markets, most of these efforts have met with mixed success at best. In this study, we draw on analytical narrative historical case study methodology and explore Chile's efforts to develop a VC market. Based on our results and related literature, we find formal institutions have no direct effect on stimulating the development of a VC market. Rather, our data suggest it is informal institutions that have a direct effect on entrepreneurial opportunity development and ultimately VC investment; formal institutions moderate this relationship. Our findings have implications for theory, public policy, and the financial strategies of entrepreneurs and VC investors.

Space Cowboys?: Social Construction of Reputation and Legitimacy in the Space Tourism Industry

Craig Armstrong, *University of Alabama*
Melanie Lorenz, *University of Alabama*
Jeffrey Martin, *University of Alabama*

There are few moments in history when a new industry, new market, and new ventures are simultaneously created to take advantage of a

newly perceived opportunity. New ventures are always susceptible to the liabilities of newness, but these pressures can be greatly magnified when new ventures are pursuing opportunities in the space of a new market and new industry. The leaders of these teams must simultaneously strive to gain legitimacy for both their own firms and the market/industry space they seek to serve. This exploratory empirical study tests the propositions of Aldrich and Fiol (1994) in the context of the nascent space tourism industry using a proprietary database of press releases over the past 12 years to explore the relationship between legitimacy-seeking activities and progress toward leadership status in this industry.

The Legitimacy of University Technology Transfer Offices

Conor O'Kane, *University of Otago*
Will Geoghegan, *Syracuse University*
Ciara Fitzgerald, *University College Dublin*

Technology transfer offices (TTO) are important intermediaries in the commercialisation process and can function as boundary spanners by bridging cultural barriers between universities and industry. Drawing on secondary data and 62 interviews with TTO management in 23 universities across three continents (Europe (Ireland), North America (New York) and Oceania (New Zealand)) we reveal how university academics and university management constrain the legitimacy of the TTO, as perceived by the TTO. Furthermore, we adopt a strategic view of legitimacy and illustrate how TTOs balance both conformance and manipulation strategies in their efforts to become more legitimate. We conclude that TTO legitimacy remains at a nascent stage of development and that their acceptance and normalisation is not keeping pace with their diffusion.

SESSION 9

LEARNING AND COOPERATION

TRACK N	Date	Sunday, Sep 29
	Time	15:15 – 16:30 h
Paper	Room	Redwood Room

Session Chair Harbir Singh, *University of Pennsylvania*

❖ Do Knowledge Flows Trigger Interfirm Cooperation? Evidence from the Enterprise Software Industry

Hyun Ju Jung, *Georgia Institute of Technology*

The purpose of this paper is to determine the effect of knowledge flows on the formation of interfirm cooperation. Two properties of asymmetry in directional codified knowledge flows, intensity and uncertainty, underpin this paper's arguments and empirical tests. By mapping dyadic firms to a center and a periphery firm within a knowledge network, I propose that intense codified knowledge flows weaken the formation of interfirm cooperation; with intense codified knowledge in-flows, a periphery firm avoids more interfirm cooperation than a center firm; while uncertainty caused by distant technology components in codified knowledge flows hinders a center firm from pursuing interfirm cooperation, uncertainty stimulates a periphery firm to pursue interfirm cooperation. A statistical analysis performed on a sample of enterprise software firms supports the hypotheses.

Learning to Collaborate through Collaboration: The Influence of External Alliances on Innovation

Michael Howard, *Texas A&M University*
Kevin Steensma, *University of Washington*
Marjorie Lyles, *Indiana University*

Prior research has demonstrated that alliances provide important learning opportunities for organizations, allowing them to gain access to valuable flows and repositories of knowledge. It has not established how the experiences in a learning alliance may influence the innovation practices of participating firms. Through a unique sample of biotech

organizations engaged in R&D alliances with Eli Lilly & Co., a prominent firm in the pharmaceutical industry, this study attempts to uncover the relationship between alliance social interaction and the subsequent innovation strategies and practices of the alliance partner firms. Specifically, we explore how partner firms learn and adopt collaboration practices through their alliance experiences. The results contribute to a greater theoretical understanding of organizational learning and the relationship between internal and external networks of innovation.

Once Bitten, Less Shy?: The Impact of Copying and Infringement Experiences on R&D Cooperation

Annikka Lorenz, *Berlin Institute of Technology*

Theresa Veer, *Technical University Berlin*

We investigate how a company's experience with legal copying of non-protected intellectual property (IP) and, contrasting, illegal infringement of intellectual property rights (IPR) influences its decision to cooperate on R&D. We base our argument on Argote & Miron-Spektor's (2011) learning from experience framework, and we empirically test our hypotheses using data from the German Community Innovation Survey (CIS). We find that firms with experience regarding the legal copying of IP are less willing to engage in research collaboration, while in contrast, firms with experience regarding the illegal infringement of IPR are more likely to cooperate on R&D. Thus, we contribute to existing research by identifying a further driving factor and a new inhibiting factor for R&D cooperation.

SESSION 225

HARD DAY'S NIGHT: GOVERNMENT, REGULATION, AND CONTROL

TRACK O	Date	Sunday, Sep 29
	Time	15:15 – 16:30 h
Paper	Room	Magnolia Room

Session Chair Daphne Yiu, *Chinese University of Hong Kong*

Notorious Numbers: Investors' Mistrust and 'Re-trust' Following Restatements

David Gomulya, *Nanyang Technological University*

Samuel Tan, *University of California-Berkeley*

Only recently have researchers paid attention to how a firm's reputation can be damaged and needs to be repaired. We ask whether and how the market proactively protects itself from any future incidence following a firm's reputation damage, and whether it would fully re-trust a fraudulent firm. Using the context of financial restatements, we measured market trust using the market's reliance on earnings (easier to manipulate) and equity book value (harder to manipulate) information. We found that upon sensing a potential fraud, market trusts earnings less and book value more. This lack of trust does not change even after a restating firm has admitted its wrongdoings. However, market trust improved following a change in CEO, although not fully.

Political Market Rivalry and Firm Performance

Ariel Casarin, *Austral University*

We offer new empirical insights into how exogenous nonmarket structural factors, which we conceptualize as a political market involving demanders and suppliers of regulations, curb firms' nonmarket actions with a consequent observable impact on firm performance. Our industry setting and empirical approach both permit overcoming several limitations of prior studies relating to the goal of nonmarket strategies, the observation of nonmarket action and the consequent performance outcome. Results indicate that rivalry among politicians appears to negatively affect firm performance, but that performance improves when public policies are supplied by political elites. We find that tariff increases occur earlier in political markets with fewer veto powers. Our findings also contribute to understand regulatory agency decision making in the context of the broader political environment.

The Role of Family, State and Institutional Ownership in Norm-Conforming Environmental Initiatives: Lessons from China

Pascual Berrone, *IESE Business School*

Kai Xu, *Texas A&M University*

This paper argues that ownership type matters in the decision of adopting norm-conforming environmental practices. More specifically, we argue that family ownership, given its strong emphasis on socioemotional elements, has a positive effect in the adoption of ISO 14001 certification; that state-owned enterprises, characterized by the paradox of public administration, has a neutral impact; and that institutional investors, driven by a clear economic focus, is negatively related with the adoption of environmental standards. We further suggest that, when the family ownership coexists with either state or institutional concentrations, it is generally the family's preference for norm-confirming actions that prevail. Drawing on a sample of 556 Chinese firms over a period of 4 years, we find general support for our thesis.

When Will Government Effectively Mitigate Corporate Fraud in China?

Daphne Yiu, *Chinese University of Hong Kong*

William Wan, *City University of Hong Kong*

Yuehua Xu, *Sun Yat-Sen University*

In line with the sociological and comparative law literatures that government plays a significant role in the formation and enforcement of corporate governance system, we focus on examining if and when administrative governance, in the form of state ownership in firms, serves to mitigate corporate governance failures as represented by the likelihood of a firm's to commit corporate financial fraud. Using bivariate probit analysis of 1,220 observations on Chinese listed firms during 2002 to 2010, we found that government in the form of state ownership does have a strong deterrent effect on firm's likelihood of committing corporate financial fraud. We also specify that such a deterrent effect is strengthened when the controlling shareholder is a local state and weakened when the controlling shareholder is a state-owned enterprise.

SESSION 207

BEHAVIORAL FOUNDATIONS OF CORPORATE & INTERNATIONAL STRATEGY

TRACK P	Date	Sunday, Sep 29
	Time	15:15 – 16:30 h
Paper	Room	Dogwood Room B

Session Chair Elizabeth Maitland, *University of New South Wales*

Attention as the Mediator Between Top Management Team Characteristics and International Market Entry Mode

Jianzu Wu, *Lanzhou University*

Bin Guan, *Lanzhou University*

Xinran Wang, *University of Tennessee*

Combining upper echelons theory with attention-based view of firm, we develop a conceptual framework by introducing the TMT attention, try to open the "black box" how TMT characteristics affect firm international market entry mode decision-making. We propose that TMT with greater international experience or with greater education level will pay more attention to the opportunities existing in the external environment, thus they will inclined to opt for fully-control entry modes. TMT with older age or with longer position tenure will pay more attention to the threats existing in the external environment, therefore they prefer to choose shared-control entry modes. And TMT attention is a mediator between TMT characteristics and international market entry mode.



Institutionalization in Divestiture Waves: Market Learning and Legitimacy-Related Effects of Shareholder Reactions

Miriam Flickinger, *University of Passau*

In this study, I investigate how institutional factors affect the reaction of shareholders to the announcement of divestitures. Traditionally, divestiture research has adhered to the financial economics perspective of the stock market where shareholders anticipate potential economic benefits gained from an announced corporate action such as divestitures and voice the anticipation of economic gains through their reaction to the announcement. Research on the social context of divestitures has, however, lagged behind. Therefore, in this study I refer to an institutional perspective of the stock market to consider how institutional support can have an influence on market effects.

Reconfiguring Regional Advantage: Cognitive Shifts and Mental Interventions

Elizabeth Maitland, *University of New South Wales*

Andre Sammartino, *University of Melbourne*

Utilizing a behavioral strategy lens, we explore the cognitive responses of the most senior strategic decision-makers in a large multinational corporation (MNC) to a new 'regional' strategic agenda that was 'cognitively distant' from the firm's existing geographic and product configuration and focus. Further, we examine the mental interventions designed by the CEO to drive this agenda. We identify significant cognitive roadblocks at the individual, business unit and group levels in response to these initial mental interventions. We also examine how the firm's psychological architecture elicited both significant cognitive shifts and frustration among the respondents. We track over time the reaction to the new agenda and the willingness of executives to proactively initiate footprint changes within their portfolio of product and geographic responsibilities.

Uncovering the Coupling of Quality and Intent in the Signals of MNEs

A. Erin Bass, *University of Nebraska-Lincoln*

Subrata Chakrabarty, *University of Nebraska - Lincoln*

Chris Tuggle, *University of Nebraska-Lincoln*

Are there qualitative differences in the intent signaled by buyers and sellers of global resources? Resource dependence theory highlights the need for MNEs to acquire external resources, and signaling theory suggests that MNEs convey the resources they have, in the markets in which they operate, through signals. We integrate these two theories and employ mixed methods to uncover the coupling of quality and intent of the signals of buyer and seller MNEs engaging in market transactions of external resources. This proposal highlights three contributions: the importance of coupling quality with intent to understand MNE signals; incongruence between buyers and sellers in terms of signals and intent; and, the effect of the price paid for and location of external resources on the signals of MNEs.

SESSION 101

ENVIRONMENTAL CAPABILITIES AND PERFORMANCE

TRACK A&B, TRACK I

Date Sunday, Sep 29

Time 15:15 – 16:30 h

Paper **Room** Juniper Room

Session Chair Juan Roeschmann, *George Washington University*

From Environmental Capabilities to Environmental Impact: Multinationals' Response to Climate Change

Aoife Haney, *University of Cambridge*

Multinationals across a wide range of sectors are increasingly being required to develop new capabilities and reconfigure existing ones in order to respond to the challenges posed by climate change. Much of

the environmental strategy research to date has focused on pollution prevention capabilities and has tended to separate the discussion of environmental from financial performance. In this paper, I examine the development of product stewardship capabilities by multinationals in response to climate change. I develop a two-stage longitudinal empirical model. The first stage investigates how managerial interpretation of climate change affects capability development. In the second stage, I assess how these capabilities contribute to improvements in carbon intensity, a measure that integrates both environmental performance and competitive advantage.

Impacts of Energy-Efficient Technologies on Firm Performance

Kam Ha Lui, *Hong Kong Polytechnic University*

Chris K. Y. Lo, *Hong Kong Polytechnic University*

Eric Ngai, *Hong Kong Polytechnic University*

An increasing number of firms have adopted energy-efficient technologies (EET) because of pressures from various stakeholders concerned with efficient energy use in company operations. However, whether EET adoption can reduce carbon footprints and improve the financial performance of organizations remains unknown to both academics and practitioners. The current study addresses this research gap by providing empirical evidence of the impact of EET adoption. Preliminary findings on 336 firms that have adopted EET in the United States (U.S.) show positive effects on the long-term performance of the firm. Over four years of adopting EET, carbon footprint, sales growth, and return on assets (ROA) significantly improved by 0.0110, 2.34 percent and 0.54 percent, respectively. This study recommends the adoption of EET to operation managers confronted by increasing pressure.

The Evolution Towards Sustainable Enterprise Models: The Selection and Interaction between Substantive and Symbolic Change

Kerstin Neumann, *Bocconi University*

Carmelo Cennamo, *Bocconi University*

Emanuele Bettinazzi, *Bocconi University*

Firms face increasing pressures from stakeholders to include sustainability concerns into the enterprise model. Firms respond to pressures through the use of symbolic and/or substantive change initiatives. The firsts aim to enhance the quality of the relationship with stakeholder and, in turn, increase legitimacy. The seconds aim to develop organizational competencies fostering, in turn, the evolution of the enterprise model. By integrating the literature on sustainability with insights from the evolutionary economics literature we aim to understand why some firms make substantive changes and why others focus just on symbolic initiatives. We propose a general model of choice between the two type of initiatives and we develop a theory on the interdependency between the outcomes of one choice on the effectiveness of the other.

The Value of Environmental Performance: The Certification for Sustainable Tourism and the Blue Flag Programs

Juan Roeschmann, *George Washington University*

Although there has been a considerable research effort directed at explaining and testing if the environmental performance of a firm can be associated with a competitive advantage, there has been little investigation that use voluntary environmental programs to measure superior environmental performance. Here I estimate with OLS and propensity score matching the relationship of the environmental performance and the price of the rooms in the entire population of hotels registered in Costa Rica. To measure the environmental performance of the hotels I use the Costa Rican Certification for Sustainable Tourism, a performance-based voluntary program. To measure the environmental performance of the communities of which the hotels are part I use the Blue Flag Program. Results indicate a positive correlation between both environmental performance measures and room price.

INTEREST GROUP BUSINESS MEETINGS

DATE SUNDAY SEP 29
TIME 16:45 – 18:00H

SESSION 308

TEACHING COMMUNITY

TRACK T International A

Chairperson:

Jay Dial, *Ohio State University*

Program Chair:

Margaret Cording, *IMD*

Assoc Program Chair:

Robert Wright, *Hong Kong Polytechnic University*

SESSION 300

KNOWLEDGE AND INNOVATION

TRACK I Dogwood Room A

Chairperson:

Gabriel Szulanski, *INSEAD*

Program Chair:

Corey Phelps, *HEC-Paris*

Assoc Program Chair:

Stefano Brusoni, *Swiss Federal Institute of Technology-Zurich*

SESSION 304

STAKEHOLDER STRATEGY

TRACK M Walnut

Chairperson:

Jeffery Harrison, *University of Richmond*

Program Chair:

Richard Priem, *Texas Christian University*

Assoc Program Chair:

Sybille Sachs, *University of Applied Sciences Zurich*

SESSION 296

COMPETITIVE STRATEGY

TRACK E Cottonwood Room AB

Chairperson:

Glenn Hoetker, *Arizona State University*

Program Chair:

Gary Dushnitsky, *London Business School*

Assoc Program Chair:

Juan Alcacer, *Harvard University*

SESSION 301

STRATEGY PRACTICE

TRACK J Chestnut Room

Chairperson:

Timo Santalainen, *Aalto University*

Program Chair:

Hanna Lehtimäki, *University of Tampere*

Assoc Program Chair:

Elena Antonacopoulou, *University of Liverpool*

SESSION 305

COOPERATIVE STRATEGIES

TRACK N Redwood Room

Chairperson:

Jeffrey Reuer, *Purdue University*

Program Chair:

Dovev Lavie, *Technion-Israel Institute of Technology*

Assoc Program Chair:

Kyle Mayer, *University of Southern California*

SESSION 297

CORPORATE STRATEGY

TRACK F Cypress Room

Chairperson:

Donald Bergh, *University of Denver*

Program Chair:

Laszlo Tihanyi, *Texas A&M University*

Assoc Program Chair:

Heli Wang, *Singapore Management University*

SESSION 302

ENTREPRENEURSHIP AND STRATEGY

TRACK K Hickory Room

Chairperson:

Christopher Tucci, *Swiss Federal Institute of Technology-Lausanne*

Program Chair:

Garry Bruton, *Texas Christian University*

Assoc Program Chair:

Naga Lakshmi Damaraju, *Indian School of Business*

SESSION 306

STRATEGIC LEADERSHIP AND GOVERNANCE

TRACK O Magnolia Room

Chairperson:

Parthiban David, *American University*

Program Chair:

Karen Schnatterly, *University of Missouri*

Assoc Program Chair:

Anja Tuschke, *University of Munich*

SESSION 298

GLOBAL STRATEGY

TRACK G Hazelnut Room

Chairperson:

Timothy Devinney, *University of Technology-Sydney*

Program Chair:

Elizabeth Rose, *Aalto University School of Economics*

Assoc Program Chair:

Nandini Lahiri, *Temple University*

SESSION 303

STRATEGIC HUMAN CAPITAL

TRACK L Juniper Room

Chairperson:

Pat Wright, *Cornell University*

Program Chair:

Todd Zenger, *Washington University-St. Louis*

Assoc Program Chair:

Clinton Chadwick, *University of Kansas*

SESSION 307

BEHAVIORAL STRATEGY

TRACK P Dogwood Room B

Chairperson:

Thomas Powell, *Oxford University*

Program Chair:

Christina Fang, *New York University*

Assoc Program Chair:

Shayne Gary, *University of New South Wales*

SESSION 299

STRATEGY PROCESS

TRACK H Sycamore Room

Chairperson:

Tomi Laamanen, *Aalto University*

Program Chair:

Taco Reus, *Erasmus University - Rotterdam*

Assoc Program Chair:

Xavier Castaner, *University of Lausanne*

SMS BUSINESS MEETING

	Date	Sunday, Sep 29
	Time	18:15 – 19:00
Business Meeting	Room	Dogwood Room B

Robert Hoskisson, *President*
Marjorie Lyles, *President-Elect*
Jay Barney, *Past President*

Steven Floyd, *Treasurer*
Nikolaus Pelka, *Executive Director*



SESSION 245

EXCELLENCE IN TEACHING

TRACK T	Date	Monday, Sep 30
	Time	08:00 – 09:15 h
Interest Group Panel	Room	Dogwood Room A

Designing & Delivering MBA Action Learning Projects**Session Chair**Margaret Cording, *IMD***Panelists**Paul Friga, *University of North Carolina-Chapel Hill*Haiyang Li, *Rice University*

Most top business schools are dramatically increasing action-based learning – especially those involving strategy projects. When it comes to MBA action learning projects, one size does not fit all. This session will provide an in-depth look at three different programs – IMD, Rice University, and UNC – to provide participants with an understanding of the benefits and trade-offs inherent in designing and delivering high-impact action learning projects. Research from around the globe on best practices related to setting up projects, teaching students, and working with clients will be shared.

SESSION 85

STRATEGY, COMPETITION & PROFITABILITY

TRACK E	Date	Monday, Sep 30
	Time	08:00 – 09:15 h
Common Ground	Room	Chestnut Room

Facilitators Tunji Adegbesan, *Pan-African University*
Ana Elisa Iglesias, *Tulane University*

Does Choice of Competitive Strategy Influence Performance of Emerging Economy Firms? Evidences from IndiaSougata Ray, *Indian Institute of Management-Calcutta*Sarith Balachandran, *Indian Institute of Management-Calcutta*Venkataraman Sankaranarayanan, *Indian Institute of Management-Calcutta*

The empirical validity of the mid range theory of generic strategies of firms proposed by Michael Porter has been limited in the emerging economy contexts. In this study we have addressed this gap by analyzing a pooled panel of time series data for 774 leading firms in India across multiple industries over a nineteen-year period from 1992 through 2011. We have observed that cost leadership strategy has significant positive impact on firm profitability and the impact is accentuated when the multiple dimensions of the cost leadership strategy reinforce one another. However, the impact of different dimensions of differentiation strategy on firm profitability is inconsistent and inconclusive. We have also found partial support for the positive impact of dual or hybrid competitive strategy on firm profitability.

The Architecture of Dynamic Capability Research: A Scientometric InvestigationRalf Wilden, *University of Technology-Sydney*Grahame Dowling, *University of Technology-Sydney*Timothy Devinney, *University of Leeds*

Over the last 15 years the dynamic capability view of firm strategy has become one of the dominant theoretical explanations for the differential performance of competing firms. Although the dynamic capabilities literature has expanded rapidly, recent reviews suggest that the scholarly contribution of this literature has been limited. This lack of consensus has been viewed as a hindrance to theoretical advancement and makes the comparability of empirical findings problematic. This paper provides

a systematic and analytic review of previous contributions to the dynamic capability view of firm strategy. To do this we use textual data analysis to review 107 papers published in 12 leading management journals between 1997 and 2011. We identify the core themes and constructs prevalent in the literature and discover differences between foci in conceptual versus empirical papers.

The Genesis of Business Model Innovation: A Catalyst to Firm Performance?Margarete Kalinowski, *Ramon Llull University*Luis Vives, *Ramon Llull University*

This study puts forward a typology of business model innovation and reveals the impact of the different types on firm performance. Extending prior research on business models, and building on the literature on innovation, we identify four types of business model innovation – improvement, restructuring, transformation, and displacement. Through a multiple case study, we identify the various mechanisms that play a role in each type of business model innovation and how they influence the firm's performance. Then, we test these insights on a large data set of firms across industries. As a result, we show what impact business model innovation has on firm performance. However, the impact differs depending on the type of business model innovation.

The Relationship between Profits and Horizontal Differentiation in the Product and Geographic SpacesRosario Silva, *IE University*

There exists a broad agreement in the literature concerning the relationship between differentiation and higher profits; however, there is little research that analyzes how distinct types of differentiation are related to performance. This article examines the relationship of two types of horizontal differentiation (i.e., in the product and geographical space) with profits per room in a sample of hotels in Spain. The results show that firms unique in the services offered (i.e., horizontally differentiated in the product space) have higher profits; whereas those firms geographically isolated (i.e. horizontally differentiated in the geographical space) obtain lower profits. These results support the view that horizontal differentiation does not always lead to higher performance. The level of customer heterogeneity is considered as the underlying cause which motivates this different effect on profits.

When Less Is Better Than More: Firm Strategic Disclosure and Competitors' Market Entry DecisionTieying Yu, *Boston College*Wei Guo, *Hong Kong Polytechnic University*

This study examines features of incumbent firms' disclosure and its relationship with potential entrants' market entry decision. We predict that potential entrants are more likely to enter a market in which the incumbents' discussion of performance and cost management is longer, more optimistic, and more precise. We further hypothesize that in an effort to increase the difficulties for competitors' to interpret their performance information, incumbents may systematically use shorter, less optimistic, and more vague language to describe their performance and cost management as their performance increases. We plan to empirically test these hypotheses using a comprehensive U.S. airline industry data.

SESSION 71

CORPORATE DIVERSIFICATION AND FIRM PERFORMANCE

TRACK F	Date	Monday, Sep 30
	Time	08:00 – 09:15 h
Paper	Room	Hickory Room
Session Chair	Peter Klein, <i>University of Missouri</i>	

Corporate Diversification and Firm Performance: The Role of Product-Market and Business-Model RelatednessTimo Sohl, *IESE Business School*Govert Vroom, *IESE Business School*

This study examines the relative importance of three relatedness dimensions - product, customer, and business-model relatedness - to explain corporate performance. Using a unique dataset of 170 multiunit chain organizations from 1999 to 2010, we first verify prior empirical findings by showing that related product diversification is positively associated with performance. Beyond previous findings, results show that related customer and business-model diversification is also positively associated with performance. Interestingly, when simultaneously examined, related product diversification becomes insignificant, while related customer and business-model diversification remain significantly positively associated with performance. This finding suggests that the concepts of customer and business-model relatedness may be better able to capture resource relatedness among lines of business than the predominantly used concept of product relatedness.

Demand-Side Complementarities and Firm ScopeJens Schmidt, *Aalto University*Richard Priem, *Texas Christian University*

We argue that the facilitation of customers' consumption activities affords a value-creation opportunity for firms and can provide an impetus for extending firm-level product market scope. We identify three ways how demand-side complementarities create value for customers, namely through economizing on prior knowledge and experience, through the fact that products may work better in conjunction when supplied by the same firm, or through reduced shopping costs. We use the resulting typology to shed light on how firms may gear their scope strategies towards exploiting these demand-side complementarities. Specifically, we build theory concerning which types of firms will exploit which types of demand-side complementarities, which types of markets they will likely enter, and in which sequence a firm's scope will likely unfold.

✿ The State, Government Officials' Political Incentives and Corporate Diversification in an Emerging EconomyDanqing Wang, *INSEAD*

The current literature on how state affects corporates has focused on either the regulative and normative pressures or the informal relationships between government officials and corporate executives. I propose a framework to view corporate strategies as influenced by the state's autonomous goals and political incentives of government officials. I test this framework in the context of Chinese publicly listed firms' diversification strategy. Results suggest that firms diversify into new industries in order to help government officials to absorb laid-off workers from bankrupted state-owned enterprises, especially when local government officials are near the end of their political terms or have longer tenure. Furthermore, politically connected firms are more likely to work with officials to address the state's agenda on social stability.

★ Why There?: Decomposing the Choice of Target IndustryLasse Lien, *Norwegian School of Economics*Peter Klein, *University of Missouri*

How do diversifying firms chose their target industries? We provide a quantitative characterization of how diversifying firms chose target industry, with emphasis on the relative importance and tradeoffs between target market characteristics and the diversifier's resources and capabilities. We avoid some key restrictions in earlier work by using a measure of relatedness that is unrestricted in terms of the types of relatedness we can capture, by using unrestricted population level samples, and by including measures of resource strength in addition to resource relevance. Our findings document that it takes enourmous increases in target market attractiveness to compensate for small changes in the resource/capability match.

SESSION 184

KNOWLEDGE, LEARNING, AND RESOURCES IN INTERNATIONAL STRATEGY

TRACK G	Date	Monday, Sep 30
	Time	08:00 – 09:15 h
Common Ground	Room	Cottonwood Room AB
Facilitator	Randi Lunnan, <i>BI Norwegian Business School</i>	

Different Governance Mechanisms, Different Benefits: Knowledge Sharing in International Professional Service FirmsSverre Tomassen, *BI Norwegian Business School*Ragnhild Kvålshaugen, *BI Norwegian Business School*

The study investigates intra-organizational knowledge flows and explores types of governance mechanisms that enable knowledge sharing among different units in international professional service firms. The study is conducted in one multinational service provider offering professional consulting services and certification services worldwide in the oil and gas industry. The results of the study indicate that both formal and social knowledge governance mechanisms have positive effects on knowledge sharing (knowledge adoption and knowledge transfer). However, types (formal and social) and combinations (interaction effects) of knowledge governance mechanisms that enable knowledge sharing, varies across types of work. Hence, the study supports the previous claims in the knowledge governance literature that we need more understanding of the micro-foundations of knowledge sharing in order to enable these processes in organizations.

How Private Equity Firms Make Cross-Border Investments: Learning to InternationalizeYang Fan, *Erasmus University - Rotterdam*Hans Bruining, *Erasmus University - Rotterdam*

This paper examines the main effects of domestic and international investment experience of private equity firms on the likelihood of doing a standalone cross-border investment. We distinguish between experiential learning and inter-organizational learning from previous domestic and international investments respectively in stand-alone investments and in syndicated investments. Hypotheses are developed for the likelihood of making stand-alone cross-border investment. Additionally, the moderating effects of industry specialization and prior experience with syndication were assessed on the chance of making standalone cross border investments. The hand-collected dataset comprises 15.522 deal observations from 2237 private equity investors located in 66 countries. Analyses indicate domestic experience has positive effects on standalone cross-border investments, but international experience has negative effects. Furthermore, a strong focus on service industry will promote the use of syndication, and reduce the likelihood of standalone cross-border investments.



Institutional Determinants of FDI Inflows in the Primary Sector(s)

Asmund Rygh, *BI Norwegian Business School*

Kristine Torgersen, *Oxford Research*

Gabriel R G Benito, *BI Norwegian Business School*

This paper studies the differential effects of host country institutions on attracting foreign direct investment (FDI) across industries within the primary sector. We identify relevant characteristics of each sector and perform empirical analysis using UNCTAD data on FDI inflows in industries in the primary sector from 1996 to 2007.

Institutional Leverage Capability: Using Home Country Institutions for SME Internationalization

Amit Karna, *EBS University*

Christian Landau, *European Business School*

Klaus Uhlenbruck, *University of Montana*

Ansgar Richter, *EBS University*

In this paper, we develop the construct of a firm's institution leverage capability (ILC). We also theorize micro-foundations of ILC and consequences for the internationalization of small and medium-sized enterprises (SMEs). Building on the dynamic capabilities view, we conceptualize ILC as a second order capability which rests in the three sequential capabilities of awareness, adoption, and adaptation of institutions. We propose that SMEs with high levels of these three capabilities will show high levels of ILC, which in turn will enable SMEs to internationalize and increase performance. Through the development of the ILC construct we contribute to the integration of institutional theory and the capability-based view and help to understand how firms utilize institutions provided by their environment.

Management of Foreign Subsidiaries in Emerging Countries: Power, Knowledge Transfer and Trust

Masato Sasaki, *Hitotsubashi University*

Yuko Yamashita, *Hitotsubashi University*

Yuichi Washida, *Hitotsubashi University*

Wataru Uehara, *Hitotsubashi University*

Gen Fukutomi, *Kyoto Sangyo University*

Hiroyuki Fukuchi, *Hitotsubashi University*

This paper focuses on the problem of managing a foreign subsidiary in multinational corporations (MNCs). Based on previous research, our prediction is that a local subsidiary's decision-making power, knowledge transfer ability, and trust between the local subsidiary and its corporate headquarters positively affect subsidiary performance; and knowledge transfer and trust effects are contingent upon the degree of power in a local subsidiary. Using data from 97 subsidiaries of 48 firms headquartered in Japan, mostly operating in emerging countries, these hypotheses are empirically tested. The regression analysis results support our hypothesis, and we suggest two different management styles for foreign subsidiaries. We find that the corporate headquarters can actively transfer knowledge with subsidiaries by delegating substantial power to foreign subsidiaries and maintaining their trust, and continuing to control subsidiaries.

The Benefits and Limits of VCS' Home-Country Status in Explaining Venture Performance

Elisa Alvarez-Garrido, *Georgia State University*

Isin Guler, *Sabanci University*

Venture capital has increasingly become a global investment activity, with many venture capital investors reaching beyond national borders in search of investment opportunities. While the literature on global venture capital has been increasing, we still know little about how funding from international venture capital investors influences the performance of ventures. In this study, we aim to examine how the home-country status of venture capital firms influences the performance of their international investments, and how country-level factors change the impact of home-country status on venture performance.

SESSION 211

INTERNATIONALIZATION: STRATEGIES FOR ENTRY AND EXIT

TRACK G

Date Monday, Sep 30

Time 08:00 – 09:15 h

Room Hazelnut Room

Paper

Session Chair

Charles Stevens, *Lehigh University*

Disentangling Foreign Markets' Exit: An Analysis of Drivers and Contingencies

Alessandra Perri, *Ca' Foscari University of Venice*

Enzo Peruffo, *LUISS Guido Carli University*

Raffaele Oriani, *LUISS Guido Carli University*

This project investigates firms' choice to exit foreign markets. We start from conventional literature suggesting that firm-internal factors drive exit choices, and propose that firms are more likely to exit foreign markets when they face high operational complexity. Moreover, we embrace institutional theory and more general international business literature to improve our understanding of the contingencies that influence firms' foreign markets exit. Our theoretical model suggests that both institutional distance and the degree of local competitive pressure interact with firms' operational complexity when explaining foreign market exit. Empirically, we follow recent literature (Giarratana and Torrisi, 2010) and use an innovative measure of foreign activity - namely, the registration of trademarks in the US - to trace the persistence of firms' presence in the foreign country.

Early International Entry and Strategic Configurations: Implications for Competitive Advantage, Growth, and Performance

David Williams, *University of Tennessee*

Denis Gregoire, *Syracuse University*

In spite of many studies on the antecedents and consequences of internationalization, few studies have investigated the long-lasting consequences of different patterns of internationalization (early vs. late, close vs. distant, and low vs. high commitments) and that across multiple rounds of foreign entry. As a result, theoretical understanding of the emergence of sustainable competitive advantages for internationalization remains limited. To augment academic understanding of this important question, we examine the path dependencies created by configurations of such early strategic choices as well as the effect of these choices on firms' internationalization profile and financial performance. Doing so, we provide insights about why, when, and under what specific conditions early-internationalization strategies might lead to the development of long-lasting competitive advantages and sustainable superior performance.

Political Geography and Foreign Direct Investment Performance: Is Spatial Proximity to Central Government Politicians and Bureaucrats of Capital Value?

Marie-Ann Betschinger, *NRU Higher School of Economics*

This paper investigates if geographical proximity to central government politicians and bureaucrats matters for foreign direct investment performance. We argue that proximity to national government politicians and bureaucrats, and the formal and informal communities they are part of, permit firms to obtain wider and quicker access to information and gain weight in influencing political or bureaucratic outcomes. Analyzing a sample of 6,698 foreign affiliates of 1,339 Japanese parent firms in 76 countries, we find that a capital city location increases foreign affiliate performance. A country's institutional environment moderates the effect.

Substitutes or Complements? Performance Implication of Joint Decision on FDI Location and Entry Mode

Min Jung Kim, *Korea University*

Jungbien Moon, *Korea University*

We study the interrelated decision on entry mode choice and location choice when firms make a foreign direct investment, and investigate how the joint decision affects the performance of foreign invested firms compared to that of local firms. Specifically, we try to identify whether the entry mode of joint venture and choosing a location with high foreign-firm agglomeration can function as substitutes or complements in explaining post-entry performance of foreign investors. We employ a two-stage probit least squares method to examine how entry mode and location choice are jointly determined, and use propensity score matching and difference-in-differences approach in order to investigate the performance implication of this joint decision on entry mode and FDI location.

SESSION 212

STRATEGIC PROCESSES WITHIN NETWORKS AND STRUCTURES

TRACK H	Date	Monday, Sep 30
	Time	08:00 – 09:15 h
Paper	Room	Int'l Ballroom A

Session Chair John Prescott, *University of Pittsburgh*

Brokerage Spaces: How Informal Networks Transform Formal Structure in the Pursuit of Complex Tasks

Ranjay Gulati, *Harvard University*

Luciana Silvestri, *Harvard University*

Complex tasks often require the combination of resources and expertise that are widely dispersed across the firm. Our in-depth inductive qualitative study analyzes how the informal organization actively transforms the formal organization to facilitate and support the fulfillment of complex tasks in a large professional services organization. We introduce the concept of "brokerage space" as a distinct kind of intra-organizational context arising from the overlap between formally defined units – an overlap created not through formally established processes but through the actions of informal networks. We analyze the peculiar nature of these spaces and specify their structural consequences for the firm and their socio-cognitive consequences for both the top managers supporting the formal structure and the individuals engaged in informal networks.

Interfirm Networks and the Performance of Strategic Initiatives: The Role of Network Type

Karolin Frankenberger, *University of St. Gallen*

Dirk Voelz, *SAP Research*

Oliver Gassmann, *University of St. Gallen*

This study examines the relationship between inter-firm networks and the performance of strategic initiatives. Theory suggests that the strength of these relationships is contingent upon the type of network ties. An analysis of 73 strategic initiatives in 10 different firms in the software industry supports the moderating role of the type of network tie (market-based ties versus science-based ties) for tie strength, cognitive closeness, and structural holes, showing that tie strength and structural holes are more important and cognitive closeness is less important or even negative for the performance of strategic initiatives with science-based partners. The results show that different network configurations are beneficial for groups pursuing strategic initiatives dependent on the type of network tie.

Intersector Cooperations, Dynamic Capabilities and Performance in Sustainable Development Consortia

Marie Clemence Da Fonseca, *Montpellier Research Management*

The objective of this research is to analyze the implementation of inter-organizational strategies (IOS) of firms responding to issues of SD. In order to achieve this, we focus on intersectoral cooperations (ISC) implemented by firms dedicated to SD. In particular, we investigate the case of two French SD consortia which emerged amongst many sectoral initiatives in the mid-2000. Our aim in this study is to highlight the specificities that characterize these inter-organizational forms. The latter gathers members coming from various sectors around CSR implementation problems compared to other collective initiatives. In this respect, we mobilize the dynamic capabilities' framework which enables us to appreciate these ISCs given the evolutions and changes which require the development of specific competencies at various levels of analyses.

What's Central to Alignment? How Group and Member Network Centrality influence Strategic Consensus Between Groups

Jeanine Porck, *Erasmus University-Rotterdam*

Murat Tarakci, *Erasmus University-Rotterdam*

Daan van Knippenberg, *Erasmus University-Rotterdam*

Nufer Yasin Ates, *Erasmus University-Rotterdam*

Organizational groups function in a strategy-driven context of interdependent relationships with other groups and need to coordinate and align their strategic efforts. Although it seems clear that inter-organization networks influence this coordination, little theory exists about their effects on strategic alignment between groups. This field study examines the relationship between both group and member centrality and strategic consensus between groups. Our results show that in a dyad the group's centrality and the most central member of each group are determining factors for the degree of consensus between the groups. Thereby we show that the most central individuals may be a key strategic source at the heart of strategic alignment among groups in the organization. We discuss how these findings speak to the promise of a network perspective on between-group strategic consensus.

SESSION 129

THE INTERPLAY BETWEEN EXPLORATION AND EXPLOITATION

TRACK I	Date	Monday, Sep 30
	Time	08:00 – 09:15 h
Paper	Room	Sycamore Room

Session Chair Alexander Zimmermann, *University of St. Gallen*

Explore What You Exploit: A Theoretical Process Framework of Routine Replication in Contextually Ambidextrous Organizations

Florian Johannes Osterrieder, *Bundeswehr University Munich*

Maximilian Eberl, *Bundeswehr University Munich*

Stephan Kaiser, *Bundeswehr University Munich*

Based on recent theoretical findings and our multiple-case study of five plant engineering initiatives at a leading original equipment manufacturer (OEM) for the automotive industry, this paper presents an extended theoretical framework of routine replication at the business unit level. Prior research suggests that ambidextrous firms (i.e., simultaneous pursuit of exploitation and exploration activities) can achieve superior performance. Our research indicates that in a contextually ambidextrous organization, characterized by discipline, support, trust and stretch, routine replication mediates between the ostensive and the performative aspects of routines. Assuming a substantial interdependence between forward and reverse knowledge flow, routine replication thus acts as a source of stability and innovation. This result demonstrates the strategic value of routine replication for the entire organization.



From Differentiation to Reconciliation: How Compensatory Structuring Reunites Exploration and Exploitation in SMEs

Martin Jäckel, *University of St. Gallen*

Alexander Zimmermann, *University of St. Gallen*

Prior studies assume that organizational structuring should align the dimensions of centralization, formalization, and specialization, resulting in exploratory organic structures, or exploitative mechanistic structures. Accordingly, researchers argue that exploration and exploitation need to be pursued in distinct organizational domains. Alternatively, we suggest that compensatory structuring (the ability to combine structural characteristics that foster different strategic orientations) may allow reconciling the two activities' conflicting demands within a single organizational domain. Based on a study of 184 SMEs, we find a positive effect of compensatory structuring on ambidexterity, which is mediated by the behavioral context. We contribute to ambidexterity theory by discussing the insight that structuring may not only be used to differentiate, but also to reconcile exploration and exploitation.

The Role of Multiple Ostensive Aspects in Practicing Change and Stabilizing Routines: A Case Study of a Merger

Mehdi Savavi, *University of Edinburgh*

Organizational transformations, such as mergers, alter the organizational and occupational structure of everyday work, providing the chance to observe change and stabilization of organizational routines. However, current theories of organizational routines are inadequate to the potential number of structural variations inherent in an organizational transformation. Taking a practice lens, this study analyses these structural variations by depicting the relationship between multiple ostensive aspects of administrative created by multiple pressures for consistency in two merging institutions, on one hand, and change and stabilization in the administrative routines in the merged entity, on the other.

Uncovering an Enabling Relationship between Exploitation and Exploration: Evidence from the Pharmaceutical Industry

Osamu Suzuki, *Kwansei Gakuin University*

Organizational learning scholars argue that there is a complementary relationship between exploitation and exploration. However, they have scarcely examined a mutually enabling relationship between exploitation and exploration in which exploitation enables subsequent exploration. We try to address this research gap by uncovering conditions under which exploitation enables subsequent exploration. Extending prior work on problemistic search, deliberate learning, and speciation, we argue that a negative association between firms' exploitation orientation and subsequent exploration is moderated by their degree of aspiration discrepancy, deliberate efforts to articulate / codify learning, as well as replication of existing knowledge across distinct contexts. Our empirical analysis of pharmaceutical new product developments during 1991-2000 supports our hypotheses. We also discuss our findings' implications to research on antecedents of organizational ambidexterity.

SESSION 139

ALLIANCES AND INNOVATION

TRACK I, TRACK N	Date	Monday, Sep 30
	Time	08:00 – 09:15 h
Paper	Room	Juniper Room
Session Chair	Sheryl Winston Smith, <i>Temple University</i>	

External Knowledge Search and Recombination Through Corporate Venture Capital Investment

Sheryl Winston Smith, *Temple University*

Won Kyung Min, *Temple University*

MB Sarkar, *Temple University*

Building on the external knowledge search and knowledge structure literatures, this paper proposes that incumbent firms use corporate venture capital (CVC) investment as a means of tapping into external knowledge generated by startup companies which the incumbent can then recombine with its existing knowledge base. We hypothesize that incumbents recombine knowledge components from the startup companies in which they invest as a function of the CVC relationship. The empirical setting is the medical device industry. We test our hypotheses with novel, hand-collected panel data on matched patent dyads between citing (i.e. incumbent) and cited firms (i.e. startup) in the global medical device industry over the period 1978-2010. We provide evidence that CVC provides an effective channel through which incumbent firms learn to recombine portfolio firms' knowledge components.

R&D Alliances as a Substitute for In-House Knowledge Search in Biopharmaceutical New Product Development

Turanay Caner, *North Carolina State University*

Beverly Tyler, *North Carolina State University*

Research has shown that firms recognize the need to develop a variety of learning routines to access and use knowledge required for new product development. In this study we seek to explain how R&D alliances provide access to knowledge not already available to firms through established knowledge search routines. We propose that knowledge acquired through R&D alliances substitutes for knowledge already available to the firm for new product development. Using panel data of 738 firm year observations for 143 U.S. biopharmaceutical firms in 2007, we posit and find that R&D alliances substitute for the impact of knowledge search depth and scope on new product development. Our study contributes to the product innovation, R&D alliance, and learning literatures and suggests new directions for future research.

The Effect of Knowledge Flows Outside the Scope of an Alliance on Knowledge Creation within the Alliance

Simona Ileana Giura, *Rensselaer Polytechnic Institute*

Iftekhhar Hasan, *Fordham University*

Shyam Kumar, *Rensselaer Polytechnic Institute*

Prior research argues knowledge flows outside the scope of an alliance are mainly the result of knowledge leakage and appropriability hazards. We argue instead that knowledge flows outside the scope of an alliance may not necessarily be harmful- these flows may also occur as partner firms attempt to develop absorptive capacity and a deeper knowledge of each other's capabilities, and as such they are likely to play a critical role in facilitating knowledge creation in alliance areas. We provide various pieces of evidence in support of this argument. Most importantly we show that knowledge flows within the scope of the alliance were positively associated with knowledge flows outside the scope of the alliance, indicating that the two flows were complementary and reinforcing, rather than being inimical.

Types of R&D Collaborations and Inventions of Firms

C. Annique Un, *Northeastern University*

In this study we analyze how different types of R&D collaborations (with universities, customers, suppliers, and competitors) affect a firm's inventions. Building on the knowledge-based view of the firm, we argue that different types of R&D collaborations will have a different impact on the firm's inventions because of two knowledge dimensions of the partners: newness and ease of obtaining their knowledge. Based on these two knowledge dimensions, we argue that collaborating with universities

and customers will result in the firm generating more inventions than with suppliers and competitors. An empirical analysis of manufacturing firms shows that collaborating with universities and customers have a positive impact on the firm's inventions while collaborating with suppliers and with competitors appear to have limited impact.

SESSION 146

RESOURCES ALLOCATION AND INNOVATION

TRACK I	Date	Monday, Sep 30
	Time	08:00 – 09:15 h
Paper	Room	Magnolia Room

Session Chair Anu Wadhwa, *EPFL*

Pre-Entry Resources, Strategic Positioning Choices and Dominant Designs: Evidence from Hard Disk Drives

Anu Wadhwa, *EPFL*

Richard Tee, *Ecole Polytechnique Federale de Lausanne*

Christopher Tucci, *Ecole Polytechnique Federale de Lausanne*

We investigate the role that strategic positioning choices and pre-entry endowments play in determining the post entry innovative performance of firms that enter new markets. We hypothesize that the flexibility enjoyed by small entrants allows them to position themselves aggressively in new markets and results in higher innovative performance. We also argue that not all small entrants suffer from a liability of newness and some possess pre-entry endowments that can help anticipate and introduce product offerings with dominant design elements.

★ Shift in Value Creation: Competence-Destroying Discontinuity on Complementary Assets

Alessio Cozzolino, *Bocconi University*

Gianmario Verona, *Bocconi University*

Technological changes often challenge incumbents' sustainability by transforming the competitive landscape of industries. Extending the literature on discontinuous changes, our research considers a situation when a technology leaves unchanged (or even enhances) incumbents' core know-how but destroys the complementary assets. We detail a series of mechanisms, including the changing access to the core know-how and the impact on the availability of resources, which overall help explaining why incumbents lose competitive advantage in this situation while entrants gain it. Methodologically, we conducted an in-depth longitudinal study of the traditional newspaper industry after the Internet, from 1995 to 2012. The research presents a model and elaborates a set of propositions that clearly describe this type of technical change and its implications for competitive advantage.

Subsidiary Bootstrapping: A Decentralized Model for Emerging Market Innovation

Srivardhini K Jha, *Indian Institute of Management-Bangalore*

Rishikesh Krishnan, *Indian Institute of Management-Bangalore*

Ishwardutt Parulkar, *Cisco Systems*

The rapid rise of emerging markets, characteristically distinct from developed markets, has created an imperative for developed country Multinational Enterprises (MNEs) to innovate specifically for these markets. Previous studies have argued that this requires a concerted innovation effort led by the corporate headquarters i.e., a top-down approach. Based on an in-depth study of Cisco's ASR 901 project, this study explores an alternate, decentralized approach called 'Subsidiary bootstrapping', where the emerging market subsidiary leads the innovation effort by leveraging the modest resources at its disposal and incrementally secures more resources and support from headquarters. The study identifies the unique structures, processes and resource arrangements associated with this approach, extending the conversation on MNE innovation for emerging markets.

Whether and How Does Firm Size Affect Innovation Activity?

Michael Leiblein, *Ohio State University*

Justin Miller, *Ohio State University*

While a number of reasons exist to suggest that firm size affects innovation activity, the fragile findings in existing empirical research suggest that there are limitations in the insight we can glean from simple associations between coarse measures of firm size and crude measures of innovation activity. The objective of this research is to identify specific resource allocation and organizational policies pursued by small-, mid-, and large-sized firms and to associate the presence of these mechanisms with particular innovation outcomes. The proposal outlines a set of propositions and will report the results of a large-scale national survey of senior executives in US firms.

SESSION 27

CHANGE AND STRATEGY DEVELOPMENT

TRACK J	Date	Monday, Sep 30
	Time	08:00 – 09:15 h
Paper	Room	Int'l Ballroom E

Session Chair Martin Friesl, *Lancaster University*

Breaking Out of Strategy Vectors to Deliver Discontinuous Change

Julia Balogun, *Bath University*

Steven Floyd, *University of Massachusetts-Amherst*

Martin Friesl, *Lancaster University*

This paper explores the challenge of organizations to develop new capabilities in situations of co-evolutionary lock-in. In these situations changing the strategic direction is difficult because the internal selection environment is 'poisoned' by the perceived success of the current strategy which inhibits exploratory strategic initiatives and allocates resources into the existing strategy. This constitutes a major challenge for organizations to breaking out of strategic vectors and renewing its capability base. This paper develops new theory that highlights the necessity of focused changes to the structural context in order to allow firms to break out of existing strategy vectors. We differentiate between three stages of discontinuous change: trajectory breaking, shifting and accelerating and use the FIAT case to illustrate the conceptual arguments developed in this paper.

Exploring Micro-Practices during Strategy Development

Maureen Meadows, *Open University*

Frances O'Brien, *Warwick University*

This paper uses video data of a strategy workshop to explore the micro-practices that can be observed during a strategy development exercise. The paper addresses a gap in the extant literature concerning how strategy tools such as SWOT are used in practice, and in particular within a strategy workshop setting. The study also suggests that a strategy workshop can be analysed as a number of 'micro-practices', labelled here as 'preparing and orientating', 'generating and working with content', and 'reflecting and validating'. Our findings are of significance for both academics and practitioners, as they have the potential to influence the future design of strategy tools, as well as their appropriate introduction in workshop settings. Future research should focus upon gaining a better understanding of the role played by middle managers in strategy development, and the range of micro-practices that they engage in.



Surviving the “Ghosn Shock”: The Effect of Institutional Logics on Buyer-supplier Tie Dissolution and Creation

Christina Ahmadjian, *Hitotsubashi University*

Daisuke Uchida, *Hitotsubashi University*

In this study, we examine how Carlos Ghosn's leadership of Nissan, and his drastic restructuring of Nissan's relationship with its suppliers (the “Ghosn Shock”), transformed buyer supplier relationships in the industry from a logic of relationships to one of market. We argue that understanding changes in institutional logics is key to understanding changes in competition in an industry, and that these changes come not only from institutional entrepreneurs like Carlos Ghosn, but from resulting changes in behavior in firms across the field. We highlight in particular that changes in logics come from changes in interactions between different categories of firms—in our case, buyers and suppliers, and suppliers of Nissan and other auto assemblers.

When Behaviour Meets Strategy: Sustaining the Effectiveness of Project Initiation Decisions

Mark Mullaly, *Interthink Consulting Incorporated*

Making decisions regarding the initiation of projects is fundamental to the determination of organizational strategy. The decision making literature has highlighted the role of behaviour in decision making, and a particular focus of this paper is the role that rule following and agency plays in supporting effective project initiation. Depending upon the context of the organization, agency has been demonstrated in a larger research study to determine, influence or be constrained in making project initiation decisions. This paper expands on this research to explore the influence of culture, politics and agency as is exercised by participants in organizations in the financial services sector to support or subvert effective decision making environments.

SESSION 22

INNOVATION AND STRATEGIC ENTREPRENEURSHIP

TRACK K	Date	Monday, Sep 30
	Time	08:00 – 09:15 h
Paper	Room	Int'l Ballroom B

Session Chair Briana Sell, *Georgia Institute of Technology*

Educational Mismatches and Entry into Entrepreneurship

Briana Sell, *Georgia Institute of Technology*

In this study, educational mismatches are examined. I complement prior research by using the NSF's Longitudinal Scientists and Engineers Statistical Data System to analyze the reasons scientists and engineers report for being mismatched, in order to distinguish between those who voluntarily choose to be mismatched for reasons such as career change, work conditions, and salary versus those who are forced into a mismatch because no jobs were available in their educational field. I find that those who are mismatched receive lower salaries and have lower job satisfaction rates but are engaged in a broader set of work activities, particularly non R&D activities. I also find that those who are mismatched, and particularly those who are voluntarily mismatched, have a much higher probability of entering entrepreneurship.

Resource Slack And Knowledge Creation For New Technology-Based Firms: Questioning The Validity Of Agency Theory For Entrepreneurship Research

Yongseok Jang, *University of Florida*

The relationship between resource slack and performance is still the center of controversy. To respond to the slack-performance puzzle, this study investigates its impact on the knowledge creation of NTBFs. The

following questions will shape and guide this study: How do entrepreneurs achieve resource slack? In what contingencies do agents take care to maximize use of excess resources, and how? Does financial slack matter to knowledge creation? I expect to highlight the relationship between excess financial resources and enhance the knowledge creation of NTBFs. I also expect to invalidate the biased assumptions of agent theory in terms of entrepreneurship research by highlighting the moderating effects of separation between ownership and control, organizational structure, and the availability of incentives.

Swimming Against the Current: Examining the Relationship Between Radical Innovation and Startup Firm Market Value

Thomas Klueter, *IESE Business School*

In this paper, we examine how the radicalness of innovation of startup firms affects performance in form of market valuations. Drawing on research on startup performance and inter-organizational partnering, we argue that pursuing radical ways of solving problems compounds legitimacy issues and resource constraints for startup firms, leading to lower market valuations. However, taking into account the unique dependencies between startups and established firms, we identify that startups pursuing radical innovations can disproportional benefit from forming commercialization partnerships as well as failures in the R&D attempts by established firms. We test our model for 144 biotechnology startups and find broad support for our hypotheses. The study contributes to our understanding of how radical innovation affects startup performance and the unique role of established firms in shaping this relationship.

When Are Patent Litigants Productive or Unproductive Entrepreneurs? Evidence from a Natural Experiment on False Patent Marking, 2007-2011

Amol Joshi, *University of Hawaii-Manoa*

Manufacturing and selling products imprinted with incorrect, counterfeit, or expired patent numbers discourages competition, misleads consumers, and violates U.S. Federal law. To protect the public, the law provides financial incentives for corporations and private citizens to act on the government's behalf by initiating lawsuits against firms falsely marking unpatented products. I examine how changes in these incentives shift the plaintiff's allocation of entrepreneurial effort between productive and unproductive litigation. Using regression models, I analyze the settlement likelihood, monetary benefits, and time costs of 971 false patent marking cases filed by 199 plaintiffs against 893 defendants (2007-2011). The results suggest that increasing incentives for non-competitors and competitors may generate economically harmful unintended consequences that have important theoretical, managerial, and policy implications.

SESSION 93

EXPLORING SOURCES OF FIRM SPECIFIC HUMAN CAPITAL

TRACK L	Date	Monday, Sep 30
	Time	08:00 – 09:15 h
Paper	Room	Redwood Room

Session Chair Matthew Bidwell, *University of Pennsylvania*

Extending The Managerial Rents Model: The Role of Country-Specific Skills

Yannick Thams, *Florida International University*

Aya Chacar, *Florida International University*

This study proposes extending the managerial skills typology in the managerial rents model. We propose adding country-specific skills in addition to firm-specific, industry-specific, and generic skills. Country-specific skills are valuable, rare, hard to imitate, substitute, and transfer. These skills are also distinct from the other three types identified and will

influence managerial actions and ultimately their performance and hence managerial selection, corporate governance, and firm strategy.

Isolating General Human Capital from Competitors: The Effect of Occupational Concentration and Pay Dispersion

Alireza Keshavarz Maman, *HEC-Paris*

Value generation by high performing workers and appropriation of this value by employers is a source of competitive advantage, which can be eroded by mobility of high performers to competitors. Investment in firm specific human capital may isolate high performing workers; however, this mechanism is not applicable for organizations that mainly use general human capital. Greater relative pay dispersion may retain high performers but it leads to value appropriation by workers than the firm. I explore the implications of another isolating mechanism i.e. geographic concentration of occupations on retention of high performers and pay dispersion of firms. Findings suggest that firms located in regions with low occupational concentration may isolate their high performing workers while keeping the relative pay dispersion low.

Managerial Relationships and Firm Specific Skills

Matthew Bidwell, *University of Pennsylvania*
Michael Housman, *Evolv, Inc.*

Although firm specific skills play a central role in theories of strategic human capital, we lack a detailed view of the nature and sources of those skills. We propose that relationships within the workplace, and relationships with a manager in particular, may be an important component of those skills. We note some of the implications of viewing managerial relationships as a form of firm specific skills, such as the potential for those skills to fluctuate with worker or manager mobility, and the challenges for firms of extracting those rents. We also describe a study to test how the development over time of relationships with managers affects worker performance using unique data on call center workers.

Perceptions of Firm-Specific Human Capital: Untenured and Uncommitted

Joseph Raffiee, *University of Wisconsin-Madison*
Jie Feng, *University of Wisconsin-Madison*
Russell Coff, *University of Wisconsin-Madison*

Rooted firmly in human capital theory, strategy scholars have emphasized the importance of firm-specific human capital as a source of competitive advantage. In this study, we test several predictions from human capital theory utilizing a novel measure of firm-specific human capital based on employee perceptions. Using multiple methods and independent data sources from two countries, we find that, contrary to extant theory, organizational tenure and commitment are negatively related to the perceived firm-specificity of employee skills. Consistent with this, we also find that employees in managerial occupations perceive their skills to be relatively less firm-specific. This calls into question the assumed relationship between firm specific skills and competitive advantage. We offer an explanation for these counterintuitive findings and discuss the implications for future theoretical and empirical work.

SESSION 187

AS THE RIGHT FOOT FOLLOWS THE LEFT... STAKEHOLDER LEADERSHIP AND ORGANIZATIONAL CHANGE

TRACK M	Date	Monday, Sep 30
	Time	08:00 – 09:15 h
Paper	Room	Cypress Room
Session Chair	Shahzad Ansari, <i>University of Cambridge</i>	

★ A Participatory Approach To Stakeholder Engagement: Defining A Hierarchy Of Strategic Action

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

We use insights from the literatures on civic participation and participatory development to identify five strategic actions that firms can use to strategically engage stakeholders to increase cooperation and reduce conflict. These strategic actions include announcements, meetings, payments, activity, and monitoring and evaluation (M&E). We find payment and activity have the greatest impact, announcements and meetings have lower impact, and M&E has the lowest impact. Disaggregating these variables, we find that stakeholder-led strategic actions have a consistently greater impact than firm-led strategic actions, in-kind payments have a greater impact than cash payments, and that joint actions are not perceived as joint but as rather firm-led or possibly staged. Our empirical context is an original dataset of roughly 52,000 media-reported stakeholder events that we use to capture dyadic relations and engagement among stakeholders and firms associated with 19 gold mining companies operating 26 mines in 20 countries.

Antecedents of Board Declassification

Karen Schnatterly, *University of Missouri*
Richard Johnson, *University of Missouri*
John Berns, *University of Missouri*
John Howe, *University of Missouri*

Many boards of directors are moving from one-third of their members elected every year to electing all members every year (declassifying). The argument for declassifying a board is so that it is more transparent to shareholder democracy, and presumably more likely to serve as an effective monitor of management. Based on the Managerial Entrenchment Hypothesis we argue that boards that do yield to pressure to declassify themselves also put in place greater protections from shareholder democracy prior to or immediately around the declassification. Our results at this point are mixed indicating some support for the entrenchment hypothesis. Support may also be found for investors pressing managers and the board for non-symbolic meaningful change.

Identity Crisis: Exploring the Nested Monitoring Roles of Securities Analysts

Ryan Krause, *Texas Christian University*
Timothy Maynes, *SUNY Buffalo*
Matthew Semadeni, *Indiana University*

One stakeholder group that has received considerable empirical attention lately is the community of securities analysts who externally monitor publicly traded firms. The exact nature of this monitoring, however, remains somewhat obscure. We theorize that analysts' identity as monitors of corporate governance is nested within their broader identity as monitors of firm performance. As such, analysts will respond negatively to weak corporate governance, but only if firm performance is also weak. We test this theory using both a lab experiment with MBA student participants and an analysis of archival data consisting of actual analysts' recommendations for publicly traded stocks. Both methodological approaches produced results strongly supporting our theory.

The Emergence of a New Category: A Case Study of "Conflict-Free" Gold

Shahzad Ansari, *University of Cambridge*
Juliane Reinecke, *University of Warwick*

The origins and consequences of category emergence have attracted increasing scholarly attention. We conduct an inductive study of the emergence of a new category in gold based on the source of its origin; "conflict free" gold. This has direct implications for the sourcing strategies of firms from a variety of industries such as electronics and automobiles.



We show how multiple stakeholders – government, business, and civil society institutions – with divergent interests leverage different cultural and moral values to construct and legitimize new categories. While many studies focus on the role of categories as socio-cognitive cultural schemas that shape value and perform markets, we emphasize how categories are the result of power struggles among different stakeholders to create and influence the meaning of categories in advantageous ways

SESSION 8
CONTRACT DESIGN, TRUST, AND ALLIANCE OUTCOMES

TRACK N	Date	Monday, Sep 30
	Time	08:00 – 09:15 h
Paper	Room	Int'l Ballroom C

Session Chair Jeffrey Reuer, *Purdue University*

★ **Ambiguous Adaptation: The Effect of Formal Governance and Informal Adaptation on Premature Relationship Termination**

Marcus Møller Larsen, *Copenhagen Business School*
Jacob Lyngsie, *Copenhagen Business School*

We investigate why some exchange relationships terminate prematurely. We argue that informal governance structures are detrimental to contingency adaptation in relationships already efficiently governed by formal contracts. The difference between the formalized contingent behavior of formal governance structures and the flexible adaptation of informal governance structure are essentially incompatible, which, subsequently, increases the likelihood of premature relationship termination. We test this hypothesis using a large sample of exchange relationships between clients and international service providers. Our results indicate that increased reliance on informal governance structures, given existing formal governance, increases the likelihood of a premature relationship termination.

Appropriation Concerns, Bargaining Power, and Smaller Firms’ Ability to Negotiate Favorable Alliance Contracts

Jason Pattit, *University of St. Thomas*
David Deeds, *University of St. Thomas*

Research indicates that smaller firms are not as powerless in alliance negotiations as they have been portrayed; specifically, firms with novel, valuable knowledge appear able to negotiate better contracts (Bosse and Alvarez, 2010). However, power is likely enhanced or eroded by firm specific characteristics such as liquidity and intellectual property position. Thus, while smaller firms may desire to include (or exclude) specific clauses in alliance contracts, these factors likely impact their ability to achieve this outcome. The goal of this study is to expand our understanding of when and how smaller firms exercise bargaining power at the time of alliance formation to obtain contracts that favorably protect against knowledge appropriation. We test our hypotheses on a novel sample of firms from the medical device industry.

Experience, Negotiation Leverage, and Their Effects on Exclusivity in Technology Licensing Agreements

Theodore Khoury, *Portland State University*
Jorge Walter, *George Washington University*
Erin Pleggenkuhle-Miles, *University of Nebraska-Omaha*

Technology licensing represents an elusive area of interfirm contracting due to the highly idiosyncratic nature of these transactions. Focusing on the most valuable, yet often contentious, contractual feature in licensing transactions—exclusivity—we examine the differential influence of licensors’ prior experience with out- versus in-licensing relationships. Our study builds on foundational transaction-cost research and develops a theoretical framework explaining whether or not licensors are likely

to realize non-exclusive deal outcomes as a function of accumulated licensing experience, and when partner- or market-specific conditions moderate the effects of such experience. Leveraging a 26-year sample of 2,664 bioscience licensing transactions and a novel theoretical framework accounting for negotiation leverage within these transactions, we examine how the critical term of exclusivity varies in the market of technology licensing.

Integrating Calculative and Relational Approaches to Explaining Trustworthiness in Strategic Alliances

Oliver Schilke, *UCLA*
Karen Cook, *Stanford University*

Research on the sources of organizational trustworthiness remains bifurcated: some scholars have adopted a calculative perspective, stressing the supremacy of actors’ rational calculations, while others have approached trustworthiness from a relational perspective, focusing on its social underpinnings. We aim to reconcile these seemingly disparate positions by adopting an integrative approach that allows us to clarify the boundaries of both perspectives. Based on dyadic survey data from 158 strategic alliances, we find that the calculative perspective (represented by contractual safeguards) has higher predictive power when the partner lacks a favorable reputation, whereas the relational perspective (represented by organizational culture) predicts trustworthiness more strongly when familiarity with that partner organization is high.

SESSION 210
A LITTLE HELP FROM MY FRIENDS: BOARD CAPITAL

TRACK O, TRACK J	Date	Monday, Sep 30
	Time	08:00 – 09:15 h
Common Ground	Room	Walnut Room

Facilitator Scott Johnson, *Oklahoma State University*

A Meta-Analysis of Board Interlocks and Financial Performance

Nai-Hua Wu, *Texas A&M University*
Laszlo Tihanyi, *Texas A&M University*
Michael Withers, *Texas A&M University*

Board interlocks and their impact on firm performance have been a central focus for governance researchers attempting to understand the organizational consequences of boards of directors. Research, however, is divided over whether these interfirm ties are positively or negatively associated with firm performance. We perform a meta-analysis of 56 empirical samples examining the board interlock-firm performance relationship based on a cumulative sample size of 142,558. Our results provide little evidence of a systematic estimate for the board interlock-financial performance relationship. We also examine whether this relationship may be moderated by the size and leadership structure of the board; however, we again find little systematic evidence for the board interlock-firm performance relationship. We conclude with a discussion of the implications of our results for future research.

Establishing the Link between Boards and Strategy: Theory and Evidence

Razvan Lungeanu, *Pennsylvania State University*
Edward Zajac, *Northwestern University*

In this study, we analyze the relationship between the accumulated strategic expertise of corporate directors and the strategies of the firms they govern. We develop a theory that emphasizes the situational activation of director expertise, and we explain this process by introducing the notion of a board strategy-genotype (posture) and board strategy-phenotype (context-dependent expression). Our perspective is theoretically distinctive in that we advance the notion of directors as resources in use, and empirically distinctive in that we focus on the board’s

strategy expertise when the board is first formed in the public firm, and we develop new continuous indicators of business-level strategy. We test our hypotheses by examining the formation and evolution of boards and their firms since IPO (1997, 2001, and 2004) until 2011.

Outside Directors and Firm Financial Performance: Insights from Board Capital Theory

Orhun Guldiken, *Old Dominion University*
Daanish Pestonjee, *University of Arkansas*

The literature on board of directors reports inconclusive results on the role of outside directors on firm financial performance. We argue that one potential reason for the mixed results is that existing studies, which are largely grounded in either agency or resource dependence theory, implicitly assume that all outside directors are equally effective in their monitoring and resource provision roles. By relying on the board capital theory and using data from a set of 143 randomly selected Fortune 500 firms, we find support for our hypotheses that firm financial performance is systematically higher when outside directors possess higher levels of firm- and industry-specific board capital. We contribute to the research on board of directors by underscoring the role of outside directors' board capital.

The Board of Directors' Functional Background and Its Effect on Firms' Corporate Social Performance

Klavdia Ballard, *University of Houston*
Dusya Vera, *University of Houston*

Drawing upon resource dependence and stakeholder theory, we address this fundamental question: What characteristics of board members have an impact on the firm's corporate social performance? We employ the director taxonomy developed by Hillman, Cannella, and Paetzold (2000), which allows us to step away from previous work that has traditionally differentiated board members by facets such as gender and insider or outsider status. We hypothesize that the presence of community influentials on the board will increase the firm's corporate social performance. Moreover, we argue that the presence of other directors--insiders, business experts, and support specialists--with interlocks, either with firms highly ranked in corporate social performance or with non-profit, social, community, or educational organizations, will positively affect the firm's corporate social performance.

The Social Dimension of Sustainability: How Social Capital Influences Social Innovations and Their Social Impact

Christiana Weber, *Leibniz University Hanover*
James Wallace, *University of Bradford*
Anja Tuschke, *University of Munich*

Social capital – as reflected in inter-organizational network relations – is a widely researched phenomenon for large, mostly publicly listed firms. With respect to social enterprises, however, little is known about the importance of social capital. We aim at closing this gap by empirically analyzing the influence of various dimensions of social capital on knowledge transfer, social innovation, and, subsequently, social impact. We theorize that social capital is positively related with social innovation while knowledge transfer acts as mediator. Further, we suggest that social innovations are positively related with the social impact of these firms. Based on a large sample of social enterprises, the results of our structural equation model provide broad support for these considerations.

There's No "I" in Corporate Governance: The Rise and Fall of Narcissistic Executives as Outside Directors

Adelaide King, *University of Virginia*
Annette Ranft, *University of Tennessee*

Organizational scholarship about narcissism is a burgeoning area that reveals wide-ranging implications for both management practice and research. We extend this research by being the first to consider the impact that narcissists may have in a fundamental organizational context: boards

of directors. We develop propositions about the tendencies of narcissistic executives to obtain board seats at other firms, to act in executing their responsibilities as outside board members, and to exit boards at critical times for an organization. Examining how narcissists respond when operating in a context where they are not the central player, but wield significant power nonetheless, adds important understanding to the impact of executive narcissism on organizational processes and outcomes and reveals that narcissism influences governance in substantive, unexplored, ways.

SESSION 48

REVOLUTION: OWNERSHIP STRUCTURE AND ITS IMPLICATIONS

TRACK O	Date	Monday, Sep 30
	Time	08:00 – 09:15 h
Paper	Room	Pecan Room

Session Chair Christine Shropshire, *University of Georgia*

Different Types of Owners and Unrelated Diversification: The Effect of Owners' Institutional Origin

Nikolaos Kavadis, *Erasmus University - Rotterdam*
Xavier Castaner, *University of Lausanne*

We argue that owners' position regarding a given strategy depends not only on their type according to Brickley et al. (1988) but also on their institutional origin. Specifically, we claim that different owner categories have different preferences about unrelated diversification depending on the normative beliefs about such strategy in their domestic institutional environment. In a sample of 59 French publicly-traded corporations for 2000-2007, we find that domestic shareholders promote unrelated diversification; the effect of domestic shareholders is to a large extent driven by pressure-sensitive shareholders; and when disentangling the Anglo-American shareholder category into pressure-resistant and pressure-sensitive shareholders, Anglo-American pressure-sensitive shareholders promote unrelated diversification, but Anglo-American institutional investors that are supposed to be pressure-resistant do not have a significant influence on unrelated diversification.

Does Ownership Structure Moderate Top Management Behavior in Determining Success of Change? A Knowledge Based Perspective

Mona Bahl, *Youngstown State University*
Aldas Kriauciunas, *Purdue University*
Thomas Brush, *Purdue University*

This study argues that the ownership form moderates the positive relationship between by top managers' knowledge sharing behavior and success of change. The firms are classified into three types namely, state owned firms, privatized firms and privately founded firms. The fundamental premise is that the managerial incentives offered by each of the three forms of ownership will likely influence success of change. It is hypothesized that the relative strength of the relationship between knowledge transfer by top managers and success of change will vary for state owned firms, privatized firms and privately founded firms. A unique database from four transition economy countries is used to test the hypotheses. The initial results support most of the hypotheses.



Interrupting a Governance Dilemma: Shareholder Voting and its Effects on Monitoring and Compensation

Christine Shropshire, *University of Georgia*
Jonathan Bundy, *University of Georgia*
Ann Buchholtz, *Rutgers University*

The primary research question in this proposal asks: "Does having more 'active' shareholders affect internal corporate governance?" More specifically, we seek to understand substantive effects of shareholders voting to withhold their support of corporate directors on the proxy ballot. The reinforcing cycle of intensifying board monitoring and ever-increasing CEO pay has created a governance dilemma in publicly-traded corporations (Hoskisson, Castleton & Withers, 2009). We suggest that shareholder voting offers an intervention to interrupt and potentially reverse these trends. Our findings reveal meaningful outcomes aligned with shareholder activism, including board turnover and executive and director compensation.

