

DUNCAN ANGWIN MARIA CARMELA ANNOSI SERGEY ANOKHIN SHAHZAD ANSARI BOSS DOUG BOSSE KAMAL BUUZINAB BRIAN BUTD KUNSTARTINGS BOZOS HOLLESSE BRANCO BY RESERVE GERALDINE BRENNAN JULIA BRENNECKE STEFF BRENNAS TULIA BRENNECKE STEFF BRENNAS TULIA BRENNECKE STEFF BRENNAS TULIA BRENNECKE STEFF BRENNAN JULIA BRENNECKE STEFF BRENNAN JULIA BRENNECKE STEFF BRENNAN JULIA BRENNAS FOR STEFF BRONNAS BRUSONI OLGA BRUYAKA KATE BUELL-ARMSTROI CANDIDA BRUSH THOMAS BRUS STEFANO BRUSONI OLGA BRUYAKA KATE BUELL-ARMSTROI RNANDO BUENDIA JACQUES BUGHIN RONALD BURT JOHN BUSENBARK TIFFANY BUS TURK ARVINK BUTLE CALEN BUTTE JULK EYSTROYL, CARMEN CABELLI-MEDINA BRANDO TOS COPA OLI CALIPALLE CLUVOLO IL CARSO A ALLUGO TOS COPA OLI CALIPALLE CLUVOLO IL CARSO FRANCESCA CAPO LAURENCE CAPRON LAURA R. CARDINAL GIRARD CARINE W. CH LORENTE CLINT CHADWICK DANIEL CHAFFIN ABHIRUP CHAKRABARTI SEA-JIN CHANG MUKU WENJIE CHEN PAO-JEM CHEN DONG CHEN GUO JICHEM MANAKUCAEN TULNICHEN.

### **CONFERENCE PROGRAM**

MÁRQUEZ LUISA DELGADO-MÁRQUEZ HENRIK DELLESTRAND MEHMET DEMIRBAG JERKER DENRE KURT DESENDER PANOS DESYLLAS DAWN DETIENNE MICHAEL DEVAUGHN CYNTHIA E DEVE TIMOTHY DEVINNEY JIM DEWALD FRANCESCO DI LORENZO GIADA DI STEFANO ANTON DIACHENI JAY DIAL LUIS DIESTRE HELMUT DIETL PAVLOS DIMITRATOS NIKOS DIMOTAKIS STEVEN DIONI LEONHARD AND SIMILOSHI DEBORAH DOUGHERTY W.G. DOUGLAS FERNANDEZ YV DOZ WICCO DRANG NIV ANIL DOSHI DEBORAH DOUGHERTY W.G. DOUGLAS FERNANDEZ YV DOZ WICCO DRANG NIV ANIL DOSHI DEBORAH DOUGHERTY W.G. DOUGLAS FERNANDEZ YV DOZ WICCO DRANG NIV ANIL DOSHI DEBORAH DOUGHERTY W.G. DOUGLAS FERNANDEZ YV DOZ WICCO DRANG NIV ANIL DOSHI DEBORAH DOUGHERTY W.G. DOUGLAS FERNANDEZ YV DOZ WICCO DRANG NI JORGE DUARTE-ROLON STEPHANIE DICHEK, RODOLPHE DURAND GAI DUSHNIT SAND STRATE GIVEN STEPHANIE DICHEK, RODOLPHE DURAND GAI DUSHNIT SAND STRATE EN BERNANDE STRATE EN BERNE EN BERNANDES TRATE EN HERIG KIMBERLY ELI ALAN ELITA ALV IO NI ELVIDGE MARTA ELVIRA ITORO CHARLES EMEMBOLU HAKAN ENER BO ERIKSEN ABDELGHANI ES-SAJJADE DRIES FAEMS ROBERT FAIRLIE LOREN FALKENBERG DALU FAN KERSTIN FEHRE TEPPO FELIN JACQUELINE FENDT YANAN FENG SANTIAGO FERNANDEZ VALBUEN BERNIE FERRARI PAUL FERREIRA ALVARO FIGUEREDO IGOR FILATOTCHEV MIHAELA FIRSIRO JAN HENDRIK FISCH PEER FISS MARKUS FITZA ØYSTEIN FJELDSTAD CAROLINE FLAMMER MIRIA FLICKINGER STEVEN FLOYD FEDERICA FOCE MASSA SALUZZO JOHANN NILS FOEGE FABIO FON KAREN FORD-EICKHOFF NICOLAI FOSS SEBASTIAN FOURNE JUSTIN FRAKE BILL FRANCIS API FRANCO MONICA FRANCO-SANTOS HANS FRANKORT JAUME FRANQUESA CHIARA FRANZO

EDWARD FREEMAN ADAM FREMETH MARTIN FRIESL PAUL FRIGA YINGZHU FU INGRID FULM

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Africa Ariño IESE Business School Program Chair



Alejandro Beltran McKinsey & Company Associate Program Chair



Pascual Berrone
IESE Business School
Associate Program Chair



Dear Colleagues,

Welcome to Madrid and to the 34th Annual International Conference of the Strategic Management Society.

Madrid is well known as the heart of Spanish art, architecture, history, and culture. There are dozens of museums, art galleries, theaters, and cultural centers where you can admire artwork, music, and literature. These cultural wonders linked with physical networks have turned Madrid into the city that best exemplifies the increasing importance of networks where social spaces and histories are shared.

Over the last decades, we have come to realize that the environment in which firms and other organizations operate has undergone major changes. The emergence of networks underlies the large transformations in business models, innovation processes, market strategies, and governance of the multiple relationships brought by current business ecosystems. The 34th SMS Annual International Conference aims to reconsider traditional notions in the strategy field in the context of networked ecosystems where boundaries are constantly reshaping.

We are proud of this year's program, which we hope will open new perspectives on advancing research practices within the Strategic Management Society. Thanks to the contributions of the IG and Community leaders and members, there will be twelve pre-conference workshops on Saturday. Also, for the first time, we will have a practitioner-focused initiative: the Executive Discoveries Series (EDS). Moreover, seven Conference Extensions have been organized in locations in Spain and France.

We would like to invite all participants to take a look at the full conference program when planning your schedule. On Sunday we will have the opportunity to listen to a great business leader: Paul Polman, CEO of Unilever, who will receive the SMS Lifetime Achievement Award. This award honors the highest level of achievement in strategic management. Also on Sunday, the CK Prahalad Distinguished Scholar-Practitioner Award will be awarded to Henry Mintzberg from McGill University in recognition of his contribution in shaping the understanding of global strategic leadership. On Monday and Tuesday we will have two outstanding speakers in our plenary sessions: Ron Burt from the University of Chicago ("How Social Networks Create Competitive Advantage: The Microfoundations of Reputation"), and Martin Hirt from McKinsey & Company ("Granularity of Profit") respectively.

We are also pleased to offer an exciting set of showcase panel sessions, where panelists will discuss Strategy and Networks from different vantage points. Please check the conference program for detailed information about these sessions.

Last but not least, we would like to highlight the conference social events. The opening and closing receptions will be held at the conference hotel as usual and the gala dinner on Monday evening will take place at the Crystal Gallery, a courtyard enclosed by a glass dome that rises 30 meters. Located within the Cibeles Palace, it is one of the liveliest, best-known, and most beautiful squares in Madrid. It is home to such emblematic monuments as the Cibeles Fountain, the Bank of Spain, the Linares Palace, and the Buenavista Palace. The Plaza de Cibeles is also the start of the well-known avenue of Paseo del Prado.

Finally, we wish to thank the support and enthusiasm of all the people that make possible this conference: track chairs, IG chairs, reviewers, speakers, presenters, and the SMS staff. We would also like to express our sincere thanks to the conference participants who will travel from all over the world to join us in Madrid. Your contribution will help make this a successful event!

Africa Ariño, Program Chair Alejandro Beltrán, Associate Program Chair Pascual Berrone, Associate Program Chair

Madrid | September 20–23, 2014 3





#### **Dear Conference Participant:**

We are pleased to welcome you to Madrid for the 34th Annual International Conference of the Strategic Management Society where we will engage in conversation around the theme of Strategies in a World of Networks. The environment in which firms and other organizations operate has experienced major changes over the last few decades. The emergence of networks underlies the large transformations in business models, innovation processes, market strategies, and governance of the multiple relationships brought about by current business eco-systems.

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 Chairs, Africa Ariño, Alejandro Beltran, and Pascual Berrone have organized a set of exciting plenary and showcase panel sessions. Our Madrid Extensions—one-day topical workshops held before and after the conference—have been organized by academic institutions to take place in Madrid, Barcelona, Paris, San Sebastian, Toledo, and Marseille.

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 Madrid has to offer!

Bob Hoskisson President

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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**

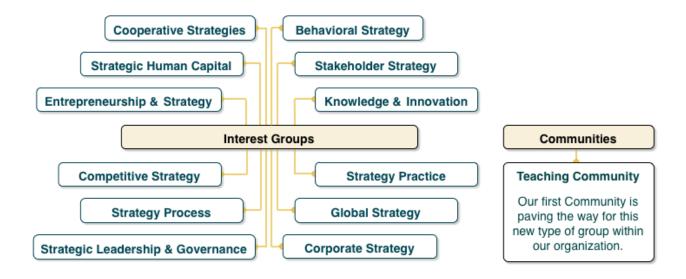
The SMS holds an annual meeting at various sites around the world, typically alternating between North America and Europe; past locations include Amsterdam, Baltimore, Barcelona, Berlin, Boston, Chicago, London, Mexico City, Montreal, Orlando, Paris, Philadelphia, Phoenix, San Francisco, San Juan, Singapore, Stockholm, Toronto, Vancouver, Vienna, San Diego, Cologne, Germany, Washington DC, Rome, Miami, Prague, and most recently, Atlanta. 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, Glasgow, Mohali, Tel Aviv, and Copenhagen.

#### **PUBLICATIONS**

The Strategic Management Society is proud to be involved with Wiley 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 also 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.



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Robert Hoskisson Rice University President



Pamela Barr Georgia State University



Costas Markides London Business School



Marjorie Lyles Indiana University President Elect



Russell Coff University of Wisconsin-Madison



Africa Ariño IESE Business School



Jay Barney University of Utah Past President



Richard Whittington University of Oxford



Nicolai Foss Copenhagen Business School



Steven Floyd University of Massachusetts Treasurer



Laura B. Cardinal University of Houston



Gabriel Szulanski INSEAD



Nikolaus Pelka Strategic Management Society Executive Director



Javier Gimeno INSEAD



#### **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: Dominiquie 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 Bounderies** 

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

#### **2013 ATLANTA**

Strategy and Sustainability

Program Co-Chairs: Pamela Barr & Frank T. Rothaermel

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 13 years after the Strategic Management Journal was launched, an annual best paper prize was established by co-sponsors Wiley 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 the citation itself. This delay allows time for the impact of papers to be assessed in terms of citations and influence of the paper on teaching, research, 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 generously cosponsored by Wiley.

### **SEJ Best Paper Prize**

In 2014, seven years after the Strategic Entrepreneurship Journal was launched, an annual best paper prize is established by the Strategic Management Society to honor substantial work published in the SEJ. As with the Dan and Mary Lou Schendel Best Paper Prize awarded to papers published in the SMJ, the award is for a paper published five or more years prior to the citation itself. This delay allows time for the impact of papers to be assessed in terms of citations and influence of the paper on teaching, research, 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.

#### 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, served as a Co-Editor/Associate Editor of an SMS journal, 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 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.

The following ten papers have been selected as finalists out of 49 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.

#### **SUNDAY**

TRACK C | SESSION 406 | 15:45 - 17:00

Explaining Platform Value: Usage and Membership Effects, Developers' Competition for Buyers, and Platform Strategies

Claudio Panico, Bocconi University Carmelo Cennamo, Bocconi University

#### **SUNDAY**

TRACK C | SESSION 406 | 15:45 - 17:00

Make-or-Buy Decisions in Platform Markets

Markus Reisinger, WHU – Otto Beisheim School of Management

**Miriam Zschoche,** WHU – Otto Beisheim School of Management

#### **SUNDAY**

TRACK G, K | SESSION 380 | 15:45 – 17:00

The Contribution of Global Venture Capital to Startup Innovation: The Role of Legal Environments

Elisa Alvarez-Garrido, Georgia State University

#### **SUNDAY**

TRACK I | SESSION 275 | 15:45 - 17:00

Crowdsourced Digital Goods and Firm Productivity
Frank Nagle, Harvard University

#### **MONDAY**

TRACK N | SESSION 420 | 08:00 - 09:15

Relational Advantage and Partner-Driven Corporate Scope: The Case for Client-Led Diversification

John Mawdsley, University of Illinois-Urbana Champaign Deepak Somaya, University of Illinois-Urbana Champaign

#### **MONDAY**

TRACK N | SESSION 416 | 11:00 - 12:15

Take or Give: How Resource Flows into and out of Alliance Portfolios Affect Firm Performance

Manuela Hoehn-Weiss, University of Washington Samina Karim, Boston University

#### **MONDAY**

TRACK R | SESSION 395 | 14:45 - 16:00

Using Item Response Theory to Improve Measurement in Management: An Application to Corporate Social Responsibility

Brian Richter, University of Texas-Austin Robert Carroll, University of Rochester David Primo, University of Rochester

#### **TUESDAY**

TRACK K | SESSION 225 | 15:30 – 16:45

Immigrants Entrepreneurial Networks Evolution Over Time Jorge Mejia, ITAM

#### **TUESDAY**

TRACK M | SESSION 219 | 15:30-16:45

Blacklisted Benefactors: The Political Contestation of Non-Market Strategy

Mary-Hunter McDonnell, Georgetown University Timothy Werner, University of Texas-Austin

#### **TUESDAY**

TRACK P | SESSION 356 | 17:15 - 18:30

Making Sense of It All: Affective and Cognitive Sensegiving in R&D Investment Decisions

Olivia ONeill, George Mason University Andrew Ward, Lehigh University Scott Graffin, University of Georgia Laura Stanley, East Carolina University



### SMS BEST CONFERENCE PAPER FOR PRACTICE IMPLICATIONS AWARD

This award was inaugurated in 2007 following the initiative of the Strategy Practice Interest Group. 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 weigh 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.

The following five papers have been selected as finalists out of 24 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 H | SESSION 204 | 14:45 - 16:00

Market-Shaping Innovation Strategies: A Demand-Oriented Process View

Matthias Wenzel, European University Viadrina Jochen Koch, European University Viadrina Wasko Rothmann, European University Viadrina

#### **MONDAY**

TRACK E | SESSION 348 | 16:30 - 17:45

Can Success be a Curse?: Signature Products, Product Proliferation, and Focused Identities in Craft-Based Specialist Industries

Cameron Verhaal, Tulane University

#### **TUESDAY**

TRACK B | SESSION 403 | 11:00 - 12:15

Networks, Attention, and Good Ideas: Taking Advantage and Overcoming the Liability of Social Structure

Seung-Hyun Rhee, Northwestern University
Paul Leonardi, Northwestern University

#### **TUESDAY**

TRACK F | SESSION 328 | 11:00 - 12:15

Competitive Dynamics: An Explanation for Parity in Acquisition Performance

**Svante Schriber,** Stockholm School of Economics **David King,** Iowa State University

#### **TUESDAY**

TRACK N | SESSION 454 | 17:15 - 18:30

Uncovering Different Value Creation Processes of Network Facilitators in Inter-firm Networks

Elisabeth Mueller, University of Passau





### **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.

The following 10 papers have been selected as finalists from 75 eligible and submitted 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.

#### **MONDAY**

TRACK F | SESSION 316 | 08:00 - 09:15

Performance of Different Types of Serial Acquisition Strategies Xena Welch Guerra, University of St. Gallen

Tomi Laamanen, University of St. Gallen

#### **MONDAY**

TRACK I, X | SESSION 260 | 08:00 - 09:15

Patent Regime Shift and Firms' Strategic Behavior in Innovation: Evidence from a Natural Experiment

Wenlong He, Peking University

#### **MONDAY**

TRACK C, X | SESSION 405 | 11:00 - 12:15

Agent Heterogeneity in Two-Sided Platforms: Superstar Impact on Crowdfundina

Anil Doshi, Harvard University

#### **MONDAY**

TRACK L | SESSION 248 | 14:45 - 16:00

Contests, Sponsorship, and Internal Hiring: How Search Affects the Quality and Costs of Internal Matches

Joseph Keller, University of Pennsylvania

#### **MONDAY**

TRACK N | SESSION 419 | 16:30 - 17:45

When Complexity Clarifies: Sensemaking in an Institutionally **Complex Setting** 

Federica Foce Massa Saluzzo, IESE Business School

#### **TUESDAY**

TRACK N | SESSION 417 | 08:00 - 09:15

The Effect of Multimarket Contact on Alliance Partner Selection

Wonsang Ryu, Purdue University Thomas Brush, Purdue University

#### **TUESDAY**

TRACK A | SESSION 447 | 11:00 - 12:15

Product-Service Transition and the Emergence of Value Creation **Networks: Consequences for Business Model Design** 

Birgit Daxboeck, Otto von Guericke University Magdeburg Sven M. Laudien, Otto von Guericke University Magdeburg

#### **TUESDAY**

TRACK B | SESSION 403 | 11:00 – 12:15

Networks, Attention, and Good Ideas: Taking Advantage and Overcoming the Liability of Social Structure

Seung-Hyun Rhee, Northwestern University Paul Leonardi, Northwestern University

#### **TUESDAY**

TRACK C | SESSION 407 | 11:00 - 12:15

From Decanter to Bottleneck? How Industry Evolution and Governance Inseparability Shape Value Migration in **Ecosystems** 

Bilgehan Uzunca, IESE Business School Dmitry Sharapov, Imperial College London Richard Tee, Ecole Polytechnique Federale de Lausanne

#### **TUESDAY**

TRACK P | SESSION 356 | 17:15 – 18:30

**Dual-Class Ownership, Managerial Intrinsic Motivation and Firm** Innovation

Wei Shi, Rice University

Laura B. Cardinal, University of Houston

# \* SMS EMERGING SCHOLAR AWARD 2014

The recipient of the 2014 SMS Emerging Scholar Award presents and discusses current research.

TUESDAY
TRACK S | SESSION 303 | 15:30–16:45

SMS Emerging Scholar Presentation 2014 SMS Emerging Scholar Andrew Shipilov, *INSEAD* 

# **♦** CK PRAHALAD DISTINGUISHED SCHOLAR-PRACTITIONER AWARD

The recipient of this award is selected by a committee presided over by the SMS past presidents. The recipient of the 2014 award is Henry Mintzberg, who will be presented this award in the following session:

SUNDAY TRACK Q | SESSIONS 471 | 14:30–15:15

CK Prahalad Distinguished Scholar-Practitioner Award Honoring Henry Mintzberg

Henry Mintzberg, McGill University



# SMS LIFETIME ACHIEVEMENT AWARD

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

**SUNDAY** TRACK Q | SESSION 295 | 13:45–14:30

SMS Lifetime Achievement Award Honoring Paul Polman

Paul Polman, Unilever

# DAN AND MARY LOU SCHENDEL BEST PAPER PRIZE

The 2014 winner is Ranjay Gulati for his 1998 paper, "Alliances and Networks." He will be presented with this award at the Tuesday Awards Luncheon.



#### **Recommended Dress**

Business casual attire is recommended for all conference sessions.

#### **Monday Evening Event**

We hope you join us for an evening at the Crystal Gallery! The Crystal Gallery, or Galeria de Cristal, is a courtyard enclosed by a glass dome that rises 30 meters. We hope that you enjoy all that we have planned: delicious food, drinks, and a flamenco performance. 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 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. There is smoking allowed only outside the hotel.





# **SAVE THE DATE**

Strategy Expanding: Making Sense of Shifting Field and Firm Boundaries



#### PROGRAM CHAIRS

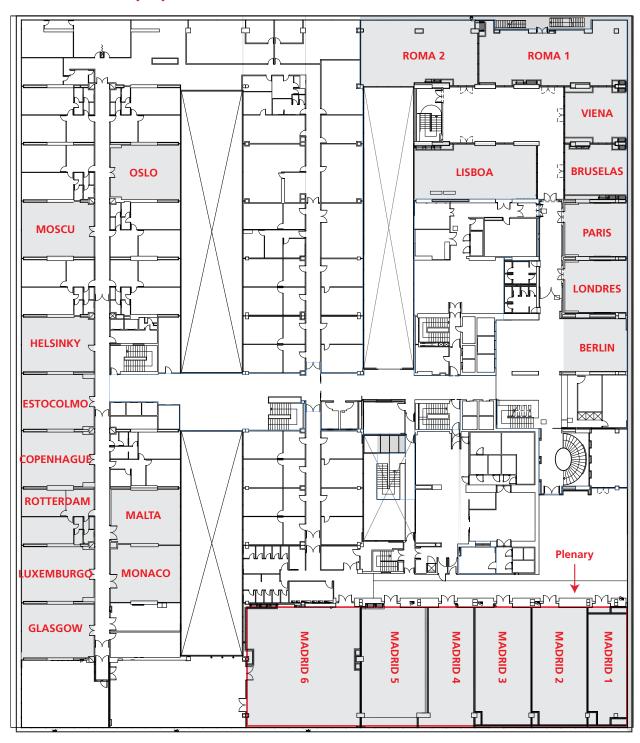
Sharon Alvarez Donald Bergh
University of University of
Denver Denver

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### PLANTA CENTRAL (PC) FLOOR - 1ST LEVEL



### **ESTANCIAS LEVEL – 3RD LEVEL**

**Please note:** the Estancias 311 and Estancias 307 are located on the 3rd level. The elevator and stairs to reach this floor are located in front of the Moscu meeting room.



The track chairs and interest group leaders listed below worked with this year's Program Chairs, Africa Arino, Alejandro Beltran and Pascual Berrone to select the proposals and compose the sessions for the different conference tracks and pre-conference sessions. We would also like to recognize the individuals who organized the pre-conference workshops or served as chairs of the paper award competitions. We appreciate the amount of time and effort they have spent making this a successful event.

### Track Directors and Interest Group Leaders:

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Rahul Kapoor
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The Strategic Management Society sincerely thanks and gratefully recognizes the time and effort of the following people who served as reviewers for the SMS 34th Annual International Conference.

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Alexander Zimmermann Francesco Zirpoli **Christoph Zott** Pavel Zufan Ivan Zupic

The countries printed in blue indicate the geographical distribution of this year's conference attendees. All data as of August 29, 2014.



### **CONFERENCE STATISTICS**

Total Number of Com	petitive Ses	sions
Paper	109	
Common Ground	49	
Panel	8	
Total Number of Non- Sessions	Competitiv	e
Interest Group	36	
Showcase Panels	12	
Plenaries and Keynotes	4	
Workshops	13	

### ATTENDEES BY REGION

		onference Attendees by Region		Conference Presente by Region		nters
North America	38%	417		36%	320	
Europe	49%	539		50%	445	
Asia	8%	88		8%	74	
Australia/New Zealan	d 2%	23		2%	15	
Middle East	1%	10		>1%	6	
Latin America	2%	22		2%	19	
Africa	>1%	4		>1%	3	
		1,103			882	



### SATURDAY, SEPTEMBER 20, 2014

09:00 — 16:00	Pre-Conference Workshops		
16:30 — 18:00	Meet the Editors panel		
19:00 — 21:00	Welcome Reception at NH Eurobuilding		

### **SUNDAY, SEPTEMBER 21, 2014**

08:00 — 09:15	Interest Group Sessions
09:30 — 10:45	Interest Group Sessions
10:45 — 11:15	Coffee Break
11:15 — 12:30	Interest Group Sessions
12:30 — 13:30	Lunch
13:45 — 14:30	Keynote: Lifetime Achievement Award Recipient
14:30 — 15:15	Keynote: CK Prahalad Award Recipient
15:15 — 15:45	Coffee Break
15:45 — 17:00	Paper/Common Ground/Panel Sessions
17:15 — 18:30	Interest Group Business Meetings
18:30 — 19:15	SMS Business Meeting

### **MONDAY, SEPTEMBER 22, 2014**

08:00 — 09:15	Paper/Common Ground/Panel Sessions
09:30 — 10:30	Plenary: How Social Networks Create Competitive Advantage: The Microfoundations Reputation
10:30 — 11:00	Coffee Break
11:00 — 12:15	Paper/Common Ground/Panel Sessions
12:15 — 13:15	Lunch
13:30 — 14:30	Showcase Panels
14:45 — 16:00	Paper/Common Ground/Panel Sessions
16:00 — 16:30	Coffee Break
16:30 — 17:45	Paper/Common Ground/Panel Sessions
19:00 — 22:00	Monday Night Event at the Crystal Gallery

### **TUESDAY, SEPTEMBER 23, 2014**

08:00 — 09:15	Sessions Ground/Panel
09:30 — 10:30	Plenary: Granularity of Profit
10:30 — 11:00	Coffee Break
11:00 — 12:15	Paper/Common Ground/Panel Sessions
12:15 — 14:00	Award Lunch
14:15 — 15:15	Showcase Panels
15:30 — 16:45	Paper/Common Ground/Panel Sessions
16:45 — 17:15	Coffee Break
17:15 — 18:30	Paper/Common Ground/Panel Sessions
19:00 — 20:00	Closing Reception at NH Eurobuilding

# MONDAY NIGHT EVENT AT THE CRYSTAL GALLERY



We are delighted to offer an enchanting evening at the Crystal Gallery on Monday night!

The Crystal Gallery, or Galeria de Cristal, is a courtyard enclosed by a glass dome that rises 30 meters. It is located within the Cibeles Palace, the most prominent building of the Plaza de Cibeles. The address of the Crystal Gallery is: Plaza de Cibeles, 1, 28014 — Madrid

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Laura Cardinal
University of Houston



Sotirios Paroutis University of Warwick

**Executive Discoveries Series Co-Chairs**  Dear Colleagues,

We are delighted to introduce a new initiative, the Executive Discoveries Series (EDS). For quite a while there have been discussions within SMS about how best to showcase and communicate impactful academic research to a wider audience. We value academic debate on the cutting-edge of research, but also want to create room and opportunities to engage in a meaningful dialogue beyond academia. Inspired by the success of similar activities at recent special SMS conferences as well as the multiple, exciting practitioner-focused initiatives by Interest Groups, our hope is that this initiative will help to foster this interaction.

The inaugural Executive Discoveries Series (EDS) in the SMS Madrid Conference provides an accessible pathway that connects sessions throughout the conference program aimed at executives, managers, and consultants. After close engagement with the leadership teams of the SMS Interest Groups, we identified sessions that cover a range of current managerial challenges.

Below you will find an easy to navigate, virtual, EDS Track that runs through the conference program. The EDS Track consists of plenaries, paper and common ground sessions, and panel discussions that feature cutting edge research coupled with provocative ideas that challenge conventional managerial wisdom and provide exposure for executives to new insights that can help advance their strategic insights and skills. These sessions are grouped into six themes.

We hope this first Executive Discovery Series is just a first step in achieving a meaningful and impactful conversation between academics and business practitioners and consultants. We recognize we have a ways to go, but we see the EDS as a move in the right direction. In future years it is our hope to nurture and grow the idea of the EDS Track into an exciting and meaningful experience for those who want to connect the best in academic research with the best of business practice. We hope that you will join us for this journey and help us nurture, grow, and evolve our newest SMS venture in the Annual SMS Meetings.

#### THEMES OF THE EDS

# THEME I. EXPANDING YOUR STRATEGIC THINKING

The sessions in the first theme – "Expanding Your Strategic Thinking" – provide the rare opportunity to hear from two strategy thought leaders whose ideas have global reach and have influenced the best of business practice and cutting edge strategic management thought. Paul Polman of Unilever and Henry Mintzberg of McGill University are the distinguished speakers for the first two opening sessions.

SUNDAY 13:45 – 14:30 | SESSION 295 Keynote: Lifetime Achievement Award SUNDAY 14:30 – 15:15 | SESSION 471

**Keynote: CK Prahalad Award** 

# THEME II. DEVELOPING CUTTING EDGE STRATEGIES

The second theme allows engagement with experts experiencing novel strategy-making settings, such as social networks and firms engaged in multi-sided platform strategies. The aim here is to share understanding of how to cope with such new settings and create breakthrough strategies. These strategies are expected to leverage the unique aspects of a particular context, while simultaneously accommodating conflicting demands in unconventional ways.

SUNDAY 15:45 - 17:00 | SESSION 215

Yikes - what now (reloaded)? Firm responses to stakeholder activism.

MONDAY 08:00 - 09:15 | SESSION 260

IPRs, Appropriability and Innovation

MONDAY 09:30 - 10:30 | SESSION 296

How Social Networks Create Competitive Advantage: The Microfoundations Reputation

MONDAY 11:00 - 12:15 | SESSION 405

**Multi-Sided Platform Strategies** 

MONDAY 13:30 - 14:30 | SESSION 5

**Building Strategic States** 

MONDAY 16:30 - 17:45 | SESSION 344

**Paradoxical Tensions and Innovative Strategies** 

TUESDAY 08:00 - 09:15 | SESSION 409

Increasing the Relevance of Strategy Research



## THEME III. MAKING THE MOST OF THE INDIVIDUAL STRATEGIST

The individual strategist is the focus of the third theme. The discussions here will examine the changing and challenging role of CEOs, CSOs (Chief Strategy Officers) and other directors with strategy responsibilities within an increasing demanding context. The goal is to explain how seeing strategy as an individual accomplishment can help managers uncover new methods and processes to enhance strategy making and implementation.

MONDAY 08:00 - 09:15 | SESSION 338

Making Strategy, Strategic Change and the role of sensemaking and sensegiving

MONDAY 11:00 - 12:15 | SESSION 352

**CEO Decision Making** 

TUESDAY 14:15 - 15:15 | SESSION 302

Directing Strategy: The Process Challenges of Formulating and Implementing Strategy in a World of Networks

MONDAY 16:30 - 17:45 | SESSION 245

**Human Capital Complementarities** 

TUESDAY 15:30 - 16:45 | SESSION 208

**Interactions, Recombination and Adaptation Processes** 

# THEME IV. DEALING WITH INTERNATIONAL AND COMPLEX CONTEXTS

For the fourth theme we turn our attention to the demanding global environment managers face. Sessions here feature discussions about the Euro area economic crisis as well as debates concerning how to improve the architecture of global corporations. Debates in these sessions will provide insight on how managers and executives can cope with the pressures posed by their complex contexts.

MONDAY 13:30 - 14:30 | SESSION 299

Dealing with the Euro Area Economic Crisis: Strategic Adjustment in the Period of Turmoil

MONDAY 14:45 - 16:00 | SESSION 375

Changing External Environments: How do Multinationals Respond?

TUESDAY 14:15 - 15:15 | SESSION 473

**Rethinking the Architecture of Global Corporations** 

TUESDAY 15:30 - 16:45 | SESSION 346

**Management and Strategy Practices Reconsidered** 

## THEME V. FINDING NOVEL WAYS TO GROW AND RENEW THE FIRM

The fifth theme is all about finding new trajectories to grow and renew. Sessions here address a number of wide ranging topics: business models, strategy frameworks, sustainability, entrepreneurship, and the granularity of firm profits. The goal is to engage in debate about how firms, in a post-crisis context, can make better use of resources and opportunities to renew their operations and offerings.

SUNDAY 15:45 - 17:00 | SESSION 398

Corporate Strategy and Corporate Finance: Continuing the Research Conversation

MONDAY 11:00 - 12:15 | SESSION 213

What is in it for us? How sustainability matters for firm strategy.

MONDAY 13:30 - 14:30 | SESSION 4

**Business Models in their Competitive Context** 

MONDAY 14:45 - 16:00 | SESSION 368

Firm Scope and Industry Competition

TUESDAY 09:30 - 10:30 | SESSION 297

**Granularity of Profit** 

TUESDAY 14:15 - 15:15 | SESSION 301

Strategy Frameworks: In Quest of Relevance in a Turbulent World

TUESDAY 17:15 - 18:30 | SESSION 441

**Funding Entrepreneurial Ventures: Sources and Successes** 

# THEME VI. DEALING WITH M&AS AND NETWORKS

The complexity inherent in M&As and networks entails special attention by strategists. Theme six is designed to focus on networks and M&As. Sessions include debates about the manner in which networks shape strategy, the role of innovation in M&As, and issues of governance in globalized networks. The objective here is to provide insights to unpack the complexity of both phenomena and to find better solutions to managing the complexity.

SUNDAY 15:45 - 17:00 | SESSION 203

**Acquisition Implementation** 

MONDAY 13:30 - 14:30 | SESSION 298

**Using Networks to Shape Strategy** 

Session 300: Methodological and Conceptual Frontiers in the New World of Networks

TUESDAY 08:00 - 09:15 | SESSION 446

**Empirical Studies and Case Studies of Business Models** 

TUESDAY 11:00 - 12:15 | SESSION 469

**M&As and Innovation** 

TUESDAY 14:15 - 15:15 | SESSION 470

**Governance Challenges in Globalized Networks** 

TUESDAY 14:15 - 15:15 | SESSION 472

Mapping Emerging Fragilities Across Interdependent Networks

Madrid | September 20–23, 2014

SATURDAY SEPTEMBER 20, 2014				
09:00 – 16:00	Pre-Conference Workshops			
16:30 – 18:00	Meet the Editors Panel			
19:00 – 21:00	Welcome Reception at NH Eurobuilding			

SUNDAY,	SEPTEMBER 21,	2014		
08:00 – 09:15	Interest Group Session I	SESSION	ROOM	PAGE #
09:30 — 10:45	Interest Group Session II	SESSION	ROOM	PAGE #
10:45 — 11:15		Coffee Break		'
11:15 – 12:30	Interest Group Session III	SESSION	ROOM	PAGE #
12:30 – 13:30		Lunch		
13:45 – 14:30		Keynote: Lifetime Achievement Award	Recipient	
14:30 – 15:15		Keynote: CK Prahalad Award Recip	ient	
15:15 – 15:45	Coffee Break			
15:45 – 17:00	Parallel Paper/ Common Ground/ Panel Sessions	SESSION	ROOM	PAGE #
17:15 – 18:30	Interest Group Business Meetings			
18:30 – 19:15	SMS Business Meeting			

MONDAY	, SEPTEMBER 22	2, 2014		
08:00 - 09:15	Parallel Paper/ Common Ground/ Panel Sessions	SESSION	ROOM	PAGE #
09:30 – 10:30	Plenary: How So	ocial Networks Create Competitive Advantage: 1	he Microfoundations Repu	ıtation
10:30 – 11:00		Coffee Break		
11:00 – 12:15	Parallel Paper/ Common Ground/ Panel Sessions	SESSION	ROOM	PAGE #
12:15 – 13:15	Lunch			
13:30 – 14:30	Showcase Panels	SESSION	ROOM	PAGE #
14:45 – 16:00	Parallel Paper/ Common Ground/ Panel Sessions	SESSION	ROOM	PAGE #
16:00 – 16:30	Coffee Break			
16:30 — 17:45	Parallel Paper/ Common Ground/ Panel Sessions	SESSION	ROOM	PAGE #
19:00 – 22:00		Monday Night Event at the Crystal G	allery	SMS 344 UNLINTERNATIONAL CONFERENCE

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### MY SCHEDULE OVERVIEW

TUESDAY	, SEPTEMBER 23	, 2014		
08:00 – 09:15	Parallel Paper/ Common Ground/ Panel Sessions	SESSION	ROOM	PAGE #
09:30 – 10:30		Plenary: Granularity of Profit		
10:30 – 11:00		Coffee Break		
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 #
15:30 – 16:45	Parallel Paper/ Common Ground/ Panel Sessions	SESSION	ROOM	PAGE #
16:45 – 17:15	Coffee Break			
17:15 – 18:30	Parallel Paper/ Common Ground/ Panel Sessions	SESSION	ROOM	PAGE #
19:00 – 20:00		Closing Reception at NH Eurobuild	ling	•

Madrid | September 20–23, 2014 23

#### **Conference Theme Tracks**

- A Business Models in a World of Networks
- **B Exploiting Networks to Promote Creativity** and Innovation
- C Strategy in Networked Markets
- D Multi-Level Governance Relationships in a Networked Environment

### **Interest Group Tracks**

- **E Competitive Strategy**
- F Corporate Strategy
- G Global Strategy
- 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
- R Research Methods
- T Excellence in Teaching
- X Executive Discoveries Series

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:

### **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 Madrid Conference we are planning a total of 49 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 Madrid Conference we are planning a total of 109 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.



#### PHD WORKSHOP

 PHD WORKSHOP
 Date
 Saturday, Sep 20

 Time
 08:00 – 19:00 h

 Workshop
 Room
 Madrid 4

#### **PhD Workshop**

#### **Workshop Organizers**

Albert Cannella Jr. Arizona State University Tomi Laamanen, University of St. Gallen

The Doctoral Workshop is intended for doctoral students at the early stage of their dissertation research. The Workshop will be highly interactive and will includes 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 and will each receive a scholarship to attend the SMS Annual International Conference in Madrid.

# COMPETITIVE STRATEGY JUNIOR FACULTY AND PAPER DEVELOPMENT WORKSHOP

 CSJFPD WORKSHOP
 Date
 Saturday, Sep 20

 Time
 09:00 - 16:00 h

 Workshop
 Room
 Roma 2

#### Competitive Strategy Junior Faculty and Paper Development Workshop

#### **Senior Faculty Panelists:**

Rajshree Agarwal, University of Maryland Alfonso Gambardella, Bocconi University Samina Karim, Boston University Dovev Lavie, Technion-Israel Institute of Technology Chet Miller, University of Houston

#### Workshop Organizers:

Rahul Kapoor, *University of Pennsylvania* Hart Posen, *University of Wisconsin* 

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 paper in an informal setting. Workshop participants needed to submit applications to attend this workshop.

# STRATEGY PRACTICE OPEN STRATEGY DESIGN AND NETWORKING WORKSHOP

 SPOSDN WORKSHOP
 Date
 Saturday, Sep 20

 Time
 09:00 - 16:00 h

 Workshop
 Room
 Lisboa

# Strategy Practice Open Strategy Design and Networking Workshop

#### **Workshop Special Guests:**

Adam Billing, *Bridge Collaboration Limited*Steve Dunne, *Starlab*Ana Maiques Valls, *Starlab*Tim Morey, *frog*Richard Whittington, *University of Oxford* 

#### **Workshop Organizer:**

Martin Friesl, Lancaster University Luciano Oviedo, Intel Corporation Hanna Lehtimaki, University of Eastern Finland Timo Santalainen, Aalto University Elena Antonacopoulou, University of Liverpool This innovation-in-action session brings together practitioners of strategy (from across industries) and strategy researchers (from top b-schools from around the world) to engage in a highly interactive strategy + design immersion. Participants will experience the latest strategy, product/technology innovation and design methods through a workshop that blends design thinking and hands-on application towards a real-world strategic challenge.

### PROFESSIONAL DEVELOPMENT WORKSHOP – RESEARCH METHODS INITIATIVE

 PDWRMI WORKSHOP
 Date
 Saturday, Sep 20

 Time
 09:00 – 12:00 h

 Workshop
 Room
 Amsterdam

# "The Application of Network Analysis in Strategic Management Research"

#### **Panelists**

Matt Bowler, Oklahoma State University Balaji Koka, Rice University Marco Tortoriello, IESE Business School Margaret White, Oklahoma State University

#### **Workshop Organizers**

Margaret White, Oklahoma State University

The Research Methods Community is pleased to offer a Professional Development Workshop entitled The Application of Network Analysis in Strategic Management Research in Madrid, Spain, from 9:00 to 12:00 on September 20, 2014. The workshop session is part of the pre-conference program for the Strategic Management Society (SMS) Annual International Conference and is open to all conference registrants. In keeping with the Strategies in a World of Networks theme of the Annual International Conference in Madrid, this workshop includes a 2-hour tutorial on network analysis followed by a one hour discussion of network analysis in strategic management. The participants will discuss their experiences with network analysis. Topics include research design, measurement and analysis. The leaders will provide suggestions for strategy researchers interested in using network analysis.

# ENTREPRENEURSHIP & STRATEGY JUNIOR FACULTY RESEARCH WORKSHOP

 ESJFR WORKSHOP
 Date
 Saturday, Sep 20

 Time
 09:00 – 16:00 h

 Workshop
 Room
 Madrid 3

### Entrepreneurship & Strategy Junior Faculty Research Workshop

#### Panelists

April Franco, University of Toronto Gina Dokko, University of California-Davis Ha Hoang, ESSEC Business School Jeffrey Macher, Georgetown University Brian Wu, University of Michigan

#### Workshop Organizers

Christopher Tucci, *Ecole Polytechnique Federale de Lausanne* MB Sarkar, *Temple University* 

We invite authors to submit papers that relate to the various aspects of entrepreneurship. Accepted working papers and researchers will then be grouped into panels. Panels will be developed based on convergent interests and/or overlap among the submitted proposals. Each panel will be matched with a senior mentor who shares an interest in the topic. The various panel discussions will be a springboard for critical thought and, ideally, for collaborative relationships. Workshop participants needed to submit applications to attend this workshop.

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# KNOWLEDGE & INNOVATION COOPERATIVE STRATEGIES PAPER DEVELOPMENT WORKSHOP

KICSPD WORKSHOP
Date Saturday, Sep 20
Time 09:00 - 12:00 h
Workshop Room Monaco

# **Knowledge & Innovation Cooperative Strategies Paper Development Workshop**

#### **Panelists**

Jay Anand, Ohio State University
Lyda Bigelow, University of Utah
Glenn Hoetker, Arizona State University
Kyle J. Mayer, University of Southern California
Anne Parmigiani, University of Oregon
Corey Phelps, McGill University

Anupama Phene, George Washington University

#### **Workshop Organizers**

Sheryl Winston Smith, Temple University Marie Louise Mors, Copenhagen Business School Laura Poppo, University of Kansas Giovanni Battista, Dagnino University of Catania

The workshop is focused on probing current and emerging questions relating to organizations' search for novel knowledge and the impact on innovation. Broadly defined, topics of interest include: mechanisms and networks of inter-organizational knowledge development, development and integration of external sources of innovation through corporate venturing, knowledge search and entrepreneurship, and related topics. This session is intended to 1) provide collective insights from a panel of senior scholars operating at the forefront of this field; and 2) to include feedback on current papers in progress that are focused on this topic. Workshop participants needed to submit applications to attend this workshop.

#### STAKEHOLDER STRATEGY WORKSHOP

SS WORKSHOP	Date	Saturday, Sep 20
	Time	09:00 – 11:00 h
Workshop	Room	Paris

#### **Stakeholder Strategy Workshop**

#### Panelists:

Stefano Brusoni, ETH Zurich
Sybille Sachs, University of Applied Sciences Zurich
Kerstin Neumann, Bocconi University
Maurizio Zollo, Bocconi University

#### **Workshop Organizers:**

Kerstin Neumann, Bocconi University

This workshop, "The Integration of Stakeholder and Sustainable Management Principles at Different Levels of the Firm: Conceptual and Empirical Challenges," aims to tackle the conceptual and empirical challenges in the study of organizational evolution towards the sustainable enterprise. To do so, we address the organizational learning and change challenges towards sustainability by looking at the integration of sustainable and stakeholder management principles at different levels within and across organizations: the individual, the organizational/functional, and the eco-system level. We will also leverage our experience in the "GOLDEN for Sustainability" program, a global collaborative research effort involving a large network of research centers, companies and institutions.

# PAPER DEVELOPMENT WORKSHOP FOR STRATEGY-AS-PRACTICE RESEARCH

 PDWSP WORKSHOP
 Date
 Saturday, Sep 20

 Time
 10:00 - 16:00 h

 Workshop
 Room
 Viena

#### Paper Development Workshop for Strategy-As-Practice Research

#### **Workshop Organizers:**

Maureen Meadows, *Open University* Emmanuelle Reuter, *University of St. Gallen* 

The purpose of this workshop is to share experiences on how to publish research internationally. The workshop is divided into three interactive sessions where participants will give and receive feedback about manuscripts and papers. To prepare for these sessions, papers are grouped in terms of similar themes and everyone in the group is asked to write a one-page feedback on the other group members' papers. In the first session, participants will be set in pairs to give each other feedback about the paper. In the second session, Strategy-as-Practice papers that received an R&R or those that are in the revise and resubmit stage will be discussed. At the end of the session, common issues and solutions related to paper writing will be drawn together. In this session reviewers and editors of A journals will join us for Q&A. Workshop participants needed to submit applications to attend this workshop.

# STRATEGY PROCESS WORKSHOP CO-SPONSORED BY THE RESEARCH METHODS INITIATIVE

SP WORKSHOP	Date	Saturday, Sep 20
	Time	12:00 - 16:00 h
Workshop	Room	Monaco

#### Strategy Process Workshop Co-sponsored by the Research Methods Initiative

#### **Editor Panelists:**

Steven Floyd, *University of Massachusetts-Amherst* Steven Si, *Tongji University* 

Mike Wright, Imperial College London

#### **Workshop Organizers:**

Dries Faems, *University of Groningen* Adelaide King, *University of Virginia* 

The Strategy Process Interest Group (IG) is pleased to offer a workshop entitled "Process of Publishing Process Research Workshop: Journeying Along the (sometimes bumpy but ultimately successful) Paths to Publication." The objective of this workshop is to offer an interactive session that provides insights that engage scholars throughout SMS who are (or may be) interested in publishing rigorous and impactful process research.



#### **TEACHING EXECUTIVES WORKSHOP**

 ESJFR WORKSHOP
 Date
 Saturday, Sep 20

 Time
 13:00 – 16:00 h

 Workshop
 Room
 Amberes

#### **Teaching Executives Workshop**

#### **Workshop Organizers**

Margaret Cording, IMD

The Excellence in Teaching Community is again 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. In this workshop, we will focus on three key areas: the process of executive learning, the role of context in executive learning, and the content in executive learning.

# PROFESSIONAL DEVELOPMENT WORKSHOP – RESEARCH METHODS INITIATIVE

PDW WORKSHOP	Date	Saturday, Sep 20
	Time	13:00 – 15:00 h
Workshop	Room	Amsterdam

## Professional Development Workshop – Research Methods Initiative

#### "How Do I Do ...?"

#### **Panelists**

Herman Aguinis, Indiana University
Harry Bowen, Queens University of Charlotte
Jeffrey Edwards, University of North Carolina-Chapel Hill
Pursey Heugens, Erasmus University-Rotterdam
Anne Huff, Technical University Munich
José F. Molina-Azorin, University of Alicante
Andreas Schwab, Iowa State University
Larry Williams, Wayne State University

#### **Workshop Organizers**

Donald Bergh, University of Denver

Eight methodological experts will help take the mystery out of some confusing methodological approaches and provide insights into how strategy researchers can successfully implement their studies. The session will involve a roundtable format, where an expert will host a table and SMS members can join whichever table interests them. Each expert will start the session by providing an introductory level overview of their approach and then will answers questions and lead a general discussion.

## COMPETITIVE STRATEGY TEACHING WORKSHOP CO-SPONSORED BY THE TEACHING COMMUNITY

 CST WORKSHOP
 Date
 Saturday, Sep 20

 Time
 13:00 – 16:00 h

 Workshop
 Room
 Paris

#### Competitive Strategy Teaching Workshop Co-Sponsored by the Teaching Community

#### Panelists

Michael Leiblein, *Ohio State University* Michael Lenox, *University of Virginia* Vivek Goel, *Coursera* 

Andrew Martin, IBM

Frank Rothaermel, Georgia Institute of Technology

#### **Workshop Organizers**

Peter Klein, *University of Missouri*Gonçalo Pacheco de Almeida, *HEC-Paris* 

Please join us for the Competitive Strategy Interest Group's third annual Teaching Workshop at the upcoming SMS conference in Madrid. The workshop will be held on Saturday, September 20, 1:00-16:00 and is open to all emerging and established strategy scholar conference registrants. Lunch is available on-site 12:00-13:00pm. Building on last year's successful workshop on innovation and education, our theme for 2014 is "The Impact of New Technologies on Teaching and Higher Education."

#### OFF-SITE ENTREPRENEURSHIP & STRATEGY PRE-CONFERENCE WORKSHOP

 OWSPC WORKSHOP
 Date
 Saturday, Sep 20

 Time
 10:00 – 13:00 h

#### Workshop

Location: The IE Business School, Aula Magna Building, Maria de Molina 11, Madrid 28006

## Off-Site Entrepreneurship & Strategy Pre-Conference Workshop

#### **Panelists**

Michael A. Hitt, Texas A&M University Susanna Khavul, University of Texas-Arlington Paul Vaaler University of Minnesota Jean Christophe Laugée, Danone Fernando Casado Cañeque, BoP Global Network

#### Workshop Organizers

Candace Martinez, St Louis University Julio de Castro, IE Business School

This pre-conference workshop gathers together an impressive panel of Base of the Pyramid and social entrepreneurship scholars and practitioners. Using their professional and personal life experiences as points of departure, they will discuss how scholarship and real-world initiatives have evolved in recent years, and whether/how these two worlds have informed and continue to inform firm-level strategy formulation and implementation.

Madrid | September 20–23, 2014

## GLOBAL STRATEGY PAPER DEVELOPMENT WORKSHOP

GSPD WORKSHOP Date Saturday, Sep 20

Time 09:00 - 15:00 h

Workshop Room Malta

#### **Global Strategy Paper Development Workshop**

#### **Senior Faculty Panelists**

Kazuhiro Asakawa, Keio University Shameen Prashantham, University of Nottingham Nandini Lahiri, Temple University Patrick Reinmoller, Cranfield University Elisabeth Rose, University of Otago Steve Tallman, Richmond University

#### **Workshop Organizers**

Elisabeth Rose, *University of Otago* 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 papers and research projects in the filed of global strategy. 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 the participating 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 by providing quality feedback and to bring new scholars into the field. Workshop participants needed to submit applications to attend this workshop.

SESSION 475

#### **SPECIAL TRACK**

 TRACK S
 Date
 Saturday, Sep 20

 Time
 16:30 – 18:00 h

 Presentation
 Room
 Roma 1

#### Meet the Editors of the SMS Family of Journals

#### **Session Chair**

Stephen B Tallman, *University of Richmond* Panelists

Constance Helfat, *Dartmouth College* Will Mitchell, *Duke University* 

Mike Wright, Imperial College London

A representative editor for each of the SMS journals, SMJ, SEJ, and GSJ, and for the new Media Innovations initiative will take part. The panel will discuss the specific goals and objectives of each of the journals, the concept of a family of journals, and the developing role of the Media editors in creating an electronic presence for the journals and for other forms of research. The editors also will discuss the expectations of the SMS journals for potentially publishable papers. Open discussion will address the process of writing for publication in scholarly journals, the editorial policies of the SMS research outlets, and future directions for the dissemination of scholarly research through SMS.



#### **RESEARCH METHODS**

TRACK R	Date	Sunday, Sep 21
	Time	08:00 – 09:15 h
Interest Group Panel	Room	Malta

### Research Methods and Publishing, and Publishing Research Method Advances

**Session Chair** 

Donald Bergh, *University of Denver* 

**Panelists** 

Herman Aguinis, Indiana University
Brian Boyd, City University of Hong Kong
Jeffrey Edwards, University of North Carolina
Michael A. Hitt, Texas A&M University
Anne Huff, Technical University Munich
Larry Williams, Wayne State University
Edward Zajac, Northwestern University

This session will address the role of research methods in publication outcomes. First, the panelists will consider relationships between research methods and the theoretical contributions that top journals seek to publish. They will reflect on some of their favorite empirical papers and how their methodological decisions may have influenced what they could and could not do with their conceptual contributions. Second, they will discuss the different types of methodological contributions that papers can offer. Finally, time providing, the panelists will share their views on strong and problematic methodological practices that they encounter as reviewers and editors. SMS members will gain insight into how decisions they make about their study methodologies may impact upon the outcomes of their papers, while also learning how to publish papers that extend knowledge of research methodology.

SESSION 282

#### **COMPETITIVE STRATEGY**

TRACK E	Date	Sunday, Sep 21
	Time	08:00 – 09:15 h
Interest Group Panel	Room	Viena

## The Latest and Greatest in Empirical Methods for Strategy Scholars

**Session Chair** 

PuayKhoon Toh, *University of Minnesota* Panelists

Victor Bennett, *University of Southern California*Martin Ganco, *University of Minnesota*Bennet Zelner, *University of Maryland* 

Back by popular demand, this session will provide a window into cuttingedge advances in empirical methods. New developments in statistical methods across different fields have generated new empirical tools that are valuable for researchers in strategy. Topics covered will include issues of causality and identification, matching models, variance decomposition, quasi-experiments, and more. Panelists will explain the methods, their pros and cons, and provide examples of their application to strategy questions. Come early – this was a standing room event last year! SESSION 400

#### CORPORATE STRATEGY

TRACK F	Date	Sunday, Sep 21
	Time	08:00 – 09:15 h
Interest Group Panel	Room	Luxemburgo

#### Teaching Corporate Strategy: Insights and Opportunities

**Panelists** 

Gianvito Lanzolla, City University London

Panelists will share from their experience teaching corporate strategy topics related to their areas of research specialty: vertical integration, mergers & acquisitions, industry convergence and consolidation, and diversification. This session is designed to connect anyone who teaches an elective in corporate strategy, a capstone strategy course, or is interested in learning new cases and techniques for using corporate strategy phenomena to teach core strategy theories. Substantial time will be allotted for Q&A and group discussion.

SESSION 389

#### **GLOBAL STRATEGY**

TRACK G	Date	Sunday, Sep 21
	Time	08:00 – 09:15 h
Interest Group Panel	Room	Glasgow

#### Managing the Multinational Organization in an Increasingly Complex World

Co-Chairs

Felipe Monteiro, INSEAD

**Panelists** 

Yves Doz, INSEAD

Esteban García-Canal, University of Oviedo

Felipe Monteiro, INSEAD

Ram Mudambi, Temple University

Andreas Raharso, Hay Group

Twenty-five years after the publication of Ghoshal and Bartlett's "Managing Across Borders", this panel will revisit fundamental questions related to the organization of multinational enterprises. We will debate about what sort of organizational designs enable multinational organizations to cope with the enormous differences in size and growth rates of the markets they operate in and how can the architecture of the organization accommodate significant local exceptions while maintaining global coherence and equity. Has the matrix organization reached its limits? If so, what's next? How are multinational organizations exploiting new geographies as sources of innovation? How are they integrating new techniques, such as crowdsourcing and open innovation into their organizational fabric? After the "heterarchy", the "transnational", the "metanational", is there a new model of the MNC emerging?

SESSION 311

# STRATEGY PROCESS, STRATEGIC LEADERSHIP AND GOVERNANCE

TRACK H, TRACK O	Date	Sunday, Sep 21
	Time	08:00 – 09:15 h
Interest Group Panel	Room	Bruselas

# The Power of Power: The Role of Power and Politics in Strategy Processes

Co-Chairs

Vincent Barker, *University of Kansas* Markus Menz, *University of St. Gallen* 

**Panelists** 

Albert Cannella Jr, Arizona State University William Ocasio, Northwestern University

The panel discusses important current and future topics regarding the role of power and politics in strategy processes, such as in strategic decision-making and strategy execution. Questions that will be addressed include: How do powerful strategic leaders affect process outcomes? What makes strategic leaders powerful and how do top managers engage in political

behavior? How does the composition of the top management team affect politics and strategy activities? The panelists will be particularly encouraged to talk about promising future research opportunities, the suitable theoretical perspectives and methods for studying them, and the implications this research will have for our understanding of strategy processes.

SESSION 278

#### **KNOWLEDGE AND INNOVATION**

TRACK I	Date	Sunday, Sep 21
	Time	08:00 – 09:15 h
Interest Group Panel	Room	Estocolmo

### Routines: Theoretical and Empirical Advancements and Avenues for Future Research

**Session Chair** 

April Franco, *University of Toronto*Panelists

Teppo Felin, University of Oxford April Franco, University of Toronto Evan Rawley, Columbia University J Myles Shaver, University of Minnesota

With the continued interest in routines, this panel will present both theoretical and empirical work that helps to further our understanding of routines and their creation, development, and use. In particular, given the importance of human agents as the repositories of firm knowledge, we focus on how environmental changes that a firm may face impact the routines it uses and develops. These changes may be due to governmental regulations or mergers. This session will review some of the recent developments in this area, with the goal to provide avenues for future research. The panelists each will use a particular study to show the latest developments in the areas as well as the challenges in identifying and characterizing routines and some of the opportunities in this area.

SESSION 252

#### **STRATEGY PRACTICE**

TRACK J	Date	Sunday, Sep 21
	Time	08:00 - 09:15 h
Interest Group Panel	Room	Oslo

#### **Trends in Qualitative Strategy Research**

Session Chair

Martin Friesl, Lancaster University

**Panelists** 

Julia Balogun, Bath University
Stephanie Dameron, University of Paris-Dauphine

Loizos Heracleous, University of Warwick

Carola Wolf, Aston University

This highly interactive session focuses on qualitative methods in strategic management research. The idea is to provide a forum for scholars interested in qualitative research to share new ideas and discuss common challenges. The session will cover a range of topics from innovative ways of data collection, templates and tools in qualitative data analysis, the role of language and discourse as well as the framing of qualitative research for publication in management journals. During the session discussants are going to introduce each of those topics. Participants will then have the opportunity to discuss their experience and share innovative ideas.

SESSION 386

# ENTREPRENEURSHIP AND STRATEGY, STRATEGIC LEADERSHIP AND GOVERNANCE

 TRACK K, TRACK O
 Date
 Sunday, Sep 21

 Time
 08:00 – 09:15 h

 Interest Group Panel
 Room
 Moscu

#### **Entrepreneurial Corporate Governance**

**Session Chair** 

Igor Filatotchev, *City University London*Panelists

Giovanni Battista Dagnino, *University of Catania* Robert Hoskisson, *Rice University* 

Mike Wright, Imperial College London

This international panel of scholars is focused on corporate governance issues in entrepreneurial firms and it opens with a talk about building boards for different types of entrepreneurial firms at different life-cycle stages such as high tech start-ups and spinoffs, family firms and private equity-backed firms. What types of board configurations are more effective? What are the challenges in adapting boards at different lifecycle phases? This is followed by a discussion of property right assignment which suggests that incomplete contract theory is an interesting way to talk about these issues. A particular focus will be on exploratory joint ventures and the difficulty of assigning property rights before the innovation is fully revealed with a particular focus on dedicated institutional owners as a governance device to help deal with these issues. Finally, in academic incubators literature little consideration has been given to the network activities among firms located in incubators. To improve our understanding of incubation internal dynamics and relationship evolution, it is important to investigate incubators' internal governance mechanisms by identifying the key elements that positively influence the establishment and development of new ventures.

SESSION 280

#### STRATEGIC HUMAN CAPITAL

TRACK L	Date	Sunday, Sep 21
	Time	08:00 – 09:15 h
Interest Group Panel	Room	Copenhague

# Strategic Human Capital and Human Resource Management: The Role of Context

**Session Chair** 

Rebecca Kehoe, Rutgers University

Panelists

Clint Chadwick, University of Kansas Russell Coff, University of Wisconsin-Madison Rebecca Kehoe, Rutgers University

Shad Morris, Brigham Young University

Daniel Tzabbar, Drexel University

This session will feature a panel of Strategic Human Capital scholars who will discuss various perspectives on the role of context in the study of human capital. The session seeks to combine Strategy and Human Resource Management perspectives, with specific discussion points including the role of HRM in shaping the (internal) organizational contexts in which human capital is developed and deployed; opportunities for formal HR practices to shape the environment surrounding newcomer socialization processes to support learning-by-hiring and improve the transferability of new hires' performance to the hiring firm; and the role of HRM in creating alignment between the knowledge, skills, and abilities of an organization's human capital and the (external) national, cultural, and industry contexts in which the organization competes.



# STAKEHOLDER STRATEGY, EXCELLENCE IN TEACHING

 TRACK M, TRACK T
 Date
 Sunday, Sep 21

 Time
 08:00 – 09:15 h

 Interest Group Panel
 Room
 Paris

### Applying Stakeholder Analysis in the Classroom

#### **Session Chair**

Doug Bosse, *University of Richmond* Panelists

Jonathan Doh, Villanova University David King, Iowa State University Kerstin Neumann, Bocconi University

Sybille Sachs, University of Applied Sciences Zurich

Porter's five forces industry analysis and SWOT analysis are strategy tools most often taught; however, there is a need to analyze information from different perspectives. Stakeholder analysis has the advantage of being designed to identify and consider the concerns of different groups, as well as begin to consider implementation of developed strategy. This suggests that stakeholder analysis may be one of the more relevant tools available to managers, but that it may not be consistently taught. The need to consider stakeholder perspectives is increasingly recognized across strategic management with researchers highlighting its relevance to entrepreneurship, environmental sustainability, merger and acquisition, and organizational politics, among others. For example, CEO of Proctor and Gamble, A.G. Lafley, stressed the need to consider stakeholders because politics can be stronger than economics. considering stakeholders offers firms the advantages of less price pressure and improved innovation and response to change. Given recognition of the increased importance of stakeholder analysis, an important question is how to integrate it into what is taught. This interdisciplinary session draws on the knowledge of scholars and educators who will share how they approach that question -- and will engage the audience about their own teaching tips.

SESSION 408

#### **COOPERATIVE STRATEGIES**

TRACK N	Date	Sunday, Sep 21
	Time	08:00 – 09:15 h
Interest Group Panel	Room	Helsinki

#### **Future Research Directions in Cooperative Strategy**

#### **Session Chair**

Ha Hoang, ESSEC Business School

**Panelists** 

Jay Anand, Ohio State University

Janet Bercovitz, University of Illinois-Urbana Champaign

Ha Hoang, ESSEC Business School

Dovev Lavie, Technion-Israel Institute of Technology

Kyle J. Mayer, University of Southern California

Peter Smith Ring, Loyola Marymount University

In this session, our panelists will discuss a broad spectrum of future research opportunities in cooperative strategies, including: psychological perspectives; value creation and value capture in repeated exchange relations; the choice among internal activities, collaboration, and acquisitions; relational capabilities, alliance organization, and partnering experience; managing alliance portfolios; and collaboration in emerging economies. The session will also engage audience members in identifying additional research questions along these themes.

SESSION 459

#### **BEHAVIORAL STRATEGY**

TRACK P	Date	Sunday, Sep 21
	Time	08:00 – 09:15 h
Interest Group Panel	Room	Lisboa

### Theoretical Foundations of Behavioral Strategy I Session Chair

Rhonda Reger, *University of Tennessee* Panelists

Pamela Barr, Georgia State University
Zur Shapira, New York University

Richard Whittington, *University of Oxford* 

As a relatively new interest group many SMS members are unclear about the scope and domain of the Behavioral Strategy Interest Group. Some erroneously believe we are only focused on work derived from the Behavioral Theory of the Firm. The nine panelists on the three BSIG Sunday panels will provide some of the rich theoretical foundations from psychology, sociology, behavioral decision theory, cognitive sciences, communications theory and more that define and enrich the Behavioral Strategy Interest Group.

#### **COMPETITIVE STRATEGY**

TRACK E	Date	Sunday, Sep 21
	Time	09:30 – 10:45 h
Interest Group Panel	Room	Viena

#### Frontiers of Value Capture Research: Complementary **Developments in the Theory and Empirics**

**Session Chair** 

Michael Ryall, University of Toronto

**Panelists** 

Victor Bennett, University of Southern California

Bruno Cassiman, IESE Business School

Denisa Constanta Mindruta, HEC-Paris

Tomasz Obloj, HEC Paris

Francisco Ruiz-Aliseda, Ecole Polytechnique

One of the central issues in Strategy is determining what drives firm performance when faced with competition. Since Brandenburger and Stuart's (1996) ground-breaking paper on value-capture strategies, we now have a better understanding of the value-creation/value-capture dichotomy and concepts such as agent added-value. But as the number of agents in a setting increases, empirical researchers face a challenge testing the theory since the number of objects that require measurement increases exponentially. A major research imperative for this line of work is to close the gap between theory and empirics. The purpose of this panel is to highlight recent developments on the cutting edge of this stream - both theoretical and empirical - that provide promising solutions for future research.

SESSION 390

#### **GLOBAL STRATEGY**

TRACK G	Date	Sunday, Sep 21
	Time	09:30 – 10:45 h
Interest Group Panel	Room	Glasgow

#### **Local Determinants of Competitive Advantage and** Disadvantage

Chairs

Sergio Lazzarini, Insper Institute of Education and Research Luiz Mesquita, Arizona State University

**Panelists** 

Curba M Lampert. Florida International University Gerald McDermott, University of South Carolina Aldo Musacchio, Brandeis University

Roberto Vassolo, Austral University

Strategy and international business scholars have become increasingly interested in local factors influencing or undermining competitive advantage. In this panel we examine this issue in three complementary ways. We first examine how patters of "turbulence" in the local economy-e.g. macroeconomic or industry-level shocks-can affect the selection and survival of firms. We then discuss how an important local player—the government—can affect competitive advantage. New forms of state capitalism have emerged involved not only state-controlled firms but also private firms and "national champions" supported by massive public debt or equity. Third, we revisit the notion of cluster-based development by describing complex public-private interactions leading to new capabilities, local upgrading, and insertion in global markets. We hope to stimulate novel research building on these themes or other region-specific factors that can crucially affect firm-level development, internationalization, and performance.

SESSION 312

#### STRATEGY PROCESS

TRACK H	Date	Sunday, Sep 21
	Time	09:30 – 10:45 h
Interest Group Panel	Room	Roma 1

#### Contributing to Strategy Process Scholarship and to the SMS Community: Honoring Steve Floyd and Bill Wooldridge

Chair

Xavier Castaner, University of Lausanne

**Panelists** 

Jay Barney, University of Utah

J Ignacio Canales, University of Glasgow

Steven Floyd, University of Massachusetts-Amherst

Tomi Laamanen, University of St. Gallen

Thomas P. Moliterno, University of Massachusetts-Amherst

Richard Priem, Texas Christian University

Bill Wooldridge, University of Massachusetts - Amherst

Panelists will speak about Steve Floyd and Bill Wooldridge's contributions to middle managers, strategy process and renewal research since 1988, as well as to the Strategy Process IG and SMS at large.

SESSION 463

#### KNOWLEDGE AND INNOVATION

TRACK I	Date	Sunday, Sep 21
	Time	09:30 – 10:45 h
Interest Group Panel	Room	Estocolmo

### **Big Data: Revolutionizing Innovation and Competition**

**Panelists** 

Jacques Bughin, McKinsey & Company Andrea Martin, IBM

Prasanna Tambe, New York University

According to some estimates, "Big Data" has the potential to create \$19 trillion in social and economic value over the next 10 years. Big data, which is now available in ever bigger quantities, increasing frequencies, and is generated from a variety of sources, is likely to become a critical driver of competition, productivity growth, and innovation. According to one study, big data is the "next frontier in innovation and competition". However, as firms look forward to creating value by transforming largevolume information into knowledge and valuable insights, several challenges related to data sharing and privacy, data security, intellectual property, and liability have emerged. This panel brings together experts from academia and practice to discuss how firms can overcome challenges related to their ownership of big data and big data assets to make better decisions, drive innovation, and create value.

SESSION 387

#### ENTREPRENEURSHIP AND STRATEGY

TRACK K	Date	Sunday, Sep 21
	Time	09:30 – 10:45 h
Interest Group Panel	Room	Moscu

#### Social Capital in Emerging Markets: Local, Glocal or Global?

Session Chair

Igor Filatotchev, City University London **Panelists** 

Anna Grosman, Aston University

Susanna Khavul, University of Texas-Arlington

Fei Qin, London School of Economics

Mike Wright, Imperial College London

There is a need for fine-grained understanding of the social capital as a phenomenon the contours of which depend on the type of institutional, political, or economic regimes. The panel will begin with consecutive presentations by leading entrepreneurship scholars on

a novel typology of social capital, with special focus on the social capital of returning entrepreneurs. We will



answer a recent call for further research into the 'dark side' of social capital and analyze how the social capital may have a negative impact on firm outcomes as it resists globalization. The theoretical underpinnings will be illustrated with evidence from China, Russia, India and other emerging economies. 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 different views of social capital.

SESSION 285

#### STRATEGIC HUMAN CAPITAL

 TRACK L
 Date
 Sunday, Sep 21

 Time
 09:30 – 10:45 h

 Interest Group Panel
 Room
 Copenhague

### Micro-foundations and Human Capital: The Power of Multiple Perspectives

**Session Co-Chairs** 

Anthony Nyberg, *University of South Carolina*Deepak Somaya, *University of Illinois-Urbana Champaign*elists

Rajshree Agarwal, University of Maryland
Teppo Felin, University of Oxford
Michael A. Hitt, Texas A&M University
Marvin Lieberman, University of California-Los Angeles
Frank T. Rothaermel, Georgia Institute of Technology

In the strategy field, a revolution in research on strategic human capital has gone hand in hand with a renewed focus on the micro-foundations of our theories. A common focus on people and their organizational context has led to a natural convergence between these two research streams. Nonetheless, scholars from different sub-fields and research traditions approach micro-foundations and human capital in fundamentally different ways and creating a dialog between these different perspectives is the very purpose of the strategic human capital interest group. This panel will bring together leading scholars from different strategy research domains to discuss the main assumptions, phenomena, methods and findings of each domain, as well as points of overlap and intellectual tension with other domains. The resulting cross-fertilization of ideas and methodological approaches promises to develop new insights, foster collaborations and invigorate the already vibrant canvas of research into micro-foundations and strategic human capital.

SESSION 293

#### **EXCELLENCE IN TEACHING**

TRACK T	Date	Sunday, Sep 21
	Time	09:30 – 10:45 h
Interest Group Panel	Room	Londres

### Researchers Hooked on Teaching / Teachers Hooked on Research

**Session Chair** 

Robert Wright, *Hong Kong Polytechnic University* Panelists

Ruth Aguilera, Northeastern University
Elena Antonacopoulou, University of Liverpool
Pamela Barr, Georgia State University
Joseph Harrison, Texas A&M University
Anita McGahan, University of Toronto
Corey Phelps, McGill University

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. Building on last year's very popular session we again bring together another 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 221

#### STAKEHOLDER STRATEGY, GLOBAL STRATEGY

 TRACK M, TRACK G
 Date
 Sunday, Sep 21

 Time
 09:30 – 10:45 h

 Interest Group Panel
 Room
 Paris

#### **Global Stakeholder Networks**

#### **Session Chair**

Jonathan Doh, *Villanova University*Panelists

Jonathan Doh, Villanova University Ans Kolk, University of Amsterdam Jennifer Oetzel, American University Maurizio Zollo, Bocconi University Maurizio Zollo, Bocconi University

The social and political environment in which MNCs and representatives of civil society organizations interact has become increasingly complex. As MNCs develop more concerted and strategic approaches to their stakeholders, they are confronted by a broad diversity of civil society actors that span geographic and temporal space, but are often linked together in overlapping networks of interest, issues and firm targets. Building on the conference theme of "Strategies in a Networked World", and specifically the theme track of "multi-level governance relationships in a networked environment", this panel seeks to explore the emergence, dynamics, and impact of global stakeholder networks. According to the call for papers under the multi-level governance relationships in a networked environment theme, "There is a need to better understand the multilevel governance relationships of multinational and not-forprofit firms." We intend for this panel to respond specifically to that call. As MNCs with substantial investment and presence locate, operate, and seek legitimacy and a license to operate in these various geographies, they are confronted by a constellation of local, regional, and global stakeholders, often working independently but just as often, in consort. Moreover, a given stakeholder - say an NGO - may interact with an MNC in multiple locations concurrently, often with different partners that represent interests at multiple levels. These interests may vary based on the project or activity in question, as well as myriad other considerations, such as culture, institutional development and ideology of the local government(s), and firm and stakeholder characteristics.

SESSION 460

#### **BEHAVIORAL STRATEGY**

TRACK P	Date	Sunday, Sep 21
	Time	09:30 – 10:45 h
Interest Group Panel	Room	Lisboa

### Theoretical Foundations of Behavioral Strategy II Session Chair

Shayne Gary, *University of New South Wales* Panelists

> Irene Duhaime, Georgia State University Shayne Gary, University of New South Wales Maurizio Zollo, Bocconi University

As a relatively new interest group many SMS members are unclear about the scope and domain of the Behavioral Strategy Interest Group. Some erroneously believe we are only focused on work derived from the Behavioral Theory of the Firm. The nine panelists on the three BSIG Sunday panels will provide some of the rich theoretical foundations from psychology, sociology, behavioral decision theory, cognitive sciences, communications theory and more that define and enrich the Behavioral Strategy Interest Group.

10:45 – 11:15 **COFFEE BREAK** 

#### **RESEARCH METHODS**

TRACK R	Date	Sunday, Sep 21
	Time	11:15 – 12:30 h
Interest Group Panel	Room	Malta

### Assessing the Broad Impact of Research

**Session Chair** 

VK Narayanan, *Drexel University* Panelists

Abby Ghobadian, *University of Reading*Michael A. Hitt, *Texas A&M University*Nicholas O'Regan, *University of the West of England* 

Impact of research is with us and is here to stay and there has already been a good deal of academic discussion and debate about this topic. What is needed now is additional consideration as to how we might learn from current practices so as to engage more fully and extend the opportunities that can be identified for how impact might be conceptualized, assessed and created. In this panel, we examine such questions as: the meaning of the term impact, perspectives, theoretical models and assessment schemes for impact In addition, we consider the potential risks of a narrow a focus on impact and how while this might lead to short term gains this might be at expense of larger benefits over the longer term.

SESSION 284

#### **COMPETITIVE STRATEGY, STRATEGY PROCESS**

TRACK E, TRACK H	Date	Sunday, Sep 21
	Time	11:15 – 12:30 h
Interest Group Panel	Room	Viena

# The Strategic Process and Competitive Dynamics of Industry Convergence

**Session Co-Chairs** 

Samina Karim, Boston University John Prescott, University of Pittsburgh

Panelists

Alfonso Gambardella, *Bocconi University* Anita McGahan, *University of Toronto* Johann Peter Murmann, *University of New South Wales* Fernando Suarez, *Boston University* 

Understanding how industries change has attracted considerable attention because it blurs industry boundaries, redefines the competitive landscape, creates opportunities for new strategies to emerge, destroys competitive advantages while solidifying others, challenges cognitive maps and establishes new institutional arrangements. In this session, expert panelists will bring us up-to-date on the phenomenon of industry convergence (IC) by sharing their perspectives regarding (1) the antecedents, dynamics, and consequences of IC; (2) how to conceptualize strategic management processes and how they may inform the dynamics of IC; (3) how scholars should evaluate the attractiveness of, and rivalry within, IC industries; and (4) promising research directions including theory development and empirical studies.

SESSION 401

### **CORPORATE STRATEGY**

TRACK F	Date	Sunday, Sep 21
	Time	11:15 – 12:30 h
Interest Group Panel	Room	Luxemburgo

# Research Synergies in Corporate Strategy and Entrepreneurship

**Panelists** 

Janet Bercovitz, University of Illinois-Urbana Champaign Sea-Jin Chang, National University of Singapore Igor Filatotchev, City University London James Robins, WU-Vienna

What concepts and methods from corporate strategy would be helpful to someone doing research on entrepreneurship? What ideas from

entrepreneurship would help a corporate strategy researcher? This session will build bridges between these two domains in strategic management through panelist presentations and small group discussion. The panelists have built connections between corporate strategy and entrepreneurship in their own research, enabling them to assist others in breaking out of silos. However, panelists will not be presenting papers, but rather addressing broader themes in the literature to stimulate cooperation across the domains.

SESSION 2

#### **GLOBAL STRATEGY**

TRACK G	Date	Sunday, Sep 21
	Time	11:15 – 12:30 h
Interest Group Panel	Room	Glasgow

### Offshore Outsourcing, Dynamic Capabilities, and the Changing Nature of Firm Boundaries

**Session Chair** 

Saikat Chaudhuri, *University of Pennsylvania*Panelists

Joydeep Chatterjee, University of Washington-Bothell Ram Mudambi, Temple University Harbir Singh, University of Pennsylvania Kannan Srikanth, Singapore Management University Alain Verbeke, University of Calgary

Research on offshore-outsourcing is increasing among scholars of strategy, organizations, international business, and innovation. While the study of motivations, processes, and outcomes surrounding offshore-outsourcing may itself be interesting, research on these endeavors also provides important insights on the fundamental organizational phenomena underlying them. Using multiple theoretical lenses, this Panel Session will examine work on offshore-outsourcing which contributes to our understanding of organization design and the disaggregation of activities in the value chain – in particular the delineation of firm boundaries, task division, dynamic capability building, knowledge transfer, intellectual property regimes, coordination, and incentives. The interactive Panel is designed to familiarize scholars with the theoretical and analytical issues in studying offshore-outsourcing, identify promising lines of inquiry, and foster a community to cohesively advance knowledge on the topic.

SESSION 464

#### KNOWLEDGE AND INNOVATION

TRACK I	Date	Sunday, Sep 21
	Time	11:15 – 12:30 h
Interest Group Panel	Room	Estocolmo

# Foundations Session: A conversation with Michael Tushman on Leadership, Innovation and Strategic Change

**Session Co-Chairs** 

Yeongsu Kim, INSEAD Sorah Seong, INSEAD

**Panelists** 

Michael Tushman, Harvard University

This session continues an emerging tradition within the K&I interest group to invite foundational scholars in the field of strategic management, whose influential work encompasses strategy, organizational knowledge and innovation. This year, we are delighted to present Michael Tushman as our guest of honor. The session will focus on the topics of leadership, innovation, and strategic change from the perspective of one of the field's foundational contributors. There will be an opportunity for general Q&A at the end. A portion of the questions will be collected in advance from the K&I community.



#### STRATEGY PRACTICE

TRACK J	Date	Sunday, Sep 21
	Time	11:15 – 12:30 h
Interest Group Panel	Room	Oslo

### Non-market Strategy Practice and Competitive Advantage

**Session Co-Chairs** 

Thomas Lawton, *The Open University* Bennet Zelner, *University of Maryland* 

**Panelist** 

Jean-Philippe Bonardi, *University of Lausanne* Jonathan Doh, *Villanova University* Jennifer Oetzel, *American University* Susan Perkins, *Northwestern University* Tazeeb Rajwani, *Cranfield University* 

Firms are embedded within the social, regulatory and economic environment in which they operate. But strategy practitioners often do not know how to deal with these nonmarket contexts and respond with practices that may be obsolete or ineffective. This is particularly evident in a multipolar world economy and foreign market contexts. We will comment on the theoretical and methodological diversity that exists in the study of nonmarket strategy and, specifically, how it interacts with competitive strategy. The logic of this session is that the practice of nonmarket strategy – manifest as corporate political activity (CPA) activities and corporate social responsibility (CSR) initiatives – need to be structurally aligned, both with each other and with business strategy, if they are to add real value and underpin competitive advantage. Furthermore, strategy for industry and market competition and strategy for political and social contexts must be equally attuned with corporate vision, values and objectives.

SESSION 462

#### **ENTREPRENEURSHIP AND STRATEGY**

TRACK K	Date	Sunday, Sep 21
	Time	11:15 – 12:30 h
Interest Group Panel	Room	Moscu

### Crowdfunding: State of the Art and Directions for Future Research

Chair

Massimo Colombo, *Polytechnic University of Milan* Panelists

Gary Dushnitsky, London Business School

Christina Guenther, WHU Otto Beisheim School of Management Ethan Mollick, University of Pennsylvania

Cristina Rossi Lamastra, Polytechnic University of Milan

Crowdfunding is now booming phenomenon with the potential to radically change the seed stage funding of entrepreneurial projects. According to the last Crowdfunding Industry Report, the capital raised through crowdfunding reached 2.7 billion dollars from over 1 million campaigns, representing an 81% increase over 2011 (Massolution, 2012). Unsurprisingly, there is an increasingly scholarly interest on crowdfunding, which is both an interesting phenomenon and a context suitable for testing empirical research. The aim of this special section is to put together entrepreneurship scholars interested in crowdfunding to take stock of current research on the topic and to outline future research directions. The panelists and discussants will cover diverse topics including timing of the decision to crowdfund ideas; the role of reputation in crowdfunding; and entrepreneurship without gatekeepers: crowdfunding, gender, and social constraints.

SESSION 281

#### STRATEGIC HUMAN CAPITAL

TRACK L	Date	Sunday, Sep 21
	Time	11:15 – 12:30 h
Interest Group Panel	Room	Copenhague

## New Frontiers: CSR, Ethics and Human Capital Session Co-Chairs

David Kryscynski, *Brigham Young University*Deepak Somaya, *University of Illinois-Urbana Champaign* 

Caroline Flammer, University of Western Ontario

Aleksandra Kacperczyk, MIT

David Kryscynski, Brigham Young University

Deepak Somaya, University of Illinois-Urbana Champaign

In this panel, we seek to examine a new frontier at the cutting edge of research and practice in strategic human capital, which would be organized around different topics each year. This year, the New Frontiers panel will focus on the increasing links between firms' human capital strategies/ advantages and the "pro-social" (or anti-social) motivations and actions of both firms and employees. The panel comprises of scholars who are forging new directions in research within this space, including in such areas as employee ethics with respect to consumers, CSR orientation and firm performance / innovation, corporate philanthropy and human capital, and the strategic use of pro bono / volunteer programs. Brief presentations of insights from the research of each panelist will be followed by round table discussion, including comments from other attendees. This panel also holds potential interest for members of the Stakeholder Strategy interest group.

SESSION 290

#### **EXCELLENCE IN TEACHING**

TRACK T	Date	Sunday, Sep 21
	Time	11:15 – 12:30 h
Interest Group Workshop	Room	Londres

## Lifelong Learning: Finding New Collaborative Models to Groom the Next Generation of Leaders

Session Chair

Paulo Prochno, *University of Maryland* Panelists

Marta Elvira, IESE Business School

Luciano Oviedo, Intel Corporation

What are the current needs for lifelong learning from the perspective of executives and consultants? What is the role that business schools can play to fulfill those needs? From these two broad questions, the session will explore how companies and business schools can collaborate to prepare the next generation of leaders, beyond the usual offerings of degree programs. The aim of the session is to "take stock" on what has been done so far but, more importantly, generate novel modes for the future.

#### STAKEHOLDER STRATEGY

TRACK M	Date	Sunday, Sep 21
	Time	11:15 – 12:30 h
Interest Group Panel	Room	Paris

#### The Questions Stakeholder Theory Does or Could Answer Best

**Session Chair** 

Doug Bosse, *University of Richmond* Panelists

Jay Barney, *University of Utah* Timothy Devinney, *University of Leeds* Richard Priem, *Texas Christian University* Heli Wang, *Singapore Management University* 

Each panelist will briefly share his/her ideas regarding the important research questions stakeholder theory is best suited to address, and then engage with the audience in a discussion about additional ideas that may be additive, complementary, and/or contradictory. The moderator will direct the flow and keep the conversation moving.

SESSION 427

#### **COOPERATIVE STRATEGIES**

TRACK N	Date	Sunday, Sep 21
	Time	11:15 – 12:30 h
Interest Group Panel	Room	Helsinki

### **Research Methods in Cooperative Strategy**

**Session Chair** 

Ravi Madhavan, *University of Pittsburgh* Panelists

Ralph Heidl, Michigan State University
Denisa Constanta Mindruta, HEC-Paris
Denisa Constanta Mindruta, HEC-Paris
Anne Parmigiani, University of Oregon
Laura Poppo, University of Kansas
Libby Weber, University of California-Irvine

Scholars interested in the antecedents, processes and consequences of strategic alliances and inter-firm relationships rely on a wide array of research methods – large-sample studies employing regression analysis, network analyses, case studies, and meta-analyses, to name just a few. This panel will address the state-of-the-art with respect to research methods in this area. What are some of the newer methods that scholars of alliances and inter-firm relationships should be familiar with? What kind of problems can be addressed using these methods? Are there interesting problems in cooperative strategy that currently lack appropriate methods – and if so, from where might we borrow suitable methods? Join us for a stimulating discussion of these and related issues.

SESSION 476

#### STRATEGIC LEADERSHIP AND GOVERNANCE

TRACK O	Date	Sunday, Sep 21
	Time	11:15 – 12:30 h
Interest Group Presentation	Room	Monaco

### The Dark Side of Strategic Leadership and Governance Session Chair

Donald Schepker, *University of South Carolina*Panelists

Arijit Chatterjee, ESSEC Business School Gerry Sanders, University of Texas - San Antonio Karen Schnatterly, University of Missouri

This panel of scholars will focus on when strategic leadership and corporate governance fail to deliver the results desired by shareholders or other firm stakeholders. Strategic leadership and governance research usually examines how top managers and governance mechanisms can improve firm performance. However, some top managers steward their firms to poor outcomes including illegal activities or fraud. Firm governance sometimes fails to stop or even exacerbates these poor outcomes. The session will be wide ranging including bad leaders (e.g., sociopathic, extremely self-interested, etc.) and dysfunctional governance.

SESSION 461

#### **BEHAVIORAL STRATEGY**

TRACK P	Date	Sunday, Sep 21
	Time	11:15 – 12:30 h
Interest Group Panel	Room	Lisboa

# Theoretical Foundations of Behavioral Strategy III Session Chair

Rhonda Reger, University of Tennessee

Panelists

William Ocasio, Northwestern University Rhonda Reger, University of Tennessee

Nonda Reger, University of Tennessee
Violina Rindova, University of Texas-Austin

As a relatively new interest group many SMS members are unclear about the scope and domain of the Behavioral Strategy Interest Group. Some erroneously believe we are only focused on work derived from the Behavioral Theory of the Firm. The nine panelists on the three BSIG Sunday panels will provide some of the rich theoretical foundations from psychology, sociology, behavioral decision theory, cognitive sciences, communications theory and more that define and enrich the Behavioral Strategy Interest Group.

12:30 – 13:30 **LUNCH** 



## PLENARY TRACK, EXECUTIVE DISCOVERIES SERIES

 TRACK Q, TRACK X
 Date
 Sunday, Sep 21

 Time
 13:45 – 14:30 h

 Plenary Panel
 Room
 Madrid

Keynote: Lifetime Achievement Award

Speaker

Paul Polman, Unilever



Paul Polman has been Chief Executive Officer since 1st January 2009. Under his leadership Unilever has set out an ambitious vision to double its size while reducing its overall environmental footprint and increasing its positive social impact. Paul Polman is Chairman of the World Business Council for Sustainable Development, a member of the

International Business Council of the World Economic Forum and serves on the Board of the UN Global Compact. He is also on the Board of the Global Consumer Goods Forum. At the invitation of the UN Secretary General, he recently served on the High Level Panel of Eminent Persons looking at the Post 2015 Development Agenda and previously acted as co-chairman of the B20 group of companies reporting to the G20 on Food Security. He is a member of the European Resource Efficiency Platform chaired by Environment Commissioner Janez Potocnik, and has agreed to serve at the invitation of former Mexican President, Felipe Calderon, on the International Council of the Global Commission on the Economy and Climate. He was recently asked by the UK Prime Minister to be a British Business Ambassador. In recognition of his contribution to responsible business, Paul is a former recipient of the Atlantic Council Award for Distinguished Business Leadership and the CK Prahalad Award for Global Sustainability Leadership. Last year he received the World Wildlife Fund Duke of Edinburgh Conservation Medal and has just been awarded a Lifetime Achievement Award by the Rainforest Alliance. Paul Polman began his career at Procter & Gamble in 1979, holding many senior executive positions, including Group President of Europe. He moved to Nestle in 2005, where he was the Chief Financial Officer and Executive Vice President for the Americas. He earned a BBA/BA from the University of Groningen, Netherlands, in 1977 and an MA Economics and MBA financel international marketing from the University of Cincinnati in 1979.

# PLENARY TRACK, EXECUTIVE DISCOVERIES SERIES

 TRACK Q, TRACK X
 Date
 Sunday, Sep 21

 Time
 14:30 – 15:15 h

 Plenary Panel
 Room
 Madrid

**♦** Keynote: CK Prahalad Award

Speaker

Henry Mintzberg, McGill University



Henry Mintzberg is currently the John Cleghorn Professor of Management Studies Strategy and Organization at McGill University. He joined McGill's Faculty of Management in 1968 and was awarded the Bronfman Chair in 1982. In addition to teaching at McGill, he has been a Visiting Professor at the Université d'Aix Marseille (France), Carnegie-Mellon

University, École des Hautes Études Commerciales (Montreal), the London Business School (England) and INSEAD (France). He holds a joint appointment at INSEAD in France. Henry Mintzberg is also a former President of the Strategic Management Society. His well-known books include The Nature of Managerial Work (1973), The Structuring of Organizations (1979), Power In and Around Organizations (1983), The Strategy Process (1988, 2nd ed. 1991), and Mintzberg on Management: Inside Our Strange World of Organizations (1989). Henry Mintzberg's current research interests are general management and organization, including the process of strategy formation, the design of organizations and the impact of design on organizations.