Knowledge, Ownership Structure Change at IPO and Firm Performance

Yue Song, *Virginia Tech*
Marc Junkunc, *Virginia Tech*

This paper focuses on how the change of ownership structure at the time of initial public offering (IPO) will raise governance problems and affect the firm's long-term performance and sustainability after IPO. More specifically, we argue that for high tech firms, founders or venture capitalists (VCs) selling equity at IPO will weaken the firms' performance afterwards due to incentive mechanisms, information asymmetry and agency cost. The more technical specialized knowledge employed at the firm, the worse the impact of founders and VCs selling. The results of this paper will extend knowledge in the IPO, governance and innovation management literatures. This paper will also have implications for entrepreneurs and shareholders in managing their ownership structure and public investors in making their investment decisions.

SESSION 177

POLITICS AND MONITORING

TRACK P, TRACK O	Date	Monday, Sep 30
	Time	08:00 – 09:15 h
Paper	Room	Int'l Ballroom D

Session Chair Robert Wiseman, *Michigan State University*

CEO and Firm Political Affiliation

Michael Nalick, *Texas A&M University*
Scott Kuban, *Texas A&M University*

This study examines the influence of CEO's personal political dispositions on a firm's political strategies. Contrary to previous studies, a longitudinal investigation of Fortune 200 CEO and firm campaign contributions found that the CEO's political leanings impact the firm's political contributions. That is, a CEO's ratio of financial support for Democrats and Republicans was reflected in the firm's ratio of financial support of each party. The results were robust by also accounting for industry lobbying and campaign spending levels as well as industry political party norms. This indicates that managerial discretion as described in the upper echelon theory literature can extend to non-market strategies.

Collaboration of Opportunistic Stakeholders: Stakeholder Agency and the Behavioral Agency Model

Geoffrey Martin, *University of Melbourne*
Luis Gomez-Mejia, *Arizona State University*
Robert Wiseman, *Michigan State University*

We use the behavioral agency model (BAM) to advance the stakeholder approach to corporate governance using the empirical context of earnings management. Agency research is yet to explore collaborative opportunistic behavior of CEOs and other firm stakeholders. We extend the BAM and the concept of mixed gambles to examining opportunistic behavior of: CEOs; and other stakeholders with influence over firm decision making. Our findings demonstrate that stakeholders with influence are more likely to allow CEO earnings management when they are more vulnerable to loss; earnings management acts as an instrument for opportunistic risk management of multiple stakeholders. We underline the importance of considering the agency problem more broadly than one deriving from shareholder-CEO or shareholder-shareholder conflict.

Objective Monitors? Meta-Analytic Evidence of Risk-Bearing as a Moderator of Shareholder and Director Influences

Michael Mannor, *University of Notre Dame*
Jennifer Nahrgang, *Arizona State University*
Mathias Arrfelt, *Arizona State University*
Amanda Christensen, *Brigham Young University*

The assumption that organizational monitors (e.g. boards of directors and influential shareholders) are impartial judges that oversee organizational decisions is a key tenet of agency theory that has been widely challenged through the years. However, despite a wide set of work, little evidence has been found to support a consistent influence on firm choices. We integrate ideas from the Behavioral Agency Model to investigate the influence of risk-bearing on organizational monitors. Meta-analytic results (N = 43,645; overall k=45) demonstrate support for our hypotheses, showing that when monitors have few ties to a firm and bear little risk, they favor increasing levels of diversification, but when monitors have stronger ties and bear greater risk through equity or employment, they are more risk-averse and prefer decreasing diversification.

TMT Political Networking, Functional Experience and Firm R&D Investment: The Moderating Role of TMT Attention

Jianzu Wu, *Lanzhou University*
Ying Zhao, *Lanzhou University*

Drawing upon the resource-based view and attention-based view of the firm, this study aims to analyze how top management team (TMT) political networking and functional experience affect firm R&D investment in a transition economy and examine the moderating role of TMT attention. The study suggests that the focus of TMT attention or the process of noticing and constructing external environment could influence firm behavior and can be reflected on firm strategy. Based on a sample of listed companies from technology-intense industries in China, the study uses multiple regression models to examine how different focus of attention affects firm behavior, i.e., how TMT use their valuable resources, such as political networking and functional experience, to choose firm R&D investment strategy.

SESSION 68

**INTERNATIONAL AND EMERGING ECONOMY
PERSPECTIVES ON SUSTAINABILITY**

TRACK A&B	Date	Monday, Sep 30
	Time	08:00 – 09:15 h
Paper	Room	Dogwood Room B

Session Chair Eun-Hee Kim, *George Washington University*

**Competitiveness of Commodity Producers in
Developing Countries**

Matthias Olthaar, *University of Groningen*
 Wilfred Dolfsma, *University of Groningen*
 Clemens Lutz, *University of Groningen*

Commodity producers in developing countries are responsible for the production and extraction of many of the raw materials used in products designed and manufactured by firms from industrialized countries. Ethical and sustainability considerations have led organizations to initiate top-down programs to support these commodity producers. We like to add to this discussion by studying the situation of commodity producers from a bottom-up perspective. More specifically we study the resources and capabilities African farmers have at their disposal to improve their competitiveness and consequently their income. We study to what extent resources and capabilities of commodity producers in developing countries can explain performance differences between commodity producers and we propose some novelties in empirical RBV research.

**Exploring the Complexity of Private Sustainability
Standards: An Emerging Economies Perspective**

Ivan Montiel, *Loyola Marymount University*
 Petra Christmann, *Rutgers University*

While firms usually face only pressures to comply with public regulations, recently various non-governmental bodies such as NGOs and firms have established private regulatory standards for acceptable conduct. Emerging economy firms are pressured by customers from developed countries to adopt several of these private sustainability standards. As a result, these firms face not only public, but also private regulatory pressures. For emerging economy firms selling to developed country customers complexity introduced by private regulation is more important than complexity related to public regulations. We present a framework that classifies types of regulatory complexity faced by emerging economy firms selling abroad and identify the causes underlying each type of complexity. We use both survey and interview data from export-oriented agricultural Mexican firms to validate our framework.

**Foreign Direct Investment and Environmental Quality:
System Approach for Exploring MNCs' Short-Term and
Long-Term Strategies**

Pard Teekasap, *Rajamangala University of Technology*
 Dinorah Frutos-Bencze, *Southern New Hampshire University*

This paper proposes a conceptual deterministic model to illustrate the effect of foreign direct investment on environmental quality of host countries. Using a system approach we focus on the relationship between the firm, society, and the government of the host country. The model allows us to simulate short-term and long-term scenarios as environmental quality variables are modified. Thus, the model is useful to gain insight into the short-term/long-term environmental strategies multinational corporations (MNCs) should pursue in order to maximize profits. Preliminary simulation scenarios indicate that avoiding environmental compliance can maximize profits in the short-term, but this strategy is not sustainable. In a long run, firms need to implement environmental strategy in order to minimize cost.

**How Do Organizations Respond to Global Pressures?
The Case of International Environmental Agreements**

Eun-Hee Kim, *George Washington University*

In evaluating the potential role of international environmental agreements in inducing changes in firm behavior, the prior literature tends to emphasize the importance of enforcement and net economic benefits associated with compliance. This paper suggests that the presence of public policies in support of an international environmental agreement—even without strong enforcement—may itself signal changes in the policy landscape and induce changes in firm behavior. Also, firm responses to international environmental agreements are not uniform. In particular, firms with high pollution intensity are more responsive than firms with low pollution intensity. In addition, the prevalence of voluntary environmental programs is associated with lower environmental performance and good environmental governance and practice at the country level is associated with higher environmental performance.

09:15 – 09:45
COFFEE BREAK



SESSION 110

CSR AND PHILANTHROPY

TRACK C	Date	Monday, Sep 30
	Time	09:45 – 11:00 h
Paper	Room	Int'l Ballroom A

Session Chair Vanessa Burbano, *University of California-Los Angeles*

★ Can Firms Pay Less By Doing Good? The Effect of Corporate Philanthropy on Employee Salary Requirements

Vanessa Burbano, *University of California-Los Angeles*

Using a field experiment on Amazon Mechanical Turk (MTurk) to explore the effect of corporate philanthropy on employee salary requirements, this work contributes to the discussion of whether and how the firm can benefit from corporate social responsibility. Acting as a firm, we hired workers to complete a job on MTurk. To manipulate corporate philanthropy, workers were randomly assigned to conditions that varied in the degree of the employing firm's corporate philanthropy emphasized. Preliminary results show that receiving a message about the employing firm's corporate philanthropy program caused workers to be willing to forego 15% of the average acceptable wage; and that the highest performers were willing to forgo 44% of the average acceptable wage.

Janus-Faced Do-Gooders? The Influence of Corporate Elites on Philanthropic and CSR Priorities

Razvan Lungeanu, *Pennsylvania State University*

Klaus Weber, *Northwestern University*

We investigate how members of the business elite influence the allocation of limited resources to alternative causes related to the social good, such as community or environmental programs. Specifically, we ask whether individuals display consistent preferences for particular causes, or whether they seek to balance allocations over a broader set of causes. To answer this question, we examine cases in which the same individual influences the allocations made by two types of organizations: corporations (CSR efforts); and philanthropic foundations (grants). Our theoretical model contrasts upper echelon prediction of consistency with psychology's moral compensation prediction of misalignment. We find evidence for both processes, but for different domains of social causes. The effects are moderated by the power executives hold in foundations.

The Drivers of Corporate Philanthropic Catastrophe Response: The Community-Event-Firm Triad

Luis Ballesteros, *University of Pennsylvania*

We investigate the factors explaining the variance of firms helping communities in the aftermath of natural catastrophes with a theoretical model comprising firm-, community-, and event-specific factors. In this model, corporate decision makers follow a mix of social preferences and strategic considerations. We use unique data of corporate donations to the relief fund of natural catastrophes that affected different countries in the period of 2002-2012 and a panel of 2011 multinational enterprises from 61 countries. Our preliminary results show that firm's visibility and economic connection with the affected community, and the relative development of the community exert a nontrivial influence in the magnitude and frequency of corporate donation. Additionally, we find that the salience of the event is significantly more influential in the corporate decision than the associated human loss.

SESSION 87

COMPETITION IN THE CREATIVE INDUSTRIES

TRACK E	Date	Monday, Sep 30
	Time	09:45 – 11:00 h
Paper	Room	Hazelnut Room

Session Chair Richard Arend, *University of Missouri*

Innovating in All the Wrong Places: The Effects of Indirect and Complementary Capabilities in Maintaining Dynamic Capabilities

Alva Taylor, *Dartmouth College*

Christian Stadler, *Warwick Business School*

The importance of dynamic capabilities, conducting a practice under changing conditions, has been well established over the past decade. Much of the discussions have been on the effective application of those capabilities. What has garnered less attention is the puzzle of how firms can apply the capabilities when the need for them is sporadic and unpredictable. Continuous undertaking of these activities, even in those periods when they are not needed, can be resource and cost prohibitive for many organizations. Using data from video game developers, we illustrate that firms have alternatives for dynamic capabilities maintenance through two other mechanisms – undertaking indirect capabilities and complementary capabilities.

The Demography of Non-Technological Products

Alicia Barroso, *Universidad Carlos III de Madrid*

Marco Giarratana, *Bocconi University*

Samira Dias dos Reis, *Universidad Carlos III de Madrid*

Olav Sorenson, *Yale University*

We examined the drivers of product demography in a setting where innovation does not depend on technological advances. Using complete data on the population of television series introduced in the United States from 1946 to 2003, we estimated the effects of product age, across- and within-firm competition, and product theme saturation on the longevity of these series. Competing against similar series increased the probability of a series being cancelled, as did competing against series with different conceptual themes. Television series also appeared to experience satiation and saturation effects: Both series age and prior cumulative entries in the same conceptual theme-even offerings no longer being produced-reduced survival rates.

The Non-Technological Explanation of Technology Dominance: The Social Dynamics and Demand-Side Factors

Nina Tervonen, *Lappeenranta University of Technology*

Kati Järvi, *Lappeenranta University of Technology*

Literature suggests that when technologies compete, ultimately one technology will gain dominance and emerge as a dominant design in comparison to the others. Technology management research has mainly explained this from a deterministic viewpoint of technology evolution. However, a multitude of non-technological factors, such as the social dynamics and demand-side factors seem to have explanatory power in some instances where the superior performance attributes of a technology do not seem to explain what technology wins. By focusing on the movie exhibition industry and competition between online and offline technology, this proposal focuses on the non-technological factors of technology evolution and incorporates insights from institutional theory and social movement theory in order to enhance the understanding of the socio-political factors affecting technology dominance.

★ ★ Value Appropriation, Search Frictions, and Secondary Markets

Robert Seamans, *New York University*

Victor Bennett, *University of Southern California*

Feng Zhu, *University of Southern California*

We examine how reduction of search frictions in secondary markets affects the ability of incumbents in primary markets to appropriate value. We argue that the net effect depends on the relative strength of the “added value” and “cannibalization” effects. We argue that the “added value” effect will dominate when the primary and secondary markets are separated. We study our predictions in the context of US concert ticket prices. We show that following the entry of Craigslist, an intermediary facilitating concert ticket transactions, shows by artists with low popularity exhibit a significant decrease in prices, while shows by artists with high popularity exhibit a significant increase in prices. In addition, we find that some promoters actively limit venue capacity in periods following Craigslist’s entry.

SESSION 91

COMPETITION AS A DYNAMIC PROCESS: EXPLORING THE TEMPORAL FACET OF RIVALRY

TRACK E	Date	Monday, Sep 30
	Time	09:45 – 11:00 h
Panel	Room	Int'l Ballroom E

Session Co-Chairs

Ming-Jer Chen, *University of Virginia*

Marvin Lieberman, *University of California-Los Angeles*

Tieying Yu, *Boston College*

Panelists

Jianhong Chen, *Drexel University*

Javier Gimeno, *INSEAD*

Sucheta Nadkarni, *Drexel University*

Gonçalo Pacheco de Almeida, *HEC Paris*

Yu Zhang, *University of California-Irvine*

The purpose of this panel is to disentangle the role of time in the duration and outcome of inter-firm rivalry. The panel brings together three different and complementary perspectives for bringing time into competition research: the longitudinal analysis of the duration of cycles of competitive stability and instability in markets (inspired by research about price wars, cartel instability and market share instability), the analysis of leader-follower rivalry and how investment escalation by firms allows the compression of catch up time (inspired by research on resource accumulation dynamics and time-compression diseconomies), and the analysis of temporal perceptions of managers in determining competitive actions (inspired by research on the role of management teams on competitive behavior).

SESSION 74

ACQUISITION EXPERIENCE, INNOVATION, AND PERFORMANCE

TRACK F	Date	Monday, Sep 30
	Time	09:45 – 11:00 h
Paper	Room	Redwood Room

Session Chair Tomi Laamanen, *University of St. Gallen*

Accelerating Innovation through Acquisition: An Evaluation of Patent and Product Portfolios

Douglas Miller, *University of Illinois-Urbana Champaign*

Anju Seth, *Virginia Tech*

Sai Lan, *Peking University*

This paper investigates the nature of merger and acquisition activity in high-technology industries over a 14-year window. We test hypotheses about the effect of acquisitions on innovation. Evidence shows that ex ante overlap in both patent and product portfolios for the merging firms affect innovation outcomes after acquisitions, including patent counts, new product introductions, and an increase in the rate of patenting. Further, technological and market resources have a positive multiplicative effect on innovation acceleration. This study confirms and clarifies previous findings on how high-tech firms create value through acquisitions, and how acquisitions impact innovation across several industries.

Craving for the Big Deal? Escalation, De-Escalation, and Momentum As Antecedents of Large Acquisitions

Yuval Deutsch, *York University*

Thomas Keil, *University of Zurich*

Tomi Laamanen, *University of St. Gallen*

Markku Maula, *Aalto University*

One central explanation of acquisition behavior has been the repetitive momentum argument of strategic momentum theory, which predicts that prior acquisitions create a strategic momentum effect that makes additional acquisitions of the same kind more likely. In this paper, we challenge this explanation and develop a more fine-grained theoretical account that explains large acquisitions as the combined effect of escalation behavior caused by prior small acquisitions, momentum effects caused by a firm’s own prior large acquisitions, and de-escalation caused by resource exhaustion due to prior large acquisitions. We employ novel empirical methods to show that prior results in favor of the momentum theory may have been, at least partially, methodological artifacts masking the underlying more complex theoretical and empirical pattern.

Slacking Off? The Moderating Effect of Organizational Slack on Learning from Failed Acquisition Bids

Ram Ranganathan, *University of Texas-Austin*

Anindya Ghosh, *IESE Business School*

Harbir Singh, *University of Pennsylvania*

We focus on the experience that firms gain when acquisition bids get abandoned, and how such experience affects future acquisition activity and outcomes. In a sample of 109 software firms, we find that although experiencing abandoned acquisitions decreases acquisition activity, it also decreases the future proportion of abandoned deals. This effect is contingent on firms’ prior experiences in completing acquisitions and their levels of slack resources. Whereas slack magnifies learning for firms with greater completed deal experience, it dampens it for firms with lesser completed deal experience. We contribute to the strategy literature by stressing on learning within the pre-acquisition process and by highlighting abandonment, an understudied outcome. We contribute to organizational learning by identifying conditions under which slack resources may accelerate or hinder learning.



With Experience Comes Wisdom? Difficulties in Learning from and Using Advisor Acquisition Experience

Jerayr Haleblan, *University of Georgia*
Adam Steinbach, *Michigan State University*
Gerry McNamara, *Michigan State University*

Do acquirers benefit from the acquisition experience of their investment banks? Investment banks are thought to offer expert advice to acquirers. Accordingly, more experienced investment banks should offer better advice to their clients. We test this assertion on a sample of acquisitions from 1991-2010, but find that acquiring firms often do worse when retaining experienced investment banks. Moreover, this effect is more pronounced when acquirers hold high levels of free cash or make stock deals. These findings suggest that investment banks don't improve their advice with experience, and that acquirers need to be diligent in processing and integrating advisor experience—or find that the market responds even more negatively to their acquisitions.

SESSION 183

MANAGING THE HEADQUARTER-SUBSIDIARY RELATIONSHIP

TRACK G	Date	Monday, Sep 30
	Time	09:45 – 11:00 h
Common Ground	Room	Cottonwood Room AB
Facilitator	Timothy Devinney, <i>University of Leeds</i>	

Are Venture Capital Firms Multinational Enterprises: Factors that Stimulate Firms' Expansion Across the Globe

Hisanori Fujiwara, *Daiichi Sankyo Co., Ltd.*

Over the past decade, the venture capital (VC) market expanded globally. I explore what factors stimulate VC investment across globe for a sample of 842 VC firms in 33 countries. I find that geographic distance significantly deters VC firms from opening cross-border satellite offices but surprisingly, cultural distance is not significant. I also show that foreign office opening is affected differently by different types of firm's investment behavior. In particular, the probability of foreign entry increase if a VC firm is a "generalist" of her industry preference. On the other hand, preference of late stage investment does not affect the likelihood of entry, suggesting that internationalized VC firms favor not only cherry-picking later stage deals but also elaborate early stage deals.

Embeddedness for Global Innovation: An Investigation of Differentiated Ties at Overseas R&D Subsidiaries

Björn Ambos, *University of St. Gallen*
Tina Claudia Ambos, *University of Sussex*

This papers aims to shed light on the question how embeddedness impacts the potential of international R&D subsidiaries to create innovations for the global – rather than the local – market. We examine the kinds (business vs. research) and the locus (local vs. global) of external ties that international R&D subsidiaries maintain and test their relationship with the unit's global innovation potential drawing on a sample of 99 overseas R&D subsidiaries belonging to Japanese multinational corporations. Our results reveal that certain ties enable overseas R&D subsidiaries to pursue innovation for global markets more than others: Collaborating with overseas business organizations is positively related to subsidiary innovation for global markets; whereas ties with local business organizations turns out to be negatively associated with subsidiary innovation for global markets.

Headquarters' Orchestration of Subsidiaries' Contribution to MNC Performance

Henrik Dellestrand, *Uppsala University*
Ulf Andersson, *Copenhagen Business School*
Torben Pedersen, *Copenhagen Business School*

This paper analyzes how headquarters of multinational corporations can orchestrate its network of subsidiaries in order to create and extract value, and thus increase the performance of the organization. Granting subsidiaries autonomy, and giving them attention is found to positively influence the scope of subsidiary activities as well as the level of subsidiary competencies. This corresponds to how headquarters, as a hub-type of firm, can orchestrate for subsidiary evolution and create value within the multinational corporation. Our results indicate that if subsidiaries evolve, this has positive effects on overall MNC performance. The results, based on a sample of 2107 European subsidiaries, elucidate the role and function of headquarters as an important orchestrator of the organization for subsidiary evolution and value creation.

Institutional Factors, European Regional Integration and M&A

Caterina Moschieri, *IE Business School*
Roberto Ragazzino, *ESADE Business School*
Jose Campa, *IESE Business School*

This paper raises the question of whether the process of regional integration experienced by the European Union has affected the growth strategies of firms pursuing cross-border mergers and acquisitions. More precisely, we examine whether the effects of known country-level barriers to cross-border M&A, i.e. the target's country political risk and the acquirer's country uncertainty avoidance, have weakened as the EU has developed, thereby creating a propensity by firms to invest more in the market for international M&A. Overall, the results show support for this idea, revealing that cultural and political barriers to cross-border M&A significantly explain the governance decision implemented by international buyers earlier in the life of the EU, whereas they do not after the union has taken decisive steps towards integration. A number of implications of these findings are discussed.

Managing Dual Pressures of Integration and Adaptation: The Danger of Getting 'Stuck in the Middle'

Birgitte Groggaard, *University of Calgary*
Inger Stensaker, *Norwegian School of Economics*

In this study we examine how multinational enterprises (MNEs) manage dual pressures of global integration and local adaptation. The managerial complexities are rooted in the potentially conflicting types of resources, capabilities and structural mechanism that MNEs typically rely on to achieve global integration or local adaptation. Through a longitudinal study of an MNE, we find that initial attempts at addressing both pressures left the MNE 'stuck in the middle'. The MNE was unable to enforce stringent coordination and control in fear that such activities could stifle local entrepreneurial activities and hinder sufficient local embeddedness. A fine-grained approach was eventually initiated that enabled the MNE to rigorously enforce standardization and centralization of specifically targeted areas without compromising its simultaneous emphasis on local adaptation.

The Hidden Costs Of Going Global: Insights From Firms' Entry Into Foreign Markets

Alessandra Perri, *Ca' Foscari University of Venice*
Francesca Checchinato, *Ca' Foscari University*
Cinzia Colapinto, *Ca' Foscari University of Venice*

Recent literature on strategic decision-making highlights the role of hidden costs, i.e. costs that firms are not able to predict ex-ante (Larsen et al., 2012). This paper analyses the hidden costs of going global, i.e. unanticipated costs that emerge in the implementation of market entry

strategies. Foreign market entry requires firms to assess the potential attractiveness of different locations, select an appropriate entry mode, and organize their international value chain. When taking such decisions, firms can make evaluation mistakes. We propose that cultural distance is one factor that generates “blind spots” in a firm’s strategic analysis, thus affecting its ability to evaluate the actual challenges of entering foreign markets. Firms can offset distance-driven hidden costs by building international experience and relational capability.

SESSION 117

STRATEGIC ADAPTATION

TRACK H	Date	Monday, Sep 30
	Time	09:45 – 11:00 h
Paper	Room	Dogwood Room A

Session Chair Jorge Walter, *George Washington University*

Adaptive Strategies: An Empirical Study into Reactive Corporate Political Activity

Maria Andrea De Villa, *EAFIT University*

Tazeeb Rajwani, *Cranfield University*

Corporate political activity research has focused on the study of strategies that allow firms to influence government affairs. This study examines a set of strategies that aim to allow firms to adapt rather influence their political environments. To address this research, interviews, documents, and archival data were analyzed to understand what strategies a firm used to adapt to three different political contexts. The findings show that firms can use adaptive strategies rather than political strategies to sustain their operations in political contexts. These findings suggest firms should incorporate adaptive strategies into their strategic repertoire to address political environments.

An Evolutionary Perspective on Corporate Ethical Behavior: Ethics Follows Strategy

Hee-Chan Song, *KAIST*

Tae-Hyun Kim, *KAIST*

Building on an evolutionary perspective, we argue that corporate ethical principles and behaviors should be changed to enhance a strategic fitness to the dynamic nature of business environment, and thus, to contribute to organizational survival and growth. We suggest that a corporate ethical behavior can be explained as a strategic behavior that reflects environmental changes rather than a normative notion. Changing business environment requires that a corporation evolves its ethical principle and behavior because organizational goals and competitive strategies also change as a result of adaptation. In addition, external pressure on corporate ethical behavior increases, as stakeholders’ expectations, needs, and regularities grow more diversified and sophisticated. Hence, a corporation endeavors to understand new ethical issues arising from changing environment and adopt strategically appropriate ethical principle.

♣ Strategic Management of Sustainability: The Struggle for Legitimacy

Monika Lesner, *Leuphana University of Lüneburg*

Jan-Florian Schlapfner, *Leuphana University of Lüneburg*

Markus Reihlen, *Leuphana University of Lüneburg*

Based on an in-depth, longitudinal case study of the strategic management of sustainability within a major diversified firm, we develop a grounded model of legitimacy enhancement for sustainability initiatives, identifying four key legitimacy enhancing practices – symbolic actions, linking, standard setting, and substantiation – which interact with the internal and external organizational context. We describe the complex and interdependent interplay between external and internal sources of legitimacy for sustainability and show how these sources feed in the strategy formation process – therewith arguing for a co-evolution

between the internal and external organizational field and contributing towards an institutional theory of strategy formation.

The Best Defense is a Good Offense: Responding to an Innovative Strategy in the National Football League

Daniel Gamache, *Michigan State University*

Jamal Shamsie, *Michigan State University*

This paper extends competitive dynamics research by moving beyond single moves to explore how firms respond to the introduction of a whole new strategy. The development of an innovative strategy is associated with the creation of a new set of routines, to which rivals must respond with counter strategies that require adjustment to their own routines. We argue that firms may either develop defensive or offensive routines, but that it is not possible to develop an effective counter strategy by focusing exclusively on defense without an emphasis on offense. We plan on testing our hypotheses by studying the response of National Football League teams to the introduction of a new and innovative strategy, the West Coast Offense, by the San Francisco 49ers.

SESSION 130

ANTECEDENTS AND OUTCOMES OF EXPLORATION-EXPLOITATION

TRACK I	Date	Monday, Sep 30
	Time	09:45 – 11:00 h
Paper	Room	Juniper Room

Session Chair William Lamb, *Ohio University*

Ambidextrous Firms: Managing the Interface of Individual and Organizational Identities in the Quest for Performance

Nicole Rosenkranz, *ETH Zurich*

Ambidexterity research asserts that firms simultaneously engaging in both exploitation and exploration achieve above average firm performance. Yet, empirical findings remain ambiguous. We claim that a possible explanation for these mixed findings is due to interaction effects of individual and organizational level factors, which yet have to be considered though a multi-level model. Based on identity theory, we develop a model that depicts how an individual’s management of multiple role identities (role integration and separation) interacts with organizational identity structures and its effect on firm performance. In matching individual inclinations for role management and organizational identity structures, we claim that contextual or structural ambidexterity is not freely applicable for any types of organizations, inferring inconsistent performance effects.

Entrepreneurial Ventures, Signaling Based on Knowledge Partnerships, and Acquisition Likelihood

Devkamal Dutta, *University of New Hampshire*

Manpreet Hora, *Georgia Institute of Technology*

In this study, we investigate the contingent impact of an entrepreneurial R&D venture’s signaling efforts through its exploratory and exploitative knowledge partnerships on its likelihood of acquisition. Using a sample of 603 entrepreneurial R&D firms in the biotech industry, we find that exploratory and exploitative knowledge partnerships together improve the venture’s acquisition likelihood prospects. In effect, our study contributes to the literature on organizational ambidexterity by suggesting that in the specific context of knowledge partnerships in alliances, exploratory and exploitative knowledge seem to operate as orthogonal forces and it is possible to derive simultaneous benefits from both.



Learning Sequences of Startups in an Emerging Technology Context

Fiona Xiaoying Ji, *Ohio University*

William Lamb, *Ohio University*

Startups that grow rapidly expand their knowledge scope and enhance an industry's knowledge creation process. The knowledge creation pattern followed by startups, and the performance impact of this pattern, however, is still unclear. Do startups tend to simultaneously explore and exploit, or do they tend to alternate between exploration and exploitation at different times? The objective of this study is to test whether new ventures in an emerging technology context tend to choose a learning sequence or an ambidextrous process of exploitation and exploration of new knowledge. We also have the opportunity to test whether a particular knowledge creation pattern enhances innovation performance.

On Intellectual Capital and Organizational Ambidexterity Theory: How to Create Value for Sustainable Competitive Advantage

Carsten Gelhard, *University of Munich*

Sebastian Kortmann, *University of Amsterdam*

We interlink intellectual capital and organizational ambidexterity theory to explain how sustainable competitive advantage is related to the creation of valuable knowledge. This process is separated into the integration, learning, and application of valuable knowledge and, thus, distinguishes sources of competitive advantage from competitive advantage itself and the resulting performance. Using two data sets of top executives in the United States (N = 114) and India (N = 138), we show that various integration mechanisms connect dispersed knowledge sources and enable knowledge sharing ambidexterity, which, subsequently, nurtures the simultaneous development of exploratory and exploitative innovations.

SESSION 138

NETWORKS AND ORGANIZATIONAL LEARNING

TRACK I, TRACK N

Date Monday, Sep 30

Time 09:45 – 11:00 h

Paper

Room Magnolia Room

Session Chair

Susan Cohen, *University of Pittsburgh*

A Social Capital Perspective on Exploitation and Exploration

Achim Schmitt, *EHL*

Emmanuel Josserand, *University of Paris-Dauphine*

This paper applies a social capital perspective to study how business units use an individual's social capital to explore their environment and exploit resources available from individual networks. We explore this matter inductively by analysing the development and exploitation of social capital at the business unit level in a leading global construction company, collecting data through 33 in-depth interviews. Our findings show how an individual's distinct types of social network connections can provide business units with possibilities for exploitation and exploration activities. We also note the importance of a supportive organisational context that allows firms to reap the benefits of their employees' social capital. Consequently, the study deepens our understanding of exploration and exploitation at both the individual and business unit levels.

Configuring Networks for Exploration and Exploitation Purposes: A Multiple Case Study of Dutch Biotech SMEs

Suzana Rodrigues, *Erasmus University-Rotterdam*

Martijn van Halem, *Erasmus University-Rotterdam*

Tji Min Lee, *Erasmus University-Rotterdam*

This paper draws upon research into how small- and medium-sized enterprises [SMEs] in the biotech sector realize their strategic scope and

intent through networking. It investigates the business models, unique resources and capabilities of firms and how these relate to their network ties. Based on a qualitative study of nineteen Dutch biotech firms it concludes that these ties are highly aligned with a firm's strategic focus. A major contribution of this paper is to show that firms whose focus is on exploration have a distinct pattern of ties in comparison with those whose business model is dedicated to knowledge exploitation, while those that are ambidextrous reveal a network structure that can compensate for any resource deficiencies in both exploration and exploitation capabilities.

Organizational Learning in Evolving Networks

Christina Fang, *New York University*

Building on the classic model of March (1991), we study how alternative network evolution logics (link, distance, random, performance) impact organizational learning and performance. We find that networks formed based on distance (i.e. homophily) consistently outperform those formed by links (i.e. rich-gets-richer). Furthermore, the more attention an organization pays to 'performance benchmarking', the poorer its overall performance. Lastly, the continual introduction of new members has very little positive impact on overall performance across all logics.

With Whom do Technology Sponsors Partner? The Role of Alliance Networks in Technology Standard Battles

Susan Cohen, *University of Pittsburgh*

Tsuhsiang Hsu, *University of Niagara*

Competition between alternative technologies seeking to become the de facto standard for a market often hinges on which firm builds the largest install base first, and thereby tips the benefits that adopters anticipate in their favor. Social networks can overcome the influence of install base, however suggesting that technology sponsors should attend to the network position of the organizations they can enlist to foster diffusion. We examined whether 2G wireless technology sponsors selected alliance partners whose position within the adopter network is most likely to have accelerated the diffusion of their technology. In line with our predictions, we found that Qualcomm, the upstart sponsor with the revolutionary technology, pursued a wide-bridge strategy while Ericsson's alliance choices conformed to a peer-to-peer diffusion strategy.

SESSION 148

BUSINESS MODELS AND INNOVATION

TRACK I

Date Monday, Sep 30

Time 09:45 – 11:00 h

Paper

Room Sycamore Room

Session Chair

Phillip Anderson, *University of Illinois-Urbana Champaign*

Beyond Product-Process Innovation: The Case of Service Innovation

Phillip Anderson, *University of Illinois-Urbana Champaign*

The question of how a firm's technological innovation position relates to service innovation has been relatively understudied. While the research literature finds strong support for technological innovation with respect to product and process, the question of an additional innovation search has received little attention. I seek to advance this area of research by examining factors that influence the technologically innovative product manufacturing firm to innovate in new services. Using data on entry into professional services, preliminary results suggest that platform innovators are more likely to innovate in services than device innovators. Also, as manufacturing firms diversify into non-manufacturing technologies, they appear more likely to innovate in services. The implications suggest that a multiproduct-service innovation cycle is a useful complement to the classic product-process innovation model.

✿ Cognitive Microfoundations of a Dynamic Capability: What Leads to Business Model Innovation in New Firms?

Yuliya Snihur, *Toulouse Business School*

Christoph Zott, *IESE Business School*

In this paper we build grounded theory about what microfoundations lead to business model innovation (BMI), which we conceptualize as a dynamic capability for new firms. By comparing four cases of high-BMI ventures to four start-ups displaying low BMI we examine the sources of these divergent outcomes. We find important individual-level cognitive differences between firm founders who design new business models as compared to those founders that do not. In particular, we build theory about how and why external search capacity and founder vision lead to distinctive levels of engagement with BMI.

Organizational Antecedents of Adopting Open Business Models in Emerging Technology Fields: The Synthetic Biology Case

Davy van Doren, *Fraunhofer Institute for Systems and Innovation Research*

Saeed Khanagha, *Erasmus University-Rotterdam*

This research analyzes factors influencing adoption of alternative open business models in relation to research, development, and commercialization of emerging technologies. In studying effectiveness of open business models, the majority of existing research has focused on established technological areas where the amounts of associated uncertainties and complexities are less than what is typically associated with emerging technologies. Based on discussing implications of emerging technologies on invention and innovation processes, we compare the effectiveness of alternative emerging open innovation business models from a knowledge absorption and utilization perspective. Preliminary analysis on qualitative data from key players in the synthetic biology field indicates that along with institutional factors, organizational form and culture are important determinants of strategic flexibility that in turn fosters adoption of open business models.

Sustainable Advantage through Time Based-Business Models: Theoretic Foundations and the Case of Smart Grids

Moritz Loock, *University of St. Gallen*

Thorsten Helms, *University of St. Gallen*

Karoline Kuenzel, *University of St. Gallen*

The call for sustainable and innovative business models can be answered either deductive from a theory perspective, or inductive from an empirical perspective. The paper at hand, combines both perspectives and first discusses a new type, time-based business models. We integrate research on business models, as activity systems, and research on the role of time, temporal activities, in organization science. In that sense time-based business models create value by activities of temporal structuring. Drawing from recent innovations in the utility industry, cases of time-based business models will be presented along the issue of demand side management within smart grids. The cases further validate the concept of time-based business models. Implications especially for a demand side perspective in management apply.

SESSION 32

STRATEGIZING IN PLURALISTIC ENVIRONMENTS

TRACK J

Date Monday, Sep 30

Time 09:45 – 11:00 h

Common Ground

Room Walnut Room

Facilitators

Basak Yakis-Douglas, *University of Oxford*

Bridging the Gap: An Insider Account of Sustainability Strategy As Practice

Tim Williams, *University of Technology Sydney*

The dynamic, unfolding process of sustainability strategy formation offers an important unit of analysis to consider the interplay of human agency and emergence in the development of corporate sustainability. This paper describes a work in progress; a longitudinal single case study to trace a process of sustainability strategy formation both retrospectively and in real time and explain the process and outcomes via a multi-theoretical alternate templates strategy. The focus of the research is to consider corporate sustainability as an object of strategizing, as well as the highly pluralised context in which this occurs. As an insider study by a practitioner-researcher, the study meets the strategy as practice aspiration of practitioner relevance and bridges the acknowledged gap between academic and practitioner discourses on corporate sustainability.

Emergent Markets & Institutional Voids: Search for a Sustainable Business Model

Stephanie Newell, *Eastern Michigan University*

Kunal Banerji, *Eastern Michigan University*

In this paper we look at how firms from emerging markets make sense of an environment characterized by institutional voids and develop a successful business model that takes advantage of these voids. This paper explores the strategies followed by Bharti Airtel, the largest cellular operator in India, in developing a model that involves successfully outsourcing core elements of its business to allow the firm to thrive in an environment characterized by low prices and small margins. From our exploratory analysis of the letters to shareholders of this organization we posit a model of innovation in business models in emerging markets.

Low-Cost-Countries-Sourcing: Successful Strategy for Regional Development

Vitezslav Zamarsky, *Ostrava Business School*

Ivo Formanek, *Ostrava Business School*

An interesting phenomenon of the current globalization is a transfer of research, development, engineering and manufacturing capacities and technologies from high-cost countries to low-cost countries. From the perspective of low-cost countries, the transfer brings new opportunities and new challenges. The Czech Republic with its advantageous geographical position, stable political and economic environment, modern infrastructure, acceptable legal system and enough amounts of well-educated and skilled human resources is also considered as an ideal country for low-cost country sourcing. From 2001 to 2009 we participated in a long-term project of low-cost country sourcing in the Moravian-Silesian Region in the Czech Republic. The project is successful and sustainable with very good perspective for the future. There were and there are also positive impacts on the region. The contribution presents some of them.

Strategy Lobbying

Davin Raiha, *Stanford University*

Firms frequently make operational and market decisions to gain political influence. They locate plants, expand workforces, or support programs, with the aim of affecting the economy and the electoral success of politicians. This behavior constitutes a non-traditional form of lobbying, which I refer to as strategy lobbying. In this paper I show how firms can use their market strategy to influence policymaking and why it may be preferred, by firms, to more traditional lobbying instruments such as campaign contributions.



What distinguishes strategy lobbying is that a firm's choice of strategy affects the state of a local economy and, in turn, the evaluations that voters make of the performance of an officeholder. I show how firms can leverage this capability to extract subsidies from incumbents. I also explore how the distortionary capabilities of strategy lobbying can negatively affect voter welfare and constitute a form of industrial blackmail.

Sustainability in Procurement: The Antecedents of Sustainable Buying Decisions in a B2B Context

Florian Hahnfeldt, *EBS Business School*

Anna Grobecker, *EBS University*

In our research we want to explore the factors that influence professional buyers to change their assessment of products to integrate sustainability into the purchasing decision. We will collect and analyze data from an experiment conducted with purchasing agents who will act as experts on the subject. We use conjoint analysis for determining the importance that is given to the different attributes and will enhance these results with an additional questionnaire with which we will collect data on personal characteristics and buyer perceptions. Our contribution lies in the field of the analysis of corporate procurement decisions and the role environmental and social factors play in them. More specifically, we want to investigate under which circumstances environmental and social features of a product tip the purchasing decision towards this product for a professional buyer.

When Is Strategy: Does Timing Matter?

Duncan Angwin, *Oxford Brookes University*

Maureen Meadows, *Open University*

Basak Yakis-Douglas, *University of Oxford*

Strategy researchers have long recognised advantages accruing to firms in the timing of their strategic moves, such as being a first-mover or fast-follower. There is also evidence of the importance of signalling strategic intentions to competitors. However, little has been said about strategy communications in differing institutional contexts, and whether the timing of strategy communications matters. When should strategy be communicated to the market, and do differing institutional contexts affect the impact of these communications? This paper examines the timing of voluntary communications during M&A activity in the UK and USA. We contribute to a debate in the strategy-as-practice arena about the importance of strategy practices in macro contexts, and explore how strategy practices may need to reflect shifts in the firm's external environment.

SESSION 23

STRATEGIC ENTREPRENEURSHIP FROM DIFFERENT PERSPECTIVES

TRACK K **Date** Monday, Sep 30

Time 09:45 – 11:00 h

Common Ground **Room** Chestnut Room

Facilitator Naga Lakshmi Damaraju, *Indian School of Business*

Comparing Super Angels and Venture Capital Firms as Entrepreneurial Investors: An Examination of Organizational Advantage

Benjamin Hallen, *London Business School*

Rory McDonald, *University of Texas-Austin*

While early partnerships are known to be important for young firms, prior research has primarily focused on organizational partners and has generally overlooked comparisons to other partner forms, such as individuals. To address this void, we theorize the benefits of a given partner form and propose network position as a unifying mechanism for comparing quality across forms. Empirically, we use a variety of analyses to contrast the impact of Web 2.0 ventures forming early investment partnerships with either venture capital firms (organizations) or angel investors (individuals). Our triangulated evidence points to "super angels"

as an important albeit underexamined category of venture investor, with the highest-caliber super angels having quality levels similar to elite venture capital firms. We conclude with implications for "organizational advantage" and entrepreneurship.

How Social Status Moderates Relationship between EO and Performance

Yinuo Tang, *University of Pittsburgh*

Dennis Slevin, *University of Pittsburgh*

Both Entrepreneurial Orientation (EO) and social status have significant impacts on firms' performance. We ask how social status influences EO-Performance relationship. The characteristic of social status is reflected by analyst coverage of firm. We employ an objective measurement of EO. By using data of 311 firms from four innovation oriented industries, we first examined relationship between objective measured EO and firm's performance and we also found moderating effects of social status on EO-Performance relationship. Further, we found that EO is positively related to analyst expectation of future performance.

Influencing Family Business Succession: A Social Identity Perspective

Scott Hayward, *Appalachian State University*

David Jiang, *University of Tennessee*

Drawing from a series of family business cases studies, we employ Social Identity Theory to create a model of the dynamics associated with a family successor's push for succession. We propose that successors derive power not from resource control and dependencies but from the desire to preserve the family business identity. This meta-identity guides the successor toward more consensual influence tactics. Yet resistance from the founder draws attention to role differentials between the successor and founder, making the family business identity less salient. This leads to the use of more coercive means of influence. In the end, identity and influence tactics help explain differences in successor satisfaction with the succession process.

Realizing a Successful Trade Sale: Playing on the Market for Technology or Product Market?

Annelies Bobelyn, *Erasmus University-Rotterdam*

Trade sales have become the most important exit mechanisms for Young Technology-Based firms (YTBFs). Many studies have investigated the determinants of a successful acquisition from the acquirer's perspective. This paper however adopts the perspective of the YTBf and analyzes to what extent managerial actions of YTBFs impact the likelihood of being acquired and acquisition return. The results indicate that either having patents or having products contributes to acquisition likelihood. We further find that both the number of patents and the number of products have a negative impact on acquisition return. Finally, we detect that firms with patents do not benefit from upstream partnerships as this results in lower acquisition returns, while firms with products experience an even stronger positive effect from having downstream partners.

Small Business Lending During the Financial Crisis: The Impact on Businesses in Urban Minority Communities

Timothy Bates, *Wayne State University*

Alicia Robb, *Ewing Marion Kauffman Foundation*

A large, established literature claims to demonstrate that black- and Latino-owned firms, after controlling for risk factors, are more likely than white-owned ventures to have their loan applications rejected by banks (see, for example, Cavalluzzo and Wolken, 2005; Blanchflower et al., 2003). Is this because of their minority ownership trait only or is part of this higher rate of rejection due to their geographic concentration in minority neighborhoods? We have only limited solid empirical evidence on how and whether firms located in urban minority neighborhoods are penalized for their geographic location, other factors constant. We

use Kauffman Firm Survey (KFS) data to examine this issue. We focus on the 2007-2010 time period because many banks during these years experienced unusually stressful operating conditions.

The Effect Of Organizational Prominence On Employee Mobility And Employee Entrepreneurship

Navid Bazzazian, *HEC-Paris*

We ask why employees of prominent firms are more likely to establish entrepreneurial ventures. We unfold our mechanism by embedding mobility and entrepreneurship in one framework. Building on the interplay of firms' complementary assets and core resources, we argue that superior quality of complementary assets possessed by prominent firms can give enough incentive to employees to replicate superior complementary assets in entrepreneurial work setting but at the same time deter them from joining existing incumbents. We test our hypothesis in the context of professional services sector with a novel employer employee matched dataset.

SESSION 20

INFORMAL FIRMS & BOP IN STRATEGIC ENTREPRENEURSHIP

TRACK K	Date	Monday, Sep 30
	Time	09:45 – 11:00 h
Paper	Room	Pecan Room
Session Chair	Candace Martinez, <i>St Louis University</i>	

Antecedents of Collective Institutional Entrepreneurship in the Informal Economy: The Case of the London Mining Network

Laura Costanzo, *University of Surrey*
 Clodia Vurro, *Bocconi University*
 Doug Foster, *University of Surrey*
 Francesco Perrini, *Bocconi University*

With the responsibilities to address social and environmental issues being increasingly transferred from the State to firms, actors are mushrooming to leverage resources to put pressure on firms to address such issues, especially in those contexts in which formal and informal institutions meld up, leaving room for strategy wars between large corporate actors claiming for more informalization and institutional entrepreneurs pushing informal boundaries towards stronger formalization. We draw on a narrative approach to investigate the process through which collective institutional entrepreneurship is set up. Action results from stages of field scanning, actor mapping, shared identity creation and common action setting in which the role of the leading entrepreneur is made explicit as an orchestrator of widely dispersed interests and perspectives.

Economic Informality and the Venture-Investment Impact of Foreign Capital in Developing Countries

Candace Martinez, *St Louis University*
 Michael Cummings, *University of Minnesota*
 Paul Vaaler, *University of Minnesota*

Foreign capital is vital for funding new businesses in developing countries. Yet, we have little research to guide our understanding about the relative importance of different foreign capital flows for venture funding, particularly as "economic informality" --the extent to which value-creating transactions are observable-- increases. We respond with theory, methods and preliminary evidence from analyses of foreign direct investment ("FDI"), portfolio, foreign aid and migrant remittance flows to 47 developing countries from 2001-2009. FDI and remittances enhance venture funding with remittance effects alone magnified as economic informality increases. Venture funding is enhanced less by large-scale FDI from multinationals in the formal economy and more from small-scale international transfers of money and ideas between individuals and households often outside the purview of markets and regulators.

Entrepreneurial Arbitraging and Network Relations in The Informal Economy

Alessandro Giudici, *Cranfield University*
 Duane Ireland, *Texas A&M University*
 Laszlo Tihanyi, *Texas A&M University*
 Patrick Reinmoeller, *Cranfield University*

In this paper, we focus on how entrepreneurs recognize arbitrage-based opportunities and exploit them through network relations in the informal economy. We first conceptualize informal entrepreneurship as a set of activities aimed at recognizing and exploiting primarily institutional arbitrage, that is, differences in administrative frameworks within and across contexts. We distinguish between entrepreneurial opportunities arising from legality, legitimacy, and institutional incongruence arbitrage, and we develop the additional notion of societal incongruence arbitrage. Next, we start proposing that informal entrepreneurs will exploit institutional incongruence arbitrage in the informal economy more effectively through social ties, legitimacy arbitrage through market-based ties, and legality arbitrage through political ties. We expect, though, informal entrepreneurs to deploy a combination of different network relations to exploit societal incongruence arbitrage.

Strategies for Developing Sustainable Enterprises at the Bottom of the Pyramid

Nasrin Khalili, *IIT Stuart School of Business*
 Abigail McWilliams, *University of Illinois-Chicago*
 Rod Shrader, *University of Illinois-Chicago*

Sustainability and sustainable development paradigms have promoted social entrepreneurial activities and technological innovations that are meant to create economic prosperity, environmental sustainability and social capital. Successful implementation of these efforts, however, has been hampered by confusion on how to develop sustainable strategic processes that are culture specific and resource sensitive. In response to this need, we propose a sustainable entrepreneurship strategy (SES). To illustrate the applicability of the model, we present an example of how we developed a plan for creating sustainable local enterprises for an innovative personal water purification product, KlarAqua. Our model is designed to provide a road map for social entrepreneurs who desire to create sustainable enterprises that provide solutions for basic needs of the most disadvantaged communities/populations.



SESSION 236

SPECIAL TRACK

TRACK S	Date	Monday, Sep 30
	Time	09:45 – 11:00 h
Special Panel	Room	Int'l Ballroom C

✳ SMS Emerging Scholar Presentation

Session Chair

Gary Dushnitsky, *London Business School*

Panelists

Raffi Amit, *University of Pennsylvania*Jay Barney, *University of Utah*Alfonso Gambardella, *Bocconi University*

For the past decade, I have been investigating the shifting landscape of entrepreneurial finance; studying the strategic interactions between entrepreneurs and investors in such settings as corporate venture capital and crowdfunding. Guiding this work is the observation that we are faced with a new reality in which the needs of entrepreneurial ventures are changing on the one hand, and capital sources experience substantial turmoil and change, on the other hand. Highlighted changes include the falling costs of early-venture development, the emergence of novel business models, the shifting availability of angel, crowd-funding, venture capitalists, corporate investors, and venture philanthropy, as well as the role of institutions and governments in facilitating (or hindering) a vibrant ecosystem of entrepreneurial finance. As a result, a new set of questions emerges that are fundamentally different from those driving research in the previous century. Given the new venture needs and the changing investor landscape, how would the interplay between entrepreneurs and investors materialize? What insights could strategy and entrepreneurship offer, and glean from, these new phenomenon. The session will expand on these issues, and will benefit from the insights and expertise of three luminary scholars in the space.

The Impact of Outsourcing Scale, Scope, and Prior Vendor Relationships on Firm Market Value Creation: Evidence from Offshored IT-Based Services

Saikat Chaudhuri, *University of Pennsylvania*Joydeep Chatterjee, *University of Washington-Bothell*

As outsourcing expands in scale and scope to increasingly higher-end tasks, the outcomes and implications remain unclear. The current literature poses contradictory predictions on the extent to which a firm should outsource and engage with vendors. We examine a sample of publicly announced IT/IT-enabled services outsourcing deals from 2000-2009, and find that the greater the sophistication of the outsourced tasks, the lower the market value creation for the client, even as increased scale has a positive effect. Further, while a prior client-vendor relationship is associated with greater value creation as tasks grow in scale, it has a negative moderating impact for higher value-added tasks. The results suggest that outsourcing is neither a pure market transaction nor an alliance, but may be a hybrid governance form.

Value Creation and Value Capture in Buyer-Supplier Relationships: the Paradox of Trust

Guilherme Martins, *Getulio Vargas Foundation*Luiz Brito, *Getulio Vargas Foundation*Fabio Tescari, *Getulio Vargas Foundation*Priscila Miguel, *FGV-EBAPE*

This study aims to analyze the effect of trust on both value creation and value capture in the buyer-supplier relationships. Whereas value creation is a win-win scenario, in value capture, it means that, if a bigger slice of pie is taken by a firm, a smaller slice is left to the other firm. Based on 117 dyads, we found the existence of both 'bright side' and 'dark side' of trust. Although the importance of trust was evident in creating relational rents, there's a limit in capturing the benefits of the growing level of trust. In excess, trust actually hurts the potential of suppliers in capturing value.

When the Wind Blows: State-level Policy and Sourcing for Wind Power in the U.S. Electricity Industry

Carmen Weigelt, *Tulane University*Ekundayo Shittu, *Tulane University*

We study how capability and transaction cost considerations explain firms' wind power make-or-buy decisions in the U.S. utilities industry over a 23 year time period (1990-2012). As the wind industry emerges in utilities' upstream energy generation segment of the value chain, transaction hazards associated with contracting for wind power decline and capabilities related to the new segment accumulate affecting make-or-buy preferences among utilities. We use a sample of wind power make-or-buy decisions (owning a wind farm or purchasing wind power) of utilities and independent power producers. We study how timing of entry, prior activities with conventional energy sources, and capability accumulation in the new wind power segment influence make-or-buy decisions over time as technological uncertainty decreases and regulatory pressures toward renewable energy sources increase.

SESSION 14

MAKE-BUY-OR-ALLY DECISIONS AND VERTICAL RELATIONS

TRACK N	Date	Monday, Sep 30
	Time	09:45 – 11:00 h
Paper	Room	Int'l Ballroom B

Session Chair Jay Anand, *Ohio State University*

Contracts, Fairness, and Managerial Practices: Missing Links in the Governance Logic for Interfirm Exchanges

Laura Poppo, *University of Kansas*Kevin Zhou, *University of Hong Kong*

Despite the centrality of fairness as a relational construct, few studies related fairness to contracts and no study, to our knowledge, has conceptualized or empirically examined how fairness may vary as a function of contract types and how the fairness of contracts can influence exchange performance. Based on a sample of 283 buyer-supplier dyads, we find: procedural fairness accounts for the effect of complex contracts in fostering exchange performance, whereas distributive fairness underlies the relationship between recurrent contracts and exchange performance and monitoring better supports the use of complex contracts; whereas socializing better supports exchanges that rely on recurrent contracts. Overall, these results suggest that contractual design must do more than safeguard transactions in order to maximize exchange performance.

SESSION 46

ALL YOU NEED IS LOVE: THE RELATIONSHIP BETWEEN THE BOARD AND THE CEO

TRACK O	Date	Monday, Sep 30
	Time	09:45 – 11:00 h
Paper	Room	Hickory Room

Session Chair Mike Peng, *University of Texas-Dallas*

A Director Primacy View on CEO Dismissals

Steve Sauerwald, *University of Texas-Dallas*

Mike Peng, *University of Texas-Dallas*

Recent corporate governance research is consumed with a debate over the relative influence of shareholders and directors in strategic governance decisions such as CEO dismissals. On the one hand, the shareholder primacy view calls for increasing shareholder power to prevent entrenched directors from colluding with management. On the other hand, the director primacy view suggests that transferring more authority to board of directors increases strategic governance efficiency. While both sides of this debate have merit, we argue that more attention to contingency conditions may help to reconcile this debate. We therefore take a comparative corporate governance approach in this debate. We test our theory in an extensive new dataset of S&P 500 firms covering CEO dismissal events from 1998 until 2010.

An Empirical Investigation of Good Boards Gone Bad: The Escalation of Commitment of a Board to an Underperforming CEO

Michelle Zorn, *Florida State University*

Kaitlyn DeGhetto, *Florida State University*

An important pursuit is to understand more about the strategic decision-making of the board of directors. Theoretically, directors are viewed as rational actors that uphold the shareholders' best interests. This view does not recognize that directors are subject to the same rational limits and cognitive biases as all decision makers. Thus, we extend prior escalation of commitment research by examining the relationship between the board and the CEO. We propose that psychological and behavioral factors may cause boards to escalate commitment to their CEO regardless of shareholders' best interests. Specifically, we test a model that investigates the escalation of commitment of the board to the CEO through increased tenure, compensation, and support of risky CEO championed projects, despite evidence of poor firm performance.

Board Social Capital and CEO Compensation

Steve Sauerwald, *University of Texas-Dallas*

Zhiang Lin, *University of Texas-Dallas*

Mike Peng, *University of Texas-Dallas*

Introducing a social capital view of CEO compensation, we suggest that the board's external and internal social capital affect the board's ability to keep excess CEO pay under control. Specifically, we argue that external and internal board social capital have distinctive impacts on excess CEO compensation. Further, we bridge the board social capital research with sociopolitical factors in order to provide a more holistic theoretical rationale for excess CEO compensation. Specifically, the social capital effects on CEO pay are moderated by CEO power, which can regulate access to the corporate elite as well as shape internal governance norms. We test our arguments in a study of 1,983 publicly-held U.S. corporations listed on the S&P 1,500 index from 1999 to 2010.

Reducing CEO-Board Conflicts: The Role of Outside CEO Successors' Prior Board Experiences

Hongquan Zhu, *Arizona State University*

Wei Shen, *Arizona State University*

Drawing from upper echelon theory, we propose that directors may try to reduce post-succession conflicts with an outside CEO by selecting a

successor who has prior experience with other similarly diverse boards. In addition, we posit that such an outside CEO successor is less likely to have conflicts with the board, reducing post-succession CEO and director turnover and improving firm performance. Analyses of 124 Fortune outside CEO successions (1994-2007) provide strong support for our theory. This study contributes to corporate governance research by examining how outside CEO successors' prior board experiences may reduce subsequent CEO-board conflicts and improve major organizational outcomes. It also identifies a new background of CEOs that has important implications for upper echelon research.

SESSION 50

COME TOGETHER: BOARD COMPOSITION AND CHANGES

TRACK O	Date	Monday, Sep 30
	Time	09:45 – 11:00 h
Paper	Room	Cypress Room

Session Chair Craig Crossland, *University of Notre Dame*

Board Composition Across Time: An Exploration from IPO to Maturity

Christine Shropshire, *University of Georgia*

Amy Hillman, *Arizona State University*

Katalin Takacs Haynes, *University of Delaware*

Mayukh Dass, *Texas Tech University*

Does board composition change to meet the changing needs of the firm over time? We utilize recent methodological advances to explore if and how board composition changes as a function of time, organizational and industry characteristics. We combine insights from multiple theories on corporate governance to interpret relationships between board characteristics, the firm and its environment. Our findings contribute to understanding if and how board structure and composition correspond with the evolving challenges and needs of the organization as it grows from IPO to maturity.

How Does the Presence of Women on Corporate Boards Influence Firm-level M&A Activity?

Guoli Chen, *INSEAD*

Craig Crossland, *University of Notre Dame*

Sterling Huang, *INSEAD Business School*

Although a growing body of literature continues to explore the performance implications of board gender diversity, this work has shown inconsistent findings. Furthermore, little research has comprehensively examined a crucial intervening step between board gender diversity and performance outcomes – firm-level strategic behavior. We consider this issue via a detailed investigation of corporate mergers and acquisitions activity. Our results show that female board representation is associated with fewer acquisitions, smaller acquisitions, cash (vs. equity) funding, greater diversification, and higher bid premiums. We also find no significant influence of female board representation on short-term market reactions or long-term financial performance. We demonstrate the robustness of our results via a supplementary difference-in-difference analysis of a sub-sample of firms that experienced exogenous changes in board composition following director deaths.

Institutional Velocity and Board Structure

Victor Chen, *University of North Carolina – Charlotte*

Bersant Hobdari, *Copenhagen Business School*

Pei Sun, *Fudan University*

We integrate the strategic- and institutional functions of board of directors in diverse and changing institutional environments. We argue that the interaction patterns between different institutional dimensions determine the optimal board size and diversity. On the one hand, faster synchronization of institutional changes between different dimensions



requires more agility in timely strategic changes, leading to smaller board size and diversity. On the other hand, greater complementarity of institutional changes between different dimensions requires more comprehensive responsiveness, leading to greater board size and diversity. Additionally, we introduce a new concept institutional velocity, which integrates both the rate and the direction of an institutional change. Employing a panel of 1000+ BRIC firms during 2001-11, we test whether the board structure predicted by our theory leads to better firm performance.

Welcome to a Board! Directorships as Certifications in the Executive Labor Market

Steven Boivie, *Texas A&M University*

Scott Graffin, *University of Georgia*

Adam Wowak, *University of Notre Dame*

How do executives benefit from serving on boards? In this study, we propose that board service acts as a certification mechanism in the executive labor market that can positively influence executive careers, especially for non-CEO executives serving on their first boards. We specifically argue that non-CEO executives who gain directorships will be more likely to be promoted to CEO, will achieve these promotions more quickly, and will receive higher pay from their home firms. We also expect that contextual conditions such as organizational size and performance will moderate these relationships. We will test our ideas on a longitudinal sample of approximately 2,000 top executives of large, publicly traded companies in the United States over the period 1998 to 2011.

SESSION 180

SHOULD WE LEARN FROM THE EXTREMES

TRACK P	Date	Monday, Sep 30
	Time	09:45 – 11:00 h
Paper	Room	Int'l Ballroom D

Session Chair Stefano Brusoni, *Swiss Federal Institute of Technology Zurich*

Envisioning the Improbable: Distributional Knowledge and Judgment in Heavy-Tailed Contexts

Shellwyn Weston, *New York University*

Heavy-tailed distributions characterize contexts of great importance to managers (e.g., branded product sales, asset prices, and environmental phenomena) in which samples often lack outliers and appear thin-tailed. If they misclassify these contexts as thin-tailed (extreme events are rare rather than merely unusual), managers may undervalue opportunities or fail to avoid catastrophic events. Proposed experiments may demonstrate that individuals generally do not distinguish between heavy- and thin-tailed contexts in the absence of experience and that contextual knowledge (the understanding that sample data may be misleading, precipitating a search for analogous contexts, a generative mechanism, or more data) moderates the hypothesized biased judgments. A new method of eliciting confidence appropriate for heavy-tailed contexts is proposed and tested. Finally, statistical education may be shown to exacerbate the bias.

Inference from Extreme Failure in Organizations

Jerker Denrell, *Stanford University*

Chengwei Liu, *University of Warwick*

David Maslach, *Florida State University*

Failure and disaster are often blamed on the people in charge. Organizational researchers have argued that such practice of blaming individuals is often misplaced because the fundamental causes of failures are often tightly coupled systems which make organizations sensitive to rare external shocks. Here we use data from Formula One Racing to examine how inferences about skill depend on system design. The data show that cars with extremely poor performance do not have

the lowest expected quality, suggesting that very poor performance in tightly coupled systems is relatively uninformative about individual skill and that moderately low performance can be a more reliable indicator of low skill. Further, we show that race car drivers are more likely to be fired due to extreme failure outcomes rather than due to their long-term expected abilities. This perhaps implies that organizations cannot resist the temptation of firing unlucky executives.

The Application of Neuroscientific Methods to Management Research: Problems and Opportunities

Daniella Laureiro-Martinez, *ETH Zurich*

Stefano Brusoni, *Swiss Federal Institute of Technology Zurich*

Vinod Venkatraman, *Temple University*

Stefano Cappa, *San Raffaele Scientific Institute*

Maurizio Zollo, *Bocconi University*

In the past two years, we have explored, together with other researchers and participants in the SMS meetings, a series of questions and issues regarding the application of neuroscience to strategy. Previous articles have provided interesting reviews of what issues are specifically pertinent to the application of such techniques, particularly in the field of marketing, but also growingly expanding into strategy and key strategic issues. This paper presents three main open issues stemming from the early applications of neurosciences to management research. First, the issue of the sampling technique. Second, the issue of the task to be used to generate data in a, say, fMRI machine. Third, the issue of the ethical implications faced by this type of studies.

The Influence of Adaptation on Skewness Seeking

Johannes G. Jaspersen, *Ludwig Maximilian University of Munich*

Richard Peter, *Ludwig Maximilian University of Munich*

Experiential learning and competitive selection can lead to risk averse behavior of agents. Recently it has been noted that this behavioral pattern is not necessarily consistent if the uncertain alternative is negatively skewed. In such a case, risk-seeking behavior can emerge. This would imply that some patterns of adaptation imply skewness avoiding behavior. Prior studies have examined attitudes towards risk in the form of variance and skewness in a combined fashion. Using a novel approach, we separate the two concepts and investigate the attitude towards skewness implied by organizational learning and competitive selection. We find that learning implies weak skewness avoiding behavior. Competitive selection, however, leads to a preference for positively skewed alternatives. Our results can explain the U-shaped influence of competition on innovation.

SESSION 67

WHY (AND WHY NOT) FIRMS INVEST IN SUSTAINABILITY

TRACK A&B	Date	Monday, Sep 30
	Time	09:45 – 11:00 h
Paper	Room	Dogwood Room B

Session Chair Daniel Matisoff, *Georgia Institute of Technology*

★ Do Managers Systematically Underestimate the Potential for Waste Reduction?

Luca Berchicci, *Erasmus University-Rotterdam*

Andrew King, *Dartmouth College*

Scholars have conjectured that firms miss opportunities for waste reduction. Previous studies have explored the veracity of this hypothesis, but its cause remains poorly understood. In this article, we draw on theories of expectations and goal setting to provide a theory for why managers might underestimate the potential for waste reduction and thereby fail to exploit all opportunities. Our research extends the environmental literature, and for the broader literature it uncovers a potential cause for x-inefficiency with respect to waste prevention

Green Signaling and LEED

Daniel Matisoff, *Georgia Institute of Technology*

Douglas Noonan, *Indiana University-Purdue University Indianapolis*

Green building adoption is driven by both performance-based benefits and marketing based benefits. Performance based benefits are those that improve performance or lower operating costs of the building or of building users. Marketing benefits stem from the consumer response to green certification. This study illustrates the relative importance of the marketing based benefits that accrue to Leadership in Energy and Environmental Design (LEED) buildings due to green signaling mechanisms, specifically related to the certification itself are identified. Of course, all participants in the LEED certification scheme seek marketing benefits. But even among LEED participants, the interest in green signaling is pronounced. The green signaling mechanism that occurs at the certification thresholds shifts building patterns from just below to just above the threshold level, and motivates builders to cluster buildings just above each threshold.

Incentives to Free-Ride: Legitimacy and Reputation Spillovers in the Context of Environmental Management

Thomas Graf, *IE University*

Carl Joachim Kock, *IE University*

Luis Diestre, *Instituto de Empresa Business School*

Firms interlocked with prestigious organizations have been found to profit from legitimacy spillovers. Stakeholders may perceive these firms more benevolently than firms without such ties, based on the assumption that they have quality or conform to external expectations. We argue that such legitimacy spillovers may absolve firms from making the substantive investments necessary for generating legitimacy themselves and incentivizes them to free-ride. Using a sample of 261 interlocked firms and 5,748 observations from 1998 to 2009, we find that environmentally weak firms indeed worsen their environmental performance when they are interlocked with firms that have a strong environmental reputation. This effect becomes even stronger the larger those interlocked firms are.

Sustainability Orientation of Firms: A Multi-Context Exploration of Patterns in Corporate Sustainability Reporting

Venkataraman Sankaranarayanan, *Indian Institute of Management-Calcutta*

Sarath Balachandran, *Indian Institute of Management-Calcutta*

Corporate sustainability (CS) research has traversed substantial conceptual and empirical ground. Yet, evolving amidst multiple theoretical conceptions and seemingly conflicting priorities, the field still typifies a discipline in a pre-paradigmatic state and lacks a cogent theoretical framework which can unify various linkages to explain the heterogeneity in CS strategy, practices, praxis, processes and performance. Our exploratory study attempts to partially address this gap, by content-analyzing CS reports of Fortune Global 500 firms. We develop propositions uncovering the underlying theoretical mechanisms that explain CS patterns elicited across multiple contexts such as industry and geography. We also explore how attributes such as internationalization influence firms' sustainability orientations. We add to extant theory by applying a neo-institutional perspective and proposing interaction effects between social and environmental CS dimensions.



SESSION 59

PLENARY TRACK

TRACK Q	Date	Monday, Sep 30
	Time	11:15 – 12:00 h
	Room	Grand Ballroom ABC

- ☀ **Lifetime Achievement Award**
Neville Isdell, Coca Cola Company



Neville Isdell is the former chairman and CEO of The Coca-Cola Company where he worked for 43 years. He expanded on the company's proud legacy of corporate responsibility by embedding sustainability throughout every facet of the organization and helping ensure its role as a community-connected twenty-first century enterprise. These efforts resulted in The Coca-Cola Company's return to Fortune's "World Most Admired Companies" list in 2006. In 2009, the company moved up to the #12 spot in the global ranking. A native of Ireland, Neville Isdell joined The Coca-Cola Company in 1966 in Zambia. In 1972, he became general manager of Coca-Cola Bottling of Johannesburg. In 1989, he was elected senior vice president of the company and appointed president of the Northeast Europe/Africa Group and led the company's re-entry into new markets in India, the Middle East, Eastern Europe, and the former Soviet Union. From 1998 to 2000, Neville Isdell served as chairman and CEO of Coca-Cola Beverages Plc in Great Britain. He retired as vice chairman of Coca-Cola HBC in December 2001. In June 2004, Neville Isdell came out of retirement to lead The Coca-Cola Company as chairman and CEO. He serves on the boards of a number of NGOs, as well as chairs the Investment Climate Facility. He is Chairman of the World Wildlife Fund US. and a member of the WWF International Board of Trustees. He is also a recipient of the Clinton Global Citizen Award.

SESSION 291

PLENARY TRACK**TRACK Q**

Date	Monday, Sep 30
Time	12:00 – 12:45 h
Room	Grand Ballroom ABC

◆ **Plenary Panel: CK Prahalad Award**Clayton Christensen, *Harvard University*

In this session, Clay Christensen will be discussing what he has learned over the last 20 years about how to develop a useful theory. Clay Christensen will describe how CK Prahalad's published work helped him create a model that can be useful for others in examining how the world works.



Clayton Christensen is the Kim B. Clark Professor of Business Administration at the Harvard Business School. He started four successful enterprises including Innosight, a consulting firm that uses his theories of innovation to help companies create new growth businesses. Besides advising major corporate executives, Clayton Christensen is the author of nine books and more than a hundred articles. He received his BA with honors in economics from Brigham Young University and an M.Phil. in applied econometrics from Oxford University, where he studied as a Rhodes Scholar. He received both an MBA with high distinction and a DBA from the Harvard Business School. Clayton Christensen was named a White House fellow and served as assistant to U.S. Transportation Secretaries Drew Lewis and Elizabeth Dole. He holds five honorary doctorates and an honorary chaired professorship at the Tsinghua University in Taiwan.

12:45 – 13:45
LUNCHEON



SESSION 247

EXCELLENCE IN TEACHING

TRACK T	Date	Monday, Sep 30
	Time	14:00 – 15:15 h
Interest Group Presentation	Room	Int'l Ballroom D

The Games People Play**Session Chair**Jay Dial, *Ohio State University***Panelists**Brian Boyd, *City University of Hong Kong*Costas Markides, *London Business School*

Today's strategy students demand much more than just traditional lecture and games and exercises can be particularly useful as a change of pace in class or when the length of the class period doesn't lend itself to case discussions. While many faculty would welcome the complement of these techniques, most of us don't know where to start in finding the most effective ones. This session includes discussion and demonstration from two of the leading experts in the field of utilizing hands-on, in-class exercises to teach strategic management issues and concepts. Participants will also be asked to share their favorite games and lessons learned related to incorporating this pedagogical technique into strategy curricula.

SESSION 111

SOCIAL DIMENSION AND INSTITUTIONAL ARRANGEMENTS

TRACK C	Date	Monday, Sep 30
	Time	14:00 – 15:15 h
Paper	Room	Int'l Ballroom A

Session Chair Silvia Dorado-Banacloche, *University of Rhode Island***Deep Dive and Back: A Model of Logic Shock and Re-Immersion**Christiane Bode, *INSEAD*

This paper explores how individuals experience shifts in institutional logics. Through an inductive multiple case design I examine the psychological and emotional reaction of individuals who are exposed to an alternative logic and analyze changes in their attitude towards the focal firm. The context of my study is social impact initiatives that encapsulate individuals geographically and ideologically and socialize them into a different logic than the logic(s) of the field to which their firm adheres. I find that ex ante expectations about logic distances is a powerful driver of how the subsequent logic shift is perceived and that individuals experience the logic shift through an impact on their professional identity. The co-evolution of a new reference group and a perception of procedural justice are factors that contribute to the successful re-integration of individuals into the dominant logic(s).