15:15 – 15:45 **COFFEE BREAK** 



### **BUSINESS MODEL INNOVATIONS**

Session Chair	Christopher Kulins, Leibniz U	niversity of Hanover
Paper	Room	Viena
	Time	15:45 – 17:00 h
TRACK A	Date	Sunday, Sep 21

#### **Business Model Innovation in New Ventures**

Christopher Kulins, Leibniz University of Hanover

Although business model innovations are considered as an important source for achieving competitive advantage, little research has been conducted on how business model innovations in new ventures evolve and how the process can be managed. Drawing on insights from eight in-depth inductive case studies and process models from innovation literature, we offer guidance on how to structure a new venture's business model innovation process. The suggested framework distinguishes between an observation, ideation, validation, implementation and expansion phase. In this context, several different challenges can be identified, whereat inter-organizational resource transfer, thoughtful experimentation and validation are crucial to overcome these challenges.

## Managing Business Model Innovation in an Era of **Change and Networks**

Ignitia Motjolopane, University of Witswatesrand

The only constant is change itself. In the business environment the winds of change are generated by factors including changing customer needs, deregulation and technological advancement that includes the networkera. In the blowing winds of change business model innovation is the navigator towards finding new ways to make money using differentiated business models to compete effectively, survive and grow. However there is limited literature providing insights on how companies manage business model innovation to compete effectively. This paper suggests that managing business model innovation to compete effectively could entail using a continuous 4I-2M business model innovation process, understanding business model innovation drivers and business model components. Initial findings indicate that the business model canvas or the housing analogy was used to visualise the business model.

## **Strategic Posture and Business Model Innovation:** An Exploration of Predictive Relationships in **Manufacturing SMEs**

Oussama Ammar, SKEMA Business School Philippe Chereau, SKEMA Business School

Business model innovation (BMI) has been the key driver of success for many companies seeking a differentiable competitive advantage. Accordingly, firms tend to adopt specific strategic postures and follow specific innovation behaviors to achieve their strategic objectives. This research explores the differentiated propensity to innovate in business model, and the innovation interactions between business model components among strategic postures. To this aim, we designed a composite model borrowing from Miles and Snow's strategic adaptive cycle and Demil and Lecocq's RCOV Framework. We aim to study the differentiated dynamics of BMI in manufacturing SMEs, and provide guidance to SMEs managers regarding the attributes of a firm's innovation behavior leading to BMI.

### The Opportunity Shaping Process: Demand Side Influences on New Venture Business Model **Innovation**

Jon Carr, Texas Christian University Richard Priem, Texas Christian University

This proposal seeks to develop a theoretical model focused on the role of customers on business model innovation within the entrepreneurship context. Specifically, our model is centered on the integration of research on the demand side with research on business model innovation. We suggest that business model innovation can be influenced by an "opportunity shaping process", which we define as an iterative process whereby customer signaling cues shape how the entrepreneurial firm adapts their initial opportunity and refine their value propositions subsequent to new venture launch. Additionally, we theorize that organizational structural dimensions such as formalization and centralization can help or hinder the ability for the entrepreneurial team to successfully engage in business model innovation. This, in turn, is likely to influence firm performance.

SESSION 406

## THEORETICAL STUDIES OF PLATFORM **STRATEGIES**

TRACK C	Date	Sunday, Sep 21
	Time	15:45 – 17:00 h
Paper	Room	Luxemburgo
Session Chair	Markus Reisinger, WHU - Otto Beisheim School of Management	

## Explaining Platform Value: Usage and Membership Effects, Developers' Competition for **Buyers, and Platform Strategies**

Claudio Panico, Bocconi University Carmelo Cennamo, Bocconi University

The network size has been considered a main driver of value creation in platform markets. Recently, distinct authors have started challenging the logic that value is solely defined by the size of the network, suggesting that the quality of complementary goods provided by external developers is an important driver of platform value. Yet, we know little about the developer's incentives for producing high quality goods; of the effects of the competition for users that join the platform; of the intensity but also of the different types of network effects; and ultimately of how platform strategies enter into the picture. We analyze formally these issues, linking the developers' competition and the platform's strategy and distinguishing between usage and membership (indirect) network effects.

## Make-or-Buy Decisions in Platform Markets

Markus Reisinger, WHU - Otto Beisheim School of Management Miriam Zschoche, WHU - Otto Beisheim School of Management

This paper considers a game-theoretic model of a two-sided market in which platforms can either develop an essential input, such as an operating system (OS) for hardware devices, on their own or buy the input from an external supplier. The model incorporates indirect network externalities from software developers on users and vice versa. Developing the OS itself has the advantage that the platform later controls the price on the user and the developer side which facilitates coordination. By contrast, buying the OS leads to greater network externalities because the number of applications will be larger. We show that an asymmetric equilibrium exists in which platforms pursue different strategies. Hence, the market does not tip although network effects are large. This result contains profound managerial implications.

## Market Hierarchies As a Systemic Source of **Organizational Performance**

Mikko Jääskeläinen, Aalto University Hana Milanov, Technical University Munich

Building on the current research on social evaluations of organizations, we propose that established markets have an inherent, allocation-based mechanism that leads to winner-takes-most outcomes. We develop a formal model of hierarchical market allocation, and with a dynamic simulation of this model, we derive the proposition that given nonrandom preferences among a relevant audience, there emerges a hierarchy among organizations that affects resource and opportunity allocation. This hierarchical allocation ultimately results in disproportional rewards for high-ranking organizations. The results imply that while the basis of the social evaluations may differ between the related concepts of reputation and status, both share a common industry-level mechanism that affects organizations' performance.

### **Network Externalities Revisited**

Fernando Buendia, Monterrey Institute of Technology

This article revises the conditions that the literature on network externalities has established for the adoption process of two competing technologies to settle down either on 100/0 or on 0/100 with probability 1. Specifically, it shows that these outcomes depend on the assumption that consumers will adopt the technology that a large number of consumers have already adopted, thus expectations are given in advance and, consequently, uncertainty and different levels of strength of network effects are eliminated implicitly from the model. To solve this problem, this paper introduces a series of network-based arbitrary functions and proves that this kind of functions are more realistic for they introduces an adequate level of uncertainty and other important parameters to the model of markets subject to network externalities.

## STAKEHOLDERS, BOARD OF DIRECTORS AND **COMPETITIVE STRATEGY**

TRACK E Date Sunday, Sep 21 15:45 - 17:00 h Time **Paper** Room Roma 2 **Session Chair** Sai Yayavaram, Indian Institute of Management

Bangalore

### An Extension of the VCA Model to Estimate Stakeholder Value Appropriation

Roberto Garcia-Castro, IESE Business School Marvin Lieberman, University of California-Los Angeles Natarajan Balasubramanian, Syracuse University

There is a renewed interest in the relationship existing between stakeholder theory and the dynamics of value creation and appropriation. Further advancements in this field are arguably impeded by an incomplete conceptualization and measurement of value. In this paper we build on Lieberman and Balasubramanian's value creation-appropriation model (VCA) and we show that not only can customers, suppliers and managers be incorporated into the VCA baseline model but also that their economic gains can be estimated using publicly available data. We analyze the major U.S. airlines companies to illustrate how the model works and how it can contribute to stakeholder management research.

## **Business Growth vs. Organizational Development** Reflected in Strategic Management of Polish **Enterprises**

Anna Witek-Crabb, Wroclaw University of Economics

Growth and development refer to different processes in organizations. Not every growth leads to organizational development and not every development is demonstrated in company's growth. This paper seeks to answer the question about the relationship between company's growth and its organizational development. Is quantitative increase in size associated with management transformation, qualitative change and increased excellence and maturity in studied companies? The study was carried out in 150 Polish small, medium and large companies. It concentrated on establishing whether bigger companies demonstrate more integrity, systems approach and adaptability in their strategic management. The three were the chosen criteria of the organizational development.

### **Effect of Political Directors on Profit Persistence: Evidence from India**

Kshitij Awasthi, Indian Institute of Management-Bangalore Sai Yayavaram, Indian Institute of Management Bangalore Rejie Pallathitta, Indian Institute of Management-Bangalore Trilochan Sastry, Indian Institute of Management, Bangalore

There has been an increasing interest in the role of Corporate Political Activity (CPA) as an important component of firm strategy. CPA is especially important in emerging economies in generating influence rents. However, the empirical evidence on the relationship between CPA and firm performance has been mixed. Further, there has not been much effort on examining its effect on persistence in firm performance. Using a unique panel dataset of candidates elected at either national or state level in India and looking at their membership of board of directors of both listed and unlisted firms, we examine the effect of political directors on firm performance persistence. Our preliminary results indicate that political directors have a positive effect on performance persistence.

## Heroine or Outsider? The Role of Women Executives in Multimarket Competition

Tieying Yu, Boston College Dan Li. Indiana University Albert Cannella Jr, Arizona State University Jianer Zhou, Boston College

According to the "mutual forbearance hypothesis", as the degree of multimarket contact (MMC) between rivals increases, their aggressiveness towards each other is reduced because of the possibility of cross-market retaliation. Scholars have identified many contingencies which may govern the effect of MMC on rivalry reduction. No effort however has explored how the presence of women in a company's top management

team impacts the enactment of its mutual forbearance strategy. Drawing insights from social homophily and social identity theory, we suggest that due to women executives' limited access to the inner circle of the industry and their stronger motivation to confirm others' high opinions of them, firms led by women executives are more likely to disrupt the status quo, thus weakening the rivalry dampening effect of MMC.

SESSION 398

### CORPORATE STRATEGY, EXECUTIVE DISCOVERIES SERIES

TRACK F. TRACK X Date Sunday, Sep 21 Time 15:45 - 17:00 h Interest Group Panel Room Madrid

## **Corporate Strategy and Corporate Finance: Continuing the Research Conversation**

Session Chair

Todd Alessandri, Northeastern University **Panelists** 

Asli Musaoglu Arikan, Kent State University

Jay Barney, University of Utah Timothy Devinney, University of Leeds

Javier Gimeno, INSEAD

Douglas Miller, University of Illinois-Urbana Champaign

Jeffrey Reuer, Purdue University

Metin Sengul, Boston College

Edward Zajac, Northwestern University

This panel session features presenters with a wide range of theoretical and empirical research streams that integrate financial economics in various ways. Each panelist will briefly speak to an issue in corporate strategy that intersects with the corporate finance literature, highlighting both complementarities and contrasts between strategy and finance research. Then, panelists will join attendees at semi-structured roundtable discussions intended to build community among likeminded scholars by sharing feedback on brief research outlines. Registration is not required, but attendees will be invited to submit research outlines for discussion.

SESSION 371

### INTER AND INTRA ORGANIZATIONAL LEARNING ACROSS BORDERS: A KNOWLEDGE MANAGEMENT PERSPECTIVE

TRACK G Date Sunday, Sep 21 Time 15:45 - 17:00 h Paper Room Glasgow **Session Chair** Jennifer Oetzel, American University

### Formal and Informal Institutional Distance as Barriers to Vicarious Learning in Cross-border Acquisition **Processes**

Mirko Benischke, Erasmus University

Drawing on theories of vicarious learning, this paper offers an alternative explanation of cross-border acquisition completion. Employing a sample of 3145 cross-border acquisitions announced by US manufacturing firms between 1993 and 2010, we find that MNCs can vicariously learn from the cross-border acquisition activity of others. Moreover, we also find that vicarious learning is contingent upon the formal and informal institutional distance between home and host countries. Our empirical results support our theoretical predictions, which emphasize the importance of vicarious learning when explaining cross-border acquisition completion.

## International and Domestic University-Industry Linkage: Impact on Firm Technological Performance

Shinya Suzuki, National Institute of Science and Technology Policy Although previous studies have given considerable attention to collaborative research between firms and universities, it is not sufficiently investigated whether there exists any difference between collaborations with foreign

universities and those with domestic universities. In this study, we first

examine impact of University-Industry joint research on firm technological performance, distinguishing international and domestic joint research. We then



propose factors that affect the relationship between University-Industry joint research and firms' technological performance, focusing on the roles of research quality of partner universities and firms' production facilities in the country of partner universities, which are expected to differently affect international and domestic joint research. We test our hypotheses on a panel dataset of 804 Japanese firms from 14 manufacturing industries for the period of 2003-2009.

## Intra- and Inter-Organizational Learning and Firm **Response to Natural Disasters**

Chang Hoon Oh, Simon Fraser University Jennifer Oetzel, American University Canfei He, Peking University

This proposal outlines the research objectives, sample and data for a multi-year study on firm response to natural disasters in China. We have collected extensive data on foreign firm presence in China between 1955 and 2008 and merged these with data on all natural disasters in China between 1979 and 2008 and several census datasets from China from 1991 and 2008. Analysis of these data, which will take place over the coming months, will focus on which firms are better able to manage during major natural disasters and whether intra- and inter-organizational learning around disaster management takes place. Also of interest is the role of sub-national institutions and economic conditions in China and how they impact firms' ability to respond to natural disasters.

### The Paradox of Expanding Knowledge Reach within the MNE

Shad Morris, Brigham Young University Bijuan Zhong, Ohio State University Mona Makhija, Ohio State University

While some scholars have suggested MNEs to be superior to markets for managing knowledge across geographical boundaries, how they actually accomplish this has not been fully considered. We address this void by developing a model that highlights the critical role of incentives in enhancing employees' internal search and use of knowledge. Data from 166 knowledge-intensive projects indicate that, in contrast to process-related incentives that influence more local search, outcomerelated incentives motivate employee teams to reach well beyond their immediate location, which in turn enhances performance. Paradoxically, expanded reach also increases the likelihood of accessing more codified knowledge, seen to hurt performance. We propose ways for managers to navigate the contradictions inherent in the relationship between global knowledge reach and performance.

SESSION 380

## **SMALL, YOUNG AND ENTREPRENEURIAL FIRMS:** A UNIQUE PERSPECTIVE IN GLOBALIZATION

Paper	Room	Malta
	Time	15:45 – 17:00 h
TRACK G, TRACK K	Date	Sunday, Sep 21

Sheryl Winston Smith, Temple University **Session Chair** 

### **Entrepreneurial Orientation and Performance across National Contexts: Universal Concepts and Universal Relations?**

Tina Claudia Ambos, University of Sussex Thorsten Semrau, University of Cologne Sascha Kraus, University of Liechtenstein

Prior research has identified entrepreneurial orientation (EO) as a culturally universal concept that serves as a basis for a sustainable competitive advantage and is positively associated with business performance. Despite a multitude of investigations on the relationship between EO and performance in different national contexts, hardly any studies have provided cross-national comparisons and there is a dearth of research on which contingencies on a country-level may influence this relationship. Our study proposes and tests such a contingency framework. Based on a sample of 2,495 firms from 7 national contexts, we show how differences in the regulative institutional framework and cultural performance orientation serve as contingencies for the relationship between EO and performance. The study thus contributes to our understanding of the interplay between strategic orientation and national context differences, and extends our knowledge on the universality of the EO-performance link.

### Skills and Innovation of Small Foreign and **Domestic Firms**

C. Annique Un, Northeastern University

We argue that small subsidiaries are outsiders in the MNE and hostcountry social networks and as a result tend to be less innovative than small domestic firms. However, we also propose that because their skilled employees are less socially embedded than those employed by domestic firms and thus less are relationally and cognitively constrained by social networks, they are better at new knowledge search and, as a result, small subsidiaries generate more innovations from their skilled employees than small domestic firms. The empirical analysis of 540 manufacturing firms supports our arguments.

## Surviving Domestically by Early Expansion Abroad: The Role of Quality Signaling

Grigorios Livanis, Northeastern University Anna Lamin, Northeastern University

We examine how early vs. late internationalization to developed countries affects the survival of entrepreneurial firms from an emerging economy. Our context is the Indian software industry and we show how the geographic strategies of these firms are not independent, but intertwined with their ability to obtain a quality certification, which jointly affect their survival. We test our arguments with a sample of 798 firms from the Indian software services industry. We find firms that internationalize early are more likely to have a quality certification and vice-versa, supporting our argument that there are significant interrelationships between these strategies. And both quality certification and early internationalization increases firm survival.

## The Contribution of Global Venture Capital to Startup Innovation: The Role of Legal Environments

Elisa Alvarez-Garrido, Georgia State University

This proposal posits that venture capital as an institution serves to smooth some of the differences across national legal regimes, but not all. I ask whether the positive effects of VCs on the innovative performance of U.S. startups are present abroad, and explore the extent to which these effects depend on the startup's legal environment, which is the external environment where the startup's innovative processes unfold. I focus on two distinct facets of the startup's legal environment—regulatory quality and rule of law—and I leverage the context, which provides two innovative outcomes—scientific publication and patents—that are affected by the legal environment in different ways.

SESSION 203

#### ACQUISITION IMPLEMENTATION

TRACK H, TRACK X	Date	Sunday, Sep 21
	Time	15:45 – 17:00 h
Paper	Room	n Bruselas
Session Chair	Kimberly Ellis, Florida Atlantic University	

## Geographic Proximity and M&A Integration in Related **Deals**

Heather Parola, Florida Atlantic University Kimberly Ellis, Florida Atlantic University Peggy Golden, Florida Atlantic University

Prior research has emphasized the need to uncover the success factors of merger and acquisition integration. Building on recent work highlighting the effects of geographic proximity in the selection process, we argue that geographic proximity between the acquiring firm and target firm facilitates familiarity and communications, promoting integration performance. Additionally, we argue that this relationship is moderated by the target firm's status as a private firm, and process level factors such as integration level, integration speed, and informational justice. In our sample of 184 large related deals, we find support the positive role of geographic proximity in the integration process. Additionally, we find support that the target firm's status, integration level, and integration speed moderate the relationship, but not always in ways hypothesized.

### **Managing Parallel Integration Processes:** An Attention-Based View

Steffen Wagner, University of St. Gallen Xena Welch Guerra, University of St. Gallen

Acquisition research thus far has yielded amplitudes of valuable insights on the integration processes of acquired targets. Yet this research exclusively focused on the integration of individual targets, neglecting the fact that many acquirers deal with multiple integration processes in parallel. In order to better understand the performance of serial acquirers, we develop a conceptual model to explain what impedes and what fosters the performance in parallel integration processes. To derive our propositions, we build on the attention-based view and propose different qualitative layers of organizational capacity limits.

### **Network Brokers as a Resource for Ensuring Acquisition Integration**

Nicola Mirc, University of Toulouse 1 Capitole Philippe Very, EDHEC Business School

The paper addresses the role of network brokerage in the integration of mergers and acquisitions (M&A). Brokers, as individuals that connect different unrelated sub-groups of a network, can play essential roles in M&A integration since their positions at the intersection of both organizations provides them with particular opportunities to promote inter-organizational relations during the post-acquisition period. Building on an empirical case study, we identify several structural properties of what we refer to as "acquisition brokers", i.e. internal network centrality and structural autonomy. Our findings lead us to extent the literature on human-related phenomena in merger integration, proposing a novel perspective on the notion of key people in M&A.

### The Post-Acquisition Integration Process and the Role of the Integration Manager: A Social Network **Perspective**

Manuel Schwerdtfeger, Leibniz University of Hanover Christiana Weber, Leibniz University Hanover

This study of the integration process during acquisitions focuses on the role of the integration manager as knowledge broker in establishing "key social ties" between the acquirer and the target, and the influence of its social capital on the outcome of this process. By conducting in-depth interviews with integration managers of multinational companies, our preliminary results show that the integration manager as knowledge broker, is able to establish those social ties, thereby facilitating the transfer of important tacit knowledge. As a result, the integration process becomes more efficient and effective, resulting in a more successful acquisition. Our implications show that it is the integration managers' role as knowledge broker and its social capital that help to explain the hybrid findings concerning acquirer returns in acquisitions.

SESSION 270

### INNOVATION IN MNCS AND GLOBAL NETWORKS

TRACK I, TRACK G	Date Time	Sunday, Sep 21 15:45 – 17:00 h
Paper	Room	Estocolmo
Session Chair	Lucia Piscitello, Polytechnic University of Milan	

## **Fueling Innovation Performance through Diversely Distributed Networks at International Level**

Blanca L. Delgado-Márquez, University of Granada Eulogio Cordon Pozo, University of Granada Nuria Esther Hurtado Torres, University of Granada

MNCs have a unique position to access diverse sets of knowledge across their intra- and inter-organizational networks in order to generate innovations and combinations of existing knowledge. This paper aims to analyse whether the diversity of inter- and intra-organizational networks contribute to the enhancement of subsidiaries' innovation performance. The analysis is based on panel data of 1100 subsidiaries of MNCs operating in Spain for 2008-2011. The empirical findings allow confirming the importance of network diversity. Our results show that intraorganizational network diversity has a significant impact on innovation performance. Therefore, our results lead us to conclude that innovation is largely induced by opportunities for collaboration with partners of interorganizational network from different backgrounds and knowledge bases, as well as with different geographical locations.

## Overcoming the Liability of Peripherality in **Multinational Subsidiary Networks**

Lisa Gaerber, Stanford University Anil Gupta, University of Maryland Riitta Katila, Stanford University

We follow a network-based approach to examine the conditions under which peripherality is conducive to the generation of subsidiary innovations. Using data on three MNE intrafirm networks, we find that peripherality promotes innovation if two other aspects of a subsidiary's ego network, alters network position and network cohesion, are included as moderators of the relationship between peripherality and innovation. Our results highlight that peripheral subsidiary innovation is greater if alters peripherality is high, and if the peripheral subsidiary is embedded in a cohesive network. Further, our results show that peripheral subsidiary innovation is highest if both alters peripherality and network cohesion are high.

## Solution's Modularity as Antecedent to Distributed Work Arrangements: The Mirroring Hypothesis and its Relationship to Firm Performance

Juan Madiedo, IE Business School Fabrizio Salvador, IE Business School

Multinationals have relied on product modularity as means for easing responsibility allocation and work coordination among the members of their global network of facilities. Despite the widespread adoption of both, product modularity and distributed work arrangements, little is known about the way they relate to each other and how they interact to affect firm performance. Drawing on the modularity literature and specifically on what researchers refer to as the mirroring-hypothesis; we argue that the degree of modularity of the solution used for the company in a project is related to the extent it distributes work among different facilities. We also contend that such relationship is contingent on the level of experience of the project's manager and that the three factors combine to affect firm performance.

### **Utilizing Internal and External Resources: Does Firm** Scope Matter?

Nandini Lahiri, Temple University Sriram Narayanan, Michigan State University

Firms are increasingly pursuing multiple approaches in search of superior innovations. These include bolstering internal technological and geographical resources; and gaining external resources through the pursuit of partner alliances. However, less is known about how a firm's vertical scope plays a role in leveraging internal and external resources for superior innovation performance. We examine the critical issue of how vertically integrated firms differ from their vertically specialized counterparts in leveraging internal and external resources using a novel dataset of 282 semiconductor firms over the years 1991-2002 collated from multiple sources. Overall, our analyses unearths trade-offs for vertically integrated vs vertically specialized firms in leveraging both the internal and external resources for superior innovation.

SESSION 275

### **OPEN INNOVATION: OUTCOMES AND ANTECEDENTS**

TRACK I	Date	Sunday, Sep 21
	Time	15:45 – 17:00 h
Paper	Room	Oslo
Session Chair	Stefan Haefliger, City University London	



## Crowdsourced Digital Goods and Firm Productivity

Frank Nagle, Harvard University

As crowdsourced digital goods become more freely available and more frequently used as key inputs by firms, understanding the impact they have on productivity becomes of critical importance. In this paper, I measure the impact of one such good, open source software (OSS), on firm productivity. I find a positive and significant return to the usage of OSS. I address the endogeneity issues inherent in productivity studies by using panel data with an instrumental variable approach. Further, I use a matching methodology to provide additional support for my primary finding. My findings fill an important gap in the existing

literature on the returns to IT investment, which does not properly account for non-pecuniary digital inputs.



# Matching Technologies and Applications: Insights from Online Knowledge Markets

Gary Dushnitsky, London Business School Thomas Klueter, IESE Business School

Innovation requires both the invention of new technologies and the commercialization of those technologies across diverse commercial applications. Increasingly, established firms are opening up to link their technological inventions to commercial applications through the market of technology. We take an inventing-firm perspective and ask: how many commercial applications will an established -firm associate with a given technological invention? Proprietary data from an online marketplace allows us to investigate both technological characteristics and organizational attributes that affect the technology-application associations. We find that, in general, firms assign more applications to technologies that are more important and have a broad impact on other technological fields. However, these relationships do not always hold as firms face challenges de-linking their technologies from existing applications and the existing organizational routines.

# Unveiling the Effects of Openness on Innovation Efficiency Dynamics: The Role of Firm Size and Appropriability

Grigorios Asimakopoulos, Carlos III University of Madrid Kremena Slavova, Middlesex University Antonio Revilla, Carlos III University of Madrid

This paper investigates how engaging in open innovation can foster improvements in firm product innovation efficiency, using a sample of 846 high and medium-tech Spanish firms over the period 2006-2011. Building on research in the area of innovation management and technology strategy, we propose a negative moderation effect of firm size and firm IPR protection on the examined relationship. A two-stage analysis is used to test the hypotheses. In the first stage, dynamic innovation efficiency is estimated based the use of frontier methodological approach of Data Envelopment Analysis (DEA) and more specifically the bootstrapped Malmquist index. In the second stage, panel data models are estimated to test the moderating effect of firm size and appropriability strategy. Our findings provide empirical support to our theoretical predictions.

## What Affect Firms' Propensity to Take Part in Open Innovation?

Sarah Cheah, Exploit Technologies Private Limited (ETPL) Tatiana Zalan, Torrens University Australia

As firms are increasingly aware that innovation may not be confined within their organisations, they seek to sharpen their competitive edge by appropriating external knowledge to enhance the value of their existing knowledge stock. The role of public research institutes (PRIs) is gaining importance as external knowledge centres from which firms could acquire technologies to introduce innovative products and processes for better market performance. However, there is a paucity of empirical research on firms participating in open innovation with PRIs, as extant studies tend to focus on firms acquiring technologies from other firms. As PRIs have their distinct roles and propensity to out-license indigenous technologies as part of their national innovation system, this study contributes to the body of knowledge by examining the determinants affecting firms' propensity to take part in open innovation with PRIs.

SESSION 235

# COGNITIVE AND BEHAVIORIAL PERSPECTIVES OF ENTREPRENEURIAL DECISION MAKING

 TRACK K
 Date
 Sunday, Sep 21

 Time
 15:45 – 17:00 h

 Paper
 Room
 Moscu

 Session Chair
 Tiona Zuzul, London Business School

## Risk and Ambiguity in Evaluating a New Venture: An Experimental Study

Anisa Shyti, *IE Business School* Corina Paraschiv, *HEC-Paris* 

Past research points to risk attitudes as an important variable driving decisions to enter entrepreneurship. However, entrepreneurs confront more often uncertainty and ambiguity (unknown probabilities), rather than risk (known probabilities). Through an experiment we investigate risk and ambiguity attitudes of entrepreneurs and non-entrepreneurs in

occupational choice decisions, for different likelihood levels and different degrees of ambiguity. Findings suggest that both entrepreneurs and non-entrepreneurs, seek risk and ambiguity for low likelihoods, and avoid risk and ambiguity for high likelihoods, a behavioral pattern consistent with Prospect Theory. For both risk and ambiguity, entrepreneurs are more optimistic than non-entrepreneurs. However, entrepreneurs give more pessimistic evaluations for ambiguity compared to risk, while non-entrepreneurs do not discriminate between risk and ambiguity, exhibiting the same pattern of behavior in both conditions.

# Risk Tolerance, Information Uncertainty, and Exchange Orientation: An Investigation of their Roles in Social Exchanges

Curtis Wesley, Indiana University Todd Saxton, Indiana University Kim Saxton, Indiana University John Busenbark, Arizona State University

Using social exchange theory as the underlying framework, we develop a model that incorporates risk, exchange orientation, and information uncertainty into helping behavior research. We argue helping behaviors are a form of social exchange, and leverage expectancy and signaling theories to show how a person's risk tolerance, exchange orientation, and perception of uncertainty associated with the information provided influences their likelihood to provide assistance to others. Using survey assessments from venture community members judging presentations of entrepreneurs soliciting for support, we find risk tolerance and exchange orientation are positively associated with helping behaviors. Likewise, risk tolerance positively moderates while information uncertainty negatively moderates the relationship between a person's exchange orientation and willingness to engage in helping behaviors.

## **Shaping and Experimenting in a Nascent Industry**

Tiona Zuzul, London Business School Mary Tripsas, Boston College

We explore the activities entrepreneurs undertake when building a new organization in a new, or nascent, industry. Using in-depth qualitative data, we tracked the development of four organizations in the air taxi market. We found that founders enacted two sets of activities: one aimed at shaping their market, the other at experimenting with their organizations' identities and business models. We thus conceptualize shaping and experimenting as distinctive tasks driven by divergent entrepreneurial mindsets, and propose that entrepreneurs in a nascent industry are unlikely to pursue both simultaneously. We also propose that successful entrepreneurs focus on experimenting before attempting to shape their nascent industries. Our analysis suggests that visionary entrepreneurs who set out to create a new industry are not always poised to build successful, resilient organizations.

SESSION 242

# THE STRATEGIC EFFECTS OF MANAGEMENT HUMAN CAPITAL

TRACK L

Date Sunday, Sep 21

Time 15:45 – 17:00 h

Paper Room Copenhague

Session Chair Boris Groysberg, Harvard University

## Are Functional Executives Paid to be Generalists or Specialists? Evidence from Below the C-Suite

Eric Lin, Harvard University Boris Groysberg, Harvard University

We use proprietary global search firm data capturing compensation levels to investigate the impact of experience diversity on compensation for functional executives. While popular belief suggests a growing expectation for functional executives to demonstrate the ability to take integrated perspectives of business issues, our initial findings suggest that career histories demonstrating broad exposure to different settings are associated with negative impact on pay. Preliminary results suggest that functional managers are paid for depth, not diversity. We test the impact of diverse careers with respect to industry, organization, and functional role. These preliminary findings inform research questions on management teams and the evolving role of functional executives. We provide an initial look at what human capital profiles command pay premiums.

### Chief Human Resources Officers: The Elevation of Human Capital Management to Top Management Teams

Toru Yoshikawa, Singapore Management University Richard Smith, Singapore Management University

This proposal provides a conceptual model and research plan that focus on the antecedents of the appointment of the chief human resources officer (CHRO) to the top management team (TMT). We argue that global operations are positively linked to the presence of the CHRO on the TMT and positively moderated by innovation intensity and TMT diversity. We also expect that there is a positive link between the presence of a CHRO on the TMT and a firm's performance. Drawing upon contingency theory and the TMT research, we plan to examine these propositions using a sample of S&P 500 firms. This study will be one of the first to shed light on the role of the CHRO and presence in the TMT.

# Female Representation, Spillover Effects and Firm Performance

Sarah Park, *University of Bath*Michael Koch, *EMLYON Business School* 

This paper investigates the relationship between female representation on top management, middle management and overall workforce levels and its influence on firm performance. Building on extant research on gender diversity, we build and test theory on how the relative importance of women at the top management team level affects the proportion of women on lower levels of management and subsequently in the overall workforce. We then examine the relationship between female representation on each level and firm performance. The results extend our understanding of spillover effects in gender diversity and the impact of female representation on firm performance.

# Subsidiary Executive Multiculturalism: A Response to Dual Pressures in Multinational Companies

Marketa Sonkova, Boston University

Based on the observation that today's executives increasingly possess significant international experience, this study uses a unique data set to look beyond the local manager/expatriate dichotomy and explore multinational companies' (MNCs) use of multicultural executives in foreign subsidiaries. I draw on executive cognition theory and the growing literature on multicultural individuals to hypothesize that personal history and international diversity in previous educational and professional experiences facilitate executives' ability to balance among strategic contradictions – in particular the contradiction between the need for intraorganizational coordination and local market adaptation, which is faced by MNCs worldwide. The intended contribution of this study is to explore how MNCs use the portfolio of experiences embedded in individual executives to address organizational complexity.

SESSION 288

#### **EXCELLENCE IN TEACHING**

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TRACK T	Date	Sunday, Sep 21	
	Time	15:45 – 17:00 h	
Interest Group Presentation	Room	Londres	

## Alternatives Takes on Teaching Strategy: Balancing the (ex)Tensions

**Session Co-Chairs** 

Vijaya Narapareddy, *University of Denver* Robert Wright, *Hong Kong Polytechnic University* Bliets

Russell Coff, University of Wisconsin-Madison Paul Friga, University of North Carolina-Chapel Hill Kulwant Singh, National University of Singapore

Strategy is a complex subject, and there are multiple approaches to teaching it. The options for covering strategy only expands as technology enables teaching different modes. The focus of this interactive session will be to provide insights from experienced strategy educators on the methods that work, as well as addressing moves to more online content. The discussion will focus on balancing possible extensions with instructor strengths with coverage of online education/ MOOCs, blended learning, flipped classrooms, team teaching, simulations, case studies, videos, and more.

SESSION 215

# YIKES - WHAT NOW (RELOADED)? FIRM RESPONSES TO STAKEHOLDER ACTIVISM.

TRACK M, TRACK X

Date Sunday, Sep 21

Time 15:45 – 17:00 h

Paper Room Paris

Session Chair Doug Bosse, University of Richmond

### Corporate Social Irresponsibility and Legitimacy Maintenance: Lessons from the Parmalat Scandal

Arabella Mocciaro Li Destri, *University of Palermo* Anna Minà, *University of Catania* Pasquale Massimo Picone, *University of Catania* 

Audience decisions regarding whether to continue to support a corporation after it has been perceived as culpable for socially irresponsible behaviour is "coin of the realm" in selecting which firms (or which parts of a firm) will be able to survive a CSI-scandal. Our empirical setting is an embedded polar case of audience support, the Parmalat case, following a severe CSI scandal. Whilst the adaptive strategies taken to maintain the harmed moral legitimacy were a necessary procedural phase to consent the firms' survival, they could not be considered sufficient to reintegrate the firm with its main constituent audiences. Essential to the maintaining process was the presence of rational effectiveness preserved from CSI event.

# **Dependence Threat Activation and Corporate Political Activity**

Trey Sutton, Florida State University Bruce Lamont, Florida State University

We integrate resource dependence theory with institutional theory in a multilevel model to explain the source of firm dependence on government and its relationship with corporate political activity across states. In doing so, we recast the theoretical roles of constructs such as regulatory intensity, which had been invoked as a main effect in prior work. Further, though the original work on resource dependence recognized that dependence per se was not a cause of concern for managers, research has not yet explained what factors transform a dependency from a dormant threat to an active threat that managers attempt to control or eliminate. We extend resource dependence theory by providing a theoretical explanation of dependence threat activation.

## How Are Sustainability Reports Produced? A Process Model of Strategic Stakeholder Communications

Shipeng Yan, IESE Business School

Sustainability reporting is a strategic tool with which firms communicate to stakeholders embedded in alternative institutional logics. However, we have little understanding of how sustainability reports are produced to achieve this goal. Through an inductive case study of a Hong Kong-based real estate developer, I examine the process of sustainability reporting and explore the structuring of reporting content as coping strategies to multiple institutional logics. The findings reveal that apart from a political and rational approach to sustainability reporting, organizational capacities in terms of cognition and control importantly condition the strategic response to stakeholders. The study is expected to contribute to both literatures in stakeholder management and institutional logics.

## Theorizing Grassroots Organizations' Network Strategies Across an Issue LIfe-Cycle

Rashedur Chowdhury, *University College Dublin* Arno Kourula, *University of Amersterdam* Marjo Siltaoja, *JSBE* 

In corporate social responsibility (CSR) literature, grassroots organizations (GROs) are often perceived as non-strategic actors who in the case of a conflict are dependent upon corporations, governments and mainstream nongovernmental organizations (NGOs) to gain salience for their issue. Political CSR theorists aim to resolve this power imbalance through the promotion of deliberative processes that include all participants whom affected by the issue. By examining political CSR from GROs' perspective and conceptualizing the network strategies available to GROs during each stage of an issue life-cycle, we, however, argue that the deliberative processes are much more fragmented, context-dependent, and timesensitive than has been previously recognized. Thus, we aim to understand the underlying ambiguities,

complexities, and uncertainties that demonstrate issues and interactions between firms and GROs in the political CSR context. Our analysis indicates that a general model of deliberative approach towards multistakeholders is difficult to establish.

SESSION 422

## ALLIANCE FORMATION AND STAKEHOLDER PERCEPTIONS

TRACK N	Date Time	Sunday, Sep 21 15:45 – 17:00 h
Paper	Room	Helsinki
Session Chair	Peter Smith Ring, Loyola Mar	ymount University

## Does News Media Coverage Influence Strategic Alliance Decisions?

Mazhar Islam, *Drexel University*Shantanu Dutta, *University of Ontario Institute of Technology*Pengcheng Zhu, *University of San Diego* 

We examine the role of news media coverage on strategic alliances. We argue that news media reduces information asymmetry between a firm and its external constituents and it establishes the reputation of the firm. We expect firms to consider the news media's portrayal of the partners. Additionally, we expect capital markets to take note of the news media coverage of allying firms. By analyzing approximately 1.4 million news items we find that a firm with negative media coverage is less likely to form an alliance. However when such a firm forms alliance, it does not garner positive abnormal market returns. Finally, we find a firm's negative media coverage affects the abnormal market returns of its partner positively following the alliance announcement.

# Exploring Firms' Perceptions and Entry Mechanisms in BOP Ventures: A Transaction Cost Approach

Shubhabrata Basu, Indian Institute of Management - Indore

In this paper, I argued that, firms actively seek institutionally weak markets prone to transactional failures, so that they can reduce specific combinations of transaction costs and become sustainably cost competitive. I performed a content analysis coupled with qualitative comparative analysis on a set of reported cases of firms operating at the bottom of the pyramid markets using two apriori constructs drawn from the innovation literature. I found that firms, contrary to received wisdom, tend to perceive the BOP markets more from behavioral uncertainties than infrastructural impediments. Consequently, firms undertake a special type of innovation, which I termed as reconfigurational innovation. Reconfigurational innovation imparts competitive advantages to the firms and trust based sustainability in their relationships with their suppliers/consumers.

# Greening with Partners: Environmental Legitimation Through Alliance Formation

Yann Truong, ESC Rennes School of Business Seong-Young Kim, ESC Rennes School of Business

In this research, we investigate the conditions under which firms are likely to form an alliance in a highly institutionalized context. We suggest that the higher pressures in such a context normally lead to legitimacy homophily, i.e. high legitimate firms are likely to form alliances with similar counterparts to signal conformance. However, because low legitimate firms endeavor to form alliances with high legitimate partners to increase their own legitimacy, asymmetric alliances may take place under two conditions: When both firms have low visibility; or when the low legitimate partner possesses symbolic assets that signal its intention toward the environment. We intend to support our contentions by collecting data on publicly traded and global firms in the chemistry industry.

## Value Creation of Strategic Alliances for Bond Investors

lan P.L. Kwan, *University of Navarra* Carmen Aranda, *University of Navarra* 

Prior studies find that the formation of strategic alliances creates value for stock holders, but they say nothing about the value created for bond holders. In this study we analogously apply theory of coinsurance from the merger literature to strategic alliances and find that bond holder wealth also increases at the announcement of alliance initiatives. The

study is important firstly because it shows that the formation of strategic alliances also creates value for bond investors, a significant investor class not yet studied in the alliance literature. Secondly, it shows a link between firms' corporate strategies and their cost of debt financing, in particular revealing how leveraged firms may seek to lower their financial risk and hence debt funding cost by strategically engaging in alliances.

SESSION 435

## WHAT HAPPENS AFTER THE CEO HAS (BEEN) GONE?

Session Chair	Craig Crossland, University of Notre Dame	
Paper	Room	Monaco
	Time	15:45 – 17:00 h
TRACK O	Date	Sunday, Sep 21

# Analyst Pressure, CEO Informal Hierarchy, and CEO Dismissal – A Contingency Model of Country-level CEO Distance

Jean McGuire, Louisiana State University Jana Oehmichen, University of Göttingen Michael Wolff, University of Göttingen

We examine the role of external and internal pressure on the board regarding CEO dismissal decisions as well as the moderating role of country-level CEO distance. Coverage and quality of recommendations of investment analysts exert external pressure on boards of directors to dismiss the CEO whereas the informal hierarchy of the CEO insulates the CEO and thus help to prevent her dismissal. Our results suggest that institutional patterns that shape the distance of the CEO to the organization such as national level power distance positively moderate these relationships. This indicates that countries' CEO distance reinforces the attribution of weak external evaluations of the firm to the CEO, but also strengthens power effects of informal hierarchy structures.

# Riding Off into the Sunset: Shareholder Reactions to CEO Retirements

Hansin Bilgili, *University of Arkansas*Joanna Tochman Campbell, *University of Cincinnati*Alan Ellstrand, *University of Arkansas*Jonathan Johnson, *University of Arkansas* 

In this CEO succession event study, we empirically analyze the relationship between CEO retirement and shareholder reactions using a comprehensive dataset that compiles CEO retirement events that occurred in S&P 1500 firms during the 2002–2012 period. Our theory and accompanying empirical analysis challenge the assumption that CEO retirements have negligible effects on organizational viability, as measured by investor reactions to these events. Relying on signaling theory and structural inertia theory, we identify the factors that influence the direction and magnitude of shareholder reactions to retirement announcements. Our study highlights CEO retirement as an important form of CEO turnover, and provides novel insights to strategic management theory and practice.

# Status Incongruence and CEO Dismissal: The Role of Past Firm Performance and Power Distance

Weiwen Li, Sun Yat-sen University

Status incongruence exists in a top management group when there is an inconsistency of social status (relative respected social standing with reference to a particular social grouping or hierarchy) and hierarchical status (internal formal organizational status conferred by organizational hierarchical arrangements) among group members. We propose that status incongruence will affect the relationship dynamics among the top management team, which in turn will have an impact on CEO dismissal. More importantly, the relationship between status incongruence and CEO dismissal will be contingent on contextual factors, including past firm performance and national power distance.

# That Could Have Been Me: The Impact of CEO Peer Deaths on Firm-Level Innovative Output

Guoli Chen, INSEAD Craig Crossland, University of Notre Dame Sterling Huang, INSEAD

Individuals often respond to the death of a peer by re-evaluating their approach to, and priorities in, their life and their career. In this study, we examine the implications of this general tendency within the context of senior executives. We argue that CEOs who experience the death of a director at the same firm will be subsequently more likely to pursue a "quiet life." Because innovation requires significant efforts and keen attention, we hypothesize that firms led by these CEOs will subsequently produce significantly less innovative outputs. We examine several boundary conditions, including director characteristics and the suddenness of the death. To test our hypotheses, we use a sample of director deaths in U.S. public firms between 1990 and 2005, and a difference-in-difference econometric analysis.

SESSION 360

### **HEURISTICS AND BIASES IN STRATEGY CHOICES**

TRACK P	Date	Sunday, Sep 21
	Time	15:45 – 17:00 h
Paper	Room	Lisboa

Session Chair Donald Conlon, Michigan State University

### Doubling Down in Hollywood: A Multidimensional Test of the Determinants of Escalation of Commitment

Donald Conlon, Michigan State University Jamal Shamsie, Michigan State University Joel Koopman, University of Cincinnati

Four serious criticisms of escalation of commitment research involve an over-reliance on lab studies, use of a limited set of predictors of escalation, an over-emphasis on psychological determinants, and an inability to link escalation behavior to whether the course of action proved successful or unsuccessful. We address these shortcomings using data from almost 1500 Hollywood films. We identify two project, psychological, social, and structural determinants, and test the relevance of these eight determinants to a financial measure of escalation that studios use to protect their already-incurred investment in the movie. We then examine whether this escalation measure and its antecedents predict whether the course of action was a successful strategic decision using financial performance data (box office revenues) of the film.

## Global Leaders and Popular Management Concepts: Innovation Heuristics, Boundary Capabilities, and Effectuation

Jacqueline Fendt, ESCP Europe

This is a qualitative study on global leaders' use of popular management concepts. Why do top executives read such concepts, rather than richly available validated theory, as they cope with conflicting demands of the current business context? Does – and if yes how – such literature help them to innovate and to keep a competitive advantage? Repeated narrative interviews of 20 corporate leaders over a period of 12 years are coded, conceptualized and categorized. Abstraction suggests that leaders rely intensely on effectuation, a set of behaviors and capabilities commonly known to be deployed by individual entrepreneurs and/or leaders of small, agile organizations. We conceptualize a set of nine innovation heuristics deployed, and give concrete examples for each. We frame these in terms of boundary capabilities and effectuation.

# Multiple Contexts Engender Multiple Rationalities: Ecological Rationality Approach to Capability Imitation

Patrick Regnér, Stockholm School of Economics Harun Emre Yildiz, Stockholm School of Economics

If behavioral strategy is set out to bring in "realistic assumptions about human cognition, emotions, and social behavior" (Powell et al., 2011: 1371), research in this emerging stream needs to go beyond conventional rational vs. bounded rational debate. It is not anymore novel to claim that managers are hardwired with cognitive biases. Nor do we see any added value in examining the battery of factors that can explain variance in a uniformly defined type of 'rationality'. Instead, there is a need for an

integrative perspective that can yield a more realistic picture of executive decision makers who interact in different social, political and historical contexts and, accordingly, develop their own heuristics and rules of thumb in order to arrive at their own 'rational decisions' attuned to their idiosyncratic ecologies. In this paper, we aim to fulfill this need.

### Organizational Ideology and Corporate Strategy: A New Vantage on "Socialistic" Resource Allocation Practices in Multibusiness Firms

Abhinav Gupta, Penn State University Forrest Briscoe, Penn State University Donald Hambrick, Penn State University

Building on the premise that organizations vary widely in their ideologies, particularly on the dimension of conservatism-liberalism, we argue that a more conservative company's beliefs in the importance of allocating resources to their most efficient uses will be reflected in relatively "capitalistic" allocations (i.e., limited funds to units with poor prospects and abundant funds to units with favorable prospects). In contrast, more liberal companies, following their deep beliefs in egalitarianism, will be more "socialistic" (i.e., subsidizing units with poor prospects and taxing units with the best prospects). We further argue that a CEO's embeddedness with the company will amplify the proposed relationship. We find support for our ideas on a sample of multibusiness firms' capital allocations to their business units.

SESSION 363

### **SOCIAL INFLUENCE & COMPARISONS**

Danas	Time	15:45 – 17:00 h Roma 1
Paper	Room	KOIIIa I

# Building Investor Confidence: The Role of Managerial Celebrity, Reputation, and Status in Blank-Check Companies

Ivana Naumovska, *Northwestern University* Edward Zajac, *Northwestern University* 

In this study, we examine how investors value companies seeking to go public that have no operations and exist solely for the purpose of finding and acquiring a private company. More specifically, we analyze the role of the managerial reputation, status and celebrity in the valuation of such blank-check IPOs, known as special-purpose acquisition companies (SPACs). We posit that these three managerial attributes, comprising elements of human and social capital, individually and jointly drive perceptions of corporate value. Additionally, we analyze how their effect is moderated by contextual factors, such as general financial market conditions and the generalist versus specialist character of the SPAC. Our findings, based on analysis of this rarely studied phenomenon, show how investors' valuations are dually shaped by social and technical considerations

# Director Networks & Firm Aspirations: Opening the Black Box of Social Reference Levels

Geoffrey Martin, *University of Melbourne* Remzi Gozubuyuk, *Ozyegin University* 

This study uses director networks to examine the social influences upon aspiration levels utilized in firm decision making. We argue that performance at other firms in a director's network provides heuristics that shape the aspirations of the directors and ultimately the risk behavior of their firm. Using aspiration levels that switch between social and self-reference levels, we find strong support for our prediction that the aspiration level provided by a director's network has a stronger influence over responses to performance feedback that than an industry benchmark. We provide evidence supporting the role of directors in shaping firm goals and the importance of considering performance of actors within a network when predicting the influence those actors upon focal firm behaviors.



# Higher Cited Articles Can Be Less Impressive When the Matthew Effect Is Bounded by Cliques

Chengwei Liu, *University of Warwick*Jerker Denrell, *Stanford University*Nick Chater, *University of Warwick*Thomas House, *University of Warwick* 

When is popularity a reliable indicator of high quality? We argue that this depends on the network structure and the local nature of social influence processes. Prior research on how popularity (such as market share) and quality may be decoupled has shown that social influence processes can magnify misperceptions of quality and lead to a low correlation between quality and popularity. Using two surveys asking participants to vote the best article published in Management and Psychology and simulation models, we demonstrate a more-is-less effect: moderately high level of popularity can be a less reliable indicator of quality because objects lacking in quality can reach this level with favorable local social processes, particularly in fragmented networks such as the field of Management.

## Social Comparisons and Pay Dispersion: How Gender and Prestige Influence University Compensation

Dane Blevins, *Binghamton University*Christopher Robertson, *Northeastern University* 

We study the compensation of nearly 400 private universities. Drawing from social comparison theory, we argue that when a university's peer group is comprised of more women presidents, the difference between the president's compensation and its peers will be lower. Likewise, we argue that the dispersion between a president's compensation and its peers will be lower in prestigious universities. However, when comparing variation of compensation within the university, female employees are related to increased pay dispersion. Interestingly, dispersion at both levels is reduced when accounting for whether the university is prestigious or not. We contribute to the existing literature by taking a first look at how a referent group's underlying composition is related to dispersion in compensation in a novel setting.

### INTEREST GROUP BUSINESS MEETINGS

DATE SUNDAY SEP 21 TIME 17:15 -18:30H

#### **BEHAVIORAL STRATEGY**

Lisboa

Chairperson:

Christina Fang, New York University

**Program Chair:** 

Shayne Gary, University of New South Wales

**Assoc Program Chair:** 

Rhonda Reger, University of Tennessee

# **COMPETITIVE STRATEGY**

TRACK E

Viena

Chairperson:

Gary Dushnitsky, London Business School

**Program Chair:** 

Juan Alcacer, Harvard University

**Assoc Program Chair:** 

Samina Karim, Boston University

#### COOPERATIVE STRATEGIES

Helsinki

Chairperson:

Dovev Lavie, Technion-Israel Institute of

Technology

**Program Chair:** 

Kyle J. Mayer, University of Southern

California

**Assoc Program Chair:** 

Laura Poppo, University of Kansas

#### CORPORATE STRATEGY

TRACK F

Luxemburgo

Chairperson:

Laszlo Tihanyi, Texas A&M University

**Program Chair:** 

Heli Wang, Singapore Management

University

**Assoc Program Chair:** 

Douglas Miller, University of Illinois-Urbana

Champaign

### **ENTREPRENEURSHIP AND STRATEGY**

TRACK K

Moscu

Chairperson:

Garry Bruton, Texas Christian University

Program Chair:

Naga Lakshmi Damaraju, Indian School of

**Business** 

**Assoc Program Chair:** 

Igor Filatotchev, City University London

#### GLOBAL STRATEGY

TRACK G

Glasgow

Chairperson:

Elizabeth Rose, University of Otago

Program Chair:

Nandini Lahiri, Temple University

**Assoc Program Chair:** 

Ronaldo Parente, Florida International

University

### KNOWLEDGE AND INNOVATION

TRACK I

Estocolmo

Chairperson:

Corey Phelps, HEC-Paris

Program Chair:

Stefano Brusoni, ETH Zurich

Assoc Program Chair:

Anu Wadhwa, *EPFL* 

## STAKEHOLDER STRATEGY

TRACK M

**Paris** 

Chairperson:

Richard Priem, Texas Christian University

Program Chair:

Sybille Sachs, University of Applied Sciences Zurich

Doug Bosse, University of Richmond

### STRATEGIC HUMAN CAPITAL

TRACK L

Copenhague

Chairperson:

Todd Zenger, Washington University

Program Chair:

Clint Chadwick, University of Kansas

Assoc Program Chair:

Deepak Somaya, University of Illinois-Urbana

Champaign

## Oslo

STRATEGY PRACTICE

TRACK J

Chairperson:

Hanna Lehtimaki, University of Eastern

STRATEGIC LEADERSHIP AND

Karen Schnatterly, University of Missouri

Anja Tuschke, University of Munich

Vincent Barker, University of Kansas

**GOVERNANCE** 

TRACK O Monaco

Chairperson:

**Program Chair:** 

**Assoc Program Chair:** 

Finland

Program Chair:

Elena Antonacopoulou, University of

Liverpool

**Assoc Program Chair:** 

Martin Friesl, Lancaster University

#### STRATEGY PROCESS

TRACK H

Roma 1

Chairperson:

Taco Reus, Erasmus University

**Program Chair:** 

Xavier Castaner, University of Lausanne

**Assoc Program Chair:** 

Adelaide King, University of Virginia

### TEACHING COMMUNITY

TRACK T

Londres

Chairperson:

Margaret Cording, IMD

**Program Chair:** 

Robert Wright, Hong Kong Polytechnic

University

**Assoc Program Chair:** 

David King, Iowa State University

### **SMS BUSINESS MEETING**

Date Sunday, Sep 21 Time 18:30 - 19:15

Roma 2

**Business Meeting** 

Robert Hoskisson, President Marjorie Lyles, President-Elect

Jay Barney, Past President

Steven Floyd, Treasurer

Room

Nikolaus Pelka, Executive Director

19:15 **EVENING ON YOUR OWN** 



# LOOKING TO THE PAST—GOING TOWARD THE FUTURE

 Paper
 Date Room
 Monday, Sep 22 Monday, Sep 22 Monday

 Paper
 Room
 Monaco

 Session Chair
 Brent Goldfarb, University of Maryland

# Content Analysis of Publishing Behavior: The Case of the Strategic Management Journal from 2009-2013

Xinran Wang, *University of Tennessee* Rhonda Reger, *University of Tennessee* 

Scholars are advised to become familiar with a journal's scope of topics and quality standards before submitting a manuscript because learning the standards and adding to streams of research of interest to readers of the journal likely will give the paper a competitive advantage in the publishing process. To provide an objective assessment of the current scope and standards for the Strategic Management Journal, we used the Duriau-Reger-Pfarrer protocol (2007) of content analysis for scholarly research and analyzed all 390 papers published by SMJ from 2009 to 2013. We identified primary topic areas, theories, key words, research design, independent variables, dependent variables, moderating variables, data collection sources, statistical/econometric models, robustness testing, and characteristics of samples. Our findings provide potential authors useful information about the scope and publishing standards of SMJ.

### Grounding the Field of Environmental Entrepreneurship: A Review of its Conceptualization, Conversations and Future Research

Raquel Antolin-Lopez, *University of Almeria* Javier Martínez-del-Río, *Universuty of Almeria* Jose Cespedes-Lorente, *University of Almeria* 

During last two decades research on environmental entrepreneurship (EE) has underlined the role of entrepreneurs in the solution of ever-increasing environmental problems. We aim to review the literature on the topic to link and summarize what we know and the main challenges currently hindering the theoretical and empirical development of the field. Our contribution in this study will be threefold: (1) build identity and distinctiveness of the phenomenon through the review of existing conceptualizations; (2) integrate current literature and map the terrain around three mainstream identified conversations: the antecedents, the process and the outcomes of EE; (3) offer discussion of the phenomenon at different levels of analysis. By doing so, we offer a detailed research agenda to advance the understanding of the EE field.

## Scientific Apophenia in Strategic Management Research

Brent Goldfarb, University of Maryland

Francis Bacon, pioneer of the scientific method, noted in one of his aphorisms that "human understanding is of its own nature prone to suppose the existence of more order and regularity in the world than it finds." In this article, we explore the potential and actual risk of what we term "scientific apophenia" - the assigning of inferential meaning when limited statistical power should prevent such a conclusion or when the data are actually random. Results suggest that scientific apophenia is present in strategic management research. Approximately 40% of hypothesis tests confirmed at the p<0.05 threshold would not, upon replication, be reconfirmed at this significance level.

## The Linkage between Growth and Profitability Revisited: A View on Different Modes of Growth

Dominic Herrmann, *University of Erlangen-Nuremberg*Martin Weiss, *University of Erlangen-Nuremberg*Harald Hungenberg, *University of Erlangen-Nuremberg* 

Is growth profitable? A simple, yet intriguing question for scholars and practitioners has so far been answered with differing results. While primarily a linear relation between growth and profitability is assumed, the existence of a non-linear relation might explain such findings. Additionally, a decomposition of growth in different modes of growth – organic and acquisitive growth – is supposed to generate further insights into the linkage of growth and profitability, since both modes differ fundamentally. Contributing to the literature on growth,

entrepreneurship, and acquisitions, we find support for a positive but declining relation between growth and profitability. We find this relation mainly driven by acquisitive growth, as organic growth shows a positive linear relation. Furthermore, we find growing exclusively organically superior to combinations of growth modes.

SESSION 442

# PERFORMANCE IMPLICATIONS OF BUSINESS MODELS

TRACK A	Date	Monday, Sep 22
	Time	08:00 – 09:15 h
Paper	Room	Bruselas
Session Chair	Timo Sohl, <i>Pompeu Fabra University</i>	

## Business Models, Intra-firm Structure and Performance

Øystein Fjeldstad, BI Norwegian Business School Binh Phan, BI Norwegian Business School Amir Sasson, BI Norwegian Business School

Activity and resource configurations including the associated linkages constitute the building blocks of the growing business model literature, which articulates how a firm creates and captures value. We examine how business models affect the relationship between properties of intrafirm structure and firm performance. Our findings contribute to the understanding the relationship between business models and internal organization. We link variation in business models and intra-firm structural changes to firm performance in a longitudinal study of 238 firms. We find that the return to firms with a business model conducive to machine bureaucracy (e.g. manufacturing) and adhocracy (e.g. professional service firms) are positively affected by increased internal coordination, but not so for those associated with administrative adhocracy (e.g. telecom operations).

# Dare to Learn: How Learning Orientation Fosters BMI in Dynamic Environments

Maria Rita Micheli, Erasmus University - Rotterdam

When managers encourage the diffusion of learning orientation, employees are triggered to engage in creative behaviours; as such, the enhancement of innovation is facilitated. On the opposite, when performance orientation is encouraged, conservative behaviours are preferred. However, innovative processes do not happen in a vacuum. Indeed the dynamism in the external environment might influence the effectiveness of companies' orientation. This influence is particularly important when the innovative process at stake is complex and entails the consideration of several factors, as in the case of business model innovation (BMI). In this paper we address this issue and we show that learning orientation fosters BMI and the dynamism of the environment positively moderates this effect. Moreover, we do not find a correlation between performance orientation and BMI.

## How Does Business Model Innovation Influence Firm Performance: The Moderating Effect of Environmental Dynamism

Cornelis Vincent Heij, Erasmus University-Rotterdam Henk W. Volberda, Erasmus University-Rotterdam

Although attention to business models has flourished over the last decade, few scholars have investigated how existing firms are able to innovate their business model, either by replicating their existing model or renewal by creating a fundamental new business model, and how environmental contingencies influence their performance-effects. This study fills these gaps in the literature by examining with a large-scale survey how business model replication and business model renewal influence firm performance, and how environmental dynamism moderates these relationships. Our results indicate that both business model replication and business model renewal have a positive effect on firm performance. Furthermore, environmental dynamism weakens the positive relationship between business model replication and firm performance, but surprisingly it does not strengthen the performance effect of business model renewal.

### **How Much Does Business Model Matter?**

Timo Sohl, Pompeu Fabra University Govert Vroom, IESE Business School Markus Fitza, Texas A&M University

Despite the recognition that business models identify how businesses create and capture value, little is known about how business model choices are linked to performance. Since business units employ business models to serve industries, we examine the relative importance of business model and industry effects in explaining performance variation, while controlling for year, home country, corporate parent, and business unit effects. Using a simultaneous variance decomposition approach on panel data of 2,993 business units (chains) in the retail- and wholesale-trade sectors (SIC 50-59) from 43 home countries (1996-2010), we find that business model effects matter most in explaining variance in chain efficiency. Surprisingly, our results also indicate that both business model and industry effects are less important in explaining variance in chain growth.

SESSION 210

# COMMUNITY ENGAGEMENT AND ORCHESTRATION

TRACK B	Date	Monday, Sep 22	
	Time	08:00 – 09:15 h	
Common Ground	Room	Viena	
Facilitator	Rahul Kapoor, University of Pennsylvania		

## Joining an Ecosystem: Organizational and Strategic Implications

Elizabeth Altman, Harvard University

With the increasing popularity of products such as smartphones, tablets, and computers that include open interfaces, individuals are becoming increasingly comfortable with complementary products where a product becomes more useful when combined with applications and accessories. Research on platforms and ecosystems addresses these dynamics, but tends to center on organizations competing at the core of ecosystems. This paper focuses on organizations at the edges of these systems and investigates changes experienced by firms as they join ecosystems and strive to balance maintaining independence and growth aspirations with the need to operate within an ecosystem. This paper contributes to research on organizational identity, resource dependence, and asymmetric interorganizational relationships, and complements burgeoning research on multi-sided platforms as these businesses rely on ecosystems to succeed.

# Managing Innovation Networks in Emerging Industries: A Multi-Modal Multiplex Analysis

Snehal Awate, *Indian School of Business* Ram Mudambi, *Temple University* Ajith Venugopal, *Indian School of Business* 

Innovation is often studied as a unidimensional construct. While the construct's presence along various dimensions is noted, the dimensions are never simultaneously analyzed. In this paper, we unpack innovation along three constituent dimensions, namely technological, geographic, and people. Using multi-modal multiplex network analysis, we measure the social capital of ties belonging to these dimensions and their ultimate effect on focal firm's R&D strategies and innovation performance. The context of our study is an emerging industry thereby providing strategic implications for managing R&D to gain early mover advantage.

# Organizing for Corporate Entrepreneurship: Informal Intra-firm Network, Decentralization and Corporate Entrepreneurial Performance

Xu Han, University of Pennsylvania

This paper investigates how formal structure and informal network interact in shaping corporate entrepreneurial outcome at the business unit level in an established firm. In particular, I examine how decentralization of the formal organizational structure reshapes the effect of business units' informal intra-firm ties with their lateral units (lateral ties) and with the corporate units (hierarchical ties) on their corporate entrepreneurial performance. Based on a sample of 455 market-based entrepreneurial initiatives in a large global home appliance company, I find that decentralization over time renders informal lateral network of business units from being redundant to valuable in facilitating

entrepreneurial activities. Meanwhile, it strengthens the enhancing effect of business units' informal hierarchical network on their entrepreneurial performance.

## Strategic Implications of Community Engagement: The Performance Consequences of Open Innovation Exchange Relationships

Jonathan Sims, Babson College

The modern firm and its leaders are increasing interacting with a new form of organizational stakeholder: external communities. This research explores the firm-level performance implications of working with an external community. I use exploratory factory analysis and structural equation modeling to analyze original data survey collected from 250 organizations that work with a prominent open source software community. Factor analysis shows that firms engage in three discrete types of behaviors with a community: taking from the community, giving help, and giving code. I propose that that these behaviors, and their interaction, have differential effects on various aspects of firm performance.

# The Early Stages of Collaborative Innovation Management: What Influences the Development of Generic Disruptive Technologies?

Richard Tee, Ecole Polytechnique Federale de Lausanne Rashedur Chowdhury, University College Dublin Alvaro Figueredo, Francisco Marroquín University Arnoud De Meyer, University of Cambridge

The literature on technological change has focused mostly to understand why certain technologies dominate the market. However, there are contexts where more research needs to be done, such as in the early stages of generic disruptive technologies collaboratively developed by universities and industry. Accordingly our longitudinal study shows that during the development process some potential applications commercially attractive are left out, reducing the spectrum of possibilities, and locking the process in. Further we suggest that he commercialization process, especially for generic technologies, involves the selection of particular applications among a large portfolio of potential technologies that could be developed. Agreements, decisions, and relationships at the very earliest stages of commercialization have a profound effect on which technologies are developed to even get to the market stage.

# The Shape of Crowdsourcing: Why Power Law Distributions Matter when Innovation Becomes Social

Carsten Pedersen, Copenhagen Business School

Innovation is in large part fueled by novel ideas or novel combinations of existing ideas. The quality of the initial ideas can determine the success or failure of companies in the marketplace, making idea generation the highest point of leverage in the innovation process. With the advent of notions such as the wisdom of crowds and crowdsourcing, ideation has been opened up to crowds. Gaussian (normal) distributions are presumed in most management research. Yet, power laws often appear in the real world. If power law effects are ubiquitous in organizations, the activity of tapping into crowds for idea generation needs to be coupled to this statistical curiosity. Hence, the purpose of the present paper is to propose that academic attention should turn towards power laws in relation to large-scale idea generation.



### **CSR AND DIVERSITY**

TRACK D					Date		Mond	Monday, Sep 22			
						Time	е	08:00	- 09	9:15 h	
Pap	er					Roo	m	Paris			
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Session Chair Jordi Surroca Aguilar, Carlos III University of Madrid

## **Business Co-Managing Global Commons: A Collective Action View**

Laura Albareda, Deusto University

This paper introduces a collective action view to explain how firms are entering the sphere of new global sustainability commons multi-level co-governance. Based on Ostrom's theory of collective action and the complexity theory, I explain how advanced corporate sustainability strategies imply co-managing new commons, generating new company-promoted institutions for collective action. These institutions are self-managed along with local users and global stakeholders in a multi-level governance approach. This paper describes the three main elements of the corporate sustainability collective action view model: companies co-managing new global sustainability commons; the establishment of new institutional arrangements for collective actions; and the definition of a trust-based polycentric and adaptive governance framework. The results of the empirical analysis demonstrate how companies work in collaboration with local and global stakeholders.

#### **CEO Entrenchment at Network Level**

Ziyuan Tang, Carlos III University of Madrid Jordi Surroca Aguilar, Carlos III University of Madrid Josep Antoni Tribó, Carlos III University of Madrid

In this study, we broaden the concept of managerial entrenchment by considering the network of firms in which CEOs serve as board members. Unlike the traditional agency theory's assumption that entrenchment occurs within the firm, we move the focus from the firm to the network of firms with board ties to the focal firm and suggest that CEOs may create a network in order to entrench themselves at a network level. This will happen when firms' internal governance structures are strong and their performance prospects are relatively poor. In creating this network, ideal targets are companies with weak governance and located in distant sectors from focal firms. When bad performance is realized CEOs will make use of these ties to move to connected firms.

# Gender Diversity and Firm Performance: Does Doing Right Lead to Doing Well?

Stephen Smulowitz, IE Business School Carl Joachim Kock, IE Business School Margarita Mayo, IE Business School

Extant research on the effect of gender diversity on firm performance has been equivocal, likely due to its focus on the highest organizational level. We assert that women bring distinctive values and skills that can affect firm performance throughout the organizational hierarchy. Furthermore, due to the concept of distributive justice, equal distribution of gender diversity among the various hierarchical levels could positively affect firm performance, and gender diversity could affect different types of firm performance, such as CSR. We examine these effects in a sample drawn from the 200 largest law firms in the USA. Our results show that the initial investment in gender diversity at the lowest levels, and throughout the organization, can lead to greater firm financial performance, and greater CSR.

# Network Embeddedness, Nonconformity and Competitive Advantage

Andrea Kusch, Free University of Berlin Rudi K F Bresser, Free University of Berlin

We use an institutional understanding of networks and suggest that firms are embedded in multiple networks of shared values and norms. Stakeholder groups such competitors, customers or regulatory agencies exert institutional pressures on business firms to conform to their norms, values and demands. Traditionally, the institutional literature has argued that organizations should accept and adjust to the demands of their institutional environments. In contrast, nonconforming behavior has been viewed as threatening legitimacy, and received little attention. In this study, we explore how firms can establish strategic advantage and leadership through nonconforming behavior, i.e., by breaking

institutionalized rules. We ground our categories in four concrete empirical contexts representing the international clothing retail industry.

SESSION 366

# MARKETS, BRANDS, CUSTOMERS AND COMPETITION

TRACK E		Date	Monday, Sep 22
		Time	08:00 – 09:15 h
Paper		Room	Roma 2
Session Chair	Marco Giarratana,	Bocconi U	niversity

## Buyer Types and Value Creation in a Market for Brands

Christian Lechner, Free University of Bolzano Gianni Lorenzoni, University of Bologna

The emergence of a market of brands is a recent phenomenon (Lechner, Lorenzoni & Visentin 2013). We explore this phenomenon in the sports article industry by analyzing all brand acquisitions and licensing agreements in the period from 2004-2013. 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 applying different strategies for leveraging brand value. This context gives the opportunity to couple strategic maneuvering and industry evolution with implications for the strategy field and managers.

### Competing in Marketspace - Organizational Unlearning to Learn to Implement 'Soft' Infrastructural Capabilities

Joachim Timlon, Kuwait Maastricht Business School

This paper seeks to contribute to competitive strategy in marketspace by developing an empirically grounded model of effective post-installation of emerging technologies enabling business-to-business (B2B) e-commerce. How can manufacturing companies with B2B relations continue to create customer value when the traditional market place interaction between physical seller and physical buyer is substituted for an information defined transaction space? I explore a case study of a global industrial group of companies using a B2B e-commerce solution to market and selling their products and services. The analysis reveals rigid socially complex organizational routines and 'core rigidities' manifested as established assumptions and beliefs. The findings are reltated to organizational learning theories, indicating that organizational unlearning has the potential to change declarative memories (beliefs) and procedural memories (routines) in organizations.

## Market Share and Market Size Dynamics: Product and Brand Strategies in a Competitive Scenario

Marco Giarratana, *Bocconi University* Alessandra Perri, *Ca' Foscari University of Venice* 

We analyze how product and brand strategies affect firm performance addressing two contingencies. The first is the separation of the effects of these strategic tools through the channels of market size vs. market share dynamics; the second refers to the relative position of a firm compared to direct competitors. In industries characterized by economies of scope strong from production and weak from demand, we predict that higher product diversification and lower brand breadth (brand very specific to the product attributes) command higher performance, both in terms of market share and market size dynamics. However, the combination of high product specialization and brand breadth (brand extendable to several products) could generate positive market size effects. The theory is tested using data from the US apparel industry.

## The Effect of Repeat Customer on Company Survival: Evidence from Restaurants

Nydia MacGregor, Santa Clara University Desmond Lo, Santa Clara University

Affiliation with a chain and operating as an independent unit are common organizational forms in retailing and restaurants. Theory on competitive interaction and empirical research suggest that both forms have comparative advantages. Our paper reconciles the issue of the relative performance of chains and independents by investigating the effect of different types of customers on survival. Extending existing

theoretical constructs, we hypothesize that performance increases with (i) the degree of a shared brand and (ii) the likelihood of serving local, immobile customers. We further posit that performance improves when (iii) independent businesses locate in areas with local, immobile customers whereas chain performance increases with mobile customers. We test our hypotheses on longitudinal data (1990-2008) on a sample of restaurants in the San Francisco Bay Area.

SESSION 316

## **ACOUISITIONS AND DIVESTURES: ANTECEDENTS** AND CONSEQUENCES

Common Ground	Room	Luxemburgo
	Time	08:00 – 09:15 h
TRACK F	Date	Monday, Sep 22

**Facilitator** Tomi Laamanen, University of St. Gallen

## Analyst Pressure and Corporate Down-scoping: A **Balanced-power Approach**

Yu Zhang, University of California-Irvine Jun Xia, University of Texas-Dallas Yan Gong, CEIBS

We theorize down-scoping as a strategic change shaped by three types of powerful actors: securities analysts as assessors, corporate executives as makers, and directors and institutional investors as monitors of corporate strategies. We argue that earnings pressures from securities analysts can spur managers to reduce the scope of corporate business. We further argue that the impact of earnings pressures on firms' down-scoping can be modified by the decision makers and monitors because they may compete to control the strategic direction of the firm. Using a sample of S&P 1,500 companies from 1998 to 2009, we found that CEO duality, outside director ownership, and long-term oriented mutual fund dampen the effects of earnings pressures. In contrast, short-term oriented mutual fund amplifies the impact of earnings pressures.

### Credit Rating Agencies and their Influence on **Acquisitions and Sell-Offs**

Christian Gudd, University of Erlangen-Nuremberg Jan Mammen, University of Erlangen-Nuremberg

While former studies have shown that ratings have an influence on the capital structure of firms, little is known about their influence on firm's corporate strategy. Based on resource dependence theory, we argue that firms and their investment decisions are dependent on rating agencies. We test our hypothesis with a panel dataset of S&P 500 companies in the period from 1990 to 2012. The results show that better ratings increase (decrease) the likelihood of acquisitions (sell-offs). In addition, rating downgrades force firms to reduce acquisitions and to increase sell-offs. This is the first study showing a relation between ratings and investment decisions by applying resource dependence theory. Furthermore, it contributes to research on acquisitions and sell-offs by establishing ratings as an antecedent of these decisions.

## **Expectations for Post-Divestiture Performance: Distinguishing Signals from Noise**

Donald Bergh, University of Denver Kitty Chiu, INSEAD

Drawing from signaling theory, we consider how investors valuate organizational attributes of divesting firms and whether those valuations are also associated with post-divestiture performance. Findings from a sample of 205 divestitures show that investors initially valued only one strategic attribute (the divesting firm's diversification strategy) that was subsequently related to post-divestiture performance. They did not valuate several attributes (strategic-related) that were linked to postdivestiture performance and instead appeared to focused on some (organizational and transactional-specific) that had no such relationships. The findings support a new hypothesis of how divestitures create value by suggesting that some organizational attributes at the time of a divestiture may give insight into post-divestiture performance, and that not all are equally valid.

## **Performance of Different Types of Serial Acquisition Strategies**

Xena Welch Guerra, University of St. Gallen Tomi Laamanen, University of St. Gallen

While the literature on serial acquisitions and the temporal perspective of acquisition strategies has progressed significantly in recent years, the literature has been rather silent on the motives of the acquisitions. In order to contribute to this gap, we examined the acquisitions of the 40 most active Swiss acquirers, coded the motives of each of their 846 deals, and categorized them as either product portfolio or geographic market extensions. Based on our analysis, we find that acquisition strategies aimed at geographic expansion outperform product expansion focused strategies. This effect is, however, moderated in an important manner by the rhythm of the acquisition sequence. To our knowledge, our paper is the first to incorporate the motives of individual acquisitions into the study of acquisition sequences.

### The Impact of Mergers on Quality Provision: Evidence from the Airline Industry

Jeffrey Prince, Indiana University Daniel H. Simon, Indiana University

We examine how mergers affect quality provision by analyzing five U.S. airline mergers, focusing on on-time performance (OTP). We find mild evidence that merging carriers' OTP worsens in the short run. However, in the long run, their OTP substantially improves. Subsequent analyses indicate that efficiency gains, not reduced load factor or passenger volume, underlie our long-run result. Further, the short-run decline in OTP, if any, is consistent with both short-term post-merger integration challenges as well as market power effects. These findings suggest that in this context, concerns about mergers reducing quality may not be justified.

## Towards an Understanding of the Parent - Spun-Off Relationship: A Network Perspective

Federica Brunetta, LUISS Guido Carli University Enzo Peruffo, LUISS Guido Carli University

Spin-offs create stand-alone units that hold a strong affiliation with parent firms due to the concurrence of the ownership structure. Literature focuses on firms' spin-off performance, but few contributions adopt a process perspective to investigate the value creation of spin-off transactions. We argue that spin-offs do not constitute firm failures, as parents have clear channels to appropriate values of network structure from their spunout firms. We underline structures, relations, and outcomes of inter-firm collaboration to observe the relationship among parent and spun-off unit. We develop four research propositions to shed new light on the mechanisms that drive the post spin-off events and the firms' subsequent corporate development activities, namely on innovation. We suggest viewing network structure as an additional strategic lever used by parent firms.

SESSION 308

## **HOW DO FIRMS GROW? CANVASING DIFFERENT PERSPECTIVES**

TRACK F	Date	Monday, Sep 22
	Time	08:00 – 09:15 h
Panel	Room	Roma 1

### **Session Chair**

Laurence Capron, INSEAD

**Panelists** 

Asli Musaoglu Arikan, Kent State University Stephen Gates, Audencia Nantes Hart Posen, University of Wisconsin Brian Wu, University of Michigan

Traditionally, growth of the firm is described in stages with a focus on comparing outcomes such as increasing the size, scope and various other performance measures. Each stage has been defined by the firm's organizational characteristics such as its structure, culture and ability to change, to learn, to innovate and to be entrepreneurial. While the extant research has been carried out in silos for each of these specific aspects of growth there is additional benefit to conceptualizing

firm growth as an ongoing multi-faceted process.

Accordingly, the papers in this panel offer a multi-theoretical perspective which then lends itself to a set of empirical results and regularities with the potential to facilitate a richer and deeper understanding of how firms grow.

SESSION 379

# EMERGING MARKETS: UNDERSTANDING THE IMPORTANCE OF CONTEXT

TRACK G Date Monday, Sep 22
Time 08:00 – 09:15 h
Paper Room Lisboa

Session Chair Saikat Chaudhuri, University of Pennsylvania

### Business Model Adaptation for Emerging Markets: Case of a German Automobile-Manufacturer in India and Thailand

Christian Landau, EBS University Amit Karna, EBS University Miriam Sailer, EBS University

Business models that enable firms to achieve competitive advantage in their home markets are often subjected to innovation when transferred to international markets, especially emerging economies. Based on a case study of a German premium car manufacturer's successful international strategy for India and Thailand, we develop insights into how to adapt business models for emerging markets. We find that successful firms adjust some components of their business model significantly, in particular content, structure, and governance of their activity systems, to take differences in customer characteristics and institutional differences into account. However, they follow similar value propositions and value capture mechanisms and maintaining the underlying design theme of its home country business model. We propose an inductive framework to explain business model adaptation for emerging markets.

# Knowledge-Intensive Acquisitions by Firms from Emerging Countries in Europe: The Role of Governance and Experience in the Ownership Choices

Vittoria Giada Scalera, Polytechnic University of Milan

The present work is about the ownership choices by knowledge-intensive Emerging Market Multinational Enterprises (EMNEs) when they invest in Europe through acquisitions, and the relationship with corporate governance and experience. Namely, we claim that EMNEs affiliated to a business group and with previous experience in the host country more likely acquire less control and keep the local partner. Additionally, we claim that the corporate governance characteristics and the role of experience affect differently the ownership decision of Chinese and Indian firms, respectively. Our empirical analysis relies on a dataset of acquisition undertaken by high and medium-high tech Chinese and Indian MNEs in Europe, in the period 2003-2011 (Data sources: SDC Platinum and BvD Zephyr).

## Learning to become a High Reliability Organization in the Food Retail Business

Esteban R. Brenes, INCAE Business School Luciano Ciravegna, INCAE Business School

This case discusses Selectos, a retail chain based in El Salvador, which was put under severe strain when Walmart entered its domestic market. The case illustrates that Selectos succeeded in competing Vis a Vis Walmart because it implemented the principles of High Reliability Organizations. The case is designed to illustrate how a domestic firm from an emerging market competes with a leading multinational corporation, emphasizing the importance of organizational learning, especially the development of routines and mechanisms that allow for flexibility and adaptability to changes in conditions.

## Understanding the Rise of Emerging-Market Companies' Acquisitions of Developed-Market Firms: A Resource-based Perspective

Saikat Chaudhuri, *University of Pennsylvania* Rosa Caiazza, *Parthenope University of Naples* 

The recent rise of emerging-market companies' (EMCs) acquisitions of developed-market companies (DMCs) has triggered a debate on the appropriateness of the traditional internationalization paradigm (i.e., OLI

framework or internalization theory) in explaining these contemporary developments. We seek to help reconcile the views, by suggesting that assumptions of the existing paradigm must be adapted for the new phenomenon as the latter exhibits features inconsistent with the former's premises. We do so by offering a resource-based perspective that provides a more balanced focus on the role of both firm-specific and location-specific resources in the value creation of EMCs' acquisitions of DMCs. Applying our conditional approach, we develop testable propositions on the distinct antecedents, processes, and outcomes of such acquisitions as a point of departure for future work.

SESSION 205

## STRATEGY MAKING DYNAMICS

TRACK H, TRACK J

Date Monday, Sep 22

Time 08:00 – 09:15 h

Paper Room Londres

Session Chair Chet Miller, University of Houston

# A Dispersed Process Strategy-Making: Studies on Ecologies of Electric Mobility

Erwin Hettich, University of St. Gallen

This study examines the interorganizational strategy process as documented by two case ecologies within the emerging domain of electric mobility. We argue that interorganizational strategy-making oscillates between meta- and firm-level and unfolds within constructed strategic arenas through an ongoing negotiation between dispersed actors. We report findings about strategic activity that seems to compensate for the absence of hierarchical structures and authorities as present in collaborative arrangements. Our study also points towards the salient roles of individuals in building common strategies by linking actors that are spread across ecologies, as well as giving "voice and face" to interorganizational endeavors.

### Effects of Strategic Dissent Among Senior Managers: A Meta-analytic Assessment of Four Decades of Research

Codou Samba, *University of Houston* Chet Miller, *University of Houston* 

Daan van Knippenberg, Erasmus University-Rotterdam

Senior managers set tone and direction. These managers, however, often disagree over fundamental issues related to strategic positioning of the firm, and such dissent could have important implications for firm functioning and outcomes. Unfortunately, past research has not provided consistent findings or clear insight into the possible effects of managerial dissent. To address this situation, a quantitative synthesis of past research was undertaken. Using a mediated path-analytic approach, our results clearly suggest negative effects. In more specific terms, the results suggest negative effects on information elaboration and interpersonal relations among senior managers, with these two process variables in turn affecting the quality of strategic decisions. Decision quality then affects firm performance. Overall, benefits assumed to exist by many are not present in the research aggregation.

## Speak Up! Enhancing Risk Performance with Enterprise Risk Management, Leadership Style and Employee Voice

Johanna Sax, Copenhagen Business School Simon S. Torp, Aarhus University

More and more firms employ systematic risk management systems such as Enterprise Risk Management to keep up with fast changing environments. At the same time, risk management scholars and practitioners recognize the importance of middle and lower-level employees' voice to ERM's success. To harness employee voice firms need a supportive risk management culture in addition to these formal processes. This study identifies participative leadership style and psychological safety for voice as two important contextual factors for creating supportive risk management culture. Drawing on a survey on 170 of the largest firms in Denmark, we find support for the proposition that formal ERM processes are important for risk performance and this relationship is improved by participative leadership style.

## TMT Heterogeneity and Decision Quality: The **Mediating Role of Information Exchange**

Sigrid Gschmack, WHU – Otto Beisheim School of Management Marko Reimer, WHU - Otto Beisheim School of Management Utz Schaeffer, WHU - Otto Beisheim School of Management

In this study we investigate the information exchange between top management and middle management as a mediator between TMT heterogeneity and decision quality. Based on survey data of middle managers in German family firms we find that higher levels of TMT heterogeneity positively stimulate the information exchange between top management and middle management in strategic decision-making which in turn lead to higher decision quality perceived by middle managers. Given the relevance of the perceived decision quality for strategy implementation and finally firm performance our study contributes to the discussion on the 'black box' of strategic decision-making. Moreover, it highlights the differential effects of the bi-directional information flow between top management and middle management on perceived decision quality.

SESSION 260

### IPRS, APPROPRIABILITY AND INNOVATION

TRACK I, TRACK X Monday, Sep 22 Date Time 08:00 - 09:15 h Common Ground Room Estocolmo

Alfonso Gambardella, Bocconi University **Facilitator** 

### **How Does Uncertainty About IPR Protection Affect Venture Capital Investment? Evidence from Inevitable Disclosure Doctrine**

Carlos Kemeny, Lisbon Catholic School of Business and Economics Raffaele Conti, Lisbon Catholic School of Business and Economics Francesco Castellaneta, Lisbon Catholic School of Business and **Fconomics** 

Francisco Veloso, Lisbon Catholic School of Business and Economics This study investigates how inevitable disclosure, a form of intellectual property rights (IPR) protection, affects venture capital investment. A ruling on inevitable disclosure might solve two types of uncertainty about IPR protection, mobility and regulatory uncertainty, which relate, respectively, to the risk of knowledge leakage due to employee mobility and the predictability of court decisions if this risk comes true. Either of these types might prevent venture capitalists from investing in a state. Using a sample of 91,416 venture capital deals across the U.S., we find that a rule in favor of inevitable disclosure increases the amount of venture capital inflows and the proportion of investment by non-local venture capitalists more than a rule against, a mixed rule or no rule on inevitable disclosure.

## **Intellectual Property Rights and Research on Neglected Diseases**

Keyvan Vakili, London Business School Anita McGahan, University of Toronto

Prior research suggests that TRIPS, a policy that requires WTO members to implement IP rights, has not stimulated significant drug development on neglected diseases in low income countries. One potential explanation is that the investment must arise in basic science before drugs enter into clinical trials. Taking advantage of the variation across countries in the timing of TRIPS compliance, we examine the impact of TRIPS on the level of research on neglected and global diseases. We find that the introduction of TRIPS has a significant positive impact on the amount of research on both global and neglected diseases. We also find that the effect on research on neglected diseases is much more pronounced in low income countries where such diseases are more prevalent.

#### Patent Litigation as a Means of Post-Entry Retaliation

Theresa Veer, ESADE Business School

In this article I investigate the response of incumbents towards the entry of new market participants in terms of triggered patent litigation. I develop a theoretical framework based on the literature on market entry and exit and literature on IP strategy to predict incumbents' tendency to litigate new market participants for patent infringement. In the setting of the semiconductor industry, I analyze patent litigation as a reaction to market entry. In doing so, I set out to inform the literature on market dynamics by analyzing a new post entry retaliation measure. Further, my findings

contribute to the emerging body of research on IP strategy. Concluding, my results have implications on competition policies and management implications for strategic market entry and competitive advantage of incumbents.

## Patent Regime Shift and Firms' Strategic Behavior in Innovation: Evidence from a Natural Experiment

Wenlong He, Peking University

In this paper, we exploit the second amendment to China's patent law in 2000 to examine how the policy change causes a change in the patenting strategy of listed state-owned enterprises (SOEs) versus non-SOEs. Using a difference-in-differences design, we show that following the patent regime shift, while SOEs experienced a substantial increase in their patent applications for minor innovations, their applications for major innovations didn't see a significant rise. More importantly, we find a significant decline of SOEs' patent quality after the policy change. However, such a patent quality decline is elevated for SOEs in monopoly industries and reduced for SOEs in high-tech industries, suggesting that competitive and innovative pressures mitigate some of the unintended negative consequences of the patent law reform for firm patenting.

### The Role of Deep Hierarchies in Innovation

Sridhar Seshadri, University of Texas-Austin Zur Shapira, New York University Christopher Tucci, Ecole Polytechnique Federale de Lausanne

We discuss a formal model of idea flows and project / idea combination in companies and how hierarchies might influence those combinations. We then use the results of the model to generate hypotheses about the importance and variance of importance of ideas. Then we test the hypotheses based on an analysis of patents for 544 firms surveyed between 1981 and 1985. We find that indeed, even after controlling for size, span of control, and other important variables, firms with deeper hierarchies tended to have a more "important" patent. We conclude the paper with a discussion of the implications of these results for organization theory and learning.

## Too Small to Patent?: How Applicant Status and **Examiner Workload Influence Intellectual Property Rights Allocation**

Daniel Chaffin, Michigan State University Ralph Heidl, Michigan State University Robert Wiseman, Michigan State University Mukund Chari, University of Washington

Innovation is argued to be a fundamental mechanism of economic growth and performance within firms (Schumpeter, 1961). Recently scholars have begun to raise concerns about the rate of innovation within the US suggesting that the rate of path breaking innovation is declining over time (Christensen, 2012; Gordon, 2012). While path breaking innovation may be declining, what is unclear is what may be influencing the decline in innovation (Economist, 2013). We argue that declining path breaking innovations are the result of inefficiencies in the intellectual property (IP) market. Specifically we suggest that inefficiencies in the allocation of IP rights by the United States Patent Trade Office inhibits path-breaking innovations by constraining the ability of new market entrants to appropriate the rents from their innovation.



# INCUMBENTS, RADICAL INNOVATIONS AND DISRUPTIVE TECHNOLOGIES

 TRACK I
 Date
 Monday, Sep 22

 Time
 08:00 – 09:15 h

 Paper
 Room
 Malta

Session Chair Fernando Suarez, Boston University

# Coordinating the Uncoordinated: A Theory of Institutionalizing Hidden Business Creation in the Established Firm

Ecaterina Puricel, Swiss Federal Institute of Technology Zurich Fredrik Hacklin, Swiss Federal Institute of Technology Zurich

Innovation is of crucial importance for the growth and survival of established firms. Yet, few studies attempt to strive for a holistic understanding of how the known concepts – such as e.g. R&D and corporate venturing – are interrelated. Firms oftentimes possess a broad, dispersed 'palette' of innovation activities, which can be official and formalized or unofficial and hidden. Through an in-depth case study of an established firm we aim to shed light on the topic of how established firms generate new businesses and how they embed entrepreneurial capabilities into rigid corporate structures. We introduce the mechanism of "mediated effectuation" and describe an organizational function that (1) uncovers the hidden opportunities, (2) bridges the official and unofficial corporate innovation space and (3) increases the organization's entrepreneurial activities.