Does Society Benefit from Corporate Social Responsibility? Investigation of Corporate Environmental Impacts through Institutional LensesRobert Kudlak, *Vienna University of Economics and Business*Andre Martinuzzi, *Vienna University of Economics and Business*Barbara Krumay, *WU Vienna University of Economics and Business*

Proponents of Corporate Social Responsibility (CSR) argue that responsible business conduct represents a virtue of a strategic importance both for companies and society. The societal benefits of CSR, however, are rarely investigated and remain elusive and uncertain. Drawing from the recent theoretical and empirical developments on the institutional approach to CSR, we argue that the social and environmental impacts caused by companies are determined by the institutional arrangements in which they are embedded. Using the survey data and the institutional framework,

we found that CSR, together with the national environmental regulations and environmental taxes and fees, is an important determinant of companies' environmental impacts. Furthermore, the study revealed that CSR is more powerful determinant in the liberal market economies.

Governance of MNCs and CSR: Lessons from Born-Global Social VenturesSilvia Dorado-Banacloche, *University of Rhode Island*Bogdan Prokopovych, *University of Rhode Island*Alex Nicholls, *University of Oxford*

This essay contributes to the literature on governance. It explores the role of governance mechanisms in the engagement of MNC in corporate social responsibility (CSR) activities. The paper reviews the literature on governance, considering both organization centered perspectives, dominant in the management literature, and supply chain centered perspectives which are receiving growing attention in the economic development literature. Inspired by the challenges and experience of born-global social ventures (namely fair trade and microfinance), it argues that the sustainability and social value of MNCs' engagement in CSR hinges on the emergence and development of governance mechanisms that influence the balance of power within MNCs' global supply chains of reference.

Hand in Hand: Community Embeddedness and Social ResponsibilityErin Pleggenkuhle-Miles, *University of Nebraska-Omaha*

Firms are experiencing increasing internal and external pressures to fulfill broader societal goals. And regardless of whether social responsibility should be a concern of wealth-oriented firms, firms do not operate in a vacuum, but are embedded within networks and communities. As such, the norms, values, and expectations of those networks and communities are likely to influence firm behavior. This study examines how community embeddedness and the local environment influence business social responsibility. I survey the U.S. ethanol industry and examine refineries' community support efforts as a measure of social responsibility. The study finds that while community embeddedness positively influences community support, environmental characteristics (i.e., business density and metropolitan status) negatively influence it. This study contributes to the institutional and social responsibility literatures.

SESSION 84

MULTIMARKET COMPETITION

TRACK E	Date	Monday, Sep 30
	Time	14:00 – 15:15 h
Common Ground	Room	Chestnut Room

Facilitator Tieying Yu, *Boston College***Dynamic Platform Competition in a Two-Sided Market: Evidence from the Online Daily Deals Promotion Industry**Jeongsik Lee, *Georgia Institute of Technology*Byung-Cheol Kim, *Georgia Institute of Technology*Hyunwoo Park, *Georgia Institute of Technology*

We study dynamic platform competition in the daily deals market characterized by intense rivalry between two leading promotion sites that broker between local merchants and consumers. We find that the incumbent Groupon enjoys a significant performance advantage, which appears attributable to its greater network size in the consumer side. Yet LivingSocial successfully penetrates in this market. We find no evidence that LivingSocial offers more favorable terms on their deals. Instead, LivingSocial poach merchants from Groupon, aided by the publicly available information on individual merchants and deal performance. Poached deals perform better than the deals developed internally. While information-based poaching provides a foothold for the entrant

in overcoming the initial size disadvantage, it turns into a competition-intensifying channel, as the incumbent responds with the same strategy.

Multimarket Competition and Patent Litigation

Matt Theeke, *George Mason University*
Hun Lee, *George Mason University*

Commentators have noted a rise in patent litigation with lawsuits increasingly used offensively against rivals. Yet, prior studies have not fully considered how competition affects the decision to initiate patent litigation. We explore how multimarket contact influences a firm's decision to initiate a patent lawsuit against its rival. In contrast to other competitive actions, we argue that patents confer an asymmetrical capability that results in a lower threat of retaliation by the rival. Whereas studies have shown how multimarket contact typically results in mutual forbearance, this study shows that multimarket contact increases the likelihood that a firm initiates patent litigation against its rival and that this effect is exacerbated by factors affecting resource value, but attenuated by the relative strength of the rival's patent portfolio.

Multimarket Competition in Both Input Resource and Output Markets

Hyun-Soo Woo, *Arizona State University*
Albert Cannella Jr, *Arizona State University*

The purpose of our study is to investigate competition over input resources in a multimarket setting and to consider the spillover effects of competition in output markets on that in input resource markets. Applying multimarket competition theory, we develop the argument that if firms compete with each other in both output and input resource markets, mutual forbearance emerges not only in output markets but also in input resource markets. Furthermore, mutual forbearance in output markets is likely to spill over in input resource markets. Specifically, when rivals have already begun to mutually forbear in output markets, they are more likely to notice and to realize additional collusive opportunities in input resource markets.

Multimarket Contact and Entry: Evidence from the Banking Industry

Maria Eugenia Delfino, *Austral University*

This study examines the impact of multimarket contact on entry into new markets in the Argentine banking industry over the 1994-2000 period using survival analysis techniques. The results suggest that banks with large asset bases and greater experience are more likely to expand into new markets when the level of demographic variables such as population density, demand or market growth are favourable. The findings imply that multimarket contact reduces the likelihood of entry into new markets and that other factors such as market dominance and market concentration also have a negative impact on entry. Finally, the results reveal that strategic similarity among multimarket competitors amplifies the negative effect of multimarket contact on the hazard of entry.

Relational Antecedents of Multimarket Contact

JungYun Han, *INSEAD*
Andrew Shipilov, *INSEAD*

Despite the wealth of research on the antecedents of multimarket contact, we know little about how it is shaped by social ties between firms. In the absence of social ties, firms increase their multimarket contact to benefit from tacit collusion. Social ties affect the firms' ability to engage in explicit collusion, deep learning as well as in giving and receiving support. These considerations affect the firms' decisions to increase or decrease the extent of their dyadic multimarket contact. We predict that strong ties between firms lead to the expansion of their dyadic multimarket contact while weak ties reduce their dyadic multimarket contact. Examining ties between owner families of Korean business groups over a 40 year period, we find support for these arguments.

Signals As By-Products: Evidence from the Hedge Fund Industry

Emanuel Roland Kastl, *City University London*

Although signals have been discussed in extant literature (e.g. Spence 1973 and 2002), little attention was given to signals, which emerge as by-products of organizational action. Investigating signals as by-products, however, is important, since prior research (e.g. Connelly et al., 2011) indicates that they play an important role in shaping competitive interaction on product markets. This paper develops a conceptual distinction between 'intended signals' and 'signals as by-products'. In doing so, the theoretical ambiguity surrounding the concepts of 'organizational action', 'signal' and 'signaling cost' is clarified. Drawing on a large-scale dataset of hedge funds, it is analyzed how by-product signals impact capital flows from investors. The findings of the longitudinal empirical analysis (1994-2011) indicate that despite a confirmation of the predispositions toward negative effects of signals as by-products in prior literature (cf. Connelly et al., 2011), signals as by-products may also have positive effects for the signal sender.

SESSION 230

FLEXIBILITY & COMPETITION

TRACK E	Date	Monday, Sep 30
	Time	14:00 – 15:15 h
Paper	Room	Cypress Room
Session Chair	Jay Anand, <i>Ohio State University</i>	

A Knowledge-Based Approach to Organizational Complexity

Thomas Steinberger, *University of California-Irvine*
Margarethe Wiersema, *University of California-Irvine*

Alignment between the design of an organization and the complexity it faces has long been thought to be a core driver of firm performance. Conceptualizations of complexity in organizations, however, remain in many ways fragmented. This paper builds on widely used algorithmic approaches by incorporating insights from the knowledge-based view of the firm (KBV) to propose a consistent framework for defining complexity in organizations. It then describes the drivers behind each type of complexity in the framework. Finally, it describes the strategic choices for aligning complexity as defined under the framework with a firm's organizational design.

Resource Slack and Performance: Is Competition the Missing Link? A Meta-Analysis of Mediation

Christina Carnes, *Texas A&M University*
David Sirmon, *University of Washington*

The resource slack to performance relationship remains an ongoing topic for debate because of the tension between efficiency and effectiveness created by slack's flexibility. Through a meta-analysis of 123 effects reported in 77 studies, we establish that the slack to performance relationship is positive supporting the resource-based logic arguments over agency arguments of slack's use in firms. Further, we extend theory in this area by integrating work from competitive dynamics to suggest that competitive actions and simplicity of competitive strategies mediate the slack to performance relationship. Meta-analytic evidence used in SEM analysis also suggests support for these mediations offering an extension to theory by explicating the mechanisms through which slack influences performance.

When Is Competitive Advantage a Social Good?

Nile Hatch, *Brigham Young University*

What happens to the customers of firms with competitive advantages? I study the conditions under which competitive advantage may be a social good. Perfect competition protects customer welfare when they have homogeneous preferences. In contrast, competitive advantages that lead to supernormal profits typically raise prices and injure customers.



However, when customers have heterogeneous preferences, their welfare may be enhanced through firms with competitive advantages that serve the diverse preferences of the customers. Through simulation modeling, I study three dimensions of customer heterogeneity, to understand when these customers are better off paying a premium to firms with competitive advantages. This analysis gives insights into the forms of competitive advantage that promote consumer welfare and those that do not.

When To Be Copied? The Strategic Logic of Imitability

Peter Bryant, IE University

Theories of competitive strategy often argue that firms should be inimitable. However, studies show that benefits can also result from imitability, that is, from being copied. To explain these contradictory findings, I develop a model of the strategic logic of imitability and argue that its advantages and disadvantages depend on conditions in the evolutionary selection environment. Underpinning my argument is an insight from evolutionary biology: within environments rich in resources and capabilities, the dominant selection mechanism is the extinction of the weakest, not the survival of the fittest, and many moderately fit agents survive. When applied to theories of competitive strategy, this implies that benefits can also be derived from being copied, depending on the dynamics of selection in the industrial environment.

SESSION 72

CORPORATE DIVESTITURE AND PORTFOLIO RESTRUCTURING

TRACK F	Date	Monday, Sep 30
	Time	14:00 – 15:15 h
Paper	Room	Int'l Ballroom B
Session Chair	Donald Bergh, University of Denver	

Corporate Divestitures and Family Control

Emilie Feldman, University of Pennsylvania
Raffi Amit, University of Pennsylvania
Belén Villalonga, New York University

This paper investigates the propensity of family firms to undertake corporate divestitures, as well as the performance consequences of these transactions. Using a proprietary dataset consisting of detailed information on the family control and divestiture activity of family firms between 1994 and 2010, we find that family firms are less likely than their non-family counterparts to undertake divestitures, especially when they are managed by family-CEOs rather than non-family CEOs. We also establish that the divestitures undertaken by family firms are associated with higher firm value, especially when they are run by CEOs who are descendants of the firms' founders.

Loss Exposure and Corporate Scope Changes: The Effects of Downside Risk on Acquisitions and Selloffs

Jan Mammen, University of Erlangen-Nuremberg
Todd Alessandri, Northeastern University

Managers are very sensitive to potential losses. We examine a downside risk perspective of corporate scope decisions. Relying on behavioral agency theory arguments, we investigate how organizational downside risk influences acquisition and selloff decisions. Our core argument is that managers will offset higher levels of organizational downside risk through reducing acquisitions and increasing selloffs. We empirically test these relationships on a panel dataset of S&P 500 firms from 1998-2008. We find support for these relationships. In addition, we explore the moderating effects of managerial incentives, arguing that managerial risk bearing can exacerbate or mitigate the influences of downside risk. Our findings indicate that managerial wealth concerns, as measured by short-term pay, managerial stock ownership and stock option holdings, moderate the effects of downside risk.

Patterns of Successfully Managed Corporate Portfolio Restructuring

Sebastian Schönhaar, Freiberg University of Mining and Technology
Michael Nippa, Technische Universität Bergakademie Freiberg
Ulrich Pidun, Boston Consulting Group

Strategic change at the corporate level is often metonymic with corporate portfolio restructuring based upon a strategic reorientation. Although previous research has analyzed determinants that may induce business portfolio restructuring as well as the restructuring – corporate performance link, scholarly attempts to investigate into characteristics of corresponding transformation processes are meager. This study addresses the research gap, applies organizational change theory, defines key process determinants, and empirically tests their impact on the success of business portfolio restructuring. Our findings show that while speed, magnitude, and sequence of corporate portfolio transformations alone have no significant impact on firm success, official announcements and specific combinations of magnitude and speed have. The paper discusses findings in the light of further developing research on strategic processes.

When Does Performance Matter for Divestments?

Naga Lakshmi Damaraju, Indian School of Business
Jay Barney, University of Utah

The purpose of this paper is to establish the predictive power of parent and segment performance relative to other predictors of divestment and the conditions under which parent and business unit performance may have more or less predictive power. In particular, this paper draws implications from real options theory for the predictive power of parent and business unit performance. Results are consistent with the real options logic. While parent performance is a strong predictor in the overall sample, the predictive power of parent performance for divestments is drastically lower under conditions of increasing uncertainty in a business unit's environment.

SESSION 122

KNOWLEDGE AND NETWORKS FOR GLOBAL STRATEGY

TRACK G, TRACK I	Date	Monday, Sep 30
	Time	14:00 – 15:15 h
Paper	Room	Int'l Ballroom C
Session Chair	George Shinkle, University of New South Wales	

Knowledge Flows in Global Virtual Teams: A Network Perspective

Pekka Vahtera, University of Leeds

Companies increasingly rely on flexible organizational structures which emphasize knowledge networks spanning across national borders. We analyse two key intra-firm knowledge dimensions: availability and complementarity within global virtual teams. We draw from network theory to develop a conceptual framework where knowledge accumulation within 160 team-members is revealed to be influenced by tie content (multiplexity), coordination (geographical and cultural distance), clustering (cliques), and motivation (reciprocity). Our study extends current conceptualizations of knowledge-based global virtual teams by identifying structural and relational antecedents under which intra-firm information and knowledge flows are maximized. Our findings have theoretical and practical implications on effectiveness of transnational forms of organizations and the role that social networks play within them.

Managing Multiple Networks: How Individual Network Embeddedness Affects Subsidiary Initiative Acceptance

Anna Strutzenberger, *Johannes Kepler University Linz*
Tina Claudia Ambos, *University of Sussex*

The role of subsidiary embeddedness for initiative taking has been acknowledged and investigated over the last two decades. Nevertheless, the critical role of the subsidiary manager in handling multiple networks to realize strategic initiatives has received surprisingly little attention in scholarly research. This paper draws on international business, social capital, and network theory to investigate the effects of an individual subsidiary manager's network position in different types of internal and external networks. We develop propositions how the structural, relational and cognitive aspects of the manager's network position as well as conditions of embeddedness overlap and over-embeddedness affect subsidiary initiative acceptance.

Organizational Design and Subsidiary-to-Parent Knowledge Transfer in MNCs: The Mediating Role of Parent Firm Attention

Maximilian Palmié, *University of St. Gallen*
Naomi Haefner, *University of St. Gallen*
Marcus Matthias Keupp, *Swiss Federal Institute of Technology*
Oliver Gassmann, *University of St. Gallen*

We offer a theory and empirical test of the relationship between formal organizational architecture and 'reverse' (i.e. subsidiary-to-parent) knowledge transfers in multinational firms. Building on the attention-based view, seven propositions argue that organizational architecture elements affect the extent to which a focal subsidiary receives attention from the MNC's parent firm, that this extent of parent firm attention affects the extent of reverse knowledge transfers, and that parent firm attention mediates the relationship between organizational architecture elements and reverse knowledge transfers. Testing hypotheses on three aspects of formal organizational design (autonomy, assignment of international responsibilities, and competence-creating objectives in the subsidiary's mission) with a unique sample of 287 subsidiaries, we find broad support for the theory and highlight implications for academia and practice.

The Impact of Networks, Institutional Distance, and Cultural Distance on Private Equity Investments in Emerging Markets

Santiago Mingo, *Adolfo Ibanez University*
Francisco Morales, *University of Colorado-Boulder*

How is the investment strategy of a private equity firm investing in an emerging market region affected by the position of the firm within the network of private equity firms investing in the region? How do these effects interact with institutional and cultural distance? We propose that a private equity firm that is more central within the network has a higher probability of investing in a country located in the region. We also hypothesize that the positive effect of network centrality weakens as the institutional and cultural distance to the destination country decreases. Using a novel dataset covering investments by more than 400 private equity firms in nine Latin American countries during the period 1996-2011, our preliminary statistical analyses tend to support our theoretical propositions.

SESSION 118

ORGANIZATIONAL LEARNING PROCESSES

TRACK H	Date	Monday, Sep 30
	Time	14:00 – 15:15 h
Paper	Room	Juniper Room

Session Chair Bruce Lamont, *Florida State University*



Can You Learn from Success and Failure? Magnitude of Experience and Organizational Learning

Jae Yoo, *Korea University*
Eonsoo Kim, *Korea University*

Although organizations may learn differently from experiences of success and failure, it is uncertain how effectively organizations learn from these experiences. Organizations are considered to increase survivability through learning, and learning is considered to have occurred when the hazard rate decreases. We find that the magnitude of experiences of success and failure affect the hazard rate of the organization. Both the magnitude of experiences of success and failure show an S-shaped relationship with the hazard rate. Experiences of success and failure have a certain point where the hazard rate is lowest. These results suggest that learning may best occur with a certain amount of magnitude of experience, and organizations may not be learning the best they can from every experience.

Diffusing Strategy Implementation Throughout the Organization: Adopting a Social Learning Lens

Dennis Herhausen, *University of St. Gallen*
Robert Morgan, *Cardiff University*
Luigi Mario De Luca, *Cardiff University*
Marcus Schögel, *University of St. Gallen*

Well-formulated strategies only result in superior returns for an organization when they are implemented successfully. We examine the dissipative processes underlying the role of relationship quality (leader-member exchange and team-member exchange) through to the individual level of the strategy implementation process. We propose a contingent model based on social learning theory using data generated from a retail bank. Using hierarchical linear modeling, we find that social exchange relationships embedded in a work team setting influence individual employee's strategy implementation support. Namely, the higher an employee's leader-member exchange, the stronger is the positive relationship between supervisor modeling behavior and team member strategy support. Additionally, the higher an employee's team-member exchange, the stronger the positive relationship between work team strategy support and individual strategy support.

Learning Complex Tasks: The Role of Cognitive Load and Advisor-Based Learning

Emmanuelle Reuter, *University of St. Gallen*
Tomi Laamanen, *University of St. Gallen*

We extend the concept of cognitive load from the individual to the firm level of analysis by borrowing theory from Cognitive Load Theory in educational psychology, and synthesizing related organizational concepts. We argue that cognitive load is not only a limitation but also constitutes a unique enabler for firms to learn complex tasks. We develop a theoretical framework explaining the ways the extrinsic, intrinsic, and germane dimensions that constitute cognitive load influence organizations' learning of complex tasks, and highlight the specific advisor roles that guide this advisory-driven learning process over time. Contributions are intended to be made to organizational learning, and capability development literatures.

Learning from Failure: How Firms, Competitors and Third Parties Contribute to Accident Reduction

Kristina Dahlin, *HEC-Paris*

We distinguish learning from infrequent failures from learning from frequent successes, and identify four pathways for organizational learning from failure: internal analysis of an organization's own accidents; imitation of other organizations' responses to their accidents; adoption of recommendations resulting from analyses by third-party agencies of specific accident's causes; regulatory interventions resulting from analyses by third-party agencies of system-wide accident patterns. Using data from the U.S. freight railroad industry between 1975 we find that railroads

learn more from others' accidents than from their own, from third-party recommendations than analyses, and that learning from others is mediated by third-party recommendations and regulatory interventions. We conclude that third-party repositories of experience are key enablers of learning from failure.

SESSION 131

KNOWLEDGE RECOMBINATION AND INNOVATION

TRACK I	Date	Monday, Sep 30
	Time	14:00 – 15:15 h
Paper	Room	Hazelnut Room

Session Chair Dovev Lavie, *Technion-Israel Institute of Technology*

Collaboration with the Open Source Community and Entrepreneurial Ventures' innovation performance: The Depth and Breadth of Community Knowledge Leveraging

Massimo Colombo, *Polytechnic University of Milan*

Evila Piva, *Polytechnic University of Milan*

Francesco Rentocchini, *Polytechnic University of Valencia*

Cristina Rossi Lamastra, *Polytechnic University of Milan*

Grounding on absorptive capacity literature and on attention-based theory of the firm, this paper examines the boundary conditions under which a positive relationship between collaboration with the Open Source software (OSS) community and OSS entrepreneurial ventures' innovation performance holds. Using a sample of 111 OSS entrepreneurial ventures observed over 4 years, the paper relates their innovation performance to the experience that they have gained in collaborating with the OSS community. Moreover, in the spirit of Laursen and Salter (2006), two novel concepts are defined: depth and breadth of community knowledge leveraging. We find that depth of community knowledge leveraging positively moderates the positive relation between OSS experience and OSS entrepreneurial ventures' innovation performance. Conversely, breadth of community knowledge leveraging negatively moderates this relation.

How Does Knowledge Maturity Drive Innovation Value? A Contingency Perspective

Antonio Capaldo, *Catholic University of the Sacred Heart*

Dovev Lavie, *Technion-Israel Institute of Technology*

Antonio Messeni Petruzzelli, *Polytechnic University of Bari*

How does the value of a new innovation vary with the maturity of its underlying knowledge? We reconcile the mixed views in the literature by introducing a contingency perspective that underscores knowledge distance along technological and geographical domains and the diffusion of knowledge in the industry. We predict an inverted U-shaped effect of knowledge maturity on the value of new innovations. We further suggest that inventors incorporating geographically distant knowledge can enhance the innovation value of knowledge maturity whereas those incorporating technologically distant knowledge, or waiting for knowledge to become diffused in the industry, mitigate this value. Analysis of 5,575 biotechnology patented inventions offers support for our conjectures. Our study advances research on innovation by revealing some of the micro-foundations of the innovation-knowledge relationship.

Pay or Praise: The Effect of Market and Relational Incentives on Knowledge Exchange and Combination

Marc Lerchenmueller, *WHU-Otto Beisheim School of Management*

Ingrid Nembhard, *Yale University*

Businesses must operate in an era of unprecedented uncertainty. Sustained competitive advantage no longer arises from positioning but from adapting. Adapting requires organizations to create and integrate new knowledge. Prior research suggests these processes hinge upon employee

motivation for and perceived efficacy of knowledge exchange and combination. The question naturally arises as to how organizations can positively influence these cognitions to sustain competitive advantage. We examine two types of incentives as antecedents: psychological contracts (relational incentives) and quid-pro-quo contracts (market incentives). We find that the incentives are complements with respect to motivation, while they appear to be substitutes with respect to perceived efficacy. This trade-off provides insights as to how organizations may sustain competitive advantage.

The Impact of Knowledge Domains on Innovation

Jennifer Sexton, *West Virginia University*

Curtis Sproul, *West Virginia University*

Domain knowledge has been shown to be essential in the development of expertise and allows firms to better identify solutions to problems within the specific domain, thus potentially leading to innovation. Entrepreneurial knowledge is also tied to innovation. Firms possessing entrepreneurial knowledge may be able to improve existing concepts in new ways or create entirely new concepts. We examine the interactions between established and new domain knowledge and high and low levels of entrepreneurial knowledge and the subsequent impact on the innovative output of firms. Specifically, we examine how differing combinations of domain knowledge and entrepreneurial knowledge can potentially lead to incremental, radical, architectural, and accidental innovations. A 2x2 conceptual model of these interactions and propositions are presented.

SESSION 140

INDIVIDUALS, DECISION-MAKING, AND INNOVATION

TRACK I, TRACK O	Date	Monday, Sep 30
	Time	14:00 – 15:15 h
Paper	Room	Hickory Room

Session Chair Daniella Laureiro-Martinez, *ETH Zurich*

CEO Turnover and the Vacillation between Exploration and Exploitation

Yoonhee Choi, *University of Minnesota*

Mary Benner, *University of Minnesota*

Recently, some management scholars suggest firms to vacillate between exploration and exploitation over time (i.e., temporal ambidexterity) to achieve both short-term profit and long-term growth. Yet it is not well understood when and why firms may transition from one to the other. This paper examines how CEO turnover provides an opportunity for firms to make large shifts from exploration to exploitation, or vice versa. Using data from six different industries, we find that CEO turnover triggers vacillation. We also find some evidence that the influence of CEO turnover is moderated by prior firm performance: when prior performance is poor, CEO turnover has a greater propensity to trigger vacillation. Moreover, we find the direction of change is influenced by investors' preferences for growth or margin.

Cognitive Flexibility and Strategic Decision-Making: Verbal Protocol Analyses of Leaders and Entrepreneurs

Daniella Laureiro-Martinez, *ETH Zurich*

Relying on Verbal Protocol Analysis and Temperament and Character Inventory, we look at how expert decision makers reveal their 'cognitive flexibility'. We find that when facing a complex and ill-structured problem, entrepreneurs not only examine a greater number of alternative solutions than managers, but take also a greater number of decisions and implement most of them in a better way. Also, analyzing the VPA data, we find that entrepreneurs exhibit a greater ability of changing their point of view in order to face a situation of crisis and uncertainty, higher

than the managers. Finally, in terms of personality, their behaviour is fostered by a characteristic 'Persistence' in the temperament rather than by a 'Novelty Seeking' disposition.

Effective Affect: Leveraging Micro-Mechanisms of Value Creating Solutions to Strategic Problems

Leif Lundmark, *University of Utah*

What are the antecedents of heterogeneous value creation and competitive advantage? The strategic management literature identifies knowledge fragments, expectations, perceptions, creativity, and the imagination of possibilities. Affective (emotional) states have been shown to significantly influence the storage, search, and recombination of knowledge elements. Interestingly however, the field of strategic management has largely ignored the moderating cognitive and neurological conditions produced by affect. Building from NK landscapes within the problem-finding problem solving framework this study utilizes neuro-physiological methodologies to disentangle the underlying cognitive processes of positive and negative affect and their influence on the generation of value creating solutions. As such, this study refines current theories of value creation and provides important insights into the practice of strategic management.

Technological Innovation "Intelligent paper": R&D director in the Role of a Visionary Pioneer

Hanna Lehtimäki, *University of Eastern Finland*

Malla Mattila, *University of Tampere*

The purpose of this paper is to explore the role of an individual in exploratory technological innovation and to propose that to understand the evolution and outcome of explorative innovation, attention needs to be paid not only to the challenges of infant technology but to individuals driving the technology development. An empirical study of a technological innovation over a period of 16 years was conducted. The study shows that the continuum to the innovation process over the years has relied on the cognitive and affective commitment of an R&D director. Despite of the repeated failures in manifesting the commercial outcome, the entrepreneurial spirit of the R&D director has ensured the continuous development of the initial innovation still holds significant business potential.

SESSION 18

VENTURE CAPITAL AND THE ENTREPRENEURIAL FIRM

TRACK K	Date	Monday, Sep 30
	Time	14:00 – 15:15 h
Paper	Room	Magnolia Room

Session Chair H. Dennis Park, *Drexel University*

Chicken or Egg: Exploring the Coevolution of VC Firm Reputation and Status

Timothy Pollock, *Penn State University*

Peggy Lee, *Arizona State University*

Kyuhoo Jin, *Seoul National University*

Kisha Lashley, *Penn State University*

We explore the coevolution of organizational reputation and status in the VC industry. Using a sample of more than 400 newly-founded VC firms from 1990-2000, we test the coevolution of reputation and status and the effects of firm age and blockbuster deals on these this relationship. We find that reputation and status positively influence each other, but that reputation has a greater effect on status when firms are younger. We also find that blockbuster deals help low status and reputation firms more than they help high status and reputation firms. This study contributes to our understanding of how status and reputation develop, helps differentiate the two assets, and provides insight into how new firms build this important intangible assets.

The Effects of VC and CVC Ownership on Strategic Investment of IPO firms

Heejin Woo, *University of Southern California*

Despite extensive studies on the effects of ownership structure on firm strategy, it has not been explored in the young entrepreneurial firm context. While venture capital firms focus on financial returns, corporate venture capital firms, as a strategic investor, are interested more in strategic benefits from their investment. Thus, their ownership effects on startup strategy may vary. Examining 150 VC-backed ventures that went public between 2002 and 2011 in the information technology sector of the U.S. market, I found that CVC ownership is positively associated with R&D intensity in a young entrepreneurial IPO firm and that VC ownership is positively associated with marketing intensity in it. This highlights that ownership structure at the early stage of a startup can significantly influence strategic directions of the firm.

Venture Capital and Cleantech Entry: Contingent Effects of Environmental Social Norms

Siddharth Vedula, *University of Colorado-Boulder*

Jeffrey York, *University of Colorado-Boulder*

Scholars have studied the influence of institutions on entrepreneurial entry from both sociological (e.g. Aldrich & Fiol, 1994) and economic (e.g. North, 1990) traditions. However, there has traditionally been little cross-pollination between these two streams (Pacheco et al., 2010), and most studies have focused on centralized institutions (e.g. regulations, social movements). We develop an integrative model that investigates whether the efficacy of venture capital availability (a decentralized economic institution) in driving entry into cleantech is moderated by levels of environmental social norms (a decentralized socio-cultural institution). To do so, we create a unique state-level panel database over the years 1998-2007 combining data on environmental entrepreneurship, cleantech investments, and environmental social norms. Our initial results suggest that decentralized economic and socio-cultural institutions have interesting complementary effects.

When do Venture Capitalists become Board Members in New Ventures?

H. Dennis Park, *Drexel University*

Kevin Steensma, *University of Washington*

We explore factors determining board membership of venture capitalists (VCs) in privately-held entrepreneurial ventures. We find that board membership is determined by the bargaining process between VCs and new ventures and transaction costs in governing those ventures. Specifically, VCs are more likely to become board members in new ventures if they are highly reputable due to the success of their prior new venture investees, whereas VCs are less likely to gain board rights in new ventures with greater bargain power from superior innovation or marketing track records. Moreover, VCs are more likely to become board members when they are co-located with the new ventures, whereas corporate VCs are less likely to become board members due to potential conflicts of interest compared with independent VCs.



SESSION 24

HOW THE PAST AFFECTS THE FUTURE IN STRATEGIC ENTREPRENEURSHIP

TRACK K	Date	Monday, Sep 30
	Time	14:00 – 15:15 h
Paper	Room	Pecan Room
Session Chair	Rasmi Kokash, EMLYON Business School	

Flipping the Entrepreneurial Script: The Impact of CEO Turnover on Firm-level Entrepreneurship

Matthew Mazzei, Samford University
K. Ashley Gangloff, Auburn University
Jeffrey Hornsby, Ball State University

Succession events involving CEOs naturally have an influence in reshaping the strategic orientation of a firm. This study suggests the development of an entrepreneurial orientation (EO) is a prominent outlet for change and a likely response to increasing global competition (and likely diminishing profits) for firms undertaking leadership transition. Moreover, we argue that EO will build over time as the new CEO is able to successfully reorient the organization. Moderating variables of successor experience, organizational structure, and environmental context are also put forth. In all, we seek to provide empirical support of the “cyclical wave” phenomenon regarding EO and, more specifically, the CEO succession-EO relationship. Results will help to better understand how the selection of new management influences the development of firms’ entrepreneurial nature.

The Co-Creation of Entrepreneurship and the Environment: Cuba and the Cuban Paladares

Sharon Alvarez, Ohio State University
William Stromeyer, Ohio State University

Sitting in the charming, eclectic patio of La Cocina de Lilliam in Havana, Cuba, one waits for the traditional Cuban cuisine to arrive. Yet, when the food arrives it is Cuban cuisine with something more. Upon inquiry, it is revealed that the Cuban born chef trained in Paris. How is it that this sophisticated, erudite, privately owned restaurant operates in Havana, Cuba, one of the last planned economies? Using process theory of opportunity creation this paper examines how the iterative process of forming an opportunity simultaneously changes the context in which the opportunity is embedded. Using a case study analysis of the Paladare industry in Havana, Cuba this paper shows how opportunity formation and the context interact with each other in an iterative fashion.

The Effect of Corporate Entrepreneurship and Organizational Knowledge Creation on Firm Second-Order Competences: Evidence from Knowledge-Intensive Sectors

Rasmi Kokash, EMLYON Business School
Zied Guedri, EMLYON Business School

While corporate entrepreneurship (CE) is viewed to influence firm competences, their relationship, along with organizational knowledge creation, remains largely unexplored. Towards that end, this paper examines what and how different CE actions influence various firm second-order competences such as second-order R&D and marketing competences. Informed by literatures of Austrian school of economics, resource based view of the firm, and organization knowledge creation perspective, in our developed model, we propose that firm second-order competences are variously influenced, in part, by different firm-level entrepreneurial activities, and, in part, by different organizational knowledge creation modes. Analysis of data collected from 37 firms, from various knowledge-intensive sectors, using regression modeling, confirms our predicted model.

The Shadow of the Past: Examining the Influence of Prior Founding Experience on Later Venture Success

Amrita Lahiri, University of Washington
Anu Wadhwa, EPFL

Recent studies on entrepreneurial firms have yielded conflicting results pertaining to the influence of prior entrepreneurial experience on subsequent performance of firms founded by serial entrepreneurs. While some scholars have emphasized the positive results from learning-by-doing and learning-from-failure on subsequent performance, other scholars have found evidence of performance persistence in entrepreneurship wherein successful entrepreneurs show a high likelihood of succeeding again in later entrepreneurial ventures whereas unsuccessful entrepreneurs do not significantly improve their odds of subsequent success vis-à-vis novice entrepreneurs. In this paper, we unpack the blackbox of prior entrepreneurial experience and examine its effect on the performance of subsequent ventures founded by serial entrepreneurs.

SESSION 96

CREATING HIGH PERFORMANCE ORGANIZATIONS: LESSONS FROM THE NBA

TRACK L	Date	Monday, Sep 30
	Time	14:00 – 15:15 h
Paper	Room	Redwood Room
Session Chair	David Kryscynski, Brigham Young University	

Leveraging Human Capital Capabilities in the National Basketball Association

David Boss, Texas A&M University

Extent resource-based-view-related research has focused on studies dealing with aspects of structuring and bundling of resources into capabilities. However, questions remain regarding the theoretical and empirical underpinnings of the leveraging process, particularly as it relates to leveraging human-capital capabilities. Herein, we propose a research study to (1) conceptualize and operationalize organizational human-capital capabilities, (2) explain how these human-capital capabilities are leveraged to execute certain strategies, and (3) examine effects of different leveraging strategies on performance. We will use data from the National Basketball Association to extend our understanding of human capital capabilities within the context of the resource-based view of the firm to provide a foundation for further research.

NBA On Demand: The Impact of Human Capital on Consumer Willingness to Pay and Competitive Advantage

Benjamin Campbell, Ohio State University
David Kryscynski, Brigham Young University
Russell Coff, University of Wisconsin-Madison

We combine human capital theory with the demand-side perspective in strategy to examine the impact of human assets on the value creation and capture of firm stakeholders. Specifically, we argue that human assets influence consumer willingness to pay and thus are instrumental in the value creation process. We hypothesize that the value created through this process is then split between multiple stakeholders of the firm including consumers, owners, and employees. Additionally, we explore factors that shift value capture across these stakeholders. Using a novel dataset that combines team and player-level data from the NBA with secondary ticket market transactions from StubHub.com, we examine these relationships and demonstrate the importance of the interaction between consumers and human assets in the value creation and value capture process.

MONDAY 14:00 – 15:15

Superstars or White Elephants? Retention of Extreme Performers and Firm Performance

Kitty Chiu, *INSEAD*

Firms acquiring human capital face a fundamental tradeoff: hiring more productive employees creates more value but larger share of it goes to wages, whereas hiring less productive employees retains larger share of less value. Focusing on superstars as extreme performers, I examine how the tradeoff affects firm performance. In imperfect talent markets, superstars can appropriate rents over a period beyond their limits of productivity. When superstars retain more value than they create, they become white elephants that are costly to keep yet cannot be easily discarded. Departing from existing work on the threat of employee turnover, I argue that turnover serves as an important mechanism through which firms avoid being expropriated. Results based on data in professional basketball franchises show that superstar contract length and firm capabilities predict firm performance.

When do Organizations Change Core and Peripheral Human Resources? The Case of National Basketball Association Teams

Sarah Park, *University of Bath*

Michael Koch, *EMLYON Business School*

Se Won Park, *IE Business School*

This paper investigates the relationship between prior firm performance and changes in the human resource portfolio of a firm. Expanding extant research, it examines the evolution of core and peripheral human resources in organizations' resource portfolio and analyzes how prior performance impacts the reconfiguration of both types of resources. The results extend our understanding of the role of core and peripheral resources in inducing firm heterogeneity.

SESSION 292

MODELS OF ORGANIZATIONS: STAKEHOLDERS, STRATEGY, AND SUSTAINABILITY

TRACK M	Date	Monday, Sep 30
	Time	14:00 – 15:15 h
Panel	Room	Int'l Ballroom E

Session Chair

J W Stoelhorst, *University of Amsterdam*

Panelists

Jennifer J. Griffin, *George Washington University*

Jeffrey Harrison, *University of Richmond*

Graham Kenny, *Strategic Factors*

Richard Priem, *Texas Christian University*

Charles Williams, *Bocconi University*

For many directors, managers, consultants and academics there is a disconnection between business strategy and what is often referred to as "stakeholder management." In the latter, stakeholders appear to be the first and final focus. Is it possible that while such a perspective might suit the needs and language of fields such as public policy, social services, welfare and ethics it is at odds with management's role and its legal responsibilities in the areas of strategy and organisation sustainability? Does a firm-centric-stakeholder framework for strategy and sustainability better gel with boards, CEOs and senior executives? The purpose of the panel is to investigate these contrasting views on stakeholders and sustainability with a view to resolving the role of the stakeholder construct in sustainability frameworks.

SESSION 15

NETWORKS, CLUSTERS, AND AGGLOMERATION

TRACK N	Date	Monday, Sep 30
	Time	14:00 – 15:15 h
Paper	Room	Sycamore Room

Session Chair Mitchell Koza, *Rutgers University*

Agglomeration Effects and Alliance Governance

Shivaram Devarakonda, *Purdue University*

Brian McCann, *Vanderbilt University*

Jeffrey Reuer, *Purdue University*

How does collocation of partner firms affect how the partnership is governed? We bring together agglomeration theory and organizational economics to examine the formal administrative control mechanisms (e.g., joint committees) collocated partners design to oversee the partnership. We argue that social relationships and trust engendered by the agglomeration reduce opportunism concerns, and hence the likelihood of formal monitoring and control through joint committees. We also argue that such informal governance agglomeration provides is less efficacious when the transaction conditions escalate the partner firm's ability and incentives to misappropriate knowledge, as well as the partners' need to coordinate activities. We focus on contractual R&D partnerships in the biotechnology sector and find support for the hypothesized relationships.

Emergent Equifinality: An Empirical Analysis of Ecosystem Creation Processes

Llewellyn Thomas, *Imperial College London*

Erkko Autio, *Imperial College London*

Although industrial organization is increasingly trending towards ecosystem competition, little is known about the processes of ecosystem emergence. We apply institutional theory, event colligation and optimal matching to extract and compare sequences of four types of activities – resource, technological, institutional and contextual – in six successful ecosystem creation cases: Amazon, eBay, Facebook, Google, Salesforce, and Wikipedia. We show that although the emergence process of each ecosystem is unique, there are three common phases of emergence – Initiation, Momentum, and Optimization. Path dependency and equifinality are then demonstrated through decreasing cross-subject similarities for each successive phase.

Informal Managerial Exchange and Formal Inter-Firm Collaboration: A Multilevel Investigation in Biotech

Julia Brennecke, *Albert-Ludwigs-University of Freiburg*

Irena Schierjott, *University of Goettingen*

Olaf Rank, *University of Freiburg*

Drawing on social capital theory, we investigate the link between informal managerial-level and formal organizational-level networks connecting firms and their managers. We theorize that social capital might be conferred between levels, as actors from one level borrow it from actors of the other level. We test our assumptions empirically by applying exponential random graph models to multilevel network data collected in a German biotech cluster. We find that structures emerging at the two levels are intertwined. Informal managerial advice ties seem to influence formal inter-organizational collaboration to the extent that collaboration arises if two managers reciprocally exchange advice – hence organizations seem to borrow social capital from their respective managers. In contrast, non-reciprocated advice at the managerial level does not seem to evoke formal collaboration.

Internal Structure of Innovation Cluster: Stochastic Interdependence in Business-University-Government Alliances

Haruo Horaguchi, *Hosei University*

A unique social experiment to create knowledge-intensive innovative



clusters, the Knowledge-Cluster Initiative was performed in Japan. It is a policy-experiment of business-university-government alliance. By extending the conceptual framework of population ecology a new theoretical foundation is developed. Commensalism, Parasitism, and Amensalism are derived as new concepts to reinforce the traditional dichotomy of competition and cooperation. Multiple Poisson regressions reveal that new venture firms act as input rather than output among the interdependence of variables for business-university-government alliance. The venture firms have positive effects to increase academic papers, the number of prototypes for trials, and sales with newly developed products. Although the Knowledge-Cluster Initiative aimed to promote new venture spin-outs from the university, academic papers or prototypes are not shown to be the source of new venture firms. In this venture creation process, the academia benefits from the new venture firms to increase patents, papers, trials and products.

SESSION 16

FORMATION, EVOLUTION, AND PERFORMANCE OF ALLIANCES

TRACK N	Date	Monday, Sep 30
	Time	14:00 – 15:15 h
Paper	Room	Walnut Room

Session Chair Olga Bruyaka, *Virginia Tech*

A Model of International Partnership Formation and Performance

Bernadine Dykes, *University of Delaware*

Charles Stevens, *Lehigh University*

We use institutional theory and resource dependency theory to develop and test a model of international business partnership formation and performance. We contend our model portrays a more complete perspective on global business arrangements. We test our hypotheses on a sample of project-based investments across forty-eight countries. Our findings contribute to the literatures on international inter-organizational relationships and the interplay between institutional environments and firm dependencies.

Discerning the Balance between Need and Complexity on the Effects of Forming Alliances Earlier

David Gomulya, *Nanyang Technological University*

This study examines how the characteristics of a firm, an alliance, and an alliance partner can moderate the effect of timing of alliance formation. Given the very limited research on alliance timing, despite several calls regarding its importance, we start by outlining the dilemma of forming alliances earlier. That is, should a venture form alliances earlier and reap any potential benefits sooner, or should it wait longer and take time to understand itself, potential partners, and environment better? We use a need-complexity framework to answer this question. We test our hypotheses using longitudinal data of newly public Internet ventures. We show how a larger portfolio of existing alliances, more complex alliances, and more powerful partners exacerbate the disadvantages of forming alliances earlier while founders' experience mitigate such disadvantages especially when the alliances are simpler.

Partnering with Big Pharma: Accounting for Bargaining Power of New Biotech Firms

Rajat Khanna, *University of North Carolina-Chapel Hill*

Aleksandra Rebeka, *University of North Carolina-Chapel Hill*

With this study, we join theoretical discussion on alliance formation. In the context of alliances between young biotechnology firms and large pharmaceutical companies, we propose to consider two additional factors that could influence the likelihood of alliance. First, the origin of a pharmaceutical firm may affect its relative attractiveness as a partner to a biotechnology firm due to cross-country differences in institutional environments. Second, young biotechnology firms may differ in the

level of their bargaining power, owing it to factors such as stage of product development, experience with alliances, and academic ties. Through empirical analysis, we intend to demonstrate that ability of a biotechnology firm to apply discretion in selecting a partner is contingent upon the amount of bargaining power a biotechnology firm has.

Reinforcing Cycles of Cooperation and Coordination in Interorganizational Relationships

Nuno Oliveira, *London School of Economics and Political Science*

Fabrice Lumineau, *Purdue University*

Cooperation and coordination are critical dimensions to attain effectiveness in interorganizational collaboration. However, little is known about how these dimensions interact with the structural properties of interorganizational relationships and influence effectiveness. We address this issue through a longitudinal multiple-case study of seven independent social housing building projects. Our data analysis integrates extensive qualitative research with mapping techniques of the interorganizational relationships over time. We uncover that the influence of cooperation and coordination on effectiveness occurs through two reinforcing cycles: cooperation cycles and coordination cycles. Furthermore, the sequence of reinforcing cycles explains differences of effectiveness in interorganizational relationships. Our main contribution is to unravel the theoretical mechanisms that underpin effectiveness of interorganizational relationships. This study provides several implications for management practice of interorganizational collaborations.

SESSION 55

I FEEL FINE: CEOS AND RISK-TAKING

TRACK O	Date	Monday, Sep 30
	Time	14:00 – 15:15 h
Common Ground	Room	Cottonwood Room AB

Facilitator Robert Wiseman, *Michigan State University*

Do CEOs Matter? CEO Tenure Effects on Firm Innovation and Stock Market Performance

Mengge Li, *University of Houston*

Donald Hatfield, *Virginia Tech*

Laura B. Cardinal, *University of Houston*

Drawing upon upper echelons theory, the relationships between CEO tenure and firm invention, firm innovation, and stock market performance is investigated. Further, the moderating effects of managerial discretion were also explored. Based on a sample of 89 pharmaceutical firms from 1975-2000, the results show that CEO tenure has an inverted U-shaped relationship with firm invention, and managerial discretion moderates this relationship; The relationship between CEO tenure and firm innovation is negative; managerial discretion does not moderate this relationship but instead has a direct negative relationship with firm innovation; and CEO tenure has no main effects on firm stock market performance, but managerial discretion has a direct negative effect.

How Founder CEOs Affect Firm Risk Taking: An Executive Job Demands Perspective

Jiatao Li, *Hong Kong University of Science and Technology*

Yi Tang, *Hong Kong Polytechnic University*

Grounded in the upper echelons theory, firm risk taking literature, and executive job demands perspective, this study proposes that CEOs of firms who are also the firms' founders tend to take more risks than their industry peers as such CEOs tend to be more "overconfident". We further suggest that the positive relationship between CEO-founder status and firm risk taking strengthens when the CEOs face greater executive job demands. Using a large survey data set on Chinese CEOs, our theoretical predictions are largely supported. Implications to the strategic management research in general and the upper echelons theory in particular are discussed.

Practice Variation and Individual Agency: CEO Compensation and the Choice between Isomorphic vis-à-vis Nonisomorphic Strategies

Mirko Benischke, *University of Auckland*

Geoffrey Martin, *University of Melbourne*

Siah Hwee Ang, *Victoria University of Wellington*

Although neoinstitutional theory has been increasingly leveraged to explain a firm's strategic choices, there is a paucity of research explaining across-firm heterogeneity in the adoption of firm strategies. Drawing on the behavioral agency model (BAM), we argue that CEO's risk preference (associated with risk bearing) is an important source of practice variation. In particular, we contend that neoinstitutional theorists have to consider the objective risk associated with the underlying strategic choices when explaining isomorphic processes. Our results support this idea by demonstrating that as risk bearing increases, CEOs are more likely to adopt strategies that are relatively less risky thereby influencing their responses to pressures emanating from the organizational field. These results also suggest that agency theorists would benefit by considering the institutional context when examining the effect of individual agency on strategic risk taking.

Risk Averse or Risk Willing? Aspiration as a Determinant of Risk Decision Behavior for CEOs With a Short Career Horizon

Chittima Silberzahn, *EMLYON Business School*

Research assumes that CEOs become risk averse and exhibit myopic behavior at the last stage of their career. This conceptual paper argues that this is not necessarily true and that risk behavior might be contingent. Drawing on prospect theory in the agency context and myopic loss aversion, it proposes that in some situations, CEOs exhibit risk-willing behavior, at even a higher degree than CEOs with longer career horizon. Yet in such a situation, conflicts of interests between owners and managers loom. Moral hazard leads CEOs approaching retirement to engage in risky projects of which payback horizon matches with their career horizon, possibly at the expense of the firm. The paper contributes to the governance literature by developing propositions that link CEO decision behaviors with their career horizon and aspiration levels.

What do CEOs Contribute to Firm Value?

Paul Thistle, *University of Nevada Las Vegas*

Jeffrey Brookman, *Idaho State University*

Alexander Bolinger, *Idaho State University*

The question of what CEOs contribute to firm value is important for both public policy and business practice and is the subject of ongoing debate in strategic management. In the current study, we introduce the "group connection" methodology to explore the effects of CEOs on firm value. By eliminating the problem of nested effects, our analysis permits individual CEO and firm effects to be separately identified. We find that CEO effects are substantial and are the single most important determinant of performance. We decompose performance into a market value channel, a leverage channel and a current earnings channel. We find that, although CEOs influence organizational value through all three channels, they have the greatest influence on firm leverage.

SESSION 179

BEHAVIORAL THEORIES OF ENTREPRENEURIAL SUCCESS

TRACK P

Date Monday, Sep 30

Time 14:00 – 15:15 h

Paper

Room Dogwood Room A

Session Chair Philip Roundy, *University of Texas-Austin*

Beyond Deliberate Cognition: Automatic Responses to Environmental Disruption and Strategic Change

Philip Roundy, *University of Texas-Austin*

David Harrison, *University of Texas-Austin*

Susanna Khavul, *University of Texas-Arlington*

Liliana Perez-Nordtvedt, *University of Texas-Arlington*

Jeffrey McGee, *University of Texas-Arlington*

When environments change, executives often respond by taking strategic action. Prior research has emphasized a process in which information is collected and analyzed in a purposive fashion, which we label strategic information processing (SIP). We challenge the deliberateness that SIP implies and offer that non-deliberate cognition can also prompt strategic action during change. In a longitudinal field study of 650 firms experiencing a significant environmental disruption, we examine the influence of entrepreneurial alertness on decision makers' responses. We find a direct effect of alertness on action and firm performance in the presence of influences of SIP. Moreover, the impact of alertness on action is strengthened when perceived uncertainty is high. We demonstrate that strategic decision makers take multiple pathways – deliberate and non-deliberate – when heeding change.

Boundary Frustration and Innovation

Tiona Zuzul, *Harvard University*

This paper examines collaboration between individuals working on innovation projects. Through a qualitative study of large-scale innovation projects in sustainable urban development, I introduce the concept of boundary frustration – a feeling of being upset or annoyed in the midst of exchanges where boundaries are salient – and identify it as a critical impediment to innovation. Boundary frustration begins when differences result in divergent interpretations of each project. Divergent interpretations result in a set of exchanges that give rise to strong feelings of frustration. Over time, boundary frustration leads to maladaptive cognitive and behavioral responses, as differences become perceived as insurmountable barriers that impede innovation. By unearthing this process, this paper adds to the literature on emotion and cognition in cross-boundary collaboration and innovation.

Plausible, Yet Unpredictable: The Effects of Comprehensibility On Entrepreneurial Success

Goran Calic, *Purdue University*

Elaine Mosakowski, *Purdue University*

Institutional theory assigns cognitive legitimacy to accounts that are predictable and plausible or, in other words, comprehensible. This observation suggests that legitimacy is at least partly based on cognition, and not only normative and evaluative claims. For nascent entrepreneurs, gaining comprehensibility is a daunting task. They must integrate their activities under the umbrella of pre-existing norms and disentangle new activities from pre-existing regimes, lest their efforts appear marginal. Using socio-cognitive theory on a dataset of online funded technology projects, we demonstrate that although implausibility negatively moderates legitimacy, unpredictability does not. In fact, our findings indicate that unpredictable projects are more likely to reach their funding goals. Additionally, our findings indicate that technology projects that aim to alleviate environmental ills receive a greater level of support.



The Effects of Loss Aversion, Risk-Taking Propensity, and Outcome Timing on Entrepreneurs' Opportunity Exploitation Decisions

Michael Holmes, *Florida State University*

Trey Sutton, *Florida State University*

We consider how possible tax policy changes influence entrepreneurs' willingness to exploit opportunities. Drawing on prospect theory's concept of loss aversion, which suggests that losses engender greater displeasure than the pleasure equivalent gains engender, we examine the role of tax credits (which provide additional revenue) and tax penalties (which have the opposite effect) on entrepreneurs' preferences. In addition, addressing two areas in which prospect theory is silent, we consider how individual differences across entrepreneurs (i.e., risk-taking propensity) and the timing of the tax credits and tax penalties shape the entrepreneurs' preferences. The work contributes to theory on entrepreneurs' opportunity exploitation decisions, addresses two boundary conditions of prospect theory, and is among the first studies to examine how the timing of outcomes affect entrepreneurs' preferences.

SESSION 69

INCENTIVES, CONTROL, AND RESOURCES TO ACHIEVE SUSTAINABILITY

TRACK A&B	Date	Monday, Sep 30
	Time	14:00 – 15:15 h
Paper	Room	Dogwood Room B

Session Chair Tyson Mackey, *California Polytechnic State University*

On the Hostile Takeover of Socially Irresponsible Firms

Tyson Mackey, *California Polytechnic State University*

Alison Mackey, *California Polytechnic State University*

Jason Lepore, *California Polytechnic Institute*

This paper introduces a theoretical model of the conditions under which punishing the managers of socially irresponsible firms through acquisition is more effective in inducing social change than rewarding the managers of socially responsible firms by investing in the firms they manage. In the presence of a takeover threat by a socially responsible investor, depending on the strength of outside employment opportunities, managers' desire to retain their employment leads them to increase their firms' socially responsible behavior.

Organizational Control during Times of Strategic Renewal towards Sustainability

Annelies Bobelyn, *Erasmus University-Rotterdam*

Serge Rijdsdijk, *Erasmus University-Rotterdam*

Jan Van den Ende, *Erasmus University-Rotterdam*

The objective of the present study is to investigate which control mechanisms are most appropriate to foster this process of strategic change towards sustainability and to help the company to implement its sustainability strategy through the development of sustainable products. In addition, we study the moderating effect of previous product strategies as they might still affect the development of new products because of resistance to change. The results indicate that the groups in the process control condition obtain the highest sustainability performance, followed by the groups in the output control condition and finally the groups receiving clan control. We further find that a cost orientation indeed weakens the impact of the control mechanisms.

Outsourcing and Sustainable Innovation: The Moderating Effect of Flexibility and Supply Chain Technology

Dmitry Zaytsev, *St. Petersburg University*

Oli Mihalache, *VU University Amsterdam*

Despite the increasing customer-demand for sustainable products, there is limited research about the factors that help firms introduce more environmentally-friendly products. We propose that outsourcing can stimulate the introduction of sustainable innovation development in two ways. First, by outsourcing knowledge intensive processes, firms get the benefit of outside expertise, essentially making up for their capabilities deficiencies. Second, by outsourcing less intensive processes, firms can focus attention and resources on knowledge-generating activities that can develop greener products. In addition, we move beyond main effects by proposing that these relationships are stronger when firms use flexibility as the main strategy for selecting outsourcing partners and when they employ supply chain technology development. Empirical testing on a sample of 819 Russian firms largely supports our hypotheses.

The Environmental Consequences of (Un)Divided Property Rights

R. Ryan Raffety, *Richard Ivey School of Business*

Oana Branzei, *University of Western Ontario*

We explain an underexplored but systematic source of variation in two aspects of facility-level environmental performance - hazardous emissions and recycling. We examine the internal allocation of property rights under different legal liability regimes by differentiating between two types of incentives: internal incentives arising from property rights partitioning and external incentives arising from the legally enforceable consequences of hazardous emissions. We test both mechanisms by combining a matched pair quasi-experimental design that enables us to contrast independent and joint-venture facilities with a nested natural experiment that compares two legal liability regimes. We find that increasingly divided property rights systematically increase emissions and decrease recycling. Once we partial out the effect of such internal incentives, however, external incentives do not explain further variance in environmental outcomes.

SESSION 60

PLENARY TRACK

TRACK Q

Date Monday, Sep 30

Time 15:30 – 16:30 h

Showcase Panel

Room Dogwood Room A

What Can We Do with Business Models: The Sustainability of Firms and the Community?

Session Chair

Charles Baden-Fuller, *City University London*

Panelists

Ramon Casadesus-Masanell, *Harvard University*Ian MacMillan, *University of Pennsylvania*Anita McGahan, *University of Toronto*

There have been many discussions on “what are business models”; in contrast we focus on what can be done with business models and how they can create insight into issues of sustainability of firms and of communities. Taking seriously the idea that business models are “models” that can be manipulated, the panel will examine how this concept leads to better understand of competitive dynamics between complex business models especially in the ever changing digital space. It will also examine how managers can think more effectively using business models, to generate wealth for sustainable societal impact, and to cope with the need for change and create competitive opportunities. We will explore the practice and research agenda, leaving time for audience interactions.



Charles Baden-Fuller is known for his strategy research and assistance to companies. He has established a reputation on the rejuvenation of mature firms through his work with CEO's, his academic articles and his (co-authored) Harvard Business Press “Rejuvenating the Mature Business”. He currently works on issues of knowledge management and entrepreneurship in high

technology firms, including the practical use of real options and alliance structures. Professor Baden-Fuller holds degrees in Mathematics and Economics from Oxford, Cornell, and London Business School of Economics. He has worked at Chase Manhattan in New York, the London Business School and the University of Bath. He has combined this with visiting positions at the Universities of Bologna and Katholieke (Belgium), Erasmus Rotterdam, Duke, Berkeley, and Wharton in the US. Charles Baden-Fuller is also the Editor-in-chief of Long Range Planning, a leading international strategy, since 1999.



Ramon Casadesus-Masanell joined the Harvard Business School faculty in 2000. He has taught the required MBA Strategy course, an elective course on Competing Business Models, and Ph.D. courses on Strategy and Game Theory. He also teaches in Executive Education programs. Ramon Casadesus-Masanell received his Ph.D. in Managerial Economics and Strategy from the Kellogg

Graduate School of Management, Northwestern University. Ramon Casadesus-Masanell's fields of specialization are management strategy, managerial economics, and industrial organization. Ramon Casadesus-Masanell studies strategic interaction between organizations that operate different business models. He is also interested in the limits to contracting and the role of trust for management strategy. He has published in Management Science, the Journal of Economics & Management Strategy, the

Academy of Management Review, Long Range Planning, the Journal of Law & Economics, the Journal of Economic Theory, the USC Interdisciplinary Law Journal, ABANTE Studies in Business Management, and the Harvard Business Review, among others.



Ian C. MacMillan is the Academic Director of the Sol C. Snider Entrepreneurial Center and Dhirubhai Ambani Professor of Innovation and Entrepreneurship. Ian MacMillan joined the Center in June of 1986, after having served as Director of the Center for Entrepreneurial Studies at NYU. He also taught at Columbia University and Northwestern University. Ian MacMillan has published numerous articles

and books on organizational politics, new ventures, technology strategy, innovation and business strategy formulation. His articles have appeared in the Harvard Business Review, The Sloan Management Review, The Journal of Business Venturing, Academy of Mgmt Journal, Administrative Science Quarterly, Management Science, Research and Technology Management and others. He is co-author of the best-selling books Corporate Venturing, The Entrepreneurial Mindset, and MarketBusters. He is the Academic Co-Director for Wharton Executive Education's Strategic Thinking and Management program, and designed and teaches extensively in the Wharton Advanced Management Program.



Anita M. McGahan is Associate Dean of Research, Director of the PhD Programs, Rotman Chair in Management, and Professor of Strategic Management at the Rotman School of Management at the University of Toronto. She is also cross appointed to the Munk School of Public Affairs at the University. In addition, Anita McGahan is a Senior Associate at the Institute for Strategy and Competitiveness

at Harvard University, the Chief Economist at the Massachusetts General Hospital Division for Global Health and Human Rights, and a past president of the Academy of Management's Business Policy & Strategy Division. Anita McGahan holds an MBA from the Harvard Business School, where she received highest academic honors as a Baker Scholar, and a BA from Northwestern University, where she was elected to Phi Beta Kappa. She also spent several years at both McKinsey & Company and Morgan Stanley & Company. Anita McGahan's research has focused on models of industry evolution and the evolution of competitive advantage. She is currently pursuing a long-standing interest in the inception of new industries, and in the implications for comparative advantage and international development particularly in global health.



SESSION 63

PLENARY TRACK

TRACK Q	Date	Monday, Sep 30
	Time	15:30 – 16:30 h
Showcase Panel	Room	Dogwood Room B

Maintaining the Legitimacy, Differentiation, and Mobilization of Strategic Management

Session Chair

Jerayr Haleblan, *University of Georgia*

Panelists

Jay Barney, *University of Utah*

Ming-Jer Chen, *University of Virginia*

Michael A. Hitt, *Texas A&M University*

Joseph Mahoney, *University of Illinois-Urbana Champaign*

Margaret Peteraf, *Dartmouth College*

The panel will be organized as a discussion forum surrounding a number of pertinent questions. Questions for the session participants might include: If we assume that strategic management has achieved the status of an academic field, what should strategic management scholars do to help maintain and strengthen field status? If we were to make an assessment, how is strategic management doing along these lines? What threats are we facing as a field? Are there opportunities to strengthen our position that we need to better exploit?



Jerayr Haleblan is an Associate Professor of Management at the University of Georgia. He received his Ph.D. from the University of Southern California. His research focuses on strategic decisions and their performance outcomes in the context of mergers and acquisitions. He has also done work on the influence of boards of directors on CEO selection and firm oversight. His research

has been published in *Administrative Science Quarterly*, *Academy of Management Journal*, *Strategic Management Journal*, and *Organization Science*. His research on mergers and acquisitions has been abstracted in the *New York Times*, *The Economist*, and *Business Week*. He presently serves on the Editorial Board of the *Academy of Management Journal*, and the *Strategic Management Journal*.



Jay Barney is a Presidential Professor of Strategic Management and Pierre Lassonde Chair of Social Entrepreneurship at the University of Utah. He previously served as the Professor of Management and held the Chase Chair for Excellence in Corporate Strategy at the Max M. Fisher College of Business, The Ohio State University. His research focuses on the relationship between costly-to-copy firm

skills and capabilities and sustained competitive advantage. He is an associate editor for the *Journal of Management* and senior editor for *Organization Science* and has been published in numerous leading publications. In addition to his teaching and research, he presents executive training programs throughout the US and Europe. His consulting work focuses on large-scale organizational change and strategic analysis. Jay Barney is an SMS Fellow as well as a fellow of the Academy of Management.



Ming-Jer Chen is the Leslie Grayson Professor at University of Virginia's Darden School of Business. A pioneer in competitive dynamics and ambicultural management, he has written

two books and published in *Academy of Management Review* (AMR) and *Strategic Management Journal* (SMJ), among others. He has received numerous awards including the AMR (1996) and *Journal of Management Inquiry* (2008) Best Paper Awards. A Fellow and President of the Academy of Management and Fellow of the Strategic Management Society, he has served as AMR's associate editor and chair of the Academy's Business Policy and Strategy Division. Before Darden, he was on the faculties of Columbia and Wharton/Penn. He has held honorable or visiting appointments at universities in China, Taiwan, Hong Kong, and Singapore.



Michael A. Hitt is a Distinguished Professor and holds the Joe B. Foster Chair in Business Leadership at Texas A&M University. He has authored or co-authored many journal articles published in leading journals such as the *Strategic Management Journal*, *Academy of Management Journal*, *Academy of Management Review*, *Organization Science*, *Journal of Applied Psychology*, among others.

Mike Hitt is a Founding Editor of the *SEI*, a former editor of the *Academy of Management Journal*, and former president of the *Academy of Management*. His involvement in the SMS runs deep with recently serving as the President of the SMS. He is a member of the SMS Fellows and is the former Deputy Dean of this organization. He has received awards from the American Society of Competitiveness for Outstanding Academic Contributions (1996) and Outstanding Intellectual Contributions (1999) to Competitiveness.



Joseph T. Mahoney earned his BA, MA, and Ph.D. from the University of Pennsylvania, with a doctorate in Business Economics from Wharton. He joined the College of Business of the University of Illinois at Urbana-Champaign in 1988, and is Caterpillar Chair in Business, and Director of Graduate Studies. His research interest is organizational economics, which includes: the

behavioral theory of the firm, resource-based, transaction costs, real-options, property rights, stakeholder and agency theory. Joe Mahoney has published numerous articles which have been cited in print over 6,000 times from scholars in 65 countries. His 2005 Sage book, *Economic Foundations of Strategy*, has been adopted by over 30 doctoral programs. Currently, he is an Associate Editor of *Strategic Management Journal* and serves on editorial boards for *Journal of Business Research*, *Journal of Management*, *Journal of Management Studies*, *International Journal of Strategic Change Management* and *Strategic Organization*.



Margaret Peteraf is the Leon E. Williams Professor of Management at the Tuck School of Business at Dartmouth. She is a member of the SMS Fellows Group and has served as Chair of the Competitive Strategy Interest Group. She has also served on the Academy of Management's Board of Governors, is a past Chair of the BPS Division of the Academy, and is presently on 9 editorial boards, including

the *Strategic Management Journal*, the *Academy of Management Review*, and *Organization Science*. She is best known for her work on strategic group identity, the resource-based view, and dynamic capabilities. Her 1993 SMJ paper, "The Cornerstones of Competitive Advantage: A Resource-Based View", won the The Dan and Mary Lou Schendel Best Paper Prize in 1999 for its contribution toward the development of the strategic management field.

SESSION 66

PLENARY TRACK

TRACK Q	Date	Monday, Sep 30
	Time	15:30 – 16:30 h
Showcase Panel	Room	Int'l Ballroom D

A Conversation with the Editors of the SMS Journals about the Future of Research and Publication in our Field

Session Chair

Edward Zajac, *Northwestern University*

Panelists

Alfonso Gambardella, *Bocconi University*

Constance Helfat, *Dartmouth College*

Torben Pedersen, *Copenhagen Business School*

Mike Wright, *Imperial College London*

Moderated by Ed Zajac, long-time editor of SMJ, editors from the three journals in the SMS family will discuss opportunities for new research directions in the joint field of strategy research. This will be an open discussion among the panelists and with the audience. The discussion will be an opportunity to engage with the new editors of SMJ along with the leadership of SEJ and GSJ.



Ed Zajac is the James F. Beré Professor of Management and Organizations at the Kellogg School of Management, Northwestern University. He is an elected Fellow of both the Academy of Management and the Strategic Management Society. Ed Zajac's research, teaching, and consulting focuses on strategic change, alliances, and corporate governance.

He has been recognized as one of the "most

highly cited researchers" worldwide in the Institute of Scientific Information's yearly list of highly cited researchers (representing less than one-half of one percent of all published researchers). This year he received the Distinguished Scholar Award from the Organization and Management Theory Division of the Academy of Management, and he was also recently awarded an honorary doctorate from the Free University of Berlin. He served for many years as Co-Editor of the *Strategic Management Journal*.



Alfonso Gambardella (PhD, Stanford 1991) is Professor of Corporate Management at Bocconi University, where he is also Dean of the PhD Programs. His research focuses on business strategy with emphasis on technology, innovation, industry structure and competition. He published several books and articles in a wide range of Journals. His MIT Press book *Markets for Technology* (with

Ashish Arora and Andrea Fosfuri) is widely cited. He is Editor of the *European Management Review*, and serves on the Editorial Board of *Strategic Management Journal*, *Academy of Management Review*, *Global Strategy Journal*, along with other journals.



Constance E. Helfat is J. Brian Quinn Professor in Technology and Strategy at the Tuck School of Business at Dartmouth. She is known for her research on firm capabilities (including dynamic capabilities), technological innovation, and managerial resources. Constance Helfat has published widely in leading academic journals, and has written and edited three academic books. She is a member

of the Strategic Management Society Fellows Group. In addition, Constance Helfat has extensive editorial experience. She has served as an associate editor of the *Strategic Management Journal*, *Management Science*, and the forthcoming *Palgrave Encyclopedia of Strategic Management*. She also has edited two journal special issues at *Strategic Management Journal* and *Organization Science*, has served as a special senior editor at *Organization Science*, and has served on the editorial boards of several journals. Constance Helfat received her undergraduate degree from the University of California, Berkeley and her Ph.D. from Yale University.



Torben Pedersen is Professor of International Business at the Copenhagen Business School's Center for Strategic Management and Globalization. He has published over 60 articles and books concerning managerial and strategic aspects of globalization. His research has appeared in prominent journals such as *SMJ*, *Journal of International Business Studies*, and *Journal of Corporate Finance*. His

research interests are located at the interface between strategy, institutional economics and international business. His latest book, *Managing Global Offshoring Strategies – A Case Approach*, has been well received among academics, students and practitioners. He is an editorial board member of multiple journals, including *SMJ*, *Journal of International Management* and *International Business Review*. He has been a visiting scholar in Australia (UNSW), Italy (Bocconi University and Padova University), New Zealand (Auckland University), Sweden (Gothenburg University) and USA (Stanford University). He was 2009 AIB Program chair and is currently Vice President for AIB and Vice Chairman of EIBA.



Mike Wright is Professor of Entrepreneurship at Imperial College Business School and Director of the Centre for Management Buyout Research which was founded in 1986. Previously he was Professor of Financial Studies at Nottingham University Business School since 1989. He has written over 40 books and more than 300 papers in academic and professional journals on management buy-outs, venture capital, habitual entrepreneurs, academic entrepreneurs, and related topics. He served two terms as an editor of *Entrepreneurship Theory and Practice* (1994-99), was a joint editor of the *Journal of Management Studies* until 2009 and is editor elect of the *Strategic Entrepreneurship Journal*. He is a member of the BVCA Research Advisory Board. He holds an honorary doctorate from the University of Ghent and was recently ranked #1 worldwide for publications in academic entrepreneurship.

SESSION 240

PLENARY TRACK

TRACK Q

Date Monday, Sep 30

Time 15:30 – 16:30 h

Showcase Panel

Room Int'l Ballroom E

Has Sustainability Earned a Permanent Place on the Strategic Agenda?

Session Chair

Timo Santalainen, *Aalto University*

Panelists

Robert W. Black, *Kimberly-Clark Corporation*Robert Eccles, *Harvard Business School*Holger Rubel, *Boston Consulting Group*

This panel aims to tackle the theme of this year's Strategic Management Conference "Strategy and Sustainability" by discussing whether sustainability has earned a permanent place on the Strategic Agenda. Almost all companies claim that sustainability is a top priority and maintaining the conditions required to sustain performance is self evidently important. However, much ambiguity remains when it comes to definitions, methods, materiality of impact and whether companies are really affording sustainability the priority which they claim. To explore this question, we will first share some insights from our research based on a 4,000+ response survey, conducted in collaboration with MIT Sloan Management Review, into the managerial reality of sustainability. Then we will facilitate a panel discussion in which we are joined by both Robert Eccles from the Harvard Business School and a practitioner to explore the extent to which sustainability is, could and should be part of the Strategic Agenda.



Timo J. Santalainen's career concept is a combination of academia, business and consulting. His previous academic positions include professorships at Thunderbird Graduate School of Global Management, Texas Tech University and Management Centre Europe. He has held senior executive positions in retailing, banking and world sports organizations. Currently he is President

of STRATNET, a Geneva-based network of strategy advisors, and Adjunct Professor of Strategy and International Management at Aalto University Business School, Lappeenranta University of Technology and Finnish Defence University. His most recent field of interest is strategic management and thinking in transformational and parastatal organizations such as telecommunications, energy, sports, public service and research. He has been a strategy adviser and Board member for many of these organizations throughout the world. Timo Santalainen is Founding Member of Strategic Management Society. He is the author or co-author of ten books, numerous chapters in books and articles in leading international publications.



Robert (Bob) Black recently concluded his role as Group President leading Kimberly-Clark Corporation's \$8 billion international business to pursue his interests in private equity, Board Service and advising senior leaders on current global business topics. Bob Black is an accomplished global P&L executive and Fortune 200 SEC top 5 officer with an outstanding track

record of impact and success across Consumer Products, Business-to-Business and Healthcare in both public and private companies. He has served as a board member and/or lead director of publicly traded KC de Mexico, North American Technologies Group (Chairman) and Modernform PLC (Vice Chairman); privately held Sammons Enterprises; numerous joint ventures including Steelcase Strafor (PDG) and Yuhan Kimberly, and non-profit boards. At Kimberly-Clark, prior to becoming Group President, he also served as Chief Innovation Officer and Chief Strategy Officer. In his various roles, sustainability has always been a topic close to his heart. As CSO and Executive team member of Kimberly-Clark he led development of a detailed sustainability strategy paving the way for the company to turn around its relationship with Greenpeace and a number of other NGOs, thereby becoming a leading edge example for sustainability. Bob was also closely involved with sustainability at Steelcase where, amongst other endeavors, he was involved in starting one of the very early Sustainability Advisory Boards.