# **Knowledge Disclosure and Product Innovation in Emerging Technology Contexts**

Olga Bruyaka, Virginia Tech Linda Tegarden, Virginia Tech William Lamb, Babson College Donald Hatfield, Virginia Tech

We study several characteristics of firms' patents (e.g., important vs. ordinary patents) and publications (e.g., important vs. ordinary scientific journals) to shift from debate about whether to publish or patent to the question of how to balance patents and publications with different features. Using an integration of economic, institutional and the resource-based view theories, we predict and compare the relative effects of disclosure (patents and publications) with secrecy on firms' product innovations (pioneer and follow-on innovations) to understand these links to product innovation. We test our predictions on firms that commercialized fiber optic products in the U.S. during the emergence of this technology in 1974-1994. Our preliminary findings suggest that the relative effects and balancing strategies with knowledge disclosure are important to consider.

# Response of Incumbents Firms to Technological Change in the Electricity Generation Industry

Siddharth Sharma, University of Maryland

Technological change and disruptive innovation have been studied in great detail in the literature. The industries in such studies typically belong to the high technology industry where demand uncertainty for new technology is high, government regulation is low and more often than not a single dominant technology emerges. I propose to study the process of technological change and responses of incumbent Independent Power Producers in the electricity generation industry as they adopt renewable source of electricity production in addition to nonrenewable sources. This industry provides an opportunity to study the process of technological change and disruptive innovation where demand certainty for new technology is high, multiple dominant technologies coexist and it operates under significant government regulation.

## Strategies for the Diffusion of a Radical Innovation and Their Performance Consequences

Xavier Castaner, *University of Lausanne* Howard Yu, *IMD* 

Why do some potential adopters adopt a radical innovation while others don't? We are interested in radical innovation because it might entail, if diffused, the replacement or substitution of an existing and institutionalized model of action. We focus in the innovator's interaction approach in its diffusing efforts, in line with Rogers' (1995) convergence model where adoption is seen as the outcome of a converging understanding of the innovation by the adopter through

its communication with the innovator. We examine how the spin-off of an established NYC non-profit organization whose mission is to reduce homelessness tries to diffuse its radical innovation in the US. In particular, we investigate how it interacted with potential adopters in six different US communities with different degrees of adoption.

SESSION 338

# MAKING STRATEGY, STRATEGIC CHANGE AND THE ROLE OF SENSEMAKING AND SENSEGIVING

TRACK J, TRACK X

Date Monday, Sep 22

Time 08:00 – 09:15 h

Paper Room Copenhague

Session Chair Hanna Lehtimaki, University of Eastern Finland

### **Action-driven Sensegiving in Fast Strategic Change**

Shenghui Ma, *University of Zurich* David Seidl, *University of Zurich* 

Sensegiving plays a critical role in the process of strategic change, especially when the change is under time pressure and broad interests are at stake. In order to facilitate the intended change, top managers often engage in intense sensegiving activities to resolve uncertainty and ambiguity. Our study explores the role of sensegiving by drawing on a longitudinal qualitative study of strategic change in two large firms. We establish a processual framework of top managers' sensegiving practices that involve various discursive practices and symbolic actions. We show a mode of action-driven sensegiving, where bold actions were taken, then justified, and future actions are taken in order to create a coherent sense for the initiated change. Theoretical implications of our findings are discussed.

# Can Co-Creation Lead To Better Strategy?: An Exploratory Research

Koen Tackx, ULB Solvay Brussels School Economics and Manageement

Paul Verdin, Free University of Brussels

The "strategy creation" process —the process of formulating and implementing strategy- is often considered as being ineffective and/or inefficient also because the process remains in practice often the privilege of top management with limited involvement of the entire organization. In order to address the main shortcomings, we start from the fair process theory and propose co-creation as an alternative—fairer- way of creating strategy. Using an innovative co-creation platform test to what extent corporations have been following fair process principles in their strategy creation process and their appetite for co-creation in strategy creation. Finally, we propose a conceptual model explaining how fair process in strategy creation can be achieved through co-creation.

# How do Senior Managers Sustain Strategic Change? A Sensemaking Perspective

Lisa Day, London Metropolitan University Julia Balogun, Bath University Michael Mayer, University of Bath

Research points to the importance of senior manager sensegiving in initiating and implementing strategic change. However, little research explores in detail how this takes place over time to not just initiate change but also sustain and implement it. Our findings from a longitudinal, real-time case study of a strategic change initiative in a university focus on how senior managers sustain strategic change through their sensemaking and sensegiving. We explore the detail of what is said and done, and the reciprocal response of others, to appreciate how senior manager sensegiving activity guides and shapes the interpretations of others towards intended goals. Through the focus on meetings as a mechanism of control and coordination, this research also contributes to what we know about meetings and strategic practice.

## Making Strategy: The Hard Work of Institutional Innovation in an Open Professional Field

Richard Whittington, University of Oxford

This paper takes a macro-oriented Strategy-as-Practice perspective to examine the development of the Strategy profession in the period 1960-2000. The paper focuses on two practice innovations: strategic planning and strategic management. These innovations are first explored using

a vocabularies of practice perspective and then qualitatively through an institutional work perspective. The paper stresses the role of distributed agency in achieving innovation, as carried out by socially-skilled actors from leading corporations, strategy consulting firms and business schools. Their institutional work of framing, organizing and implementing is shaped by the nature of Strategy as a profession with low social closure. Such professional openness makes hard work of practice innovation, obliging both duplication and repetition. The paper discusses implications for future innovation in Strategy practice.

SESSION 227

## ENTREPRENEURIAL ORIENTATION, CAPABILITIES AND FIRM PERFORMANCE

TRACK K	Date Time	Monday, Sep 22 08:00 – 09:15 h
Common Ground	Room	Oslo

Facilitator G. T. Lumpkin, Syracuse University

### Digging Deeper into Entrepreneurial Orientation: Intentions and Behaviors and Their Effect on Performance

Laura D'Oria, *University of Tennessee*Pietro Mazzola, *Iulm University*Franz Kellermanns, *University of North Carolina–Charlotte* 

Relying on the Theory of Planned Behavior (TPB), we examine the relationship between EO-Intention and EO-Behavior and their effect on performance in established organization. Using a sample of 80 companies listed on the Italian Stock Exchange, we provide support for the argument that EO-Intention and EO-Behavior are two different constructs, and that entrepreneurial intentions lead to entrepreneurial behaviors only in the presence of high past performance. Moreover, we found that, only EO-Behaviors positively affect performance. EO-Intentions exert simply an indirect effect, by fostering an environment for EO-Behaviors inside organizations. Therefore, managers should focus their attention on the implementation phase because it is "what they do, not what they plan that explains their success" (Weick, 2001: 346).

## Entrepreneurial Orientation and Second-order Competences: The Moderating Role of Environmental Hostility and Organizational Structure

Rasmi Kokash, *Durham University* Mathew Hughes, *Durham University* 

The influence of Entrepreneurial Orientation (EO) on a firm's performance and success is broadly recognized. Similarly, second-order competencesdefined as the firm's competence to build new competences—as a critical resource of a firm's competitive advantage are also important to a firm's success. However, the direct association between EO and second-order competences remains largely elusive. Our study investigates in what ways and how EO associates with second-order R&D and Marketing competences while accounting for specific contingencies. We mainly argue that a firm's manifestation of EO behavior benefits second-order competences; yet, while such gained effects are enhanced as environment hostility increases, these benefits are diminished by organizational structure. Analysis of data, collected using a web-based survey from executives of firms from different industries, using regression modeling, provide support to our main arguments and some support to the contingency factors. Important and novel theoretical and managerial implications emerge from this study.

## Know Thyself: Entrepreneurial Orientation, Partner-Specific Absorptive Capacity and the Dynamic Sensing of New Opportunities

Alessandro Giudici, *City University London* Yiannis Kouropalatis, *Cardiff University* Patrick Reinmoeller, *Cranfield University* 

What is the influence of external relationships on how firms search for new opportunities? In this study we focus on external relationships with network intermediaries – e.g. venture associations, universities, government agencies, specialized consultancies, etc. – a spectrum of external relationships on which more research is needed. More specifically, we build upon research on strategy, entrepreneurship, and

inter-organizational relationships to demonstrate that entrepreneurial orientation and partner-specific absorptive capacity influence how firms sense novel opportunities by shaping its organizational self-awareness. Our results shows that a firm's level of organizational self-awareness – i.e. how it becomes cognizant of its internal resources and external environment – mediates the relationship between its intrinsic entrepreneurial characteristics coupled with its ability to gain valuable external knowledge and the outcome of its search for opportunities.

## The Divergent Role of Sources of Experience on Entrepreneurial Expectations and Outcomes

Maud Pindard-Lejarraga, IE Business School José Lejarraga, IE Business School Matthias Tietz, IE Business School

We explore how different sources of experience affect entrepreneurial expectations and outcomes. Entrepreneurs can resort to different forms of experience to start a new business: startup experience, industry experience, supervisory experience, or general work experience. We argue that different forms of experience will affect shorter and longer term expectations asymmetrically. Previous studies on entrepreneurial expectations have focused on the accuracy of expectations (e.g. the gap between expectations and outcomes), but no study has looked at whether the determinants of expectations also determine entrepreneurial success. We derive a set of hypotheses regarding the effect of different sources of experience and their effects on short/long-term expectations and actual success. We test these hypotheses using the most recent release of the Panel Studies of Entrepreneurial Dynamics (PSED).

# The Role of Entrepreneurial Orientation in Surviving a Financial Crisis: Differences between Family and Non-Family Firms

Antonio Revilla, Carlos III University of Madrid Ana Pérez-Luño, Pablo de Olavide University Maria Nieto, Carlos III University of Madrid

This paper analyzes the impact of entrepreneurial orientation on firm survival in a context of economic crisis. Our hypotheses, building on the literatures on entrepreneurship and family firms, postulate a positive relationship between entrepreneurial orientation and survival, as well as a negative moderation effect of familiness on this relationship. The empirical study builds on a rather unique dataset, for which we tracked the survival status of 369 Spanish manufacturing firms from 2006 to December 2013.—69 of which 'failed' during that period. Our results confirm that familiness exerts highly relevant moderation effects; whereas we found that entrepreneurial orientation reduces the hazards of business failure of non-family firms, we found no significant effect on the survival of family businesses.

## University Entrepreneurial Environment as an Antecedent of Causal and Effectual Reasoning of Student Entrepreneurs

Galina Shirokova, St. Petersburg University
Tamara Galkina, Hanken School of Economics
Karina Bogatyreva, Saint Petersburg State University

The present study shows that university entrepreneurial infrastructure constitutes an important part of entrepreneurial environment, which, in turn, has a significant effect on entrepreneurial behavior and decision making process of student entrepreneurs. We contribute to the existing literature on the contextual understanding of entrepreneurial behavior by diversifying the notion of university entrepreneurial infrastructure and splitting it into four variables. Our preliminary findings show that the level of entrepreneurial education and the favorable entrepreneurial climate are positively associated with causal entrepreneurial behavior while the level of networking and coaching positively associated with effectual entrepreneurial behavior. The financial support at the university has positive relationship both effectual and causal reasoning in entrepreneurial decision making process of student entrepreneurs.



# ADAPTATION ISSUES FOR ENTREPRENEURIAL FIRMS

Session Chair	Kulwant Singh, National University of Singapore		
Paper	Room	Rotterdam	
	Time	08:00 – 09:15 h	
TRACK K	Date	Monday, Sep 22	

## Are Big Customers Always Welcomed?: Major Customer Concentration, Embeddedness Conditions and Startup Performance

Heejin Woo, University of Southern California

From the relative bargaining power perspective, major customer concentration is considered as an impediment to supplier performance. However, due to the idiosyncratic circumstances of a young entrepreneurial firm, I argue that the effect of major customer concentration on young entrepreneurial supplier performance may differ depending on the nature of the supplier-customer relationship. More specifically, under the loosely coupled relationship condition, major customer concentration and young entrepreneurial supplier performance are positively associated while they are negative associated under the tightly coupled relationship condition. From 123 U.S. young entrepreneurial firms in technology intensive industries, I find evidence that is consistent with my theoretical predictions. Underlying mechanisms and contributions are discussed.

## Content Versus Process: An Examination Of The Performance Of Firms Undertaking Discontinuous Strategic Renewal

Sandip Basu, *Baruch College-CUNY* Anu Wadhwa, *EPFL* 

We examine whether and when discontinuous strategic renewal influences a firm's post-renewal performance. Discontinuous strategic renewal involves major shifts by firms away from existing core businesses to new ones. Although there are significant risks involved in discontinuous renewal, it could have long-term benefits such as an improved post-renewal competitive position. We first argue that undertaking discontinuous renewal improves firms' post-renewal performance as compared to firms that do not undertake such renewal. Moreover, appropriate selection of the new industry that a firm shifts to, and a phased transition to this new industry, enhance its post-renewal performance. We test our predictions using longitudinal data on 461 Fortune 500 firms for the period 1990-2000.

## How Institutional Contexts Impact Small Venture Internationalization: A Comparison of Developed and Emerging Market Countries

Joseph LiPuma, EMLYON Business School Christiane Prange, EMLYON Business School

Countries with sound institutions create more robust environments for venture performance. However, due to the liabilities faced by small ventures that do not possess slack resources or market power, we contend that institutions are especially important for small firms. We contend that this difference is heightened in emerging economies as compared to developed economies with respect to firm exporting. We test our hypotheses using data from the World Bank's World Business Environment Survey. The results of our analyses offer support for our model, as some institutional variables appear to be more important to export performance than others in each economic context. We conclude by discussing the implications of our results for managers.

## Organizational Adaptation in Recurring Economic Shocks

Abhirup Chakrabarti, *Queen's University*Kulwant Singh, *National University of Singapore* 

The recent recurrence of economic shocks has raised new questions about how firms adapt to sudden environmental change. Studies examine the importance of growth opportunities, but view shocks as isolated events. We argue that this limits understanding how well growing firms are able to adapt and continue to access opportunities in the context of recurring shocks. Using a sample of firms that navigated recurring shocks in Asia, we find that growth during the shock of 1997-98 was followed by persistent performance disruption, and that firms that overcome

negative experiences with retrenchment during the shock were more likely to access growth opportunities in subsequent shocks. The results also suggest that responses in subsequent shocks were associated with a view towards reducing financial risk.

SESSION 418

### THE STRUCTURE AND EVOLUTION OF NETWORKS

	_		
TRACK N	Da	te	Monday, Sep 22
	Tim	ne	08:00 – 09:15 h
Common Ground	Roc	om	Moscu
Facilitator	Corey Phelps, McGill University		

# Can You Make It Through?: Network Ties and Competition In Nascent Versus Growth Stage Markets

Pinar Ozcan, University of Warwick

This paper is based on the argument that while alliance portfolios provide a fast response to changing market conditions, the very ability to form and manage an alliance portfolio is affected by market conditions. The relationship between market conditions and alliance portfolios can be particularly important when markets transition from nascent to growth stage, and the degree of uncertainty and competition changes rapidly. In these environments, alliance portfolios are critical for firm survival, but forming and managing them may provide a challenge, particularly for entrepreneurial firms with limited resources. To explore how market conditions in nascent and growth stage markets affect the alliance portfolios of entrepreneurial firms, I traced 6 wireless gaming start-ups as their market transitioned from nascent to growth stage.

# **Emerging Networks: The Social Construction of Municipal Bond Underwriting Teams**

Thomas Altura, University of California Los Angeles

Prior research has underemphasized the role of social construction in the emergence of inter-organizational networks. I examine whether intraorganizational legitimacy processes affect inter-organizational partner selection and network structure. Specifically, I hypothesize that increased cultural heterogeneity within an organization will be associated with increased use of formal and market-based controls, as well as a greater emphasis placed on partner-status. I argue that these effects are due to the need for organizations to establish internal legitimacy with respect to their external network ties. These hypotheses are supported through an examination of municipal bond underwritings, wherein local governments in the United States retain investment banking firms in order to issue debt obligations.

# Mechanisms of Network Management Throughout the Career Cycle

Claudia Jonczyk, ESCP-EAP European School of Management

This paper identifies the overreaching networking mechanisms professionals use across different career stages from junior associate to partner level. Differentiating between high agency and low agency professionals we find that high agency professionals skilfully seek out specific organisational actors at each career stage and found contacts that in hindsight prove to become imprinting ties providing different returns at distinct career stages. We also show that these two network building mechanisms are based on professionals' respective capacity to actively construct similarities between themselves and their network contacts. The paper discusses the career implications and the role of homophily for effective network building.

## The Evolution of Collaborative Practices in Small-Firm Networks: A Qualitative Analysis of Four Brazilian Cases

Jorge Verschoore, University of the Sinos Valley Douglas Wegner, University of the Sinos Valley Alsones Balestrin, University of the Sinos Valley

The study analyses the collaborative practices that emerge from the evolution path of small-firm networks (SFN). We followed a qualitative and exploratory approach to reach this goal. Data were collected by interviewing representatives of four Brazilian SFNs, in 2009 and 2013. The results describe four collaborative practices developed by the SFNs, related to strategy, structure, process and coordination. The study also shows that emergent goals demand emergent collaboration practices to support them. The cases suggest that  $\widehat{\text{SFNs}}$  establish new collaboration practices as members interact along the network evolution path. As a managerial contribution, the paper describes a set of collaborative practices employed by SFNs that may generate insights to network managers and help business networks to consolidate in market.

## The Making of Brokers: Network Imitation and the **Formation of Briding Ties**

Julien Clement, INSEAD Andrew Shipilov, INSEAD Charles Galunic, INSEAD

Actors shape network structures by building bridging ties across network communities. Do they build such ties in search for random brokerage opportunities or by purposefully imitating the networking behaviors of other individuals? Using data on collaboration networks in the French television game show industry between 1998 and 2012, we show that individuals develop more bridging ties when they are connected to prominent brokers—individuals who have many bridging ties of their own. This effect is positively moderated by the broker's performance and negatively moderated by his or her status. Additional analyses show that bridging ties ultimately bring benefits to their holders only if their job function requires access to diverse information. These findings suggest that individuals do not always understand the benefits of brokerage: some of them build bridging ties to imitate prominent brokers even when these ties have no impact on their own performance.

### The Relationship between Network Perception and Free-Riding in Inter-Organizational Networks

Fabio Fonti, ESC Rennes School of Business Massimo Maoret, IESE Business School Rob Whitbred, Cleveland State University

Inter-organizational networks - such as multi-party alliances and research consortia - are valuable governance forms that promote technological advancement, learning, and knowledge sharing among organizations. Since the success of these forms is predicated upon the willingness of partners to commit resources to the joint endeavor, in this paper we analyze the relationship between partners' tendency to withhold effort (i.e. free-riding) and their perceptions of the inter-organizational network. Specifically, we argue that free-riding in inter-organizational networks is negatively related to partners' perceptions of peer organizations' efforts; we also posit a U-shaped relationship between partners' perceptions of overall network effectiveness and their level of effort withholding, due to reputational and marginal efficiency considerations. Results from our analysis of a major research consortium provide support for our hypotheses. SESSION 420

## **RELATIONAL MECHANISMS AND GOVERNANCE CHOICE IN ALLIANCES**

TRACK N		Date Time	Monday, Sep 22 08:00 – 09:15 h
Paper		Room	Helsinki
Session Chair	Deepak Somaya, U Champaign	Jniversity o	f Illinois-Urbana

## Government Architectural Knowledge and Agglomeration: A Study of Chinese Township

Sali Li, University of South Carolina Stephen B Tallman, University of Richmond Liangding Jia, Nanjing University

Regional clusters have become popular constructs for organizing economic activity geographically and have also become popular concepts with which to structure governmental economic policy. This study examines the role of government architectural knowledge in cluster heterogeneity. We extend the knowledge based view (KBV) to argue that government architectural knowledge helps provide an idiosyncratic platform for firms in the cluster to interact and exchange knowledge. We assess government architectural knowledge along the dimensions of the mixture of ties and the diversity of functionality, and propose that these attributes of government architectural knowledge will affect cluster comparative performance against its focal industry. In addition, the relationship between government architectural knowledge and cluster performance will be moderated by the industry structure of a cluster. We intend to empirically investigate our hypotheses in the context of Chinese township cluster.

### Managing the Post-Divorce Crisis of Strategic Alliances

Ali Kazeminia, ESADE Business School Africa Ariño, IESE Business School Cristina Gimenez, ESADE Business School

Mohammad Hosein Rezazade Mehrizi, VU University Amsterdam

One very probable result of any alliance is a failure-driven crisis followed by a dissolved alliance (Gulati et al., 2008). Drawing on both the motion theory of classical physics and the concept of resources, we provide a theoretical approach to a failed party's behavior related to an unexpectedly terminated alliance. We discuss two main forces, both of which contribute to the failed party's survival: (1) moving inertia; and (2) new moving forces. We primarily discuss the fact that resources with moving inertia will help a failed party to keep its business operating at a minimum level while also helping to create new moving forces to overcome the crisis. In addition, we discuss the change speed of resources as an underlying factor that helps managers to realize those resources that either: (1) have moving inertia; or (2) can be used to create new moving forces.

## Relational Advantage and Partner-Driven Corporate Scope: The Case for Client-Led Diversification

John Mawdsley, University of Illinois-Urbana Champaign Deepak Somaya, University of Illinois-Urbana Champaign

Prior research on the relational view provides considerable insights into the advantages of relational assets and relational strategies for inter-firm coordination and firm-level performance. We extend the relational view by theorizing how and when relational assets may be leveraged into new lines of business and lead to corporate diversification. Our theory suggests that new business opportunities stemming from existing clients' diversification may lead suppliers to diversify into new areas, and that this effect is strengthened by buyer-supplier relational assets (buyer-specific knowledge and relational governance) and weakened by suppliers' pursuit of capabilities based on other types of knowledge such as industry or occupational expertise. We test these propositions using detailed longitudinal data on patent prosecution work outsourced between patent law firms (suppliers) and their corporate clients.



# Trustworthiness through Corporate Social Responsibility: Partner Selection in Strategic Alliances

Husain Ali, Rensselaer Polytechnic Institute Bill Francis, Rensselaer Polytechnic Institute

The literature on trust in strategic alliances is vast, but its role in alliance formation is almost nonexistent. Pointing to the difficulties of operationalizing this construct, scholars mostly employ survey to measure trust. Using Williamson's TCE as well as Akerlof's "lemons" problem, we postulate that firms can use trust as a mechanism to identify themselves as non-opportunistic partners thereby, facilitating alliance formation. Drawing from the CSR literature, and using positive CSR activities as an indication of firms' trustworthiness we find strong support for the ex-ante importance of trust in alliance formation. We also find that stakeholder awareness of firms' trustworthiness affects the relationship between firm's trustworthiness and alliance formation. Finally, we also find that alliance experience has a moderating impact.

SESSION 335

## INTERNATIONALIZATION AND STRATEGIC DECISIONS

TRACK O, TRACK	G Date	Monday, Sep 22
	Time	08:00 – 09:15 h
Paper	Room	Estancia 311
Session Chair	W.G. Douglas Fernandez, San	Diego State University

## Interlocking Directorates and Operational Internationalization of U.S. IPO firms: 2008-2012

Orhun Guldiken, Old Dominion University Daanish Pestonjee, University of Arkansas Izzet Sidki Darendeli, Temple University

We use upper echelon and board capital theories to examine how an IPO firm's operational internationalization – the percentage of its revenues derived from foreign markets – is a function of the extent of international involvement of other firms on whose boards the IPO firm's top managers and directors serve. Data collected from 184 U.S. IPO firms listed in NYSE or NASDAQ from 2008 to 2010 reveal that the greater the international involvement of other firms on whose boards an IPO firm's directors sit, the greater the operational internationalization of the IPO firm. Moreover, the results show that the experience of top managers and directors interact with each other in driving the IPO firm's operational internationalization. This study extends earlier work by suggesting that interlocking directorates shape an IPO firm's operational internationalization.

## International Board Capital and Firm Performance: The Moderating Roles of Internationalization Stage and Scope

W.G. Douglas Fernandez, San Diego State University Sumit Kundu, Florida International University

This study combines insights from internalization theory with resource dependence theory to build and test theoretical arguments regarding board capital, multinationality, and performance. We argue that boards' international human and social capital can provide the necessary resources to address the challenges associated with operating in foreign markets. Specifically, we argue that board capital in the form of local networks, international prominence, and depth of experience will be more important at early stages of international expansion. We further argue that the importance of directors' breadth of international experience increases as firms enter later stages of internationalization and increase the scope of their international operations. Using a panel of S&P 500 firms observed from 2004-2011, we find general support for the aforementioned hypotheses.

# Share Price Gaps in Cross Listings: A Measure of Foreign-Market Legitimacy

Feibo Shao, Oklahoma State University
Scott Johnson, Oklahoma State University

This study explores firm-level factors that influence foreign-market legitimacy, which is measured by share price gaps using a sample of Hong Kong listed firms that are also cross-listed at US. We focus on the following four factors: board structure, demographical characteristics of directors and executives, compensation structure, and firm age. The

preliminary analysis shows firms have more foreign-market legitimacy (as indicated by smaller price gaps) when firms have higher percentages of directors from the foreign market countries, and that price gaps will be smaller for firms with a longer history.

# Strategic Decision Making in International Firms: Effect of Top Management Team's Internationalization on Strategic Decisions

Akbar Azam, *University of Bologna* Cristina Boari, *University of Bologna* 

Fabiola Bertolotti, University of Modena and Reggio Emilia

The managers of international firms have to be comprehensive and quick in international strategic decision making in dealing with complex international environment and global competition. One way for international firms to deal with this conflicting requirement is the internationalization of their Top Management Teams (TMT). We argued that international experience and international ties of an internationalized TMT of an international firm affects its ability to make comprehensive and fast international strategic decisions.

SESSION 458

#### THOSE AT THE TOP MATTER!

Session Chair	Markus Menz, University of S	t Gallen
Paper	Room	Estancia 307
	Time	08:00 – 09:15 h
TRACK O	Date	Monday, Sep 22

### Managerial Racial and Gender Diversity and Firm Performance: The Moderating Role of Alliance Network Structure

Goce Andrevski, *Queen's University* Orlando Richard, *University of Texas-Dallas* Sheryl Skaggs, *University of Texas-Dallas* Weichieh Su, *National Chengchi University* 

In the context of alliance network structure, we explore the effects of managerial racial and gender diversity on firm performance (i.e., return on assets). Using automobile industry data spanning 20 years (1989–2008) in Study 1 and computer industry data spanning five years (2007–2011) in Study 2, we examine the extent to which firm-level alliance network structure moderates the relationships. We find managerial racial and gender diversity to be more positively related to performance when firms are embedded in sparse networks rich in structural holes. In contrast, homogenous management groups benefit more from dense network structures than from sparse network structures. We offer research and practical implications to the fields of organizational demography and social networks.

# The Cosmetics of Leadership: Understanding the Fading Effects of CEO Assertiveness and Charisma on Market Performance

Federico Aime, Oklahoma State University Stephen Humphrey, Penn State University Oleg Petrenko, Oklahoma State University Aaron Hill, Oklahoma State University Jason Ridge, Clemson University

This study examines the persistence of the effects of CEO perceived charisma and assertiveness on market performance. Our results indicate that an initial positive effect of CEO charisma on market performance fades over time. Similarly, the initial negative effect of CEO assertiveness on market performance fades over time. These findings are consistent with the cosmetic nature of such characteristics. We further show that CEO charisma and assertiveness are related to observable appearance and behavioral aspects of CEOs like affect, physical attractiveness, voice patterns, and relational personality characteristics. We find support for our ideas with a sample of 164 CEOs, operationalizing CEO characteristics with a novel media-based measurement technique that uses third party ratings of CEOs with validated psychometric scales.

# The Power of Strategy: When Chief Strategy Officer Power in the Top Management Team Matters

Markus Menz, *University of St. Gallen* Christine Scheef, *University of St. Gallen* Elisabeth Lange, *University of St. Gallen* 

While firms increasingly choose to have a chief strategy officer (CSO) in the top management team (TMT), the influence of this executive varies considerably across firms. Drawing upon upper echelons research, we argue that the CSO's structural power in the TMT is positively associated with firm performance and that its benefits are contingent upon the TMT's cognitive diversity and the structural need for such a position. Based on a sample of 184 CSOs in S&P 500 firms, we find that CSO power in the TMT is not advantageous per se, but that the TMT's composition and structure – TMT functional heterogeneity, TMT age heterogeneity, TMT divisionalization, and chief operating officer presence – affect the relationship between CSO power and firm performance.

# Who You Are Matters: The Effect of Board Diversity on Corporate Social Performance

Laura Gasiorowski, Temple University
Xueming Luo, Temple University

We examine the impact of top management diversity on strategic decisions concerning corporate social responsibility (CSR). We develop and test a theoretical framework that aims to clarify the relationships between board diversity, CEO separation, and CSR. We test our framework using panel data on CSR ratings, director background, and CEO characteristics over the period 2007-2011. Preliminary results suggest that gender and outsider diversity are positively associated with CSR while tenure and ethnicity diversity negatively impact CSR. We also find a curvilinear relationship between less ethnicity diversity and CSR. Further, we find that the CEO is less important than the board in impacting CSR. Our framework contributes to the literature by unpacking and clarifying the boundary conditions of how board diversity affects CSR performance.

SESSION 354

#### **GOALS AND ASPIRATIONS**

Facilitator	Massimo Garbuio, University of Sydney			
Common Ground	Room	Glasgow		
	Time	08:00 – 09:15 h		
TRACK P	Date	Monday, Sep 22		

## Goals With A Warning Label?: How Goal Failure And Stretch Goal Influence Waste Reduction

Luca Berchicci, *Erasmus University-Rotterdam* Andrew King, *Dartmouth College* 

Research in goal setting postulates that there is a positive relationship between goals and performance in doing a certain task. Recently, however, some scholars argue that goals could be counterproductive by enhancing risk-taking and unethical behavior, and by increasing the psychological cost of goal failure. Should goals require a warning label? We begin to address this question by examining how demanding goals influence performance. In the context of industrial waste prevention, we test whether stretch goals and failed goals previously set increase or decrease subsequent performance. Contrary to conventional wisdom, we find that goal failures and stretch goals have a detrimental rather than a beneficial effect on performance.

# Middle Managers' Divergent Strategic Behavior and Performance Aspirations

Murat Tarakci, *Erasmus University-Rotterdam* Nufer Yasin Ates, *Tilburg University* Bill Wooldridge, *University of Massachusetts - Amherst* 

We examine the effects of individual- and organizational level performance aspirations on managers' divergent strategic roles. Data from 123 senior middle managers governing 21 multi-country organizations (MCOs) of a Fortune 500 company revealed that both individual- and organizational-level aspirations drive a manager's divergent strategic behavior. This finding sheds light on psychological underpinnings of managers' strategic roles, and thereby contributes to strategy process research which has unearthed structural antecedents of middle managers' divergent strategic roles, but has remained silent regarding psychological antecedents. We also add to the behavioral theory of the firm as we provide a multilevel perspective toward performance aspirations.

## **Multiple Goals and the Performance Distribution**

Miles Yang, University of Wollongong Shayne Gary, University of New South Wales

Many academics, consultants and managers advocate stretch goals to attain superior individual and organizational performance. However, there is limited research exploring the effects of stretch goals on organizational performance. Here, we propose to explore the effects of both stretch profit and size goals on the performance distribution. When compared with moderate goals, stretch goals for either profit or size or both improved performance for a few, while many found the stretch goals too difficult and abandoned them. Consequently, stretch goals for either profit or size or both led to higher performance variance and a right-skewed performance distribution but did not improve median performance. In complex environments, finding and following strategies to realize stretch goals is difficult and risky, and, instead, some managers adopt lower self-set goals or focus on survival. The findings extend theory on organizational goal and suggest caveats for the adoption of stretch goals.

# Performance Feedback and Organizational Search Behaviors in Business Groups

Ji-Hee Kim, *KAIST* Ji-Hwan Lee, *KAIST* 

This paper examines which characteristics of business group determine the market or technology search of its affiliates. We empirically confirm that when the performance of the affiliate is below its aspiration level, the affiliate is positively associated with the market search intensity to improve their performance in a short period. When the performance of affiliate is above its aspiration level, however, the affiliate is negatively associated with the technology search accompanies higher risk, because of their tendency to maintain status quo. Moreover, our finding suggests that the level of diversification of the business group negatively influence the search behaviors by increasing the internal information dependency within the group. We found that the accumulated slack at the group level has no significant moderating effect.

## Psychological Variation among Senior Managers: Effect on Performance Feedback Interpretation and Strategic Change

Daniela Blettner, Simon Fraser University
Songcui Hu, University of Arizona
Richard Bettis, University of North Carolina-Chapel Hill

The research on adaptive aspirations has been focused on strategic change as a direct outcome of performance feedback. However, little research has considered how managers' interpretation of performance feedback affects strategic change decision making. Therefore, we examine the role of psychological drivers (e.g., past/future orientation, rational/intuitive) of senior managers in impacting feedback interpretation and strategic change. Using textual analysis techniques, we will analyze: important psychological drivers in senior managers of the aspiration adaptation process and the effect of such aspiration adaptation on strategic change.

## The Effect of Performance Feedback on Organizational Behavior: A Meta-Analytic Review and Theoretical Integration

Bernardo Correia-Lima, University of Amsterdam

This study presents a meta-analytic review and theoretical integration of the effect of performance feedback on organizational behavior. It addresses three central debates in literature: What is the effect of performance below and above aspiration level on organizational behavior? Does performance feedback influence different organizational outcomes in different ways? Is the relationship between performance adjusted by aspiration level and organizational behavior moderated by aspiration source (i.e. historical or social)? Preliminary results indicate that while the overall effect of performance feedback on organizational behavior is negative, aspiration source and type of organizational outcome significantly moderates this relationship.



# PLENARY TRACK, EXECUTIVE DISCOVERIES SERIES

 TRACK Q, TRACK X
 Date
 Monday, Sep 22

 Time
 09:30 – 10:30 h

 Plenary Panel
 Room
 Madrid

## How Social Networks Create Competitive Advantage: The Microfoundations Reputation

Speaker

Ronald Burt, University of Chicago

Competitive Advantage in Networks is created by the information breadth, timing, and arbitrage advantages of bridging structural holes. But benefiting from the advantage depends on having sufficient Social Standing to be accepted as a network broker (formal authority, informal authority, and especially reputation which most allows new talent to rise up). Therefore, understanding the Origins of Reputation is critical to understanding competitive advantage. In nonhuman networks, reputation emerges in a well-known way within closed networks distributing trusted information from repeated observation (eBay, Amazon, etc.; Bandwidth Effect). In human networks, however, closed networks typically play a more active role in defining reputations. Closed networks operate as echo chambers in which people share selected stories in casual gossip intended to strengthen connections with one another (Echo Effect). Sharing the same opinion again and again makes people feel connected but they become ignorantly certain in their opinions of others, and reputations are amplified to persistent positive and negative extremes (key graph). In other words, reputations are a by-product of people building relations with one another, which has Significant Implications for Managing Reputation (key table).



Ronald S. Burt is the Hobart W. Williams Professor of Sociology and Strategy at the University of Chicago Booth School of Business. His research addresses how social networks create competitive advantage for individuals and organizations. He is a Fellow of the American Academy of Arts and Sciences, was the Academy of Management's 2007

Distinguished Scholar of Organization and Management Theory, and received in 2011 the Academy of Management's George R. Terry award for his book, Neighbor Networks: Competitive Advantage Local and Personal.

10:30 – 11:00 **COFFEE BREAK** 

## **BUSINESS MODEL DESIGN AND INNOVATION IN DIFFERENT INSTITUTIONAL ENVIRONMENTS**

TRACK A Date Monday, Sep 22 11:00 - 12:15 h Time **Panel** Room Roma 1

#### **Session Chair**

Xu Han, University of Pennsylvania **Panelists** 

> Paul Hirsch, Northwestern University Rahul Kapoor, University of Pennsylvania Wei Wei, Peking University Christoph Zott, IESE Business School

Business model design and innovation have drawn increasing interests from both academics and practitioners in the recent decade. One important domain of research is the effect of the institutional environment on business model innovation. Specifically, institutional environments differ in various facets which are relevant to the design and innovation of business model, including but not limited to, stakeholder demographics, value propositions of external stakeholders, and the key resources/ capabilities that undergird business models. Therefore, the institutional environment can significantly shape the design and innovation of a firm's business model. This symposium will focus on exploring the mechanisms through which institutional environments affect business model design and innovation as well as the competition among business models embedded in different institutional environments in the global market.

SESSION 405

#### **MULTI-SIDED PLATFORM STRATEGIES**

TRACK C, TRACK X	Date	Monday, Sep 22
	Time	11:00 – 12:15 h
Paper	Room	Estancia 311
Session Chair	Anil Doshi, Harvard University	

### **Agent Heterogeneity in Two-Sided Platforms:** Superstar Impact on Crowdfunding

Anil Doshi, Harvard University

By studying how agents on one side of a platform, or two-sided market, affect agents on the other side, I provide evidence of the importance of understanding heterogeneity in types of agents joining the platform. Specifically, I investigate how the arrival of superstar agents affects the other side of the platform. In the context of crowdfunding, I demonstrate that the arrival of superstars increases the overall transaction levels on the platform (in what I call a halo effect), but the increase is disproportionaly experienced by agents that are similar to the superstar experience (the crowding out effect). For managers, I demonstrate that in addition to pricing and platform rules, attracting certain kinds of agents can help drive the transaction volume and size of a platform.

#### Forms and Levers of Platform Intermediation

Srinivasan Raghavan, Indian Institute of Management-Bangalore

Multi-sided platforms (MSP) are organizations that operate in multi-sided markets, and create value by connecting different groups of users. Multisided platforms add significant value to one or more sides of participants on the platform through, among other things, indirect or cross-side network effects. Intermediation between multiple groups of participants is a key value addition provided by MSPs. Extending the study by Sawhney, Prandelli, & Verona (2003), this paper classifies MSPs into three forms of intermediation - network platforms, community platforms, and marketplace platforms. The proposal discusses the key levers of platform intermediation across these forms and proposes to empirically study the differences across these forms on the levers, viz., credibility, pricing, complements, and platform architecture.

## How Durable is "Winner-Take-All"?: Competitive Dynamics and Installed Base in Network Markets

David McIntyre, Providence College

Asda Chintakananda, Nanyang Technological University

This research examines how incumbent firms in network industries that have attained a winner-take-all status can lose their market base to rivals. We model the strength of a network firm's installed base and its propensity to lose market share by integrating theories from the network effects and competitive dynamics. We develop hypothesis to show that network firms' ability to maintain their status depends on the interaction of the strength of network intensity and the level of network rivalry. Under low network intensities, a firm's winner-take-all position is more durable when network rivalry is low. On the contrary, under high network intensities, a firm's winner-take-all position is less durable when network rivalry is low. We conclude by discussing several implications for future research and practice.

### **Value Creation Architectures in Platform Markets: Competitive Advantages and Disadvantages in the E-Mobility Industry**

Oke Christian Beckmann, University of Flensburg Susanne Royer, University of Flensburg Helmut Dietl, University of Zürich

Uwe Stratmann, University of Applied Sciences Kempten

The focus of this research is a better understanding of two-sided markets and their implications for strategy development. When developing strategy it is not sufficient to solely rely on a systematic approach towards an understanding of platform market characteristics. Sustainable competitive advantages in such markets are still only superficially understood since the focus so far lies on market characteristics and not on strategically relevant firm and relational resources. Here, it is suggested that an understanding of firms embedded into networks of other actors is crucial to the investigation of strategic competitive advantage. Therefore, different types of value creation architectures of e-mobility providers are systematically illustrated to come to first insights about architectural configurations in two-sided markets.

SESSION 412

## **PUBLIC-PRIVATE RELATIONSHIPS AND POLITICS**

TRACK D	Date	Monday, Sep 22	
	Time	11:00 – 12:15 h	
Paper	Room	Paris	
Session Chair	Aaron Hill, Oklahoma State University		

### **Business Clubs: Explaining Firms' Engagement in Collective-Goods Provision**

Luis Ballesteros, University of Pennsylvania

I propose a theoretical argument that aims at explaining firms' provision of collective goods, like disaster relief. By virtue of their direct economic affiliation with geographical communities, firms become members of market systems. For member firms, goods that benefit the system are considered club goods; for non-member firms, they are public goods. Member firms' income is a function of club goods-to which only members own consumption rights. Therefore, as members of club-goods systems, firms face a higher incentive to donate than in public-good settings. I use unique data of corporate donations to 159 disasters that affected different countries in the period 2000-2013 and a panel of 2011 multinational enterprises from 61 countries. The preliminary analyses show that firms with direct economic affiliation are significantly more likely to become collective-good providers than firms with no affiliation.



# Explicit and Implicit Political Relationships: The Impact of Corporate Political Investments and Congressional Stock Ownership on Firm Performance

Jason Ridge, Clemson University Aaron Hill, Oklahoma State University Joseph Kim, Oklahoma State University

Much of the research focusing on government and firm relationships seeks to determine whether corporate political investments (CPI) provide positive results for firm performance. However, this is but one, explicit, manner in which relationships are developed between Congressional members and firms. Relationships are also developed through implicit manners, such as Congressional stock ownership. We argue that the same self-interested tendencies that are suggested to benefit firms through CPI also occur due to Congressional self-interest in their personal stock holdings. We find that Congressional members stock ownership is positively related to firm performance and that this relationship has greater impact than CPI on firm performance. We also find that ownership by influential Congressional members (i.e., majority party or ranking members) is positively related to firm performance.

# **Stakeholder Coalitions and Social Media-Driven Advocacy**

Walid Shibib, *University of Geneva* Emmanuel Josserand, *University of Paris-Dauphine* 

How does Social Media (SM) impact the Stakeholder Theory and the stakeholder environment of organizations? This paper focuses on stakeholder coalitions and SM-driven social movements. Organized resistance and mounted pressure, which disrupt corporations' activities and oblige change, are a growing threat and challenge to the classical governance of firms. We will look at how SM affects the way advocacy actors interact and how they harness public interest to achieve this. The proposed research will explore how and why advocacy activism works on a large, transnational scale in the digital sphere. Special attention will be given to coalitions that overcome the organizational boundaries of the various actors in order to make their interests heard.

# The Double-Edged Sword of Public-Private Partnerships: Value Creation and Value Capture across Sector Boundaries

Aline Gatignon, INSEAD

This paper examines how firms can both create and capture value from their partnerships with non-profit organizations. It asks how and what their employees can learn from participating in public-private partnerships, and under what conditions they can extract the benefits for their core operations ex post. The paper is grounded in research on alliances, organizational logics and learning. It draws on archival and survey data on a 10-year partnership between TNT and the United Nations World Food Program. The core finding is that extensive interaction between partners can lead employees to develop exploratory knowledge and skills that are far removed from the firm's traditional knowledge base, but which can be difficult to reintegrate into its core operations when they return to their usual job functions.

SESSION 342

#### **RESOURCE BASED VIEW**

TRACK E	Date	Monday, Sep 22
	Time	11:00 – 12:15 h
Paper	Room	Roma 2
Session Chair	Tieying Yu, Boston College	

## Coopetition as a "Business" Model: The Case of Alzheimer's Healthcare Pathway in the French Context

Tegbe Aiyewa, *University of Montpellier I* Saïd Yami, *University of Montpellier 1* 

Healthcare institutions have to innovate by opening themselves up to strategic interdependence with the objective of collaborating on different modes of patients' management; whether it is hyper-specialization or an integrated full care system. By collaborating the outcome would be the overall improvement of quality and efficiency of health services as there is a growing demand for it in the society. In addition, when considering cooperative strategies, health care institutions are motivated by the present and future socio-economic, demographic and financial

challenges facing the health sector. In this paper, we aim to understand how coopetition is implemented in the French healthcare system and the resulting outcomes. The evolution of coopetition is considered via an empirical analysis of the integrated healthcare pathway of Alzheimer patients.

### Investing the Windfalls from Strategic Factor Markets: The Impact of Input Hedging on Competitive Output Pricing

Javier Gimeno, INSEAD Tieying Yu, Boston College Yu Zhang, University of California-Irvine

The value of resources changes from the time being required at strategic factor markets under uncertainty to the time when these resources are to be deployed. Prescriptive research in the RBV emphasizes that, regardless of the acquisition costs (AC), resources should be allocated to activities that will generate returns above the opportunity cost (OC) of resources. Our paper seeks to explore the connection between the accounting outcomes of resource acquisition and resource deployment decisions. We do so by leveraging the unique context of hedging, which leads to systematic differences between AC and OC. We examine whether and how those accounting profits/losses from the resource acquisition affect the strategic decision of deployment, and particularly the competitive aggressiveness in pursuing market position in downstream markets.

### Orchestrating a Firm's Resource Base for Performance

Ilgaz Arikan, Ohio State University Arun Rai, Georgia State University

We examine how firm-specificity, complexity and modularity of a firm's resources, individually and together, impact a firm's performance relative to others in the same industry over time. Our empirical analysis is based on stochastic frontier analysis of firm-level panel data on investments in IT resources by investor-owned electric utilities. We find that a firm's resource base and overall modularity jointly impact its performance, increased complexity of core resources decreases the change in relative firm performance in the short-run while increasing it in the long-run, increased modularity of core resources increases the change in relative firm performance in the short-run, while decreasing it in the long-run, and (iv) increased firm-specificity of core resources increases the change in relative firm performance in the long-run.

## The Organizational Drivetrain: A Road to Integration of Dynamic Capabilities Research

Giada Di Stefano, *HEC Paris* Margaret Peteraf, *Dartmouth College* Gianmario Verona, *Bocconi University* 

Although the research domain of dynamic capabilities has become one of the most active in strategic management, critics have charged that it is plagued by confusion around the construct itself. In this paper, we uncover a potential reason for this confusion embedded in the unique nature of the construct's development path – a peculiarity that has led to split understandings of what constitutes a dynamic capability. We suggest a solution to this problem – what we call the "organizational drivetrain". Our drivetrain represents a theoretical model aimed at combining different views of the definition of dynamic capabilities by explaining how routines and simple rules interact. This shows that it is possible to advance the development of the framework by combining divergent understandings into a coherent whole.

### INTERNATIONAL CORPORATE STRATEGY

 TRACK F
 Date
 Monday, Sep 22

 Time
 11:00 – 12:15 h

 Paper
 Room
 Londres

Session Chair Laurence Capron, INSEAD

# **Developing Dynamic Capabilities and Offshore Outsourcing of Canadian Manufacturing SMEs**

Muhammad Mohiuddin, Laval University Zhan Su, Laval University

There are insignificant researches that address the offshore outsourcing as a source of dynamic capabilities development. The objective of this paper is to explore on how manufacturing SMEs enhance their dynamic capabilities through offshore outsourcing in addition to the efficient related advantages that firms gain from this strategy. Organizational dynamic capabilities development process consist of increasing focus on Core competency of the focal firm, developing innovation capabilities, increasing market share, and improving flexibility of the firm. This study shows that offshore outsourcing contributes to the development of dynamic capabilities with varying degrees of success. This article open-up a new horizon on offshore outsourcing research and shed light on growth perspective and sustainable competitive advantages (SCA) that offshore outsourcing bring to manufacturing SMEs despite the size and resource constraints they inherit.

## Effects of Strategic Distance and International Context on Post Acquistion Performance

Panagiota Sapouna, *University of Stirling*Dimitrios Kyriazis, *University of Piraeus*Pavlos Dimitratos, *University of Glasgow* 

Spyros Lioukas, Athens University of Economic and Business

The volume and value of international Mergers and Acquisitions (M&As) have significantly increased over the past two decades. Yet, empirical evidence suggests that the majority of them tend to fail. With this consideration in mind, we developed an integrative framework to explore the effects of competitive strategies of the merging partners, national cultural distance as well as institutional and macroeconomic environment (i.e., corporate governance distance, economic distance, geographic distance and openness of the target nation) on post-acquisition performance. To test our hypotheses, we collected data for 781 international M&As. The pattern of our findings indicates that strategic distance and national culture distance negatively influence post-acquisition performance while economic distance between the acquirer and the target adds value. The implications of these findings for theory and practice are briefly discussed.

### Investor Reaction to Conflicting Institutional Logics: Returns to Cross-Border Acquisitions Made by Chinese Firms

Xiaowei Luo, INSEAD Laurence Capron, INSEAD

While organizational scholars have built a strong research agenda that focuses on the internal tensions and processes associated with conflicting institutional logics, we know little about the external tensions associated with firm exposure to conflicting institutional logics. We address this gap by investigating how investors react to cross-border acquisitions made by firms in China's transitional market, which is influenced by contradicting logics of market and government. Using all publicly listed Chinese firms from 2001 to 2010, we found investors reacted more negatively to the announcement of cross-border M&A made by firms that are more politically embedded, especially in regions with stronger market institutions. Our study contributes to research on conflicting institutional logics and corporate political activities.

# Unveiling the Antecedents of International Diversification: An Agency Theory Approach

Giovanni Battista Dagnino, *University of Catania* Maurizio La Rocca, *University of Calabria* Claudio Giachetti, *Ca' Foscari University of Venice* Pasquale Massimo Picone, *University of Catania* 

Using a sample panel of 167 Italian firms longitudinally evaluated during the 1980-2010 period, this study tests whether the firm's choice to spread operations in multiple geographic areas is conditioned by

excess of free cash flow and debt, especially in firm-contexts where agency problems are exacerbated by managers or large shareholders' opportunism. We find that debt has a negative effect on international diversification, while, contrary to our expectation, we find that the effect of cash flow is negative. Results also show that both high ownership concentration and low growth opportunities have a significant moderating effect on the debt - and cash flow - international diversification relationships.

SESSION 372

## THE CHALLENGES OF GLOBAL OPERATIONS: MANAGING R&D AND COMPLEXITY

TRACK G, TRACK I

Date Monday, Sep 22

Time 11:00 – 12:15 h

Paper Room Lisboa

Session Chair Anupama Phene, George Washington University

### Global IP Strategy: Using Strategic Disclosure to Manage Market Options in Internationally Operating Firms

Tilo Peters, Swiss Federal Institute of Technology Lausanne Jana Thiel, ESADE

Christopher Tucci, Ecole Polytechnique Federale de Lausanne

This paper empirically examines how globally diverse market operations affect the choice of IP strategy, specifically the choice to include strategic disclosure into a firm's approach to intellectual property management. It is suggested that strategic disclosure offers solutions to specific needs in the commercialization strategy of the globally operating firm, which are unaddressed by the current patenting system. Using a unique data set of 484 surveyed companies, our findings indicate that with greater market diversity a firm's tendency to strategically disclose increases. The availability of complementary assets and the type of innovation moderate this relationship. We discuss our findings and explore in particular the potential of non-patent-based disclosure for a growing group of globally operating firms that are not multi-billion operations.

# Global R&D and Firm Innovation: Configuration and Collaborative Capability

Anupama Phene, George Washington University Srividya Jandhyala, ESSEC Business School

This study evaluates the conditions under which a firm's global R&D locations influence its innovation. We consider two facets of the firm's global R&D, its configuration and its collaborative capability. We hypothesize that configurations representing greater alignment of the global R&D locations with home country scientific connectedness (using a proxy of participation in learning oriented Intergovernmental Organizations) result in increased innovation. We further propose that the extent of collaborative capacity moderates the effects of alignment on innovation. Our results provide support for the positive effect of configuration of firm global R&D on its innovation. External collaborative capability strengthens the relationship between configuration and innovation. Internal collaborative capability receives partial support and contradicts our hypothesis by weakening the relationship between configuration and innovation.

# How Much Can We Handle? Organizational and International Complexity in Multilateral Alliances

Dan Li, *Indiana University* Lorraine Eden, *Texas A&M University* Matthew Josefy, *Texas A&M University* 

We investigate the extent to which organizational complexity, international location complexity, and international partnership complexity alter the governance structures adopted when multilateral alliances are established. For theoretical clarity and empirical pragmatism, our discussion and empirical tests focus on trilateral alliances, which are the most common multilateral arrangement, and their use of equity or non-equity based structures. Our preliminary results based on 326 trilateral alliances show that organizational complexity and international partnership complexity are positively associated with the adoption of equity-based governance structures, while international location complexity decreases the likelihood of equity-

based structures. Our findings advance the limited



body of literature on multilateral alliances by revealing the distinctive effects of different types of complexity and advance the international literature which has primarily only studied bilateral alliances.

# The Geography of Imitation: Global Innovation Ecosystems and the Risk of Being Infringed

Johann Nils Foege, RWTH Aachen University Torsten Oliver Salge, RWTH Aachen University Erk Peter Piening, ESCP Europe

Firms establish ever more powerful innovation ecosystems composed of partners located around the globe. Despite their benefits, such ecosystems might come at the cost of greater knowledge leakage and imitation threats. It is against this backdrop that we explore the geography of imitation as induced by firms' membership in global innovation ecosystems. We base our analyses on comprehensive data from 612 German manufacturing firms. Our findings indicate that engaging in such ecosystems, particularly in those predominantly composed of foreign partners, exposes the focal firm to considerable risks of being infringed (i.e. of being affected by the unauthorized use of its technical inventions) abroad, which is highest among firms with a strong innovation track record. These findings have important implications for global strategy research and practice.

SESSION 373

## GLOBAL DIVERSIFICATION: GOVERNANCE AND PERFORMANCE IMPLICATIONS

TRACK G	Date Time	Monday, Sep 22 11:00 – 12:15 h
Paper	Room	Malta
Session Chair	Alvaro Cuervo-Cazurra. Northeastern University	

### Global Diversification in Spanish MNEs: Dissecting the Interactions between Political Risk and Product Relatedness

Alfredo Jimenez, *University of Burgos*Diana Benito-Osorio, *Rey Juan Carlos University* 

By combining the institutional approach with the resources and capabilities-based view and the dynamic capabilities approach, this paper investigates the mutual impact of political risk and the degree of product diversification relatedness. The results show that previous experience managing high levels of political risk in the foreign direct investment portfolio increases the number of countries where the firm may potentially invest. This multinational flexibility encourages a higher degree of product diversification relatedness by facilitating the replication of synergies, cooperation, exchange of knowledge and the appropriate control of activities in foreign markets. By contrast, the degree of relatedness in product diversification did not show any significant impact on political risk, due to the existence of instruments available to cover or minimize this risk.

# How Do International Business Assets Impact on M&A Performance between Multinational Enterprises?

Junichi Yamanoi, *Chuo University* Akie Iriyama, *Waseda University* Shige Makino, *Chinese University of Hong Kong* 

Departing from extant M&A research focusing on domestic M&As or cross-border M&As, we study domestic M&As between two globalized companies (MNEs), and examine how complementarity and integration difficulty of their international business assets influence the M&A performance. Using the event study method for 136 M&As between two MNEs located in the same home country base, we found that MNEs receive a more positive market reaction when they expand country portfolios through M&A and have greater integration opportunities of their international business assets. Additionally, we found that MNEs receive a more negative market reaction when they need to integrate more culturally and geographically distant operations. The study contributes to the literature by making a new research avenue on increasingly salient phenomena.

### Liability of Emergingness and Capability Catch-Up in Cross-Border M&As by Emerging Country Multinationals

Wenjie Chen, George Washington University Alvaro Cuervo-Cazurra, Northeastern University

We compare the impact on stock market value gains of cross-border mergers and acquisitions (M&A) in advanced economies by emerging country multinational company (EMNC) acquirers and advanced economy multinational company (AMNC) acquirers. We separate two effects that have been confounded in prior studies. First, we propose the liability of emergingness, in which we argue that EMNCs tend to experience lower value gains than AMNCs when purchasing firms in advanced economies because EMNCs have institutional resources less appropriate for operating in advanced economies than AMNCs. Second, we propose the capability catch-up argument, in which we argue that EMNCs tend to have higher value gains than AMNCs when purchasing high capability target firms in advanced economies because EMNCs can obtain relatively more value from the sophisticated capabilities.

## Payment Method and Equity Ownership in Cross-Border Acquisitions: A Contingency Perspective

Ajai Gaur, Rutgers University Shavin Malhotra, Ryerson University

We examine the use of stocks as a payment method in mitigating the problems arising due to high information asymmetry in CBAs. Drawing on insights from information economics, we propose that stock-based payment method creates a bonding arrangement, which allows firms to assume higher ownership in CBAs. This relationship is, however, contingent on the extent of information asymmetry associated with a CBA as well as capability of the acquiring firm to deal with information asymmetry. Thus, we expect the positive relationship between stock payment and equity ownership to be stronger when CBAs are in geographically distant countries or in high technology industries; and weaker when the acquirer has greater international acquisition experience or the target is in the same industry as the acquiring firm.

SESSION 276

### **ORGANIZATIONAL LEARNING**

Facilitator	Deborah Dougherty, Rutgers University	
Common Ground	Room	Viena
	Time	11:00 – 12:15 h
TRACK I	Date	Monday, Sep 22

### Board Learning: The Influence of Board Members' Internal, External and Performance based Routine Learning on CEO Selection

Heejin Woo, *University of Southern California* Jerayr Haleblian, *University of Georgia* Nandini Rajagopalan, *University of Southern California* 

We draw upon theories of routine based learning to examine corporate boards' CEO selection decision in a sample of CEO successions from 1993 and 2010. We theorize that boards learn from three different sources: internal-based routines created by task specific co-working experience, performance feedback routine driven by market evaluation of prior task performance, and external-based routine influenced by director interlocks . Findings are consistent with our theoretical predictions: internal-based routine learning and performance feedback routine learning are positively related to hiring a new CEO that is similar to the prior CEO, the interaction between them is positive and external-based routine learning is positively related to hiring a new CEO that is similar to the interlocked firm CEO.

# Embracing The Unknown: Transformative Leadership as a Function of Control and Learning how to Unlearn

Andreas Raharso, Hay Group Witansa Angwidjaja, Hay Group Justin Teh, Hay Group Moses Lemuel, Hay Group

How can leaders better anticipate future unknowns and transform their organisations as needed? In rapidly changing environments, transformative leadership is crucial for a firm to be able to adapt and remain viable. Unfortunately, human cognitive mindsets, as part of individuals' identities, impose rigid structures that make it hard for leaders to recognise the necessity of preparing for the unknown. There are three main obstacles to transformative leadership: Narcissism, historical baggage and organisational inertia. To overcome the first two identity-related obstacles, leaders must develop dynamic learning capabilities or learn to unlearn. This can be done by creating transitional space to explore hypothetical new situations and thereby learn to adapt to change. Secondly, leaders must have sufficient control over their organisations overcome inertia that impedes organisational transformation.

## How Do Firms Actually Learn? Formal and Informal Transfers of Knowledge in Export Markets

Giovanni Valentini, Bocconi University Elena Golovko, Tilburg University

We study the effect of exports on firms' innovation output in search for a better understanding of the process underlying the so-called 'learning by exporting' phenomenon. To do so, we distinguish between two types of knowledge that might be acquired in export markets: market and technological knowledge. These two types of knowledge have been generally treated equally by previous studies, although what is actually learnt in these cases is substantially different. How do firms actually obtain these two types of knowledge? We hypothesize that formal technology transfers are particularly salient if firms want to achieve also technological learning in export markets, and not merely learn about local market conditions, which can be provided by simple knowledge spillovers as prior literature has generally assumed.

## Strategic Interaction and Second Degree Exploitation: The Diffusion of Unutilized Knowledge

Sara Ryoo, University of Michigan

Firms fail to utilize their knowledge because the firm lacks complementary assets in order to complete the innovation process or merely because the firm does not acknowledge the true value of their new findings. This paper attempts to identify the impact of networks on the diffusion of a firm's unutilized knowledge and the benefits of such knowledge spillovers to the focal firm by a mechanism called second degree exploitation. I assess how a firm can benefit from spillovers through vicariously learning from its competitors of how to exploit the focal firm's own unutilized knowledge. In order to support the proposed hypotheses, I examine the citation patterns of patents that are not utilized by the creator within the context of U.S. pharmaceutical industry.

# The Particular Case of Professional Service Firms in Ambidextrous Learning

Sebastian Kortmann, *University of Amsterdam* Marc Salomon, *University of Amsterdam* 

Prior literature emphasizes the importance of balancing exploitative and exploratory knowledge sharing in the pursuit of sustainable competitive advantage. This capability is defined as ambidextrous organizational learning and involves the integration of internal and external knowledge sources. In service firms, where customers actively participate in the value creation process, the reconciliation of internal firm- and external customer knowledge requires specific attention. Knowledge asymmetries resulting from different degrees of specialization can influence benefits service firms can derive from their customers. Since professional service firms, such as management consultancies, reveal extreme degrees of specialized expertise, we build on the knowledge-based theory of the firm, the relational view of the firm, and agency theory to clarify the particular role of professional service firms in organizational ambidextrous learning.

# Up-Hill and Down-Hill Learning: Patterns of Knowledge Transfer Methods and Stickiness

Gabriel Szulanski, *INSEAD* Dimo Ringov, *ESADE Business School* Robert Jensen, *Brigham Young University* 

This paper explores how the sequencing of knowledge transfer methods impacts transfer difficulty (stickiness). We propose the existence of two basic patterns of organizational learning. In the first, which we refer to as "up-hill" learning (towards richer methods), richer methods are used at transfer ramp-up than at transfer initiation. In the second, which we refer to as "down-hill" learning (away from richer methods), richer methods are used at transfer initiation than at transfer ramp-up. We hypothesize that when the content of the learning is causally ambiguous and/or when there is an easy relationship between the source and the recipient, down-hill learning is more effective than up-hill in reducing stickiness. Using fine-grained proprietary data we operationalize the two patterns and empirically test of our predictions.

**SESSION 277** 

### **LEARNING FROM OTHERS**

 TRACK I
 Date
 Monday, Sep 22

 Time
 11:00 – 12:15 h

 Paper
 Room
 Rotterdam

 Session Chair
 Marco Giarratana, Bocconi University

## Accelerate Knowledge: How High-Tech Seed Accelerator Networks Transfer and Create Knowledge

Candice Reimers, *University of Pennsylvania*Martin Ihrig, *University of Pennsylvania* 

Early-stage accelerators, an investment model that blends funding with a limited-duration cohort program in exchange for equity, have seen global expansion. Given the access and diversity within this closed network, accelerators have the potential for highly efficient knowledge exchange. In this study, we explore tacit knowledge transfer, new knowledge creation and the influence of social capital conditions on knowledge exchange. We conduct a series of in-depth interviews and follow cohorts of startups as they prepare for the culminating pitch to venture capitalists. Initial findings suggest a lack of cognitive social capital and prevalence of relational social capital resulting in negative influence on tacit knowledge transfer and new knowledge creation, respectively. These early results suggest opportunity for increased efficiency in knowledge exchange within the accelerator context.

### Combining Appropriablity Mechanisms for Innovation Collaboration: Evidence from a Survey of Knowledge-Intensive Services Firms

Marcela Miozzo, *University of Manchester* Panos Desyllas, *University of Bath* Hsing-fen Lee, *University of Manchester* Ian Miles, *University of Manchester* 

We explore the relationship between a firm's value appropriability strategies and its collaboration with various partners for innovation creation and exploitation. Based on an original survey of British and American publicly-traded knowledge-intensive service firms, we find that over-relying on contractual mechanisms is associated with a reduction in collaboration for innovation creation with all partners; relying on formal appropriability mechanisms is associated with a positive but diminishing collaboration with clients, especially for innovation creation; relying on formal appropriability mechanisms is associated with increased collaboration with public research organisations for innovation exploitation. We also find that combinations of high levels of strategic and contractual mechanisms lead to dis-synergies with respect to firms' collaboration with vertical partners for both the creation and exploitation of innovation.

# Through the Lens of Multivariate Meta-Regression: Does Innovation Augment SMEs' Capacity to Export?

Stephanie Mansion, *University of Giessen* Andreas Bausch, *University of Giessen* 

Developing and nurturing export-orientation can substantially corroborate SMEs' competitiveness mainly through diversification and scale effects. Resilient firm-level performance is also perceived to be crucial for dealing with unsustainable current-account imbalances. In this vein, a growing literature investigates whether organizational innovativeness, including sourcing of innovation inputs through external collaboration or networks, promotes expansion via exports. Scholars exploring the impact of different predictors on SMEs' export behavior are reporting controversial results. Therefore, multivariate meta-regression is applied to integrate empirical findings from 35 studies, covering almost 13,000 firms from 26 countries. Results indicate a statistically significant positive effect of innovativeness on the capacity to export. Controlling for five additional explanatory variables, e.g. sourcing inputs externally vs. internally, reveals differential impacts, while emphasizing the benefits of external sourcing.



## When do Firms Change Technology Sourcing Vehicles? Poor Innovative Performance and Organizational Slack

Razvan Lungeanu, Penn State University Ithai Stern, Northwestern University

We address the issue of when and how technology-intensive firms respond to poor innovative performance by changing the balance of their technology-sourcing portfolio (i.e., alliance, acquisition, or go-it-alone). We advance a behavioral perspective on the make/buy/ally question, suggesting that differences in organizational slack will generate different portfolio decisions. Specifically, we posit that firms with greater levels of slack resources are more likely to respond to poor performance by opting for greater vehicle diversification and adding new sourcing vehicles, while firms with fewer slack resources will respond by downscoping their portfolio of sourcing vehicles and reverting to more familiar vehicles. We find support for our predictions using extensive data from the population of U.S. public pharmaceutical firms from 1992 through 2006.

SESSION 340

### STRATEGY PRACTICE AND MICRO-FOUNDATIONS

Date	Monday, Sep 22
Time	11:00 – 12:15 h
Room	Luxemburgo
	Time

Facilitator Martin Friesl, Lancaster University

## A Micro-Foundational Analysis of an SME's Strategic Renewal Process: Pro-fast's Longitudinal Case Study

Goetz Kaltheuner, *University of Surrey* Laura Costanzo, *University of Surrey* Ayse Saka-Helmhout, *Radboud University* 

The extant literature on strategic renewal neglects the 'micro-activities' of strategic renewal. This gap is significant when examining strategic renewal process situated within the context of an SME. This paper addresses this gap by examining the strategic renewal process of a medium-sized European company, Pro-fast, that was confronted with considerable competition from China. To this end, it applies the Strategy-as-Practice (S-as-P) perspective to investigate how the strategic renewal process actually took place at Pro-fast. This phenomenon is explored by applying a qualitative longitudinal case study design. The study's findings bring to light a gradual, incremental approach to renewal, the significance of top management's intuition as well as the relevance of social interactions in directing renewal, an entrepreneurial orientation despite a strong risk averse attitude.

# Against the Grain: Capability Renewal through Contested Initiatives

Martin Friesl, Lancaster University Lionel Garreau, University of Paris-Dauphine

This work in progress paper aims to contribute to the literature on the cognitive foundations of capability development. Extant research acknowledges that capabilities are rooted in taken for granted conventions that are both a source of distinctiveness but may potentially also give rise to capability level rigidity. Yet, the processes through which the contestation of such conventions allows the renewal of organizational capability remain unclear. We draw on a longitudinal embedded case design of three initiatives as Immochan, a French property developer, that provide insights into the mechanisms that lead to changes in conventions and give rise to the renewal of organizational capabilities.

# Improving Strategy Research: A Review and Assessment of Initiatives

Jeroen Kraaijenbrink, University of Twente

Strategy scholars have taken numerous initiatives to improve the rigor and relevance of strategy research. A review shows no less than 7 categories of initiatives that have enhanced the quality and usefulness of strategy research over the past decades. An assessment of these initiatives, though, suggests that not all categories succeed yet in effectively combining rigor and relevance. In response to these findings, this paper provides four directions that could foster the further improvement of strategy research.

## Micro-foundations of Dynamic Capabilities: Testing the Degree of Routinization in a Small-firm Setting

Veit Wohlgemuth, European University Viadrina Matthias Wenzel, European University Viadrina Monika Biedulska, European University Viadrina

The existence of various sub-streams within the dynamic capability literature led to limited consistency in the conceptualizations of their micro-foundations. In a rival hypotheses study of the theoretical outlines by Eisenhardt and Martin (2000), Winter (2003), as well as Schreyögg and Kliesch-Eberl (2007), we empirically test the effects of routinization at the operational and strategic level on dynamic capabilities in a small-firm setting. Results indicate that routinization at the operational level has a negative impact on dynamic capabilities, whereas routinization at the strategic level has a positive effect within our sample of small German manufacturing firms. As none of the outlines could completely be supported, we argue that their applicability might thus be dependent on contingency factors, such as firm size.

# Strategizing in a Web of Networks: Middle Managers and Strategy Consultants

Alex Wright, The Open University

How do actors in inter-organizational networks co-produce strategy? This paper addresses this question through examining how a team of middle managers worked with an external strategy consultancy to formulate a strategy. Two related contributions are claimed. First, the roles assigned to middle managers doing strategy work is extended to include informal acts prior to formal strategizing, also highlighted is how middle managers work with external strategy consultants, a neglected topic. Second, how strategy consultancy work is produced, sustained and consumed is still to some extent shrouded in secrecy. This paper addresses this illustrating how consultants can and do work with middle managers when engaged in their consultancy interventions.

## The "Antestrategy" Perspective: A Call For A Paradox Lens On Strategy Practice

Stephanie Dameron, University of Paris-Dauphine

The field of strategy is bubbling over with ideas. As such, this field has given rise to multiple distinctions and oppositions showing that strategy is not only a rationale science, but also a complex, iterative and practice-oriented art. Nonetheless, these oppositions may tend to interrogate what strategy is (Porter, 1996; Whittington, 1996) and call for a more integrative perspective on strategy. The aim of this communication is to participate to this debate by introducing a paradox lens on strategy through an analytical distinction between what we call « strategy » and « antestrategy ».

SESSION 440

## ENTREPRENEURIAL STRATEGIES IN EMERGING AND INTERNATIONAL MARKETS

TRACK K	Date	Monday, Sep 22
	Time	11:00 – 12:15 h
<b>Common Ground</b>	Room	Glasgow
Facilitator	Preet Aulakh, York University	

# Emerging Market Born Globals: The Influence of Product Related Factors on the Internationalization Mode of the Indian Apparel Industry

Krishna Kumar Balaraman, *Indian Institute of Technology, Madras* Subramanyam Raghunath, *Indian Institute of Management -Bangalore* 

As emerging market firms increasingly internationalize their operations, this study explores the influence of product related factors on the internationalization modes of emerging markets Born Globals in their initial and continued internationalization. Based on data from seven apparel Indian Born Globals, the authors found that these Born Globals continue to be global players using low commitment internationalization mode in the initial and continued internationalization. This is due to the product offering of these companies influencing their use of internationalization modes and acquisition of foreign customer knowledge. The authors have identified and bridged a gap in knowledge based internationalization process theory relating to discussion of the influence of product related factors on companies' acquisition of foreign market knowledge, and product related factors and their influence on companies' internationalization process.

# Engagement in Entrepreneurship in Emerging Economies: A Multilevel Analysis

Dominic S. K. Lim, *Brock University* Chang Hoon Oh, *Simon Fraser University* Dirk De Clercq, *Brock University* 

This paper examines individuals' engagement in entrepreneurship in emerging economies. We conceive of such engagement as encompassing the process of opportunity discovery, evaluation, and exploitation. We investigate the influence of individuals' household income and level of education on their engagement in entrepreneurship, as well as the cross-level interaction effects between these individual-level factors and country-level regulatory, cognitive, and normative institutions. We test our hypotheses on a multi-source dataset from 22 emerging economies using a multilevel analysis technique. Our results highlight the differing influences of individual household income and education level on entrepreneurship, moderated by various institutional conditions.

# Making Do In Emerging Economies: How New Ventures Can Exploit Institutional Voids

Kaitlyn DeGhetto, Florida State University Zachary Russell, Florida State University

Past research has emphasized the presence of institutional voids in emerging market economies and the constraints they place on new ventures and small firms. Despite the perceived negative implications, new ventures are finding ways to exploit institutional voids, survive, and succeed. However, limited research has explored the strategies new ventures in emerging economies can implement to complement their founding environment. Further, we know little about the long-term viability of strategies adopted to compensate for resource constrained environments. Integrating the bricolage and imprinting literature, this conceptual paper explores if entrepreneurial bricolage is an effective strategy in emerging economies and if imprinting effects hinder adaptability and performance as markets evolve (i.e., from emerging to developed economies).

## Organizational Change in the New Ventures from Emerging Market: Do they Always Lead to Success?

Galina Shirokova, St. Petersburg University Julia Bystrova, St. Petersburg State University

The study is designed to shed light on the influence of different types of organizational changes such as technological and administrative including introduction of new knowledge management systems, new methods of distribution responsibilities among employees, changes in the organizational structure and outsourcing of non-core operations on the performance of new ventures from emerging markets. Hypotheses are developed taking into account specifics of emerging market realities. Preliminary results based on 1129 Russian new ventures show negative influence of technological changes, while positive influence of administrative changes on new ventures' performance was revealed, except the influence of the new knowledge management system. Also it was found that manager's experience influences positively on firm's performance while conducting organizational changes, but to a certain value.

## The Linkages between Internationalization Age and Internationalization Speed

Wolfgang Amann, *HEG Fribourg* Patrick Schueffel, *HEG Fribourg* Rico Baldegger, *HEG Fribourg* 

The time and speed aspects of the internationalization process are receiving more attention in academic research. In line with this development, the presented research investigates the role of internationalization age and its impact on internationalization speed. It sheds light on the impact of early versus late internationalization on the subsequent growth in foreign sales and the number of other being served once companies decided to diversify geographically. The emphasis is not restricted to the immediate post-entry speed of internationalization, but is longitudinal as well. Relying on new data from a sample of Swiss SMEs, there is evidence of a path dependency. The older the SMEs when they first expand abroad, the slower their subsequent internationalization speed. This negative impact of internationalization age does not lessen in the short or mid-term, but even affects Swiss SMEs in the long-term.

# When Copycats Can Succeed? Business Model Imitation and the Legitimacy of New Ventures in Emerging Economies

Yingzhu Fu, *IE Business School* Matthias Tietz, *IE Business School* 

Research in institutional theory generally suggests that imitating a dominant business model can provide initial legitimacy for new ventures. On the other hand, researchers of "institutional distance" suggest that institutional requirements differ between countries. Therefore, whether starting a new venture in an emerging economy by copying a leading business model from advanced economy will improve initial legitimacy remains questionable. In this conceptual paper, we aim to further explore the relationship between imitation and initial legitimacy generation in the context of emerging economy. We argue that 1) institutional distance and 2) stakeholders' accumulated knowledge of the copied business model moderate the relationship between imitation and initial legitimacy generation.

SESSION 232

## THEORY BUILDING IN THE FIELD OF ENTREPRENEURSHIP

TRACK K	Date	Monday, Sep 22
	Time	11:00 – 12:15 h
Paper	Room	Helsinki
Session Chair	Jay Barney, <i>University of Utah</i>	

# Bricolage, Subjective Opportunity Set and Corporate Entrepreneurship: A Subjectivist View

Wenwen An, Sun Yat-Sen University Heng Liu, Sun Yat-sen University Jianqi Zhang, Sun Yat-sen University Liang Wu, Sun Yat-Sen University

Bricolage and entrepreneurial activities have been identified a close relationship but with few studies to explore the mechanism inside in the bricolage-entrepreneurship linkage. From the perspective of subjectivist theory of entrepreneurship, this study investigates how bricolage affects corporate entrepreneurship through the mediating role of subjective opportunity set. We suggest that, besides a common perception that bricolage is a resource-coping to provide necessary resources to firms, bricolage can also be experiential knowledge generation process that influence corporate entrepreneurship through shaping entrepreneur's subjective opportunity set.

## Discovery or Creation: An Inductive Analysis of Entrepreneurship Process in a Nascent Market

Chiung-Yi Hwang, Imperial College London

Entrepreneurship scholars have traditionally considered that opportunity space is exogenous to the individual entrepreneur. Recently, there has been an emerging literature highlighting that opportunities are endogenous to developing a company. It suggests that opportunity creation takes place in nascent markets, while opportunity discovery takes place in more traditional environment. In this paper, we shed further light on this debate by first analysing whether opportunity discovery vs. creation can be an act of entrepreneurial agency rather than being determined by the environment. Second, we develop a detailed insight in how the process of opportunity creation differs from the process of opportunity evaluation after opportunity discovery. The results show that in a homogenous environment, the nascent market of mobile health medical device manufacturers, opportunity discovery and creation coexist. For opportunity-discovery entrepreneurs, market experimentation after founding is crucial. Opportunity-creating entrepreneurs, in contrast, have much more related market knowledge and an objective to achieve.

# Generating New Theory in the Entrepreneurship Field: Re-envisioning Concept Development in the Grounded Theory Tradition

Adina Dabu, HEC-Paris

Karen Locke, College of Willliam and Mary

This article demonstrates why and how a discovery-oriented research approach in the grounded theory tradition enriches theorizing in entrepreneurship. It advances and illustrates two central ideas. From an epistemological standpoint,



it underscores the potential of data-based conceptualization in the grounded theory tradition as an instrument of generating new theory. From a methodological standpoint, it makes the case for a shift in the understanding and practice of grounded theorizing: away from an overemphasis on data and induction as central to the theorization process, towards a recognition of the role of prior theory and imaginative abductive reasoning in the forging of new concepts and theories out of empirical data. Through an exemplar, we illustrate how grounded analysis in this mode is conducted.

## Towards a Process Theory of Opportunity Development

Yuliya Snihur, *Toulouse Business School*B. Sebastian Reiche, *IESE Business School*Fric Quintane, *UASM* 

We address a critical question concerning the process of innovation that entrepreneurs are often involved in: How are novel opportunities developed? Building on institutional theory, we answer this question by theorizing about a dynamic and iterative process, during which an opportunity is repetitively translated and transformed vis-à-vis a set of actors. We elaborate our process model using several illustrations from a case study dealing with the emergence of peer-to-peer lending in the US over the last decade. We identify three factors affecting the speed of this process: the degree of opportunity novelty, misaligned actor expectations, and the temporal distance between cycles of translation and transformation.

SESSION 402

## MICROFOUNDATIONS OF STRATEGIC HUMAN CAPITAL

TRACK L	Date	Monday, Sep 22
	Time	11:00 – 12:15 h
Paper	Room	Copenhague
Session Chair	Paolo Aversa, City University London	

## Efficiency and Influence in the Deployment of Human Assets: Evidence from M&A Leagal Advisors

Olivier Chatain, *University of Pennsylvania* Philipp Meyer-Doyle, *INSEAD* 

We examine how firms deploy their human assets under efficiency considerations, and how individuals seek to influence the deployment for private gain. Our empirical context is the UK M&A legal market, where micro-data enable us to observe the allocation of lawyers to M&A mandates. We find that law firms actively equalize the workload among their lawyers and selectively stretch better/senior lawyers, consistent with efficiency consideration. However, lawyers also appear to influence the staffing process in their favor, leading to excessive stretching and less sharing of projects/clients. Paradoxically, law firms may adopt a seniority-based rent-sharing system, weakening individual incentives, to mitigate the impact of incentive conflicts on resource deployment. The study refines our understanding of resource deployment with incentive problems, and of micro-foundations of the RBV.

# **How Incentives Affect Individual Learning and Human Capital Development**

Sunkee Lee, *INSEAD* Philipp Meyer-Doyle, *INSEAD* 

We integrate the literatures on learning and incentives, to explore how different performance incentives shape the type/nature of individual learning, and ultimately the development of human capital. Making use of micro-data on the commercial projects of sales employees at a South Korean e-commerce company, we observe how different incentive regimes shape the individuals' learning behavior/outcomes. We find that individual learning declines after a reduction in performance-based incentives, yet, interestingly, this decline is moderated by individuals' prior performance and the magnitude of their pay change. Interestingly, vicarious learning occurs but is unaffected by changes in incentives. Overall, this study makes a contribution by integrating individual learning and incentives, and by providing insights into important micro-foundations of the RBV.

## Microfoundations of Firms' Human Capital-Related Rents and Losses

Clint Chadwick, *University of Kansas* David Wangrow, *University of Kansas* Karl Kammerer, *University of Kansas* 

In developing a model for strategic human capital that goes beyond the upside potential of firms' human capital and below the macro level, we take a close look at the microfoundational mechanisms that impact both the upside and downside potential for human capital related value creation and appropriation. Specifically, our model is rooted in two interdependent processes: the bargaining process that determines human capital pricing, and the management process that facilitates human capital-related value creation. We thus contribute to the strategic human capital literature by offering a unique theoretical lens for understanding the dynamic processes by which firms accrue rents or losses from their human capital.

# Why Do High Status Employees Underperform? A Study on Status Conflict Within Formula 1 Racing

Paolo Aversa, City University London Gino Cattani, New York University Alessandro Marino, LUISS Guido Carli University

This paper sheds light on current mixed findings associated with hiring high status individuals by probing the conditions under which high-status individuals are more or less likely to contribute the performance that is expected of them. We find that high-status positively affects individual performance, but as the difference in status among high-status individuals working in the same firm decreases, so does their individual results. Finally we find that the status of the employing organization has a negative moderating effect on the performance of its high-status employees. A longitudinal study in the Formula 1 racing (1982-2010) provides quantitative support to our findings. In addition, we qualitatively identify a set of inter-organizational dynamics that underpin these effects. Implications for theory and practice are discussed.

SESSION 292

## CHALLENGING THE WAY WE TEACH AND PRACTICE STRATEGY

TRACK T		Date Time	Monday, Sep 22 11:00 – 12:15 h
Common Ground		Room	Estocolmo
Facilitators	Duncan Angwin, <i>Oxford Brookes University</i> Basak Yakis-Douglas, <i>University of Oxford</i>		

### Better Together? Lessons Learned From Cross-Disciplinary Team-Teaching Undergraduate Strategy Course

Myleen Leary, Montana State University Edward Gamble, Montana State University

We've frequently heard that team teaching is a horrible experience based on too much extra work that requires lots of coordination. If this proposal were to affirm that view, it would be non-interesting, to use Murray Davis' characterization of interesting and non-interesting theories (Davis, 1971). However, on the whole our experience team-teaching has been the contrary – integrative, invigorating, and fun. In this proposal, we will provide the background of the undergraduate strategy course we teach, how we designed the course, and the challenges and benefits to team-teaching we've experienced.

## It's Not Balancing, It's Work-Life Blending

Kuok Kei Law, The Open University of Hong Kong

This article proposes a research model for examining the behavioral phenomenon of work-life blending, which refers to the blur or elimination of work-life boundary traditionally contended by work-life balance theories. Instead of achieving a balancing between the seemingly exclusive work and life issues, work-life blending is a new behavioral strategy to let work and life issues merge and invade into one another's domain. Such behavioral phenomenon is particularly relevant for knowledge-intensive work and Millennial workers with the proliferation of social networking in today's life. The article discusses the initiating trends, the enablers as well as the outcomes of work-life blending. This stream of research is able to inform managers about the latest trends of worker behaviors, and help them devise appropriate behavioral management strategies.

# Online, but Still on Target: Developing Capabilities of Strategic Problem Formulation in Online MBA Students

Fiona Xiaoying Ji, *Ohio University* William Lamb, *Babson College* 

The need to develop professional capability of strategic problem formulation and solutions in MBA students is clear and growing. However, it challenges the ability of MBA programs to effectively develop perceptions of students and instructors regarding the practices of strategic problem formulation in online environment. The authors offer for consideration a learning process involving both theory and practice. We use a variety of complementary approaches in online settings, including design of virtual meeting, integration of LIVE discussion with blackboard discussion and incremental guidance of a project focused on strategic problem formulation. Through post term questionnaire, we expect to see that online MBAs who participate in such a learning experience can begin to develop capability of strategic problem formulation and solutions in a concentrated time.

# Participant Centered Learning: Is this a Methodology Still Valid (and Valuable) in the XXI Century

Carlos Ruiz, IPADE

The purpose of this paper is to study the use of "Participant Centered Learning" (The Case Method) in the XXI Century. The Case Method (defined as a "teaching approach that consists in presenting the students with a Case, putting them in the role of a decision maker facing a problem") is a methodology of learning, specially suited for improve or ameliorate the competences required for management. One century after the Case Method in management was first used, there are new realities: Technological breakthroughs, innovation, social networks, very easy information access and higher capacity to process and access all kinds of data at more affordable pricing; Does this mean a change in the traditional teaching for Management? In this paper we try to answer this question.

# Teaching Strategies in a World of Complexities: A Healthy Dose of Rethinking Strategic Management Deliveries

Maliheh Mansouri, *University of Lethbridge* Jalal Ramazani, *University of Calgary* Fatemeh Ramazani, *University of Calgary* 

The present paper studied the increasingly important subject of strategic management education. This paper explores how education and training institutions can educate and prepare strategic managers from the perspective of working managers. The authors report on a qualitative study of managers working in the oil and gas sector in Canada. This paper identifiess three key strategic management competencies including: the ability to cope with complexity, strategic leadership, and strategic thinking. It also formulates three main areas which educational institutions should consider for rethinking teaching and learning strategic management, including: the importance of paying attention to academic education and continuous training and development, using innovative methods of learning delivery, and investigating the role of educators in learning delivery.

SESSION 213

# WHAT IS IN IT FOR US? HOW SUSTAINABILITY MATTERS FOR FIRM STRATEGY.

Facilitator	Flore Bridoux, University of Amsterdam		_
<b>Common Ground</b>	Room	Moscu	
	Time	11:00 – 12:15 h	
TRACK M, TRACK X	Date	Monday, Sep 22	

## Does Corporate Social Responsibility Reputation Spill Over? The Evidence from Korean Business Groups

Sang-Bum Park, *Korea University* Hyerin Park, *Technovalue* Hicheon Kim, *Korea University* 

We examine how a firm's reputation for corporate social responsibility (CSR) is shared with other surrounding firms. We propose that CSR reputations shaped by the third-party's endorsement can not only impact

stock market responses to the listed firms in a social responsible investing (SRI) index, but can also spill over their group-affiliated firms within the same business group consists of legally independent companies, affecting their market reactions. Specifically, we analyze the effects of announcements of additions to and deletions from the SRI index on market responses of focal firms and their group affiliates. We find that firms that excluded from the SRI index and their group affiliates as well suffer negative abnormal stock returns, and this spillover becomes salient when industry and ownership are overlapped.

## Macro-Economic Crises and Corporate Sustainability Performance

Lorenzo Massa, IESE Business School Emanuele Bettinazzi, Bocconi University Kerstin Neumann, Bocconi University Maurizio Zollo, Bocconi University

How do macroeconomic crisis affect firms' orientation towards sustainability? Some firms might decide to reduce investments in sustainability drastically focusing resources on efficiency gains, while others might increase such investments to seize the opportunity to realize differentiation advantages. We examine evidence on the evolution of sustainability performance along the macro-economic crisis in a sample of 2,116 companies and find that the variance increases for some dimensions of sustainability and reduces in other dimensions. We examine the effects of strategic orientation and motives on these variations and we find evidence that the interplay between strategy and motives influence on firm's willingness and capacity to respond to macro-economic crises by enhancing their commitment to sustainability on dimensions that are most conducive to potential gains from differentiation.

# Social Perception of Corporate Social Responsibility and Irresponsibility: Asymmetric Benefits and Penalties of CSR Strategy

Catherine Shea, Northwestern University
Olga Hawn, Boston University

This study examines the relationship between corporate social responsibility (CSR), social perception, and firm outcomes. Drawing from stereotype theory, we argue that CSR is influenced by two fundamental dimensions of social perception – warmth and competence – which mediate and moderate the effects of socially responsible and irresponsible (CSI) actions on firm outcomes. We propose that CSR is viewed as a corporate strategy that connotes increased perceptions of warmth, and firms with differing levels of warmth receive asymmetric benefits and penalties for their CSR and CSI behavior. Experiment 1 links CSR with perceptions of warmth and competence. Experiment 2 uses variation in warmth and competence perceptions of the firm's home country to examine how CSR and CSI affect reputation and purchase intentions from different kinds of firms.

# The Institutionalization of the Corporate Sustainability Field: A Literature Review

Javier Delgado-Ceballos, *University of Granada* Ivan Montiel, *Loyola Marymount University* Raquel Antolin-Lopez, *University of Almeria* 

This article will provide a systematic categorization of the research conducted by management and strategy scholars in the corporate sustainability (CS) field. It will also analyze similarities and differences between the CS discussions in academic and practitioner forums. Finally, it will provide recommendations for the future that may help institutionalize the CS field. Our contribution in this study will be threefold: (i) organize the CS literature by classifying studies according to the topics and research questions addressed to shed light on the evolution of the CS field over the past twenty-five years, (ii) start building a bridge between the academic and practitioner management literatures devoted to CS topics, and (iii) outline potential ways for future advancement of the CS field from a strategic management perspective.