Robert G. Eccles first joined the Harvard Business School faculty in 1979 and received tenure in 1989. He left in 1993 to work in the private sector rejoined HBS in 2007 where he is now a Professor of Management Practice. Right after receiving tenure, Robert Eccles started doing research on corporate reporting, a topic which remains of great interest to him from a research, managerial practice, and

public policy perspective and on which he has written three leading edge books. Since 2010 he and his colleague George Serafeim have been engaged in an extensive research program on innovating for sustainability. At HBS they teach MBA and executive education courses on this project, as well as a doctoral seminar on "The Role of the Corporation in Society." Furthermore they are involved in various Sustainability assignments, including research on Intensive Seminar Integrating Business and Design for Sustainability and Management Topics in Sustainability and Design. Robert Eccles and George Serafeim are the co-founders of the Innovating for Sustainability social movement. Robert Eccles is also a member of the Steering Committee of the International Integrated Reporting Council (IIRC) and the Chairman of the Sustainability Accounting Standards Board (SASB).



Holger Rubel joined the Frankfurt office of The Boston Consulting Group in 1997. He is the Global Head of BCG's Green Energy and Sustainability Sectors, and he is a core member of BCG's internal Practice Areas Industrial Goods, Energy and Strategy. In his role as sector leader Holger Rubel both advises clients on sustainability and corporate social responsibility topics, and oversees and

coordinates the topics and topic leaders for solar energy, wind energy, energy storage, biomass-biofuels, energy efficiency and carbon related issues. He studied physics and mathematics at Heidelberg University and University of Cambridge, UK, has an M. Phil Degree from Cambridge and a Doctorate in semiconductor technology from the Max Planck Institute in Stuttgart.

16:30 – 17:00
COFFEE BREAK

SESSION 249

EXCELLENCE IN TEACHING

TRACK T	Date	Monday, Sep 30
	Time	17:00 – 18:15 h
Interest Group Presentation	Room	Dogwood Room B

Teaching Strategy**Session Chair**Jay Dial, *Ohio State University*

This session will revisit some fundamental principals for teaching strategy effectively. It is designed for junior faculty and doctoral students who are working on developing this critical competency. Our primary emphasis will be on tools and techniques for helping students (undergraduate and graduate, but not executive) grasp the complex and interdependent concepts that underlie a core strategy curriculum.

SESSION 112

SOCIAL DIMENSION AND ORGANIZATIONAL CONTEXT

TRACK C	Date	Monday, Sep 30
	Time	17:00 – 18:15 h
Paper	Room	Int'l Ballroom A

Session Chair Elizabeth Alexander, *University of the West of England*

Doing Well by Doing Good Together: A Survival Model of Firm-NGO CollaborationFrédéric Dalsace, *HEC-Paris*Nicola Dragonetti, *HEC-Paris*Clemence Patureau, *HEC-Paris*

Partnerships between NGOs and firms are becoming more and more important, but we still have no specific model to analyse them. Starting from the assumption that partners will stay involved for intrinsic reasons (because they agree with the goals of the project), or for extrinsic ones (because they believe their payoffs will be higher than their contribution), we look at the evolution of a partnership through several stages. We examine the resources involved (physical and financial, knowledge assets, reputation) as well as the institutional logic of the team and the parent organisation to draw propositions concerning the survival of the partnership.

Social Sustainability Issues: Challenges for the Extractive IndustryVrushal Khade, *France Business School, Tours, France*Richard Soparnot, *ESCEM - School of Business and Management*

The benefits of pursuing sustainable practices are well documented and number of sustainable strategies aimed at achieving competitive advantage have been investigated. This literature review aims to examine social sustainable strategies in extractive industry and whether they lead to the good of the society by measuring poverty levels of indigenous people. The social dimension of sustainable development is an overlooked topic and scientific literature studying the impact of sustainable competitive strategy on poverty reduction amongst indigenous people is negligent. Literature review reveals that social sustainable strategies have a positive impact in Asia, a negligible or zero impact in Africa and a downward, negative impact in Latin America.

What Happens When the Honeymoon Is Over? The Limited Effect of Impression Management Following Controversial DisruptionsLuis Gomez-Mejia, *Arizona State University*Jordi Surroca Aguilar, *Carlos III University of Madrid*Josep Antoni Tribó, *Carlos III University of Madrid*

A central claim of this study is that symbolic actions related to the social responsible commitment of an organization (cheap social talk) may be effective in the short term but when these actions are not accompanied with tangible social responsible initiatives, the initial benefits turns out to be negative in the long term. In particular, we show that cheap social talk increases firms' legitimacy and stock returns while reduces CEO turnover in the short term, but these effects are reversed in the long term if cheap social talk is no accompanied with tangible social responsible actions. Our theoretical contentions are empirically supported using a panel data of 139 industrial firms from 17 different countries for the period 2003-2008.

Whither Our Future Global Managers? The Moderating Effect of Organization Context on Ethical Intent in International BusinessElizabeth Alexander, *University of the West of England*

This paper examines how proximal versus distal effects in an organization setting prevail as moderating influences on ethical judgments and intentions. The paper proposes three dimensions of ethical decision-making in international business (moral equity, contractualism and relativism) differentially affect the intention to act depending on the presence of moderating factors. Findings from an exercise of working adults reveal that, despite having an international orientation, faced with an ethical dilemma, individuals with low moral equity judgments are more likely to be concerned with the proximate effects of the decision on themselves; the potential breach of a firm's implied social contract is sanctioned when the potential for the firm to benefit is high; and conformance to industry norms can overpower considerations of local acceptability of unethical practices.

SESSION 199

MEASUREMENT ISSUES AND METHODOLOGICAL CONCERNS

TRACK D	Date	Monday, Sep 30
	Time	17:00 – 18:15 h
Common Ground	Room	Chestnut Room

Facilitator Brian Boyd, *City University of Hong Kong*

A Real Options Approach to Strategic RiskMargaret Hughes-Morgan, *Marquette University*Glenn Hodges, *Michigan State University*

Borrowed from the field of finance, real options analysis has become pervasive in the strategy literature. The purpose of this study is twofold. First, we suggest that strategy scholars have strayed too far from the principles of financial theory by erroneous use of performance measures that are ex-post rather than ex-ante (expected) performance and suggest assigned stock risk as an alternative. Second, previous analysis has captured only one side of the real options equation – the buyer of the option. This paper provides initial empirical investigation of the risk premium assigned by investors to firms on the both sides of the equation – the buyer and the seller of the option.

Construct Measurement in Strategic Management Studies: Formative versus Reflective IndicatorsBrian Boyd, *City University of Hong Kong*Katalin Takacs Haynes, *University of Delaware*Herman Aguinis, *Indiana University*

Construct measurement is an important, yet under-emphasized aspect of strategic management research. Historically, most concepts in strategic management have been measured with single indicators; additionally, topics such as reliability and validity have often been ignored. These practices have been found to negatively affect research outcomes. For studies which use multiple measures, there is a key distinction in the connection between concepts and indicators – i.e., does the construct drive the indicator, or vice versa? This distinction is widely discussed



in other management specialties and related fields, but largely absent from strategic management research. We explore the issues related to the choice between reflective and formative indicators. Additionally, we survey SMJ Editorial Board members for their views. Recommendations for future studies are then discussed.

Do Not Let It Happen: Compromised Statistical Tests and Flawed Theories

Nufer Yasin Ates, *Erasmus University-Rotterdam*

Repeated tests and resultant reporting of statistical significance when it is actually not present seriously threatens the base of empirically tested theory. Bettis (2012) raised awareness about the severity of “the search for asterisks” for the future of strategic management research. In this study, we complement and respond to Bettis by further elucidating the causes of the issue, and proposing methodological and theoretical remedies for the problem. Finally, we recommend strategies for the institutionalization of repeated testing procedures which will also lessen the publication bias against replications and non-results, and eventually lead to better and more truthful strategic management theories.

Do Statistical Myths and Urban Legends Matter for the Sustainability of Strategy Research

Donald Bergh, *University of Denver*

Robert Vandenberg, *University of Georgia*

Ming Li, *ESC Rennes School of Business*

Barton Sharp, *Northern Illinois University*

Statistical and methodological myths and urban legends (MULs) are perpetuated truisms which in reality are not true. In the present study, we test whether an MUL associated with using hierarchical linear regression analysis to test moderation can lead to differences in findings, influence conclusions and possibly shape the sustainability of our field’s knowledge base. We address two questions in particular: (1) Did strategy scholars employing hierarchical linear regression interpret and make conclusions regarding main effect coefficients separately from significant interaction terms and (2) would the findings change if such an interpretation would have been made jointly with significant interactions? Based on a content analysis of SMJ articles, we find that MULs are present with respect to testing moderation and that they could adversely influence results and proposed implications for theory and knowledge development.

SESSION 86

COMPETITIVE STRUCTURES & NETWORKS

TRACK E	Date	Monday, Sep 30
	Time	17:00 – 18:15 h
Paper	Room	Int’l Ballroom B

Session Chair Amir Sasson, *BI Norwegian Business School*

Coopetitive Networks, Competitive Behavior, and Market Performance

Frédéric Le Roy, *University of Montpellier*

Famara Hyacinthe Sanou, *University of Montpellier 1*

This research explores the relationship between the position of firms in coopetitive networks, their competitive behaviors and performances. The field of study is the mobile telephony industry. All the firms in this industry have been studied over the period 2000-2006. The method used is structured content analysis. The results show that centrality in coopetitive networks has a direct impact on performance. They also show that the central position in a coopetitive network has a direct impact on competitive aggressive behavior. Finally, they show that competitive aggressive behavior has a direct impact on performance. Generally, these results show that for a firm to perform well in a coopetitive network involves being both cooperative and aggressive.

Puppets Fight As Puppet Masters Wish: The Influence of Shareholder Overlap on Interfirm Rivalry

Junichi Yamanoi, *Chuo University*

If two competing firms receive investments from the same large shareholders, how do they compete? From the viewpoint of competitive dynamics and agency theory, I investigate the impact of overlapping shareholders of two competing firms on their competitive behavior. The overlapping shareholders of two competing firms will attempt to reduce the intensity level of their competitive activity because they can increase economic surpluses from the competing firms by intentionally creating tacit collusion. Accordingly, competitive actions between two competing firms will become less intensive as their overlapping shareholders acquire more power over the firms. By using data on pairs of leaders and challengers in 13 Japanese industries in which the leaders and challengers have engaged in lasting head-to-head competition, I found general support for the hypotheses.

Reconfiguring Forces

Amir Sasson, *BI Norwegian Business School*

The widely influential contribution that attempts at identifying the key structural features of industries that determine the strength of the competitive forces and hence industry profitability has received only moderate empirical support. Academic attention has shifted elsewhere while the contribution is being regarded as an axiom. Using recently available detailed input-output tables of the U.S. economy over a 15-years period, this research replicates and extends previous market structure research in strategic management (the five forces) and sociology (network constraint). It fills a void in strategic management research and specifies a boundary condition by both arguing theoretically and demonstrating empirically how the relationship between market structure and industry profitability vary in accordance with the underlying organizational technology employed.

Sustaining Independence: Global Airline Alliances vs. Global Airline Challengers

Zdenek Necas, *INSEAD*

Incumbent airlines created three global airline alliances over the past two decades. In parallel, emerging airlines with worldwide ambitions developed in the Middle East and South America. These emerging airlines possess unique firm- and country-level resources, to which incumbent airlines seek access by incentivizing emerging airlines to join their respective global alliance. Yet, some emerging airlines opt to remain independent. Using resource dependence theory lens, the aim of this article is to explore empirically this tension between emerging airlines’ choice of global alliance membership and independence, using social network analysis. Preliminary results indicate that high network centrality, brokerage positions and ability to create customized alliance networks spanning across all three global alliances without associated membership constraints incentivizes the most resource-rich emerging airlines to remain independent.

SESSION 76

MANAGERS AND CORPORATE STRATEGY

TRACK F, TRACK O	Date	Monday, Sep 30
	Time	17:00 – 18:15 h
Paper	Room	Int’l Ballroom C

Session Chair Peggy Golden, *Florida Atlantic University*

Agency Problems in Divested Business Units: Evidence from the Boards of Directors of Spinoff Firms

Emilie Feldman, *University of Pennsylvania*

This paper investigates the governance of firms created in corporate spinoffs by studying the influence of directors of divesting parent

companies who serve on the boards of their spinoff firms. This can happen in one of two ways: when directors of the parent company leave their seats to serve on the spinoff firm's board ("former directors") or when such directors simultaneously hold seats on both companies' boards ("dual directors"). While dual directors are found to be negatively associated with spinoff firm performance, former directors exhibit a neutral relationship. The key factor driving the appointment of dual directors to spinoff firms' boards is weak pre-spinoff governance and performance among their parent companies, and there is evidence that dual directors extract private benefits of control from their seats on spinoff firms' boards.

CEO Background Characteristics As Determinants of Firm Performance

Mark Hansen, *Brigham Young University*
Chad Howland, *University of Minnesota*

Drawing on a unique dataset consisting of executives who have been CEO at more than one publicly traded company, we use Bayesian hierarchical analysis to separate CEO effects from effects of the firm and of the strategic actions taken. Then, using the resource-based view framework, we look at background characteristics of CEOs to discover how much those educational experiences, occupational experiences, and network ties influence firm performance.

The Moderating Role of Executive Discretion on the Relationship between Target-Managers' Turnover and Post-Acquisition Performance

Kalin Kolev, *California State University-Fullerton*
Jerayr Haleblan, *University of Georgia*

This study examines the impact of target-firm managerial turnover on post-acquisition performance. Drawing on agency theory and the strategic management perspective, we recognize that target-managers' turnover could have both positive and negative effects but its specific impact will be more salient under particular contingencies. To develop our contingency model we utilize research on managerial discretion (Hambrick and Finkelstein, 1987). We theorize that target-firm managers with high discretion will be more difficult to replace following an acquisition and their departure will have stronger negative effects on post-acquisition performance.

TMT Characteristics in M&As: The Effects of Gender and Relative Power

Heather Parola, *Florida Atlantic University*
Kimberly Ellis, *Florida Atlantic University*
Peggy Golden, *Florida Atlantic University*

Previous studies generally report mixed results when investigating the performance effects of gender diversity of the top management team. Looking to reconcile existing results, we adapt a resource-based framework to theoretically and empirically examine the value creation capabilities associated with gender diversity of the TMT in the context of a merger or acquisition where the influence of information processing, communication, and collaboration become critical. We then consider how power dynamics within the TMT can enhance or diminish the value of gender diversity. Our empirical results highlight the complexity of uncovering effects of gender diversity, particularly in the M&A context, as well as highlight the complex nature of power dynamics within a diverse TMT.

SESSION 123

GLOBAL SUPPLY AND VALUE CHAINS

TRACK G	Date	Monday, Sep 30
	Time	17:00 – 18:15 h
Paper	Room	Juniper Room

Session Chair Jonathan Doh, *Villanova University*



Atlanta, Georgia | September 28–October 1, 2013

Business Process Offshoring: Investigating the Role and Impact of International Strategy

Niccolo Pisani, *IESE Business School*
Joan E Ricart, *IESE Business School*

Business process offshoring is today envisaged as a crucial aspect in the reconfiguration of modern multinationals. A thorough examination of the offshoring literature noticeably indicates that little attention is paid to appreciate the role and impact of international strategy in guiding offshoring implementations. We contend that such dearth is also caused by terminological incongruities in the literature that prevent an encompassing appraisal of such relation. In this study, we hypothesize that the formulation (versus non-formulation) of an international strategy for guiding an offshoring implementation increases the likelihood that such implementation is strategic (versus tactical) and has a positive impact on its outcome. We empirically validate our hypotheses testing them on a fine-grained dataset of 1,110 offshoring implementations executed by 324 multinationals offshoring to 76 countries.

Offshore and Domestic Subsidiary R&D Sourcing: Its Antecedents and Innovation Outcomes

Michael Mol, *University of Warwick*
Olivier Bertrand, *SKEMA Business School*

In this paper we investigate under what conditions subsidiaries source R&D inputs from fellow subsidiaries located at home or offshore and how subsidiary R&D sourcing affects the propensity to innovate. Using French data, we conclude that subsidiary R&D sourcing is a source of heterogeneous knowledge, but mostly when undertaken offshore. Offshore subsidiary R&D sourcing involves a greater cognitive distance than sourcing domestically though, and this makes it more difficult to engage in such sourcing, unless a firm can apply mechanisms that reduce this distance, through export intensity or being located near country borders. We think that subsidiary R&D sourcing is a form distinct from both internal and outsourced R&D and through this paper attempt to stimulate research into this form of R&D.

Offshoring as an Exogenous Shock to the Services Production System: Aligning Resources, Execution and Outputs

Kristin Brandl, *Copenhagen Business School*
Michael Mol, *University of Warwick*
Bent Petersen, *Copenhagen Business School*

Production of services involves three key elements, an output for the client, resources of a provider and task execution. Offshoring of services acts as an exogenous shock to such a production system. Using multiple case methodology we investigate how task output, execution, and resources change as a consequence of offshoring and particularly how these elements are realigned. The cases reveal substantial managerial challenges in the alignment process prompted by a relocation of service task execution to an emerging economy. In particular, we find that instead of some set of capabilities that proactively orchestrates resources to suit the task at hand, the change in resources seems to be driving alterations as to how the tasks are executed, making them less discretionary and more routinized.

The Ecosystem of Value Chain Configuration Decisions

Carine Peeters, *Free University of Brussels*
Arie Lewin, *Duke University*

This paper considers a firm's global value chain as an idiosyncratic alignment of processes (P), geographic delivery locations (L), and in-house versus outsourced governance modes (G), which we refer to as the PLG configuration. We study the ecosystem of actors that co-evolve and mutually influence firm PLG configuration decisions. Instead of the common features of firms' global configuration strategies, we seek to better understand the heterogeneity of firms' PLG configurations resulting from idiosyncratic processes – locations – governance modes decisions.

The proposed conceptual framework integrates various theoretical perspectives and provides guidelines to test the contribution and limits of International Business theory in explaining firms' idiosyncratic PLG configurations.

SESSION 126

MANAGING VARIOUS INTERNATIONAL RISKS

TRACK G	Date	Monday, Sep 30
	Time	17:00 – 18:15 h
Paper	Room	Hazelnut Room

Session Chair Bernadine Dykes, *University of Delaware*

★ Cap-(ture) and-Trade: Arbitrating by multinational firms in the EU Emissions Trading Scheme (EU ETS)

Sanjay Patnaik, *George Washington University*

This paper examines how multinational companies (MNCs) are exploiting price differentials in the market for emission permits within the European Union Emissions Trading Scheme (EU ETS). Utilizing a panel dataset on firms in the Iron and Steel sector in the EU, I show that MNCs are more likely to engage in arbitrating. My results also indicate that the likelihood for firms to seize this arbitrage opportunity increases over time. Finally, I demonstrate that MNCs are capturing larger rents from the EU ETS than their domestic peers. This paper contributes to our understanding of how newly introduced climate change regulations allow firms to capture value. It also provides novel empirical evidence for the argument that MNCs are more likely to act as arbitrageurs.

Do Regulated Firms have a Taste for Policy Discretionary Countries?

Laura Fernández-Méndez, *University of Oviedo*

Esteban García-Canal, *University of Oviedo*

Mauro Guillen, *University of Pennsylvania*

This paper explains under which circumstances regulated firms show a preference for investing in policy unstable countries. We argue that this preference appears in countries with underdeveloped infrastructure and with the same legal system as the one of the foreign investor. We also argue that regulated firms do not follow a gradual process in their exposure to policy instability. An empirical analysis using panel data on the international expansion of the Spanish listed firms from 1986 to 2008 confirms these hypotheses.

Government Corruption and Multinational Enterprise Strategy

Michael Sartor, *University of Western Ontario*

We investigate whether petty corruption and grand corruption differ in their impact upon the foreign-entry strategies of MNEs. Synthesizing insights from institutional theory and integrative social contracts theory, we suggest that host market normative institutions, such as public sector corruption, should be conceptualized as multi-level phenomena. We theoretically distinguish between petty and grand corruption to develop hypotheses pertaining to the relationship between each type of corruption and three foreign entry decisions (entry mode, partner choice and expatriate staffing). We test the hypotheses with a longitudinal sample of 961 subsidiaries established in 35 countries. The results suggest that the normative institution of corruption is a multi-level phenomenon. Each of the two types of public sector corruption exerts a distinct impact upon the three foreign entry decisions.

Identifying Sources of Competitive Advantage for Managing Violent Conflict Risk

Chang Hoon Oh, *Simon Fraser University*

Jennifer Oetzel, *American University*

The aim of our study is to examine potential sources of competitive

advantage for managing political conflict risk based on firms' experiences managing during periods of political violence. To examine this question, we use a unique multi-source panel dataset of 380 large multinational corporations (MNCs) from 29 home countries and their subsidiaries in 124 host countries. The time period of our study is 1999 to 2008. This study has two parts. Part 1, which has been completed, demonstrates that firms can gain experiential advantages for managing political violence but these advantages are subject to certain boundary conditions. Part 2 of our study, which is currently in progress, probes more deeply into the causes and characteristics of political violence and how these factors affect firms' investment behaviors.

SESSION 209

CAPABILITY TRANSFER AND RECONFIGURATION PROCESSES

TRACK H	Date	Monday, Sep 30
	Time	17:00 – 18:15 h
Paper	Room	Hickory Room

Session Chair Annette Ranft, *University of Tennessee*

Can Skills Beat Structures? Leveraging Process and Capabilities to Endure Price Wars

Patrick Reinmoeller, *Cranfield University*

Research on price wars has established that superior cost structures are the key for organizations capacity to endure the highly competitive interaction of repeated and lasting price reductions. Are such superior cost structures necessary to win a price war? Focusing on strategies process, this study addresses the questions of why and how process and capabilities could help to overcome disadvantageous cost structures and win price wars. This in depth case study provides new insights into how leaders can deploy capabilities successfully. Developing granular understanding of how deployment of dynamic capabilities helped the focal firm to overcome the lack of a superior cost structure and resulted in the emergence of several concepts; organizational self-awareness, purpose renewal, and deployment of dynamic capabilities as parallel process. Contributing to the literature by refining theories on dynamic capabilities and price wars, this study helps explains how dynamic capability deployment can overcome disadvantages in cost structures.

Capability Transfer Challenges: A Case Study in Alberta's Oil Sands

Connie Van der Byl, *Mount Royal University*

In response to a turbulent and unpredictable business context, some energy companies attempt capability reconfiguration to capitalize on opportunities that will improve their economic and environmental performance. I use the dynamic capabilities framework to examine challenges in reconfiguring capabilities for new technology adoption leading to potential environmental performance improvements in Alberta's oil sands. I find that informal, explicit routines result in a 'non transfer' of capabilities. In addition, a negative transfer of tacit routines can occur where existing capabilities are not applicable to the new opportunity. Data for this study is generated from 71 interviews conducted through an in-depth case study stemming from a creative sentence order connected to environmental noncompliance at Suncor Energy, Canada's largest integrated energy company.

Dynamic Managerial Capabilities: Renewing and Sustaining Advantages in Dynamic Markets

Jeffrey Martin, *University of Alabama*

The purpose of this study is to advance understanding of dynamic managerial capabilities by exploring the antecedents, contextual, organizational, and individual level factors that affect the capacity of an organization to reconfigure resources in changing markets. Specifically, this research focuses on deepening understanding of dynamic managerial

capabilities through a comparative case study of how executive leadership teams reconfigure resources among business-units to pursue advantage in high-dynamic markets.

Paradoxical Contexts and Capability Reconfigurations: Explaining Change in Stable Patterns of Strategic Renewal

Joakim Netz, *Sustainable Development of Society and Technology*
Harnessing paradoxes is at the heart of achieving strategic renewal of the firm. While recent research has theorized either paradoxical properties of processes or reconfiguration of capabilities in firm organization, much less is known about their interdependent relationship. This paper aims to explain this relationship. Based on a longitudinal design with three major corporations and a dataset of 10 068 documents including 45 interviews, the study unveils how technological and entrepreneurial elements mutually forms a unified tension through its paradoxical relationship. This tension is crucial for firms to understand when altering reconfiguration of capabilities because not harnessing that paradox will impede the ability to maneuver strategic renewal.

SESSION 147

TECHNICAL CHANGE AND INDUSTRIAL DYNAMICS

TRACK I	Date	Monday, Sep 30
	Time	17:00 – 18:15 h
Common Ground	Room	Walnut Room
Facilitator	Anu Wadhwa, <i>EPFL</i>	

Following a Trend: How to Ride Fashion Waves in the U.S Console Video Game Industry

Eric Yanfei Zhao, *University of Alberta*
Masakazu Ishihara, *University of Toronto*
P. Devereaux Jennings, *University of Alberta*

This paper intends to solve the puzzle around the speed vs. quality debate in imitation in high velocity environments through a theoretical integration of the adaptive emulation perspective and category theory. This theoretical integration offers a reformulated view of speed and quality and focuses our attention on trend setting and following products in such environments. Based on this novel reformulation, we identify three critical determinants that affect a follower product's market performance: entry speed, category closeness, and relative quality. Our findings illustrate an ideal configuration of the three strategic dimensions, their potential tradeoffs, the best possible configuration in reality and its proximate sources based on a focal firm's proprietary experiences and networks. These findings offer important implications on how firms should strive to reconfigure their resources in order to achieve the best possible configuration in their following products and sustain their competitiveness in high velocity environments.

Innovating in Healthcare versus Other Industries: The Contextual Specificity of Human and Organizational Capital

Marc Lerchenmueller, *WHU-Otto Beisheim School of Management*
Ingrid Nembhard, *Yale University*

Innovation process effectiveness (IPE) – the degree to which an organization proficiently coordinates resources and activities for innovation – is a key contributor to sustainable enterprise. However, little research has focused on facilitators of IPE. We investigate human capital (i.e., knowledge embedded in workers) and organizational capital (i.e., knowledge embedded in structures) as antecedents to IPE. We theorize that the relative impact of each differs between healthcare and other innovative industries due to industry-based differences in knowledge properties. Our study of 221 organizations showed only human capital as positively associated with IPE in healthcare. In other innovative industries,

both human and organizational capital were associated with IPE. Our findings hold implications for improving sustainability in healthcare through innovation and for sustained advantage in innovative industries more broadly.

Innovations and New Venture Performance: The Confounding Effect of Innovations in the Same Industry

Terence Fan, *Singapore Management University*
Alex Tai Loong Tan, *University of Western Australia*

The link between innovations developed by a focal firm and its performance has been inconclusive. This paper examines the Australian manufacturing industry in 1990s as a functional institutional environment with relatively efficient firms to examine the confounding effect of innovations undertaken by other firms in the same industry subsector. Our results show that new ventures in an industry subsector where firms undertake intensive innovations (e.g., considered new to the industry worldwide, with a long time to commercialization, etc.) experienced higher sales growth than those in another subsector – capturing a 'rising-tide-raises-all-boats' effect. However, those new ventures developing innovations themselves perform worse in sales growth and returns on assets in a subsector with more intensive innovations than another subsector – akin to a 'red queen effect' in innovations.

Learning from Failure and Firm Innovativeness

Erwin Danneels, *University of Central Florida*

The popular business press and academic articles have promoted the virtues of failure, particularly in the pursuit of innovation. This article argues that is necessary to distinguish tolerance for failure from learning from failure, and that only the latter promotes firm innovativeness. A longitudinal study of 106 U.S. manufacturing firms indeed finds that mere tolerance for failure has no effect on firm product innovativeness. In contrast, firms that make a deliberate effort to learn from failure introduce more innovative new products. Further, the positive effect of learning from failure is enhanced by a climate of constructive conflict within the firm.

The Effects of Knowledge versus Production Boundaries on Firm Survival through Disruptive Technological Change

Jean Woroniecki, *University of Pittsburgh*
Susan Cohen, *University of Pittsburgh*
Jorge Walter, *George Washington University*

Research suggests that firms that develop complex products benefit from maintaining knowledge boundaries that are broader than their production boundaries. This configuration can provide efficiency through outsourcing yet retain effectiveness in integrating component technologies. However, products comprised of many rapidly changing component technologies can expose a firm to greater risks from disruptive technological change, which alters the way product components work together, as well as the nature of demand for a product. In this study, we propose that while broad knowledge of related markets will assist adaptation, broad boundaries in distribution and sales do not help and could even reduce the adaptive benefits of broad market knowledge. Our longitudinal study of disruptive change in the hard disk drive industry provides broad support for these predictions.

Who Sustains Industrial Leadership in Technological Convergence Era?: Network Analysis on Printed Electronics Industry

Yongrae Cho, *Korea Advanced Institute of Science and Technology*
Euseok Kim, *KAIST*
Wonjoon Kim, *KAIST*

The nature of competition in high-tech market has been changing drastically due to the rapid technological innovation. These changes



incurred a phenomenon called technological convergence which integrates different technologies and accelerates industrial complexities, consequently lowering industry boundaries. Therefore, this study examines possible innovation strategies to maintain industrial leadership and sustainability of firms. In order to identify the key players firms, we analyze network indexes and intensity indexes using patents citation information. The empirical results showed electronics-related firms that handle application of element technologies as well as ink-related firms were key players and continuously concentrated technological capacity towards printed electronics area. This study suggests the strategic significance of application and integration between disparate technologies, and also emphasizes the dynamic perspective in strategy establishment for technological convergence.

SESSION 132

KNOWLEDGE TRANSFER AND REPLICATION

TRACK I	Date	Monday, Sep 30
	Time	17:00 – 18:15 h
Paper	Room	Cypress Room

Session Chair Gabriel Szulanski, *INSEAD*

Exploring Disseminative and Absorptive Capacities in Conventional and Reverse Knowledge Flows Post-Acquisition

Ieva Martinkenaite, *BI Norwegian Business School*

Helene Loe Colman, *BI Norwegian Business School*

Randi Lunnan, *BI Norwegian Business School*

Through a longitudinal, comparative case study of conventional and reverse knowledge transfer processes in acquisitions, we conceptualize distinctively different knowledge transfer logics and learning behaviours of acquisition partners. Our findings show that managerial processes, underlying disseminative and absorptive capacities and tensions in their interaction vary in different directional contexts of knowledge transfer. We contribute with a dynamic view of the mechanisms of knowledge flows in general, and of post acquisition knowledge flows in particular.

Organizational Ambidexterity Revised: Introducing a Framework for Managing Trade-Offs

Sebastian Kortmann, *University of Amsterdam*

Prior literature emphasizes the role of organizational ambidexterity in achieving sustainable competitive advantage. However, diverse conceptualizations, theoretical inconsistencies and the lack of an overarching theory inhibit a common ground of understanding. Building on prior organizational ambidexterity literature, this study introduces a framework that is based on the identification of three constituting dimensions. These dimensions include the enabling mechanism of organizational ambidexterity, the interplay of organizational levels involved and the core trade-off that is balanced. Theoretically, the resulting organizational ambidexterity framework effectively integrates our existing knowledge on ambidextrous behavior while simultaneously revealing important avenues for future research. From a managerial perspective, it is explained how decision-makers can use the framework to create a multi-dimensional ambidextrous solution, which fits with the unique characteristics of a firm.

Organizing for Different Adaptations in Plural Forms: A Typology for Efficient Boundary Choices

Izzet Sidki Darendeli, *Temple University*

Firms that re-use their organizational knowledge in different contexts to continue earning rents from it are faced with dual pressures for replication accuracy and adaptability. I specifically examine this issue to enhance the literature's understanding of where in the plural form organization, "replication enhancing" and "adaptation enabling" knowledge should be generated and how is constrained innovation is achieved. In order

to do so, by considering innovations as adaptations, I characterize them by using Teece's (1996) systemic vs. autonomous conceptualization, that differentiates between adaptations that affect other parts (systemic) and innovations that are independent (autonomous) and as well as front-office back-office conceptualization (Bowen & Youngdahl, 1998; Hart, 1996; Sampson, 1996) that differentiates between adaptations that have a direct effect on the interaction of the service with the consumer and vice versa.

Strategizing Knowledge Coordination Capabilities: Timing And The Efficiency Of Knowledge Transfer

Gabriel Szulanski, *INSEAD*

Robert Jensen, *Brigham Young University*

Dimo Ringov, *Ramon Llull University*

We examine the effect of specific investments in knowledge transfer capabilities on the difficulty, or cost, of knowledge coordination. In particular, we test the effect on transfer stickiness of the timing, or sequence, of deploying specific transfer methods across four stages of transfer, employing unique survey data involving 38 different knowledge transfer methods and 142 transfers of organizational practices in eight companies. We find that not only do transfer methods differ in their impact on transfer difficulty, with positive effects being primarily stage specific, but that deploying methods during the wrong stage may increase the cost of knowledge transfer rather than decreasing it. Our findings suggest specific micro-foundational mechanisms connecting investments in knowledge transfer capabilities and firm performance.

SESSION 73

STRATEGY EMBEDDED IN RELATIONAL PRACTICES

TRACK J	Date	Monday, Sep 30
	Time	17:00 – 18:15 h
Paper	Room	Magnolia Room

Session Chair Rajiv Nag, *Georgia State University*

Fishing or Hunting? Strategic Information Circulation Practices to Reach Sustainable Competitive Advantage

Stephanie Dameron, *University of Paris-Dauphine*

Lionel Garreau, *University of Paris-Dauphine*

Anthony Gour, *Paris-Dauphine University*

This paper proposes a study of strategic information circulation practices. It draws on Simon and March works (Feldman & March, 1981; March & Simon, 1958; Simon, 1947) about information to address practices of strategic information circulation as social practices, as addressed by the Strategy-as-Practice approach. The focus on social practices opened ways for better understanding the fuzziness behind people accessing, collecting and using of information. We examined how major French companies organized the processes of strategic information circulation. We propose an integrative metaphorical model that represents a taxonomy of four type of practices that companies set to organize strategic information circulation.

Inclusivity and Diversity: The Key to Strategy and Sustainability

Nicholas O'Regan, *University of the West of England*

David Sarpong, *University of the West of England*

Abby Ghobadian, *University of Reading*

Strategic foresight is necessary at all levels of the organization rather than being the preserve of the TMT. We examine the role of lower level participants in contributing to strategic foresight by focusing on organizational practices and networks/relationships. A multiple case study methodology was used involving three software firms over a twelve-month period. The results indicate that organizational architecture has a

profound impact on organizational foresight dependant on the degree of flexibility/rigidity of the organizational architecture. The findings highlight how organizational social relationships and interactions influence the emergence and cultivation of organizational foresight on a continuum underpinned by flexible/rigid architecture. The findings enable managers to understand and facilitate lower level employees in influencing organizational foresight.

The Architecture and Practices of Organizing Multi-Party Collaboration

Lena Elisabeth Bygballe, *BI Norwegian Business School*
 Anna Swärd, *BI Norwegian Business School*
 Anne Live Vaagaasar, *BI Norwegian Business School*

Firms increasingly organize their value creation processes as multi-party collaborations. However, we know little about the organizing practices that managers use in such collaborations. Based on a multiple case study of temporary multi-party collaborations established for the production of public high-value capital goods, this paper shows how the practices of organizing multi-party collaborations rely on both hierarchical and actor-oriented schemes. Furthermore, findings from the study illustrate how the practices and the collaboration architecture co-evolve and shape one another during the value-creation process, and how this, in turn, affect the perceived success of the process. Finally, the findings show how contextual factors, which in the study relate to the temporary nature of the collaborative arrangements and the long-term nature of the product produced, influence the organizing.

The Reconfiguring of Knowledge during Unprogrammed Situations

Raghuram Garud, *Penn State University*
 Rajiv Nag, *Georgia State University*

It is not easy to use knowledge that lies distributed to address unprogrammed situations. We identify three pathologies that can arise when organizations encounter unprogrammed situations and then outline a process perspective on how organizations may be able to overcome these pathologies. Our process perspective is driven by a relational ontology wherein new relations emerge between social and material elements that lie distributed across an organization to address unprogrammed situations. An exploration of this process suggests why we might want to incorporate the generative value of cultivating differences through such relational processes into a new theory of knowledge use in organizations.

SESSION 25

COGNITION AND LEARNING IN STRATEGIC ENTREPRENEURSHIP

TRACK K	Date	Monday, Sep 30
	Time	17:00 – 18:15 h
Paper	Room	Redwood Room

Session Chair Navid Bazzazian, *HEC-Paris*

Between “I” and “It”: Managing Recursive Identity Processes for New Venture Growth

Jana Thiel, *ESADE*
 Caroline Kaehr Serra, *University of Geneva*

This paper builds on and extends the literature on identity in emerging organizations. We introduce a dialectical view of identity in new venture creation, where founder and emerging organizational identity both stimulate and constrain the process. We attempt to make sense of tight founder-venture links in an iterative co-creation process with multiple constituents leading to several possible venture identities. Through an inductive study of five new ventures we explore three identity related mechanisms that characterize the change in the cognitive reference system of the growing firm and find that founder identity with its tight

link to the emerging firm poses a paradox for later growth. We argue that a founder's flexibility and plurality of identities enable autonomy and subsequent growth of the emerging organization.

Entrepreneurial Judgment: A Broadened Conceptualization of Decision-Making Under Uncertainty

Mark Packard, *University of Missouri-Columbia*
 Brent Clark, *University of South Dakota*

Expanding on Knight's 1921 classification of uncertainty, we develop a typology to introduce three new classifications of uncertainty, namely environmental, ambiguous, and absolute uncertainty. We argue that these types of uncertainty are commonly encountered by entrepreneurs in managerial decisions. Our typology will help researchers understand the distinctions between uncertain contexts faced by individuals at varying levels of analysis. We propose expanding modern decision-making theory to include these additional conceptions of uncertainty, and suggest Shackle's 1949 and 1961 theory of potential surprise as a theoretical foundation on which to build. We then devise two studies to simulate and test the environmental and ambiguous uncertainty contexts using both the potential surprise and subjective expected utility frameworks.

Organizational Search Behavior And Entrepreneurial Spawning: Evidence From Medical Devices Industry

Navid Bazzazian, *HEC-Paris*
 Corey Phelps, *HEC-Paris*

We study the effect of organizational search behavior for new knowledge on the firms' likelihood and intensity of entrepreneurial spawning. In particular we identify search scope and search diversity as two knowledge generation strategies that have micro consequences on the entrepreneurial opportunity set and motivation of employees to spinout. We integrate organizational learning and entrepreneurship literature to develop theory and hypotheses regarding the relation between knowledge search strategies and employee entrepreneurship. We test our hypotheses in the medical devices industry. Our results point to the importance of organizational search behavior for generation of spinouts.

The Role of Cognition in Opportunity Exploitation

Andreea Kiss, *Iowa State University*
 Pamela Barr, *Georgia State University*

We construct a model of opportunity exploitation in which we highlight entrepreneurial cognition as an important contingency between environmental (i.e. industry) signals and firm level actions aimed at exploiting opportunities. We test this model on a sample of 104 publicly traded new ventures founded between 1996 and 2006 operating in technology intensive sectors. Results highlight the important role that the entrepreneur's capacity to interpret environmental signals has on the type of actions that their firms pursue. We contribute to prior literature on opportunity exploitation by providing an elaborated understanding of the role of cognition in interpreting and translating industry signals into firm action. Further, we highlight the role of cognitive mechanisms in facilitating the fast, diverse and frequent organizational actions typically associated with continuous adaptation.



SESSION 213

FUNDING OF ENTREPRENEURIAL VENTURES

TRACK K	Date	Monday, Sep 30
	Time	17:00 – 18:15 h
Paper	Room	Pecan Room

Session Chair Jing Zhang, *Old Dominion University*

Built to Last or Cashing In? Role of Firm Orientations and Environments on Investor Evaluations

Adam Steinbach, *Michigan State University*

Emily Block, *University of Notre Dame*

Research on entrepreneurial finance has consistently shown the importance of capability- and opportunity-based factors on investor decisions. However, scholars have not yet explored whether investors are influenced by how the founding team will run the firm. We integrate general theories of orientation to argue that entrepreneurial investors are influenced by short- and long-term orientations of new venture. Further, we argue that evaluations of these orientations differ depending on the environment of the new venture. Our preliminary results from analyses of potential investor evaluations of 168 new ventures provide support for our overarching hypothesis that firm orientation matters to investors.

Crowdfunding the Lighthouse: The Emerging Role of Alternate Sources of Capital and Privately-funded Public Goods

Matthew Josefy, *Texas A&M University*

Entrepreneurs successfully raised \$1.5 billion in capital in 2011 for a wide-variety of risky, innovative projects using crowdfunding, the mass solicitation of funds for a specified venture via the Internet. Our theoretical understanding of what motivates providers of capital remains limited, other than for venture capital or business angels. This paper builds a taxonomy of project sponsors whose behaviors and motivations are unexplained by existing theory and seeks to provide empirical evidence of the underlying motives of their sponsoring behavior. The theory delineates an idea-focused logic that is distinct from the founder-focused bias observed in friends and family, and illuminates private individuals voluntarily funding public goods, counter to the expectations of the “tragedy of the commons” or the “lighthouse problem.”

One Hit Wonders: Questioning the Pursuit of Firm Survival

Matthew Josefy, *Texas A&M University*

Conventional thinking suggests that firm survival (and sustainability) is a key measure of performance or even the penultimate definition of success. However, entrepreneurs in the current decade have had tremendous success in funding a wide-variety of one-off projects using crowdfunding. These projects, while diverse, represent a wide-range of innovations and product introductions that tap demand not met by existing firms. Yet, most of these entrepreneurs will not create traditional firms and many of the entities will exist for a limited time period. This paper considers the implications of crowd-funded projects on the conception of firm founding and survival in entrepreneurial research, and provides empirical evidence that founders would prefer alternate measures. The paper also identifies implications for innovation.

Social Capital or Social Enclave? Venture Capital Funding of Asian-Led Ventures in Silicon Valley

Jing Zhang, *Old Dominion University*

Poh Kam Wong, *National University of Singapore*

Yuen Ping Ho, *National University of Singapore*

Based on social cognitive theories, we develop a concept of “social enclave” to highlight the dilemma of ethnic investors in relying too much on their ethnic social ties in investing. Our analysis of venture capital

funding in Silicon Valley 1976-2004 showed a higher likelihood of Asian venture capitalist (VCs) investing in Asian-led ventures compared to non-Asian-led ventures, but their valuation and amount of investments in the Asian-led ventures were not significantly different from those by non-Asian VCs. However, the average valuation and amount of their investment in non-Asian-led ventures appear to be significantly higher than those by non-Asian VCs. It suggests that Asian VCs pay premiums in their attempts to overcome the constraints of social enclave and compete in the mainstream business world, which further explains why Asian VCs are discouraged from investing outside of their ethnic ties.

SESSION 99

EXPLORING HUMAN CAPITAL MOBILITY

TRACK L	Date	Monday, Sep 30
	Time	17:00 – 18:15 h
Common Ground	Room	Cottonwood Room AB

Facilitator Deepak Somaya, *University of Illinois-Urbana Champaign*

Competition for Top Talent in a Matching Market: Rethinking the “Star” Expert Model

Denisa Constanta Mindruta, *HEC-Paris*

This paper examines firms’ competition for attracting “star” professionals. The paper argues that competition for stars takes place in a matching market where “stardom” status is endogenously determined by the interplay between the degree of market thickness and the “fit” between the preferences of firms and stars. This theoretical framework is able to accommodate differing empirical regularities, notably, contexts in which firms compete for a few star individuals, and contexts in which a star’s skills are idiosyncratically valued by one or very few firms. The paper discusses this model in relation to the resource-based view and the human capital theory and concludes by suggesting implications for empirical testing.

Deconstructing Executive Compensation: The Role of Contextual Factors

Eric Lin, *Harvard University*

Boris Groyberg, *Harvard University*

Scholars have long used job switching events to explain changes in the value of human capital and compensation. Many previous studies focus on particular types of changes in isolation, such as moves across industries or geography. We find that jointly examining a full set of contextual variables may increase our understanding of how executive compensation is determined. Additionally, while much compensation research focuses exclusively on the most visible C-level officers, we include more junior executives to provide new visibility on changes across functional role and seniority level. Using proprietary data capturing details of executive job switches, we conduct a variance analysis across a broad set of contextual factors. An analysis that incorporates the breadth of these explanatory variables has not been undertaken to date. We present preliminary results, describe next steps for refinements, and highlight areas of further investigation.

Incumbent Status, Interfirm Mobility, and Entrant Growth

Tammy Madsen, *Santa Clara University*

Gordon Walker, *Southern Methodist University*

Bo Kyung Kim, *Southern Methodist University*

In this paper, we examine how personnel flows from incumbents to entrants affect entrant growth after a significant break in the rules governing competition in an industry. We argue that the time-varying network of personnel mobility between incumbents produces a status hierarchy and measures how technical knowledge and social resources are distributed among them. This hierarchy includes three discrete groups

– high, middle and low status firms. We find that hires from middle-status incumbents are more oriented towards growth and suffer less status incongruence than hires from high status incumbents. We also show that the network structure converges over time to a stable high-status and middle-status pattern and that the effect of incumbent status hierarchy on entrant growth increases as the hierarchy becomes refined.

The Effects of Pay Disparity and Age Differential between the Two Best Paid Executives on Top Executive Turnover

Stephanie Mankel, *EBS University*

In our paper, we test tournament theory focusing on the effects of pay disparity and age differential between the two best paid executives on the exit of second best paid executives from the top five pay rankings of S&P 500 firms in the 14-year period between 1993 and 2006. Our findings from competing-risks survival regression analysis indicate that pay disparity is associated with increased risk of turnover while age differential is negatively related to the risk of this event, given that other events compete. We contribute to compensation research on pay structure implications on turnover by focusing on the second best paid executive as the one being closest to winning the tournament for the CEO position, which usually receives the highest pay in a company.

To Reap or Sow? A Contingency Theory of When Executives Choose to Build or Capitalize on Their Human Capital

Eric Lin, *Harvard University*

Boris Groysberg, *Harvard University*

Are executives primarily driven to capture the highest return on their current human capital? Using a proprietary data set that captures compensation differences in executive placements, our analysis suggests the competition for executive talent may be driven by other factors as well. Preliminary results indicate that while the relationship between mobility and compensation appears tight for senior executives, junior executives appear to exhibit different priorities. We hypothesize how career concerns may explain observed differences and conduct initial testing of that conjecture. In this proposal, we share early findings and direction for further development. This work informs research in strategic human capital, identifying potential new dimensions on which firms can compete for executive talent.

Turnover and Promotion

Jonathan Peterson, *NRU Higher School of Economics*

I build an infinite-horizon turnover model to address the relationship between turnover, promotion and wages. This paper is among a new set of turnover models that incorporate private worker taste shocks to produce non-degenerate endogenous turnover. Firms are deeply concerned with the costs of employee turnover. However, traditional labor economic theory is ill equipped to justify this concern. I explain how firms capture rent from its continual relationships with an employee. Consistent with empirical studies, I find that an employee's turnover rate will decrease once promoted. This paper also generates new empirical predictions as well as other well established wage and employee turnover dynamics.

SESSION 11

EXPLORATION-EXPLOITATION AND COOPERATION

TRACK N, TRACK I	Date	Monday, Sep 30
	Time	17:00 – 18:15 h
Paper	Room	Int'l Ballroom D
Session Chair	Werner Hoffmann, <i>WU-Vienna</i>	

Inter-Firm Collaboration Forms within Multiple Relationships: Focusing on the Partner's Business Model

Susumu Nagayama, *Waseda University*

Tatsuhiko Inoue, *Waseda University*

This study extends inter-firm collaboration studies by focusing on the partner's business models within multiple relationships, production and investment relationship. We examine how firms select their collaboration forms (exploration with new partners / exploitation with prior partners) under higher market uncertainty and what collaboration form is best suited for firm performance. Conducting a qualitative and quantitative study on the Japanese music industry from 1977 to 2004, we find differences in selection patterns of collaboration forms responding to higher market uncertainty, depending on the value capture timespan of collaboration partners. Additionally, Our study indicates that explorative collaboration in a production relationship is more suitable when value novelty is pursued. In contrast, exploitive collaboration in investment relationship is more fitted to increase value creation efficiency.

Something Old, Something New, and Something You Want: The Evolution of Firms' Ego Alliance Networks

Han Jiang, *Arizona State University*

Albert Cannella Jr, *Arizona State University*

In this study, we develop and test an integrative framework of the evolution of firms' ego alliance network structure, specifically of two evolutionary patterns: the addition of new alliance partners and the renewal of existing partners. Drawing on a resource-based view of alliances, we propose that firms tend to construct two functional ego networks—an ego exploratory network and an ego exploitive network—respectively to facilitate their two conflicting yet interconnected strategic objectives, i.e., exploration and exploitation. We analyze data on 453 observations of ego networks in the biotechnology industry over past 10 years and depict the distinct evolutionary patterns of these two ego networks.

Strategic Orientation, Uncertainty, and Partner Selection for Radical Innovation in Emerging Economies

Xiaolan Fu, *Oxford University*

Bin Hao, *East China University of Science and Technology*

This research attempts to fill in these gaps in the literature by examining the role of strategic orientation and uncertainty in partner selection for radical innovation in the emerging economies using firm-level data from China. To our best knowledge, this is the first study examining how strategic orientation for radical innovation affects firms' innovation partner selection, and how the endogenous and structural uncertainty a firm faces moderates this relationship. It also contributes to our understanding of the transformation from imitation to innovation in emerging economies.

The Relationship of Internal and External Exploration Orientation: The Moderating Role of Firm Strategy

Werner Hoffmann, *WU-Vienna*

Roman Wörner, *WU-Vienna*

Using data from the biopharmaceutical industry, this study analyzes the relationship of internal and external exploration orientation and the moderating role of firm strategy. We argue that firm strategy - in particular a firm's vertical scope - is an important but so far overlooked contingency factor which determines the relationship of internal and external exploration orientation. Our findings indicate that differences in vertical scope result in alternative combinations of internal and external exploration orientation. While specialized firms tend to focus either on exploration or exploitation both within and across firm boundaries, vertically integrated firms prefer to balance exploration and exploitation across boundaries.



SESSION 47

HEY JUDE: TOP MANAGEMENT TEAMS

TRACK O	Date	Monday, Sep 30
	Time	17:00 – 18:15 h
Paper	Room	Sycamore Room
Session Chair	Aaron Hill, <i>Oklahoma State University</i>	

An Examination of the Antecedents of TMT Global Diversity

Elias Aleman, *Stevens Institute of Technology*
Ann Mooney Murphy, *Stevens Institute of Technology*
Zvi Aronson, *Stevens Institute of Technology*

We examine a growing trend in organizations today: TMT global diversity. Researchers have found that if managed properly, TMT global diversity can have positive effects such as stronger performance. Surprisingly, scant attention has been paid to what affects TMT global diversity. Given its positive effects, we argue that understanding better the conditions and factors that affect TMT global diversity will be a worthwhile contribution to the research stream. Thus, we develop a theoretical model that addresses this question and it includes four main antecedents to TMT global diversity: the degree of the firm international diversification, the firm’s past performance, the international experience of the CEO, and the global diversity of Board of Directors. Understanding the antecedents of TMT global diversity should help shed light on what levers might be used to improve global diversity in situations where global diversity might lead to stronger effects on the firm.

The Lone Ranger or the Dynamic Duo: When do Firms benefit from Having a COO?

Daniel Chaffin, *Michigan State University*
Daniel Gamache, *Michigan State University*
Gerry McNamara, *Michigan State University*

In this paper we extend upper echelons research exploring the implications for firms of having a COO. Prior research in this area has been equivocal leaving uncertainty as to whether having a COO has a positive or negative impact on firm performance. We develop and test a model that argues that it is not so much whether a firm benefits or is hurt by having a dual leadership structure, but when a firm benefits by having this structure. We find that both conditions within the firm and in its external environmental can influence the value a COO brings to the firm demonstrating that COOs are helpful for firm performance in some situations but harmful in others.

Using Observational Ratings in Upper Echelons Research

Oleg Petrenko, *Oklahoma State University*
Aaron Hill, *Oklahoma State University*
Federico Aime, *Oklahoma State University*
Jason Ridge, *Clemson University*

We present a measurement approach that addresses several of the limitations scholars face in measuring orientations of executives. Building upon research employing observer ratings and incorporating the increased availability of video recordings, we describe the promise of what we call ‘the observational approach’ in which observers rate focal constructs by auditing video recordings of executives. We argue that the observational approach can help overcome limitations for direct measurement of executives (e.g., nonresponse; having others respond; impression management) and questions about the psychometric properties of indirect approaches for upper echelons research and other research streams that may benefit from the ability of accessing and measuring executives’ orientations. We explain the methodology and demonstrate the applicability and validity of the observational approach in two replications studies.

Why Do TMTs Change The Way They Do? Exploring TMT Reconfigurations, Their Antecedents And Implications

Paul Ferreira, *University of Geneva*
Sebastian Raisch, *University of Geneva*

This study examines how TMT structures evolve through regular, reoccurring patterns of structural change. Drawing upon the upper-echelons and structural reconfiguration literatures, we develop a theory of TMT reconfigurations defined as the purposeful addition, deletion, and recombination of senior team roles. We propose four distinct patterns of TMT reconfigurations: role additions, role deletions, role mergers, and role split-ups. We argue that the occurrence of TMT reconfigurations and their performance implications are contingent upon external – environmental instability – and internal – strategy refocusing – drivers. We test our arguments based on a longitudinal sample of 91 European finance companies. Our main contribution to the upper-echelons theory is the conceptualization of TMT reconfigurations, thereby showing that TMT structures are dynamic and serve different roles across space and time.

SESSION 176

IMITATE OR DISRUPT?

TRACK P	Date	Monday, Sep 30
	Time	17:00 – 18:15 h
Paper	Room	Dogwood Room A
Session Chair	Donald Lange, <i>Arizona State University</i>	

Creating and Maintaining Reputation: How Top Analysts Earn and Maintain “Star” Rankings

Steven Boivie, *Texas A&M University*
Donald Lange, *Arizona State University*
Peggy Lee, *Arizona State University*
Eugene Paik, *University of Arizona*

Despite the importance of building and maintaining reputations, relatively little research has been devoted to understanding the specific actions that actors may take to affect the antecedents of reputation. By focusing on such actions—in particular, the acts of deviating from and conforming to the crowd—we extend research on how reputations are developed and maintained. We study reputation-building and reputation-maintaining processes using the context of “sell-side” equity analysts, and the reputation measure of All American rankings published by Institutional Investor magazine. Our research questions are: Do analysts who achieve All American ranking tend to be those who have taken higher risks to stand out from their peers? And, after being ranked as All-Stars, do these analysts continue to take risks to maintain those rankings?

Fit or Disrupt? A Co-Evolutionary View on Landscape Change and Innovation Strategies

Murat Tarakci, *Erasmus University-Rotterdam*
Fabian Sting, *Erasmus University-Rotterdam*

Scholars of organizational adaptation elaborate on how firms perform local and distant search for innovations that can increase their fit with their business landscape; whereas several researchers have documented firms which opt to disrupt their landscape instead of fitting. Using an agent-based simulation model, we explain the heterogeneity in organizations’ innovation strategies with their performance aspirations. We show that a firm is more likely to fit the environment when its innovation strategy is geared towards improving its own performance. In contrast, a firm that is concerned with relative performance compared to its competitors is more likely to disrupt the landscape. Thereby, the present study contributes to explaining why firms decide to fit or to disrupt their landscape. For this purpose, we move beyond the current exogenous understanding of landscape change, and incorporate co-evolutionary interactions between innovation strategies and the business landscape.

MONDAY 17:00 – 18:15

More is Less: Ignore The Top Performers and Imitate the Mediocre to Sustain Competitive Advantage

Chengwei Liu, *University of Warwick*

Jerker Denrell, *Stanford University*

Gerard Hodgkinson, *University of Warwick*

Exceptional success in business attracts media attention, benchmarking, and imitation. Recent studies show that the belief that the most successful are the most capable is flawed. We examine whom one should learn from if the most successful cases are to be ignored. Using simulation models, we demonstrate that one should imitate the best performing network neighbours (even they are mediocre in a global sense) while aspiring to the top performer; the benefit of imitating the best neighbours increases with population size. More generally, we show 'more is less' - the more exceptional the performance is, the less one could learn from such outliers - and a remedy to this challenge: imitating the local best.

Whom Should We Imitate? Imitation Strategy and Industry Knowledge Structure

Hart Posen, *University of Wisconsin*

Jeho Lee, *Seoul National University*

Sangyoon Yi, *University of Southern Denmark*

Imitation is a common practice within and across industries. Recent research has begun to explore the potential of imitation as a purposeful strategy. But the question of what constitutes a "good" imitation strategy is as yet not well understood. This study examines the efficacy of two canonical strategies oriented towards imitating the: best-performing firm and best-practices of leading firms. We find that the best-performer imitation strategy is robust and superior across a wide variety of circumstances. In contrast, the best-practices strategy is sensitive to how firms (and knowledge) are clustered in the industry. Our analysis on the imitation process illustrates how firms' imitation strategy influences the degree to which firm clusters diverge and how much of the cluster heterogeneity is harnessed via boundary-crossing imitation.

SESSION 106

SUSTAINABILITY AND STRATEGY: INSTITUTIONAL DRIVERS AND PERFORMANCE OUTCOMES

TRACK A&B

Date Monday, Sep 30

Time 17:00 – 18:15 h

Panel

Room Int'l Ballroom E

Session Chair

Olga Hawn, *Boston University*

Panelists

Glen Dowell, *Cornell University*

Witold Henisz, *University of Pennsylvania*

Nan Jia, *University of Southern California*

Michael Toffel, *Harvard University*

Gurmeet Vasudeva, *University of Minnesota*

With the increased interest in sustainability and strategy, research on institutional drivers of sustainability and its effect on performance has been growing in various institutional settings. Institutional factors have become critical to understanding why firms engage in sustainability; however, what remains poorly understood is why we observe heterogeneity in their responses to institutional pressures as well as heterogeneity in performance resulting from their sustainability strategies. This session will review the development of research in this field with the goal to identify future directions, appropriate methods and frameworks in addition to institutional theory. The panelists will describe the evolution of the concept and its measures, current challenges and opportunities that we face, and some of the latest methodological and theoretical developments in the field.

MONDAY 17:00 – 18:15

19:00 – 22:00

MONDAY NIGHT EVENT



SESSION 88

MERGING RESOURCES

TRACK E	Date	Tuesday, Oct 1
	Time	08:00 – 09:15 h
Paper	Room	Dogwood Room B

Session Chair Emilie Feldman, *University of Pennsylvania*

Centralize or Decentralize? The Effect of Structure and Power on Acquisition Integration Performance

Koen Heimeriks, *Tilburg University*

Mario Schijven, *Texas A&M University*

While prior research highlights the importance of a dedicated function to manage corporate development activities such as acquisitions, it is unclear where such a position should be located (i.e., corporate or business-unit level) within the organization. We posit that a centralized function negatively affects information flows between corporate and business-unit professionals which results in a negative acquisition integration performance effect. Moreover, we argue that location- performance effect is moderated by the level of power such a function enjoys. We test our predictions using unique qualitative interview data and quantitative survey data among Fortune 500 companies worldwide.

Effect of Patent Litigation on Firm Acquisition and Alliances Activity

Tian Chen, *University of North Carolina-Chapel Hill*

The incidence of patent litigation has increased markedly in the last twenty years. Growing in parallel is the stakes and cost of litigation. Litigation is an instrument that can be used to protect the holder's monopoly position. Enforcement of patent rights can also include the threat of litigation to stop infringement or to acquire royalties. Firms can respond to litigation by counter-suing to create a mutual holdup situation that can lead to faster resolution. This type of defensive strategy can lead firm's seeking external sources of patents in order to create a defensive patent pool. Whereas prior work has primarily focused on the characteristics of patent litigation, I formulate hypotheses examining the linkages of firm alliance and acquisition strategies and the threat of litigation.

The Determinants of Value for Non-Merging Rival Firms

Joseph Clougherty, *University of Illinois-Urbana Champaign*

Tomaso Duso, *Düsseldorf Institute for Competition Economics*

Klaus Gugler, *WU-Vienna*

Recent studies recognize that merger activity often benefits non-merging rival firms; hence, the focus in the management and finance literatures has been on positing different general theories that might explain this observation. Yet substantial heterogeneity exists when considering the value effects of merger activity on rivals, as many rivals experience value decreases. We add to the thin literature on rival effects by analyzing what determines the stock-price reactions of rival firms to the announcement of a competitor's merger. Namely, four broad categories of factors potentially affect rival-firm value: i) acquirer attributes, ii) rival attributes, iii) merger attributes, and iv) macro-level attributes. We improve upon previous studies by using a sample of mergers automatically analyzed by the European Commission which allows for precise identification of rivals.

Whether and When Acquisitions and Alliances Enhance the Survival Likelihood of Newly IPOed Firms

Asli Musaoglu Arkan, *Ohio State University*

Laurence Capron, *INSEAD*

Newly IPOed firms regardless of having little experience with corporate development activities like acquisitions and alliances, following their IPO, have often use M&A and alliances to scale up their capabilities and grow to build a viable competitive position in their product markets and live up to the financial markets' expectations. We investigate

the relationship between the frequency, sequence, and timing of the internal investments, acquisitions and alliances of newly IPOed firms and their rate of survival. Drawing on a sample of 686 U.S. firms that went IPO in 1988-1999, we find a curvilinear relationship between the IPOed firm's M&A and Alliance activities and its delisting likelihood. However, increased number of M&A decreases the years-to-delist at a higher rate than Alliances. At the same time overreliance on Internal Investment also lead to higher delisting likelihood. Industry conditions impact when each mode enhances firm survival.

SESSION 81

CORPORATE STRATEGY: COMPETITION AND GROWTH

TRACK F	Date	Tuesday, Oct 1
	Time	08:00 – 09:15 h
Common Ground	Room	Chestnut Room

Facilitator Caterina Moschieri, *IE Business School*

Constraints or Opportunities?: The Double-Edged Role of Market Competition on Expansion Strategy

Vivek Tandon, *National University of Singapore*

Brian Wu, *University of Michigan*

Sara Ryoo, *University of Michigan*

This paper assesses the impact of the competitive nature of home market and a firm's competitive position within the home market on its expansion strategy to new businesses. We identify home market competition as a main demand factor to spare managerial capabilities, a core determinant of expansion strategy. We suggest that firms from stronger competition home markets are less likely to expand and when they do they are more likely to expand to markets with similar characteristics. Our framework also examines whether this effect is exacerbated for leaders or laggards. We further examine the double-edged aspect of market competition. While competition acts as a constraint by holding up managerial capacity, it also plays a major role on honing competitive skills and thus enhancing post-entry survival. To seek support for the proposed hypotheses, we conduct an empirical analysis of the U.S. banking industry from 1984 to 1992.

Impact of Government Policy on the Market for Corporate Control: Divestment by South African Conglomerates

David King, *Iowa State University*

Tasneem Joosub, *University of the Witwatersrand*

David Coldwell, *University of the Witwatersrand*

Research recognizes firms are embedded in an institutional environment; however, there is little research examining the impact of government policy on corporate structure and divestment. Assuming firms optimize their organizational structure, divestment suggests the existence of an underlying shift that makes separation of activities desirable. The end of Apartheid with democratic elections in 1994 and subsequent changes in government policy with the Black Economic Empowerment (BEE) Act of 2003 represent clear shifts in the institutional environment that enable a natural experiment to examine both the removal and subsequent imposition of constraints on the market for corporate control. We will examine whether fewer (greater) restrictions on corporate structure improve (lower) efficiency and firm value, and we anticipate implications for research, managers, and policy makers.

❖ The Competitive Advantage of Business Groups: Entrepreneurial or Rent Seeking? Evidence From North Africa

Addis Gedefaw Birhanu, *Bocconi University*

There is a general consensus that affiliation to business groups is positively related to firm performance. However, the mechanism by which this occurs is far from clear. Some attributes the positive association to

filling the 'missing market' while others to appropriation of rent through political connection. In this study, we try to identify the main mechanism by which affiliation contributes to firm performance using an exogenous shock that destabilizes potentially existing political connections of firms in the North Africa, the 'Arab spring'. This setting is ideal to test our research question because Middle East and North Africa similar to other emerging regions are also known for having businesses groups owned by rich families or the state. Second, the change experienced by these countries is like a natural experiment that would allow us differentiate the sources of rent of firms affiliated to business groups relative to the nonaffiliated ones.

The Effects of Uncertainty and Ambiguity on M&A Announcement Media Choice

Eunjoo Yi, *University of Pittsburgh*

This study investigates how a manager's media choice for an M&A announcement is affected by the deal's attributes: uncertainty, ambiguity, and the deal's relative size to an acquirer's size. M&A announcements are characterized by uncertainty and ambiguity due to information asymmetry, forward-looking statements, and the possibility of multiple interpretations. Facing these challenges, top managers of buyer firm intentionally communicate with investors to help them make a shared understanding and process complex information about the focal deal. In the pursuit of communication effectiveness, it is important for a firm manager to choose appropriate announcement media, considering an event context or message attributes. I hypothesize that the level of the focal deal's uncertainty and ambiguity and its relative size are positively associated with a manager's rich media choice for the announcement.

To Make a Virtue of Necessity: Value-Based Strategies and Firm Growth

Andrea Fosfuri, *Bocconi University*

Roca Esther, *Universidad Carlos III de Madrid*

Firms are increasingly engaged in supporting the values shared by actual or potential customers with the aim of establishing value-based interactions with them. The more distinctive the supported values and the greater the firm's commitment, the more likely this approach will grant the company positive attributions from the customers and thus generate a competitive advantage. However, what drives the success of this approach also poses hurdles to the potential for firm growth, i.e. the limited number of individuals who share distinctive values. We combine social identity theory and strategy research to develop a theoretical framework that addresses this tradeoff. We use our framework to generate testable propositions for both internationalization and diversification of those companies that engage in value-based strategies.

With Whom Innovate and Why? An Empirical Study in the Video Game Industry

Rhizlane Hamouti, *University Montpellier 1*

Frank Robert, *Groupe de Co Montpellier Business School*

The current competitive pressures force companies to develop innovative products. In this context, the performance of an innovation may not simply depend on the skills that firms have and exploit in-house, but may also depend on the effectiveness with which they can gain access to external sources of technological and knowledge skills. The aim of this research is to study the impact of relational strategies on the performance of product innovation in the video games industry and to identify the best partner to support each type of product innovation, radical or incremental. The study highlights that the type of partner selected by the firm will differ depending on the nature of innovation.

SESSION 152

MANAGERIAL PERSPECTIVES ON GLOBAL STRATEGY

TRACK G

Date Tuesday, Oct 1

Time 08:00 – 09:15 h

Paper

Room Int'l Ballroom A

Session Chair

Henrik Dellestrand, *Uppsala University*

Internationalization of EMNEs: Role of Owner-CEOs

Raveendra Chittoor, *Indian School of Business*

Preet Aulakh, *York University*

Sougata Ray, *Indian Institute of Management-Calcutta*

Deepak Jena, *Indian School of Business*

In this paper, we identify and theorize on a key driver of EMNEs' internationalization namely, managerial intentionality—specifically owners taking on the role of manager-CEOs. We propose that firms with owner-CEOs, aided by their long-term orientation and less-restricted decision making powers, are likely to attain higher degree of internationalization. Further, the effect of owner-CEOs on internationalization is higher for independent firms than for firms affiliated to business groups. We test our predictions using a proprietary, longitudinal panel data set of 368 Indian firms (that were a part of the BSE 500 index as on September 2012) over the ten-year period from 2002 to 2011 and find supporting evidence.

Strategy from the Middle: Subsidiary General Managers as MNC Middle Managers

Donal O'Brien, *Dublin Institute of Technology*

Pamela Sharkey Scott, *Dublin Institute of Technology*

Patrick Gibbons, *University College Dublin*

The ability of some subsidiaries to negotiate with headquarters and manipulate the power structures of the MNC is broadly accepted but little is known about the role of the subsidiary general manager in this process. We suggest that tensions between the headquarters and subsidiary perspectives demand a new lens for analysis and build an organising framework for subsidiary management strategic activity by extending the Floyd and Wooldridge middle manager perspective of strategic influence activities. We provide initial insights that the general manager's management style 'matters' in terms of the influencing activities undertaken. By testing the impact of middle manager influence activities on subsidiary level outcomes we provide confirmatory evidence of the importance of middle manager strategic activities to both the subsidiary and the MNC.

The Impact of MNE's Institutional Complexity, TMT Turnover, and TMT Size on MNE Performance: A Strategic Contingency Perspective

Yu-Kai Wang, *Soochow University*

Aya Chacar, *Florida International University*

This study proposes that multinational enterprises (MNEs) with top management teams (TMT) characterized by greater information processing capability (IPC) will be able to analyze better and understand more profoundly the institutional environment in which they operate. Consequently, MNEs with greater TMT IPC will outperform other MNEs under high institutional complexity. This greater TMT information processing can be achieved by reducing TMT turnover to allow for TMT learning and/or increasing TMT size for greater specialization and increased individual information processing potential. The empirical results support the hypotheses made and are in line with the strategic contingency, institutional, and upper echelons perspectives.



Trust, Conflict, and Alliances

Ilgaz Arikan, *Ohio State University*

Oded Shenkar, *Ohio State University*

In this paper we find that in addition to direct impact of historical conflict in a nation-dyad on governance choice of international alliances, its effect is also mediated by the degree of dispositional trust, measured as the perceived dissimilarity in antagonism. Given a history of conflict among nations, the frequency and probability of observing equity alliances increase because dispositional trust impact the identity dissimilarity between the exchange partners in those nations where credible commitments gains salience. The role-based trust based on occupational identities replace the need for credible commitments because partners' interpretations of contracts are strongly influenced by higher education in law, economics and business, forming occupational identities and setting specific expectations about exchange relationships; and the frequency and probability of non-equity alliances increase.

SESSION 120

ACQUISITION PROCESSES

TRACK H	Date	Tuesday, Oct 1
	Time	08:00 – 09:15 h
Paper	Room	Cypress Room

Session Chair Jerayr Halebian, *University of Georgia*

Antecedents of Anticipatory Justice Among Acquired Firm Employees

Kaitlyn DeGhetto, *Florida State University*

Sangbum Ro, *Florida State University*

Bruce Lamont, *Florida State University*

Annette Ranft, *University of Tennessee*

Past acquisition research has stressed the importance of the integration phase and experienced justice to overall value creation. However, little research has taken a step back to explore how the pre-deal process can be critical to employee engagement during the integration phase. This paper makes a theoretical contribution by identifying how acquiring firms can begin to shape anticipatory justice during the earliest stages of the acquisition process. If employees develop a positive perception of the acquisition initially and expect to experience high levels of justice during the integration phase, they are more likely to engage and add value. Blending prior acquisition research with justice theory, we identify pre-deal process characteristics likely to affect target employees' anticipatory justice along with moderators of these predicted main effects.

Security Analysts' Role in Acquisition Decisions: Misaligned Interests Among Analysts and Shareholders

Johannes Luger, *University of St. Gallen*

Jan Mammen, *University of Erlangen-Nuremberg*

This proposal takes a descriptive and normative view on security analysts' role in firm acquisitions. Adopting a behavioral theory perspective, we argue that analysts' performance forecasts and firms' acquisition decisions influence each other. In detail, we argue that raised performance forecasts foster subsequent acquisition activity, whereas acquisitions induce analysts to uplift their performance prediction. Due to a misalignment of analysts' and shareholders' interests, however, we describe this reinforcing relationship as a vicious cycle, indicated by acquisitions negative effect on a firm's long-term accounting performance. Based on a longitudinal S&P 500 dataset, we are able to find support for our hypotheses.