# The Transition to a Low Carbon Economy: The Dynamics of Environmental Stakeholder Networks

Polina Baranova, *University of Derby* Maureen Meadows, *Open University* 

The transition to a low carbon economy demands new strategies for maintaining competitiveness and benefiting from 'green growth'. A network of stakeholders offers opportunities for, as well as constraints to, organisational growth and successful low carbon strategies. This multiplecase study explores the relational dynamics between the case organisations and a range of stakeholders. We find that stakeholders with institutional power bases are seen as the most influential. Top management is also a critical stakeholder in providing stewardship for the organisation's low carbon initiatives. The study highlights the growing influence of customers upon the success of business strategies aimed at exploiting low carbon opportunities. Intra- and inter-organisational strategy-making practices are emergent arenas for stakeholder management in the context of the low carbon economy.

# To Be Special, To Be Responsible: How Specialty Product Affects Corporate Social Responsibility

Yi Tang, Hong Kong Polytechnic University Rui Shen, Nanyang Technological University Ying Zhang, Erasmus University-Rotterdam

Grounded in the risk-management perspective of CSR research, this study establishes a link between specialty product and corporate social responsibility (CSR). We first develop the theoretical argument that specialty product is positively related to a firm's socially responsible activities. We then explore the boundary conditions under which this relationship is moderated by external environmental conditions. With a longitudinal dataset of 2,196 US public firms for the period of 2001–2010, we find that the positive relationship between specialty product and CSR are strengthened when the firm's external environment is more uncertainty and less munificent; while the positive relationship weakens when the market becomes more competitive. Finally we discuss the implications of our findings for the CSR research.

SESSION 423

#### ALLIANCES AND INNOVATION PERFORMANCE

TRACK N, TRACK I Date Monday, Sep 22	Common Ground	Room	Bruselas	
Time 11:00 – 12:15 h	Facilitator	Ram Ranganathan, University of Tex		_
<i>"</i>	Common Ground	d Room Bruselas		
TRACK N, TRACK I Date Monday, Sep 22				
	TRACK N, TRACK I	Date	Monday, Sep 22	

# Disentangling IPO Performance Through a Typology of Environmental Discontinuous Change

Frank W. Ng, Chinese University of Hong Kong

Research on discontinuous environmental change contributed to the strategic management literature, yet past studies appear to assume homogeneity among changes. By introducing the concept of crisis uncertainty, I propose a typology to differentiate the performance consequences of three types of discontinuous change (stepwise, shocking, disruptive change). These changes are categorized along the dimensions of crisis-state and crisis-effect uncertainty, and each change type is represented by differing levels of crisis-response uncertainty. Using a sample of Hong Kong manufacturing IPOs in 1996-2011, I will examine the heterogeneity of the effects on short- and long-term IPO performance by three significant events: The 1997 Handover, SARS outbreak, and Financial Crisis in 2008. By demonstrating the value of this typology, this study offers theoretical contributions and insights for future research.

# Empirical Generalizations about Alliance Scope, Experience, and Structure in the Biotechnology Sector

Peter Smith, *University of Auckland*Lisa Callagher, *University of Auckland*Marc Orlitzky, *University of South Australia*Xin Lei Huang, *University of Auckland* 

The effect of alliance scope, experience, and structure in the biotechnology sector has been vigorously debated for about two decades. With this integrative research review by way of meta-analysis, we try to provide greater empirical clarity to this contested line of research. Our meta-analytic findings confirm that relationships between alliance scope and firm performance and alliance experience and firm performance do

exist in biotech. Furthermore, the results suggest that, consistent with our expectations, the meta-analytic observed effect sizes r are higher for nonfinancial performance than financial performance—except for alliance experience. Contrary to our expectations, the data from the biotech sector also suggest no significant differences between the success of horizontal and vertical alliance structures.

## Internal and External Exploration Orientation: Substitutes or Complements?

Werner Hoffmann, Vienna University of Economics and Business Roman Wörner, WU-Vienna

Using data from the biopharmaceutical industry, the current study investigates the combined effect of internal and external exploration (exploitation) on firm performance. Building on the conflicting results of prior research, we argue that whether internal and external exploration (exploitation) complement or substitute one another differs for different performance goals and furthermore depends on the characteristics of the firm - in particular a firm's vertical scope. Our findings contribute to existing research by highlighting the moderating role of the vertical scope of a firm when it comes to explaining the performance effects of the interaction between internal and external exploration (exploitation). Furthermore, the results of our study underscore that these effects differ between exploration and exploitation performance.

# Product Liability Crises and R&D Alliances: What Governance Mode Minimizes Negative Spillovers?

Luis Diestre, IE Business School

I explore how a product liability crisis may spill over into an R&D ally. Building on transaction costs economics and signaling theory I find that a more hierarchical governance mode (a) reduces the probability that allies will suffer a negative spillover effect, but (b) increases the magnitude of such an effect should it happen. This evidence unveils a fundamental dilemma: Is a low probability of suffering a big loss preferred over a high probability of suffering a small loss? I propose a contingency model that identifies when one option is preferred to the other, and consequently, improves our ability to predict governance mode selection in R&D alliances.

# The Contingent Effect of Diverse Alliances, Social Capital, and Codifiability on Innovation Performance

Vesna Vlaisavljevic, Pablo de Olavide University Carmen Cabello-Medina, Pablo de Olavide University Ana Pérez-Luño, Pablo de Olavide University

The use of alliances is increasingly considered a key element for the development of innovations among companies. While this is true, the mere membership in alliances does not explain innovation performance. Some features must be present in order to reap the benefit of collaboration for innovation. We propose that certain degree of diversity among partners can contribute to the success of the alliances for innovation, and that this relationship could be understood as an inverted U-shaped relationship. Besides, we explain that this effect may be moderated by factors such as the quality of relationships among partners and the type of knowledge shared.

## What Drives Alliance Portfolio Beneftis? The Role of Alliance Portfolio Characteristics and Coordination

Raymond Van Wijk, Erasmus University-Rotterdam Anna Nadolska, Erasmus University-Rotterdam

Alliance portfolios enable firms to access and integrate multiple resources from different, simultaneous partners. In our paper, we assess how alliance portfolio size, the complementarity of the resources available through the portfolio and the degree to which relation-specific investments are made across the portfolio influence alliance portfolio benefits. Next to studying characteristics of alliance portfolios, we focus on the moderating role of alliance portfolio coordination. Based on a questionnaire returned by 444 Dutch companies, we found that the three portfolio characteristics play an important role in creating benefits focal firms gain through their portfolios. Additionally, our findings suggest that alliance portfolios coordination is an important element of dealing with the challenge of managing portfolios as it shapes the effect of the other portfolio characteristics.

## **RESOURCE DEPENDENCE, POWER RELATIONS** AND COOPERATION

Monday, Sep 22 TRACK N Date 11:00 - 12:15 h Estancias 307 **Paper** Room

**Session Chair** Stephen B Tallman, University of Richmond

### Altering the Social Structure: The Moderating Role of the CEO's Power on Partner Selection

Daniel Tzabbar, Drexel University Barak Aharonson, Tel Aviv University Terry Amburgey, University of Toronto Di Tong, Drexel University

We seek to contribute to the sparse knowledge about how and when a firm's social structure is altered. Relying on a longitudinal study of alliances among U.S. biotechnology firms, we confirm that while partner specific experience indeed increases the likelihood of the partners forming a new alliance, such a tendency is moderated by the degree of structural power the CEO holds. Specifically, the stronger the CEO's structural power, the less likely that familiar partners will forge a new alliance. By integrating the theory of the CEO's power with network theory, we provide a theoretical and empirical meeting ground for economists and organizational theorists considering the various micro-mechanisms involved in partner selection and the role that individual decision makers play in shaping partner selection decisions.

### **Cross-Business-Unit Alignment and the Motivation** to Use Power in a Multimarket Buyer-Supplier Relationship

Lutz Kaufmann, WHU-Otto Beisheim School of Management Felix Reimann, Korea University Business School Pei Shen, WHU - Otto Beisheim School of Management

Not only competitors but also supply chain partners can use power, creating disadvantages for firms. Therefore, it is vital for firms to understand how to deter such use of power in the supply chain to protect their own competitive advantage. Extant research on this topic has mostly treated firms as monolithic actors. In reality, firms often have a dispersed multi-business-unit structure, with varying degrees of alignment among the business units (BUs). Building on the "shadow of the future" and resource dependence theory, we argue that alignment among BUs in the firm, as well as expectations of such alignment within the supply chain partner, influences the motivation to use power in buyer-supplier relationships. We test the developed hypotheses through a large-scale experimental (vignette) survey.

## ★ Take or Give: How Resource Flows into and out of Alliance Portfolios Affect Firm Performance

Manuela Hoehn-Weiss, University of Washington Samina Karim, Boston University

In this research we investigate how resource flows into and out of alliance portfolios as well as uniqueness of resources affect firm performance. We test our hypotheses on a sample of 59 firms in the U.S. passenger airline industry during 1998-2011. We find that resource flow direction affects a focal firm's profitability, and there are curvilinear effects between access to unique alliance portfolio resources and ability to appropriate value. Our initial findings point to the importance of considering impact of resource flows and resource characteristics on dependencies and value appropriation by focal firms and alliance portfolio partners.

### **Using Managerial Personal Ties to Manage** Alliances: Bridging Resource Dependence and Social **Embeddedness**

Han Jiang, University of Memphis Luiz Mesquita, Arizona State University Jun Xia, University of Texas-Dallas

In this study we focus on the following understudied research question: under what circumstances do firms draw on their managerial personal ties to govern the operation of their alliances? We address this question by borrowing from, and delineating stronger theoretical boundaries across resource dependence theory and the social embeddedness perspective. Our basic argument is that the interdependence between partner firms affects the extent to which they use managerial personal ties as an alliance governance mechanism. Statistic results from a sample of 244 socially embedded alliances, i.e., alliances formed on the basis of personal ties between managers in partner firms in China, largely confirm our theoretical arguments, with few intriguing exceptions.

SESSION 336

### **CEO ROLES, FRAMES, AND TRAITS**

TRACK O Date Monday, Sep 22 Time 11:00 - 12:15 h **Common Ground** Oslo Room **Facilitator** Edward Zajac, Northwestern University

#### **CEO Emotionality and the Strategic Actions of Firms**

Daniel Gamache, Michigan State University Russell Johnson, Michigan State University Gerry McNamara, Michigan State University

Strategy research has long been interested in understanding the influence of CEOs' demographic and dispositional traits on firm actions. However, according to distal-proximal personality theories, proximal motivational constructs will have a stronger influence on action than more distal traits since they directly impact how people regulate their behavior. We test the effect of a key motivational construct, CEO emotionality, on two firm actions: strategic change and change in the scope (diversification) of the firm. Building on the broaden-and-build theory we develop hypotheses and find differential effects with positive emotionality being negatively related to strategic change but positively related to change in firm diversification. On the other hand, negative emotionality is positively related to strategic change and negatively related to change in firm diversification.

## Do CEOs Blush Sometimes? The Sensitivity of Top **Executives to Moral Judgment**

Georg Wernicke, Copenhagen Business School Steffen Brenner, Copenhagen Business School

Is embarrassment effective in imposing social norms on top executives? Drawing from social cognitive theory, social psychology, and personality research, we hypothesize that personality traits and the social context that affect the likelihood to experience embarrassment give rise to differences in the response to moral criticism. Using personality measures such as overt narcissism and measures for the social environment such as local social preferences and being a parent, we test the hypotheses on data about the responsiveness of U.S. CEOs to events of public criticism of their compensation levels. Public criticism is measured through negative press articles about the CEO's pay package.

## **Exploring Variations in Cognitive Frames of CEOs and Board Members: A Multidimensional Perspective**

Esther Solomon, Fordham University Morten Huse, University of Witten Herdecke

To better understand the cognitive frames of Chief Executive Officers (CEOs) regarding boardroom dynamics as compared to those of Board members this research applied a multidimensional holistic perspective. Survey responses by 963 CEOs and 841 board members from Norwegian firms were analyzed and compared to test the structural hypotheses. Results revealed differences regarding the configuration of variables which includes CEO domination and board acquiescence to shareholders. This configuration reflected inconsistencies when comparing the perceptual structures of each group, and was associated with cognitive as opposed to emotional responses, occupying orthogonal axes in their respective multidimensional spaces. The remaining structure was invariant across the two samples. These differences in cognitive frames point to some sources of group fractioning in governing boards and offer insights potentially useful for overcoming boardroom inertia.



# Heavy Lies the Crown? Top Executive Anxiety and Strategic Decision-Making

Michael Mannor, *University of Notre Dame* Viva Bartkus, *University of Notre Dame* 

How do top executives respond to anxiety? Abundant research in psychology has shown that anxiety can strongly influence individual cognition and behavior, which suggests that anxiety could affect how executives decide upon strategic courses of action. Integrating perspectives from strategy and cognitive psychology, we investigate how job-related anxiety in executives manifests in strategic decision-making. We hypothesize and find evidence that more anxious top executives tend to staff their management teams with more loyal subordinates, spend less time deliberating strategic alternatives, and pursue less risky strategies, and these effects become amplified in family businesses. To get into the "black box" of strategic decision-making we used a multisource, multimethod data collection approach that included self-report, team-report, other-report, and archival data from a sample of 94 top executives.

#### Three Different People, Only One CEO

Alejandro Carrera, Austral University Adrian Caldart, AESE School of Management and Business Magdalena Cornejo, Austral University

Using a unique database of 682 CEOs based in Latin America over the last six years, we studied what activities do CEOs deem conceptually important as part of their responsibilities differentiating the sample into three main groups: (a) CEOs which are owners of the company they manage, (b) CEOs managing a local company, but not owners and (c) country or regional managers from multinational companies. The analysis of the different ways they understand their job is important enough to be taken into account when trying to understand the performance characteristics of firms according to their origin and the type of leader that rules it.

# What I Like About You: Impact of CEO Personality on Analysts' Recommendations and Shareholder Returns

James Van Scotter II, University of Colorado

Using a behavioral observation approach for assessing CEO personality traits displayed in publicly available video clips, I examine the impact of CEO likability, charisma, narcissism, and the big five on returns to shareholders and the favorability of analysts' recommendations. The results suggest CEO personality traits do influence returns to shareholders and, even after controlling for personality, likability also influences returns to shareholders. Furthermore, likability mediates the relationship between charisma and analyst's recommendations as well as the link between openness to experience and analyst recommendations. Results suggest assessing CEO personality using behavioral ratings based on observation of short video clips may be a viable option for overcoming the problem of CEO personality measurement. Also, the effect of CEO likability on firm level outcomes warrants further investigation.

SESSION 352

#### **CEO DECISION MAKING**

Paper Session Chair	Room Monaco  Robert Hoskisson, Rice University	
_	Time	11:00 – 12:15 h
TRACK P, TRACK X	Date	Monday, Sep 22

# CEO Human and Social Capital and Corporate Divestitures: An Investigation of Endowment Effects

Shih-Chi Chiu, Nanyang Technological University Robert Hoskisson, Rice University Seemantini Pathak, University of Missouri Richard Johnson, University of Missouri

This study contributes to the restructuring literature by examining the underexplored psychological impact of the endowment effect in CEOs' decision making during corporate divestiture. We propose that psychological bias associated with the endowment effect leads to lower levels of divestiture intensity. Specifically, we argue that CEO

position tenure and industry tenure are negatively associated with a firm's divestiture intensity, whereas CEO board memberships lead to greater intensity of divestitures. Our theoretical model further examines the presence of financial advisors as a moderator in mitigating CEO endowment effect during restructuring. Our results, based on data from 230 restructuring programs executed in the United States between 1986 and 2009, show that the endowment effect can explain the variation in firms' divestment decisions during restructuring.

# Improving with Age: Sources of Managerial Sensing Capabilities

Daniel Mack, INSEAD Theresa Cho, Seoul National University Andrew Yi, Sungkyunkwan University

As the dominant decision-maker of an organization, a CEO brings a set of skills and competencies beneficial to the firm to the extent that his skill set matches the conditions faced by the firm. Strategy researchers have particularly been interested in the effects of CEO tenure, arguing that a CEO is most effective during his or her earlier years in office, but his performance deteriorates soon after (Hambrick & Fukutomi, 1991; Miller & Shamsie, 2001). Using a sample of 79 U.S banks prior to the financial crisis, we examine the influence of CEO tenure on the firm's ability to recognize threat in the declining environment.

# Possessed by Possessions: The Organizational Implications of CEO Materialism

Adam Wowak, *University of Notre Dame*Patrick Maggitti, *Villanova University*Qiang Li, *University of Maryland* 

The concept of economic self-interest plays a central role in most models of CEO decision making, which tend to assume that CEOs are uniformly driven to acquire and protect material wealth. But if CEOs vary in the relative value they place on possessions, they will also vary in their decisions and behaviors. In this study we examine how materialism, or the value placed on material possessions, affects CEOs' decisions and behaviors. We argue that CEO materialism will lead to more corporate acquisitions, fewer corporate divestitures, and a less democratic TMT work environment. We also propose that CEO compensation will moderate these relationships. We test our ideas on a sample that combines survey data from 61 CEOs and their TMTs with longitudinal archival company financial data.

## The Effects of CEO Over(under)pay and Relative Performance on Firm Strategic Behaviors

Daniel Zyung, *Rice University* Gerry Sanders, *University of Texas - San Antonio* Yan Anthea Zhang, *Rice University* 

In this study, we argue and find that CEOs who have received exceedingly high total compensation throughout their company tenure have higher tendency to engage in risky behaviors—manifest in voluminous investments and dynamic and nonconforming resource allocation strategies. This effect is more salient when the firm's relative performance is greater. We also find that underpaid CEOs far below the average tend to engage in large betting through sizable investments and bold experimentation. It is proposed that underlying these seemingly symmetric behaviors which had originated from asymmetric pay packages are different cognitive processes—overconfidence developed from inflated self-attribution of organizational success as opposed to reckless betting as an attempt to reduce the substantial pay lag. We conclude by discussing implications for theory and future research.

12:15 – 13:15 **LUNCH** 

# PLENARY TRACK, EXECUTIVE DISCOVERIES SERIES

 TRACK Q, TRACK X
 Date
 Monday, Sep 22

 Time
 13:30 – 14:30 h

 Showcase Panel
 Room
 Copenhague

### **Business Models in their Competitive Context**Session Chair

Michael G. Jacobides, London Business School Panelists

Nicolai Foss, Copenhagen Business School Costas Markides, London Business School Joan E Ricart, IESE Business School Christoph Zott, IESE Business School

Researchers increasingly recognize that firms create and capture value not only by improving their offerings and capabilities, but also by rethinking their business models. Much of this research has focused on the individual firm and the challenges of adopting new business models, but comparatively little work has gone into understanding the competitive and welfare context of business-model innovation. This symposium will try to bridge the "inside-out" and "outside-in" approaches by looking not only at the challenges that firms face with their business models, but also the shifting structure of the competitive environment. In line with the theme of a "networked world", we will explore how the environment shapes and constrains business models, and vice versa, consider welfare implications, and offer prescriptive advice.



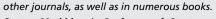
Michael G Jacobides holds the Sir Donald Gordon Chair of Entrepreneurship & Innovation at London Business School. He has visited Harvard, NYU, Bocconi and Wharton, where he obtained his PhD. He studies industry evolution, new business models, value migration and structural change in firms and sectors. His work has appeared in SMJ, AMJ, AMR, OrgSci, ResPol, and ICC, where he is

an Associate Editor, and also publishes in HBR, FT and Forbes.com. A frequent speaker in corporate events, he works on strategy, among others, with Goldman Sachs, Credit Suisse, EADS, Lufthansa, Zurich, Vodafone, Nokia, McKinsey, PwC, KPMG, MerckSerono, Roche and the NHS. On policy, he has worked with the UK parliament (on the future of financial services), the European Council (on the high-level group on innovation in Europe) and has spearheaded the RedesignGreece initiative. He serves on the Global Agenda Council of the World Economic Forum, and has presented in the Davos Annual meetings.



Nicolai Foss is a Professor of Strategy and Organization at the Copenhagen Business School, the Norwegian School of Economics, and the University of Warwick, and the Head of Department of CBS' Department of Strategic Management and Globalization. His research interests lie within the foundations of strategic management, the theory of the firm and strategic entrepreneurship. Nicolai Foss has served as a

member of the Senate of the CBS, is a panel member of the European Research Council, and a member of Academia Europaea. Educated as an economist from the Copenhagen University (1989), Nicolai Foss his received his PhD degree from the Copenhagen Business School in 1993, where he has been Assistant, Associate and Full Professor. His work has appeared in SMJ, AMJ, AMR, Organization Science and





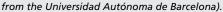
Costas Markides is Professor of Strategy and Entrepreneurship and holds the Robert P. Bauman Chair of Strategic Leadership at the London Business School. He received his BA (Distinction) and MA in Economics from Boston University, and his MBA and DBA from the Harvard Business School. He serves on the Editorial Boards of several academic journals including the Strategic

Management Journal, the Academy of Management Journal and the Sloan Management Review. He has done research and published several books as well as articles on the topics of diversification, strategic innovation, business-model innovation, and international acquisitions. His current research interests include the management of diversified firms and the use of innovation and creativity to achieve strategic breakthroughs.



Joan E. Ricart, Past President of the SMS, is the Carl Schrøder Professor of Strategic Management and Chairman of the Strategic Management Department at the IESE Business School, University of Navarra. He is the Associate Director for Faculty and Research, and has been the Director of the Doctoral Program (1995-2006) and Associate Dean for Research and the Doctoral Program (2001-2006). He is also

Director of the scientific committee of EIASM and Vice-president of the Iberoamerican Academy of Management. He was the Founding President of the European Academy of Management (2001-6). Joan E. Ricart has published several books and articles in leading journals. His current areas of interest in strategic management are business models and offshoring. He received doctoral degrees in industrial engineering (1982 from the Universidad Politécnica de Catalunya), managerial economics (1984 from Northwestern University) and economics (1985





Christoph ('Chris') Zott is Professor in the Department of Entrepreneurship at IESE Business School in Barcelona. His current research centers on business model innovation, the acquisition and mobilization of resources through entrepreneurs' social influence actions, and the deployment of resources through firms' dynamic capabilities. He has published on these and related topics in

numerous top academic and practitioner journals and books. Besides serving as an Associate Editor for Strategic Entrepreneurship Journal, Chris is a member of the Editorial Boards of the Strategic Management Journal and the Journal of Business Venturing. He also serves in the leadership team of the Business Policy and Strategy Division of the Academy of Management. In addition, he is the Director of the Ph.D. Program at IESE. Chris holds graduate degrees with distinction in industrial engineering from Universität Karlsruhe (Germany) and Institut National Polytechnique de Grenoble (France). He received his Ph.D. in commerce and business administration from the University of British Columbia (Canada).



# PLENARY TRACK, EXECUTIVE DISCOVERIES SERIES

 TRACK Q, TRACK X
 Date
 Monday, Sep 22

 Time
 13:30 – 14:30 h

 Showcase Panel
 Room
 Londres

#### **Building Strategic States**

**Session Chair** 

Yves Doz, INSEAD

**Panelists** 

John Elvidge, Former Permanent Secretary to the Scottish Government & Associate of the Institute for Government Mikko Kosonen, Sitra

New governance approaches are needed to face today's challenges (changing demographics, globalization, new technologies, climate change, unemployment). Governments are ineffective in handling these complex issues. In the true founding spirit of SMS - combining academic input, actual leader's experience, and observer/consultant practice- this panel will describe and analyze the experience of Scotland – with the upcoming referendum on independence in sight in the Fall of 2014-and explore its implications for government reforms in other countries. The panel will comment upon the principles of transformative change leadership under conditions of pluralistic and distributed power sharing between diverse stakeholders; and Sir John will report on the change process he led from vertical hierarchical structures and reporting, to lateral and multidimensional network relationships centered on addressing these specific complex –"wicked"- problems.



Yves Doz is the Solvay Chaired Professor of Technological Innovation at INSEAD and Visiting Professor at Aalto University (formerly Helsinki School of Economics). He was Dean of Executive Education (1998-2002) and Associate Dean for Research and Development (1990-1995) at INSEAD. Yves Doz received his Doctoral degree from Harvard University and

is a graduate of the Ecole des Hautes Etudes Commerciales (Jouyen-Josas, France). He has also taught at the Harvard Business School, Stanford's Graduate School of Business, Seoul National University, and Aoyama Gakuin University in Tokyo. His research on the strategy and organization of multinational companies led to numerous publications, including several books, in particular The Multinational Mission: Balancing Local Demands and Global Vision, co-authored with CK. Prahalad (1987) and From Global to Metanational: How Companies Win in the Knowledge Economy co-authored with José Santos and Peter Williamson (Harvard Business School Press, 2001). Yves Doz currently carries out research on how companies can achieve strategic agility.



Sir John Elvidge was Permanent Secretary to the Scottish Government from 2003-10. This was his final role in a 37 year career in the Civil Service, which included periods in the Cabinet Office (1998-99) and on secondment to a newly created Scottish public body (1988-89) as a member of the senior executive team, including a period as acting chief executive. He is now Chairman of Edinburgh Airport Ltd and holds

various other non-executive chair and board roles in the academic, arts and charitable sectors. He also undertakes public policy advisory roles with OECD and various individual overseas governments and works with several universities, including as an Adjunct Professor of the Overseas Education College at Shanghai Jiao Tong University. He has written two publications: 'Northern Exposure: Lessons from the first twelve years of devolved government in Scotland' (2011, Institute for Government) and 'The Enabling State: a discussion document' (2012, Carnegie UK Trust).



Mikko Kosonen was appointed President of the Finnish Innovation Fund, Sitra, in November of 2008. Before joining Sitra, Mikko Kosonen worked for over twenty years in Nokia Group. His responsibilities covered many areas in Finland and abroad, most recently the roles of CIO and SVP, Corporate Planning. Additionally, he is the author of many articles printed in influential business and research publications

on the subject of international business, strategy, organization and knowledge management.

# PLENARY TRACK, EXECUTIVE DISCOVERIES SERIES

TRACK Q, TRACK X Date Monday, Sep 22
Time 13:30 – 14:30 h

Showcase Panel Room Roma 1

#### **Using Networks to Shape Strategy**

**Session Chair** 

Alejandro Beltran, *McKinsey & Company* Panelists

Daniel Carreño, *GE*Santiago Olivares, *FERROVIAL*Javier Rodríguez Zapatero, *Google*Carlos Torres, *BBVA* 

A distinguished group of top executives from leading companies in Spain will share how they use networks to shape and power their respective companies strategies.



Alejandro Beltrán is the Managing Partner of McKinsey & Company in Spain & Portugal. Since joining the Firm in 1998 he has worked for several leading international companies, mainly in the areas of Corporate Finance and Strategy and in the Telecommunications, Banking & Infrastructure industries. In the past he was a member of the European leadership team of the Corporate

Finance and Strategy Practice departments and fully led this practice in Iberia for 4 years. He is also leading the relations and work with the Public Sector in Spain. Alejandro Beltrán holds a degree in Economics and Business Administration from the Universidad de Navarra and MBA from IESE. Before starting his professional career at McKinsey, he worked in the construction and real estate industry.



Daniel Carreño, who was born in León (Spain), has spent more than 13 years working at General Electric, where he has held various positions, and for the past three years has been the President and CEO for Spain and Portugal. Previously he enjoyed a successful career at Hewlett-Packard, where for seven years he held several positions of responsibility in the Finance and Sales departments. He holds degrees in Law and

Economic and Business Studies from the Comillas Pontifical University (ICADE, Madrid) and has extensive postgraduate training. Currently Daniel Carreño is chairman of the Spanish Federation of Healthcare Technology Companies (Fenin), Vice-Chairman of the American Chamber of Commerce (AmCham), and member of the governing bodies, among others, of the Junior Achievement Foundation, the Technology and Health Foundation, the American Business Council and the Association for the Advancement of Management (APD).



Santiago Olivares is Chief Executive Officer of Ferrovial Services. Ferrovial Services is one of four business units within the Ferrovial Group. The company has more than 65,000 employees and generates revenues close to €3.7 billion. Santiago Olivares joined Ferrovial Services in 2002 as Business Development Director, later becoming Director of its International Division. In 2007, he

was appointed Chief Executive Officer and member of the Executive Committee of Ferrovial Group. He is also Vice?chairman of Amey plc and a board member at Heathrow Airport Holdings Limited. Prior to joining Ferrovial, he worked for seven years at top management consulting firm, McKinsey & Co. He developed his consulting activity in Madrid and collaborated actively in the start up of several offices across Latin America. Among other activities, he was involved in projects related to the privatization of the electric, utilities, oil and gas industries in Spain. Born in 1967, Santiago Olivares holds a degree in Industrial Engineering from the Pontificia de Comillas University (ICAI) and a Master in Business Administration (MBA) degree from the MIT Sloan School of Management.



Carlos Torres Vila is the head of Digital Banking. From 1991-2003, he was a partner at McKinsey & Company, and from 2003-2008 he served as Corporate Director of Strategy of Endesa and a member of the Excutive Committee. He also served as board member for both Auna and Endesa Chile. In 2008, Carlos Torres Vila was the CFO of Endesa. He graduated from the Massachusetts Institute of Technology (Cambridge, MA) in 1988

with a BS in Electrical Engineering and a BS in Management Science. In1990 he obtained a MS. in Management from MIT's Sloan School of Management. He also holds a Law degree from Universidad Nacional de Educación a Distancia.



Javier Rodríguez Zapatero, Google



# PLENARY TRACK, EXECUTIVE DISCOVERIES SERIES

 TRACK Q, TRACK X
 Date
 Monday, Sep 22

 Time
 13:30 – 14:30 h

 Showcase Panel
 Room
 Roma 2

### Dealing with the Euro Area Economic Crisis: Strategic Adjustment in the Period of Turmoil

**Session Chair** 

Jose Campa, IESE Business School
Panelists

Santiago Fernandez Valbuena, *Telefonica* Monica Oirol, *Grupo Seguriber - Umano* 

The Eurozone crisis has led companies to a profound adjustment in their strategies and business models. This priority has been much more acute in peripheral European countries where the combination of a falling internal demand and the need for external competitiveness adjustment required firms to search for new markets and enhance their value propositions. Led by Professor Jose M. Campa, panelists in this session will discuss the challenges they had to confront, how they identified and exploited new opportunities for their companies, and how this transformation has prepared them to confront the future.



José Manuel Campa holds a Ph.D. and a master degree in economics from Harvard University. Currently, he is Professor of Financial Management and International Economics at the University of Navarra-IESE. Between 2009 and 2011 Jose Campa served as Secretary of State for the Economy in the Ministry of Economy and Finances of Spain, a position that

allowed him to be one of the heads of the Spanish economy in times of great responsibility. He specializes in international finance and macroeconomics and has been professor of strategy and financial management courses in financial institutions like Goldman Sachs, Citibank, ABN Amro, BBVA and Santander. Jose Campa has also been a consultant to a large number of international organizations, including the International Monetary Fund, the Inter-American Development Bank, the Bank of International Settlements in Basel, and the European Commission. He currently serves in the Expert Group, chair by Mr. Erkki Liikanen, evaluating policy recommendations on structural reforms for the European Banking industry. He has also taught at the Stern School of Business of New York University; Harvard University; and at Columbia University. He has been Research Associate at the National Bureau of Economic Research and Research Fellow at the Center for Economic Policy Research and is a member of the board of Bruegel. He has also served as an expert for the Spanish justice, at the Spanish Court of Arbitration, and at international courts of arbitration in Paris,

Geneva, New York and the Netherlands.



Santiago Fernandez Valbuena has been Chairman & CEO of Telefónica Latinoamérica (2011-2014), Chief Finance and Strategy Officer (2010-2011) and Chief Financial and Corporate Development Officer (2002-2010). Throughout this period he was also responsible (not continuously) for Procurement, IT, HR, Internal Audit and Subsidiaries (Atento, Endemol). From

1997 to 2002 he was CEO of Fonditel, the pension fund manager for Telefónica. Since 2008 he serves as Independent Director at Ferrovial S.A. and member of its Audit Committee. Before joining Telefónica he was Managing Director at Société Générale de Valores and Head of Equities at Beta Capital in Madrid. He holds a PhD in Economics and a Masters (MS) degree from Northeastern University in Boston. He has been a Professor of Applied Economics at Complutense University in Madrid and the Universidad de Murcia and has lectured at Instituto de Empresa (IE Business School) in Madrid.



**Monica Oirol,** *Grupo Seguriber - Umano No biography available.* 

#### PLENARY TRACK, EXECUTIVE DISCOVERIES **SERIES**

TRACK Q, TRACK X Date Monday, Sep 22 Time 13:30 - 14:30 h **Showcase Panel** Room Lisboa

#### Methodological and Conceptual Frontiers in the New **World of Networks**

**Session Chair** 

Donald Bergh, University of Denver

**Panelists** 

Ronald Burt, University of Chicago

Dovev Lavie, Technion-Israel Institute of Technology

Andrew Shipilov, INSEAD

The panelists will discuss methodological and conceptual issues associated with the application of the network perspective. Discussion topics include network relations, structures and nodes, levels of analysis, methods for studying competition, the generalizability of network analysis, debates (relations vs. structure: what drives performance?), the role of network resources, and how methodological approaches appear to be evolving.



Donald Bergh (PhD Colorado-Boulder) is the Louis D. Beaumont Chair of Business Administration and Professor of Management at the University of Denver. He previously held positions at Penn State, Cornell, Purdue and University College Dublin. His research on corporate strategy 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 10th volume. He has served the strategic management field as an Associate Editor (AMJ, ORM, JMS), as a member of editorial review boards (AMJ, SMJ, OS and ORM), the Academy of Management's Ethics Education Committee, the AoM Newman Award Committee (Best Dissertation Competition), the BPS Division's Awards Committee, as a representative- at- large of the SMS Corporate Strategy and Governance Interest Group, as the inaugural chair of the Corporate Strategy Interest Group, and as SMS conference reviewer.



Ronald S. Burt is the Hobart W. Williams Professor of Sociology and Strategy at the University of Chicago Booth School of Business. His research addresses how social networks create competitive advantage for individuals and organizations. He is a Fellow of the American Academy of Arts and Sciences, was the Academy of Management's 2007 Distinguished Scholar of Organization and Management

Theory, and received in 2011 the Academy of Management's George R. Terry award for his book, Neighbor Networks: Competitive Advantage Local and Personal.



**Dovey Lavie** is a Full Professor at the Technion. a Sloan Industry Studies Fellow, and a recipient of the SMS Emergent Scholar Award, INFORMS TMS Best Dissertation Award, and the Academy of Management Newman Award. He earned his Ph.D. at the Wharton School and served as an assistant professor at the University of Texas at Austin. Focusing on strategic management, his research interests include the evolution

and performance implications of alliance portfolios, balancing exploration and exploitation, and applications of the resource-based view in interconnected technology-intensive industries. His work has been published in leading journals. He is Associate Editor of the Academy of Management Journal and has served on the boards of the Strategic Management Journal, Academy of Management Review, Administrative Science Quarterly, and Organization Science. He has also served as Program Chair and IG Chair for the SMS, on the Research Committee of the Academy of Management BPS Division, and as co-founder and organizer of the Israel strategy Conference. He has taught various courses in strategic management at the undergraduate, executive MBA, and PhD levels.



Andrew Shipilov is Associate Professor of Strategy and Akzo Nobel Fellow at INSEAD. He is an expert in the areas of strategy, innovation, and networks. His current research examines how social networks, strategic alliances and partnerships affect firms' competitive advantage. He is a co-author of a book "Network Advantage: How to Unlock Value from Your Alliances and Partnerships" (Wiley/

Jossey-Bass). Andrew Shipilov's work has been published at the leading management journals such as Academy of Management Journal, Administrative Science Quarterly, Organization Science and Strategic Organization. He served as an Editor in Chief of a forthcoming AMJ special issue "Relational Pluralism Within and Between Organizations". He is an editorial board member of SMJ and SO! He holds a Ph.D. in Strategy and Organization Theory from the Rotman School of Management, University of Toronto.



#### **SPECIAL TRACK**

TRACK S Date Monday, Sep 22 Time 13:30 - 14:30 h Presentation Room

#### **Media Innovations Session**

Session Chair

Will Mitchell, Duke University **Panelists** 

Peter Klein, University of Missouri

Caroline McCarley, Wiley

The SMS has recently launched an initiative using on-line media to increase the recognition, engagement, and impact of SMS scholarship. In this effort, the SMS has appointed Aija Leiponen (Cornell University) and Will Mitchell (Duke University and the University of Toronto) as SMS coeditors for on-line media innovations. This session provides an opportunity to present recent on-line initiatives at the SMS aimed at increasing promotion, access, and discussion of SMS scholarship. The session will also describe initiatives that are evolving in other settings that have potential to help the SMS and individual authors provide greater engagement with their work. We plan for active opportunities for audience questions and suggestions.



Mitchell is Professor of Business Administration in Strategy and the J. Rex Fuqua Professor of International Management at Duke University's Fugua School of Business. He is a faculty associate of Duke's Center for Entrepreneurship and Innovation, Health Sector Management Program, and Global Health Initiative. Will Mitchell teaches

corporate strategy, business dynamics, and health sector strategy in the MBA, MMS, Ph.D., and Executive Education programs at Duke, as well as in partnership programs in Africa and elsewhere. He studies business dynamics, focusing on how businesses in developed and emerging markets change as the competitive environments change and, in turn, how the business changes contribute to ongoing corporate success or failure. Will Mitchell is a former SMS board member, a member of the SMS Fellows Group, a co-editor of SMJ, an editorial board member of several strategy-related journals in North America, Asia, and Europe, and a board member of Neuland Laboratories, Ltd.



Peter Klein is Associate Professor of Applied Social Sciences and Director of the McQuinn Center for Entrepreneurial Leadership at the University of Missouri. He also holds faculty positions with the Department of Strategy and Management at the Norwegian School of Economics and the University of Missouri's Truman School of Public Affairs. His research focuses on the links between competitive

strategy, transaction costs, and entrepreneurship, with applications to firm boundaries, diversification, internal organization, vertical coordination, health care, and public policy. His work has appeared in Organization Science, Strategic Entrepreneurship Journal, Journal of Management, Managerial and Decision Economics, Strategic Organization, Journal of Industrial Economics, Rand Journal of Economics, Journal of Law, Economics, and Organization, and other outlets. Klein received his PhD from the University of California, Berkeley in 1995.



Caroline McCarley is Publisher at Wiley for Social Science and Humanities titles. Caroline came to Wiley from her role as Senior Policy Advisor to the Governor of New Hampshire and previously held elective office in the New Hampshire State Senate. Her prior publishing background involved commissioning books in economics, finance, and business for Lexington Books, D.C. Heath & Co. for 18 years. Caroline

is principally responsible for commissioning North Americanbased journals in the areas of Economics, Finance, Business and Management and oversees a team of 11 colleagues who manage over 85 journals.

#### **BEYOND THE KNOWN METHODS-**INTRODUCTION TO EMERGING TECHNIQUES

TRACK R Date Monday, Sep 22 Time 14:45 - 16:00 h Common Ground Room Estocolmo

**Facilitator** Margaret White, Oklahoma State University

#### Analyst-Based Similarity: A Dynamic Dyadic Network Measure of Firm Similarity

Adam Castor, University of Pennsylvania

In this paper, I introduce a novel approach, called Analyst-Based Similarity, to measure the similarity of firms for particular application in Strategy research. This approach leverages the Wittgensteinian concept of family resemblances in concert with data on sell-side stock market analyst coverage. Imbedded in the coverage patterns are analyst assignment decisions made by investment banks that intentionally reduce information acquisitions costs by assigning analysts to similar sets of firms. Using social network methods, I leverage these coverage patterns to create a continuous and dynamic firm-dyadic measure of corporate similarity that has many advantages over existing measures. To demonstrate the value of this new measure, I use two different empirical settings: entry mode decisions and market reactions to M&A and alliance announcements.

#### **Business Ecosystems As Complex Adaptive Systems:** An Agent-Based Modeling Approach

Kati Järvi, Lappeenranta University of Technology Samuli Kortelainen, Lappeenranta University of Technology Jukka Huhtamäki, Tampere University of Technology

This proposal examines business ecosystems as complex adaptive systems. We apply complexity theory to explain the inherent characteristics of business ecosystems and introduce business ecosystem as the level of analysis. Thus, we move beyond the current notions of business ecosystem as the mere context of individual firms, dyadic alliance interactions or firm-complementor relationships. Further, we introduce simulation and especially agent-based modeling as methodological approach to conduct research on the level of a business ecosystem. Whereas social network analysis can provide valuable insights to the temporal interconnection and interdependence between actors, agent-based modeling helps us to understand strategic actions and feedback in and dynamics and evolution of business ecosystems over time.

#### **Financial versus Consumer Market Responses to Emergent Phenomena: An Application to a Social Media-Inspired Boycott**

Brian Richter, University of Texas-Austin Timothy Werner, University of Texas-Austin

We extend behavioral finance theories to explain how and when financial and consumer markets may respond differently to emergent phenomena. The nature of emergent phenomena may be incongruent with the assumptions underlying the commonly employed the financialmarket event study, causing it to fail to provide reliable results. Given the problems in applying financial market event studies to emergent phenomena, we propose researchers adopt an additional methodology synthetic control—that employs fewer and weaker assumptions in their analysis. Synthetic control is flexible enough to be applied to measures of consumer market responses—and therefore more able to provide reliable estimates of the causal effects. We test and find support for our methodological arguments in an application to "United Breaks Guitars," the first major social media-inspired boycott.

#### How to Use Multi Methods to Develop Causal **Theories**

Juan Pablo Vazquez Sampere, IE Business School Angeles Montoro-Sánchez, University of Complutense-Madrid

In this methodological paper we explain why 'big data' is not the answer to the call of how to build better theories in social sciences. We also explain the three main challenges that social sciences face when transitioning from studying problems to solving them (quantity and types of data, rugged landscapes and the limitations of mono-method designs). We introduce a novel qualitative- quantitative sequential multi- method research design that is not only understandable and replicable but that is also able to analyze large quantities of data and that has a clear and standardized methodology for shaping causal mechanisms. We argue that the application of this particular multi- method is instrumental for transitioning to causal based research.

### ★ Using Item Response Theory to Improve Measurement in Management: An Application to Corporate Social Responsibility

Brian Richter, University of Texas-Austin Robert Carroll, University of Rochester David Primo, University of Rochester

We introduce item response theory (IRT) to management and strategy research. IRT explicitly models firms' and individuals' observable actions in order to measure unobserved, latent characteristics. IRT models have helped researchers in other social science disciplines measure traits like political ideology, and they can help strategic management researchers improve their measures. To demonstrate this potential, we show how the method improves upon the de facto best measure of corporate social responsibility (CSR), the KLD Index, by creating IRT Responsibility scores from the underlying data along with estimates of how accurate these measures are. We show, for instance, that firms like Apple may not be as socially responsible as previously thought, while firms like Walmart may be more responsible than typically believed.

SESSION 443

#### **BUSINESS MODEL THEORY DEVELOPMENT**

Paper Session Chair	Room  Charles Baden-Fuller, City Uni	Helsinki
Danas	Time	14:45 – 16:00 h
TRACK A	Date	Monday, Sep 22

#### Firms Do Not Choose Business Models: Business **Models Choose Firms**

lain Rolfe, Macquarie Graduate School of Management Kyle Bruce, Macquarie Graduate School of Management Lars Groeger, Macquarie Graduate School of Management

Operating business models are significantly larger than the firm itself and connect a large number of co-dependent actors in a system nested in a series of larger socioeconomic systems. The authors expand upon the adaptive systems' perspective originally lent to the business model concept and investigate whether business models are a type of complex adaptive system. Complex adaptive systems are open systems in which agents are independent decision makers. Through the aggregation of all agents' decisions over time the business model chooses to operate with the firm. The relocation of control, management, and ownership of a business model leads to significant implications for the firm and mainstream strategy. In particular, the concept of strategic planning is challenged and the relevance of emergent strategy is enhanced.

#### **Network-Based Approach for Business Modelling**

Rigo Tietz, FHS St.Gallen

Innovative business models can be based on new or modified business model elements or on new or modified links between these elements. The conceptual framework introduced in this paper applies causal-loop diagrams and represents business models as networks with a set of basic elements and interactions that can easily be extended. Thus, the approach provides a dynamic and holistic perspective that enables highlighting specific innovative attributes and identifying virtuous cycles in a business model. The discussed examples demonstrate the practical application on firm or business unit level.