When Sequences become Programs: The Dual Nature of Unfolding Intentionality

Xena Welch Guerra, *University of St. Gallen*

In this proposal we attempt to decipher the prototypical thinking processes associated with acquisition programs. We propose that intentionality is the crucial element which underlies the evolution of acquisition sequences and is constitutive for the notion of programs. We argue that intentionality is associated with both mindful and mindless thinking. As such, we propose that the emergence of intentional sequencing triggers the initiation of decision heuristics, coordination, routine building and deliberate learning processes while the incline of intentionality goes along with escalation of commitment, overconfidence and superstitious learning.

Why are Acquirers Unable to Learn from the Target even when They Want To?

Xavier Castaner, *University of Lausanne*

Güldem Karamustafa, *HEC-Geneva*

Jeff Davis, *Orabrush Inc.*

We studied P&G's acquisition of Wella longitudinally to understand why acquirers are unable to learn when the motive of the acquisition is to leverage the target different capabilities in not-so-friendly acquisitions. Our research reveals that acquirer's dominant logic and organizational culture impair acquiring managers' ability to fully see and appropriately act on differences. Acquiring managers appear to make an effort to reduce their perception of differences through analogies. Further, acquirer managers who identify with their organization as a superior firm consider target practices as inferior and impose acquirer practices on the target to a greater extent. Conversely, acquired managers feel inferior but those who identify with their organization resist the imposition to a greater extent, leading to a vicious spiral of further acquirer imposition and target resistance.

SESSION 215

POST-MERGER INTEGRATION

TRACK H, TRACK J	Date	Tuesday, Oct 1
	Time	08:00 – 09:15 h
Paper	Room	Hazelnut Room

Session Chair Kimberly Ellis, *Florida Atlantic University*

Facilitating Acquisition Integration Processes through the "Champion of Acquisitions" as an "Out-insider" Director in the Board of the Acquirer

Vincenzo Pisano, *University of Catania*

Francesca Cabiddu, *University of Cagliari*

Rosario Faraci, *University of Catania*

This paper focuses on a case of cross-border acquisition implemented by an Italian privately held firm operating in the telecommunication industry. Through its analysis, we aim to examine the acquirer's decision process and, in particular, the logic involved in top management's decision to appoint an integration manager (or champion) for the acquisition as member of the acquiring firm's board of directors. A key result of our investigation, the reason for this manager's appointment was to ensure a more effective entry of the acquiring firm into the new country and to facilitate the integration process between the two organizations. Hence, our paper focuses on the relationship between the board of directors' activities and the performance of a specific international market entry using acquisitions.

Integration by Default May Reduce M&A Value

Andreas Raharso, *Hay Group*

Yuan Long, *Hay Group*

Brian Langham, *Hay Group*

Integration has raised its profile and importance in the Merger and Acquisition literature, yet findings of its impact on M&A performance remain inconsistent or controversial. This paper reviewed the integration research and its implication for M&A outcome to discover that integration is a high risk decision for synergy and social capital, with little causal link to final deal result. Hence we challenge the current practice of integration by default. The paper concludes that integration is an option instead of the only available solution to sustainable M&A value creation. Other alternative strategies such as acquisition focusing on intrinsic value of the deal are encouraged.

The Determinants of Integration Effectiveness in Mergers and Acquisitions

Paulina Junni, *BI Norwegian Business School*

Riikka Sarala, *University of North Carolina-Greensboro*

Shlomo Yedidia Tarba, *University of Sheffield*

Omri Morag, *University of Pécs*

Amos Raviv, *Israeli Center of Management Studies*

Despite their prevalence, M&A are reported to suffer from high failure rates. The post-acquisition integration process has been argued to be crucial for creating synergies that increase acquisition performance. However, we do not know enough about which variables impact how effectively the M&A integration process is carried out. In this paper, we aim to contribute to the M&A literature by developing and testing a framework of factors that impact M&A integration effectiveness. We draw on the knowledge based and organizational learning perspectives and examine how pre-acquisition factors (acquirer experience, similarities and complementarities between the merging firms, as well as acquisition goals) and post-acquisition factors (target firm autonomy and integration speed) impact post-acquisition integration.

The Role of Middle Managers in Acquisition Integration

Gustavo Birollo, *HEC Montreal*

The integration process during an acquisition sets the tone for success of the new deal where middle managers can be considered the “change interpreters”. This work bases itself on the experiences of the actual people that build the day-to-day, recalling their vision using a qualitative approach through open-ended interviews. The integration merges the evident feelings of “uncertainty” and “apprehensiveness” of the local middle management group with those of “solitude” and “ambiguity” of the takeover middle management group facing an alien and not always favorable environment. This work unveils the eagerness and impossibility of the local middle management to influence the integration process strategy (bridging) and the efforts of the corporate middle management group to show themselves as models for the corporate working values (showing values).

SESSION 133

ADOPTION AND DIFFUSION

TRACK I	Date	Tuesday, Oct 1
	Time	08:00 – 09:15 h
Paper	Room	Hickory Room

Session Chair Matt Theeke, *George Mason University*

Adoption of New Innovations: A Focus on Demand Heterogeneity

Matt Theeke, *George Mason University*

Maheshkumar Joshi, *George Mason University*

Examining the determinants of technological adoption can help

researchers understand the emergence and diffusion of new technologies. In this study we examine how demand heterogeneity emanating from different customer bases affects utility firms' decisions to make investments in clean energy technologies. Specifically, we explore how the interaction among utility firms and different groups of customers influences the decision by these utility firms to adopt a wind or solar technology. Based on a longitudinal study of U.S. electric utility firms over a ten year period, we demonstrate that the influence of powerful customer groups can impede the adoption of new technologies, but that this constraint can be managed through price concessions between customer groups. This study contributes to the emerging literature on customer-driven innovation.

Gender, the Adoption of Social Network Sites, and the Role of Gender Inequality

Claus Gerckens, *University of Erlangen-Nuremberg*

Andreas König, *University of Erlangen-Nuremberg*

Peter Baumgart, *University of Erlangen-Nuremberg*

We combine gender research and technology adoption theory to hypothesize how, why, and under which circumstances differences between sexes affect their use of social network sites (SNS). Building on gender theory, we argue that women are likely to use SNS more than men, particularly because: women perceive SNS as more useful, women feel stronger social incentives to use SNS, and women show a higher hedonic motivation to use SNS. We also suggest that the effects of gender on SNS usage increase as the level of gender inequality rises. We find substantial support for our propositions in data gathered from 8,644 survey participants from eleven countries in 2011. Significant implications of these results for management and information systems research are discussed.

Physician Heal Thyself: Changes in Decision Making After Information Shocks

Brad Greenwood, *University of Maryland*

Ritu Agarwal, *University of Maryland*

Rajshree Agarwal, *University of Maryland*

Anand Gopal, *University of Maryland*

Rapid response to information shocks is critical in knowledge-intensive domains where the scientific body of knowledge changes frequently. Not only must decision makers update routines when confronted with novel information, they must also apply it appropriately. We examine the response to information shocks in the context of stenting decisions by physicians in light of new information about their efficacy released through medical guidelines. Using within-subject estimates of physician stenting decisions after the release of new guidelines on a census of patient admissions into hospitals in the State of Florida from 2001 to 2010, we find that although physicians are able to discern cases for which the new information is relevant, their routine adjustment is not swift; resulting in significant adverse outcomes for public welfare.

Ready, Steady Green: How Innovation Characteristics and Strategic Policies Influence the Innovative Consumers' Adoption of Eco-Innovations

Martin Petschnig, *EBS University of Business and Law*

Sven Heidenreich, *EBS University*

Patrick Spieth, *EBS University*

To induce diffusion of eco-innovations such as alternative fuel vehicles (AFVs) it appears crucial to enhance our understanding of determinants and essential strategic policies impelling consumer adoption of AFVs. Nonetheless, current research still lacks studies that follow an integrative perspective by empirically examining both innovation and consumer characteristics as determinants of AFV adoption. Furthermore, current studies fail to explore the impact of external policy factors of AFVs on the adoption decision of consumers. This article addresses these shortcomings by designing and empirically validating three consecutive adoption models. Results confirm that adoption of eco-friendly innovations is



positively related to consumer innovativeness. In turn this effect is mediated by perceptions of innovation characteristics and intensified by external policy factors. The findings provide ample theoretical and managerial contributions.

SESSION 142

PATENTS AND IPR

TRACK I	Date	Tuesday, Oct 1
	Time	08:00 – 09:15 h
Paper	Room	Juniper Room
Session Chair	Rafael Corredoira, <i>University of Maryland</i>	

Integrating and Extending Transaction Cost Economics and Property Rights Theory for Complex Asset Acquisition Transactions

Larry Tribble, *University of Alabama*

David Croson, *Southern Methodist University*

Paul Drnevich, *University of Alabama*

Transaction cost economics (TCE) and Property Rights theories examine the acquisition of complex assets, such as enterprise-level Information Systems (IS), that drive overall firm performance. Such complex-asset acquisitions are risky and failure-prone, making the ability to apply theory-based transaction governance valuable, despite continued debate on its proper application. Recent research presents a formal taxonomy of hybrid governance forms, which considers ownership scenarios and incentives of transaction parties. An integration of this work with the Grossman, Hart, and Moore (GHM) Property Rights model may facilitate its application to the complex-asset context. Therefore, we formally model the integration of the hybrid taxonomy with the GHM model. Through doing so, we incorporate incentive effects into GHM offering contributions to address criticisms and strengthen complex-asset acquisition theory.

Measuring Patent's Influence on Technological Evolution

Rafael Corredoira, *University of Maryland*

Preeta Banerjee, *Brandeis University*

We introduce technological influence to measure an invention's direct and indirect impact on technological evolution. This provides a novel means to study the short and long run effect of invention antecedents on technological evolution, invention activity and economic growth. This proposal compares models of technological influence and direct technological impact. Preliminary results from quantile regression estimations -- based on semiconductor patents granted over a 5-year period -- show significant differences in the relationships between antecedents of technological influence and impact and make evident differences in scale and significance among antecedents for different populations. They highlight the need for deeper understanding of the micro-foundations of the technological evolution and question whether current IP systems adequate economic incentives to promote actions driving economic growth.

Reducing Transaction Costs in the Current Context of Multiple-Owned Innovations

Dante Ignacio Leyva de la Hiz, *University of Granada*

Juan Alberto Aragon-Correa, *University of Surrey*

Jose De la Torre-Ruiz, *University of Granada*

A single innovation may contain thousand of patents owned by multiple organizations that can exclude each other or appropriate the quasi-rents generated by others' technological developments. Whereas advocates of patent races argue that organizations may reduce these transaction costs by increasing the number of patents related to that innovation we propose the opposite strategy, i.e. a firm's technological divergence. Hence, we hypothesize that firms with high levels of asset specificity, firm size and under high environmental uncertainty invest

in less "overcrowded" areas, and that such as approach leads to higher firm market-based performance, as measured by Tobin's Q. We employ a longitudinal analysis of 7,158 environmental patents from the 50 largest companies in the Electrical Components & Equipment industry worldwide during the period of 2005-2009.

Technological and Complementary Asset Redundancies in Technology-Based Firm Acquisitions: The Impact of IP Intermediaries

Senem Aydin, *Bocconi University*

In this study, I examine the determinants of technological and complementary asset redundancies in technology-based firm acquisitions. Building on resource-based view and market for technology literatures, I assert that increase in the efficiency of intellectual property (IP) market; in terms of patents and trademarks, and the indivisibility of technology have an impact on the resultant post-acquisition asset redundancies. By introducing the emergence of IP intermediaries as a shock to the market as an efficiency enhancer, this study aims at presenting the differences in IP intensive and less IP-intensive industries, as well as, the differences in the U.S. and EU markets.

SESSION 149

TEAM DYNAMICS AND INNOVATIVE PERFORMANCE

TRACK I	Date	Tuesday, Oct 1
	Time	08:00 – 09:15 h
Paper	Room	Magnolia Room

Session Chair Michael Howard, *Texas A&M University*

Effect of Mutual and Special Knowledge in Outsourced Software Development Projects

Joydeep Chatterjee, *University of Washington-Bothell*

Kannan Srikanth, *Indian School of Business*

This paper investigates under what conditions knowledge available to team members leads to positive performance outcomes. We hypothesize that specialist knowledge available to teams is unlikely to be useful in the absence of adequate mutual knowledge that enables the team members to coordinate their work efforts. We test this hypothesis in a sample of offshored software services projects and find that both too little and too much mutual knowledge are detrimental to project performance. Prior studies use prior team experience as a proxy for mutual knowledge, which is also compatible with other causal explanations for this result. We use a more accurate measure of mutual knowledge in the form of investments in human capital, which allows us a measure of confidence in the underlying mechanism.

Technological Modularity, Team Communication, and Team Cohesion in New Product Development: A Study of a Japanese Software Service Firm

Zheng Zhao, *University of Kansas*

Ryoichi Kubo, *Kyoto Sangyo University*

Junichi Yamanoi, *Chuo University*

This paper investigates the effect of technological modularity on new product development (NPD) performance. We study the direct impact of technological modularity on NPD performance. More importantly, we examine the moderating effect of technological modularity on the impact of team-level communication and cohesion on NPD performance. Through a survey study of 44 product development teams in a Japanese software service firm, we intend to find out does technological modularity improve NPD performance directly, does technological modularity reduce the dependence of NPD performance on team cohesion, and does technological modularity reduce the reliance of NPD performance on team communication.

Upper Echelons and Open Innovation: Modeling the Multilevel Management Antecedents to Firm Openness

Alexander Alexiev, *Vrije Universiteit Amsterdam*

Although there has been a growing base of evidence that upper echelons matter in the pursuit of important innovation outcomes for the firm, little is known about their role in the development and management of open innovation initiatives. In this paper, we test how and why upper echelons may be involved in making firm innovation more open. Firm openness is conceptualized as practices and partnerships where organizational internal and external boundaries are crossed. Hypotheses are developed about antecedents to openness on CEO and TMT level, as well as with regard to the influence of external change agents. We demonstrate a more nuanced picture about how upper echelons might play a role in firm openness and suggest avenues for further exploration of this topic.

Who's Inventing and How? Human Capital Strategy and New Venture Commercial Performance

Warren Boeker, *University of Washington*

Emily Cox, *Stanford University*

Michael Howard, *Texas A&M University*

Amrita Lahiri, *University of Washington*

Networks of collaborative ties among knowledgeable professionals are central to the innovation process, especially in new ventures. We examine the structure of collaboration among the scientific teams of new ventures and how collaboration affects successful product introductions. We develop and test hypotheses on a sample of 170 minimally invasive surgical device manufacturers from the founding of the industry in 1986 to 2007. Our preliminary results show that the proportion of individuals with prior experience inventing together, the extent to which these inventors work in more tightly clustered relationships, and the patenting behavior of the ventures' founders all have an important influence on successful product introductions.

SESSION 21

BEHAVIORAL THEORY & STRATEGIC ENTREPRENEURSHIP

TRACK K	Date	Tuesday, Oct 1
	Time	08:00 – 09:15 h
Paper	Room	Redwood Room

Session Chair Kimberly Eddleston, *Northeastern University*

Assessing the Flaws in the Conceptualization of Effectuation

Richard Arend, *University of Missouri*

Effectuation is a relatively new theory and construct in the entrepreneurship literature with little empirical testing and little critical analysis. Motivated by disappointing results from a preliminary test of the tenets of effectuation, we reviewed the theoretical tenets of the concept. We argue that: effectuation is not a coherent construct; effectuation does not delineate entrepreneurs from managers; and, effectuation is likely a detrimental set of processes for entrepreneurs to pursue in dynamic environments. We analyze the conceptualization of effectuation to identify logical flaws and theoretical miscues. We then we discuss the implications for theory-building in entrepreneurship.

Family and Nonfamily Firm Risk: How Managerial Incentives Encourage Downside Risk

Todd Alessandri, *Northeastern University*

Kimberly Eddleston, *Northeastern University*

Traditional views of family ownership suggest that family firms are risk averse. However, recently this view has been challenged by research that shows that family firms become risk seeking when their socioemotional

wealth is threatened. In this study we employ a downside risk perspective of family ownership to explore family and non-family firm risk preferences. Downside risk captures managerial views on risk as the potential for loss. We argue that family firms will accept higher levels of downside risk than non-family firms in order to protect family interests. We then examine the role of managerial incentives on downside risk. The findings demonstrate a positive relationship between family firms and downside risk and highlight strong interaction effects between family firms and managerial incentives on downside risk.

From Hobby to Business: Entrepreneurial Intentions in Homebrewing

Vita Kadile, *Leeds University Business School*

Alessandro Biraglia, *Leeds University Business School*

The study investigates the role of entrepreneurial passion and creativity as antecedents of entrepreneurial intentions, applying entrepreneurial self-efficacy as a mediator in this relationship. This is applied to the context of American homebrewing seen as an 'incubator' of business start-ups in the craft brewing industry across the United States. Results demonstrate entrepreneurial passion having a strong positive relationship with intentions, even without the mediating effect of self-efficacy. Therefore, individuals who are passionate about their hobby and founding a company are most likely to engage in a business start-up. Conversely, entrepreneurial self-efficacy mediates the creativity-intentions relationship, confirming that highly creative individuals do not necessarily want to become prospective entrepreneurs. Findings contribute to the advancement of entrepreneurial passion and self-efficacy theories in the field of entrepreneurial intentions.

The Role of Judgment and Decisions in New-Venture Formation: Toward a Behavioral Model

Michael Holmes, *Florida State University*

Tim R. Holcomb, *Florida State University*

Peter Klein, *University of Missouri*

Duane Ireland, *Texas A&M University*

We develop a behavioral model of entrepreneurs' judgments and decisions in forming new ventures. We define and explain the role of three distinct judgments: feasibility judgments, absolute judgments, and comparative judgments, explaining how each shapes entrepreneurial decisions. The model captures the relative effects and interactions among these roles and explains how heuristics, personality, and behavioral tendencies (e.g., loss aversion) influence judgments and decisions over time. Our analysis (1) improves understanding of the different judgments entrepreneurs make, (2) explains how judgments manifest in choices, (3) explains how judgments and decisions evolve, and (4) shows how similar yet distinct constructs fit together.

SESSION 22A

TECHNOLOGY AND ENTREPRENEURSHIP

TRACK K	Date	Tuesday, Oct 1
	Time	08:00 – 09:15 h
Paper	Room	Pecan Room

Session Chair Srinivasan Raghavan, *Indian Institute of Management-Bangalore*

Clarifying the Entrepreneurial Process: A Systems-Based Framework of Knowledge Flows

Thomas Craig, *Temple University*

We holistically examine entrepreneurship and address a persistent challenge to advanced theory building: the need to clarify the process through which opportunities are identified and pursued. We focus on knowledge - a central component of the process - and develop a systems-based framework that reveals the topographic structure of knowledge



flows within and across organizational boundaries. Applying insights derived from this framework, we generate propositions to guide further investigation into the nature and role of knowledge in entrepreneurial organizations.

Impact of Industry Life Cycle on Name Choice of Entrepreneurial Firms in the Biotechnology Industry

Irina Stoyneva, *Drexel University*

In this paper I propose a model that explores the impact of industry life cycle on the name choice of entrepreneurial firms in the field of biotechnology. Drawing on the population ecology and rational selection perspectives we hypothesize that the stage of the industry development will be related to the trends of conformity and innovativeness of the names selected by entrepreneurial firms. Utilizing the variation, selection and retention model proposed by population ecology scholars, I develop a mechanism that explains the relationship between the industry life cycle stage and the name choice of a start-up. I test the model on 844 entrepreneurial firms in the field of biotechnology.

Parent Hostility and Spin-Out Performance

Sascha Walter, *Lancaster University*

Simon Heinrichs, *University of Kiel*

Achim Walter, *University of Kiel*

Prior research has focused on the performance implications of positive or neutral parent-child relationships, but neglected negative, conflict-laden relationships. This study explores whether and when parent hostility (degree to which a parent firm disapproves the spawning of an own spin-out) affects spin-out performance and how spin-outs can effectively react to it. We adopt an embeddedness perspective which allows us to theorize on hostility effects not only within the dyad, but also within the wider network of the parent and child firm. Analyses of 144 technology spin-outs support our arguments that spin-outs suffer from hostility. Hostility consequences are, however, less severe if market turbulence is high or if the spin-out pursues effective network development.

Suguna Foods Limited – Entrepreneurial Growth Through Inclusive Innovation

Srinivasan Raghavan, *Indian Institute of Management-Bangalore*

The notion of for-profit corporations contributing to inclusive growth through innovations and other sustainable business models is recent. George, McGahan, & Prabhu (2012) edited a special issue of the *Journal of Management Studies* (June 2012) on inclusive innovation. In this paper, I present a case study of Suguna Foods Ltd. that exemplifies institutional entrepreneurial innovation through its unique contract farming model, creating millions of rural entrepreneurs in India. I analyze this innovation through various theoretical lenses and highlight the need for studying the antecedents of such strategies.

SESSION 218

CONTROL AND COOPERATION

TRACK L	Date	Tuesday, Oct 1
	Time	08:00 – 09:15 h
Paper	Room	Int'l Ballroom B

Session Chair Flore Bridoux, *University of Amsterdam*

Cleaning House: The Impact of Information Technology on Employee Corruption and Productivity

Lamar Pierce, *Washington University-St. Louis*

Daniel Snow, *Brigham Young University*

Despite growing evidence that employees engage in widespread misconduct, little is known about the efficacy of potential solutions to these problems. Consequently, is unclear how a manager can remediate the problem. In this paper, we study the impact of one potential solution to this problem: information technology that helps managers monitor

employee behavior. We use detailed theft and sales data from 235 restaurant locations from three different firms that adopt an IT product that reveals theft by specific employees. Using difference-in-differences models, we find significant treatment effects of the technology on employees, both in reducing theft and in improving productivity and profitability. This methodology also allows us to decompose restaurant performance improvement to individual-level processes that suggest multi-tasking by employees and shift adjustment by managers. Consistent with evidence from behavioral ethics, many “corrupt” employees seem to be amenable to remediation through managerial intervention.

Common Ground and Delegation: The Role of Human Resource Management Practices

Magdalena Dobralska, *Copenhagen Business School*

Nicolai Foss, *Copenhagen Business School*

Jacob Lyngsie, *Copenhagen Business School*

Much recent research suggests that firms need to increase their level of delegation to better cope with, for example, the challenges introduced by dynamic rapid environments and the need to engage more with external knowledge sources. However, there is less insight into the organizational preconditions of increasing delegation. We argue that key HR practices—namely, hiring, training and job-rotation—are associated with delegation of decision-making authority. These practices assist in the creation of shared knowledge conditions between managers and employees. In turn, such a “common ground” influences the confidence with which managers delegate decision authority to employees. To test these ideas, we match a large-scale questionnaire survey with unique population-wide employer-employee data.

Managing Control for Performance and Sustainable Advantage in Distributed-Work: A Deleuzian Approach

Mathieu Chauvet, *EDC Paris*

Many organizations have introduced distributed-work in order to take advantages of economical, ecological or managerial benefits. In parallel, organizations need to take into consideration the numerous challenges related to the unprecedented changes generated by the significant development of ICTs. In order to successfully manage the relationships between distributed individuals, maintaining a form of supervision and discipline remains necessary as control is the ultimate means for the hierarchy to bridge the issue of distance. Thanks to a framework based on works of French philosopher Gilles Deleuze, we aim to observe how the management of control can have an impact on the performance of distributed-work entities, so that constituting a sustainable advantage for the organization. We finally observe that performance in distributed-work will be based on specific core values: visibility, responsiveness and modulation of individuals.

Organization Forms and Cooperation in Firms: A Relational Approach

Flore Bridoux, *University of Amsterdam*

J W Stoelhorst, *University of Amsterdam*

We contribute to the literature on microfoundations and human capital by studying the impact of four elementary organization forms identified by Fiske on cooperation among employees. Fiske's authority ranking, market pricing, and communal sharing can be equated with hierarchy, market, and clan, but his theory suggests a fourth form, equality matching, and gives new insights into the impact of organization forms on cooperation. We show with an experiment that organization forms not only affect the relationship between the firm and its employees, but also the relationships among employees. In particular, our results indicate that, compared to communal sharing and equality matching, authority ranking and market pricing lead to lower cooperation because of lower levels of trustworthiness of other employees as well as of the firm.

SESSION 232

SPECIAL TRACK

TRACK S	Date	Tuesday, Oct 1
	Time	08:00 – 09:15 h
Special Panel	Room	Int'l Ballroom E

SRF Doctoral Student Panel

Session Co-Chairs

Tomi Laamanen, *University of St. Gallen*
Catherine Maritan, *Syracuse University*

Panelists

Navid Asgari, *National University of Singapore*
Vanessa Burbano, *University of California-Los Angeles*
Seth Carnahan, *University of Maryland*
Panayiotis Georgallis, *HEC Paris*
Mahka Moeen, *University of South Carolina*

This session will showcase research supported by the Strategy Research Foundation (SRF) Dissertation Research Program. This competitive grant program for doctoral students supports the SRF mission of facilitating important strategic management research that solves the practical, contemporary problems facing managers. The Directors of the 2012 Program will moderate a discussion in which SRF Dissertation Scholars will present highlights of their funded work.

SESSION 189

VARIETY IN FIRM-STAKEHOLDER RELATIONSHIPS AND EFFECTS

TRACK M	Date	Tuesday, Oct 1
	Time	08:00 – 09:15 h
Common Ground	Room	Walnut Room

Facilitator Steven Floyd, *University of Massachusetts-Amherst*

★ New Dimensions to Firm-Stakeholder Relationships through Social Media: Examination of Electric Power Companies' Twitter Accounts

Eun-Hee Kim, *George Washington University*
Yoon Youm, *George Washington University*

Social media has been gaining popularity. Not only individuals but large organizations have started to increasingly use social media. In this paper, we explore how the new dimensions that social media tools have added in the relationships between firms and external stakeholders—less formal and more frequent interactions—change the dynamics of the relationships and how the changes in turn may affect firm performance. We find that firms use Twitter to build rapport with external stakeholders among other purposes, and this in turn has positive implications for firm performance. We also find that useful tweets as judged by stakeholders have positive consequences for firm performance.

Stakeholder Prioritization: The Industry Relationship

Joao Mauricio Boaventura, *Univeristy of Sao Paulo*
Rodrigo Bandeira-de-Mello, *Getulio Vargas Foundation*
Mario Monzoni, *Getulio Vargas Foundation*
Roberta Simonetti, *Getulio Vargas Foundation*
Keysa Mascena, *University of Sao Paulo*

In this paper the phenomenon of the stakeholder dominance is studied: the ability of a stakeholder to obtain resources to meet its demands in a preferential way in relation to others. Three specific objectives are defined: empirically verify whether the dominance occurs, the hierarchy of stakeholders in the dominance, and if the stakeholder dominance varies for companies from industry to industry. The sample covers 60 Brazilian companies in the period from 2008 to 2010 from four different industries. The results indicate the existence of the dominance phenomenon in the

Brazilian companies under study and that the hierarchy of stakeholders' dominance varies from industry to industry. Nevertheless, a statistical test, with the coefficient of variation of the samples, did not reinforce this association in all cases.

Straight from the Horse's Mouth: When Organizations Proactively Signal Corporate Criminal Convictions

Jason Pierce, *Adolfo Ibañez University*
Suzanne Carter, *Texas Christian University*
Ryan Krause, *Texas Christian University*

We investigate the phenomenon of "negative signaling", wherein firms proactively signal bad news to stakeholders. Specifically, we examine a sample of 164 corporate criminal convictions between 1990 and 1999, 30 of which the firms signaled in advance. Our results show that firm size, firm performance, and the size of the corporate penalty all impact the likelihood that a firm will signal its conviction to stakeholders. We discuss the implications of these findings.

The Board of Directors and Corporate Social Performance

Chih-Pin Lin, *Aletheia University*
Li-Ting Hsiao, *Tunghai University*

Drawing on agency theory as the dominant theoretical base and complemented by institutional theory, this study argues that when the board is more controlled by shareholders, other stakeholders' benefits will be sacrificed. When the board members hold more shares of the firm, the firm will focus more on shareholder value and less on other stakeholders' benefits, decreasing its corporate social performance. Independent outside directors may balance shareholders' control power in the board, decreasing shareholder value orientation of a firm and increasing corporate social performance. Moreover, board ownership negatively moderates the positive relationship between independent outside directors and corporate social performance. The above arguments are particularly true in an emerging economy where formal institutions that protect stakeholder benefits are weak.

The Moderating Role of Corporate Social Performance on the Relationship Between Corporate Governance and Financial Performance

Parthiban David, *American University*
Timothy Hart, *Oklahoma State University*
Yijiang Zhao, *American University*

Decades of corporate governance research has found that governance systems must be implemented in light of the unique contexts in which firms operate. We argue that the level of Corporate Social Performance (CSP) within firms is a critical context to consider when evaluating the effectiveness of governance systems. Based on initial findings of a multi-year panel, we find that high levels of CSP moderates the relationship between various corporate governance systems and financial performance (FP) such that when firms have high levels of CSP, strong governance produces worse FP.

Trade-offs in Managing for Stakeholders: Power and Strategic Flexibility

David Weitzner, *York University*
Yuval Deutsch, *York University*

The question of what makes one stakeholder more salient than others is a central concern of stakeholder theory research. The problem preventing broad integration into strategy research and practice is a very significant prescriptive contradiction. The instrumental salience framework advises managers to focus their attention on the powerful stakeholders in their midst, and ignore the powerless stakeholders unless they have access to powerful proxies (Mitchell et al., 1997). This puts stakeholder prescriptions at odds with mainstream strategic thinking, as good strategy necessitates



managerial consideration of situations that may lead the firm to future changes in its competitive positioning (i.e. Porter, 1991). The purpose of this paper is to resolve this conflict with an exploration of the tradeoffs between power and strategic flexibility.

SESSION 10
COOPERATION AND INNOVATION

TRACK N	Date	Tuesday, Oct 1
	Time	08:00 – 09:15 h
Paper	Room	Sycamore Room
Session Chair	Corey Phelps, <i>HEC-Paris</i>	

Cluster Size: A Determinant of Structural and Relational Embeddedness in Inter-Firm Networks

Wonsang Ryu, *Purdue University*

Integrating the agglomeration theory and the network theory, this research investigates how cluster size affects the member firms' network formation and consequent innovation performance. We argue that since the member firms tend to rely more on in-cluster ties as their cluster size increases, the network density in clusters increases in cluster size. We also claim that since the governance benefit of strong ties is redundant in a dense network, as cluster size increases, the relative advantage of weak ties over strong ties increases. In addition, we argue that only the firms following this logic will benefit from belonging to clusters in terms of innovation performance. We tested this argument in the US semiconductor industry from 2000 to 2011 and the data supported our argument.

Contracting for Innovation: Defining an Exchange the Fosters Creativity While Mitigating Opportunism

Kyle J. Mayer, *University of Southern California*

Zhe Xing, *University of Southern California*

Pablo Mondal, *University of Southern California*

Innovation is a central part of the competitive advantage of many firms and indeed is prerequisite to compete in many industries. One way firms seek to improve their innovative output is by working closely with partners. We explore how firms govern inter-firm transactions that require innovation in order to complete. By incorporating insights from social psychology to complement TCE, we argue that firms can improve their chances to generate innovative outcomes in inter-firm transactions. Using a sample of contracts from the information technology services industry, we find that in the presence of exchange hazards, innovation leads to less use of detailed task descriptions and hybrid payment systems, but led to more extensive contingency planning.

Convergence and Divergence of Technological Profiles Under Different Network Conditions: A Dynamic Perspective

Jojo Jacob, *UNU-MERIT*

Geert Duysters, *Eindhoven University of Technology*

In a departure from the existing research on knowledge exchanges in inter-firm networks, this paper focuses on the dynamic aspects of knowledge sharing within a network. Employing a 10-year panel data set consisting of over 800 firms in the bio-pharmaceutical industry we find evidence that firms in blocks tend to develop similar technological profiles over time, implying cognitive lock-ins. Furthermore, we show that firms that are located closer to each other in a network display higher levels of resemblance compared to firms who are farther apart. However, the path length of ties between two firms has a lower effect on technological similarity when firms are not members of the same block.

Domestic Innovation Partnerships and International Expansion of Emerging Market Firms: Case Russia

Juha Hinkkanen, *Lappeenranta University of Technology*

Daria Podmetina, *Lappeenranta University of Technology*

Juha Väättänen, *Lappeenranta University of Technology*

A considerable amount of research has been dedicated to understanding different forms of innovation partnerships, and how these partnerships affect firm performance. Generally this relationship is perceived as a positive one. But what literature has failed to take into consideration is that for many emerging market firms the only possible partners for R&D are domestic partners, whose technological and managerial competencies are similar to those of the focal firm. Based on empirical evidence from 206 firms we analyse how different domestic innovation partners affect the international expansion efforts of Russian firms. We find that in the case of Russia especially vertical ties are important, and that cooperation with competitors can be much more beneficial than with clients and suppliers.

SESSION 45
YELLOW SUBMARINE: DIRECTOR CHARACTERISTICS

TRACK O	Date	Tuesday, Oct 1
	Time	08:00 – 09:15 h
Paper	Room	Int'l Ballroom C
Session Chair	Elizabeth Lim, <i>Georgia State University</i>	

An Integrated Agency and Resource-Dependence View of Board Interlocks, Ownership, and Firm Performance

Elizabeth Lim, *Georgia State University*

Toru Yoshikawa, *Singapore Management University*

Agency theory focuses on the monitoring duty of directors while resource-dependence theory emphasizes on their resource provision activities. Utilizing an integrated framework of agency and resource-dependence theories, we propose that how board interlocks influence firm performance depends on who establishes the interlocking ties. We suggest that the interlocks of non-executive independent directors (NEIDs) have a positive influence on firm performance while the interlocks of non-executive dependent directors (NEDDs) exert a negative effect. We also contend that different ownership types have significant moderating effects. We argue that board ownership positively moderates both NEID and NEDD ties, while state ownership negatively and positively moderate NEID and NEDD ties respectively. Our hypotheses were largely supported.

Boards and the Adoption of Novel Practices: Integrating Network and Heterogeneity Perspectives

W.G. Douglas Fernandez, *Florida International University*

Jose Geleilate, *Florida International University*

How do boards influence firms' decisions to adopt novel practices? A large body of literature examines the role of board networks (interlocks) in predicting the adoption of new practices, structures, and strategies. However, we know relatively little about the role of board heterogeneity in promoting the adoption of novel practices. Which is more important: external ties or internal characteristics? We propose that board heterogeneity, while under-studied, is a more important predictor of novel practice adoption. Empirical findings from a panel of S&P 500 firms support these predictions. Our findings suggest that while external networks are important strategic resources for firms, the internalized, deep-rooted values and cognitive biases associated with director characteristics make board heterogeneity a stronger influence in the strategic decisions.

Boards of Directors and Monitoring of Strategy Implementation: An Effectiveness Model

Marcio Amaral-Baptista, *Pontifical Catholic University of Rio de Janeiro*

Maria Angela Melo, *Pontifical Catholic University of Rio de Janeiro*

T Diana de Macedo-Soares, *Pontifical Catholic University of Rio de Janeiro*

We present a model of non-structural factors that affect the effectiveness of boards in monitoring strategy implementation (SI). Going beyond the recent research on boards, focused on structure and performance, we use a team production theory approach to investigate the influence of board-level factors such as chairperson leadership, access to information, business knowledge, work dynamics and attention to SI monitoring. A two-step research method was used, consisting of interviews with a panel of experienced board directors and a survey with 217 board directors of Brazilian firms. Our final structural model confirmed all the hypothesized relationships among the constructs and explained 54% of the variance observed in Effectiveness in SI Monitoring. We found multiple mediations among the constructs, and chairperson leadership emerged as a key antecedent.

The Influence of Directors on Regulatory and Legal Environments After Discovery of Executive Malfeasance

Curtis Wesley, *Indiana University*

This paper investigates the role of specific types of directors as protectors of firm interests in the aftermath of wrong doing by firm management. We posit that certain types of directors (support and business experts) lessen the likelihood of government action against the firm, whether legal action is taken against the firm, and whether a financial settlement occurs as a result of management misconduct. We also suggest larger firms are not only more likely to be targeted by external stakeholders but also director support is less effective for more valuable firms. We generally find support for our hypotheses.

SESSION 201

DYNAMICS DRIVEN BY MANAGERIAL BEHAVIOR

TRACK P, TRACK H	Date	Tuesday, Oct 1
	Time	08:00 – 09:15 h
Common Ground	Room	Cottonwood Room AB
Facilitator	Gerard Hodgkinson, <i>University of Warwick</i>	

Deathward Rhythm: Dynamics Of Core Production Routines In Declining Firms In The US Pharmaceutical Industry

Mahua Guha, *University of North Carolina-Chapel Hill*

In this study, I identify how do publicly-traded US pharmaceutical firms that file for bankruptcy differ from their sustainable and surviving counterparts. Here, I tie the two distinct bodies of literature on: organizational decline, and organizational routines. Then, I address the following research questions that are at the intersection of these two bodies of literature: Do organizational routines (specifically core production routines) change in declining firms over the last five years prior to their bankruptcy filing? If yes, then how is this change in core production routines different in declining firms and in their matched surviving firms? I draw upon the behavioral theory of the firm (Cyert and March, 1963) in order to address these questions.

Perceived Managerial Discretion in Strategy Implementation: The impact of Core Self Evaluation and Central Role

Rebekka Skubinn, *University of Hannover*

Perceived managerial discretion has a major impact on firm performance by settings the frame for managers' actions. We investigate the impact of core self evaluation and role centrality in the strategy process on perceived discretion in strategy implementation. Illustrating our theory in an analysis of strategy implementation practitioners we find that core self evaluation as well as a central role in the strategy process increase perceived managerial discretion during strategy implementation.

Psychological Pressure in Competitive Environments: Analysis of Processes through a Simulation Study

Tom Vandeboeck, *IESE Business School*

Govert Vroom, *IESE Business School*

In spite of recent advances, our understanding of the actual psychological processes at play in competitive environments, and of their individual effects, remains somewhat akin to that of a "black box". We argue that a useful means to gain deeper insight is to complement empirical studies with more theoretical development. Specifically, we demonstrate that a simulation approach is a powerful tool, not only to understand and disentangle individual effects at play, but also to make sense of recently published discrepant findings. We employ the simulation approach as a primary tool towards theory building to advance our understanding of the relationship between psychological pressure and performance outcomes in competitive settings.

Searching for Sustainability: Identity and Structure in Rapidly Developing Industries

Luciana Silvestri, *Harvard University*

A particularly challenging process in the development stage of the industry life cycle is that of creating a viable structure. It is not unusual to see formal structure "lagging behind" actual work processes, especially when the development stage is fast-paced, because opportunities surrounding products and markets arise and vanish with staggering speed. The purpose of this in-depth qualitative inductive study of a unit within CLICK, a player in the rapidly evolving social media industry, is to demonstrate how an evolving sense of collective and individual identity can help support critical work processes and generate momentum for the redefinition of formal structure. By guiding structuration processes in the development stage, identity has crucial impact on organizational sustainability.

The Dynamic Interaction of Capabilities, Incentives and Managerial Beliefs in Incumbent Selection of Product Architecture

Daniel Engler, *New York University*

While products and product markets are central to theoretical perspectives in strategy and have been shown to influence important firm outcomes, we lack an adequate theoretical understanding of the determinants of product design. This research examines the joint influence of preexisting firm capabilities, internal and external incentives and managerial beliefs on market incumbent choice of product architecture. I triangulate across methods, using an agent-based computer simulation in combination with a case study. This allows my research to benefit from both the nuanced understanding of mechanisms allowed by a case study with the theoretical generality afforded by the experimental control of a simulation.



Urgency as a Soft-Power Strategy in Nascent Industries: The Case of Electric Vehicles in Finland

Christopher Rowell, *Aalto University*
Robin Gustafsson, *Stanford University*
Markus Paukku, *Aalto University*

We study how firms use urgency as a soft-power strategy for encouraging and coordinating collective action in nascent industries. Our findings arise from a real-time longitudinal empirical study during 2012-2013 of the emerging electric vehicle industry in Finland. We follow 26 individuals engaged in a government-led innovation program over one year. We find that managers can convey urgency to others by framing windows of opportunity across different levels of analysis, and framing asynchronicity across actors and levels in a nascent industry. We demonstrate the relevance and application of urgency as a soft-power strategy for encouraging and coordinating collective action and shaping boundaries as industries emerge. By explicitly addressing the subjective component of time in inter-organizational strategy we contribute to an underdeveloped area of organization literature.

SESSION 102

BUILDING SUSTAINABLE INFRASTRUCTURE

TRACK A&B	Date	Tuesday, Oct 1
	Time	08:00 – 09:15 h
Paper	Room	Dogwood Room A

Session Chair Olga Hawn, *Boston University*

Managing Interorganizational Interdependencies to Develop Sustainable Interorganizational Competitive Advantage

Rick M.A. Hollen, *Erasmus University-Rotterdam*
Frans A.J. Van Den Bosch, *Erasmus University-Rotterdam*

Managing interorganizational interdependencies to develop sustainable competitive advantage is an important issue in the strategy literature. Industrial ecosystems provide a promising research context to investigate this development, triggered by the need to improve resource productivity and environmental performance of constituent firms. These firms use to have a firm-centric view on resource productivity and a transactional approach in managing interorganizational interdependencies. Increasing resource productivity at the interorganizational level, however, requires focusing on interorganizational competitive advantage and a more relational approach. Managerial challenges of the required business model adaptation of increasingly interdependent firms are underexplored. To address this gap, propositions are developed and illustrated in a longitudinal case study of an industrial ecosystem. The findings provide implications for managing the transition process towards sustainable interorganizational competitive advantage.

Public-Private Ties: Organizational Choice, Longevity, and Sustainability in the Global Water Industry

Ilze Kivleniece, *HEC-Paris*
Bertrand Quelin, *HEC-Paris*

Public-private ties (or partnerships) are a relatively new and still underexplored phenomenon. These long-term collaborative relationships between private and public actors to deliver public goods or services are interesting organizational arrangements. A third type of actor, investors and financial institutions, also plays an important role in assembling, feasibility and sustainability of these partnerships. By proposing an innovative empirical research study, we aim to shed an important light on both the structural aspects of public-private collaboration (how are these

ties organized?) and their performance implications (what determines their longevity?). Conducting our empirical study on the global water industry, we shed light on the main determinants able to explain the stability, duration and sustainability of public-private ties.

Strategic Role of Corporate Social Responsibility in International Expansion of Emerging Market Multinationals

Olga Hawn, *Boston University*

This paper studies the strategic impact of corporate social responsibility (CSR) in the international expansion of emerging market multinationals (EMMs). EMMs face challenges in cross-border M&As partly due to suspicions about their origin; we argue that they can overcome them by generating social legitimacy with critical actors in host countries from CSR activities in their home countries. The study uses a large-scale quantitative analysis of almost 5,000 cross-border M&A deals from 1990 to 2011, where the acquirers come from Brazil, Russia, India, China, and South Africa. The results show that positive CSR helps overcome home country disadvantages, leading to greater likelihood of and faster deal completion (and vice versa for negative CSR). We contribute to the strategic CSR and neo-institutional literature on legitimacy.

Sustaining Competitive Advantage through Lean Management Systems: A Multimethod Analysis

Arnaldo Camuffo, *Bocconi University*
Fabrizio Gerli, *Ca' Foscari University of Venice*

Starting from the assumption that the adoption of lean management systems may support the creation of a sustainable competitive advantage, this research investigates the relationship between the level of implementation of lean systems, the adoption of “high involvement” management behaviors and the companies’ financial performances, controlling for such variables as the duration of the lean journey and the size of the firm. Through the application of traditional multivariate and qualitative analyses (OLS regressions and fuzzy set/qualitative comparative analysis – fs/QCA), this study validates the view of lean environments as complex and integrated sociotechnical systems, confirming that the configurational approach is the most appropriate to analyze lean systems. In this study are also identified some “high involvement” behaviors that differentiate the best performing companies from the average.

09:15 – 09:45
COFFEE BREAK

SESSION 70

PLENARY TRACK

TRACK Q

Date Tuesday, Oct 1
Time 09:45 – 10:45 h
Room Grand Ballroom ABC

Plenary Panel

Is Green Green?: Insights from Industry and Academia

Session Chair

Frank T. Rothaermel, *Georgia Institute of Technology*

Panelists

Stuart Hart, *Cornell University*

Cynthia Kantor, *GE Power and Water - Power Generation Services*

Edward Rogers, *UPS*

Addressing ecological challenges and societal needs using innovative strategies is providing significant sustainable business opportunities for leading companies and their customers. In this cutting-edge plenary, industry executives from GE and UPS, and a leading academic will discuss the question “is green green”? The plenary will demonstrate how these companies are putting new strategies into action to drive societal impact. Combining technological innovation with new business processes, GE is helping power producers achieve leaner, cleaner energy at the supply-side of energy. UPS is providing customers with “carbon neutral” shipping options and reducing its carbon footprint with positive NPV strategies of lower-emission alternative fuels vehicles, innovative technology such as telematics data fed through vehicle sensors, and optimized routing systems.



Stuart L. Hart is the Samuel C. Johnson Chair in Sustainable Global Enterprise and Professor of Management at Cornell University's Johnson School of Management. He is also Founder and President of Enterprise for a Sustainable World. Before joining Cornell in 2003, he was the Hans Zulliger Distinguished Professor of Sustainable Enterprise and Professor of Strategic Management at the University of North Carolina's Kenan-Flagler Business School, where he founded the Center for Sustainable Enterprise and the Base of the Pyramid Learning Laboratory. Stuart Hart is one of the world's top authorities on the implications of environment and poverty for business strategy. In 1999, he was the recipient of the Faculty Pioneer Award from the World Resources Institute for his ground-breaking work in sustainable enterprise. He has served as consultant, advisor, or management educator for dozens of corporations and organizations including DuPont, S. C. Johnson, General Electric, Baxter Healthcare, Wal Mart, the World Economic Forum, and the Clinton Global Initiative.



Cynthia Kantor is Chief Marketing Officer for GE's Power Generation Services (PGS) business. She is responsible for all marketing-related activities, including developing and delivering a global marketing strategy to best position PGS in the marketplace. She also serves as the Operations Leader for GE's Services Council, which creates and guides core service growth strategies across the General Electric Company. Cynthia Kantor has been with GE nearly 20 years, working across several businesses within the Company. She has held a variety of leadership roles in product management and risk management, and she has deep domain expertise in marketing, including strategic marketing, product marketing, business positioning and targeting. Prior to joining PGS in October 2012, she served as Chief Strategic Marketing Officer for GE Energy. She managed enterprise-wide strategic plan development, portfolio management, innovation and new business growth strategies. She holds a Bachelor of Science degree in mechanical engineering from the University of Michigan.



Edward Rogers is a Director of Corporate Strategy for UPS. His responsibilities include global scenario planning, enterprise strategic planning, and sustainability strategy development. He served as a U.S. Air Force officer, then as an engineering management consultant with BDM and Coopers & Lybrand Consulting before joining UPS in 1994. With UPS he helped formulate an internal consulting group, a process reengineering team, and a program management group. In 1999 he became the Industrial Engineering Manager for the Gulf South district, where he led operational planning, productivity improvement, service quality enhancement, and technology support for that district's \$200 million annual business. In 2002 he joined the corporate strategy group to tackle a variety of special projects.



Frank T. Rothaermel is a professor of strategy at the Georgia Institute of Technology and an Alfred P. Sloan Industry Studies Fellow. He holds the Catherine W. and Edwin A. Wahlen Jr. Endowed Professorship and a National Science Foundation CAREER award. He has published over 25 articles in journals such as the *Strategic Management Journal*, *Organization Science*, *Academy of Management Journal*, and *Academy of Management Review*.

He serves (or served) on the editorial boards of the *Strategic Management Journal*, *Academy of Management Journal*, *Academy of Management Review*, *Organization Science*, and *Strategic Organization*. Frank Rothaermel is also the author of a leading textbook—*Strategic Management. Concepts & Cases*—published by McGraw-Hill. He regularly translates his findings for *Forbes*, the *MIT Sloan Management Review*, *Wall Street Journal*, and elsewhere. Frank Rothaermel has received several recognitions including the Sloan Industry Studies Best Paper Award, the Academy of Management Newman Award, the Strategic Management Society Conference Best Paper Prize, the Israel Strategy Conference Best Paper Prize, and the DRUID Conference Best Paper Award.



SESSION 293

EXCELLENCE IN TEACHING

TRACK T	Date	Tuesday, Oct 1
	Time	11:00 – 12:15 h
Interest Group Presentation	Room	Int'l Ballroom E

How Executives Learn**Session Chair**Margaret Cording, *IMD*

This is a summary of the Saturday workshop, offered for those SMS Members who were unable to attend the longer workshop. Teaching in an executive education program is fundamentally different from teaching in a degree program. Many factors drive this difference; this session will focus on research and techniques to effectively root the learning in the executive's experience.

SESSION 221

THE SUSTAINABLE IMPACT OF STRATEGIC MANAGEMENT: SHOULD IT MATTER, TO WHOM, AND WHY?

TRACK D	Date	Tuesday, Oct 1
	Time	11:00 – 12:15 h
Panel	Room	Int'l Ballroom D

Session ChairUsha Haley, *West Virginia University***Panelists**William Guth, *New York University*Kathryn Harrigan, *Columbia University*Tyrone Pitsis, *Newcastle University*

As many scholars recognize, the narrative and discourse of impact has begun to dominate the academic landscape. Yet, it remains unclear if common sense-making about impact is occurring across researchers, administrators, associated accrediting bodies and government agencies. Using an historical, cross-disciplinary and international perspective, this panel will consider a set of interrelated issues regarding the sustainable impact of strategic management, including: the measurement of impact in strategy research: do we count what counts?; the idea of rigor and relevance: can we have both?; the role of business schools and their impact: do they matter?; academic rewards and punishment for impact: do we reward what counts?; and e) a career with impact: how do interactions between individuals and organizations shape impact?

SESSION 90

STRATEGIC FACTOR MARKETS

TRACK E	Date	Tuesday, Oct 1
	Time	11:00 – 12:15 h
Paper	Room	Int'l Ballroom A

Session Chair Christian Lechner, *Free University of Bolzano***Contested Arenas: Competing for Transient Advantage**Trish Gorman, *Deloitte*Rita Gunther McGrath, *Columbia University*

This paper presents a new perspective on the locus and nature of interfirm competition. Arenas where firms contest the rights to exploit (e.g., access or control) scarce resources have been of only peripheral importance to our study of firm strategy (e.g., the war for talent). However, in a world where industry and market boundaries are permeable and dynamic, contests in certain arenas become the essential basis of competitive

advantage. Rather than focus on competition within an industry context, we propose an organizing framework comprised of a set of simultaneous asynchronous contests in factor and output markets. The outcomes of these contests are the critical drivers of superior economic returns, transient competitive advantage, and preferred positioning for subsequent contest rounds.

Knowledge Heterogeneity in Strategic Factor Markets: An Examination of the Role of Knowledge in Resource-PickingRory Eckardt, *University of Massachusetts-Amherst*Thomas P. Moliterno, *University of Massachusetts-Amherst*Catherine Maritan, *Syracuse University*

In this study, we leverage research on the knowledge-based perspective and absorptive capacity to examine the influence of knowledge resources on the development of superior expectations of resource value. Specifically, we argue that a firm's knowledge resources are likely to impact the ability of firms to recognize and derive value from information about the resources in a given factor market. We empirically investigate these arguments in the context of the annual Major League Baseball (MLB) player draft where franchises have the opportunity to select player resources to join their team.

Market for BrandsChristian Lechner, *Free University of Bolzano*Gianni Lorenzoni, *University of Bologna*Marco Visentin, *University of Bologna*

Over the last decade, in the Italian Fashion and Design industries a market for brands has emerged. A considerable number of well-known fashion brands had been acquired by other firms. Most transactions show the overwhelming relevance of the accounting value arising from brands, licensing, sponsorships and outlets franchising, all representing intangible assets. Buyers and sellers show a great diversity. Intrigued by this apparently wide-spread phenomenon in these industries, we developed an original data base of Italian acquired brands in order to understand the typologies and motivations of the acquiring firms. This context gives the opportunity to couple strategic maneuvering and industry evolution with implications for the strategy field and managers.

Resource Leadership, Resource Co-Creation, and Vulnerability-Aggressiveness RelationsWan-Ting Su, *National Tsing Hua University*Gideon Markman, *Colorado State University*

This study contributes to competitive dynamic research in factor market rivalry; it sheds light on the vulnerability-aggressiveness relations and two moderating variables—resource leadership and resource co-creation. Extant research in product market rivalry shows a positive, linear relations between firm vulnerability and aggressiveness—that is, vulnerable firms are more aggressive, which means that they attack more often. However, we show that in factor markets, firms' vulnerability-aggressiveness relations follow an inverted U-shaped pattern. We also found that resource leadership and resource co-creation mitigate these inverted U-shaped vulnerability-aggressiveness relations. We contribute to the theory of factor market rivalry because we unearth a counterintuitive vulnerability-aggressiveness pattern—the inverted U-shaped relations rather than linear—and we show how and when resources can help firms reduce competition.

SESSION 77

RESOURCES, CAPABILITIES, AND CORPORATE STRATEGY

TRACK F	Date	Tuesday, Oct 1
	Time	11:00 – 12:15 h
Paper	Room	Int'l Ballroom C
Session Chair	Todd Zenger, <i>Washington University-St. Louis</i>	

Managerial Foresight and Corporate InvestmentCarl Vieregger, *Washington University-St. Louis*Todd Zenger, *Washington University-St. Louis*

Financial constraints can limit strategic investment and impair firm performance. Two distinct, yet competing hypotheses attempt to explain the suboptimal pattern of firm-level investment behavior resulting from these financing constraints: theories of overinvestment due to agency costs and underinvestment due to information asymmetry. This paper proposes a novel approach by incorporating managerial foresight to investigate the relative prevalence of these competing theories. The results are consistent with an information asymmetry theory of costly financing constraints, where adverse selection leads to a higher cost of external capital and underinvestment problems. Understanding this underlying mechanism should be helpful to corporate boards and senior managers as they seek to moderate the costly effects of financing constraints.

Resource Allocation and Dynamic CapabilitiesDan Lovullo, *University of Sydney*David Bardolet, *Bocconi University*David Teece, *Berkeley Research Group*

Resource allocation processes have been largely overlooked as a key component of dynamic capabilities (Teece et al., 1997). We develop the concept of resource reallocation, that is, the ability of firms to redirect resources across their businesses/projects over time, as a crucial component of dynamic capabilities. In order to study reallocation empirically we propose a number of measures for capital reallocation across the firm's business units and test their correlation with firm performance. We find an inverted U-shape relationship between the level of firm reallocation and its performance. We also analyze a number of potential antecedents for reallocation and find that increased managerial ownership and firm age lead companies to reallocate less while the number of business units and recent changes in the relative performance of the business units lead companies to reallocate more.

The Impact of Political Capabilities on Firm Performance: An Empirical InvestigationRichard Brown, *Temple University*Robert Hamilton, *Temple University*

While capabilities research has been a dominant theme in the Management literature, empirical studies of the effect of political capabilities on firm performance is sparse. In this paper, we argue that political capabilities are an important aspect of a firm's strategic repertoire as managing the non-market has become increasingly important. We argue theoretically that firms employ political capabilities and that these capabilities can be a source of advantage. We model the effects of political capabilities variables on firm-level performance. We find support for a positive relationship between PAC intensity and performance as well as strong positive relationship for firms which use both PACs and lobbying. The results derive from a sample of Fortune 500 firms during the years 2005-2010.

Vertical and Horizontal Expansions in Value-Based ModelsGianluigi Giustiziero, *University of Michigan*

Strategy research has often treated vertical integration and diversification strategies as independent topics. Using a bifirm model, this paper

reconciles the existing chiasm by examining the simultaneous interplay between vertical and horizontal corporate strategies. I find that firms in a classical Williamsonian scenario characterized by "small numbers", ex ante vertical integration decisions, and ex post bargaining do not necessarily prefer vertical integration to market transactions. Conversely, if one firm in the economy can develop a valuable, rare, inimitable, and non-substitutable resource that favors synergies from horizontal expansion strategies, said firm does strictly prefer vertical integration. Overall, I show that vertical and horizontal corporate strategies may be complements even when governance and production costs increase disproportionately to firm size.

SESSION 153

STRATEGIES FOR EMERGING AND DEVELOPING MARKETS

TRACK G	Date	Tuesday, Oct 1
	Time	11:00 – 12:15 h
Paper	Room	Int'l Ballroom B
Session Chair	Vikas Kumar, <i>University of Sydney</i>	

Institutional Escapism and Internationalization of Family Firms from Transition EconomiesKimberly Eddleston, *Northeastern University*Joy Ruihua Jiang, *Oakland University*Michael Santoro, *Lehigh University*Elitsa Banalieva, *Northeastern University*

We extend the institutional escapism perspective on firm internationalization by drawing from behavioral agency theory to study the relative internationalization of family firms from transition economies. We analyze how the speed of pro-market reforms (the rate of overall structural adjustment) affects the relative internationalization of family firms from China (the foreign market penetration of family firms relative to other family firms in the industry). We also suggest that this baseline relationship is further modified by the degree of family ownership (the cash flow stake of the family) of the Chinese family firms.

Internationalization Trajectories and Business Models of Emerging Market Multinationals: A Strategic Group AnalysisMargarete Kalinowski, *Ramon Llull University*Luis Vives, *Ramon Llull University*

This paper intends to throw light on the internationalization trajectories of emerging market multinationals (EMNEs) through a strategic group analysis. Despite the uptake of internationalization among firms from emerging markets, questions remain regarding their internationalization trajectories, business model management strategies and their impact on firm performance. To answer these questions, we propose a conceptual framework depicted by two variables: level of institutional difference, and strategic initiatives of leveraging traditional business model or developing a new one. We obtain four possible strategies. Through in-depth case studies of 20 Latin American firms, we identify various mechanisms and variables that play a role in each internationalization trajectory. We then analyze performance differences in each and discuss reasons and factors for the existence of the strategic groups.

State Ownership and the Likelihood of Deal Completion in International Acquisitions: A Study of Chinese Companies Going AbroadJiatao Li, *Hong Kong University of Science and Technology*Peixin Li, *Central University of Finance and Economics*Baolian Wang, *Hong Kong University of Science and Technology*

State-owned enterprises (SOEs) are often seen as pursuing political goals in addition to economic ones in their actions. SOEs, for example, are often perceived to pursue international acquisitions with a more political



motivation than an economic one. SOEs will thus likely encounter political resistance from the host country firms and governments in cross-border acquisitions (CBAs). Using a sample of international acquisitions made by Chinese acquirers, we find that an acquisition attempt is less likely to be completed when the acquirer is an SOE. This effect is stronger when the institutions of the target country differ from those of China, and when the information about the acquirer is less transparent.

What is it about Country that Really Matters? Disentangling Country Effects on Firm Performance

Tunji Adegbesan, *Pan-African University*
Ebes Esho, *Pan-African University*

Extant studies have established the importance of firm, industry and corporate-parent effects in the variance decomposition literature. More recently, the importance of country effects has also been established. Competing theories in different academic fields also posit diverse country-level variables that may impact firm performance. However, the factors that constitute country effects have not been delineated in the variance decomposition literature. Furthermore, studies using data exclusively from the African continent are almost non-existent. We broaden current understanding of the drivers of heterogeneous firm performance by delineating country-level variables that are driven by some compelling theories. We also contribute with one of the first high-data-quality, continent-wide, large-sample strategy studies on the African continent.

SESSION 202

COGNITIVE INFLUENCES ON STRATEGY PROCESS

TRACK H, TRACK P	Date	Tuesday, Oct 1
	Time	11:00 – 12:15 h
Paper	Room	Juniper Room

Session Chair Irene Duhaime, *Georgia State University*

Cognitive Diversity among Senior Managers: An Analysis and Extension of Existing Research

Codou Samba, *University of Houston*
Chet Miller, *University of Houston*

Senior managers set the tone and direction for their organizations. These managers, however, often disagree over fundamental issues related to strategic positioning which may considerably affect how well a firm functions. Unfortunately, three decades of empirical research on such effects has been frustratingly inconclusive. To address this situation, a quantitative synthesis of past research was undertaken. The resulting estimates of effect sizes and across-study variation in effect sizes are helpful in revealing underlying trends in past data. Our empirical results indicate that cognitive diversity among senior managers has meaningful negative effects on intermediate and downstream outcomes, with several moderating factors explaining substantial variance in the six relationships examined here. Our work has implications for upper-echelon, social categorization, rational choice, and political theories.

Paradoxes of Rational Choice in Strategic Decision Making Processes

Pooya Tabesh, *University of Houston*
Chet Miller, *University of Houston*

Rational-choice theory continues to be a guiding force in strategy process research. Despite this popularity, it has been plagued by criticisms and a mixed empirical landscape. To better understand the causal dynamics, several paradoxes of rationality are explored in our work. Using comprehensiveness of strategic decision making as the focal construct, and building on current theoretical and empirical research, we explain how organizational, environmental, and management-related characteristics create paradoxical alignments between the need for rational approaches and their actual use in organizations. To accomplish our goals, we use behavioral theory of the firm, environmental contingency theory, and

upper-echelon theory to show how factors that increase the usefulness of comprehensive approaches simultaneously inhibit their use. A simulation is used to demonstrate some of the effects.

Reductive Bias in Managerial Mental Models and Implications for Strategic Reasoning

Shayne Gary, *University of New South Wales*
MJ Prietula, *Emory University*
Paul Feltovich, *IHMC*

We propose five dimensions of difficulty that characterize many of the dynamic decision making strategy problems faced by managers. The five dimensions of difficulty are: Interdependencies, Time Delays, Dynamics, Nonlinearities, and Stock and Flow Accumulation Processes. To cope with these dimensions of difficulty, managers' mental models tend to be reductive—that is, managers systematically reduce complexity on each dimension by adopting a simplifying assumption. This reductive bias to simplify each of the five dimensions helps identify the types of systematic simplifications managers make when developing their mental models of business policy and strategy problems. The five types of simplifications are harmful for strategic decision making – not useful reductions of complexity – and a number of the harmful consequences are identified.

Who Drives the Change? The CEO's Strategic Commitment and its Missing Consequences

Henning Behr, *KIT-Karlsruhe Institute of Technology*
Kerstin Fehre, *KIT - Karlsruhe Institute of Technology*

The Upper Echelons Theory has been proved to play an important role in strategic management research. Former studies have shown significant effects of CEO-specific demographic data on a firm's strategic outcome. For a further validation of those results, we reevaluate the existing results based on the concept of the commitment to the status quo on a German sample. Furthermore, in line with the concept of managerial discretion, we show that the effect of this commitment on strategic outcomes depend on CEO-specific circumstances determining his personal level of discretion: Newly appointed CEOs seem to have better preconditions for implementing their ideas than established top executives.

SESSION 134

CAPABILITY DEVELOPMENT

TRACK I	Date	Tuesday, Oct 1
	Time	11:00 – 12:15 h
Paper	Room	Dogwood Room A

Session Chair Olga Petricevic, *University of Calgary*

A Micro Perspective Analysis of Capability Renewal Through Knowledge Integration within Product Innovation Projects

Alireza Javanmardi Kashaan, *Queensland University of Technology*
Kavoos Mohannak, *Queensland University of Technology*

The aim of this paper is examine how firms renew their organisational capabilities based on micro organisational processes. Organisational capability development literature points to firms' failure in capability renewal process. To overcome this inefficiency, it is proposed to integrate dynamic capability and ambidexterity perspectives by studying knowledge integration within product innovation. In this relation, applying micro perspective in studying technology diffusion within Iranian Auto industry revealed micro co-evolutionary relationships between knowledge integration within product innovation and capability development. Furthermore, based on near decomposability principals, the analysis suggested relationships among modularity of product architecture, modularity of organisational modularity and modularity of industry architecture in downstream and upstream value chain. Based on these micro-macro co evolutionary effects, capability development process underlying successful corporate entrepreneurship may be verified.

Architecture of Dynamic Capabilities: Explaining Innovativeness in the Context of Nanotechnology

Olga Petricevic, *University of Calgary*

William Bogner, *Georgia State University*

This paper provides a more nuanced view of the key subsets of dynamic capabilities and its multidimensional nature that impact firm's innovations in an emerging field, such as nanotechnology. The findings offer support for the conceptualizations of dynamic capabilities as consisting of distinct subsets of capabilities for the sensing and the seizing of external new-knowledge opportunities across two contexts: alliances and networks. The findings suggests that there are potential synergies between the subsets of dynamic capabilities that are more macro oriented (i.e. sensing and seizing of opportunities within networks) and those that are more micro oriented (i.e. sensing and seizing of opportunities within alliances) but that the linear model of generating innovations through inter-firm collaborations in an emerging field may no longer be valid.

How do Capability Gaps Drive Reconfiguration?: Evidence from U.S. Medical Technology Industry Sales Force Strategies

John Joseph, *Duke University*

Aaron Chatterji, *Duke University*

Colleen Cunningham, *Duke University*

This paper explores how medical technology firms reconfigure their sales capabilities to respond to changes in their product portfolio. The theory relates product portfolio changes to gaps in technological knowledge and customer relationships, and, thereby, to the potential for reconfiguration of sales capabilities. Empirically we examine how changes in the depth, breadth, and complexity of the portfolio predict changes in sales force structure, either from a direct sales force to distributor, or vice versa. Results suggest that as firms increase the depth of their portfolio, having (or implementing) a direct sales force is more likely, while increases in breadth increase the likelihood of using a distributor. This study highlights previously unexplored internal drivers of complementary capability reconfiguration, and demonstrates how technology-related shifts can stimulate reconfiguration.

The Birth of Capabilities in Large Established Firms: Evolution, Managerial Intention and Organizational Hierarchy

Jens Schmidt, *Aalto University*

Thomas Keil, *University of Zurich*

In this article we report on the results of a single case study of deliberate capability building in a new venture of a large, established service firm. We characterize capability building as a guided evolutionary process, where managerial intention helps overcome the myopia of local search. Our study highlights the roles of managers across three levels of the organizational hierarchy. Specifically, we find that middle management plays a central role in initiating and providing guidance to capability development, whereas the role of operational management is confined to local search to verify assumptions or to provide new variation. Top management provides and withdraws necessary resources and may influence a capability at its birth. If a capability underperforms, it may be dissected and functional parts be salvaged.

SESSION 143

GEOGRAPHY, INSTITUTIONS, AND INNOVATION

TRACK I

Date Tuesday, Oct 1

Time 11:00 – 12:15 h

Paper

Room Hickory Room

Session Chair Linda Tegarden, *Virginia Tech*

In Search for External Knowledge: How Institutions Matter for Innovation Performance

Christoph Grimpe, *Copenhagen Business School*

Wolfgang Sofka, *Copenhagen Business School*

The innovation performance of firms is increasingly determined by their ability to search and absorb external knowledge. Relatively little is known, however, on the role of institutions in making external knowledge available to firms. In this paper, we argue that the institutional context that provides or denies access to external knowledge shapes the effectiveness of search. We extend a firm's knowledge production function with the exogenously determined institutional context while treating the search strategy as endogenous. To analyze the effects of institutions on search and performance, we draw a distinction between the level of institutional development and the degree of institutional dynamics. Preliminary results based on a sample of almost 8,000 firms from ten European countries show that higher market orientation of institutions increases the effectiveness of firms' search for external knowledge while higher magnitudes of institutional change decrease it.

Investigating the Dual Role of Government Support in Imitation versus Innovation in Emerging Economies

Bin Hao, *East China University of Science and Technology*

Xiaolan Fu, *Oxford University*

While government support is widely acknowledged as a means of innovation driver, it may also spur imitation. This study strives to contribute to the literatures by exploring the dual role of government support in imitation and innovation in emerging economies. We argue that policy support differs from financial support in affecting firms' strategic orientation of technological development, trying to develop our model by introducing R&D competence and environmental dynamics as moderators. We collected firm-level survey data from 1408 firms located among 42 cities in mainland China. We plan to test our model by using this data.

Shaping Institutions to Facilitate Market Innovations for Increased Sustainability: Influencing the Electricity Market in India

Suvi Nenonen, *University of Auckland*

Kaj Storbacka, *University of Auckland*

Due to their systemic nature, sustainability innovations are likely to necessitate changes in institutions governing the behavior of actors in markets. This study investigates how firms can shape such institutions in order to facilitate market innovations for increased sustainability. We identify a set of institutions governing market formation, which firms can influence: network structure and composition, norms, representations, and agendas. In an exploratory case study of the electricity market in India, we illustrate how a small actor influences market formation using a long-term systematic process, aimed at influencing the electricity market agenda by involving engagement of new actors, and influencing normative and representative practices. As a result a new electricity tariff is introduced that will improve environmental, social and economic wellbeing simultaneously.



Who Publishes and How Much?: The Value of Scientific Knowledge Revisted

Olga Bruyaka, *Virginia Tech*
 Fiona Xiaoying Ji, *Ohio University*
 Linda Tegarden, *Virginia Tech*
 William Lamb, *Ohio University*

We study how scientific knowledge (i.e., number of academic publications) of geographically proximate universities, geographically proximate competitors, and organizationally proximate corporate subsidiaries impacts business organizations' innovativeness. In an empirical study of 429 U.S. fiber optic business organizations in 1976-1994, we show that the value of scientific knowledge varies depending on the type of its sources, and availability of an alternative source of scientific knowledge; it interacts with business organizations' own capability of developing scientific knowledge to enhance organization innovativeness; and, the value of scientific knowledge also varies depending on the nature of innovation, i.e., important patents versus pioneering products.

SESSION 56

A VARIETY OF PERSPECTIVES ON STRATEGIC ENTREPRENEURSHIP

TRACK K	Date	Tuesday, Oct 1
	Time	11:00 – 12:15 h
Common Ground	Room	Chestnut Room

Facilitator Kehan Xu, *Sun Yat-sen University*

Resolving the Exploration and Exploitation Dilemma in Growth Phase of New Ventures

Sabyasachi Sinha, *Indian Institute of Management-Lucknow*

The ability of the organization to simultaneously pursue exploration and exploitation is referred to as ambidexterity. We present a review of current literature on ambidexterity and highlight the need of studying the phenomenon in a new context of growth phase of new ventures. In case of new ventures the role of founders and the founding team members, which we refer here as top management team (TMT) of the new venture is critical. We highlight here the need of identifying, the mechanisms of how ambidexterity is managed in new ventures and role of TMT in the process.

Spinout Formation: Do Opportunities and Constraints Benefit High Human Capital Founders?

Mariko Sakakibara, *University of California-Los Angeles*
 Natarajan Balasubramanian, *Syracuse University*

We examine the role of human capital in employees' decisions to leave their parent firms and form spinouts. Using a large sample of individuals who formed spinouts in manufacturing industries between 1992 and 2005, and their co-workers who did not, we find that individuals with higher human capital are more likely to form spinouts. Counterintuitively, we find that both industry constraints and opportunities reduce the propensity of higher human capital individuals to form spinouts. Our findings are consistent with the argument that high human capital founders are more likely to choose larger, more capital-intensive projects and thus face greater constraints, while R&D intensive industries appear to present abundant entrepreneurial opportunities, thus decreasing the relative advantage of high human capital individuals.

The Role of Human Capital in Scaling Social Entrepreneurship

Dawn Harris, *Loyola University-Chicago*
 Yasemin Kor, *University of South Carolina*

In this research paper, we discuss the importance of human assets in growing and scaling a social venture to achieve its objectives and attain financial sustainability. We focus on the three key dimensions of how a

social enterprise's human assets contribute to the effectiveness of the company's operations and its missions: (1) human capital acquisition, (2) human capital development, and (3) human capital retention. We explain how a firm's actions in these key three dimensions can promote (and hinder) the growth of the firm, which is vitally linked to delivering social, environmental, and economic benefits to the impacted communities and stakeholders. In discussing and unpacking these dimensions, we utilize real-life examples from two social ventures we studied, Solar Sister of Uganda and E-Health Point of India.

Toward a Pecking Order Theory Of Strategic Resource Deployment

Robert Wuebker, *University of Utah*
 William Schulze, *University of Utah*
 David Deeds, *University of St. Thomas*

A core premise of the dynamic capabilities perspective is that the skills of the firm are embedded in its routines and in the knowledge acquired over time. Since few firms have the resources needed to explore more than a few of the investment opportunities that are available to them, the ability to source external resources is viewed as a critical, if not defining, skill. However, external sourcing exposes the firm to a variety of risks rooted in opportunism, any of which may reduce the firm's ability to protect vital resources from imitation or replication. We argue these conditions give firms incentive to use internal resources before turning to external sources. Data from a sample of cross-border investment by US VC firms confirm our conjecture.

Unveiling the Founder Effect: A Process-Oriented Framework on Entrepreneurial Imprinting

Vladi Finotto, *University Ca' Foscari Venice*
 Anna Moretti, *Ca' Foscari University*

Imprinting has often been evoked to explain long-term influence of the founder on organizations' growth and strategies. Despite its recurrence in studies of founders' effects on organizations, the concept has been rarely investigated. This paper aims at contributing to the advancement of the theoretical definition of imprinting and to the operationalization of its constituent factors. We advance an analytical and conceptual framework that can function as a guide for empirical investigations on the persistence of firms' distinctive characteristics. The paper aims at making two contributions. First, it reduces the heterogeneity of "observed" imprinted elements by focusing on cognitive frames. Second, it advances a process-oriented conceptual and analytical framework that emphasizes the importance of political aspects and mobilizing practices in the persistence of founders' frames.

Which Factors do Affect Success of Business Incubators?

Nobuya Fukugawa, *Tohoku University*

Entrepreneurial process, from the recognition or creation of business opportunities to the exploitation of opportunities through new firm creation, requires nascent entrepreneurs to be "jacks of all trades" even though they need not to be a master of all. Focusing on the role of business incubators as knowledge transfer organizations, this study examines how the scope and focus of skills that incubation managers can transfer to nascent entrepreneurs affect new firm creation, and how the impacts vary according to technological categories. Estimated Tobit models show that technological skills of incubation managers are particularly beneficial for incubatees in science-based sectors. Furthermore, formal alliances with and the geographical contiguity to universities do not help business incubators spawn science-based startups. Policy implications of the results are discussed.

SESSION 26

DYNAMIC CAPABILITIES & STRATEGIC ENTREPRENEURSHIP

TRACK K	Date	Tuesday, Oct 1
	Time	11:00 – 12:15 h
Paper	Room	Cypress Room

Session Chair George Tovstiga, *University of Reading*

Dynamic Capabilities and New Venture Survival in Nascent Markets

Robin De Cock, *Imperial College Business School*

Bart Clarysse, *Imperial College London*

The dynamic capability literature has argued that dynamic capabilities are of most importance to companies that face dynamic environments. New ventures in nascent markets are in such a situation. However, the literature remains silent when it comes to the boundary conditions under which these dynamic capabilities have most impact on survival. We extend the literature on dynamic capabilities by showing that firm stability measured as role formalization in the founding team and redundancy at the work floor does increase the impact of dynamic capabilities. We therefore contribute to the literature on dynamic capabilities by showing its duality with company stability. However, the installation of a board with external directors does decrease the impact of dynamic capabilities.

Dynamic Capabilities: Shaping Factors and Moderators in the Context of Entrepreneurial High-Technology Enterprises

George Tovstiga, *University of Reading*

Henning Grossmann, *Foundation Technopark Zurich*

This paper presents work that is still in progress; it explores the theoretical and conceptual background to empirical research which is to follow (but which is not the objective of this paper). This paper explores the three constituent shaping activities of dynamic capabilities (Teece, 2007, 2009; Teece and Pisano, 1994; Teece et al., 1997), consisting of sensing, seizing and reconfiguring; and their relationships to technical and evolutionary fitness as defined by Helfat et al. (2000, 2003, 2007 and 2009). Moreover, this paper explores the role that market dynamics play as the firm seeks to establish evolutionary fitness, whereby market dynamics is defined as proposed by Eisenhardt and Martin (2000). The specific focus of this study is on entrepreneurial high-technology start-ups.

Learning by Doing: IPO Premium Trend and the Experience of Venture Capital Firms

Salim Chahine, *American University of Beirut*

Igor Filatotchev, *City University London*

Mike Wright, *Imperial College London*

Using a sample of 1116 VCs involved in 1177 IPOs in the U.S. from 1990 to 2009, we explore how Venture Capitalists learn from their prior IPO experiences. We show that the current performance of an IPO firm involving a specific VC firm is positively related to the performance of previous IPOs of firms backed by the same VC firm, after controlling for firm characteristics and market conditions. We also find that the number of previous IPO experiences, their diversity and the number of prior syndicated IPO experiences positively moderate this positive relationship. This indicates that VCs learn from their previous "exit" experiences to develop pricing capabilities.

Understanding the Role of Dynamic Managerial Capabilities in Creating Corporate Entrepreneurship and Firm's Performance

Budi Widjaja Soetjipto, *University of Indonesia*

Muhammad Ridwan Arif, *State Polytechnic of Ujungpandang*

This proposal discusses the extent to which dynamic managerial capabilities determines corporate entrepreneurship and eventually

firm's performance. One hundred and thirty-three CEOs and editor-in-chiefs of Indonesia local newspaper publishers participated in the study. This study finds that three elements of dynamic managerial capabilities (managerial human capital as measured by talent management practices, managerial social capital, and managerial cognition as measured by managers' perception on task environment) positively and significantly affect corporate entrepreneurship, and corporate entrepreneurship in turn positively and significantly affects firm's performance. These findings highlight the role of dynamic managerial capabilities in creating corporate entrepreneurship. Limitations of the study are also identified to warrant further research.

SESSION 219

HUMAN CAPITAL AND INNOVATION

TRACK L, TRACK I	Date	Tuesday, Oct 1
	Time	11:00 – 12:15 h
Paper	Room	Hazelnut Room

Session Chair Kyle J. Mayer, *University of Southern California*

Human Capital, Industry Specificity and Innovation: The Role of Scientists' Industry Experience For Firm-Level Patenting

Arjan Markus, *Copenhagen Business School*

Daniel Tzabbar, *Drexel University*

Drawing on human capital and absorptive capacity theory, we examine the impact of industry-specific experience of scientists on firm-level innovation. We distinguish between two types of recruitments: intra- and inter-industry hires. Accordingly, we predict different effects for each individual type with regard to firm-level patent productivity and patent impact. More importantly, we expect that a firm's experience with recruitment of intra- and inter-industry scientists enhances the effect of each individual type. We aim to test our predictions on a unique dataset which combines register employer-employee data from Statistics Denmark and patent application data from the European Patent Office. This dataset consists of 1233 firms and 526 mobility events in the Danish chemical industry in the period 1999-2004.

Human-Capital and Power Structure: Understanding Technological Exploration in New-Ventures

Jaclyn Shor, *Drexel University*

Daniel Tzabbar, *Drexel University*

We argue and demonstrate that founding-team human capital (both educational diversity and prior entrepreneurial experience) is positively related to a new venture's ability to explore new technologies. However, we develop a theory recognizing that the effect of human-capital depends on the power distribution among founding team members, and that such effect can vary depending on the type of human capital. Our results indicate that under conditions of high educational diversity, power concentration enhances the positive effect of education heterogeneity and exploration. However, power concentration diminishes the positive effect of prior entrepreneurial experience. Therefore, we suggest, that the prognosis for firms with high degrees of human-capital is not all that rosy, and, conversely, the presence of a powerful CEO is not all that grim.

Patching the Wrong Eye: Substitution of Social Capital for Human Capital in Corporate R&D and Long-Term Innovative Performance

Ramin Vandaie, *University of Minnesota*

I argue in this study that overreliance on resources embedded in interorganizational relationships in firms suffering a decline in the quality of in-house scientific human capital leads to negative long-term ramifications for the firm due to underinvestment in the restoration and further enhancement of in-house human capital. I start by building a



theory for explaining when firms are more prone to such overreliance based on their extent of embeddedness in preexisting firm-level and scientist-level social structures. Next, I explore the impact of the decision to ramp up external collaborations in R&D in response to declining quality of in-house scientific human capital on the long-term innovative performance of the firm.

Startup Firm Acquisitions as a Human Resource Strategy for Innovation: The Acqhire Phenomenon

Jaclyn Selby, University of Southern California
Kyle J. Mayer, University of Southern California

High technology industries have become increasingly characterized by shortages of talented human resources and we observe a growing phenomenon, particularly prevalent amongst Silicon Valley firms, called an ‘acqhire’ in which large firms acquire startup companies in order to procure highly skilled personnel in lieu of traditional hiring practices. We seek to understand when firms may engage in an acqhire as opposed to traditional hiring of individuals or external solutions like alliance or contractors. We further explore how acquires help address competitive advantage from an RBV perspective as such acquisitions appear to be motivated by a desire to maintain the startup’s team of core employees as a cohesive unit to preserve tacit knowledge, prevent knowledge leakage, and maintain the entrepreneurial culture within the team.

SESSION 190

STAKEHOLDER APPROACHES TO CAPITALISM: TOWARD INCREASING SOCIAL AND ECONOMIC WELFARE

TRACK M, TRACK A&B	Date	Tuesday, Oct 1
	Time	11:00 – 12:15 h
Paper	Room	Pecan Room
Session Chair	Flore Bridoux, University of Amsterdam	

★ A Naturalistic Stakeholder View of Social Welfare

J W Stoelhorst, University of Amsterdam
Flore Bridoux, University of Amsterdam

The standard narrative of market capitalism is supported by an economic paradigm that emphasizes market competition, rational self-interest, and a shareholder view of the firm. We argue that the theoretical underpinnings of this paradigm are ill-suited to inform managers and policy makers about the creation of social welfare in modern, knowledge-driven, economies. We adopt a naturalistic view of socio-economic systems to provide more suitable theoretical underpinnings and use this view to develop an alternative paradigm for studying market capitalism and designing its institutions. This paradigm emphasizes cooperation as well as competition, heterogeneous motives, and a stakeholder view of the firm.

Moving beyond Single Relations: A Multi-Relational Network Theory of Stakeholder Power

Wen Feng, MIT
Edward Crawley, MIT
Donald Lessard, MIT
Bruce Cameron, MIT
Olivier de Weck, MIT

Stakeholder theory challenges the traditional economic view of strategic management and suggests that social value should be studied together with economic value, from both normative and instrumental aspects. Following this spirit, we develop a multi-relational network theory to unify economic and social value into a common framework and then model the multi-type and networked stakeholder relationships as direct and indirect value exchanges. Specifically, we interpret stakeholder power as a secondary phenomena emerging from exchange relationships and network structures, and also formulate corresponding strategies for firms to manage their relationships with powerful stakeholders. Our theory is

firmly grounded on the social exchange theory (SET) and advances the network theory of stakeholder influences by moving beyond the single-relation networks.

Toward a Theory of Stakeholder Entrepreneurship

Rashedur Chowdhury, University of Jyväskylä
Edward Freeman, University of Virginia

We take an alternative perspective to social entrepreneurship theory in order to address social problems such as poverty and inequality. We develop the theory of stakeholder entrepreneurship which combines stakeholder theory, entrepreneurship theory and the capability approach. We argue that by creating opportunities for poor and disadvantaged stakeholders alongside primary stakeholders, firms can contribute to the development of a society. More specifically, firms can contribute to increased freedom and choices for their stakeholders who otherwise might not have been benefited without the help of firms’ entrepreneurial activities. Unless firms give poor and disadvantaged stakeholders’ opportunities to learn or develop certain skill sets (a process of ‘stakeholder capability unlocking’) it is difficult for poor and disadvantaged stakeholders to make their own choices or practice real freedoms.

SESSION 12

INFORMAL TIES AND SOCIAL CAPITAL

TRACK N	Date	Tuesday, Oct 1
	Time	11:00 – 12:15 h
Paper	Room	Sycamore Room
Session Chair	Ravi Madhavan, University of Pittsburgh	

Happy Start, Happy Process, and Happy Ending: Implications of Managerial Personal Ties for Alliance Performance

Han Jiang, Arizona State University
Luiz Mesquita, Arizona State University

Little research effort has been devoted to unveiling the implications of managerial personal ties for alliance performance. In this study, drawing on a contingency perspective, we theorize that the association between managerial personal ties and alliance performance varies with two sets of boundary conditions: the dimensions of alliance performance, and the characteristics of alliances. Using a sample of 244 high-technology alliances in China, we show that managerial personal ties across firms are effective at enhancing alliance governance effectiveness, but less so at improving alliance goal fulfillment. Moreover, the alliance performance implications of managerial personal ties also subject to the strategic nature of the alliance and the interdependence between partners.

Informal Device for Co-optation and its Dynamics: Formation of Marriage Ties among Korean Business Groups

JungYun Han, INSEAD

Firms seek external relations to reduce environment uncertainty and secure critical resources. Prior research on external relations among corporate leaders has focused that resource criticality of a potential partner tends to increase a propensity of forming formal linkages with the firm such as board interlocks or appointment of former government officers. This study extends prior research on resource dependence by examining how firms strategically manage their informal social ties to gain critical resources in two folds: By examining marriage relationship between owner families of Korean business group between 1970 and 2011, first, I find that there is non-monotonic (Ushaped)relationship between a partner’s resources and a propensity to form a marriage tie with the firm, and the relationship is reinforced by a focal firm’s resources. Second, this study finds that when a focal has alternatives sources for critical resources, the positive relationship between resource criticality of partner and marriage formation is weakened.

Questioning the Value of Political Ties: The Impact of Different Types of Political Ties on Firm Financial Performance

Asli Koza, *HEC-Paris*

This paper investigates the impact of political ties on firm financial performance, using a unique longitudinal dataset covering the period from 2002 to 2011, for all publicly listed and formerly publicly listed companies in the UK. I differentiate between different types of political ties and find robust evidence that firm political engagement is negatively and significantly related to financial performance. The results also show that certain types of ties harm firm performance less than others.

Relational Competition in Taiwan

Danny Miller, *HEC-Montréal*

Hao-Chieh Lin, *National Cheng Kung University*

Ming-Jer Chen, *University of Virginia*

Isabelle Le Breton-Miller, *HEC-Montréal*

This study explores relational competition -- the extent to which a firm engages with its stakeholders based on a long-term and cooperative mindset. In doing so it extends the competitive dynamics perspective from zero-sum rivalry among competitors to the win-win interplay among stakeholders. Using structural equation modeling, the paper examines how relational competitive interactions are shaped by specific governance, leadership, and organizational factors, and influence firm performance in certain environmental contexts. Using data from a survey of multiple top managers in 289 Taiwanese firms, we find that paternal leadership bears a positive relationship to organizational relational practices, and to relational competitive strategy. Only the latter bears a positive relationship to performance, and the relationship is less positive within dynamic environments

SESSION 49

HELLO, GOODBYE: CEO TRANSITIONS, ASCENSIONS, DISMISSALS

TRACK O	Date	Tuesday, Oct 1
	Time	11:00 – 12:15 h
Common Ground	Room	Walnut Room

Facilitator Parthiban David, *American University*

CEO Dismissal and Board Capital: An Institutional Lens on Board Resources, Focus, and Autonomy

Jean McGuire, *Louisiana State University*

Jana Oehmichen, *University of Göttingen*

Michael Wolff, *University of Göttingen*

We examine the role of board capital in CEO dismissal decisions as well as the moderating role of institutions. We present a three stage model of CEO dismissal which differentiates: the initiation stage in which board members become aware of the possible need to dismiss the CEO; the decision stage in which the board comes to a decision that dismissal is an appropriate action, and the enforcement stage in which the board acts to dismiss the CEO. Our empirical results indicate the relevance of board capital in step 2 and 3 and that this board capital is complemented by the society's information permeability and the cultural power distance. Shareholders legal enforcement abilities on the other hand substitute effects of board capital.

Founder CEO Succession: The Effects on Strategic Change and Market Reaction

Ying Feng, *Erasmus University-Rotterdam*

Jatinder Sidhu, *Erasmus University - Rotterdam*

Henk W. Volberda, *Erasmus University-Rotterdam*

Frans A.J. Van Den Bosch, *Erasmus University-Rotterdam*

How firms can renew strategies and adapt to changing environment is

considered to be critical in achieving sustainability. While prior research found that leadership structure has a significant influence on firms' capability in resources reallocation, little has considered how leadership succession is used as symbolic management to gain legitimacy from external constituents. To fill this gap, we focus on founder CEO succession and propose that demand for resources prompts firms and founder CEOs to increase visible efforts in improving leadership structure. We examine the role of founders' retention as board chair and further predict that founder CEO succession and founder CEO's verbal symbolic management toward investors can produce positive reactions from investors, despite lack of changes in actual managerial and strategic decision-making process.

Going Out on Top or with a Fizzle?: Upper Echelons Perspective on CEO Retirement

Joanna Tochman Campbell, *University of Arkansas*

Hansin Bilgili, *University of Arkansas*

Alan Ellstrand, *University of Arkansas*

Jonathan Johnson, *University of Arkansas*

Despite the fact that CEO retirement is a common event, little is known about the circumstances surrounding such exits. This study examines the topic of CEO retirement through the lens of upper echelons theory, contrasting the strategies and firm outcomes of pre-retirement CEOs with a comparable group of peers. Through this, we attempt to answer the following research questions – do the strategic decisions implemented by CEOs differ once retirement is on their horizon? Do CEOs, on average, retire at the top of their game, or once their own—and by extension their firms'—performance begins to suffer? Moreover, we build on agency theory to investigate how the effectiveness of compensation incentives changes once impending retirement is taken into consideration.

Sensemaking and Female CEO Ascension: The Role of Strategic Noise

Jennifer Palar, *University of Mississippi*

Richard Gentry, *University of Mississippi*

Jennifer Knippen, *University of Virginia*

Our study seeks to make two contributions to the literature. First, we will identify the conditions under which firms are less likely to promote a woman CEO and withstand the inevitable scrutiny from the media and market. Then we will integrate the literature on strategic noise and sensegiving to explore how organizations manage the promotion and transition of female CEOs. Firms can cloud important events with strategic noise, preemptive and obfuscatory impression management activities, or they can deliberately attempt to shape the conversation through sense-making activities. Consequently, we suggest the appointment of a female CEO is a unique event in the context of CEO succession and one that is important to examining the challenges of strategic noise and sense-making processes.

Storming the Castle: Leadership Transition at the Top and Competitor Strategic Actions

Michael Withers, *Texas A&M University*

Kai Xu, *Texas A&M University*

Trevis Certo, *Arizona State University*

Wei Shen, *Arizona State University*

Much research has focused on the consequences of the CEO succession. However, currently missing from this literature is a focus on the competitive repercussions that may result from a succession event. This study integrates the competitive dynamics perspective with the executive succession literature to examine the competitive consequences of executive succession. In particular, we suggest that when firms experience executive succession events their direct competitors may be more likely to engage in strategic behavior. We also examine the moderating role of successor type, prior performance, and predecessor power. We test our hypotheses using a sample of 49 firms experiencing CEO turnover events and examine their competitors' strategic actions. We conclude with a



discussion of contributions and future research directions based on our theorizing and results.

The Effects of Asymmetric Information on the Dismissal of Newly Appointed Leaders

Malay Desai, *University of Nottingham*

Andy Lockett, *University of Warwick*

David Paton, *University of Nottingham*

In this paper, we follow Zhang's (2008) lead to exploring how asymmetric information between the owner (principal) and leader (agent) shapes newly appointed leader tenure. We contribute to the literature by developing a model of asymmetric information and new leader tenure which extends Zhang's (2008) work on adverse selection, and heeds Zhang's call to explore the link between moral hazard and new leader tenure. We validate our model, using duration analysis, on a sample of 106 newly appointed leaders in the English premier league (1996-2010).

SESSION 54

GOT TO GET YOU INTO MY LIFE: INNOVATIONS AND ADOPTIONS

TRACK O

Date Tuesday, Oct 1

Time 11:00 – 12:15 h

Paper

Room Magnolia Room

Session Chair

Seemantini Pathak, *University of Houston*

Adoptions of Chief Diversity Officers among S&P 500 Firms: Institutional and Resource Dependence Explanations

Wei Shi, *Rice University*

Seemantini Pathak, *University of Houston*

Jiwen Song, *Renmin University of China*

Robert Hoskisson, *Rice University*

The importance of workforce diversity has increasingly been emphasized as demographic minorities comprise more of the workforce and consumer markets. As a result, some firms adopt chief diversity officer (CDO) positions to manage workforce diversity more effectively. This study investigates the confluence of institutional and resource dependence theoretical factors in explaining firms' adoptions of CDO positions. From institutional theory, we find that firms are more likely to adopt CDOs when they are headquartered in legalized gay marriage states, the accumulative number of industry CDO adoptions is high, and the industry to which a firm belongs has high levels of female and African American employment representation. Using resource dependence theory, we find that transient institutional ownership bears a negative relationship with CDO adoptions whereas female top management representation, firm size, diversification levels, and innovation intensity positively affect firms' adoptions of CDO positions.

Corporate Communication in the Upper Echelons: The Presence of Chief Communication Officers on the TMT

Irene Pollach, *Aarhus University*

Directors for corporate communication—also referred to as chief communication officers (CCO)—have been common managerial positions in large organizations since the 1970s. Over the past decades their responsibilities have evolved from tactical support tasks to a more strategic function that integrates, aligns and orchestrates all communication activities in organizations. CCOs are now also found on top management teams (TMT). Strategy research on TMTs has paid next to no attention to corporate communication as a functional background represented on TMTs. This paper follows an upper echelons approach and proposes a model of organizational antecedents of the presence of chief communication officers on TMTs, including variables related to the TMT, the CEO, and the person of the CCO.

Risk as a Logic of Governing: Explaining the Diffusion of Risk Governance Innovations

Christopher Eaton, *University of Calgary*

Recent events have shaken our confidence in organizational governance and stimulated reforms. In response, many boards of directors and top management teams are adopting and adapting risk governance practices—a management innovation—for the organizations they lead. Dedicated risk committees and departments, chief risk officers, and risk appetite frameworks are among these innovations, which often form part of an enterprise risk management program. Although patterns of diffusion have emerged, our understanding of underlying adoption and adaptation mechanisms remains limited. I build theory from multiple cases to help explain the diffusion of risk governance innovations. My analysis of eight paired organizations across four fields—financial services, energy/utilities, telecommunications, and government—suggests the nature and extent of organizational risk are together generating a pervasive “logic of governing”.

Symbolic Adoption and Silent Implementation: Alternative Forms of Decoupling in Downsizing Korean Firms

Sookyoung Lee, *Northwestern University*

While studies of practice diffusion have addressed the possibility of decoupling in terms of public adoption without implementation, we suggest there is value in examining an alternative version of decoupling that involves implementation without public adoption. This combination suggests four possibilities in diffusing practices: deep adoption (substantive adoption), superficial adoption (symbolic adoption), superficial resistance (silent implementation), and deep resistance (substantive resistance). Using a sample of large South Korean firms after the Asian financial crisis, we test how prior firm performance and board of director characteristics shape firms' choices about these four possible options for corporate downsizing.

SESSION 208

AUDIENCES AND CATEGORIZATION EFFECTS IN BEHAVIORIAL STRATEGY

TRACK P, TRACK J

Date Tuesday, Oct 1

Time 11:00 – 12:15 h

Common Ground

Room Cottonwood Room AB

Facilitator

David Maslach, *Florida State University*

Behaving or Not Behaving? The Economic Value of (il) Legitimate Actions

Marco Clemente, *HEC-Paris*

Strategy research analyzes the causes of heterogeneity in firms' performance. While industry factors and internal resources have been long known as crucial factors, recently strategy scholars have moved their attention to the economic and, in particular, the sociological institutional context. Today, companies are increasingly pushed to make actions that are considered legitimate, i.e. conforming to the social expectations of the environment in which they operate. However, legitimate actions are costly, while illegitimate behaviors, especially if they go unnoticed, can be beneficial. Not surprisingly, theoretical and empirical literature on legitimacy makes the relationship between (il)legitimate actions and (negative) positive economic performance unclear. Using a unique dataset, I propose and find evidences that media visibility and the type of legitimacy are key variables that moderate this relationship.

Going to Extremes: The Double Edge of Seeking Media Coverage

Anastasiya Zavyalova, *Rice University*
Michael Pfarrer, *University of Georgia*
Rhonda Reger, *University of Tennessee*

We propose that organizational studies have underemphasized the downside of organizational prominence that results from increased media coverage. Drawing from research in psychology and social psychology, we develop theoretical arguments that explore the spectrum of consequences associated with strategic decisions to seek media attention. We argue that direct and indirect tactics by organizations can increase the amount of media coverage, which, in turn, increases organizational prominence in the eyes of their stakeholders. However, because prominence can lead to extreme evaluations by stakeholders and disproportionate causal attributions, prominence resulting from media coverage can be a double-edged sword.

Motivated to Change? TMT Regulatory Focus and Strategic Action

Philip Roundy, *University of Texas-Austin*
James Fredrickson, *University of Texas-Austin*

Top management team (TMT) characteristics can play a key role in influencing a firm's strategic dynamism. However, the socio-cognitive factors that drive dynamism and form the basis for why some TMTs are motivated to engage in strategic change while others are motivated to maintain the status quo are under-examined. Moreover, how TMT members' internal motivational-orientation and external environmental factors combine to influence strategic dynamism has also received little attention. To address these omissions, this paper examines a particular psychological construct – regulatory focus – which we argue will have a strong influence on TMTs' motivations to change. We present a theoretical model of the relationship between regulatory focus, strategic dynamism, and the stability of a firm's environment. Propositions are developed and implications and future directions are discussed.

Niche width, Category Arrangement, and Audience Evaluations in Corporate Law Firms

Lionel Paoletta, *HEC-Paris*
Rodolphe Durand, *HEC-Paris*

Organizational literature considers that focused organizations have higher fitness with evaluative schemas of audiences relative to category spanners they compete with, and then receive better evaluations. Yet, most of the studies do not take into account any goals of audience members. We try to fill this gap using data from the international corporate legal service industry where clients have plural goals not fixed in time. We found that a generalist approach is more suitable for law firms in terms of audience evaluations. We also show that market categories may be additive in business legal services. Rather than a simple collection of category affiliations, coherent category arrangements with expectations and of audience members will positively moderate the relationship between niche width and external evaluations.

Painted with the Same National Brush? International Differences in Categorization and Informational Spillovers

Adam Castor, *University of Pennsylvania*

Leveraging social categorization theory and findings from social psychology, I predict that the characteristics of audience members affect the way that they cognitively group objects into similar categories. These groupings affect the degree to which audience members ascribe new information across objects. Using data on stock market analyst earnings estimates I predict that the geographic location of the analyst affects the degree to which analysts will revise their earnings estimates for a given company in the wake of an earnings miss by another firm. Foreign analysts revise their earnings estimates downward more so than do local

analysts, suggesting that foreign analysts ascribe the earnings miss more broadly and tend to lump companies located in the same country into larger groups than do local analysts.

Redirecting Attention: The Board's Influence on TMT's Entrepreneurial Attention

Marius Luber, *Institute of Strategic Management*
Anja Tuschke, *University of Munich*

In this study, we address the question of why some top management teams (TMT) allocate more attention towards the identification of new business opportunities, while others don't. Based on the attention-based view, we argue that boards of directors can enhance TMT entrepreneurial attention by interacting with the TMT and supplementing its ability to attend to entrepreneurial issues. Analyzing entrepreneurial attention in a sample of large German firms between 2004 and 2011, we find support for our theorizing that both, TMTs and boards of directors can influence TMT entrepreneurial attention.

SESSION 103

DYNAMIC CAPABILITIES FOR SUSTAINABILITY

TRACK A&B	Date	Tuesday, Oct 1
	Time	11:00 – 12:15 h
Paper	Room	Dogwood Room B
Session Chair	Mark DesJardine, <i>Western University</i>	

Exploring Dynamic Capabilities in Community Contexts: An Empirical Investigation

David Wagner, *European University Viadrina*
Heinz-Theo Wagner, *German Graduate School of Management and Law*

Jochen Koch, *European University Viadrina*

Strategy researchers have long been concerned with the sources of competitive advantage, i.e., why some firms' performance is superior over others. One argument to answer this question is provided by the dynamic capability view which posits that some firms are better at adapting to a changing business environment than others. This study scrutinizes online communities from a strategic perspective. We present evidence which shows that organizations may use online communities to sense and shape opportunities and threats, to seize opportunities, and to reconfigure the enterprise's intangible and tangible assets, thus helping their host organizations adapt to a changing business environment. The paper contributes to the strategy literature by analyzing how new information technologies help to build and sustain competitive advantage.

R&D Dynamic Capabilities in a Changing Regulatory Context

John Ettlie, *Rochester Institute of Technology*
Francisco Veloso, *Lisbon Catholic School of Business and Economics*
Muammer Ozer, *City University of Hong Kong*

We tested and supported five hypotheses probing the current version of the dynamic capabilities model (Teece, 2009) in the context of a highly dynamic and complex context: the global automotive industry undergoing significant change to improve sustainable performance. Using a comparative validated sample of 104 R&D projects in the U.S. and China supported all five hypotheses. The most important general finding of the study is that the core empirical causal model of R&D Dynamic Capabilities in the U.S. and China are similar: The causal sequence of dynamic capabilities impact on project success is mediated by dominant design and relative importance of the project; Dynamic Capability (reliable) measures are very similar in both contexts; in particular there were three core competences common across both countries: combining existing capabilities, leveraging partner capabilities, and developing new capabilities.



The Role of Organizational Learning and Strategic Flexibility in Business Model Innovation: A Capability-Perspective

Stephan von Delft, *University of Muenster*

Jens Leker, *University of Muenster*

Recent strategic management and innovation management research emphasizes the importance of business model innovation for sustainable competitive advantage. However, little is known about capabilities firms need to adapt or change their business model. To better understand the role of capabilities in business model innovation, we investigate the relationship between business model innovation and two forms of dynamic capabilities, namely strategic learning capability and strategic flexibility, using a survey among top-executives in Canada. While we conceptualize business model innovation as a second-order construct of four interlocking elements (customer value proposition, profit formula, key resources, key processes), we find empirical evidence that a capability-perspective helps firms to better understand the antecedents of business model innovation.

The Value of Business Sustainability and Resilience During the Global Financial Crisis

Mark DesJardine, *Western University*

Tima Bansal, *University of Western Ontario*

After meeting the benchmark of roughly two decades of research focused on a causal relationship among social, environmental, and financial performance, we argue that researchers need to re-familiarize themselves with the original meaning of sustainability to draw more meaningful conclusions that map more closely to the principles this concept was founded on. With sustainability acting as a dynamic capability, we argue that organizations that develop sustainable practices are more resilient. In other words, they build a better contextual fit that helps them survive shocks. We test this relationship by exploring the relative impact of the 2008 global financial crisis. Drawing from a sample of 522 firms, we hypothesize that the magnitude of the shock and the time to recovery is lower for sustainable firms.

TUESDAY 11:00 – 12:15

12:15 – 14:00

AWARDS LUNCHEON

SESSION 62

PLENARY TRACK

TRACK Q

Date Tuesday, Oct 1
Time 14:15 – 15:15 h
Room Dogwood Room A

Showcase Panel

Understanding the Evolution Towards Sustainable Models of the Enterprise: The Empirical Challenges

Session Chair

Maurizio Zollo, *Bocconi University*

Panelists

Arnaldo Camuffo, *Bocconi University*

Timothy Devinney, *University of Leeds*

Joseph Mahoney, *University of Illinois-Urbana Champaign*

This panel aims to tackle the theme of this year's Strategic Management Conference "Strategy and Sustainability" by focusing on the empirical challenges in the study of organizational evolution towards sustainable enterprise model. To do so, we will first present the design tradeoffs faced in "GOLDEN for Sustainability", a global collaborative research program addressing questions about organizational learning and change towards sustainability. Second, the panelist will present how the project is currently deploying its data collection and analysis strategy. Third, critical review and generalizable recommendations will be offered for collective discussion. The panel will conclude with relevant takeaways for future research in this domain.



Arnaldo Camuffo is a Professor of Business Organization at Bocconi University. He has served as a visiting professor at a number of universities around the world including Industrial Performance Center of MIT, at the School of Management of the University of Michigan, Dearborn. His research interests include Strategic innovation, organizational forms and boundaries, strategic management of human resources. Arnaldo Camuffo holds his PhD in Business Administration from University Ca Foscari of Venice.



Timothy Devinney (BSc CMU; MA, MBA, PhD Chicago) is University Leadership Professor in International Business at University of Leeds. He has held positions at the University of Chicago, Vanderbilt, UCLA and Australian Graduate School of Management and been a visitor at many other universities (CBS, Humboldt, Hamburg, Trier, Konstanz, Ulm, Frankfurt, HKUST & City University). He has published six books and more than seventy articles in leading journals including *Management Science*, *The Academy of Management Review*, *Journal of International Business Studies*, *Organization Science* and the *Strategic Management Journal*. He is a fellow of the Academy of International Business, a recipient of an Alexander von Humboldt Research Award and a Rockefeller Foundation Bellagio Fellow. He is Past-Chair of the International Management Division of the AOM and Associate Editor of *AOM Perspectives*. He currently on the editorial board of over 10 of the leading journals, Director of the SSRN international management network and co-editor of the *Advances in International Management Series* (Emerald).



Joseph T. Mahoney earned his BA, MA, and Ph.D. from the University of Pennsylvania, with a doctorate in Business Economics from Wharton. He joined the College of Business of the University of Illinois at Urbana-Champaign in 1988, and is Caterpillar Chair in Business, and Director of Graduate Studies. His research interest is organizational economics, which includes: the behavioral theory of the firm, resource-based, transaction costs, real-options, property rights, stakeholder and agency theory. Joe Mahoney has published numerous articles which have been cited in print over 6,000 times from scholars in 65 countries. His 2005 Sage book, *Economic Foundations of Strategy*, has been adopted by over 30 doctoral programs. Currently, he is an Associate Editor of *Strategic Management Journal* and serves on editorial boards for *Journal of Business Research*, *Journal of Management*, *Journal of Management Studies*, *International Journal of Strategic Change Management* and *Strategic Organization*. He served on the Business Policy and Strategy (BPS) Executive Committee and is past Chair of the BPS Division. Joe has taught undergraduate, Masters, and Ph.D. courses and is a five time outstanding teaching award winner.



Maurizio Zollo is the Dean's Chaired Professor in Strategy and Sustainability at the Management and Technology department of Bocconi University, and director of the Center for Research in Organization and Management (CROMA). He also has a part-time chair appointment at the Vienna School of Economics and Business (WU) and a visiting professorship at the Sloan School

of Management of the M.I.T. He is currently the president of the European Academy of Management (EURAM), after having served as editor of the *European Management Review*, EURAM's official journal. His current research activity focuses on directing the Global Organizational Learning and Development Network (GOLDEN) for Sustainability and on applying neuroscience to study the micro-foundations of strategic decisions related to innovation and sustainability. At SMS, he chaired the Innovation and Knowledge Interest Group, was one of the co-chairs of the 2010 annual conference in Rome, and co-founded the Stakeholder Strategy Interest Group.

SESSION 231

PLENARY TRACK

TRACK Q	Date	Tuesday, Oct 1
	Time	14:15 – 15:15 h
Showcase Panel	Room	Dogwood Room B

Measurement of Strategy Constructs: Challenges and Opportunities

Session Chair

Brian Boyd, *City University of Hong Kong*

Panelists

Donald Bergh, *University of Denver*

Steve Gove, *Virginia Tech*

Michael A. Hitt, *Texas A&M University*

Duane Ireland, *Texas A&M University*

Robust measurement of constructs is essential to meaningful research. Strategy scholars have the additional burden of working with concepts which can be both abstract and unobservable. This session will be in the format of a panel discussion, focusing on common pitfalls in measurement, as well as opportunities for crafting more powerful and informative measures.



Brian Boyd teaches courses in corporate strategy, new product development, entrepreneurship, and the management of executive teams. He has served as a Visiting Professor at Tilburg University (The Netherlands), and has taught in several executive programs at the Australian Graduate School of Management (AGSM), in both Sydney and Hong Kong. He has previously held several

administrative appointments at the W. P. Carey School, including Director of the MBA High Technology Program, and Executive Director of the Corporate MBA. He has taught in several of the W. P. Carey MBA platforms, including Day, Evening, High Technology, and Corporate. He has also taught in ASU Executive MBA programs delivered overseas: High Technology in China, taught in Beijing, and a dual degree program offered with ITAM, taught in Mexico City. Presently, he serves on the Strategic Management Society Task Force on Teaching. He completed his M.A. at the University of Connecticut in 1985, and doctorate at the University of Southern California in 1990.



Donald Bergh (PhD Colorado-Boulder) is the Louis D. Beaumont Chair of Business Administration and Professor of Management and a member of the Graduate Faculty at Purdue University. He previously held positions at Penn State, Cornell, Purdue, and University College Dublin. His research on corporate strategy, firm scope and research methods has appeared in the *AMJ*, *SMJ*, *OS*, *JoM*, *JMS* and *ORM*. In addition, he is co-editor of the series,

Research Methodology in Strategy and Management (Emerald), now in its 6th volume. He has served the strategic management field as an Associate Editor, member of editorial review boards and member of the Academy of Management's Ethics Education Committee.



Steve Gove (Ph.D., Arizona State) is Assistant Professor of Management at Virginia Tech. He is a 2011 recipient of the Sage Publications/Robert McDonald Advancement of Organizational Research Methodology Award for work co-authored with Brian Boyd and Michael Hitt. His research interests include the role and effect of top managers in strategy and corporate governance, intersections of philosophy of science and faculty productivity, and management education. His work appears in *Strategic Management Journal*, *Academy of Management Journal* and *Journal of Management Studies* among other outlets. He has authored several case studies on strategic management and corporate governance. He currently serves on the editorial board of *Academy of Management Journal* and *Corporate Governance: An International Review*. He reviews for *SMS* and *AoM* where he has received multiple Outstanding Reviewer Awards. His teaching focus is the undergraduate capstone strategic management course.



Michael A. Hitt is a Distinguished Professor and holds the Joe B. Foster Chair in Business Leadership at Texas A&M University. He has authored or co-authored many journal articles published in leading journals such as the *Strategic Management Journal*, *Academy of Management Journal*, *Academy of Management Review*, *Organization Science*, *Journal of Applied Psychology*, among others.

Mike Hitt is a Founding Editor of the *SEJ*, a former editor of the *Academy of Management Journal*, and former president of the Academy of Management. His involvement in the SMS runs deep with recently serving as the President of the SMS. He is a member of the SMS Fellows and is the former Deputy Dean of this organization. He has received awards from the American Society of Competitiveness for Outstanding Academic Contributions (1996) and Outstanding Intellectual Contributions (1999) to Competitiveness.



R. Duane Ireland is a Distinguished Professor of Management and holds the Conn Chair in New Ventures Leadership at Texas A & M University. Previously an associate editor for the *Academy of Management Journal*, the *Academy of Management Executive* and *Entrepreneurship Theory and Practice*, he will complete his term as the editor for the *Academy of Management Journal* on

December 31, 2010. He has been a Co-editor for special issues of *Strategic Management Journal*, *Strategic Entrepreneurship Journal* (forthcoming), *Academy of Management Review*, *Academy of Management Executive* and *Organizational Research Methods*. He served as the Program Chair of the Corporate Strategy and Governance Interest Group in the Strategic Management Society. He has authored or co-authored many articles appearing in journals such as the *Strategic Management Journal*, *Academy of Management Journal*, *Academy of Management Review*, *Academy of Management Executive*, *Administrative Science Quarterly*, and *Journal of Management*, among others. A paper published in *Academy of Management Executive* in 2001 received an award from the U.S. Association for Small Business & Entrepreneurship (USASBE) as the best article published in corporate entrepreneurship during 2001-2002. He is a Fellow of the Academy of Management. R. Duane Ireland was elected as a member of the SMS Fellows in 2010.

SESSION 244

PLENARY TRACK

TRACK Q	Date	Tuesday, Oct 1
	Time	14:15 – 15:15 h
Showcase Panel	Room	Int'l Ballroom D

The Role of Phronesis in Strategic Action**Session Chair**

Elena Antonacopoulou, *University of Liverpool*

Panelists

Liam Fahey, *Executive Director Leadership Forum Inc.*

Laurence Prusak, *Independent Consultant*

Klaus Tilmes, *World Bank*

This session will be a conversation with leading practitioners and thought leaders in strategic management reviewing the growing attention to the role of phronesis (practical judgement) in leadership and management practices underlying strategic action.



Elena Antonacopoulou is Professor of Organizational Behavior at the University of Liverpool Management School where she leads GNOSIS - a research initiative advancing impactful collaborative research in management and organization studies. Her principal research interests include change, learning and knowledge practices in organizations and the development of new methodologies for studying social complexity. She has successfully secured government and corporate funding that supported a series of international research projects on Organizational Learning, Social Practice and Dynamic Capabilities working collaboratively with leading researchers internationally and with practitioners and policy-maker in co-creating knowledge for action. She writes on all the above areas and her work is published in related top international journals and books. Her expertise has been put to good use in a range of leadership roles in her professional community including: the Academy of Management, the European Group for Organizational Studies, the British Academy of Management and the Society for the Advancement of Management Studies.



Liam Fahey is co-founder and Executive Director of Leadership Forum, Inc. and serves as Professor of Management Practice at Babson College. He is the (co)author or (co) editor of eight books and over 50 articles and book chapters. His research has appeared in such publications as *SMJ*, *AMR*, *AME*, *JOM*, *CMR*, *HBR*, and *Journal of Marketing*. He served as Co Chairperson of The Strategic Leadership Forum's annual strategic management for ten years. He has won multiple awards for his research, teaching and professional activity including a co-authored *Journal of Marketing* paper which won four different awards for its contribution to theory and practice and the "Outstanding Teacher of the Year" by the students at the Kellogg School of Management. His corporate clients have included DuPont, GE, IBM, J&J, Merck, P&G and Texas Instruments. He has participated in executive education programs for more than ten universities.



Laurence (Larry) Prusak is a consultant, researcher and writer who has been focusing his efforts on organizational knowledge and learning for the past two decades. He is widely published and has taught and lectured extensively on these subjects. He is currently a senior knowledge adviser to NASA, the World Bank and the Gates Foundation.



Klaus Tilmes joined the World Bank Group (WBG) in 1989 as Country Economist in the Africa Region. He has since held various assignments on infrastructure reform, private sector development, and corporate strategy, before managing knowledge programs and evaluation capacity initiatives at the World Bank's Independent Evaluation Group (IEG). Most recently, he served as Advisor for the Managing Director on the Bank's overall knowledge strategy, followed by his current assignment to pilot the implementation of new approaches for global knowledge delivery to clients. He received a Master in Economics from Mannheim University in Germany and a Master's in Public Administration from Harvard.



SESSION 109

CSR AND FINANCIAL PERFORMANCE

TRACK C	Date	Tuesday, Oct 1
	Time	15:45 – 17:00 h
Paper	Room	Dogwood Room A

Session Chair Stephen Chen, *University of Newcastle*

Corporate Social Performance and Financial Performance: Testing Granger Causality in the Energy and Food Industries

Heli Arminen, *Lappeenranta University of Technology*
Anni Tuppur, *Lappeenranta University of Technology*
Satu Pätäri, *Lappeenranta University of Technology*
Ari Jantunen, *Lappeenranta University of Technology*

In this paper, we empirically examine whether changes in corporate social performance (CSP) precede changes in corporate financial performance (CFP), or the other way round. We study Granger-causality of CSP-CFP separately in energy and food industries. The result show that it is more likely in both industries that changes in CFP take place before changes in CSR, which lends support to the 'slack resources' argument. We find only weak evidence that changes in CSP would happen before changes in CFP, suggesting that in these industries it is improbable that CSP could affect CFP.

Direct and Joint Impacts of Corporate Political Engagement and Social Engagement on Financial Performance

Asli Kozan, *HEC-Paris*

This paper investigates the direct and joint impacts of corporate political sponsorship and corporate community engagement on financial performance, using a unique longitudinal dataset covering the period from 2002 to 2010, for UK companies. The results show that corporate political sponsorship has a negative impact on financial performance, whereas when coupled with corporate community engagement, this negative impact diminishes. The results point at a complementarity between these two non-market strategies.

Managing the Triple Bottom Line: Corporate Social, Environmental, and Financial Performance in FT500 Firms

Stephen Chen, *University of Newcastle*

Determining the links between the different elements of the triple bottom line, Corporate Social Responsibility (CSR), Environmental Responsibility (ER) and Corporate Financial Performance (CFP), has been a topic that has been investigated by strategic management researchers for several years now but results have been inconclusive. This paper proposes that some of the conflicting findings may be explained by: Including reputation as a mediating variable between CSR, ER and CFP; Different elements of CSR and ER having different effects on CFP; Examining the reciprocal relationships between different elements of CSR, ER and CFP. We test our hypotheses using a sample of firms in the FT500 using multilevel regression models and PLS-SEM.

Transfer of Corporate Social Performance Portfolio through CEO Migration

Bongsun Kim, *University of Illinois-Urbana Champaign*
Jungbien Moon, *Korea University*
Eonsoo Kim, *Korea University*

In CSR literature, the determinants as opposed to consequences of firms' propensity toward CSR strategy have not received much attention. By integrating CSR, upper echelon theory, and strategic change literature, this study explores the transfer of CSP (Corporate Social Performance) portfolio through CEO migration and how CEO's prior firm's CSP and CEO tenure influence the transfer of CSP portfolio. By examining

the CEO migration across 2,631 firms over a 12-year period, this study demonstrates that the interfirm movement of CEO is associated with assimilation of the two firms' CSP portfolios. Our findings will offer an insight into CSR strategy by suggesting the concept of CSP portfolio and its interfirm transfer through CEO migration. CEO-directed change on CSP portfolio is distinctive and highly under-researched issue.

SESSION 89

MODELLING COMPETITION

TRACK E	Date	Tuesday, Oct 1
	Time	15:45 – 17:00 h
Paper	Room	Int'l Ballroom C

Session Chair Arkadiy Sakharov, *University of Pennsylvania*

A Game Theoretic Perspective on Outcome Asymmetry: The Effect of Common Benefits and Task Interdependence

Birgul Arslan, *Koc University*

Although opportunistic behavior comes at the expense of the collaborative partner and may deteriorate its relative competitive position, the literature is more concerned with the negative effects of such behavior on alliance performance than with the relative performance consequences for partners. The aim of this study is to explain the conditions under which one partner increases its alliance-related gains above and beyond its contractual share, defined here as outcome asymmetry, distorting the initial agreement. Borrowing from game theory, we argue that the level of the expected common benefits and the degree of task interdependence reduce outcome asymmetry because they render private benefit extraction infeasible. We test our hypotheses in the context of 161 joint ventures formed by U.S. public firms between 1996 and 2010.

Determinants of the Optimal Organizational Strategy in Competing with Two Business Models

Costas Markides, *London Business School*
Dodo zu Knyphausen-Aufsess, *Technical University of Berlin*
Hendrik Harren, *Technical University of Berlin*

How can a firm manage two different and conflicting business models at the same time? The existing literature suggests that: (i) there are alternative organisational strategies that could help a firm do this; and (ii) the optimal organisational strategy is dependent on the presence (and relative strength) of two main factors—synergies and conflicts between the two business models. These propositions have been supported primarily through case research. In this paper we use simulation modelling to determine whether these two factors are indeed important and explore how they interact to influence the choice of organisational strategy in managing two business models. In addition, we explore the influence that several other factors have on the performance of the different organisational strategies that the firm might pursue.

★ Estimating Value Creation from Revealed Preferences: Application to Value-Based Strategy

Olivier Chatain, *University of Pennsylvania*

Value creation and value capture are fundamental concepts for understanding performance heterogeneity. Yet, in real world situations, strategy researchers are rarely able to link differences in value creation to differences in value capture and firm performance. The main hurdle is the difficulty in empirically evaluation value creation. In this paper, I advance a framework based on the logic of revealed preferences to estimate the extent of value creation in interfirm transactions. These estimates can be directly leveraged in biform games to analyze the impact of strategic decisions on value capture. I present a detailed example of the application of this framework to the estimation of value creation by suppliers of legal services and the implications for their strategy.

How Much Does Success in Searching for New Strategies Hinge Upon Cognitive Prior Assumptions?

Timo Ehrig, *Max Planck Institute for Mathematics in the Sciences*

We present a Bayesian approach to search in new business environments, which allows us to explore how much success in searching new environments hinges upon the cognitive prior assumptions of decision-makers in a firm, if the environment is characterized by complementarities. Our theoretical model demonstrates that it is unlikely that new strategies are found by luck alone, if a business environment is characterized by complementarities and the number of trial actions of a firm sufficiently small.

SESSION 79

MANAGING THE CORPORATE PORTFOLIO

TRACK F	Date	Tuesday, Oct 1
	Time	15:45 – 17:00 h
Common Ground	Room	Cottonwood Room AB

Facilitator Jerayr Halebian, *University of Georgia*

Absorptive Capacity and Performance: The Effect of Diversified Business Group Affiliation

Pasquale Massimo Picone, *University of Catania*

Naga Lakshmi Damaraju, *Indian School of Business*

Giovanni Battista Dagnino, *University of Catania*

Absorptive capacity develops progressively and accumulatively over time by means of the interaction with a variety of inter-organizational elements. This study explores to what extent the diversity and overlap of knowledge among affiliated firms generated by the business group's diversification strategy impact on the firm's absorptive capacity. Furthermore, we aim to test whether absorptive capacity represents a generative mechanism through which the diversified business group affiliation is able to influence the affiliated firms' performance.

Broad or Narrow: Which Portfolio Suits Family Managers and Directors?

Christian Stadler, *Warwick Business School*

Michael Mayer, *University of Bath*

Julia Hautz, *University of Innsbruck*

Kurt Matzler, *University of Innsbruck*

This paper explores the impact of family managers and directors on the performance of firms with broad or narrow product portfolios. We test the effectiveness of family managers and directors in the context of these different strategies using a dataset of 384 publicly traded German firms from 2000 to 2009. We find that family members are better placed to manage and control firms that are narrowly focused rather than diversified as they may not have the expertise, skills and capabilities to manage the complexity of the latter. However, we also show that these initial constraints can be overcome with time.

Integration Strategy or Strategic Integration? Including the Environment in M&A Integration Processes

Svante Schriber, *Stockholm School of Economics*

Integration processes are increasingly identified as central for M&A. Integration process studies primarily have dealt with factors internal to the involved organizations. In contrast, little attention has been given influence on the integration process from the environment outside of M&A. The purpose of this study is to contribute to integration process theories by analyzing the external influence on M&A integration management. Findings based on qualitative data from the integration processes of two M&A show that integration strategies were insufficient in explaining how integration was managed. Opening up the integration process to influence from the environment has consequences both for the challenges meeting integration managers, and for valuating M&A, and contribute to explaining why M&A so often are reported to fail.



The Value Traps Facing Corporate Functions

Sven Kunisch, *University of St. Gallen*

Guenter Mueller-Stewens, *University of St. Gallen*

Andrew Campbell, *Ashridge Business School*

Corporate functions are the headquarters functions in a divisionalised company. These functions, such as corporate Finance, HR, IT, Marketing, and Strategy, have been increasing in their numbers, size and influence. While they can add significant value as part of the 'corporate parent', they also often subtract value, interfering in unhelpful ways and imposing bureaucracy and delays. Our research, with 30 European companies, exposed four typical value traps that are the root causes of subtracted value. These value traps appear to occur because of the different challenges that corporate functions face at different stages in their life cycle.

Towards a Theory of Corporate-Level Ambidexterity: Portfolio Dynamism Heterogeneity and Company Performance

Martin Weiss, *University of Erlangen-Nuremberg*

Andreas König, *University of Erlangen-Nuremberg*

We contribute to the dynamic capabilities literature by introducing and studying the concept of portfolio dynamism heterogeneity (PDH) – the cumulated between-businesses variation in industry dynamism represented in a company's business portfolio. Extant theory suggests that managerial challenges differ substantially depending on the level of dynamism (the frequency, intensity, and uncertainty of change) in a given industry. We argue that it is therefore, ceteris paribus, counterproductive for companies to simultaneously manage businesses from industries that deviate strongly with regard to their dynamism. However, we also propose that companies can (over)compensate the effects of PDH if they develop "corporate-level ambidexterity." A longitudinal test of our hypotheses on a global sample of 744 companies in the years 2003 to 2010 reveals both supporting and surprising results.

Will Spun-off Units from Unsuccessful Parents Survive Better?

Mina Lee, *Xavier University*

Xiaoli Yin, *Baruch College*

This study examines how prior performance of parent firms might subsequently affect the spun-off units' survival. We propose that parent firms with strong performance tend to increase the likelihood of the spun-off units' survival in the short run. However, parent firms with weak performance tend to increase the likelihood of spun-off units' survival in the long term. We also suggest that the ownership of parent firms, as well as legacy spinoffs, will moderate the relationship between parent firms' performance and spun-off units' survival.

SESSION 217

DIVERSIFICATION AND CROSS-BORDER COORDINATION

TRACK G	Date	Tuesday, Oct 1
	Time	15:45 – 17:00 h
Paper	Room	Dogwood Room B

Session Chair Daphne Yiu, *Chinese University of Hong Kong*

Accelerated Internationalization and Performance: The Case of Spanish New Multinationals

Raquel García-García, *University of Oviedo*

Esteban García-Canal, *University of Oviedo*

Mauro Guillen, *University of Pennsylvania*

The decision of internationalization must be considered endogenous, as firms are the ones which make the choice to diversify. However, empirical studies within this field have usually failed to account for it. For this reason, we analyze the effect of an accelerated internationalization on

performance accounting for endogeneity by implementing Heckman's two-step estimation method (1979). We predict that the characteristics of the countries they enter as well as the ones from their own internationalization process have an impact on performance. This is tested by using a panel data sample from 1986 to 2010 which includes all Spanish listed firms in 1990.

Born This Way: How Home Country Imprints Firm Capabilities Overseas

Brian R. Tan, *Nanyang Technological University*

Asda Chintakananda, *Nanyang Technological University*

This study uses an institutional framework to test the influence of home country institutions on the geographic-diversification and performance relationship. Our investigation highlights how three important country institutions, political stability, regulatory effectiveness, and collectivism, act as a noisy/quiet room, which leaves an imprint on firms and affects their diversification performance abroad. Results indicate that political stability and collectivism positively influences the diversification-performance relationship, while regulatory effectiveness negatively influences the diversification-performance relationship. We offer insights for managerial implications on firms can manage their performance abroad despite their imprint from their home country.

✿ Managing Levels of CSR Implementation within an MNC: The Role of Receptivity to Institutional Pressures

Anne Jacqueminet, *HEC-Paris*

Rodolphe Durand, *HEC-Paris*

This article focuses on the antecedents of the implementation of corporate social responsibility (CSR) practices in the subsidiaries of a multinational corporation (MNC). We study how the subsidiaries' receptivity to institutional pressures, moderates the influence of internal and local institutional pressures on their level of CSR practices implementation. We show that the influence of an institutional pressure does not only depend on its absolute strength, or even on the level of receptivity of the subsidiary to this pressure, but also, and most importantly, on the level of receptivity to other pressures. While receptivity to a pressure might reinforce its influence, receptivity to other pressures will limit it. The data we collected on 101 worldwide subsidiaries of an MNC provide strong support for this substitution effect.

SESSION 203

TOP, MIDDLE, AND FRONT MANAGERS IN STRATEGY PROCESS

TRACK H, TRACK O	Date	Tuesday, Oct 1
	Time	15:45 – 17:00 h
Paper	Room	Redwood Room

Session Chair J Ignacio Canales, *University of Glasgow*

How Chief Strategy Officers Affect Their Firm's Strategic Decision Quality

Markus Menz, *University of St. Gallen*

The number of firms with a chief strategy officer (CSO) has recently increased. While the primary reason to have a CSO is to improve firm's performance, the limited prior research could not support this relationship. Using data from a survey of CSOs in European firms, we analyze how CSO's background characteristics (firm tenure, educational level, business education, consulting experience) and role design features (proximity to the CEO, strategy development focus, strategy department size) affect a firm's strategic decision quality, as well as to what extent these relationships are contingent upon the firm's corporate strategy. By revealing that CSOs indeed affect their firm's strategic decision quality, our findings contribute to research on CSOs and functional executives.

Inclusion in Strategy Making: An Empirical Investigation

Gabriel Szulanski, *INSEAD*

Odeya Szulanski, *Yadachi*

With more strategic decisions drawing on input from changing combinations of people, rather than relying purely on a stable top team, it is not surprising that inclusion is emerging as one of the most salient issues in the research and practice of strategy. As the cast of players of strategy-making has changed so have the methods. Despite the fact that a fairly significant amount of empirical research has gone into the who and the how of inclusion, generalizations are still hard to make. We believe it is of importance to gain a comprehensive understanding of the forms inclusion takes in practice. This paper reports on the findings from a case-based, longitudinal examination of the strategy-making process in large business organizations with a focus on inclusion.

The Interaction of Top and Middle Managers in Strategy Implementation: Examining Hierarchical Linking Mechanisms

Sebastian Fourné, *Erasmus University-Rotterdam*

Tom Mom, *Erasmus University-Rotterdam*

Mariano L.M. Heyden, *University of Newcastle*

Justin Jansen, *Erasmus University-Rotterdam*

Whereas existing research has focused on the role of top managers in strategy formulation, we seek to investigate the drivers of effective strategy implementation. We posit that implementation success hinges on the effectiveness of the interface mechanisms linking hierarchical levels. Middle managers serve as pivotal boundary-spanners between top and operational level managers as organizations implement increasingly complex strategies. Shifting the attention from upper echelons to the interaction between top and middle management allows developing a nuanced understanding of strategy implementation. We propose cognitive flexibility, integrative bargaining, and issue-selling as key drivers of strategy implementation quality and speed. In this nascent conversation on interface mechanisms bridging hierarchical levels in the context of strategy implementation, we provide foundational insights, suggest theoretical extensions, and discuss practical implications.

Who are the Better Predictors: Frontline Employees or Executive Managers?

Carina Antonia Hallin, *Copenhagen Business School*

Torben Juul Andersen, *Copenhagen Business School*

Sigbjørn Tveteras, *Pontifical Catholic University of Peru*

Strategic initiatives can derive from frontline employees as they respond to needs and opportunities encountered in operations. Executives make judgments about corporate capabilities from financial reports and discussions with other key specialists. The information gathered by executives may be qualitatively different from the sensing by employees. We tested six different operational capabilities as predictors of Employee Sensed Operational Capabilities (ESOC), based on more than 400 observations, collected from two medium-sized organizations over 18 months. We performed a prediction contest between frontline employees and executives' sensed operational capabilities to test their ability to predict organizational performance. Distributed lag models reveal that the sensing of frontline employees is a better predictor of firm performance than executive judgments.

SESSION 141

INTELLECTUAL PROPERTY RIGHTS

TRACK I	Date	Tuesday, Oct 1
	Time	15:45 – 17:00 h
Paper	Room	Cypress Room

Session Chair Panos Desyllas, *University of Manchester*

Challenging A Lion: Relative Status and Stock Market Reactions to Patent Litigation Announcements

Yan Zhang, *Rice University*

Xiwei Yi, *Rice University*

Haiyang Li, *Rice University*

Patent litigation has increasingly become a powerful strategic and legal weapon for firms in knowledge economy. In this study, we examine how plaintiff firms' and defendant firms' relative status in terms of firm size and innovation reputation affect stock market reactions to these firms upon a patent litigation announcement. Focusing on patent litigation announcements in Wall Street Journal in 2005-2010 and by examining the relative status in the plaintiff-defendant dyads, we find that when a plaintiff has lower status than the corresponding defendant, the plaintiff gains more but the defendant loses less. Our findings contribute to a better understanding of stock market's reactions to patent litigations and suggest that low-status firms may benefit from "negative associations", e.g., initiating a patent litigation, with high-status firms.

Innovation Outside Firm Boundaries: A Real Options Perspective on Appropriability, Commercialization Strategies and Firm Performance

Mary Beth Rousseau, *Georgia Southern University*

Franz Kellermanns, *University of North Carolina–Charlotte*

This study examines the relationship between appropriability conditions of intellectual property protection, complementary assets and uncertainty, and the firm's decision to commercialize innovations outside organizational boundaries. Applying real options theory to a firm's innovation strategy, I hypothesize that external commercialization strategies mediate the effect of appropriability conditions on firm performance. Hypotheses tests on a sample of 1600 firms in the manufacturing sector are forthcoming. Integration of real options theory and the appropriability framework offers a theoretical extension of both literatures. Results of the proposed hypothesis tests are expected to make an empirical contribution to the innovation literature. The study also provides practitioners with guidance in selecting commercialization strategies that enhance value appropriation from their innovations and ultimately firm performance.

Patent Premium in Countries with Weak Intellectual Property Rights Protection

Can Huang, *United Nations University-MERIT*

Zhe Qu, *Fudan University*

Given the high opportunity cost of patenting in the countries with weak intellectual property right (IPR) protection, it is paradoxical to observe an increase of patenting activities by multinational corporations and indigenous companies in some of those countries in the past decade. We undertake a large-scale firm-level study in the context of China (an emerging economy with weak IPR protection) to investigate the cost and benefit associated with patenting activities there. We employ the method of propensity score matching to investigate whether the total factor productivity of multinational corporations and indigenous companies grew faster after they applied for patents in China than had they not done so, and also compare the increase of total factor productivity at various levels of market competition.

Strategy, Organization and IP Management in Knowledge-Intensive Service Firms

Panos Desyllas, *University of Manchester*

Ian Miles, *University of Manchester*

Marcela Miozzo, *University of Manchester*

Hsing-fen Lee, *University of Manchester*

We advance the debate on the determinants of IP management by exploring how the strategic and organizational characteristics of knowledge-intensive service firms interact with different innovation types to co-determine an IP protection strategy. We develop a set of hypotheses about the way that firms compete, whether they have systematic organizational processes and practices and whether they collaborate with partners for innovation. The multivariate probit regression analysis is based on a unique survey sample of 206 service product and process innovations introduced by 136 British and American publicly traded service firms. The results confirm that a firm's strategy and organizational approaches alter considerably the balance of benefits and costs from adopting different IP protection methods. Implications for the practice of capturing value from innovation are discussed.

SESSION 145

INNOVATION PROCESS STUDIES

TRACK I	Date	Tuesday, Oct 1
	Time	15:45 – 17:00 h
Paper	Room	Int'l Ballroom D

Session Chair Christina Fang, *New York University*

Attractors Driving Technological Innovations: The Case of Teflon Innovation

Yuanyuan Zhao, *Leiden University*

There is a situation: on the one hand, technological innovation is agreed to be the drivers for economic growth; but on the other hand, the dynamics and uncertainty underlying technological development raises a tough question for policy-makers and practitioners in terms of making policies and strategies that can support technological innovation. Strategic insights into how innovation process evolves over time are necessary before this process can be effectively influenced. This study contributes to insights into the Teflon innovation processes using complexity theory. A chronological description of Teflon innovation is presented in this paper in the form of events. By coding these events into a standard set of system functions, reinforced cycles are observed, which form attractors underlying Teflon's innovation process.

Feel versus Fail to Leap: A New Paradigm in Sustainable Innovation

Philippe Byosiére, *Doshisha University*

Denise Luethge, *Northern Kentucky University*

The business world is rapidly changing, new products are entering the market quickly, product life cycles are getting increasingly shorter and competition is becoming even more aggressive as firms from more and more countries, particularly from emerging markets, are competing beyond their own borders. As a result, innovation is critical for firms to survive and prosper in the short term, while survival in the long term requires sustainable innovation. Firms know how to innovate, but they most often do not know what to innovate. We describe a two phase process to assess and implement innovative ideas to assist organizations in developing a sustainable innovation process.



Similarity, Organizational Clustering, and Simple Identities

Christina Fang, *New York University*
Ji-hyun Kim, *Yonsei University*
Joseph Porac, *New York University*

Categorization processes are fundamental to industries and markets. Most existing research, however, has focused on the use of existing and well-formed categories. Little research has been done by organizational scholars to understand the fundamental clustering processes that underlie the formation of organizational categories and the judgments of similarities that such clustering entails. Our research is an attempt to address this gap in the literature. We use the classic Schelling segregation model as a platform to explore how different attribute structures and attribute aggregation rules influence clustering dynamics among a collection of simulated agents.

Where’s My Hybrid: Radical Technology and Serendipitous Entry

Kevin Miceli, *University of North Carolina-Chapel Hill*
Atul Nerkar, *University of North Carolina-Chapel Hill*

Most new technological trajectories start through the serendipitous entry with radical technological combinations much earlier than formal announcements made by firms. We address an implicit assumption of innovation market studies by disconnecting these two entry points. Using the knowledge-based view of the firm and technology as knowledge recombinations, we demonstrate that experience positively relates to technological entry but serendipitous entry is facilitated by diverse recombinations. Competitive and environmental characteristics then determine the path to formal entry. We test our hypotheses within the context of hybrid-electric vehicle development between 1975–2009.

SESSION 222

STRATEGY PRACTITIONERS: COGNITION, SENSEMAKING, AND ACTIVITY

TRACK J	Date	Tuesday, Oct 1
	Time	15:45 – 17:00 h
Paper	Room	Hazelnut Room

Session Co-Chairs Robert Wright, *Hong Kong Polytechnic University*

Philosophical and Psychological Foundations of Internal Logic of Practice of Organizational Complacency

Robert Wright, *Hong Kong Polytechnic University*

We need to go beyond researching phenomena from a detached spectator view and more into the internal logic of practice of the actor immersed in a constant state of flux absorbed in his everyday coping. We contend that to really understand organizational complacency, we need to take a more philosophical perspective and to first understand a different type of logic at play. This SMS Conference Proposal seek developmental feedback in our attempts to extend our theorizing into a publicly listed company to track predictable change and predictable stability of managers’ cognitive thought processes using Personal Construct Theory and its accompanying repertory grid methodology. We believe this will allow us to further validate our theorizing about organizational complacency given widespread complexity.

Possible Futures, Present Logics: A Neo-Institutional View of the Scenario Planning Process

Gary Bowman, *University of Cambridge*
Ryan Parks, *Mount Royal University*

This paper integrates work on institutional logics with that of sensemaking in the context of the scenario planning process. We explore the influence of three societal-level institutional logic struggles, as manifested within

the context, content and process of a large public sector organization’s scenario development exercise. We view this as a significant opportunity to employ institutional logics to enhance our understanding of the political nature of public policy development and as an opportunity to challenge the assumptions of scenario planning as a strategy tool. Conversely, we also use the sensemaking-sensegiving activities of scenario planning to identify occasions where institutional logics have a direct impact on the strategic dialogue.

Strategizing as Organizational Identity Work

Julia Balogun, *Bath University*
Gwyneth Edwards, *HEC-Montreal*
Ann Langley, *HEC-Montreal*

Organizational identity is believed to play an important role in the process of strategic change. However, in most research, identity is considered as a well-defined object, an end-state either achieved or desired. We argue for a process-based, actor-centred view of organizational identity construction as “work” i.e., as strategizing activity requiring effort on the part of groups and individuals. Organizational identity work involves attempts at sensemaking, sensegiving and identity regulation that may give rise to both conflict and consensus. We argue that identity work is inextricably linked with the practice of strategy, where the ongoing negotiation between individual, group and organizational identity constructions is tied to the recognition and determination of the firm’s trajectory.

The Role of the Strategic Planning Function in Contemporary Multi-Business Firms

Paul Knott, *University of Canterbury*
Chatchai Thnarudee, *University of Canterbury*

In many contemporary multi-business firms, strategic planning has evolved into a network of quasi-independent processes coordinated between multiple units and levels. This has a number of implications, not least for the strategic planning function, which is still present in many firms but has new and changed roles. For this paper, we draw on case study findings and the strategic planning experience of one of the authors to articulate these roles as they are practiced in two multi-business firms. We find that the strategic planning function retains a role as guide and facilitator of programmed strategic planning processes, but that its most central role has become promoter and coordinator of integration between functions and units, such as cross-unit strategies. We describe the activities and tactics adopted by planning managers in our study companies to achieve this integrative role, using what can be characterized as influential power.

SESSION 36

INTERNATIONAL TOPICS & STRATEGIC ENTREPRENEURSHIP

TRACK K	Date	Tuesday, Oct 1
	Time	15:45 – 17:00 h
Paper	Room	Int’l Ballroom A

Session Chair Marie Oehme, *University of Mannheim*

Antecedents and Performance Outcomes of Entrepreneurial Orientation among Russian Private Sector Manufacturers

Galina Shirokova, *St. Petersburg University*
Germain Richard, *University of Louisville*

The research advances several theoretically grounded predictions concerning the antecedents and performance outcomes of entrepreneurship orientation (EO) in emerging markets. Based on a sample of 769 Russian private sector firms, we show that EO is not unidimensional, but rather multidimensional with innovativeness/proactiveness and risk-taking as distinct orbits of potential influence on

firm performance. Our analysis shows that in the developing Russian business environment, factors such as industry product change, foreign competitor growth, and management internationalization have a positive impact on the different EO manifestations. Moreover, spatial remoteness from Moscow is observed to have a negative effect upon the EO innovativeness/proactiveness. The analysis shows that EO innovativeness/proactiveness and EO risk-taking predict organizational performance.

Micro-Processes of Organizational Adaptation before and after Business Model Legitimacy

Bart Clarysse, *Imperial College London*

Mike Wright, *Imperial College London*

Charlotte Pauwels, *Imperial College Business School*

A growing body of research devotes attention to business models as a unit of analysis. Although there is convergence in the literature on business models being important in explaining the competitive advantage of established firms, there is little insight into how new firms develop a viable business model. Building on an ethnographic study of a new venture, we develop a process model that accounts for the interplay between business model development and resource orchestration. We unpack the micro-processes leading to business model exploration and transformation and build a fine-grained insight into how resource characteristics and management processes enable these forms of business model development.

Network Level Isomorphism, International Experiential Knowledge and Network Position in Market Entry Mode Choice

Marie Oehme, *University of Mannheim*

Suleika Bort, *University of Mannheim*

Conducting a longitudinal event history analysis our research aims to reveal new insights on the relevance of peer behavior, network embeddedness, and experience as determining factors of small and medium sized firms' market entry mode choice. We contribute to the growing literature on international entrepreneurship and institutional theory by showing how isomorphism, firm level experiential knowledge, and network position impact and interact with regard to SMEs' internationalization patterns. Thus, we extend prior research by going beyond investigating internationalization propensity and speed in general. Testing our hypotheses on the complete population of German biotechnology firms between 1996 and 2011, our findings indicate positive effects of network level isomorphism and positive but diminishing effects of experiential knowledge on SMEs' market entry mode choice. Our findings furthermore reveal a negative impact of network centrality on the persistence of imitative tendencies.

Novel Strategies to Combat Constitutional Uncertainty: Compensatory Real Options and Private Ordering Among International Entrepreneurs

Richard Hunt, *University of Colorado-Boulder*

Drawing upon real option theory and private ordering, I contrast diverse approaches taken by international entrepreneurs facing constitutional uncertainty. Through transaction-based analysis of 1,040 lumber exporters from 52 countries, I identify novel market-based mechanisms that I have labeled "compensatory real options" (CRO), whereby firms are rewarded with future opportunities for their willingness to transact business despite constitutional uncertainty. My findings suggest that entrepreneurs using private ordering mechanisms will be compensated with CROs, which leads to rapid forward internationalization. Meanwhile, entrepreneurs who opt for onerous payment terms, extensive contracting or government assistance seldom generate CROs. The results elucidate the interplay between real options and private ordering, and introduce new lines of inquiry for scholars, new strategic alternatives for practitioners and a cautionary tale for policy-makers.

SESSION 40

QUALITATIVE RESEARCH & STRATEGIC ENTREPRENEURSHIP

TRACK K

Date Tuesday, Oct 1

Time 15:45 – 17:00 h

Paper

Room Hickory Room

Session Chair

Juan Quiroga, *INSEAD*

CEO Exchange: A Conversation About Leadership

Andrew Papadopoulos, *University of Quebec at Montreal*

Patrice Luoma, *Quinnipiac University*

Josiane Lise Mabopda Foka, *University of Quebec-Montreal*

Much research has been done on chief executive officers (CEOs), leadership, and firm performance since Barnard's (1938) seminal work. However, little research has examined the ways CEOs talk about their leadership styles and what is important to them, in a public forum. Using transcripts of interviews from the CEO Exchange, we use content analysis to delve deeper into these issues under the overarching question, 'How do CEOs describe what is important to leadership?' This research will make a contribution to the strategic management literature by developing insight into what philosophy, processes and actions CEOs consider as necessary for successful leadership and how they demonstrate that leadership by what they communicate to the public.

Examining Firms' Boundary Choices over Time: Qualitative Case study on Commercial Banks Governance Choices in Microfinance

Nilesh Khare, *Abu Dhabi University*

While RBV and TCE have emerged as major perspective on firm's governance choice, several issues related to their boundary conditions remain unclear. Santos and Eisenhardt (2005) suggest that in particular, multiple-case, inductive methods are well suited to such research that involves combining complex conceptions and their interactions. We conducted qualitative study involving 5 banks and their select partners to examine how their governance choices evolved over a period of time. Preliminary results suggest that while opportunism concern affect decisions, capability concerns dominate, and ex-ante opportunity costs play a vital role.

Organizational Stigmatization and Disapproval Spillover: Roles of Social Attributes of Family Ties

Xinran Wang, *University of Tennessee*

This study develops a theoretical model of the processes of organizational stigmatization and disapproval spillover, and also considers two roles of social attributes of family ties in the processes. This study mainly proposes three issues: First, social attributes of family is an antecedent of stakeholders' organizational stigmatization to family firms. Second, organizational stigmatization causes stakeholders' disapproval spilling over from wrongdoing family firms to innocent family firms within a family business network. Finally, organizational stigmatization is accompanied by social attributes of family ties, and therefore those two constructs interactively facilitate disapproval spillover.

Owning a New Venture: How Founders Decide Whether and How to Share Ownership

Juan Quiroga, *INSEAD*

Whether to share the ownership of a nascent firm with somebody else and how to structure that property are decisions commonly faced by founders that have important consequences for their ventures. This paper builds on a qualitative research design and on methodological localism to contribute a textured understanding of how founders deal with those decisions. Two waves of interviews with the founder-CEOs of 40 firms are analyzed through techniques of multiple-case analysis and fuzzy-sets QCA. Results provide a deeper understanding of how the founding



team's resourcefulness, the firm's strategic orientation, and the founder's identity interact to shape how founders structure their ventures' equity. Methodologically, this paper contributes an illustration of how set-theoretic approaches complement inductive analyses in building empirically grounded middle range theories.

SESSION 220

HR PRACTICES AND STRATEGIC HUMAN CAPITAL

TRACK L	Date	Tuesday, Oct 1
	Time	15:45 – 17:00 h
Common Ground	Room	Walnut Room

Facilitator Scott Snell, *University of Virginia*

Contingency and Equifinality in SHRM: Strategic Fit in the Relationship between HRM and Firm Performance

Christopher Collins, *Cornell University*

Rebecca Kehoe, *Rutgers University*

Does competitive advantage arise from the implementation of a best practice approach to HRM, or do firms employing alternative HR systems more closely aligned with the specific capabilities required to achieve their strategic goals achieve higher performance? In this paper, we challenge the best practice approach to SHRM and examine alternative HR systems that may drive superior performance based on their fit to the strategic setting of the firms in which they are implemented. In the context of software firms following either an exploration or exploitation strategy, we find support for a contingency approach to SHRM – demonstrating the superior fit of alternative HR systems in different strategic contexts and highlighting the importance of strategic fit of HR systems in the achievement of competitive advantage.

Corporate Governance and Family-Friendly Workplace Practices

Dominic Heesang Chai, *Seoul National University*

Simon Deakin, *University of Cambridge*

Colm McLaughlin, *University College Dublin*

We use WERS 2004 to study whether a stock market listing makes a difference to the gender policies of listed firms, the extent to which they monitor gender equality outcomes in the areas of recruitment, promotion and pay, and how far they make provision for family-friendly practices above the level mandated by law. After controlling for firm size and related characteristics and for the extent of workplace diversity, we find that listed companies are significantly more likely to have gender policies than non-listed firms, but are no more likely to engage in monitoring of outcomes.

Recruitment as Strategic Practice

Robert Demir, *Stockholm University*

Jan Löwstedt, *Stockholm University*

Janne Tienari, *Aalto University*

Whereas the structuring and growth of the firm have long been central to conceptual development in strategy research, the literature has largely ignored how a fundamental practice such as recruitment can be of strategic importance for the sustenance of the firm's growth. The present study introduces recruitment as a strategic practice and elaborates on how this practice is crucial in creating and editing social and economic capital of the firm and how this interplays with its growth. It suggests three entrenchments – vertical, horizontal, and lateral – for striking a balance between the firm's explorative (diversification) and exploitative (specialization) activities for creating and modifying its competence base through strategic recruitment.

Renewing the Strategy Perspective in SHRM

Clinton Chadwick, *University of Kansas*

Carol Flinchbaugh, *University of Kansas*

As Molloy, Ployhart, and Wright (2011) recently argued, scholars from both OB/HRM and strategy bring the predilections of their foundational organizational sciences (namely psychology and economics, respectively) into strategic HRM (SHRM), and much of the intellectual vibrancy of SHRM research arguably stems from the interplay between these two foundations. Yet as we demonstrate in this proposal, SHRM research has recently been dominated by the OB/HRM “uni-versalistic” perspective. We believe that this imbalance is an inadvertent consequence of the fact that most SHRM scholars' disciplinary foundation is psychology (Ployhart, 2012; Chadwick & Dabu, 2009), and that it can therefore be partially remedied through a discussion about what strate-gy scholars mean by the “strategy perspective”. Thus, we will use the review in this proposal to launch a discussion about how SHRM research can be enhanced by more strongly incorporating “it depends” perspectives from strategy.

The Dirty Laundry of Employee Award Programs: Evidence from the Field

Timothy Gubler, *Washington University-St. Louis*

Ian Larkin, *Harvard University*

Lamar Pierce, *Washington University-St. Louis*

Many scholars and practitioners have argued that corporate awards are a “free” way to motivate employees. Using field data from an attendance award program implemented at one of five industrial laundry plants, we show that awards can carry significant spillover costs which render them less effective at motivating employees than the literature suggests. Our quasi-experimental setting shows that two types of unintended consequences limit gains from the reward program. First, employees strategically game the program, improving timeliness only when eligible for the award, and call in sick to retain eligibility. Second, the best-attending and most-productive employees suffer a 6-8% productivity decrease, suggesting they were demotivated by awards for good behavior they already exhibited. Overall, our results suggest the award program decreased plant productivity by 1.4%.

Worker Preferences and Competitive Advantage: How 9/11 Changed Attorney Preferences for Non-pecuniary Utility

Seth Carnahan, *University of Maryland*

David Kryscynski, *Brigham Young University*

Daniel Olson, *University of Maryland*

Strategy scholars have recently recognized the importance of worker non-pecuniary preferences in the pursuit of human capital-based competitive advantages. However, it appears that they have also implicitly adopted a static view of worker preferences. Research in other areas, however, suggests that worker preferences are not stable over time, and firms may need to adjust their attributes accordingly. The purpose of the present paper is to explore the effect of a labor market shock on the career choices of professionals in order to better understand how firms may need to respond to changes in employee preferences for pecuniary utility. Specifically, we plan to study how the 9/11 terrorist attacks affect the pursuit of non-pecuniary utility in the career choices of attorneys.

SESSION 188

YIKES - WHAT NOW? FIRM AND INSTITUTIONAL RESPONSES TO STAKEHOLDER ACTIVISM

TRACK M	Date	Tuesday, Oct 1
	Time	15:45 – 17:00 h
Paper	Room	Juniper Room
Session Chair	Andrew Bryant, <i>George Washington University</i>	

❖ Firm Response to Environmental Activism: The Contingent Nature of Secondary Stakeholder Salience

Trey Sutton, *Florida State University*

We consider the impact of primary stakeholder power on the relationship between activist characteristics and improvement in firm environmental performance following an activism event. Prior studies have employed stakeholder salience logic to explain the influence of secondary stakeholder activists on firm response to activism. However, secondary stakeholders wield only normative power in relation to the target firm, while primary stakeholders wield coercive or utilitarian power. Because of these power characteristics, only primary stakeholders can directly affect firm value. Therefore, shareholder-oriented managers are likely to perceive a threat from secondary stakeholders only to the extent that they threaten the firm's relationship with its primary stakeholders. We extend stakeholder salience theory by explaining how the salience of secondary stakeholders is contingent upon the power of primary stakeholders.

I Do Not Want to End Up on the Black List: Corporate Strategy and Terrorism

Christian Lechner, *Free University of Bolzano*

Birthe Soppe, *University of Oslo*

Florian Kirschenhofer, *Max-Planck-Innovations GmbH*

Focusing empirically on a historical analysis of organized terrorism in Germany in the 1970's, we investigate how terrorist groups, understood as (negative) stakeholders or particular interest groups, can have a significant influence on the strategy making of large corporations. We study how corporate strategic decision makers react to the concrete threat of terrorism, and how the actions of such groups, causing turmoil in the business environment, influence the strategic management of large firms. Research on how pressures of extreme interest groups affect corporate decision makers and making is highly important and timely, and sheds new light on features of firms' strategy making. We also discuss implications of our findings for research on the intersection of stakeholder pressure and strategic management.

Outsiders as Agents of Sustainable Institutional Change

Theodore Waldron, *Baylor University*

Gregory Fisher, *Indiana University*

Chad Navis, *UW-Madison*

This study examines institutional entrepreneurs' activities and processes for initiating, implementing, and normalizing divergent change in organizational fields other than their own. To do so, we conducted an in-depth, longitudinal analysis of the Rainforest Action Network's efforts to alter a key sourcing practice in the home-improvement retail industry. The results convey how such outsiders theorize, mobilize support for, and institutionalize new arrangements, thus enabling us to conceptualize how outsiders' entrepreneurial actions substantially differ from those of insiders seeking to change elements of their own fields.

Stakeholder Theory, Reference Influences & Corporate Social Initiatives

Jennifer J. Griffin, *George Washington University*

Andrew Bryant, *George Washington University*

Stakeholder theory suggests it is in the best interests of managers to include relevant groups—those that affect the ability of the firm to

achieve its objectives—when making decisions. Interestingly rivals and competitors are not explicitly identified as relevant groups and yet, rivals and peers' behavior affects firm behavior via competitiveness and mimicry. We examine and extend the notion of rivalry as "relationally dependent dimension" by exploring how firms manage multiple stakeholder relationships. Our findings suggest that rivals and peers' behavior has widespread and significant impacts on how a firm treated nearly all of its stakeholder relationships—strengthening relations and increasing concerns—suggesting how others' treat stakeholders is an important part of the calculus in how a firm treats its own stakeholders.

SESSION 6

COOPETITION AND INNOVATION

TRACK N	Date	Tuesday, Oct 1
	Time	15:45 – 17:00 h
Common Ground	Room	Chestnut Room
Facilitator	Javier Gimeno, <i>INSEAD</i>	

Commitment and Relationships: Nokia's Strategy and Alliance Formation – 1996-2012

Markus Paukku, *Aalto University*

Corporate strategy has been presented as a commitment of resources towards a particular goal and, thus, alliances are an instrument by which the strategy is projected beyond the firm's boundary. While it is known that these simple models are challenged by turbulent industry's rapid technological change and frequent strategic renewal, less is known about the knock-on effects of strategy change on alliances. This longitudinal study follows Nokia's corporate strategy and alliance formation from 1996 to 2012. The research identifies three distinct technology alliances strategies that both anticipate and support wider corporate strategy announcements. The alliance strategies also present an opportunity to fine-tune corporate strategy as the industry shifted towards competition between ecosystems.

Coopetition and Innovation to Shape Competitive Advantage: The Case of the Eurêka 100 GET project

Andre Nemeh, *University of Montpellier 1*

Said Yami, *University of Montpellier 1*

Prior research highlighted the prevalence of coopetition as a strategy for innovation in high-tech industries. The evaluation of this strategy based on its impact on firm's innovative capacity doesn't constitute a reliable measure. Based on an explorative case study approach, we analyzed European project 100 GET. Our results show that evaluating coopetition impact based on innovative capacity indicator leads to the perception of symmetric allocation of benefits, while the analysis of what is going on after the end of the project, shows that two partners have gained the most in this project. This difference between partners' gains is mainly due to firm's well perception of industry dynamics which led them to be better prepared and to have focused objectives in the collaboration.

Greening an Industry through Coopetition: The Role of Proximity in an R&D-Alliance to Create Environmental Innovations

Marianne Steinmo, *University of Nordland*

Siri Jakobsen, *University of Nordland*

Cooperation is found to be particularly important in the development of environmental innovations. Cooperation with competitors (coopetition) is of special importance when firms face a common challenge, like environmental problems. This paper explores how a coopetition alliance can facilitate increased environmental knowledge for firms with different size and R&D-intensity. By studying a Norwegian environmental coopetition alliance we found that such an alliance can increase the absorptive capacity for all involved firms by enhancing social, cognitive and technological proximities. We found that the less R&D intensive



firms accumulate knowledge from external R&D-partners through the competing partners. That is, they do not communicate well directly with the universities and R&D-organizations, but access the R&D results through their competitive partners which they have a closer technological proximity to.

Knowledge Chain Position, Contextual Knowledge Distance, and Process Innovation

C. Annique Un, *Northeastern University*
Kazuhiro Asakawa, *Keio University*

We analyze how different types of research and development (R&D) collaborations impact process innovation. We build on the knowledge-based view of the firm and propose that the impact of R&D collaborations on process innovation primarily depends on two knowledge dimensions: position in the knowledge chain and contextual knowledge distance. We find that upstream collaborations with universities and suppliers have a higher impact on process innovation than downstream collaborations with competitors and customers. Specifically, we find that while collaborations with suppliers and universities have a positive impact on process innovation, collaborations with customers do not appear to have an impact, while collaborations with competitors can potentially have a negative impact on process innovation.

Organizing Coopetition for Radical and Incremental Innovation The Case of Wireless Telecommunication in Europe

Andre Nemeh, *University of Montpellier 1*
Saïd Yami, *University of Montpellier 1*

Previous research indicated coopetition as a strategy for innovation in high-tech industries for several reasons. But the link between the type of coopetition and innovation is still understudied. This study attempts to answer the following question: How the organization of the cooperative context is related to the type of innovation? The results of an embedded case study approach of five Celtic-Plus projects (European Eureka Programme) in the wireless telecommunications sector show that two cooperative structure configurations exist: wide and narrow, and highlight the moderating role of social capital between value creation/appropriation dynamics. The study proposes a conceptual model that links coopetition strategy motives to the types of coopetition and their outcomes in terms of radical or incremental innovation.

Why Taking the Risk to Collaborate with a Competitor?: Case Evidence from Telecommunications Satellites Manufacturing

Anne-Sophie Fernandez, *University of Montpellier*
Frédéric Le Roy, *University of Montpellier*

Firms increasingly adopt coopetition strategies. Based on a risk evaluation, companies refuse to be involved in coopetition while others deliberately adopt it. Why do some companies take the risk to collaborate with a competitor while others avoid it? Features of the projects or activities jointly developed are not considered by previous empirical studies. An in-depth case study has been conducted in the European space industry. Relationships between two major manufacturers of telecommunications satellites, Astrium (EADS) and TAS (Thales) have been investigated. At the project level, findings highlight two main drivers of coopetition: the internationalization of the activity and the innovation. Collaboration between TAS and Astrium can be explained by the risk sharing. Companies would rather take the risks of coopetition than the risks of the project.

SESSION 51

TICKET TO RIDE: OWNERSHIP AND CONTROL

TRACK O	Date	Tuesday, Oct 1
	Time	15:45 – 17:00 h
Paper	Room	Magnolia Room
Session Chair	Jean McGuire, <i>Louisiana State University</i>	

Family and Institutional Ownership and Firm Performance: The Role of National Context

Jean McGuire, *Louisiana State University*
Sandra Dow, *Monterey Institute of International Studies*

Using a sample of firms from over 40 countries, we examine the relationship between family and institutional ownership and firm performance. We find negative performance effects of family ownership, and positive effects for institutional ownership. Most interestingly, however, we find support for the moderating effects of shareholder protections, economic development, power distance, and individualism/collectivism.

How Family Blockholders Protect Their Control of Public-traded Family Firms: Evidence of Antitakeover Defense

Zhonghui Wang, *University of North Carolina-Greensboro*

Family blockholders who possess at least 5% voting power of public-traded family firms tend to protect themselves against the threat of hostile takeover because hostile takeovers negatively impact family owners' socioemotional wealth and private benefits of control. Correspondingly, family blockholders should generally support the supermajority requirement of merger approval (supermajority requirement) because the supermajority requirement can act as an antitakeover defense which potentially helps fend off hostile takeovers and ensures family blockholders' control of the firm. Furthermore, the managerial delegates and board representatives of family blockholders should facilitate their principals' support of the supermajority requirement. Relying on probit models with continuous endogenous regressors, I conduct empirical tests of the above-mentioned arguments on a large merged dataset.

Rethinking Burns and Stalker's Dichotomy: The Role of Ex Ante Negotiation Over Rent for Firms' Organizational Structure

Loredana Volpe, *University of Rome*
Gianluca Vagnani, *University of Rome*

This paper focuses on the role of ex ante negotiation over rent between owners and executives in accounting for organizational design differences among firms. According to rent appropriation theorists, key stakeholders might bargain to capture economic rents even before the rent is generated (Coff, 1999, 2010). The organizational design literature instead assumes that firm's return follows organizational design (Burns & Stalker, 1961). Reversing the direction of causality between organizational design and return, our study sits at the crossroad of these streams of literature. We posit that when owners and executives negotiate ex ante over rent, an organizational structure that strengthens their bargaining power emerges, which approximates the quasi-organic form (Goffee, 1996; Goffee & Scase, 1985) with low formalization and some degree of centralization and specialization.

The Effect of Ownership Structure on Firm Corporate Social Responsibility: Evidence from Dual-Class Share Companies

Paul Seaborn, *University of Denver*
Tricia Olsen, *University of Denver*
Jason Howell, *University of Denver*

Dual-class share companies provide certain shareholders with voting power disproportionate to their ownership stake. This ownership structure is not new but has experienced a recent surge in visibility, as

high-profile technology companies such as Google and Facebook have adopted this ownership structure. However, dual-class share companies have been criticized for underperforming and not representing interests of less-privileged shareholders, prompting debate over whether the dual-class structure should be permitted or discouraged. Our research builds on agency theory and looks beyond financial performance to examine the link between dual-class share structure and corporate social responsibility (CSR) using a dataset of dual-class share firms for the period from 2005 to 2007. Does isolation from short-term stock market pressure allow dual-class share companies to outperform in terms of CSR?

SESSION 178

INFLUENCE OF PERFORMANCE FEEDBACK ON RISK TAKING

TRACK P	Date	Tuesday, Oct 1
	Time	15:45 – 17:00 h
Paper	Room	Sycamore Room

Session Chair Brian McCann, *Vanderbilt University*

Passing Down the Throne of a Kingdom: The Influence of Performance Aspiration on CEO Succession in Family Firms

Jaemin Lee, *INSEAD*
Xiaowei Luo, *INSEAD*
Ji-Yub Kim, *INSEAD*

While the performance feedback studies has demonstrated performance feedback's role in triggering corporate change, how dominant coalitions can use performance feedback differently to achieve their interests has not considered. We examine how performance feedbacks affect CEO successor's origin—succession to family members vs. to nonfamily managers—in family businesses where controlling family needs to balance their goals of firm performance and preserving family control. An analysis of Korean family business shows that in general, performance decrease below aspiration level leads to succession to nonfamily CEOs, whereas performance increase above aspiration level leads to retention of the current CEOs. However, if the current CEOs are family managers, strong performance leads to within-family succession, suggesting that controlling family strategically leverages strong performance to accomplish family leadership transition.

Performance Attainment Discrepancies, Slack, and the Influence of Embedded Owners

Jaya Dixit, *Rensselaer Polytechnic Institute*
Jonathan O'Brien, *Rensselaer Polytechnic Institute*

In this paper we examine the contingency of the owners' culture and institutional background in understanding how performance attainment discrepancies impact the accumulation and depletion of different types of slack. Specifically, we study the Japanese institutional context and how owners who have embedded ties to firms may shape these critical resource allocation decisions. Our results indicate that while there is generally a positive relationship between performance relative to aspirations and both absorbed and unabsorbed slack, embedded owners weaken both of these relationships. Furthermore, we divide potential slack based on the characteristics of debt and find that embedded potential slack is more sensitive to performance attainment discrepancies than is arm's length potential slack.

Stock Market Reaction and Risk-Taking in Subsequent Acquisitions

Jaya Dixit, *Rensselaer Polytechnic Institute*
Bill Francis, *Rensselaer Polytechnic Institute*
Shyam Kumar, *Rensselaer Polytechnic Institute*

We study the impact of the stock market's reaction to a prior acquisition on a firm's risk-taking in the subsequent acquisition. Findings suggest

that there is increased risk taking both as the magnitude of gains from the previous acquisition increase, and as the magnitude of losses increase. Additionally we find that acquirers with experience tend to take greater subsequent risks when they enjoy gains, indicating hubris. In contrast acquirers with limited growth opportunities tend to take greater risks when they experience losses, possibly in an attempt to improve their future prospects. Our findings show that prior market gains and losses act as an important reference point for subsequent acquisitions, and risk taking behavior is impacted significantly by this reference point.

The Influence of CEO Restricted Stock Value Relative to Reference Point on R&D Spending

Elizabeth Lim, *Georgia State University*
Brian McCann, *Vanderbilt University*

Prior work based on agency theory has focused on how absolute compensation values may align divergent interests of CEOs and shareholders by motivating CEOs to increase risk-taking. In contrast, we draw from behavioral decision theory to explain how relative compensation levels play a critical role. We theoretically and empirically investigate the relationship between CEO restricted stock values relative to their reference point and R&D spending in a sample of high-technology firms. We propose that losses in restricted stock values are associated with increases in R&D intensity while gains lead to R&D decreases. We also establish theoretical boundary conditions by considering CEO duality and board vigilance as moderators, predicting that the main effects will be enhanced under duality and weakened under high board vigilance.

SESSION 182

CORPORATE AND MANAGERIAL MISBEHAVIOR

TRACK P	Date	Tuesday, Oct 1
	Time	15:45 – 17:00 h
Paper	Room	Pecan Room

Session Chair Ivana Naumovska, *Erasmus University - Rotterdam*

Benevolent Deception: An Investigation of Mechanisms Underlying Failed Commitments in Organizations

Mohammad Amin Zargarzadeh, *University of Calgary*
Hannes Leroy, *University of Leuven*

The critics argue that the assumption of opportunism is overemphasized in TCE. Trying to represent more comprehensively the reasons for failed commitments, Verbeke and Greidanus (2009) propose the envelope concept of bounded reliability (BRel) as a substitute for the conventional TCE assumption of opportunism. Verbeke and Greidanus identified two main components for bounded reliability: 1. opportunism as intentional deceit and 2. benevolent preference reversal. In this paper we analyze 29 case studies which describe various aspects of the internal mechanisms of General Electric (GE) Company. We investigate mechanisms underlying failed commitments and the safeguards against the potential for such failures in General Electric. We propose a new dimension for BRel (named benevolent information distortion).

Putting Opportunism in the Backseat: Bounded Rationality, Costly Conflict, and Hierarchical Forms

Nicolai Foss, *Copenhagen Business School*
Libby Weber, *University of California-Irvine*

TCE puts more emphasis on opportunism than on bounded rationality. However, when the bounded rationality assumption is augmented to include interpretive limitations, we show that sources of costly conflict exist that are not rooted in opportunism. Moreover, we show that bounded rationality may drive opportunism. Additionally, although prior work suggested that hierarchy is a panacea for transaction costs, we show that different hierarchal forms (simple, unitary, multidivisional and matrix) are inherently subject to specific bounded-rationality-based



conflicts. Thus, they have different capacities to mitigate bounded-rationality-based transaction costs. In exploring both the sources of cognitive-based conflict and efficient hierarchical governance forms under different transaction characteristics, we contribute to a more nuanced understanding of hierarchy and push the bounded rationality assumption to the frontseat in TCE.

Stewards or Agents? White-Collar Crimes (2001-2011)

Kehan Xu, *Sun Yat-sen University*

This study examined how aggressive monitoring by boards of directors and executive hubris influence the likelihood of white-collar crimes in an emerging economy in which modern corporate governance mechanisms are still developing. Using a sample of 274 matched pairs of firms from 2001–2011, we found that shareholder value and aggressive monitoring by boards of directors decreased the likelihood of white-collar crime, while executive hubris of top managers increased the likelihood of white-collar crime. Additionally, firm risk factors increased the likelihood of white-collar crime, supporting the argument of cognitive biases of managerial decision-making.

Who Gets Burned when the Books are Cooked?: Investor Reactions to Managerial/Corporate Misbehavior

Ivana Naumovska, *Erasmus University - Rotterdam*

Edward Zajac, *Northwestern University*

This study analyzes the factors that lead firms to be stigmatized when their managers engage in corporate criminal activity. Specifically, we examine the role of institutional logics, firm history, organizational entitativity, and legal proceedings in financial investors’ social judgments of corporate liability. We test our hypotheses using the empirical context of the population of 1103 enforcement actions for financial misrepresentation in the US (1978-2011). In doing so, we seek to contribute to the literature on corporate stigma, social judgments of corporate liability and social constructions in financial markets.

SESSION 104

SUSTAINABILITY BEHAVIOR

TRACK A&B	Date	Tuesday, Oct 1
	Time	15:45 – 17:00 h
Paper	Room	Int’l Ballroom B
Session Chair	Shardul Phadnis, <i>MIT</i>	

Adaptation to Changing Environments by Management Teams with Contrary Interpretations of the Environment

Shardul Phadnis, *MIT*

Firms operating in dynamic environments need to adapt their strategies as the environments change. The success of a firm’s adaptation to the environmental changes is partly determined by whether its management team notices and correctly interprets the changes it needs to adapt to. Research shows that managerial interpretation of the ambiguous environmental events is subjective, and that different managers in the same firm can interpret a given event differently (as an opportunity versus a threat). How should a firm resolve such a discord in its management team’s interpretation? This mixed-methods research reveals the disagreement in an executive team’s interpretation of the firm’s environment using field research and evaluates the effectiveness of different ways to resolve the discord.

Capability Cues and the Updating of Organizational Reputation Assessments

Aaron Hill, *Oklahoma State University*

Scott Johnson, *Oklahoma State University*

Jason Ridge, *Clemson University*

Organizational reputation is at the center of a growing literature stream in strategic management. In general, this literature concludes both that an organization’s reputation is arrived at through a complex social processing of information about the organization’s capability to perform. Despite a wealth of research and significant advancements in this line of inquiry, little is known about how social processing is updated in light of new positive or negative informational cues about an organization’s capability. In this paper, we take a social processing perspective to address how positive and negative capability cues impact organizational reputation, and further, how the impact of those capability cues vary based upon the reputation level of the organization

The Role of Informal Management Systems in Implementing Sustainability Strategies

Adriana Rejc Buhovac, *University of Ljubljana*

Marc Epstein, *Rice University*

Kristi Yuthas, *Portland State University*

This paper explores how large for-profit organizations are addressing the challenge of sustainability strategy implementation and improving their social, environmental and financial performance. Using the case study method at Nike, Procter & Gamble, The Home Depot and Nissan North America, the study investigates what is the role of various formal and informal management systems in enhancing sustainable decision-making. We find that, for these companies, informal systems, such as organizational culture and leadership may be more important to drive sustainability implementation than formal systems and processes. This finding provides at least a partial explanation for why implementation of sustainability has been so difficult for major corporations and the failure of traditional management control and performance measurement literature and practice to adequately address this issue.

Why CEOs Matter for Sustainability: The Effect of CEO Cognition on ESG Performance

Yoojung Ahn, *University of Massachusetts-Amherst*

Based on the upper echelons perspective, this paper builds on the idea that CEOs’ cognitive base and mental models help explain firm performance. A different kind of outcome – environmental, social, and governance (ESG) performance – is examined to test the prior theories on upper echelons in the context of sustainability. Furthermore, the paper proposes that the amount, breadth, and consistency of CEOs’ mental models representing intent to pursue sustainability in letters to shareholders mediates the relationship between CEOs’ cognitive base and ESG performance. The paper contributes to building cognition theories for upper echelons by combining both CEO cognitive base and mental models to explain firm performance. By adding ESG performance as an additional organizational outcome, it adds sustainability as another dimension of firm performance that should be considered.

SESSION 223

**RESEARCHERS HOOKED ON TEACHING /
TEACHERS HOOKED ON RESEARCH**

TRACK T	Date	Tuesday, Oct 1
	Time	17:15 – 18:30 h
Panel	Room	Int'l Ballroom D

Session ChairRobert Wright, *Hong Kong Polytechnic University***Panelists**Donald Bergh, *University of Denver*Ming-Jer Chen, *University of Virginia*Russell Coff, *University of Wisconsin-Madison*Catherine Maritan, *Syracuse University*Costas Markides, *London Business School*Norman T Sheehan, *University of Saskatchewan*

Most academics polarize the important practice of teaching and research into separate and distinct worlds – often rarely integrating them as complementarities in our pursuits towards better scholarship. This session brings together a distinguished line up of world-class scholars whom have successfully bridged this apparent divide. One thing they have in common is a passion for new ideas and for challenging our current taken-for-granted-assumptions in our scholarship of teaching, learning and research. This engaging and interactive session will showcase their experiences in “translating” their research into teachable moments and their teachable moments into research.

SESSION 198

**THE EVOLUTION OF STRATEGIC MANAGEMENT
RESEARCH**

TRACK D	Date	Tuesday, Oct 1
	Time	17:15 – 18:30 h
Paper	Room	Hazelnut Room

Session Chair Margaret White, *Oklahoma State University***How Has the Strategic Management Field Progressed
Over the Last Three Decades?**Denise Fleck, *Federal University of Rio de Janeiro*

The main purpose of this paper is to scrutinize the strategy field over the last three decades: its evolution, main characteristics, controversies, challenges and opportunities. The most significant outcomes of the analysis are: the field can be classified as proto-scientific; rigor has prevailed over relevance; diversity is pervasive and may threaten the field's legitimacy within society; and organizational performance emerges as a key, yet ill-defined construct in the field. Rather than diversity, the field's difficulties lie in the scarcity of studies on comprehensive, relevant questions. This requires longitudinal, multilevel approaches, like comparative historical research, which allows for conceiving and testing cross-cutting and diversity-aggregating theoretical frameworks.

**How to be Relevant: A Systematic Analysis of the
Rigor/Relevance Debate**Guillaume Carton, *University of Paris-Dauphine*Philippe Mouricou, *France Business School*

The rigor/relevance debate has generated an intense conversation. Despite a growing consensus on the need for research to be more impactful, scholars have drawn radically different paths to bring research and practice closer. This accumulation of contributions that are often unarticulated with each other has led to a situation of confusion. This paper seeks to clarify this debate. It presents a taxonomy of different strategies to reduce the gap between research and practice. Based on a systematic analysis of 135 editorial statements, viewpoints, theoretical papers and empirical papers in top-tier journals, we show four different

approaches academics take to bridge the gap, which take root in a different explanation of the origin of the gap and highlight their complementary nature by providing an integrative framework.

**Time for a Reality Check? The Vanishing Role of
Materiality in Strategy Research**Elisa Operti, *ESSEC Business School*Stefano Brusoni, *Swiss Federal Institute of Technology Zurich*

The idea that evolutionary processes of variation, selection and retention underpin the market outcomes is a cornerstone to strategic approaches to firms' behaviour. Variation processes entail the generation of new ideas and bodies of knowledge by firms, sectors or whole economic environments. Selection refers to the endogenous or exogenous dynamics that ultimately contribute to separate the wheat from the shaft. Retention refers to the process by which new knowledge is stored in routines, objects and artifacts. We review 150 seminal articles building on Nelson and Winter's 1982 book to assess the model's overarching contribution to strategic management research. Through bibliometric techniques and thematic analysis, we document a progressive decoupling of models of variation, selection and retention from their concrete, material execution. We identify the causes and consequences of such departure and we discuss how bringing the material dimension back in can foster consensus and impact in the strategy field.

**What Can We Learn from Self-Reported Limitations
and Future Research Directions about the State-of-
Science in Strategy Research?**Ulrich Wassmer, *EMLYON Business School*Stephane Brutus, *Concordia University*

This study provides a critical analysis of self-reported limitations and directions for future research reported in empirical strategy articles published during the 25-year period from 1982 through 2007 in the Academy of Management Journal, Administrative Science Quarterly, Journal of Management, and Strategic Management Journal. We coded and analyzed self-reported limitations and directions for future research to draw inferences on the evolution of strategy research over this time period. Our analysis provides evidence of trends within the key research areas in strategy: Competitive strategy, corporate strategy and governance, global strategy, strategy process, knowledge and innovation, strategy practice, entrepreneurship and strategy, strategic human capital, stakeholder strategy, and cooperative strategy.

SESSION 229

COMPETITION CALLING

TRACK E	Date	Tuesday, Oct 1
	Time	17:15 – 18:30 h
Common Ground	Room	Cottonwood Room AB

Facilitator Giovanni Battista Dagnino, *University of Catania***Competitive Rivalry and Industry Change:
Smartphone Market in the Netherlands**Elena Golovko, *Tilburg University*Wolfgang Sofka, *Copenhagen Business School*

The aim of this study is to examine the competitive rivalry in a setting of industry change. We use the theoretical framework developed by Chen (1996) to connect market and technology positioning of firms to the competitive moves they choose and consequently to their performance. We argue that in a setting with high uncertainty triggered by the changes in an industry the predictions of the model may not hold, as the assessments of market and technology positions in an industry will become less reliable. Secondly, as firms are different in terms of knowledge they possess about markets and technologies some firms will be more prepared to cope with the uncertainty so will benefit more. Our empirical setting is the smartphone market in the Netherlands during 2008-2010.



Fast Enough but not Too Fast: Adaptive vs. Pioneering Strategies in Turbulent Environments

Alessandro Marino, *University of Pennsylvania*

Paolo Aversa, *City University London*

Jay Anand, *Ohio State University*

Firms often need to adapt to new contextual conditions, given that shifts in their environment tend to erode the value of their current knowledge and practices. Recent literature emphasizes both the need for firms to change and adapt, as well as the inherent risks in these efforts. In this paper we test the consequences of firms' different strategic reactions in turbulent contexts. Specifically, we examine two alternative hypotheses: merely adapting to environmental changes, and pioneering explorative solutions. By modeling exogenous changes in the competitive environment as shifts in the institutional context, and by empirically examining the technological developments and performance of racing teams in the Formula One industry, we find that mere adaptation can lead to superior outcomes than pioneering explorative solutions. We discuss implications for theory and practice.

Pre-Entry or Pre-Investment Experience? The Role of Firm Capability Reconfigurations for Market Entry into Nascent Industries

Mahka Moeen, *University of South Carolina*

This paper examines the capability antecedents of firm's entry into nascent industries. Specifically, I make a distinction between a firm's pre-investment and pre-entry capabilities in order to shed insight on the capability reconfiguration efforts that firms undertake in anticipation of entry into a nascent industry. I focus on investments in technological opportunities by firms during the incubation stage of industry evolution, defined as the period between introduction of a technological discovery and the first instance of product commercialization. I suggest, and find empirical evidence, that while the stock of technical capabilities and complementary assets at the time of market entry are related to the likelihood of entry; at the time of initial investment, the ability to gain access to these capabilities become important.

Strategic Flexibility As a Panacea or Pandora's Box? A Meta-Analytic Review

Dennis Herhausen, *University of St. Gallen*

Robert Morgan, *Cardiff University*

Henk W. Volberda, *Erasmus University-Rotterdam*

It is axiomatic that strategic flexibility (SF) is a key success factor in generating competitive advantage. Despite this maxim, often peddled in the normative literature, empirical studies have produced inconsistent results for the strength and direction of this relationship. We synthesize these results and provide empirical support for a general, moderate, and positive effect of SF on performance. Moreover, we find that SF indirectly affects financial performance through its positive effects on innovation capability and superior market position, and that SF has a negative direct effect on financial performance. Importantly, the meta-analytic evidence also indicates that the SF–performance relationship depends on measurement methods, the research context, and certain environmental characteristics. Overall, our results provide the necessary nuance to discerning the consequential effects of SF.

The Sequential Pattern of Competitive Rivalry in the Global Smartphone Industry

Tung-Shan Liao, *Yuan Ze University*

The purpose of this study is set to investigate the sequential pattern of competitive rivalry in emerging industries. Taking the smartphone industry as the target sector, this paper assesses the relationship of action sequences with firm performance. We build up panel data by extending the “matched-pair” method to include five leading smartphone manufacturers with a total global market share of around 75%. These manufacturers are Apple, HTC, Nokia, RIM, and Samsung. The empirical

results are expected to indicate that individual firms' competitive actions have an actual focus on how they manage and expand the market. This will be viewed as a major feature of the rivalry in emerging industries.

Which, What, and Under What Circumstances?: Pioneer Firm Defenses against Imitation

Bernadine Dykes, *University of Delaware*

The first mover advantage literature theorizes that pioneer firms lose their early entrant advantages as the amount of imitation from late entrants increases (Lieberman & Montgomery, 1988). I modify and extend this understanding by specifying how pioneer firms protect their superior performance from imitating late entrants based on which pioneer firm is being imitated and what pioneer behavior is being imitated. I also theorize that under certain circumstances—namely environmental uncertainty and industry growth—the imitation-pioneer performance relationship is reshaped. I discuss the implications of my propositions for researchers and practitioners.

SESSION 78

INTERNATIONAL CORPORATE STRATEGY

TRACK F	Date	Tuesday, Oct 1
	Time	17:15 – 18:30 h
	Room	Magnolia Room

Paper

Session Chair Gabriel R G Benito, *BI Norwegian Business School*

Cross Border Acquisition Pacing and the Synchronization Trap

Yinuo Tang, *University of Pittsburgh*

Weilei Shi, *City University of New York*

John Prescott, *University of Pittsburgh*

Serial cross-border acquirers from emerging economies operate in a context where their institutional environment is in a state of transition while their acquisition targets are often located in developed countries. We ask how these firms should pace their cross-border acquisitions to enhance performance. Based on time compression economies, we hypothesize that cross-border acquisition pacing has a positive effect on performance subject to a diminishing return effect. We further hypothesize that a temporal fit between cross-border acquisition pacing and the pace of institutional distance change between the acquirer's and target's countries creates a synchronization trap—a potential organizational pathology. A sample of 117 BRIC country firms undertaking 575 acquisitions from 2001–2011 in G7 countries, support for our hypotheses.

Ownership, Internationalization and Performance

Gabriel R G Benito, *BI Norwegian Business School*

Asmund Rygh, *BI Norwegian Business School*

Randi Lunnan, *BI Norwegian Business School*

The relationship between internationalization and performance (I/P-relationship) has been characterized as one of the “big questions” of corporate strategy in a globalized world. The attention seems obvious. If companies cannot expect a positive pay-off from expanding internationally, why would they and their owners want to pursue international business opportunities? Yet, the results of three decades of research are inconclusive; no strong and consistent pattern emerges. One reason may be lack of attention to governance issues. We examine the role ownership potentially plays both as a determinant of internationalization decisions made by companies and as a moderator of the I/P-relationship. Specifically, we consider three distinct effects of ownership: Direct effects (i) on performance and (ii) on internationalization; and (iii) a moderating effect on the I/P-relationship.

Slack Resources and MNE Subsidiary Performance

Yong Li, *State University of New York-Buffalo*

Saehwa Hong, *State University of New York-Buffalo*

This study examines the relationship between slack resources and performance at the MNE subsidiary level. Preliminary empirical analysis of data on MNEs' subsidiaries in Korea during 2006-2008 shows that both available slack and potential slack of subsidiaries are positively related to subsidiary performance. Furthermore, the analysis indicates that subsidiary technological capability strengthens the positive effect of subsidiary slack resources on subsidiary performance. This study extends research that has focused on the ownership advantages of MNE parent firms and contributes to the literature on subsidiary performance.

Subsidiary Level Determinants of Reverse Knowledge Transfer in Emerging Markets Multinationals

Smitha Nair, *University of Sheffield*

Kamel Mellahi, *University of Warwick*

Mehmet Demirbag, *University of Sheffield*

We examine the effects of subsidiary level factors on reverse knowledge transfer (RKT) in emerging market multinationals (EM-MNEs). We formulate six hypotheses and test them using firm level data from 101 Indian multinationals. Our results indicate that subsidiaries that perform the role of specialised contributors contribute more towards RKT than subsidiaries that perform the role of world mandate or local implementer, and the higher the competitive index of the host country the greater the level of RKT. Our results also show that higher levels of collaboration between the subsidiary and the parent facilitate RKT and this effect is more prominent in high technology and knowledge intensive industries.

SESSION 185

STRATEGIES FOR EMERGING MARKETS

TRACK G	Date	Tuesday, Oct 1
	Time	17:15 – 18:30 h
Common Ground	Room	Chestnut Room
Facilitator	Elizabeth Rose, <i>University of Otago</i>	

A Value Co-Creation Approach to Global Strategy and Building Sustainable Advantage

Melissa Akaka, *University of Denver*

Vijaya Narapareddy, *University of Denver*

This research applies a value co-creation approach to explore the sustainable advantage of multinational enterprises (MNEs) in global markets through a collaborative, rather than competitive, lens. A case study method is used to explore the sustainable advantage of a social MNE, which can help to develop a stronger theoretical framework for connecting MNE success with social sustainability. The findings of this case study reveal that sustainable collaborative advantage at a global level is driven by a MNE's ability to collaborate at local and national levels, and is grounded in its ability to contribute to the value-creation processes of individual customers. These results provide insights to the importance of collaboration in global markets and the role of MNEs in building both corporate (e.g., MNE) and social sustainability.

Does Business Group Heterogeneity Effect its Internationalization? Evidence from India

Saptarshi Purkayastha, *Indian Institute of Management-Kozhikode*

Vikas Kumar, *University of Sydney*

Jane Lu, *University of Melbourne*

Business groups constitute a dominant organizational form in many Asian markets, and many of these groups expand operations into international markets. Previous studies ignore the heterogeneity in business groups' ability to manage internationalization, based on their resources and capabilities. The present study builds on existing research to examine heterogeneity among business groups in terms of specific resources and

capabilities that influence internationalization. In particular, this article characterizes business group heterogeneity by product diversification, and ownership, because these factors should moderate the relationship between internationalization and performance. Taking a sample of 107 Indian business groups for a period of 5 years (2004-2008), the study finds that at high levels of internationalization, larger, less diversified groups should enjoy superior performance, and ownership groups proxied by the extent of shareholding should exert differential impacts on group performance.

Institutions, International Organizations, and Sustainable Growth in Merging Economies: Rationalization and Transfer of Norms

Kathleen Yi Jia Low, *WU-Vienna*

Jonathan Doh, *Villanova University*

James Robins, *WU-Vienna*

Institutional context has been a central concept in research on the strategies of MNEs in emerging markets (Brouthers, 2001; Meyer et al., 2009). Much of the research has followed North (1990) in treating institutional context as a given constraint under which foreign organizations operate. Recent work by Cantwell, Dunning and Ludan (2009) has departed from North, arguing that institutions and MNEs co-evolve and MNEs can introduce new institutional arrangements through business innovations. In this paper, we build on the approach of Cantwell et al. (2010) to explore how private, governmental, and nonprofit international organizations can promote institutional change and economic growth in emerging economies. Our approach has important implications for emerging economy strategies of MNEs and public policies for sustainable economic growth.

MNC Ownership Performance: Evidence from EU Subsidiary Panel Study in China

Huifen Cai, *University of Huddersfield*

This paper adopts a multi-theoretic approach to investigate a phenomenon previously unexplored in extant literature, namely the differential impact of foreign resource, ownership type and host institutions on its performance in China, using newly available official data on 329 wholly owned subsidiary (WOS) and 351 Joint Venture (JV) EU manufacturing subsidiaries over a 10-year period. A conceptual framework is developed that integrates the Resource-based theory, Agency theory, and Institutional theory of international business strategy, reflecting EU firm FDI ownership strategic choices (between JV and WOS). The results showed that asset turnover, asset tangibility, and EU JV local private ownership has a significant negative relationship with subsidiary performance whereas among China's state-owned enterprises (SOEs), collectives (COE), legal entities (LPs), private enterprises (POE) firms, WOS and JV show an insignificant relationship with performance.

Subsidiaries of Multinational Semiconductor Design Companies: The Case of India

Subramanyam Raghunath, *Indian Institute of Management - Bangalore*

Sathya Prasad, *Intel Corporation*

In the semiconductor industry, there is constant pressure to make products faster, better and cheaper all the time. In such a highly competitive environment, many semiconductor foreign-owned MNCs have chosen to set up semiconductor design centers in India. Based on an exploratory study of fifteen subsidiaries in semiconductor design representing approximately sixty six percent of MNC presence in that industry space, the authors studied the rationale behind setting up semiconductor design centers in India and the contribution made by Indian subsidiaries in terms of value added services to the parent MNC, its other subsidiaries and the industry ecosystem. The aim was also to investigate the extent to which these subsidiaries function as centers of excellence within those MNCs.



Technology Catch-Up by Developing Countries: Mature versus Emerging Technologies

Pooja Thakur, *Virginia Tech*
Donald Hatfield, *Virginia Tech*
Shantala Samant, *Virginia Tech*

Firms from developing countries when entering the international market place are already behind firms from developed countries—an issue examined by the international catching up literature. But how are these developing country firms able to survive and compete? Drawing from extant literature on international institutional theory and research on technology management we argue that the type of technology—mature or emerging—needs to be explored in attempts to understand this competition. We propose that developing countries have begun to try to compete on technological innovations. Furthermore, because the governments of these developing countries are making investments to develop their human capital, these centralized investments foster catching up in mature technologies, but not in emerging technologies. We empirically test these arguments using NBER patent data.

SESSION 116

SUSTAINABLE ADAPTATION IN THE 21ST CENTURY

TRACK H	Date	Tuesday, Oct 1
	Time	17:15 – 18:30 h
Common Ground	Room	Walnut Room
Facilitator	Steven Floyd, <i>University of Massachusetts-Amherst</i>	

An Examination of the Behavioural Mechanism Underlying Attention Shifts in Adaptive Aspirations

Songcui Hu, *University of Arizona*
Zi-Lin He, *Tilburg University*
Daniela Blettner, *Simon Fraser University*
Richard Bettis, *University of North Carolina-Chapel Hill*

According to the Behavioral Theory of the Firm, organizations adapt their aspirations based on three performance indicators: historical aspiration level, historical performance, and the performance of comparable others. While our understanding of the aspiration adaptations has improved greatly over the years, we lack a deep understanding about situations when there are conflicting performance indicators. Therefore, we conduct a study based on data from the German magazine industry (1972-2010) examining attention shifts among performance indicators contingent on attainment levels. We also include moderators such as organizational slack, performance-related accountability, and prominence of the organization on these attention shifts in adaptive aspirations. The findings contribute to our understanding of the behavioral processes underlying adaptive aspirations.

Crafting and Implementing a Sustainable Strategy: Does Negotiation Capability Matter?

Barbara Aquilani, *Tuscia University of Viterbo*
Corrado Gatti, *Sapienza University of Rome*
Gianluca Vagnani, *University of Rome*
Loredana Volpe, *University of Rome*

Sustainability is an increasingly important issue in the strategic decision-making process, and in strategy implementation, both adding complexity and increasing the number of conflicting demands and of trade-offs management has to cope with at a strategic level. In this scenario, negotiation capability seems to become really strategic, because of its ability to cope with conflicts and to look at trade-offs not as axioms, but as situations which can eventually be solved changing/adding parts, interests and issues, and reshaping the whole process. Furthermore, when interdependences occur, the negotiation capability can make the difference between successful firms which manage uncertainty with flexibility and organizations which remain entrapped in some impasse,

failing to acquire the best resource at the right time or gaining a competitive advantage before their competitors.

How Stable is Stable? An Empirical Test of the Miles and Snow Model

Andreas Schifffholz, *KIT-Karlsruhe Institute of Technology*
Kerstin Fehre, *KIT - Karlsruhe Institute of Technology*
Hagen Lindstädt, *KIT - Karlsruhe Institute of Technology*

In their widely noticed work about organizational strategy Miles and Snow (1978) argue that their three main strategic types are stable over time and that these types are equally viable across different environmental contexts. Our study is testing this hypothesis by analyzing a sample of 1.304 letters to the shareholders of German HDAX companies between 2002 and 2011. Based on a computer-aided text analysis we deploy a word count approach to identify the strategic type of the companies based on the importance of different strategic themes in the letter. Our first analyses show short-term stability of the strategic type as well as little evidence of influence of environmental factors such as industry or fiscal year (macroeconomic effects) on companies' choice of the strategic type.

Organizational Adaptation to Environmental Uncertainty: The Role of Firm History and Time

Achim Schmitt, *EHL*
Patricia Klarner, *University of Munich*

Organizational adaptation to changing environments represents a critical challenge for today's managers. Despite the increasing recurrence of changes in multiple industries, research on the timing of organizational adaptation activities to situations of environmental uncertainty still remains scarce. This paper therefore develops a conceptual model for an organization's adaptation capacity to repeated external uncertainty. Using an entrainment lens, we differentiate between two dimensions of the timing of organizational adaptation – phase and pace entrainment – and derive several propositions on the role of organizational conditions and organizational learning in adaptation. We respond to prior calls to adopt a time lens when studying organizational adaptation and contribute to organizational change research by suggesting a framework for examining adaptation to dynamic environments from a more fine-grained perspective than previous research.

Social Discourse as a Strategy Process in the 21st Century US Newspaper Industry

Jun Ho Lee, *University of Illinois-Urbana Champaign*

This paper examines how discursive practices pertaining to the newspaper industry are creating a new strategy in response to the emergence of digital media. Specifically, it explores how print newspapers and nascent online start-ups have mobilized various discourses in the strategy process as a result of the technological discontinuity caused by the Internet, which has brought a high-level of uncertainty to the newspaper industry. The process through which this new strategy is generated by the interactions of multiple discourses is explained based on content analysis of texts issued by trade associations and newspapers from 1995 to 2005. Moreover, this study shows that these social discourses not only reflect the change in the industry, but also facilitate the process by which various actors in the industry are embracing new ideas and reifying new strategies.

Towards an Integrative Theory of Strategy Process: Forces for Dynamic Sustainability

Mark Kriger, *BI Norwegian Business School*

This paper integrates a diverse set of theories of strategy and strategy process to understand the means by which firms can create sustainability. The proposed integration consists of: identification of seven nested levels of strategic operation; a set of dynamic strategic co-alignments that strategists continuously must balance; and a proposed integrative framework of strategic process. The paper then grounds the integrative framework by applying it to selected portions of the strategic event

histories of IBM, Apple Inc. and Hewlett Packard, where each of these firms have converged in portions of their competitive spaces via differing strategic trajectories. It concludes with normative advice for practicing strategists who wish to apply such an integrative theory to their firms.

SESSION 204

STRATEGIC DECISION-MAKING

TRACK H, TRACK P	Date	Tuesday, Oct 1
	Time	17:15 – 18:30 h
Paper	Room	Cypress Room
Session Chair	Xavier Castaner, <i>University of Lausanne</i>	

Decision Making as Verbal Exchange: A Study of the Conversational Sequence among Team Members

Zack Edens, *University of Kentucky*
Theresa Floyd, *University of Kentucky*
Walter Ferrier, *University of Kentucky*

Our proposed study conceptualizes the verbal exchange among decision makers as a sequence of internal “actions” that influences a variety of strategic decision making outcomes. Using audio recordings of 16 MBA student teams that made decisions in a new product development simulation, we use conversation analysis to categorize each verbal utterance made by members of the decision making team. We then use sequence analysis to capture various structural properties and phases within each team’s decision conversation. We predict that the structural properties of the team’s decision making conversation are influenced by team demographic heterogeneity, team cohesion and group maintenance, and agreement seeking behaviors. We also predict that the decision conversation influences strategic consensus, decision comprehensiveness, and decision quality.

Strategic Outsourcing Contract Choice: What Underlies Heterogeneity in Manager’s Decision Models

Nidhitha Lin, *University of Western Sydney*
Timothy Devinney, *University of Leeds*
Tim R. Holcomb, *Florida State University*

Although research identifies the homogenizing force and bandwagon effect in outsourcing decision making (Lacity et al., 1993), anecdotal evidence suggests idiosyncrasy in the preferences managers hold about outsourcing contract choices. In a study of 1,728 decisions made by 72 managers with outsourcing experience, we examined sources of heterogeneity in outsourcing contract decision-making. Our analysis reveals that despite the consistent importance of tangible economic value (i.e., cost savings), there exists significant heterogeneity in the preference for value-added rents from inter-firm complementarity and value appropriation in outsourcing contract choices. Our results further indicate that variance in characteristics of decision makers explains a large portion of the variance in this strategic decision-making while industry factor accounts for a small part of this variance. These results have important implications for strategic outsourcing and strategic decision-making research in general.

Strategic Planning and Performance: A Synthesis of Decades of Research

Candace TenBrink, *University of Houston*
Laura B. Cardinal, *University of Houston*

Despite decades of research on the value of strategic planning for firms, research examining the relationship between strategic planning and firm performance has remained contradictory. Related, the conceptualizations and operationalizations of strategic planning and performance continue to lack consistency. Our intent is to synthesize four decades of empirical research to create a basis for understanding what the aggregated and segmented groups of research contribute to our understanding

and where opportunities for further research may be. As part of our synthesis, we present several clusters of research—formality of planning and planning in small firms, start-ups, and emerging markets—to provide a deeper understanding of the conceptual limits while making sense of the contextual milieu of strategic planning.

Strategy Execution with Corporate Programs: Analysis of a Major Structural Choice

Michael Boppel, *University of St. Gallen*

Drawing on research on complexity and coordination, this study examines the incidence and effectiveness of corporate programs. We argue that strategic complexity, organizational complexity, and CEO limitations influence the decision to complement the existing line organization with corporate programs and its effects on performance. Based on a longitudinal analysis of corporate programs in the European financial service sector over a 10-year period, we find support that these three dimensions influence the presence of corporate programs. This analysis of corporate programs informs research on strategy execution and coordination in multi-unit firms.

SESSION 136

THE ROLE OF KNOWLEDGE SOURCES IN OPEN INNOVATION

TRACK I	Date	Tuesday, Oct 1
	Time	17:15 – 18:30 h
Paper	Room	Juniper Room
Session Chair	Jan Hendrik Voss, <i>Bocconi University</i>	

External Innovation Search and Collaborative Innovation in an Emerging Market: Are They Complements or Substitutes?

Haiyang Li, *Rice University*
Jie Wu, *University of Macau*

In this study we propose that external innovation search and collaborative innovation function as substitutes in firms’ product innovation in emerging markets which are characterized with a lack of market-supporting institutions and high search cost. This substitute effect will become weaker as market-supporting institutions are better developed and search costs are reduced. With a sample of manufacturing firms in China, we find empirical support for these arguments. These findings demonstrate that external innovation search and collaborative innovation are two distinctive innovation choices and their roles in product innovation are constrained by institutional development in emerging markets.

From Garage to Grand Prix: Ownership of Component Interdependencies and Knowledge Integration in Formula1

Jan Hendrik Voss, *Bocconi University*
Charles Williams, *Bocconi University*

Contemporary product development is carried out in complex supply chains, with diverse, specialized knowledge combined across product component and firm boundaries. As a consequence, working across these boundaries is important for firms developing products in competitive environments. By studying product development in Formula 1 racing, this paper explores how differences in the extent to which firms own interdependencies among components and carry out search activities, may lead to differences in the changes that firms make across component- and organizational boundaries. We argue that firms with different degrees of ownership of interdependencies among product components will build integrative capabilities embedded in different sorts of relationships. Moreover, we argue that differences in product development will be particularly salient for how firms react to search activities.



Innovation Performance and Organizational Learning in the Global Automotive Industry

Denise Dunlap, *Northeastern University*
 Jose Geleilate, *Florida International University*
 Rafael Goldszmidt, *Getulio Vargas Foundation*
 Ronaldo Parente, *Florida International University*

Effective functioning of supply chains and organizational learning are hallmarks of firms that are better positioned to thrive in dynamic and global environments, while new product introductions are important contributors to performance. In this context, we propose a framework relating these concepts and empirically examine the impact of supply chain integration and organizational learning on the pace of innovation and its impact on firm performance. We found that organizational learning is moderated by supplier involvement, having a positive impact on the development of incremental and breakthrough innovations. Also, we found an inverse U-shape relation between the interaction of innovation with supplier involvement and performance, which means that there is an optimal level of innovation over which performance will decline with increments in innovation.

Tapping the Power of the Many: Innovation Camps as Mean for Creating Sustainable Innovation

Katharina Hoelzle, *University of Potsdam*

In times of a globally connected world and constantly changing market conditions, companies must find better ways how to fruitfully involve their stakeholders into their innovative efforts. Especially users' need knowledge has been identified as fundamentally important for successful innovation and future preparedness. Nonetheless, companies find many hurdles and difficulties to access and integrate this knowledge. Taking advantage of the underlying principles of so called unconferences, and combining them with a long-term live-and-work set-up, the Palomar5 innovation camp serves as an extreme experimental prototype for collaborative innovation. In this paper, we analyze this case as a methodology to enable and integrate highly motivated users, fostering the emergence of need knowledge, future issues and possible solutions. We present a framework for setting up and conducting innovation camps.

SESSION 137

NETWORKS AT DIFFERENT LEVELS AND INNOVATION

TRACK I, TRACK N	Date	Tuesday, Oct 1
	Time	17:15 – 18:30 h
Paper	Room	Int'l Ballroom A

Session Chair Lisa Gaerber, *Copenhagen Business School*

Alliance Networks and Technological Dynamism

Jesse Shore, *Boston University*
 N. Venkatraman, *Boston University*

Why has prior research on bridging ties in alliance networks produced contradictory conclusions? Many empirical studies of innovative industries show the primacy of clustering, while theory and other major studies have found positive associations between innovativeness and bridging ties. We study the evolution of alliance networks in 34 industries over the period 2000-2007. We employ stochastic actor-based models for network dynamics, estimated by Markov Chain Monte Carlo simulations, for our parameter estimates. We find that the more technologically dynamic an industry is, the more firms create bridging ties, but that even in highly dynamic industries, there is a strong tendency to create highly clustered ties as well. Our results contribute to the literature by providing a framework for resolving discrepancies between prior empirical studies.

Inter-Firm Networks, Intra-Firm Networks, and Firm Innovation

Martin C. Goossen, *HEC-Paris*

This study investigates how inter-firm and intra-firm networks of an organization jointly affect firm innovation. We argue that an inter-firm network of alliances shapes a firm's opportunity to access external knowledge whereas an intra-firm inventor network forms the firm's ability to diffuse and recombine this knowledge. The structure of an intra-firm network then determines the degree and speed by which novel knowledge diffuses among inventors within the firm. The positive effects of inter-firm alliances on innovation will be stronger for companies with a more cohesive intra-firm network. We test our hypotheses on a longitudinal dataset of forty medical device firms over a fifteen year period. Our results contribute to current research on networks and innovation, absorptive capacity, and complementarity in alliances.

Is Less More: A Study of Network Position and Subunit Innovation

Lisa Gaerber, *Copenhagen Business School*
 Anil Gupta, *University of Maryland*

In this paper we focus on the contingent effects of network centrality for subunit innovation in multinational firms (MNEs). We specifically argue that the value of a central network position for subunit innovation depends on the interplay of several factors, and that under certain conditions "less" in terms of the number of direct ties, and therefore centrality, is more. To make our arguments we focus on the interplay of a subunit's centrality, alters' centrality and the number of structural holes within a subunit's network. We aim to demonstrate that subunits that are peripherally positioned may experience high levels of innovation if they are tied to central subunits within the network that are themselves not connected to each other.

The Effects of Corporate-Level R&D Policies and Laboratory-Level Collaborations on Laboratory R&D Performance

Naohiro Sawada, *Aoyama Gakuin University*
 Hiroshi Nakamura, *Keio University*
 Kazuhiro Asakawa, *Keio University*

This study investigated the effect of laboratory-level internal collaborations and external academic collaborations. We also examined corporate-level early technology selection and open innovation policies. We investigated the effects of these factors on laboratory research and development performance at three different stages: basic research, applied research, and development. This study analyzed data from 243 Japanese laboratories. We found laboratory-level collaborations do not have a significant effect on basic research and an early technology selection policy has a negative effect. However, the interaction between them has a positive. Regarding applied research, internal collaboration has a positive effect. Although external academic collaboration does not have a significant effect, the interaction with corporate-level policies has a significant effect. Neither Laboratory-level collaborations nor corporate-level policies have significant effects on development.

SESSION 144

HUMAN CAPITAL AND LEARNING

TRACK I	Date	Tuesday, Oct 1
	Time	17:15 – 18:30 h
Paper	Room	Hickory Room
Session Chair	Amit Jain, <i>National University of Singapore</i>	

Participants' Self-selection for Crowdsourced Innovation Contests: Boon or Bane?Thomas Mack, *EBS University*Christian Landau, *European Business School*

This study empirically investigates on individual-level factors determining participation decisions and high-quality ideas on crowdsourced innovation contests within the setting of a real-life contest hosted by Ferdinand Porsche AG combined with a sample of 256 students. Based on the Componential Model of Creativity, one of the most influential theories in the field of creativity research, it i.e. reveals the different roles of extrinsic and intrinsic motivation as well as the moderating role of self-perceived creativity on an individuals willingness to tap his or her creative potential.

In sum the study proves the efficiency of participant's self-selection, in case specific requirements are met. If this is not the case, actions to optimize the outcome quality of crowdsourced innovation can not only be without effect but even lead to inferior results.

★ Recruitment, Resistance to Change, and ObsolescenceAmit Jain, *National University of Singapore*

I propose that organizations may develop new capabilities and avert technological obsolescence through the accumulation of incremental changes. The recruitment of scientists is one form of incremental change that occurs continually in biotechnology firms. Using data on mobility events occurring over 38 years in the U.S. and Canadian Biotechnology industry, I show that inbound mobility lowers resistance to change rather than result in conformity, leads to the creation of innovations that make a greater impact on an organization's technological community, and enables major changes to organizational knowledge and capabilities. Further, I investigate the whether older organizations that are more resistant to technological change benefit more from inbound mobility, to test the thesis that it helps to avert obsolescence.

The Influence of Middle Management Role Characteristics on Middle Managers' Commitment to ChangeFelix Reimann, *WHU-Otto Beisheim School of Management*Matthias Ehrigott, *WHU-Otto Beisheim School of Management*Sonja Vorwerk-Handing, *WHU-Otto Beisheim School of Management*Lutz Kaufmann, *WHU-Otto Beisheim School of Management*

The importance of middle managers for the implementation of organizational change is widely acknowledged, but the factors that promote or hinder middle managers' support of change projects are still not well understood. We use role theory to argue that characteristics of the middle managers' role, namely self-determination, received pressure, and career perspectives, are instrumental in raising or lowering middle managers' motivation for change. The developed hypotheses will be tested through a large-scale survey amongst middle and top managers of a multi-national consumer goods firm. To account for potential cultural influences, results will be compared between the U.S. and European parts of the organization.

Value Networks, Co-Creation Of Knowledge, And Development Of Dynamic Capabilities- Insights From an Organizational Learning PerspectiveBirgit Daxboeck, *Otto von Guericke University Magdeburg*Sven M. Laudien, *Otto von Guericke University Magdeburg*

How can individual organizational learning initiate the process of joint value creation in service related networks? We examine this question by inspecting specific capabilities that are a precondition for the effective exchange of services with reference to the concepts of service-dominant logic (Vargo and Lusch, 2004) and dynamic capabilities (Teece, Pisano and Shuen, 1997). In our paper we show that co-creation of knowledge is an essential precondition for value co-creation and that organizational learning acts as a linking pin between knowledge co-creation and the development of dynamic capabilities.

SESSION 38

IPOS & STRATEGIC ENTREPRENEURSHIP

TRACK K, TRACK O	Date	Tuesday, Oct 1
	Time	17:15 – 18:30 h
Paper	Room	Int'l Ballroom B
Session Chair	Eric WK Tsang, <i>University of Texas-Dallas</i>	

Firm IPOs with Government Ownership and Signaling: The Role of Family and Directorship AssociationAsda Chintakananda, *Nanyang Technological University*Eugene Kang, *Nanyang Technological University*Shih-Chi Chiu, *Nanyang Technological University*

Using agency and signaling theories, we examine the context of IPOs with government ownership and how other types of ownerships and directorship characteristics interact with government ownership to further influence the IPO performance of these firms. Using novel data of 264 Singaporean firms, we found that government ownership reduces firms' IPO performance (i.e., increased underpricing). However, this negative relationship is accentuated by family ownership, but attenuated by venture capital ownership, family directorship, and independent outside directorship. The results suggest that different types of ownerships and directorships create varying signals to investors, which subsequently influences performance consequence of IPO firms.

Foreign IPOs and Institutional Investors: The Signaling Role of a CEO's DegreeDane Blevins, *University of Texas-Dallas*Eric WK Tsang, *University of Texas-Dallas*

Going public is a pivotal stage in an organization's life. However, attracting institutional investors is no easy task for newer organizations. We argue that the chief executive officer's (CEO) background can be viewed as a potential signal of quality during an initial public offering (IPO), and specifically that the CEO's educational background serves as an important signal to institutional investors. Utilizing signaling theory, and drawing from social capital and social identity theories, we hypothesize that CEOs with U.S. degrees and CEOs with prestigious degrees will attract more institutional investors.

Influence of National Culture on IPO ActivityDeepika R Gupta, *Indian Institute of Management-Bangalore*Rejie Pallathitta, *Indian Institute of Management-Bangalore*Rajaram Veliyath, *Kennesaw State University*

This study examines the effects of national culture on IPO activities at domestic and global levels. Initial public offerings (IPOs) provide an attractive context to research governance and culture related issues because they manifest high levels of information asymmetry, adverse selection and moral hazard (Certo et al, 2009). While domestic IPO activities depend on the culture of a particular country, global IPO activities vary with the cultural distance between the home and host



countries. This study examines 6,302 IPOs that occurred between 2003 to 2007 in 46 countries, with a view to understand the intricacies of these relationships. The results show that countries with high power distance, masculinity, long term orientation and collectivism to be significantly associated with higher levels of domestic IPO activities.

Pay Dispersion and IPO-firm Performance: Motivating the Individuals Exploiting the Risky Opportunities

Richard Arend, *University of Missouri*

Pankaj Patel, *Ball State University*

We explore the effects of pay dispersion, founder-executive participation, and risk exposure, as well as their interactions, on IPO-firm performance. Drawing upon data from a final sample of 379 IPO-firms representing 2,125 firm-year observations between 1995 and 2011, we find significant benefits accrue to IPO-firms with higher pay dispersion, especially when founder-executive participation and risk exposure are also high. Besides implications for managers and investors, our results contribute to 'completing' the nexus model of entrepreneurial activity by adding the impact of the motivation of the efforts of the individuals in their pursuits of risky opportunities.

SESSION 98

HOW HUMAN CAPITAL AFFECTS PERFORMANCE

TRACK L	Date	Tuesday, Oct 1
	Time	17:15 – 18:30 h
Paper	Room	Int'l Ballroom C

Session Co-Chairs Anthony Nyberg, *University of South Carolina*

A Multi-Component Conceptualization of the Human Capital Resource

Mark Maltarich, *Saint Ambrose University*

Greg Reilly, *University of Connecticut*

Robert Ployhart, *University of South Carolina*

Anthony Nyberg, *University of South Carolina*

The firm's human capital resource (HCR) is more complex than as previously described in terms of quantity and quality, and further theory development is needed to advance the field. We identify three additional components of the HCR - configuration, complementarity, and convergence. The need for these additional dimensions results from the recognition that the value from this collection of capital extends beyond the quality of each person (even when aggregated) and must also be defined according to their relationships to each other. A more complete description of the HCR components will foster a greater understanding of the unique relationships between the HCR and its causes and consequences.

Human Capital Investments in Recessions

Eirik Sjaholm Knudsen, *Norwegian School of Economics*

Lasse Lien, *Norwegian School of Economics*

We examine the relationship between firms' reliance on firm specific knowledge (FSK), and their human capital investments during a recession. We developed hypotheses based on resource based theory and the business cycle literature in macroeconomics, and test these hypotheses on a dataset of Norwegian firms in the recent recession. We find that during a recession, reliance on FSK makes firms more inclined to i) keep employees with high FSK and -lay off employees with low FSK, ii) increase training of employees with high FSK, and iii) increase hiring of employees with potential of accumulating FSK. These results contribute to the literature on the strategic importance of human capital by highlighting how recessions affect firms' human capital investments differently depending on their reliance on FSK.

Revisiting the Human Capital-Performance Link: A Cross-Level Analysis of Resource Complementarities

Alia Crocker, *University of Massachusetts-Amherst*

Rory Eckardt, *University of Massachusetts-Amherst*

The value and interdependency of complementary resources have been theorized to provide competitive advantages for firms. Thus, complementary human capital at one level may impact the performance of human capital at another level in the firm. Through a multi-level empirical analysis, we show that the relationship between individual human capital and individual performance is impacted by higher unit-level complementary human capital resources. This relationship is found to be positive across levels despite contradictory findings at the lower within-level analysis. As such, this paper contributes to the understanding of how complementary individual and unit-level human capital resources relate to performance outcomes. A primary implication from our findings is that complementary unit-level human capital plays an important role in performance of the individual-level human capital.

The Effect of Human Capital Investment on Firm Performance: The Context of the Korean Financial Crisis

Clinton Chadwick, *University of Kansas*

Hilary Schloemer, *University of Kansas*

Dongni Wan, *University of Kansas*

In pursuit of a deeper understanding of human capital and firm performance link, we ex-amine an important and heretofore overlooked contingency, economic crisis. Utilizing longitudinal data from 490 manufacturing firms in South Korea before, during, and after the Asian Financial Crisis, our proposed study investigates how firms' human capital investment decisions during the financial crisis affect their chance of survival during the crisis and their post-crisis financial performance.

SESSION 43

INSTITUTIONS AND COOPERATIVE COMMUNITIES

TRACK N	Date	Tuesday, Oct 1
	Time	17:15 – 18:30 h
Paper	Room	Sycamore Room

Session Chair Peter Smith Ring, *Loyola Marymount University*

Exploring Commercial Viability of Cooperative Strategy of Forest Owners in Latvia

Andrejs Cirjevskis, *RISEBA*

The aim of the paper is to investigate the commercial viability of forest owners' cooperative strategy in forest sector in Latvia. Latvia is one of the rare countries in European Union where forest owners' cooperation (FOC) is not developed. Firstly, the paper investigated theoretical and practical application of such concept of commercial viability of a strategic choice as a SFA: suitability, feasibility and acceptability. Secondly, having used primary and secondary data the antecedents and consequences of cooperative arrangements which facilitate the emergence of FOC in Latvia have been explored. Thirdly, to confirm or disprove commercial viability of FOC strategic choice, the Quantitative Strategic Planning Matrix has been applied and the results were discussed. The conclusion is that a cooperative strategy is the viable strategic choice

Organization Design and Strategic Action in Collaborative Communities

Vegard Kolbjørnsrud, *BI Norwegian School of Management*

In this study I explore the role of deliberate organization design and strategic action in collaborative communities. It is an exploratory multiple-case study of four communities within enterprise IT, sustainable consumption, drug discovery, and digital marketing and communication. A community's design is expressed in its institutional framework

and infrastructure. It is enacted through the actions and practices of community participants. Preliminary findings include empirical examples of design elements across case studies, platform-module structure in organization design, and dynamic patterns of path dependence and path creation in community action-structure interaction. Implications for research, business, and practitioners are outlined.

Public/Local Capabilities, Institutional Determinants and Public-Private Partnerships

Sandro Cabral, *Federal University of Bahia*

Ilze Kivleniece, *HEC-Paris*

Sergio Lazzarini, *Inspire Institute of Education and Research*

Bertrand Quelin, *HEC-Paris*

Public-private partnerships (PPPs) are based on three revenue mechanisms: subsidies, essentially public; revenues from users; and a mix of the two previous mechanisms. However, none of these mechanisms reduces overall risk, particularly the risk associated with the demand. This paper analyses the links between PPP governance, risks attached to the market and the business model. It examines the potential causality between funding mechanisms and organizational forms based on an empirical work using a database covering more than 800 cases, 14 industries and 60 countries. The first results emphasize the importance of the link between funding mechanisms, type of financial partners' commitment and credibility of the public actor. This study investigates the key determinants of the sustainability of these public-private collaborations.

Rethinking the Impact of Scale on Industry Self-Regulation for Sustainability

Frances Bowen, *Queen Mary, University of London*

Natalie Slawinski, *Memorial University*

Tima Bansal, *University of Western Ontario*

This inductive study of collective actions within two alliances in the Alberta oil sands industry examines how the scale of industry initiatives influences the effectiveness of these initiatives in addressing environmental and social issues. Drawing on the ecology literature, we explore dimensions of scale that have been neglected in the industry self-regulation literature, which typically focuses on dimensions such as the number of companies involved and firm size. Our preliminary findings suggest that there are a number of dimensions of scale, such as the managerial levels involved and the timescales, which may be important for understanding the effectiveness of industry self-regulation. Our findings contribute to understanding why industry self-regulation schemes have often failed to deliver sustainability benefits.

SESSION 52

HELP! BAD CEOS

TRACK O	Date	Tuesday, Oct 1
	Time	17:15 – 18:30 h
Paper	Room	Pecan Room
Session Chair	Vincent Barker, <i>University of Kansas</i>	

Ex-Military CEOs and the Likelihood of Financial Fraud and Backdating in Firms

Irmela Koch, *University Mannheim*

Georg Wernicke, *University of Mannheim*

We draw on Hambrick and Masons' (1984) upper echelon theory and the "Fraud Triangle" and investigate whether CEOs who served in the military are less likely to engage in corporate wrongdoings in the U.S. We hypothesize that former members of the military are comparatively more obedient to rules and regulations. We test our hypotheses in two distinctive settings. First, we use accounting and auditing enforcement releases (AAER) issued by the U.S. Securities and Exchange Commission (SEC) from 1992 till today. Second, we make use of a data set of so called "lucky grants" for the years 1996 to 2005. Our results indicate that firms

headed by ex-military CEOs have a lower propensity to be involved in financial fraud and option backdating.

Overcoming the Stigmatization of Dismissal: The Role of Executive Capital in the Re-Employment of Dismissed CEOs

Donald Schepker, *University of South Carolina*

Vincent Barker, *University of Kansas*

CEO dismissal creates negative career repercussions for executives which are affected by the circumstances surrounding dismissal. However, some executives do manage to regain executive re-employment. This study argues that dismissed executives may use human, reputational, and social capital as a buffer from stigmatization by signaling relevant knowledge and skills employers value. This study examines the likelihood of re-employment as an executive in a publicly traded firm for 88 dismissed CEOs. Analyses using Cox proportional hazards models indicate that executives are less likely to regain employment following dismissal for violations of fiduciary duty or personal conduct. Re-employment is more likely when executives have experience with prestigious organizations, won an award as top CEO in their industry, have less negative publicity, and reside in a major city.

Skinning the Cat with a New Knife: How CEOs Continue to Manipulate Option Strike Price following the Backdating Scandal

Timothy Quigley, *University of Georgia*

Andrew Ward, *Lehigh University*

Since the options backdating scandal of the mid-2000's, and new reporting rules embedded in the Sarbanes-Oxley Act (2002), there has been a decline, but not an elimination, of the size of abnormal returns in the period surrounding the granting of stock options to CEOs. We contend that in this period, managerial and shareholder interests are temporarily decoupled and CEOs engage in impression management techniques to manipulate the share price downward, releasing negative news prior to the granting of options and holding positive news until after the grant date. We further contend that that this tendency is exacerbated under conditions of greater managerial discretion. These hypotheses will be tested in a sample of CEO stock option grants between 2010 and 2012.

The "Curse" of Competition: Top Management Team Pay Dispersion and Securities Class Action Lawsuits

Wei Shi, *Rice University*

Gerry Sanders, *University of Texas - San Antonio*

Tournament theory suggests that pay disparity promotes intra-team competition that can positively affect firm performance. In this study, we argue that intense competition arising from large pay disparity can also have the unintended consequence of inducing top managers to improve firm performance via illicit and unethical means. Results from analyzing a large sample of public firms indicate that vertical pay dispersion between CEOs and non-CEO executives and horizontal pay dispersion among non-CEO executives bear positive relationships with firms' likelihood of securities class action lawsuits. In addition, our findings show that the relationship between vertical and horizontal pay dispersion and likelihood of securities class action lawsuits is attenuated by high environmental dynamism but exacerbated by high industry concentration.



SESSION 216

WE CAN WORK IT OUT: TMT DECISION MAKING

TRACK O	Date	Tuesday, Oct 1
	Time	17:15 – 18:30 h
Paper	Room	Redwood Room

Session Chair Michael Mannor, *University of Notre Dame*

Enhancing Perceived Managerial Discretion in Strategy Implementation through Ability and Role Given Structure and Context

Rebekka Skubinn, *University of Hannover*

Perceived managerial discretion impacts firm performance by decisively guiding managers' actions. We investigate the combined impact of individual, organizational and environmental determinants of perceived managerial discretion in strategy implementation. Analyzing a broad sample of strategy practitioners we find that individual ability and an active role in the strategy process counterbalance the negative impact of organizations' structural complexity as well as public sector context on perceived managerial discretion in strategy implementation.

Organizational Culture, Managerial Attention and Cognitive Biases in Strategic Decision Making

Vedrana Jez, *Norwegian Business School*

Ragnhild Kvålshaugen, *BI Norwegian Business School*

Ingunn Myrteit, *BI Norwegian Business School*

This study focuses on the organizational and TMT culture, and how they affect managerial attention and cognitive biases in strategic decision making processes. While the upper echelons theory mostly focuses on TMT demographics and its effect on strategic choices, this study looks at the process and mechanisms that possibly affect the shift in managerial attention. Our findings indicate that the hierarchical/clan culture affects the TMT attention and the strategic change by framing strategic goals and excluding other alternatives. In addition, the hierarchical/clan culture affects the way executives work and how they organize their time which may prevent the shift to a more entrepreneurial focus. Further, the symmetric distribution of information may affect the TMT effectiveness and may have negative effects on firm performance.

Peeking Inside the "Black Box" of Top Executive Decision-Making: A Mediated Model of Devil's Advocacy

Michael Mannor, *University of Notre Dame*

Viva Bartkus, *University of Notre Dame*

Our paper examines the "black box" of top management team (TMT) decision-making process and its impact on strategic outcomes. Building on micro-level findings regarding team decision processes, we propose that the impact of devil's advocacy on strategic divergence will be mediated by two factors: breadth of information search and the consideration of minority opinions. We test our hypotheses in a sample of 175 decision processes utilized by 94 top executives in medium to large organizations. Utilizing top executive interviews and TMT surveys, our data provides partial support for these hypotheses. Although we found evidence of mediation from devil's advocacy to strategic divergence through the consideration of minority opinions, to our surprise we did not find any support for mediation through the breadth of information search.

The Agenda of Chief Executives in Latin America: Understood Priorities vs. Real Work

Alejandro Carrera, *Austral University*

Adrian Caldart, *AESE School of Management and Business*

Magdalena Cornejo, *Austral University*

Using a unique database of Chief Executives based in Latin America, we studied what activities do Chief Executives deem conceptually important as part of their responsibilities ("Understood Priorities") and to which of

those they actually devote real work ("Actual Priorities"). Three important findings emerged. First, the "ranking" of Actual Priorities was quite different from the one of Understood Priorities, revealing a substantial gap between the way Chief Executives conceptualize their work and the way they execute it. Second, Chief Executives of every level of experience prioritize activities characterized by requiring a regular focus and producing a perceptible short term impact. Third, the abovementioned results were consistent across sub-samples of Chief Executives of different levels of experience on the post.

SESSION 181

HOW DOES DECISION MAKING MATTER IN ORGANIZATIONS?

TRACK P	Date	Tuesday, Oct 1
	Time	17:15 – 18:30 h
Paper	Room	Dogwood Room B

Session Chair Gieri Hinnen, *University of St. Gallen*

Centralization, Learning and Launch: The Effects of Organizational Structure and Experience on Global Product Strategy

Alex Wilson, *Duke University*

John Joseph, *Duke University*

Ronald Klingebiel, *University of Warwick*

How do organizational structure and experience affect how firms access the global market? In this study, we examine global product launch patterns in a dataset consisting of mobile devices in the global mobile device industry from 2004-2009 and observe the effects that organizational structure and experience have on firm strategy. Initial results reveal that centralization of decision-making authority and increased global launch experience increases likelihood of sequential launch and that decentralized firms realize the greatest effect of additional experience, suggesting that organizational learning from experience is highly context-specific and the locus of decision-making in an organization is particularly important when facing relatively novel decisions.

Decision-making and Business Model: Effectuation Perspective

Rakesh Pati, *Indian Institute of Management - Kozhikode*

Nandakumar Mankavil Kovil Veetil, *Indian Institute of Management - Kozhikode*

This paper highlights that the behavioral decision-making approach i.e. effectual and causal, influence the design of business model i.e. innovation and efficiency. Based on the data from 247 SMEs in India, we found that effectual decision-making, except affordable loss, have positive influence on business model innovation while causal decision-making have positive influence on business model efficiency. The finding contributes to the existing literature by identifying behavioral decision-making as important antecedents of business model designs. Furthermore, the study adds to limited empirical research on the SMEs of emerging economies.

The Efficiency of Simple Rules: Evidence from Heuristic Based Incentive Allocations in Self-Forming Scientific Teams

Reddi Kotha, *Singapore Management University*

Dan Lovallo, *University of Sydney*

In this study we find simple rules, i.e., heuristics explain a vast majority of how self-forming teams, containing members with heterogeneous experience and talent, split potential proceeds from their efforts. First we find that the main empirical regularity is a heuristic based incentive allocation. Next we ask does a heuristic based approach impose a cost or is it efficient? The specific context is a large technology transfer organization at a U.S. university with nearly \$80 million per year in revenues. We show that the use of heuristics to allocate incentives is

muted when the inventors have had prior successful inventions, when team size increases, and when inventors have more successful publication records. Our results suggest a nuanced view wherein heuristics are prevalent and are not inefficient.

When Intuitions Collide in the Pursuit of Sustainability: Heuristics in Firms and their Dynamics

Gieri Hinnen, *University of St. Gallen*

Moritz Looch, *University of St. Gallen*

Heuristics are essential for adaptive behavior of individuals (Gigerenzer, Hertwig, & Pachur, 2011). In the light of sustainable change adaptive behavior is also of interest for firms. It appears that firms learn and make use of heuristics (Bingham & Eisenhardt, 2011). However, organizations are formed by groups of individuals and it is unclear how heuristics emerge within groups. Moreover, scholars lately highlight the existence of multiple and paradoxical rationalities within organizations (Smith & Lewis, 2011). How do multiple intuitions in groups affect our view on heuristics in firms? We theorize on heuristics in firms and their dynamics from a complexity theory lens. We develop a model that predicts four scenarios of what happens to heuristics, when intuitions collide: stabilizing, reinforcement, neutralization and evolution.

SESSION 105

SUSTAINING SUSTAINABILITY

TRACK A&B	Date	Tuesday, Oct 1
	Time	17:15 – 18:30 h
Paper	Room	Dogwood Room A

Session Chair Thomas Powell, *Oxford University*

Organizational Resilience: A Review and Reconceptualization

Thomas Koslowski, *University of Freiburg*

Will Geoghegan, *Syracuse University*

Patricia Longstaff, *Syracuse University*

This paper examines the underspecified research area of organizational resilience as a promising complementary approach to sustainability. The paper conceptually contributes in three main areas; firstly it outlines the relevance of organizational resilience, specifically examining the construct proliferation that exists regarding the term in the strategic management field. Secondly, the paper advances a multidisciplinary typology of resilience, from which organizational resilience scholars can better understand the contextual phenomena according to levels of complexity and degrees of normativity. Finally, the paper seeks to build an organizational resilience framework that is idiosyncratic to a strategic management context. Thus, conceptually contextualizing relevant research in strategic management to the organizational resilience framework.

Resource Accumulation, Profit Persistence, and the Production Function of Competitive Advantage

Ingo Reinhardt, *Simon-Kucher & Partners*

Hung-Yao Liu, *University of Amsterdam*

Thomas Powell, *Oxford University*

How do resources produce profit persistence? If a firm is many-resourced, the situation is unclear: the growth processes of individual resources do not necessarily flow through to profit growth. We examine three “resource production functions” – substitutive, Cobb-Douglas, and complementary – and show how they mediate the relationship between resource accumulation and profit persistence. In an empirical study, we find that profit persistence depends on theoretical assumptions about resource accumulation and the production function by which resources interact. Using a novel statistical method based on copula theory, we find the standard assumption of Gaussian resource accumulation does not produce observed profit persistence for any production function. Hence, we conclude that firm resources do not grow in Gaussian increments.

Sustainability and Adaptation: Dealing with Environmental Discontinuities

Richard Reed, *Cleveland State University*

Susan Storrud-Barnes, *Cleveland State University*

At the heart of sustainability is the preservation of resources for use by future generations, and it is argued that firms can use sustainable development to generate a competitive advantage. Underpinning that perspective is an implicit assumption of long-term environmental stability that largely ignores the issue of change, particularly discontinuous change. In the context of sustainability-based competitive advantage, we build a model that explores environmental discontinuity as competence enhancing or competence destroying, and that addresses the effects of experience with change, absorptive capacity, resource dependence, slack resources, and organization inertia on firms' ability to adapt to the change. We deduce that the effects from experience and absorptive capacity are positive, those from resource dependence and organization slack are mixed, while those from inertia are negative.

❖ The Locus of Capabilities in Emerging Markets: Micro-Macro Resource Grafting by Leading Domestic Firms

Aline Gatignon, *INSEAD*

Laurence Capron, *INSEAD*

How do firms develop capabilities in emerging markets? To answer this question, we study how domestic firms in Brazil overcome institutional imperfections in the labor market. Based on an inductive study of leader and laggard firms in cosmetics and banking, we show how leaders used dual investment strategies –reducing labor market imperfections and enhancing internal resources- to mitigate the effects of institutional constraints on capability development. Dual investment strategies improve firm's capabilities by grafting micro-level resource investments onto macro-level ones so as to create synergies rather than trade-offs between them. The key to achieving these synergies is to develop targeted Corporate Social Responsibility initiatives that are tightly coupled with the firm's operations and appropriate governance of cross-sector collaborations to create efficient co-learning arrangements.

19:00 – 20:00

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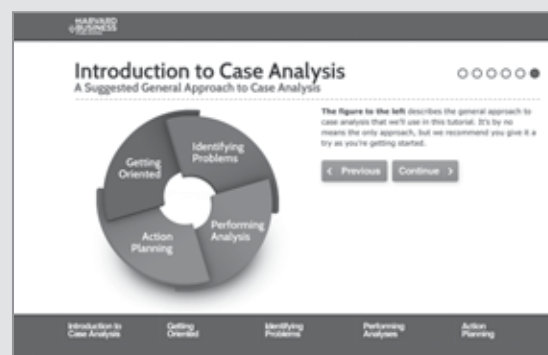
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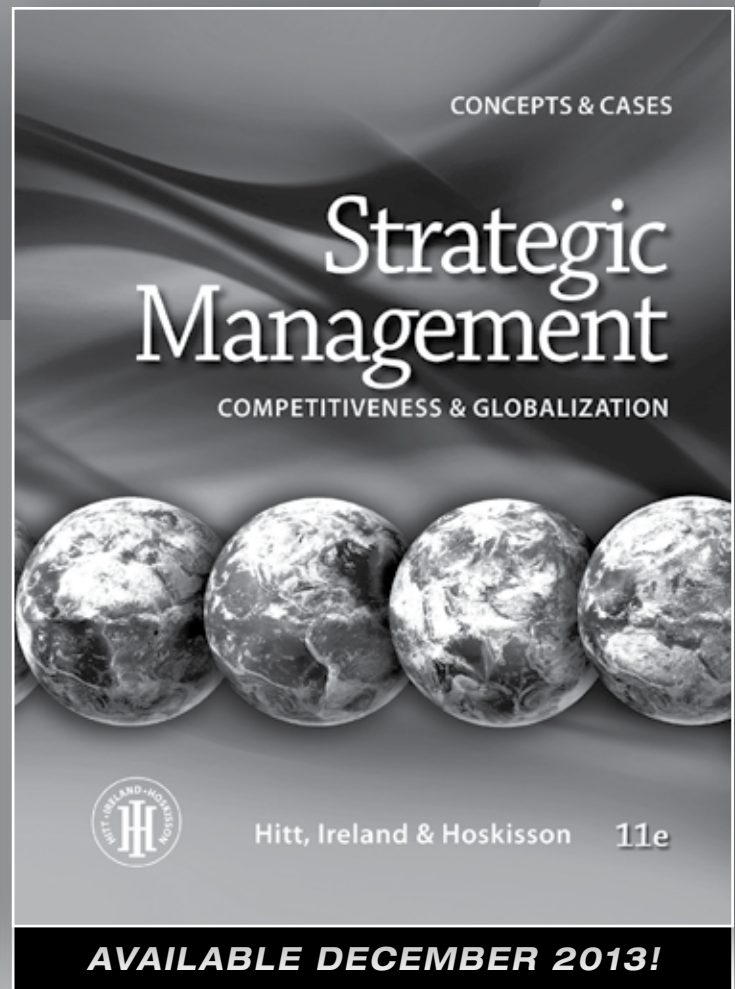
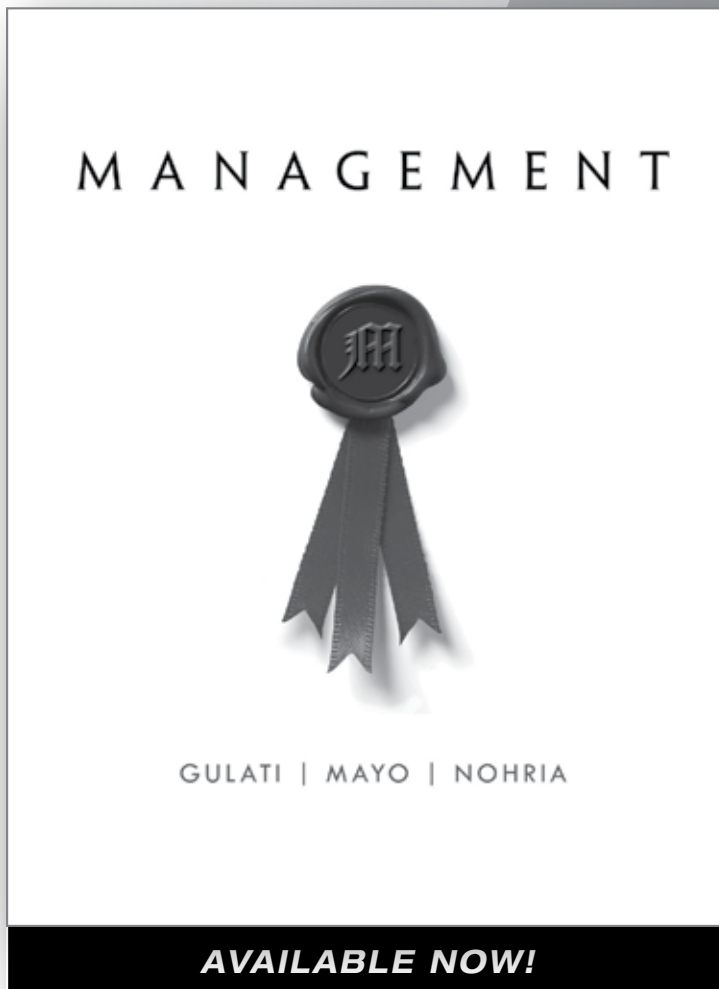
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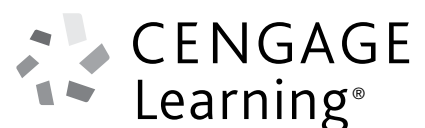


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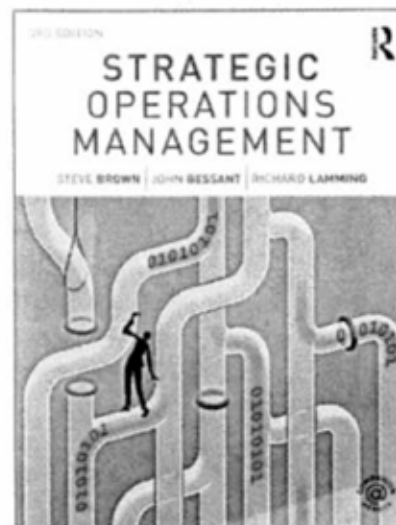


Table of Contents

Part 1: Setting the Scene

1. Introduction to Operations Management 2. Strategic Operations Management

Part 2: The Big Picture of Strategic Operations

3. Supply Management 4. Innovation – Managing the Renewal of the Business 5. Sustainability
6. Human Resources in Operations Management

Part 3: Managing Strategic Operations within Organisations

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11. Managing Services

Part 4: The Future

12. The Future of Operations Management

Steve Brown is Professor of Management at the University of Exeter Business School, UK

John Bessant currently holds the Chair in Innovation and Entrepreneurship at the University of Exeter Business School, UK

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A

Aadland, Erik – 36
 Adegbesan, Tunji – 20, 42, 108
 Adner, Ron – 27
 Agarwal, Ritu – 97
 Agarwal, Rajshree – 25, 97
 Aguinis, Herman – 83
 Ahmadjian, Christina – 48
 Ahn, Yoojung – 130
 Aime, Federico – 20, 92
 Akaka, Melissa – 133
 Aktekin, Tevfik – 38
 Albino Pimentel, Joao Eduardo – 36
 Alcacer, Juan – 20, 27, 40-41
 Aleman, Elias – 92
 Alessandri, Todd – 20, 70, 99
 Alexander, Elizabeth – 21, 83
 Alexiev, Alexander – 99
 Alvarez, Sharon – 31, 74
 Alvarez-Garrido, Elisa – 20, 44
 Amaral-Baptista, Marcio – 103
 Ambos, Björn – 7, 36, 56
 Ambos, Tina Claudia – 56, 71
 Amit, Raffi – 7, 62, 70
 Anand, Jay – 28, 62, 69, 132
 Andersen, Torben Juul – 20, 122
 Anderson, Phillip – 58
 Andersson, Ulf – 20, 56
 Ang, Siah Hwee – 77
 Angwin, Duncan – 60
 Ansari, Shahzad – 49
 Antonacopoulou, Elena – 20, 31, 41, 119
 Aquilani, Barbara – 134
 Aragon-Correa, Juan Alberto – 98
 Arend, Richard – 20, 54, 99, 138
 Argote, Linda – 31
 Argyres, Nicholas – 20, 30
 Arif, Muhammad Ridwan – 111
 Arikan, Ilgaz – 20, 96
 Arikan, Asli Musaoglu – 20, 94
 Ariño, Africa – 6, 16, 20, 27, 30
 Arminen, Heli – 120
 Armstrong, Craig – 38
 Aronson, Zvi – 92
 Arrfelt, Mathias – 20, 52
 Arslan, Birgul – 120
 Asakawa, Kazuhiro – 20, 128, 136
 Asgari, Navid – 101
 Ates, Nufer Yasin – 20, 45, 84
 Aulakh, Preet – 20, 95
 Autio, Erkko – 20, 75
 Aversa, Paolo – 20, 132
 Aydin, Senem – 98

B

Baden-Fuller, Charles – 79
 Bahl, Mona – 51
 Balachandran, Sarath – 42, 65
 Balasubramanian, Natarajan – 110
 Ballard, Klavdia – 51
 Ballesteros, Luis – 54
 Balogun, Julia – 28, 47, 124
 Banalieva, Elitsa – 107
 Bandeira-de-Mello, Rodrigo – 101
 Banerjee, Preeta – 20, 98
 Banerji, Kunal – 59
 Bansal, Tima – 26, 116, 139
 Bardolet, David – 107
 Barker, Vincent – 139
 Barney, Jay – 6, 41, 62, 70, 80
 Barr, Pamela – 3, 6, 89
 Barroso, Alicia – 54
 Bartkus, Viva – 140
 Bass, A. Erin – 40
 Bates, Timothy – 60
 Baumgart, Peter – 97
 Bazzazian, Navid – 61, 89
 Becerra, Manuel – 30
 Behr, Henning – 108
 Benischke, Mirko – 20, 77
 Benito, Gabriel R G – 20, 44, 132
 Benner, Mary – 72
 Bennett, Victor – 9-10, 55
 Berchicci, Luca – 9, 20, 64
 Berger, Suzanne – 32
 Bergh, Donald – 41, 70, 84, 118, 131
 Berns, John – 20, 49
 Berrone, Pascual – 16, 39
 Bertrand, Olivier – 20, 85
 Betschinger, Marie-Ann – 44
 Bettinazzi, Emanuele – 40
 Bettis, Richard – 7, 25, 134
 Bidwell, Matthew – 20, 28, 48-49
 Bilgili, Hansin – 113
 Bingham, Chris – 29
 Biraglia, Alessandro – 99
 Birhanu, Addis Gedefaw – 11, 20, 94
 Birollo, Gustavo – 97
 Black, Robert W. – 82
 Blettner, Daniela – 20, 134
 Blevins, Dane – 137
 Block, Emily – 20, 90
 Boaventura, Joao Mauricio – 101
 Bobelyn, Annelies – 60, 78
 Bodas Freitas, Isabel Maria – 37
 Bode, Christiane – 68
 Boeker, Warren – 27, 99
 Bogner, William – 20, 109
 Boivie, Steven – 64, 92
 Bolinger, Alexander – 77
 Boppel, Michael – 135
 Bort, Suleika – 125
 Boss, David – 20, 74
 Bosse, Doug – 20, 26
 Bowen, Frances – 20, 139
 Bowman, Gary – 124
 Boyd, Brian – 68, 83, 118
 Brandl, Kristin – 35, 85
 Branzei, Oana – 78
 Brennecke, Julia – 75
 Bridoux, Flore – 10, 100, 112
 Brito, Luiz – 62
 Brookman, Jeffrey – 77
 Brown, Kenneth – 27
 Brown, Richard – 107
 Bruining, Hans – 43
 Brush, Thomas – 20, 51
 Brusoni, Stefano – 20, 23, 25, 28, 41, 64, 131
 Bruton, Garry – 20, 41
 Brutus, Stephanie – 131

Bruyaka, Olga – 20, 76, 110
 Bryant, Peter – 20, 70
 Bryant, Andrew – 127
 Buchholtz, Ann – 20, 52
 Bundy, Jonathan – 20, 52
 Burbano, Vanessa – 9, 54, 101
 Bustamante, Carla – 38
 Bygballe, Lena Elisabeth – 89
 Byosiére, Philippe – 20, 123

C

Cabiddu, Francesca – 96
 Cabral, Sandro – 139
 Cai, Huifen – 133
 Caldart, Adrian – 140
 Calic, Goran – 77
 Cameron, Bruce – 112
 Campa, Jose – 56
 Campbell, Joanna Tochman – 20, 113
 Campbell, Andrew – 121
 Campbell, Benjamin – 20, 26, 28, 74
 Camuffo, Arnaldo – 104, 117
 Canales, J Ignacio – 20, 122
 Caner, Turanay – 20, 46
 Cannella Jr, Albert – 20, 29, 69, 91
 Capaldo, Antonio – 72
 Cappa, Stefano – 64
 Capron, Laurence – 11, 94, 141
 Cardinal, Laura B. – 6, 20, 76, 135
 Carnahan, Seth – 20, 25, 101, 126
 Carnes, Christina – 69
 Carrera, Alejandro – 140
 Carter, Suzanne – 101
 Carton, Guillaume – 131
 Casadesus-Masanell, Ramon – 79
 Casarin, Ariel – 39
 Cassiman, Bruno – 27, 30, 34
 Castaner, Xavier – 20, 30, 41, 51, 96, 135
 Castor, Adam – 115
 Cennamo, Carmelo – 20, 40
 Certo, Trevis – 113
 Chacar, Aya – 7, 20, 48, 95
 Chadwick, Clinton – 20, 26, 28, 41, 126, 138
 Chaffin, Daniel – 92
 Chahine, Salim – 111
 Chai, Dominic Heesang – 126
 Chakrabarty, Subrata – 40
 Chatain, Olivier – 9, 20, 120
 Chatterjee, Joydeep – 20, 62, 98
 Chatterji, Aaron – 109
 Chaudhuri, Saikat – 62
 Chauvet, Mathieu – 100
 Checchinato, Francesca – 56
 Chen, Jianhong – 55
 Chen, Guoli – 20, 63
 Chen, Ming-Jer – 55, 80, 113, 131
 Chen, Tian – 94
 Chen, Victor – 55, 63
 Chen, Stephen – 20, 120
 Chintakananda, Asda – 20, 122, 137
 Chittoor, Raveendra – 20, 95
 Chiu, Shih-Chi – 20, 137
 Chiu, Kitty – 75
 Cho, Yongrae – 87
 Choi, Yoonhee – 72
 Chowdhury, Rashedur – 20, 112
 Christensen, Clayton – 3, 12, 67
 Christensen, Amanda – 52
 Christmann, Petra – 53
 Chung, Wilbur – 25
 Cirjevskis, Andrejs – 138
 Clark, Brent – 20, 89
 Clarysse, Bart – 111, 125
 Clemente, Marco – 114
 Clougherty, Joseph – 20, 94
 Coff, Russell – 6, 20, 31, 49, 74, 131
 Cohen, Susan – 20, 58, 87
 Colapinto, Cinzia – 56
 Coldwell, David – 94
 Collins, Christopher – 20, 126
 Collis, David – 20, 31
 Colman, Helene Loe – 88
 Colombo, Massimo – 20, 37, 72
 Cook, Karen – 50
 Cording, Margaret – 20, 24, 27, 30, 41-42, 106
 Cornejo, Magdalena – 140
 Corredoira, Rafael – 20, 35, 98
 Costanzo, Laura – 61
 Cox, Emily – 99
 Cozzolino, Alessio – 9, 47
 Craig, Thomas – 20-21, 37, 99
 Crawley, Edward – 112
 Crocker, Alia – 138
 Croson, Rachel – 35
 Croson, David – 98
 Crossland, Craig – 20, 63
 Cummings, Michael – 28, 61
 Cummings, Stephen – 28
 Cunningham, Colleen – 93, 109

D

Da Fonseca, Marie Clemence – 45
 Dagnino, Giovanni Battista – 7, 20, 23, 25, 121, 131
 Dahlin, Kristina – 71
 Dalsace, Frédéric – 83
 Damaraju, Naga Lakshmi – 20, 25, 28, 31, 41, 60, 70, 121
 Dameron, Stephanie – 88
 Danneels, Erwin – 87
 Darendeli, Izzet Sidki – 88
 Dass, Mayukh – 63
 David, Parthiban – 20, 23, 41, 101, 113
 Davis, Jerome – 37
 Davis, Lee – 37
 Davis, Jeff – 96
 Daxboeck, Birgit – 137
 De Cock, Robin – 111
 De la Torre-Ruiz, Jose – 98
 De Luca, Luigi Mario – 71
 de Macedo-Soares, T Diana – 103
 De Villa, Maria Andrea – 57
 de Weck, Olivier – 112
 Deakin, Simon – 126
 Deeds, David – 50, 110
 DeGhetto, Kaitlyn – 63, 96
 Delfino, Maria Eugenia – 69
 Dellestrand, Henrik – 20, 56, 95



Demir, Robert – 126
 Demirbag, Mehmet – 133
 Denrell, Jerker – 64, 93
 Desai, Malay – 114
 DesJardine, Mark – 115-116
 Desyllas, Panos – 123
 Deutsch, Yuval – 55, 101
 Devarakonda, Shivaram – 20, 75
 Devinney, Timothy – 20, 23, 27, 41-42, 56, 117, 135
 Dial, Jay – 27, 30, 41, 68, 83
 Dias dos Reis, Samira – 54
 Diestre, Luis – 65
 Dixit, Jaya – 129
 Dobravska, Magdalena – 100
 Doh, Jonathan – 20, 85, 133
 Dolfsma, Wilfred – 53
 Dorado-Banacloche, Silvia – 68
 Dorobantu, Sinziana – 9, 20, 49
 Douglas Fernandez, W.G. – 20, 102
 Dow, Sandra – 128
 Dowling, Grahame – 42
 Dragonetti, Nicola – 83
 Drnevich, Paul – 20, 98
 Du, Yifei – 36
 Duhaime, Irene – 7, 32, 108
 Dunlap, Denise – 136
 Durand, Rodolphe – 11, 20, 115, 122
 Dushnitsky, Gary – 20, 41, 62
 Duso, Tomaso – 94
 Dutta, Devkamal – 38, 57
 Duysters, Geert – 20, 102
 Dykes, Bernadine – 20, 76, 86, 132

E

Eaton, Christopher – 114
 Eberl, Maximilian – 45
 Eccles, Robert – 82
 Echecopar, German – 38
 Eckardt, Rory – 106, 138
 Eddleston, Kimberly – 20, 99, 107
 Edelman, Linda – 35
 Edens, Zack – 135
 Edwards, Gwyneth – 124
 Ehrig, Matthias – 137
 Ehrig, Timo – 121
 Elfenbein, Daniel – 35
 Ellis, Kimberly – 20, 85, 96
 Ellstrand, Alan – 20, 113
 Engler, Daniel – 20, 103
 Epstein, Marc – 130
 Esho, Ebes – 108
 Esther, Roca – 95
 Ettlie, John – 115

F

Fahey, Liam – 119
 Fan, Terence – 20, 87
 Fan, Yang – 20, 43
 Fang, Christina – 20, 26, 29, 41, 58, 123-124
 Faraci, Rosario – 7, 96
 Fehre, Kerstin – 108, 134
 Feldman, Emilie – 20, 70, 84, 94
 Feltoich, Paul – 108

Feng, Ying – 113
 Feng, Wen – 20, 112
 Feng, Jie – 49
 Fernandez, Anne-Sophie – 128
 Fernández-Méndez, Laura – 86
 Ferreira, Paul – 20, 92
 Ferrier, Walter – 135
 Filatotchev, Igor – 7, 111
 Finotto, Vladi – 110
 Fisher, Gregory – 127
 Fiss, Peer – 25
 Fitzgerald, Ciara – 38
 Fleck, Denise – 131
 Flickinger, Miriam – 40
 Flinchbaugh, Carol – 126
 Floyd, Steven – 6-7, 20, 28, 41, 47, 101, 134
 Floyd, Theresa – 135
 Formanek, Ivo – 59
 Fosfuri, Andrea – 20, 81, 95
 Foss, Nicolai – 100, 129
 Foster, Doug – 61
 Fourné, Sebastian – 122
 Francis, Bill – 129
 Frankenberger, Karolin – 45
 Fredrickson, James – 115
 Freeman, Edward – 112
 Friesl, Martin – 20, 47
 Friga, Paul – 28, 42
 Frutos-Bencze, Dinorah – 53
 Fu, Xiaolan – 91, 109
 Fujiwara, Hisanori – 56
 Fukuchi, Hiroyuki – 44
 Fukugawa, Nobuya – 110
 Fukutomi, Gen – 44

G

Gaerber, Lisa – 20, 28, 136
 Gamache, Daniel – 57, 92
 Gambardella, Alfonso – 20, 31, 62, 81
 Gangloff, K. Ashley – 74
 García-Canal, Esteban – 86, 121
 García-García, Raquel – 121
 Garreau, Lionel – 88
 Garud, Raghuram – 89
 Gary, Shayne – 20, 26, 41, 108
 Gassmann, Oliver – 45, 71
 Gagnon, Aline – 11, 20, 141
 Gatti, Corrado – 134
 Geleilate, Jose – 102, 136
 Geletkanycz, Marta – 26-27
 Gelhard, Carsten – 58
 Gentry, Richard – 20, 113
 Geoghegan, Will – 38, 141
 Georgallis, Panayiotis – 101
 Gerckens, Claus – 97
 Gerli, Fabrizio – 104
 Ghobadian, Abby – 88
 Ghosh, Anindya – 20, 55
 Giarratana, Marco – 54
 Gibbons, Patrick – 95
 Gimeno, Javier – 6-7, 20, 55, 127
 Giudici, Alessandro – 20, 61
 Giura, Simona Ileana – 46
 Giustiziero, Gianluigi – 107
 Golden, Peggy – 20, 84-85

Goldszmidt, Rafael – 136
 Golovko, Elena – 131
 Gomez-Mejia, Luis – 52, 83
 Gomulya, David – 20, 39, 76
 Goossen, Martin C. – 20, 136
 Gopal, Anand – 97
 Gorman, Trish – 106
 Gour, Anthony – 88
 Gove, Steve – 20, 118
 Graebner, Melissa – 29-30
 Graf, Thomas – 65
 Graffin, Scott – 20, 26-27, 64
 Greenwood, Brad – 97
 Gregoire, Denis – 44
 Griffin, Jennifer J. – 75, 127
 Grimpe, Christoph – 109
 Grobecker, Anna – 60
 Grogard, Birgitte – 20, 56
 Grossmann, Henning – 111
 Groysberg, Boris – 90-91
 Guan, Bin – 39
 Gubler, Timothy – 126
 Guedri, Zied – 74
 Gugler, Klaus – 94
 Guha, Mahua – 103
 Guillen, Mauro – 86, 121
 Gulati, Ranjay – 45
 Guldiken, Orhun – 51
 Guo, Wei – 42
 Gupta, Anil – 31, 136
 Gustafsson, Robin – 103
 Guth, William – 106

H

Haefner, Naomi – 71
 Hagi, Andrei – 27
 Hahnfeldt, Florian – 60
 Hakes, William – 25
 Halebian, Jerayr – 20, 56, 80, 85, 96, 121
 Haley, Usha – 106
 Hallen, Benjamin – 20, 60
 Hallin, Carina Antonia – 122
 Hamilton, Robert – 107
 Hamouti, Rhizlane – 95
 Han, JungYun – 69, 112
 Haney, Aoife – 40
 Hansen, Mark – 20, 85
 Hao, Bin – 91, 109
 Haon, Christophe – 37
 Harren, Hendrik – 120
 Harrigan, Kathryn – 20, 106
 Harris, Dawn – 110
 Harrison, Jeffrey – 20, 26, 41, 75, 77
 Harrison, David – 20, 25, 41, 77
 Hart, Timothy – 21, 101
 Hart, Stuart – 3, 21, 105
 Hasan, Iftekhar – 46
 Hatch, Nile – 69
 Hatfield, Donald – 20, 76, 134
 Hautz, Julia – 121
 Hawkins, Grant – 28
 Hawn, Olga – 20, 93, 104
 Hayward, Scott – 60
 He, Zi-Lin – 134
 Heidenreich, Sven – 97

Heimeriks, Koen – 20, 29, 94
 Heinrichs, Simon – 100
 Helfat, Constance – 25, 81
 Helms, Thorsten – 59
 Henisz, Witold – 9, 20, 34, 49, 93
 Henriques, Irene – 20, 26
 Herhausen, Dennis – 71, 132
 Heyden, Mariano L.M. – 20, 122
 Hill, Aaron – 20, 92, 130
 Hillman, Amy – 63
 Hinkkanen, Juha – 102
 Hinnen, Gieri – 140-141
 Hitt, Michael A. – 25, 79-80, 117-118
 Ho, Yuen Ping – 90
 Hobdari, Bersant – 20, 63
 Hodges, Glenn – 20, 83
 Hodgkinson, Gerard – 93, 103
 Hoelzle, Katharina – 136
 Hoetker, Glenn – 41
 Hoffmann, Werner – 29, 91
 Hoisl, Karin – 37
 Holcomb, Tim R. – 20, 99, 135
 Hollen, Rick M.A. – 103-104
 Holmes, Michael – 78, 99
 Hong, Saehwa – 133
 Hora, Manpreet – 57
 Horaguchi, Haruo – 75
 Hornsby, Jeffrey – 74
 Hoskisson, Robert – 4, 6, 20, 41, 52, 114
 Housman, Michael – 49
 Howard, Michael – 38, 98-99
 Howe, John – 49
 Howell, Jason – 128
 Howland, Chad – 85
 Hsiao, Li-Ting – 101
 Hsu, Tsuhsiang – 58
 Hu, Songcui – 29, 134
 Huang, Sterling – 63
 Huang, Can – 123
 Hughes-Morgan, Margaret – 83
 Hunt, Richard – 20, 125
 Huse, Morten – 30

I

Iglesias, Ana Elisa – 20, 42
 Inoue, Tatsuhiko – 91
 Ireland, Duane – 61, 99, 118
 Isdell, Neville – 3, 12, 66
 Ishihara, Masakazu – 87

J

Jacob, Jojo – 102
 Jacqueminet, Anne – 11, 122
 Jain, Amit – 9, 20, 137
 Jakobsen, Siri – 127
 Jang, Yongseok – 48
 Jansen, Justin – 20, 122
 Jantunen, Ari – 120
 Jaspersen, Johannes G. – 64
 Javanmardi Kashan, Alireza – 108
 Jena, Deepak – 95
 Jennings, P. Devereaux – 87
 Jensen, Robert – 88
 Jez, Vedrana – 140

Jha, Srivardhini K – 47
 Ji, Fiona Xiaoying – 58, 110
 Jia, Nan – 93
 Jiang, Han – 91, 112
 Jiang, David – 60
 Jiang, Joy Ruihua – 107
 Jin, Kyuho – 73
 Johnson, Scott – 20, 50, 130
 Johnson, Jonathan – 113
 Johnson, Richard – 20, 49, 113
 Joosub, Tasneem – 94
 Josefy, Matthew – 90
 Joseph, John – 20-21, 109, 140
 Joshi, Amol – 20, 35, 48
 Joshi, Maheshkumar – 97
 Josserrand, Emmanuel – 58
 Jung, Hyun Ju – 11, 38
 Junkunc, Marc – 20, 52
 Junni, Paulina – 97
 Jäckel, Martin – 46
 Järvi, Kati – 54

K

Kadile, Vita – 99
 Kaehr Serra, Caroline – 89
 Kahl, Steven – 27
 Kaiser, Stephan – 45
 Kalinowski, Margarete – 42, 107
 Kang, Eugene – 137
 Kang, Ribuga – 35
 Kantor, Cynthia – 105
 Kaplan, Sarah – 20, 27, 32
 Karamustafa, Güldem – 96
 Karna, Amit – 20, 44
 Kastl, Emanuel Roland – 69
 Kaufmann, Lutz – 137
 Kavadis, Nikolaos – 51
 Kehoe, Rebecca – 20, 126
 Keil, Thomas – 20, 55, 109
 Kellermanns, Franz – 20, 123
 Kenny, Graham – 32, 75
 Keshavarz Maman, Alireza – 49
 Ketchen, David – 25
 Ketels, Christian – 32
 Keupp, Marcus Matthias – 71
 Khade, Vrushal – 83
 Khalili, Nasrin – 61
 Khanagha, Saeed – 59
 Khanna, Rajat – 76
 Khare, Nilesch – 20, 125
 Khavul, Susanna – 20, 77
 Khoury, Theodore – 20, 50
 Kim, Wonjoon – 87
 Kim, Ji-Yub – 129
 Kim, Tae-Hyun – 57
 Kim, Bongsun – 120
 Kim, Ji-hyun – 21, 124
 Kim, Min Jung – 45
 Kim, Eonsoo – 21, 71, 120
 Kim, Eun-Hee – 10, 21, 53, 101
 Kim, Euihoek – 87
 Kim, Bo Kyung – 90
 Kim, Byung-Cheol – 68
 King, Andrew – 9, 20, 64
 King, Adelaide – 21, 51
 King, David – 20-21, 94

King Wyckoff, Silvia – 28
 Kirschenhofer, Florian – 127
 Kiss, Andreea – 89
 Kivleniece, Ilze – 104, 139
 Klarner, Patricia – 21, 26, 134
 Klein, Peter – 9, 20-21, 24, 43, 99
 Klingebiel, Ronald – 140
 Klueter, Thomas – 20-21, 36, 48
 Knippen, Jennifer – 113
 Knott, Anne Marie – 35
 Knott, Paul – 124
 Knudsen, Eirik Sjaholm – 138
 Koch, Irmela – 139
 Koch, Jochen – 115
 Koch, Michael – 75
 Kock, Carl Joachim – 65
 Kokash, Rasmi – 74
 Kolbjørnsrud, Vegard – 138
 Kolev, Kalin – 21, 85
 Kor, Yasemin – 21, 110
 Kortmann, Sebastian – 58, 88
 Koslowski, Thomas – 141
 Kotha, Reddi – 140
 Koza, Mitchell – 20-21, 23, 75
 Kozan, Asli – 113, 120
 Krause, Ryan – 32, 49, 101
 Kriauciunas, Aldas – 21, 51
 Kriger, Mark – 134
 Krishnan, Rishikesha – 47
 Krumay, Barbara – 68
 Kryscynski, David – 74, 126
 Kuban, Scott – 52
 Kubo, Ryoichi – 98
 Kudlak, Robert – 68
 Kuenzel, Karoline – 59
 Kumar, Vikas – 21, 107, 133
 Kumar, Shyam – 46, 129
 Kunisch, Sven – 21, 121
 Kvålshaugen, Ragnhild – 43, 140
 König, Andreas – 97, 21

L

Laamanen, Tomi – 20, 29-30, 37, 41, 55, 71, 101
 Lahiri, Nandini – 20-21, 25, 31, 37, 41
 Lahiri, Amrita – 10-11, 74, 99
 Lakhani, Karim – 27
 Lamb, William – 57-58, 110
 Lamont, Bruce – 21, 24, 27, 71, 96
 Lan, Sai – 55
 Landau, Christian – 44, 137
 Lange, Donald – 92
 Langham, Brian – 97
 Langley, Ann – 124
 Larkin, Ian – 126
 Larsen, Marcus Møller – 9, 50
 Lashley, Kisha – 73
 Laudien, Sven M. – 137
 Laureiro-Martínez, Daniella – 21, 64, 72
 Lavie, Dovev – 20-21, 41, 72
 Lazzarini, Sergio – 21, 139
 Le Breton-Miller, Isabelle – 113
 Le Roy, Frédéric – 84, 128
 Lechner, Christian – 106, 127
 Lee, Jaemin – 129
 Lee, Hsing-fen – 123
 Lee, Sookyoung – 114
 Lee, Tji Min – 58
 Lee, Mina – 121
 Lee, Jeho – 93
 Lee, Jun Ho – 134
 Lee, Hun – 68-69
 Lee, Jeongsik – 21, 68
 Lee, Sunkee – 31
 Lee, Peggy – 20-21, 73, 92
 Lehtimäki, Hanna – 20, 28, 37, 41, 73
 Leiblein, Michael – 20-21, 28, 47
 Leker, Jens – 116
 Lepore, Jason – 78
 Lerchenmueller, Marc – 72, 87
 Leroy, Hannes – 129
 Lesner, Monika – 10-11, 57
 Lessard, Donald – 112
 Lewin, Arie – 27, 85
 Leyva de la Hiz, Dante Ignacio – 98
 Li, Yong – 21, 28, 133
 Li, Jiatao – 76, 107
 Li, Ming – 84
 Li, Mengge – 21, 76
 Li, Peixin – 107
 Li, Haiyang – 20, 42, 123, 135
 Liao, Tung-Shan – 132
 Lieberman, Marvin – 21, 55
 Lien, Lasse – 9, 43, 138
 Lim, Elizabeth – 21, 102, 129
 Lin, Hao-Chieh – 113
 Lin, Nidhida – 135
 Lin, Eric – 90-91
 Lin, Zhiang – 63
 Lin, Chih-Pin – 101
 Lindstädt, Hagen – 134
 Liu, Chengwei – 21, 29, 64, 93
 Liu, Hung-Yao – 141
 Lo, Chris K.Y. – 40
 Lockett, Andy – 114
 Long, Yuan – 97
 Longstaff, Patricia – 141
 Look, Moritz – 59, 141
 Lorenz, Annika – 21, 39
 Lorenz, Melanie – 38
 Lorenzoni, Gianni – 106
 Lorsch, Jay – 30
 Lovallo, Dan – 107, 140
 Low, Kathleen Yi Jia – 133
 Lu, Jane – 133
 Lubert, Marius – 115
 Luethge, Denise – 123
 Luger, Johannes – 96
 Lui, Kam Ha – 40
 Lumineau, Fabrice – 21, 76
 Lundmark, Leif – 73
 Lungeanu, Razvan – 50, 54
 Lunnan, Randi – 43, 88, 132
 Luo, Xiaowei – 129
 Luoma, Patrice – 21, 125
 Lutz, Clemens – 53
 Lyles, Marjorie – 6-7, 28, 30, 38, 41
 Lyngsie, Jacob – 9, 50, 100
 Löwstedt, Jan – 126

M

Mabopda Foka, Josiane Lise – 125
 MacGregor, Nydia – 34
 Macher, Jeffrey – 21, 34
 Mack, Thomas – 137
 Mackey, Alison – 21, 28, 78
 Mackey, Tyson – 78
 MacMillan, Ian – 79
 Madhavan, Ravi – 21, 112
 Madsen, Tammy – 21, 34, 90
 Mahoney, Joseph – 21, 28, 80, 117
 Maitland, Elizabeth – 21, 39-40
 Maltarich, Mark – 138
 Mammen, Jan – 70, 96
 Mankavil Kovil Veetil, Nandakumar – 140
 Mankel, Stephanie – 91
 Mannor, Michael – 52, 140
 Manolova, Tatiana – 35
 Marino, Alessandro – 21, 132
 Maritan, Catherine – 21, 101, 106, 131
 Markides, Costas – 6, 68, 120, 131
 Markman, Gideon – 21, 106
 Markus, Arjan – 111
 Martin, Jeffrey – 20-21, 38, 86
 Martin, Geoffrey – 52, 77
 Martinez, Candace – 61
 Martinkenaite, Ieva – 88
 Martins, Guilherme – 62
 Martinuzzi, Andre – 68
 Mascena, Keysa – 101
 Maslach, David – 64, 114
 Matisoff, Daniel – 21, 65
 Mattila, Malla – 73
 Matusik, Sharon – 20-21, 38
 Matzler, Kurt – 121
 Maula, Markku – 21, 55
 Mayer, Michael – 20-21, 121
 Mayer, Kyle J. – 20-21, 41, 101-102, 111-112
 Maynes, Timothy – 49
 Mazzei, Matthew – 74
 McCann, Brian – 21, 75, 129
 McDermott, Gerald – 35
 McDonald, Rory – 60
 McGahan, Anita – 20-21, 25, 28, 79
 McGee, Jeffrey – 77
 McGrath, Rita Gunther – 7, 28, 33, 106
 McGuire, Jean – 113, 128
 McLaughlin, Colm – 126
 McManus, Ryan – 33
 McNamara, Gerry – 56, 92
 McWilliams, Abigail – 21, 61
 Meadows, Maureen – 21, 47, 60
 Mellahi, Kamel – 133
 Melo, Maria Angela – 103
 Menz, Markus – 21, 122
 Mesquita, Luiz – 21, 112
 Messeni Petruzzelli, Antonio – 72
 Miceli, Kevin – 124
 Miguel, Priscila – 62
 Mihalache, Oli – 78
 Miles, Ian – 123
 Miller, Toyah – 27



Miller, Danny – 113
 Miller, Chet – 21, 108
 Miller, Douglas – 21, 34, 55
 Miller, Justin – 20, 47
 Min, Won Kyung – 21, 46
 Mindruta, Denisa Constanta – 21, 36, 90
 Mingo, Santiago – 38, 71
 Miozzo, Marcela – 123
 Mitchell, Will – 23, 26-27, 101
 Moeen, Mahka – 101, 132
 Mohannak, Kavooos – 108
 Mol, Michael – 21, 85
 Moliterno, Thomas P. – 20-21, 31, 106
 Molloy, Janice – 26, 28
 Mom, Tom – 122
 Mondal, Pablo – 102
 Montiel, Ivan – 53
 Monzoni, Mario – 101
 Moon, Jungbien – 45, 120
 Mooney Murphy, Ann – 92
 Morag, Omri – 97
 Morales, Francisco – 71
 Moretti, Anna – 110
 Morgan, Robert – 21, 71, 132
 Mosakowski, Elaine – 77
 Moschieri, Caterina – 30, 56, 94
 Mouricou, Philippe – 131
 Mudambi, Ram – 35
 Mueller-Stewens, Guenter – 121
 Mullaly, Mark – 48
 Myrtveit, Ingunn – 140

N

Nadkarni, Sucheta – 27, 55
 Nag, Rajiv – 21, 27, 88-89
 Nagayama, Susumu – 91
 Nahrgang, Jennifer – 52
 Nair, Smitha – 133
 Nakamura, Hiroshi – 136
 Nalick, Michael – 52
 Narapareddy, Vijaya – 133
 Nartey, Lite – 9, 21, 49
 Naumovska, Ivana – 21, 129-130
 Navis, Chad – 127
 Necas, Zdenek – 84
 Nembhard, Ingrid – 72, 87
 Nemeh, Andre – 127-128
 Nemeth, Alexander – 36
 Nenonen, Suvi – 109
 Nerkar, Atul – 20-21, 124
 Netz, Joakim – 87
 Neumann, Kerstin – 25, 40
 Newell, Stephanie – 59
 Ngai, Eric – 40
 Nicholls, Alex – 68
 Nippa, Michael – 21, 36, 70
 Noonan, Douglas – 65
 Nyberg, Anthony – 21, 28, 138

O

O'Brien, Jonathan – 21, 129
 O'Brien, Frances – 47
 O'Brien, Donal – 95
 O'Kane, Conor – 38

O'Regan, Nicholas – 21, 88
 Oberoi, Poonam – 37
 Oehme, Marie – 124-125
 Oehmichen, Jana – 36, 113
 Oetzel, Jennifer – 21, 86
 Oh, Chang Hoon – 86
 Oliveira, Nuno – 76
 Olsen, Tricia – 128
 Olson, Daniel – 126
 Olthaar, Matthias – 53
 Operti, Elisa – 21, 131
 Oriani, Raffaele – 44
 Osterrieder, Florian Johannes – 45
 Ozcan, Pinar – 21, 29
 Ozer, Muammer – 115

P

Pacheco de Almeida, Gonalo – 21, 25, 55
 Packard, Mark – 89, 134
 Paik, Eugene – 92
 Palar, Jennifer – 113
 Pallathitta, Rejie – 137
 Palmié, Maximilian – 71
 Paoletta, Lionel – 115
 Papadopoulos, Andrew – 125
 Parente, Ronaldo – 21, 136
 Park, H. Dennis – 21, 73
 Park, Hyunwoo – 68
 Park, Se Won – 75
 Park, Sarah – 21, 75
 Parks, Ryan – 124
 Parola, Heather – 21, 85
 Parulkar, Ishwardutt – 47
 Patel, Pankaj – 138
 Pathak, Seemantini – 21, 114
 Pati, Rakesh – 140
 Patnaik, Sanjay – 9, 21, 86
 Paton, David – 114
 Pattit, Jason – 50
 Patureau, Clemence – 83
 Paukku, Markus – 21, 103, 127
 Pauwels, Charlotte – 125
 Pedersen, Torben – 21, 27, 56, 81
 Peeters, Carine – 85
 Peng, Mike – 63
 Perez-Nordtvedt, Liliana – 77
 Perra, Diana Barbara – 37
 Perri, Alessandra – 44, 56
 Perrini, Francesco – 61
 Peruffo, Enzo – 44
 Pestonjee, Daanish – 51
 Peter, Richard – 6-7, 20-21, 43, 64
 Peteraf, Margaret – 6, 27, 80
 Petersen, Bent – 85
 Peterson, Jonathan – 91
 Petrenko, Oleg – 92
 Petricevic, Olga – 108-109
 Petschnig, Martin – 97
 Pfarrer, Michael – 21, 115
 Phadnis, Shardul – 130
 Phelps, Corey – 20-21, 31, 41, 89, 102
 Picone, Pasquale Massimo – 121
 Pidun, Ulrich – 36, 70
 Piening, Erk Peter – 35
 Pierce, Lamar – 29, 100, 126

Pierce, Jason – 101
 Pisani, Niccolo – 85
 Pisano, Vincenzo – 96
 Pitsis, Tyrone – 106
 Piva, Evila – 37, 72
 Plaskoff, Josh – 30
 Pleggenkuhle-Miles, Erin – 21, 50, 68
 Ployhart, Robert – 21, 126, 138
 Podmetina, Daria – 102
 Pollach, Irene – 114
 Pollock, Timothy – 32, 73
 Poppo, Laura – 20-21, 23, 62
 Porac, Joseph – 21, 37, 124
 Porck, Jeanine – 45
 Posen, Hart – 21, 93
 Powell, Thomas – 26, 37, 41, 141
 Prasad, Sathya – 133
 Prescott, John – 21, 45, 132
 Priem, Richard – 20-21, 41, 43, 75
 Prietula, MJ – 108
 Prokopovych, Bogdan – 68
 Prusak, Laurence – 119
 Purkayastha, Saptarshi – 35, 133
 Pätäri, Satu – 120

Q

Qu, Zhe – 123
 Quelin, Bertrand – 21, 104, 139
 Quigley, Timothy – 139
 Quiroga, Juan – 125

R

R Gupta, Deepika – 137
 Raffety, R. Ryan – 21, 78
 Raffee, Joseph – 49
 Raghavan, Srinivasan – 21, 99-100
 Raghunath, Subramanyam – 133
 Ragozzino, Roberto – 56
 Raharso, Andreas – 21, 97
 Raiha, Davin – 59
 Raisch, Sebastian – 92
 Rajwani, Tazeeb – 57
 Ranft, Annette – 21, 51, 86, 96
 Rangan, Subramanian – 31
 Ranganathan, Ram – 21, 55
 Rank, Olaf – 75
 Raviv, Amos – 97
 Ray, Sougata – 42, 95
 Rebeka, Aleksandra – 21, 76
 Reed, Richard – 21, 141
 Reger, Rhonda – 20-21, 26, 32, 115
 Reihlen, Markus – 10-11, 57
 Reilly, Greg – 138
 Reimann, Felix – 137
 Reinecke, Julianne – 49
 Reinhardt, Ingo – 141
 Reinmoeller, Patrick – 21, 61, 86
 Rejc Buhovac, Adriana – 130
 Rentocchini, Francesco – 72
 Reuer, Jeffrey – 7, 41, 50, 75
 Reus, Taco – 20-21, 27, 41
 Reuter, Emmanuelle – 21, 71
 Ricart, Joan E – 7, 85
 Richard, Germain – 124
 Richter, Ansgar – 44

Ridge, Jason – 92, 130
 Rijdsdijk, Serge – 78
 Ringov, Dimo – 21, 88
 Rittiner, Florian – 31
 Ro, Sangbum – 21, 96
 Robb, Alicia – 21, 60
 Robert, Frank – 4, 20, 95
 Robins, James – 26-27, 133
 Rodrigues, Suzana – 37, 58
 Roeschmann, Juan – 40
 Rogers, Edward – 105
 Rose, Elizabeth – 20-21, 28, 41, 133
 Rosenkranz, Nicole – 21, 57
 Rossi Lamastra, Cristina – 37, 72
 Rothaermel, Frank T. – 3, 105
 Roundy, Philip – 21, 77, 115
 Rousseau, Mary Beth – 123
 Rowell, Christopher – 103
 Rubel, Holger – 82
 Rygh, Asmund – 44, 132
 Ryoo, Sara – 94
 Ryu, Wonsang – 102

S

Sachs, Sybille – 20, 41
 Safavi, Mehdi – 46
 Sakakibara, Mariko – 110
 Sakhartov, Arkadiy – 120
 Salge, Torsten Oliver – 35
 Samant, Shantala – 134
 Samba, Codou – 108
 Sammartino, Andre – 21, 40
 Sanders, Gerry – 21, 139
 Sankaranarayanan, Venkataraman – 42, 65
 Sanou, Famara Hyacinthe – 84
 Santalainen, Timo – 21, 28, 31, 41, 82
 Santoro, Michael – 107
 Sarala, Riikka – 97
 Sarkar, MB – 46
 Sarpong, David – 88
 Sartor, Michael – 86
 Sasaki, Masato – 44
 Sasson, Amir – 84
 Sauerwald, Steve – 63
 Sawada, Naohiro – 136
 Schaefer, Sebastian – 35
 Schepker, Donald – 139
 Schierjott, Irena – 75
 Schiffelholz, Andreas – 134
 Schijven, Mario – 21, 29, 94
 Schilke, Oliver – 50
 Schlapfner, Jan-Florian – 10-11, 57
 Schloemer, Hilary – 138
 Schmidt, Jens – 21, 43, 109
 Schmitt, Achim – 58, 134
 Schnatterly, Karen – 20-21, 23, 37, 41, 49
 Schriber, Svante – 121
 Schulze, William – 110
 Schögel, Marcus – 71
 Schönhaar, Sebastian – 70
 Seaborn, Paul – 128
 Seamans, Robert – 9-10, 21, 55
 Seiler, Stefan – 25
 Selby, Jaclyn – 112

Sell, Briana – 48
Semadeni, Matthew – 21, 49
Seth, Anju – 55
Sexton, Jennifer – 72
Shamsie, Jamal – 21, 36, 57
Sharkey Scott, Pamela – 95
Sharp, Barton – 84
Shaver, J Myles – 25, 27, 30
Sheehan, Norman T – 131
Shen, Wei – 63, 113
Shenkar, Oded – 96
Shi, Weilei – 132
Shi, Wei – 114, 139
Shinkle, George – 21, 70
Shipilov, Andrew – 21, 69
Shirokova, Galina – 21, 124
Shittu, Ekundayo – 62
Shor, Jaclyn – 11, 111
Shore, Jesse – 136
Shrader, Rod – 61
Shropshire, Christine – 21, 29, 51-52, 63
Sidhu, Jatinder – 113
Silberzahn, Chittima – 77
Silva, Rosario – 42
Silvestri, Luciana – 45, 103
Simonetti, Roberta – 101
Singh, Harbir – 30, 38, 55
Sinha, Sabyasachi – 110
Sirmon, David – 21, 29, 69
Skubinn, Rebekka – 21, 103, 140
Slawinski, Natalie – 139
Slevin, Dennis – 60
Smith Ring, Peter – 138
Snell, Scott – 21, 28, 126
Snihur, Yuliya – 11, 21, 59
Snow, Daniel – 100
Soetjipto, Budi Widjaja – 111
Sofka, Wolfgang – 109, 131
Sohl, Jeffrey – 38
Sohl, Timo – 43
Somaya, Deepak – 21, 90
Song, Hee-Chan – 57
Song, Jiwen – 114
Song, Yue – 52
Soparnot, Richard – 83
Soppe, Birthe – 127
Sorenson, Olav – 54
Spieth, Patrick – 21, 97
Spittler, Sabine – 36
Sproul, Curtis – 72
Srikanth, Kannan – 98
Stadler, Christian – 21, 54, 121
Steensma, Kevin – 38, 73
Steinbach, Adam – 56, 90
Steinberger, Thomas – 69
Steinmo, Marianne – 127
Stensaker, Inger – 56
Stevens, Charles – 21, 44, 76
Sting, Fabian – 92
Stoelhorst, J W – 10, 75, 100, 112
Storbacka, Kaj – 109
Storrud-Barnes, Susan – 141
Stoyneva, Irina – 100
Strauss, Erik – 36
Stromeyer, William – 21, 74
Strutzenberger, Anna – 71

Su, Wan-Ting – 106
Subramanian, V. Ganapathy – 3, 33
Sun, Pei – 63
Surroca Aguilar, Jordi – 83
Sutton, Trey – 11, 78, 127
Suzuki, Osamu – 46
Swärd, Anna – 89
Szulanski, Gabriel – 41, 88, 122
Szulanski, Odeya – 122

T

Tabesh, Pooya – 108
Takacs Haynes, Katalin – 63, 83
Tan, Samuel – 39
Tan, Brian R. – 122
Tan, Alex Tai Loong – 87
Tandon, Vivek – 94
Tang, Yi – 21, 76
Tang, Yinnuo – 21, 60, 132
Tarakci, Murat – 45, 92
Tarba, Shlomo Yedidia – 97
Taylor, Alva – 54
Tee, Richard – 47
Teece, David – 107, 115
Teekasap, Pard – 53
Tegarden, Linda – 21, 109-110
TenBrink, Candace – 21, 135
Tervonen, Nina – 54
Tescari, Fabio – 62
Thakur, Pooja – 21, 134
Thams, Yannick – 48
Theeke, Matt – 69, 97
Thiel, Jana – 21, 89
Thistle, Paul – 77
Thnarudee, Chatchai – 21, 124
Thomas, Llewellyn – 21, 75
Tienari, Janne – 126
Tihanyi, Laszlo – 20-21, 41, 50, 61
Tilmes, Klaus – 119
Toffel, Michael – 21, 93
Tomassen, Sverre – 43
Tong, Tony – 28
Torgersen, Kristine – 44
Tovstiga, George – 21, 31, 111
Tribble, Larry – 98
Tribó, Josep Antoni – 83
Tsang, Eric WK – 137
Tucci, Christopher – 41, 47
Tuggle, Chris – 40
Tuppura, Anni – 120
Tuschke, Anja – 20-21, 23, 26, 29-30, 41, 51, 115
Tveteras, Sigbjorn – 122
Tyler, Beverly – 21, 46
Tzabbar, Daniel – 11, 21, 111

U

Uchida, Daisuke – 48
Uehara, Wataru – 44
Uhlenbruck, Klaus – 44
Un, C. Annique – 21, 46, 128
Useem, Michael – 30
Uzunca, Bilgehan – 34

V

Vaagaasar, Anne Live – 89
Vaaler, Paul – 61
Vaccaro, Antonio – 28
Vagnani, Gianluca – 128, 134
Vahtera, Pekka – 70
Van de Ven, Andrew – 30
Van Den Bosch, Frans A.J. – 103-104, 113
Van den Ende, Jan – 78
Van der Byl, Connie – 86
van Doren, Davy – 59
van Halem, Martijn – 58
van Knippenberg, Daan – 45
van Rensburg, Deryck – 62
Vandaie, Ramin – 111
Vandebroek, Tom – 103
Vandenberg, Robert – 84
Vasudeva, Gurneeta – 21, 93
Vedula, Siddharth – 73
Veer, Theresa – 21, 39
Veliyath, Rajaram – 20, 137
Velo, Francisco – 115
Venkatraman, Vinod – 64
Venkatraman, N. – 136
Vera, Dusya – 51
Verona, Gianmario – 7, 9, 21, 47
Vieregger, Carl – 21, 34, 107
Vietor, Richard – 32
Villalonga, Belén – 70
Visentin, Marco – 106
Vives, Luis – 20-21, 23, 42, 107
Voelz, Dirk – 45
Volberda, Henk W. – 113, 132
Volpe, Loredana – 128, 134
von Delft, Stephan – 116
Vorwerk-Handing, Sonja – 137
Voss, Jan Hendrik – 135
Vroom, Govert – 21, 43, 103
Vurro, Clodia – 61
Väätänen, Juha – 102

W

Wade, James – 26, 34
Wadhwa, Anu – 10-11, 21, 47, 74, 87
Wagner, David – 115
Wagner, Heinz-Theo – 115
Waldron, Theodore – 21, 127
Walker, Gordon – 90
Wallace, James – 51
Walter, Sascha – 100
Walter, Jorge – 21, 50, 57, 87
Walter, Achim – 100
Wan, William – 39
Wan, Dongni – 138
Wang, Heli – 20-21, 41
Wang, Xinran – 39, 125
Wang, Baolian – 107
Wang, Yu-Kai – 95
Wang, Danqing – 11, 43
Wang, Zhonghui – 128
Ward, Andrew – 139
Washida, Yuichi – 44
Wassmer, Ulrich – 21, 131
Weber, Klaus – 54

Weber, Christiana – 51
Weber, Juergen – 36
Weber, Libby – 21, 25, 129
Weigelt, Carmen – 21, 37, 62
Weiss, Martin – 121
Weitzner, David – 101
Welch Guerra, Xena – 21, 96
Wernicke, Georg – 139
Wesley, Curtis – 21, 103
Weston, Shellwyn – 64
Westphal, James – 26
White, Margaret – 6, 21, 131
Whittington, Richard – 6, 21, 28, 37
Wiersema, Margarethe – 27, 37, 69
Wilden, Ralf – 42
Williams, Charles – 21, 30, 44, 75, 135
Williams, Mary-Anne – 21, 25
Williams, Tim – 21, 59
Williams, David – 20-21, 25, 44
Wilson, Alex – 140
Winston Smith, Sheryl – 21, 46
Wiseman, Robert – 21, 32, 52, 76
Withers, Michael – 21, 50, 52, 113
Wolff, Michael – 36, 113
Wong, Poh Kam – 90
Woo, Heejin – 73
Woo, Hyun-Soo – 69
Woroniecki, Jean – 87
Wowak, Adam – 64
Wright, Robert – 20-21, 26-27, 30, 41, 81, 124, 126, 131
Wright, Patrick – 21, 31
Wright, Mike – 25, 27, 81, 111, 125
Wu, Nai-Hua – 21, 50
Wu, Jianzu – 39, 52
Wu, Brian – 21, 34, 94
Wu, Jie – 135
Wubneh, Kinde – 34
Wuebker, Robert – 110
Wörner, Roman – 91

X

Xing, Zhe – 102
Xu, Kehan – 21, 110, 130
Xu, Yuehua – 39
Xu, Kai – 39, 113

Y

Yakis-Douglas, Basak – 21, 59-60
Yamanai, Junichi – 84, 98
Yamashita, Yuko – 44
Yami, Saïd – 21, 127, 128
Yang, Hsiao-shan – 34
Yi, Eunjoo – 95
Yi, Sangyoon – 21, 93
Yi, Xiwei – 123
Yin, Xiaoli – 121
Yiu, Daphne – 21, 39, 121
Yoo, Jae – 71
York, Jeffrey – 21, 26, 37-38, 41, 73
Yoshikawa, Toru – 102
Youn, Yoon – 10, 21, 101
Yu, Tieying – 21, 42, 55, 68
Yuthas, Kristi – 130



Z

Zajac, Edward – 7, 50, 81, 130
Zamarsky, Vitezslav – 59
Zargarzadeh, Mohammad Amin –
129
Zavvalova, Anastasiya – 115
Zaytsev, Dmitry – 78
Zenger, Todd – 20-21, 41, 107
Zhang, Jing – 90
Zhang, Yan – 29-30, 123
Zhang, Yu – 21, 55
Zhao, Eric Yanfei – 87
Zhao, Yijiang – 101
Zhao, Ying – 52
Zhao, Zheng – 21, 98
Zhao, Yuanyuan – 123
Zhou, Kevin – 62
Zhu, Feng – 9-10, 21, 55
Zhu, Hongquan – 63
Zimmermann, Alexander – 21, 45-46
Zollo, Maurizio – 7, 21, 30, 64, 117
Zorn, Michelle – 63
Zott, Christoph – 11, 59
zu Knyphausen-Aufsess, Dodo – 120
Zuzul, Tiona – 77

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