### The Role of Business Models in Resource-Based Theory: A Cognitive Perspective

Charles Baden-Fuller, City University London Simone Santoni, City University London

We situate business models as a moderator that unpacks relationships between key variables in mainstream strategy. Narrative reviews of the Resource Based Theory literature and meta-analyses suggest that despite strong overall support, the micro-organizational aspects underlying the relationship between resources and firm profitability have remained clouded. In particular we cannot properly explain why

managers take different approaches to structuring,

bundling, and leveraging a firm portfolio of resources. In an attempt to remedy this deficiency in the RBT literature, we focus on managers' cognition of resource issues and assign a specific role to the configuration called the business model. Specifically, we propose a theoretical framework that conceptualizes business models as the key mechanism that situates managers' cognition of resources issues, and influences the perceived usefulness and profitability of different combinations.

#### Waiting Time in Platform Markets

Mohammad Mahdi Tavalaei, IE Business School Juan Santalo, IE Business School

This paper is a study on the concept of waiting time as the time that users spend dealing with/within the platform markets. Even if one side users dislike this time, platforms have an incentive not to minimize it since they may get extra revenues from other side. Hence, it is argued that waiting time depends positively on the relative revenue that platforms get from other side of the market. This effect will be reinforced when the platform outsources management of these 'other side' revenues to third parties that have the mandate of maximizing them. Finally, waiting time depends negatively on the opportunity cost of user's time. The hypotheses are tested with in the US airport industry that provides an excellent empirical context for the paper.

SESSION 202

# ALLIANCE PORTFOLIOS, NETWORKS, AND INNOVATION

TRACK B	Date	Monday, Sep 22
	Time	14:45 – 16:00 h
Panel	Room	Roma 2

#### **Session Chair**

Frank T. Rothaermel, *Georgia Institute of Technology* Panelists

Ronald Burt, *University of Chicago* Dovev Lavie, *Technion-Israel Institute of Technology* Corey Phelps, *McGill University* 

This panel will present novel conceptual as well as empirical research on the topic of alliance portfolios, networks and innovation. Frank T. Rothaermel will present research on "Microfoundations of innovation: Intra-firm individual-level networks and firm-level performance heterogeneity."

SESSION 414

#### **GLOBAL NETWORKS AND BUSINESS GROUPS**

Facilitator	Anuja Gupta, University of Pennsylvania	
<b>Common Ground</b>	Room	Viena
	Time	14:45 – 16:00 h
TRACK D, TRACK G	Date	Monday, Sep 22

# An Analysis of Network Structure in Highly-Regulated Settings: Evidences from Clinical Research

Federica Brunetta, *LUISS Guido Carli University* Paolo Boccardelli, *LUISS Guido Carli University* Andrea Lipparini, *University of Bologna* 

This paper analyzes the effects of ego network structure on the performance of organizations embedded in highly-regulated institutional environments, where actors may have a constrained ability to make strategic choices. By using a network perspective, we analyze the strategies and practices employed by organizations in responding to institutional pressures. We study the effects of network structures on performance in highly-regulated settings, where actors are significantly constrained by institutional forces. We analyze a co-operative network setting and examine how the attributes of an actor's position within a network might enable them to moderate the effects of the institutional constraints. We test our hypotheses via a study of clinical research projects in the pharmaceutical industry.

# **Building Big: Risk and the Global Scope of Project Finance Syndicates**

Sinziana Dorobantu, New York University Jakob Müllner, WU Vienna

We argue that higher country risk and higher uncertainty during times of crisis increase the global scope of project finance syndicate networks. We test our hypotheses on a comprehensive sample of 8,651 projects in 162 countries signed between 2000 and 2013. Our results highlight that the global scope of syndicate networks increases with country risk in the project's host country, and in particular, with politically-related components of country risk. We also show that when going through a major financial crisis, banks increase the scope of their syndicates in an attempt to diversify. Overall, however, syndicates revert to geographically tighter networks.

### Business Groups' Corporate Networks and Long Term Performance

Erica Salvaj, *University of Desarrollo* Juan Pablo Couyoumdjian, *University of Desarrollo* Jean Sepulveda, *Univeristy of Desarrollo* 

Among the most relevant economic actors in emerging economies are business groups (BGs). Literature on BGs describes several underlying conditions that explain their survival and performance. Yet research has ignored corporate networks as a relevant explanatory variable, despite evidence of the widespread use of interlocking directorates (IDs) as a nonmarket strategy that BGs adopt to achieve their goals. Therefore, this article seeks to close a research gap by studying the effect of IDs on the performance and survival of BGs and their affiliates in Chile from 1970 to 2010. We apply social network and econometric analyses (survival and panel data analyses) using a unique and novel sample that comprises the companies in all BGs in Chile in five benchmark years between 1970 and 2010.

#### Corporate Responses to Legitimacy-Threatening Events: The Moderating Role of Governance Networks

Donghoon Shin, McGill University Ilya Okhmatovskiy, McGill University

We examine how corporate responses to legitimacy-threatening events are affected by characteristics of these events and by firms' embeddedness in governance networks. Drawing from the contingency perspective on corporate governance, we examine the moderating role of governance networks created by ownership ties to business groups and to the state. The empirical setting of our study is South Korea, where these governance networks are particularly prominent. We expect that our study will contribute to corporate governance and impression management literatures by shedding light on unexplored determinants of legitimacy-repairing actions.

### Investing in Flexibility when Supply Chains become Value Networks

Philip Moscoso, IESE Business School Alejandro Lago, IESE Business School

The aim of this proposal is to contribute to the managerial knowledge development on what supply chain flexibility means in a time where the traditional sequential supply chain approach needs to evolve into an understanding of supply chains as value networks facing ever faster changing competitive environments. Our main contribution is a conceptual design framework that guides managers when investing in flexibility. First, we define a set of flexibility objectives, which differentiates between short- vs. long-term flexibility, and product vs. process flexibility. Additionally, the framework differentiates three structural design levels: single resource, single stage, and multi-stage supply chain systems.

# Resource Orchestration in Business Groups: Managing Strategic Change through Resource Bundling

Won Kyung Min, Temple University

This study highlights the resource orchestration view of how business groups manage human resources across affiliate boundaries. Drawing on one set of resource orchestration processes, namely bundling, I argue that business groups seek to stabilize, enrich and pioneer firm capabilities through bundling resources in strategic ways. Bundling strategies are captured by business groups' decisions to utilize internal and external human resources in order to achieve the desired level of strategic changes at the affiliate companies.

#### FIRM SCOPE AND INDUSTRY COMPETITION

TRACK E, TRACK X Monday, Sep 22 14:45 - 16:00 h **Paper** Room Roma 1

**Session Chair** Jeffrey Macher, Georgetown University

#### Managing Complexity at the Boundaries of the Firm: A Knowledge-Based Examination in Medical Device Manufacturing

Jeffrey Macher, Georgetown University

This paper examines how the knowledge-based view (KBV) can be applied to firm boundary decisions and the performance implications of those decisions. At the center of the paper is a theoretical and empirical examination of how firms efficiently organize manufacturing in a regulated industry. We find that distinct organization approaches are advantaged in the terms of regulatory manufacturing performance, depending on the technological complexity and novelty of products manufactured. We make theoretical and empirical contributions to KBV research that examines organization and performance related to knowledge development and transfer. The medical device manufacturing industry serves our empirical setting.

### The Conditioning Effect of Industry Incubation on Internal and External Sourcing of Capabilities: Evidence from the Agricultural Biotechnology Industry

Will Mitchell, Duke University

Mahka Moeen, University of North Carolina

This paper examines the systematic differences in how firms combine internal development with alliances and acquisitions during incubation stage relative to post-incubation stage of a nascent industry. Although the question of how existing firms within existing industries develop new capabilities has been the focus of several research studies in the strategic management, research in the area has abstracted away from analysis of firms' capability sourcing activities in anticipation of entry into a nascent industry at its early stages. We fill this gap by suggesting that incentives for internal development and external sourcing via alliances and acquisitions differ during industry incubation relative to more established industries. The empirical context of our paper is the agricultural biotechnology industry during 1985-2005.

#### The Impact of Patent Wars on Firm Strategy: Evidence from the Global Smartphone Market

Yongwook Paik, University of Southern California Feng Zhu, Harvard University

We examine how patent wars affect firm strategy. We hypothesize that, as patent wars intensify, firms shift their business foci to markets with weak intellectual property (IP) protection. This shift is attenuated for firms with larger stock of patents, and is more pronounced for firms whose home markets have weak IP systems. Using data from the global smartphone market, we find support for these hypotheses. Consequently, these changes ultimately shape the global competitive landscape for platform competition in the global smartphone market. This study sheds light on the emerging patent enforcement strategy literature that focuses on how firms leverage their patents as competitive weapons by highlighting how firms, not involved in litigation, react and shift strategy in response to escalated patent wars in platform-based markets.

#### Within-Industry Market Scope, Internal Capital Markets, and Competitive Investment Conduct: Evidence from the U.S. Electric Power Industry

Afonso Almeida Costa, INSEAD Javier Gimeno, INSEAD

Despite plentiful anecdotal evidence, the connection between a firm's internal capital market and its competitive conduct has not yet been thoroughly addressed in the strategy literature. This proposal addresses this research gap in a within-industry context, where businesses are highly related. To test our developed theoretical arguments, we take the U.S. electric power industry as the empirical setting, focusing more specifically on the generation segment, and assess how a firm's presence across different electricity generation markets conditions its investment reactions to opportunities sprouting in a given market. Our preliminary

findings suggest that multi-market presence leads to stronger investment reactions to opportunities in a given market; whereas opportunities in other markets in which a multi-market firm is involved have no influence on that firm's investments in a given market.

SESSION 437

#### CORPORATE STRUCTURE, RESOURCE ALLOCATION, AND PORTFOLIO PLANNING

TRACK F, TRACK H Date Monday, Sep 22 Time 14:45 - 16:00 h Room Londres **Paper Session Chair** Mathias Arrfelt, Arizona State University

#### **How Does Headquarters Create Value in a Diversified** Multi-Business Firm: The Case of Wesfarmers

Johann Peter Murmann, University of New South Wales George Shinkle, University of New South Wales

Aside from emphasizing target setting, high-level monitoring, and aligning incentives, the strategy literature provides very little guidance on how headquarters of a large multi-business corporation should interact with its business units to create and capture value. We examine Wesfarmers Ltd. (Australia) because the long-term high performance of this unrelated conglomerate is unexpected by much of the strategy literature. Our investigation promises to shed light on effective management practices. Our preliminary research indicates, contrary to what the literature expects, the Wesfarmers CEO and headquarters (HQ) staff are deeply involved in defining, monitoring, and redefining the operational goals at the business unit level and the means (strategies and initiatives) to accomplish them. Furthermore, HQ adjusts its management practices to respond to particular needs of each business unit.

#### Research on Regional Headquarters: Emergence of a Field?

Perttu Kahari, Aalto University

The purpose of this paper is to review literature on regional headquarters (RHQ), its evolution over time and assess whether it will constitute a new, emerging field. Using systematic literature review, over 40 academic journal articles, book chapters and working papers were analyzed, covering a period from 1967 to 2013. Three focus areas were identified: the RHQ roles and reasons for establishing them, location and relocation issues, and RHQ life cycles and evolution. Finally, the arguments for performing research specifically on RHQ are discussed, with three characteristic attributes distinguishing them from other organizational forms, namely simultaneous principal-agent role, terminability and change-sensitive nature, leading to their inherent dynamism. Following these findings from the literature, suggestions are made for gaps in the current literature.

#### Starting to Understand Capital Allocation: A Variance **Decomposition Study**

Mathias Arrfelt, Arizona State University

Capital allocation has important implications for both firm performance and for firm risk. Despite this, we do not know all that much about the allocation process, including what determines the size and patterns of allocations. This study therefore takes a more holistic approach in examining the internal capital allocation process by focusing on determinants at three broad level of organization: industry, firm, and business unit levels. This provides direction for future research by showing what determines or drives the allocation decision and also where potential misallocation may be most likely.

#### The Joint Effects of Strategy and Structure on the **Performance of Professional Service Firms**

Monika Schommer, EBS University Amit Karna, EBS University Ansgar Richter, University of Liverpool

Extant theory and empirical evidence suggest that diversification strategy carries benefits and costs. Similarly, structural choices within the organization also involve trade-offs. However, the joint performance effects of strategic and structural choices are largely under-researched. We investigate these effects in the setting of professional

service firms (PSFs). Our theory development suggests



an inverted U-shaped relationship between service line diversification and leverage (defined as the ratio between junior and senior professionals) on the one hand, and PSF performance on the other. We test these relationships using fixed-effects panel regression and polynomial response surface analysis (RSA) on data from 75 law firms from 2003 to 2012. We find inverted U-shaped performance effects of diversification and leverage, as well as evidence of a complementarity between diversification and leverage.

SESSION 381

# FIRM BOUNDARIES IN MULTINATIONAL ORGANIZATIONS: ANTECEDENTS AND CONSEQUENCES

 TRACK G
 Date
 Monday, Sep 22

 Time
 14:45 – 16:00 h

 Common Ground
 Room
 Luxemburgo

Facilitator Vikas Kumar, University of Sydney

### A Behavioral Explanation for Unequal Practices Coupling in MNCs

Anne Jacqueminet, HEC-Paris

This paper focuses on subsidiary-level coupling mechanisms through which concrete practices follow formal policies in MNCs. We argue that the implementation of CSR practices is hard to enforce in an MNC and that heterogeneous policy-practices coupling is better explained by behavioral mechanisms related to the assessment of the appropriateness of the practices. We propose that appropriateness can be assessed with reference to internal values or with reference to adoption by peers. Moreover, we suggest that consequentialism reinforces both types of appropriateness assessment, while internal and external appropriateness references are substitutes. The results of our study on the implementation of CSR practices by 99 subsidiaries of an MNC show that behavioral explanations overrule top down influence and confirm our reinforcing and substituting predictions.

#### **Different Strokes for Different Folks**

Nikhil Celly, *University of Hong Kong* Venkat Subramanian, *Nazarbayev University* 

Emerging market MNEs are being recognized as "Tomorrow's global giants". Their increasing influence affects existing MNEs and defines global competitive dynamics. However research has not yet developed a complete picture of the competitiveness of emerging market MNEs and their sources of advantage. An important first step is to understand the developmental paths undertaken by these EM MNEs. We identify various internationalization paths and the sequence of internationalization moves. We draw on extant international business theory to help us to frame EM MNE strategic choice of internationalization in terms of home country, host country and strategic intent of the MNE. The internationalization pathways influence the development of unique sets of resources and capabilities that in turn underlie the competitiveness and advantages (or disadvantages) or EM MNEs.

#### How Does Experiential Learning of Emerging Multinationals Benefit Subsidiaries? A Study of Indian MNCs

Arindam Mondal, *Indian Institute of Management-Calcutta* Sougata Ray, *Indian Institute of Management-Calcutta* Raveendra Chittoor, *Indian School of Business* 

We investigate whether accumulated international experiences of emerging multinationals (EMNCs) always aid in successful international expansion. Pursuing a subsidiary level analysis, our study advances the knowledge of the relationship between parent firm's experiential knowledge, subsidiaries' own experience, and the performance of its foreign subsidiaries of EMNCs. By integrating the learning theory, organizational capability and knowledge transfer literature, we predict: an inverted U-shaped relationship between subsidiary experience and focal subsidiary performance, an overall U-shaped relationship between parent firm's general international experience and host country experience and focal subsidiary performance. We test our predictions empirically with proprietary, longitudinal data over a three year period during 2010 – 2013 for 787 foreign subsidiaries of 253 Indian MNCs and find support for the hypotheses.

# Staged Development of Dynamic Capability in International Joint Ventures

Kaushik Roy, Indian Institute of Management Calcutta

I investigate the micro-foundations of different stages of development of dynamic capabilities in international joint ventures. The case-based research is conducted for three heterogeneous IJVs in the Indian life insurance space. Data collection involved detailed interviews and access to other archival data. Results offer interesting insights on a) process of the development of DC, b) the relative importance of different stages in the development of DC. Sensing and seizing are the two stages in which dynamic capabilities are built, and reconfiguration/transformation is inherently subsumed within the stage of seizing. The success of sensing and seizing is facilitated by existence of a structural ecosystem within an IJV. Broad-spectrum parental contribution across different functions was found to be an impeding factor for development of DC.

## Transferring Tacit Know-How through Licensing or Joint Venture: Is Opportunism Really Redundant?

Alex Eapen, Australian National University Rekha Krishnan, Simon Fraser University

In recent years, strategy scholars have ambitiously deepened their efforts towards integrating capabilities and contractual perspectives of the firm. Much of the recent focus in the literature has been on synthesizing the two theories into one unified explanation of firm boundaries. Traditionally, however, proponents of both theories have disagreed over the role of opportunism in explaining the boundaries of the firm. We argue that there is hence a need, alongside efforts towards integrating capability and contractual theories, to revisit and reconcile this opportunism debate. This paper is an attempt in this direction. Using survey data, we empirically examine whether opportunism matters in the choice between contractual and hierarchical modes of technology transfer from multinational firms. Our results suggest that opportunism matters.

#### What Does it Take to Cross a Border? Networks, Experience, and Cross-Border Private Equity Investments

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

Private equity (PE) firms facilitate entrepreneurship and innovation as they redeploy resources to optimize their use. Therefore, the internationalization of PE firms can be an important driver of entrepreneurship and innovation worldwide. However, in contrast to cross-border venture capital investments, cross-border PE investments have not been extensively investigated. In this study, we propose and find that a PE firm that is more central in the syndication network, either in the home-country or foreign network, is generally more likely to cross a border when investing. The results also show that investment experience acts as a moderator in the previous relationships. We test our hypotheses using a sample of 325 PE firms from the United Kingdom that made 5,368 investment transactions in Europe from 1996 to 2011.

SESSION 375

## CHANGING EXTERNAL ENVIRONMENTS: HOW DO MULTINATIONALS RESPOND?

TRACK G, TRACK X

Date Monday, Sep 22

Time 14:45 – 16:00 h

Paper Room Rotterdam

Session Chair Timothy Devinney, University of Leeds

# CEO Departure in Cross Border M&As: Cultural Distance and the Moderating Role of International Experience

Lucia Piscitello, *Polytechnic University of Milan* Cristina Rossi Lamastra, *Polytechnic University of Milan* Andrea Boellis, *Polytechnic University of Milan* 

The present paper investigates whether and how target CEOs bridge cultural distance in cross-border acquisitions. Originally enough, we integrate mainstream literature on cross-border acquisitions with insights from theories which are inherently micro-founded and put individuals at the core of their inquiring. Specifically, taking inspiration from the Upper Echelons Theory, we argue that the probability of target CEO departure in post-acquisition decreases with the cultural distance between the acquirer

and the target. Moreover, this relation is negatively moderated by the general and specific international experience of the target CEO. Preliminary estimations on a sample of 93 acquisitions support our conjectures.

### Chinese Investment in Africa: Avenues for Academic Scholarship

Lite Nartey, University of South Carolina Stephen Mezias, INSEAD

The significance of Chinese investment in Africa has long been a subject of international policy debate. However, business scholarship has given this important phenomenon little attention. In this paper, we seek to draw attention to the importance of this area for business research. We outline the significance of this phenomenon for business scholars in terms of possible theoretical and methodological research avenues and provide a preliminary report on a dataset we have assembled to offer insights into the geographic and economic breadth of Chinese investment in Africa.

#### Does Offshoring R&D Lead to Higher Firm Growth?

Mehmet Demirbag, University of Strathclyde Gokcen Arkali Olcay, Istanbul Sehir University Jonathan Doh, Villanova University

This paper empirically tests the impact of offshoring R&D projects on firm's future sales growth based on a data set of 648 firms tracked between years 2005 and 2009. Using propensity score matching (PSM) technique, the differences in future sales growth of the two groups (offshore vs. non-offshore) are compared. The empirical analyses are performed on firm-year observations where the treated (offshore) units are matched to the untreated (non-offshore) units to reduce bias between the groups and make the two groups more similar. The propensity scores used in matching are calculated based on a number of firm characteristics such as firm size, firm's share of total sales outside home region, industrial sector and geographical region. The findings are that firm size and sales outside home region significantly contributes to the probability of offshoring, which in turn results in higher future sales growth.

#### From Domestic IPO to Venturing Overseas by Entrepreneurial Start-Ups: A Change-Based **Momentum Perspective**

Lin Cui, Australian National University Sali Li, University of South Carolina Haijian Liu, Nanjing University

Entrepreneurial start-ups face liability of smallness and foreignness in their pursuit of international growth. From a change-based momentum perspective, this study examines how the surpassing of liability of smallness through domestic initial public offering (IPO) will help start-ups gain momentum in overcoming liability of foreignness to initiate foreign direct investment (FDI). We propose that the success of a preceding strategic change (e.g., IPO) will have a positive effect on initiating a subsequent strategic change (e.g., FDI) by promoting change-based momentum. Furthermore, such momentum mechanism is influenced by organizational and environmental contexts. Specifically, firm financial slack, international experience, top management team faultline, industrial dynamism and environmental magnificence will moderate the effect of IPO success on FDI likelihood of start-ups. We test our hypotheses with a panel of indigenous start-ups listed in the SME COMPOSITE in China from 2004 to 2012.

SESSION 204

#### STRATEGIC CHANGE AND ADAPTATION **PROCESSES**

TRACK H	Date	Monday, Sep 22
	Time	e 14:45 – 16:00 h
Paper	Roor	<b>n</b> Bruselas
Session Chair	Tomi Laamanen, University of St. Gallen	

### Market-Shaping Innovation Strategies: A **Demand-Oriented Process View**

Matthias Wenzel, European University Viadrina Jochen Koch, European University Viadrina Wasko Rothmann, European University Viadrina

Consistent with the deeply rooted consideration of the demand environment in strategic management research, a growing body of literature has acknowledged the role of the demand side in the success of innovations to achieve competitive advantage. However, the question of how firms can shape the demand environment for new products remains largely unaddressed. In this study, we employ longitudinal data on Apple Inc.'s activities aimed at shaping markets for their innovations in order to develop a process model that provides insights into the marketshaping process. We identify three core paradoxes that firms must unfold continuously to evoke demand-side changes in the commercialization of new products.

#### Sequence Patterns of Strategic Change

Johanna Mueller, University of St. Gallen

Studying repetitive strategic changes from a temporal perspective, we focus on sequence patterns and their performance implications. In this regard, we distinguish two aspects that are important when managing strategic change: changes in the content and scope of a firm's existing strategies in response to environmental changes and changes in the processes undertaken to support and carry out initiated strategic changes. Following the controversial debate regarding change vs. continuity as well as evolutionary vs. revolutionary change, we argue that constant levels of change over time and punctuated changers are associated with superior performance. In addition, we argue that the internal coordination between changes in content and process impacts performance. The paper contributes to the temporal research stream in strategic management.

### Strategic Adaptation: How New Structure and Strategy Emerge at the Intersection of Role Identities

Diana Barbara Perra, Erasmus University-Rotterdam Jatinder Sidhu, Erasmus University - Rotterdam

This study seeks to contribute to the understanding of strategic adaptation by examining how change unfolds in a firm in which successful transformation depends on the coordination of efforts of professionals with distinct role identities. We report the findings of an inductive case study of the strategic adaptation of a leading multinational company in the fragrance industry. Our investigation reveals a previously unrecognized dynamic between role identities and strategic adaptation, such that the change plans formulated by the top management are filtered and remolded by interdependent professional groups in ways that allow the preservation of their identities as new practices are born in response to the demands of the environment.

#### Strategy Development in Mid-Sized Growth Firms: The Role and Nature of Emergence

Mona Roman, Aalto University Mikko Rönkkö, Aalto University

This paper contributes to strategic management research with increased understanding on the role of deliberate vs. emergence in strategy development. It is based on an in-depth case study of five mid-sized growth firms in IT software and services sector in Finland. It demonstrates that while mid-sized firms have established formal strategic planning process, those are highly flexible and autonomous in comparison to large firm processes. There are room for emergence as part of formal strategic planning cycle as well as through continuous reflection of strategy throughout the year on the basis of internal and external events. These findings highlight the importance of continuous strategic thinking and reflection in mid-sized growth firms as part of day-to-day management and decision-making.

SESSION 265

#### LEARNING, SEARCH, SLACK: THE BEHAVIORAL THEORY REVISITED

TRACK I, TRACK P	Da	ite	Monday, Sep 22
	Tin	ne	14:45 – 16:00 h
Paper	Roc	om	Malta
Session Chair	Luca Berchicci, Erasmus University-Rotterdam		ty-Rotterdam

### **Delayed Learning from Own Failure in Market Exit**

June-Young Kim, Marquette University Ann Terlaak, University of Wisconsin Pingshu Li, University of Kansas

Firms make abandonment decisions through both experiential and vicarious learning, but the interactions between the two learning mechanisms are rarely studied. We

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argue that vicarious learning may impede, rather than complement, experiential learning, and consequently firms may be slow to abandon poorly-performing practices. Although firms with poor post-adoption performance seek to learn from other non-abandoners, vicarious learning could make it even harder to interpret own poor performance when the performance variability of other non-abandoners is high. We further suggest that domain knowledge will exacerbate the effects of vicarious learning on the delayed abandonment. We test our theories in the context of market exit decisions by the whole population of 2,695 power marketers that entered the U.S. wholesale electricity market during 1993–2005.

#### **Innovation Strategy in Temporary Organizations**

Sam MacAulay, Imperial College London Andrew Davies, University College London Mark Dodgson, University of Queensland

This paper draws on an in-depth study of Europe's largest infrastructure project to show how the multiplex and temporary nature of these organizations problematizes the organization of innovation. Our analysis identifies four areas where the organization of innovation meaningfully departs from that found in traditional business firms: the rationale for innovation, appropriation of value, locus of innovation, and creation and maintenance of organizational slack. We draw on these findings to show how a granular understanding of organizational form is essential if strategic and organizational theory is to explain the innovation strategy beyond the classic business firm. More generally, we argue that expanding this research program to include other 'unusual' organizational forms-such as social movements, NGOs, guilds, and mutual societies- would open up fascinating possibilities for extending our understanding of the innovation process.

#### Interdependence, Decomposability and Search Strategies: Implications for Firms' Long-Run Financial Performance

Gianluca Vagnani, Sapienza University of Rome Loredana Volpe, Sapienza University of Rome Corrado Gatti, Sapienza University of Rome

This study considers how interdependence and decomposability at the industry level moderate the contribution of exploration and exploitation to firms' long-run financial performance. We use patent data to measure interdependence and decomposability and computer-assisted content analysis to derive firms' orientations toward search strategies. We also introduce statistical techniques to control for endogeneity. Our analysis shows that in industries with high levels of interdependence and low levels of decomposability, exploration improves firms' long-run financial performance. Conversely, in industries with more limited levels of interdependence and high levels of decomposability, exploitation becomes more beneficial to firms' long-run financial performance. We hope our ideas will influence several areas of future research, not the least of which involves search, interdependence, and decomposability in developing our understanding of organizational success.

#### Search Depth, Absorptive Capacity, and Innovation Performance: The Role of Specialist and Generalist Knowledge Workers

Juhana Peltonen, Aalto University Mikko Laine, Aalto University Aku Valtakoski, Aalto University

Firms engage in organizational search for new knowledge outside their boundaries to innovate. However, studies have found that firms may 'over-search', resulting in diminishing returns of search on innovation performance. Drawing on the absorptive capacity literature, we examine how the individual employee's abilities contribute to the extent a firm is able to benefit from external search in depth. By combining population-level linked employer-employee data with data from the Community Innovation Survey, we find that the share of generalist knowledge workers of the firm's employees negatively moderates the effect between search depth and innovation performance. The share of specialist knowledge workers is found to have a direct unmoderated effect.

SESSION 269

# KNOWLEDGE FLOWS: TRANSFER, SHARING AND REPLICATION

TRACK I	Dat	te	Monday, Sep 22
	Tim	ne	14:45 – 16:00 h
Paper	Roc	om	Copenhague
Session Chair	Marie Louise Mors, Copenhagen Business School		

# Knowledge Leverage in Technology-Based Firm Acquisitions: Impact of Relatedness, Structure, and Ease of Transfer

Senem Aydin, Bocconi University

This study examines the determinants of knowledge leverage in technology-based firm acquisitions. Drivers of knowledge leverage are identified at three distinct levels; i.e. dyadic-, technology- and industry-level. Testing a sample of between- and within-industry acquisitions undertaken during 2000-2008, for target firms in six U.S. manufacturing industries, which differ in their intellectual property (IP) intensity, I found that technological distance between the acquirer and target firms' knowledge bases has a negative impact on technological knowledge leverage, while knowledge structure; i.e. the indivisibility of acquired technology, positively affects knowledge leverage. Moreover, ease of knowledge transfer in the target firm's industry decreases knowledge leverage in acquisitions. These results are further analyzed by comparing within- vs. between-industry acquisitions and IP-intensive vs. less IP-intensive industries.

## Leadership Culture for Knowledge Sharing in IPSFs: Do Formal Transmission Channels Help or Hurt?

Paulina Junni, BI Norwegian Business School Ragnhild Kvålshaugen, BI Norwegian Business School Sverre Tomassen, BI Norwegian Business School

This paper examines the role of leadership culture in knowledge sharing in international professional service firms (IPSFs). We find that a transformational leadership culture enhances both knowledge adoption and transfer, whereas a transactional leadership culture has no impact on either. Further, we identify organizational context (formal transmission channels) as an important moderator of these relationships. We test our hypotheses on a sample of organizational units in an IPSF that provides consulting and certification services worldwide. This study contributes to the IPSF literature by elaborating on the effect of leadership culture in knowledge sharing, and by examining the boundary conditions of this effect.

#### Replication Platforms: Designing for Strategy Execution over Geographic Space

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

Many firms (i.e., fast food chains) grow and compete through the process of replication, in which the knowledge underlying core routines is transferred across geographically dispersed units. Existing work has tended to assume that this underlying knowledge is executed by and appropriated within a single firm. This conceptual paper relaxes this assumption, arguing that the replication process is carried out by platform structures that may or may not transcend firm boundaries. The resulting construct of 'replication platforms' enables a general framework for competing across geographic space that features greater breadth than previously considered in the types of knowledge and in the organizational design contingencies encompassed within replication strategies.

# We Are the Same, so Let Us Share: Cluster Identification and Knowledge Sharing

Nina Geilinger, Swiss Federal Institute of Technology Georg von Krogh, Swiss Federal Institute of Technology Zurich Stefan Haefliger, City University London

Despite the large body of research on inter-organizational knowledge sharing in industry clusters, investigations into the co-location of firms may not have fully captured essential characteristics of knowledge sharing interactions and its enablers. Based on an in-depth qualitative study of 38 firms in an ICT and biotechnology cluster, we observe fundamental differences across firms in the way they identify with the industry cluster and how they share knowledge, leading to innovative outcomes. Strong

cluster identification is associated with a greater diversity of knowledge sharing mechanisms, and a broader variety of knowledge types shared. Our findings highlight the role of cognitive processes, such as identification, as a source of variation between firms to reap the benefits from cluster membership and co-location.

SESSION 457

# OWNERSHIP AND FUNDING STRUCTURES: PERFORMANCE IMPLICATIONS FOR THE ENTREPRENEURIAL FIRMS

 TRACK K
 Date
 Monday, Sep 22

 Time
 14:45 – 16:00 h

 Common Ground
 Room
 Glasgow

Facilitator Joseph Lampel, City University London

#### Back To The Roots: Inherited Ownership Effects and Spawns' Performance

Giuseppe Criaco, Jönköping University Mattias Nordqvist, Jönköping University

This paper analyzes inherited ownership effects, defined as socialization benefits that employees acquire while working in privately-held firms that may be transferred to a spawn. We test for inherited ownership effects in the population of Swedish entrepreneurial spawns competing in mediumhigh and high technology manufacturing industries. Preliminary results show that spawns of family-owned businesses survive at a higher rate than spawns of non-family-owned businesses. Moreover, spawns that share family ties with the parent company survive at a higher rate than spawns started by non-family members. This findings suggest the existence of inherited ownership effects that influence the performance of new firms.

# Behind Slack and Firm Performance: The Moderating Roles of Family Ownership and High-Tech Industry

Tommaso Minola, University of Bergamo Massimo Bau, Jönköping International Business School Francesco Chirico, Jönköping University Alfredo De Massis, Lancaster University Management School

While strategy and entrepreneurship literatures agree on the potential value of slack resources on organization's behavior, risky and adaptation, prior research has obtained mixed theoretical and empirical evidence. Recent calls have been made for a contingency perspective on the slack-performance link. In this article, we investigate the effect of family ownership and industry characteristics on the relationship between high- and low-discretion slack and performance. Using a sample of over 14,000 Italian privately held firms, we find that family firms are less likely to perform in presence of higher levels of slacks. However, family ownership in high-tech industries negatively affects the use of high-discretional slacks, and positively affects the use of low-discretional slacks. Our findings offer a coherent framework to appreciate family ownership distinctiveness.

## Local Banking Industry Structure and New Firm Formation

Jaume Franquesa, John Carroll University

Prior studies have found aspects of the structure of the local banking sector to be systematically related to entrepreneurship rates. This paper seeks to contribute to our further understanding of the interplay between local banking market structure and entrepreneurial activity, in the new context created after wholesale changes in the small business commercial lending sector in the U.S. The study uses a unique panel dataset of startup rates and their likely antecedents across the 88 counties of the state of Ohio and for the first few years of the 21st century; and it investigates the impact of local banking market competitiveness and of the prevalence of small bank branches on new business starts.

# Opportunities, Options, and Opinions: How Context and Financing Relate to Firm Evolution and Performance

Chris Welter, Xavier University
Sungho Kim, Southern Illinois University

We analyze entrepreneurial firm performance as it relates to uncertainty and external financing, specifically venture capital (VC) financing. We develop an NK simulation model that demonstrates how increasing uncertainty mitigates the positive performance effects brought by VC involvement. At higher levels of uncertainty, VC involvement initially improves performance but eventually decreases it. The model suggests that regardless of context, anchoring some amount of decisions may prove effective for entrepreneurial firms.

# Rely on You or Rely on Your Friends? Relational Dependence, Structural Dependence, and Venture Investment Termination

Han Jiang, *University of Memphis* Lifang Gao, *University at Buffalo* Albert Cannella Jr, *Arizona State University* 

In this study we address an important yet relatively understudied question: when would venture capital firms terminate their investments in portfolio ventures they have already invested in? We address this question through a novel theoretical perspective that integrates resource dependence theory and social capital theory. Namely, we specifically distinguish two different forms of a firm's dependence on its relational partner, i.e., relational dependence, which refers to the focal firm's reliance on this partner's valuable resource endowments, and structural dependence, which refers to the focal firm's reliance on this partner's advantageous position in the interorganizational network. We show that these two dependences will affect venture investment termination in different ways in different environments. Our study contributes to both venture financing literature and resource dependence theory.

## Resource Structuring: Linking Resource Acquisition, Accumulation, and Divestment in Family Firms

Francesco Chirico, Jönköping University Dawn DeTienne, Colorado State University Eric Clinton, Dublin City University Salvatore Sciascia, IULM University-Milan

While much has been written about the idiosyncratic nature of family firms, the processes of managing the resource base in family firms has received limited attention. We examine resource structuring in family firms, inclusive of resource acquisition, accumulation and divestment. Specifically, we theorize that family firms that engage in resource acquisition and accumulation achieve higher levels of resource divestment. While the family generation in control positively moderate these relationships, the presence of a family CEO negatively moderate them. Additionally, we predict that family CEOs in later generations also engage less in resource divestment. Our theory is tested on a sample of 241 Irish family firms.

SESSION 231

## ENTREPRENEURIAL LEADERSHIP: WHAT IT TAKES TO BE A SUCCESSFUL ENTERPRISE?

 TRACK K
 Date
 Monday, Sep 22

 Time
 14:45 – 16:00 h

 Paper
 Room
 Paris

 Session Chair
 Tim R. Holcomb, Miami University

#### **Entrepreneurial Leadership: An Empirical Study**

Tiffany Bussey, Morehouse College Kate Buell-Armstrong, University of Glasgow

In a recent commentary, David Teece argues for what he called entrepreneurial managerial capitalism in order to establish and sustain superior financial performance (Teece, 2012). In dynamically competitive enterprises, according to Teece, there is a critical role for the entrepreneurial manager in both transforming the enterprise and shaping the ecosystem through strategic acts that neither stem from routines nor give rise to new routines. This UK study provides a different context to theory generated from a previous US study that illuminated leadership as a missing piece in the dynamic capabilities puzzle. Deeper understanding of the proposed theory of leadership styles and practices in influencing strategic change have helped to sharpen the focus on the elusive concept of entrepreneurial fitness and leadership capabilities appear to be microfoundations for the dynamic managerial capabilities construct.



# Industry Experience of Board and Diversity of Corporate Ventureing Portfolio

Shu-Jou Lin, National Taiwan Normal University

The purpose of this study is to investigate whether and how board industry experiences influences diversity of corporate venturing portfolio. We distinguish three types of experience diversity (i.e., separation, variety and disparity) and examine their effects on diversity of corporate venturing portfolio. Our study build on the notion that interpersonal networks built from board members' current and prior industry affiliations shape a firm's corporate venturing portfolio.

#### It Takes Two to Tangle?: Leadership & Survival of Entrepreneurial Firms in a Contested Technology Sector

Anindya Ghosh, IESE Business School Johannes Pennings, University of Pennsylvania

Our research problem can thus be articulated through the lens of founders and their top management teams, which has received considerable attention since the mid 1980s. While this body of research has been mixed in terms of framing of change and composition, validity of findings, adequacy of research methods, we continue to pursue its relevance for explaining organizational effectiveness. In this proposal the TMT of entrepreneurial firms is examined to account for their performance. We center the inquiry around the concept of TMT "truce" which we hold to be most tenuous when the firm is led by two founders which we view in terms of the fifty-fifty dilemma

#### Managerial Myopia in New Firms: Resource Allocation and Managerial Choice in IPO-stage New Ventures

Tim R. Holcomb, Miami University

Research demonstrates that managers may act myopically to deal with uncertainty. Faced with insufficient information about decision options and market pressures for action, managers often choose investments that maximize current returns. Few studies, however, have explored how managers of new firms configure capabilities and what drives these choices. Using a sample of new firms that undertook an IPO, we develop and test a theoretical model that predicts managers' investments in capabilities and how they deploy those capabilities following an IPO. Results indicate that the efficacy of such investments depends in part on different organizational and managerial factors. Further, we find these choices account for the influence of different resource profiles on performance. Thus, we extend resource-based theory and research examining managerial investment behaviors of new firms and offer new perspectives on capability configuration.

SESSION 248

#### STRATEGIC TALENT MANAGEMENT

Facilitator	Shad Morris, Brigham Young University		
Common Ground	Room	Moscu	
	Time	14:45 – 16:00 h	
TRACK L	Date	Monday, Sep 22	

## An Organizational Framework for the Implementation of Evidence Based Practices: An Application to Health

Sajid Haider, Rey Juan Carlos University Carmen De Pablos, Rey Juan Carlos University Jose-Luis Montes, Rey Juan Carlos University

This research explores the organizational factors that influence the implementation of evidence based practices (EBPs) for reducing door to balloon time in patients with critical heart attack. By means of a survey based on an empirical study of 275 healthcare professionals in seven healthcare organizations involved in STEMI treatment process in Madrid, Spain, a structural equation modeling approach has been applied for obtaining the results. The findings of this research suggest that teamwork quality, senior management's commitment, physician leaders' commitment, feedback, and organizational citizenship behavior positively affect the implementation of evidence based practices. Given the higher mortality rates associated with STEMI, the results of this research can be of high interest for promoting effective organizational parameters in healthcare organizations involved in STEMI care.

### **Antecedents of Downsizing: Examining Slack Resources**

Patricia Norman, Baylor University Frank Butler, University of Tennessee-Chattanooga Michelle Zorn, Florida State University

We examine how human resources (HR) slack and different types of financial slack—absorbed, unabsorbed, and potential—affect the likelihood of downsizing. Further, we investigate how a firm's performance trajectory moderates these relationships. Using a matched sample of downsizing and non-downsizing firms, our conditional logistics regression reveals that the likelihood of downsizing increases as levels of HR slack and absorbed slack (i.e., slack already deployed for specific uses) increase, decreases as levels of unabsorbed slack (i.e., slack available for deployment) increase, and is not affected by levels of potential slack (i.e., sources of external capital that a firm has not tapped). Performance trajectory is found to moderate the relationships between financial slack and the likelihood of downsizing, but not the HR slack—downsizing relationship.

# Contests, Sponsorship, and Internal Hiring: How Search Affects the Quality and Costs of Internal Matches

Joseph Keller, University of Pennsylvania

Creating complementary combinations of people and jobs is a key avenue through which managers can generate value. Though these matches can be created through external and internal hiring, recent work has focused almost exclusively on the former. However, with nearly half of open jobs filled internally and work highlighting numerous difficulties associated with external hiring, internal hiring represents a critical source of value creation. I draw on theories of organizational search to answer two questions. What are the mechanisms by which internal matches are created within organizations and how do they differ? And do these differences affect important outcomes such as match quality, cost, and patterns of mobility within the firm? In short, what tradeoffs must managers consider in selecting among available internal matching mechanisms?

# How Firms Augment their Talent: A Comparative Performance Assessment of Human Capital Building and Acquiring

Amit Chauradia, University of Illinois Urbana-Champaign

Firms often augment their talent through human capital building and human capital acquiring strategies. In order to generate economic returns from these human capital augmentation strategies, firms need to address four classic problems: quality uncertainty, firm-specific human capital, team complementarities, and employee motivation. This essay theorizes and empirically tests a firm's capabilities to reduce these problems and thus increase its economic returns. Based on a sample of 145 law firms from 2004-2009, the results indicate that when firms pursue building strategies, they are more effective when they also have stronger reputation, higher promotion chances, and prior building experience. When firms pursue acquiring strategies, they are more effective when they have higher promotion chances, bring in external leadership, and possess prior experience with the acquiring strategy.

# Reassessing Value Creation and Rent Appropriation by Star Employees

Rebecca Kehoe, Rutgers University David Lepak, Rutgers University Frederick Bentley, Rutgers University Ingrid Fulmer, Rutgers University

We transcend prior research which defines star employees as those with exceptional performance and broad visibility and explore a new typology that recognizes three categories of stars – rising, shining, and falling — defined according to performance trajectory and status changes which may occur over stars' careers. We propose a model of value creation, relative rent appropriation, and return on contributions (ROC) for these three types of stars based on their star type and the broader human capital context (i.e., configuration of other stars present) in the organization in which they are employed. Finally, we offer critical insights into how the human capital context of an organization influences how different types of stars are best managed for optimal value creation and short- and long-term organizational success.

#### **EXCELLENCE IN TEACHING**

 TRACK T
 Date
 Monday, Sep 22

 Time
 14:45 – 16:00 h

 Interest Group Workshop
 Room
 Lisboa

#### Teaching Strategy Philosophically

**Session Co-Chairs** 

Margaret Cording, IMD

Robert Wright, Hong Kong Polytechnic University

**Panelists** 

Livia Markoczy, University of Texas-Dallas Margaret Peteraf, Dartmouth College Henk W. Volberda, Erasmus University-Rotterdam

Most students have prior exposure to philosophy and ethical models that can serve as a foundation for the need to incorporate multiple perspectives. Ethics applies different theories to address Socrates's question of how we should act. The application of philosophical principles in teaching strategy and teaching strategy philosophically has multiple advantages including: a better appreciation of underlying values and motivation, increasing tolerance of ambiguity, and recognizing fundamental differences behind alternate perspectives. It also enables going beyond considering the feasibility and utility of a strategy to contemplate its propriety. Please join us in this highly interactive session in how great scholars teach strategy philosophically.

SESSION 425

# TRADEOFFS AND OPPORTUNISM IN COOPERATIVE RELATIONS

TRACK N Date Monday, Sep 22
Time 14:45 – 16:00 h
Common Ground Room Oslo
Facilitator Anne Parmigiani, University of Oregon

#### Burning Bridges or Building them? The Effect of Third Party-Induced Employee Mobility on Client Relationship Formation

Shinjae Won, University of Pennsylvania

Extending on previous research on conflictual relationship between organizations, I explore a case of professional services firms that represent one side of the party in conflictual relationships such as law firms or search firms. These firms face a special kind of challenge: they must work in the interest of their clients, but the involvement in conflictual relationships with the clients' adversaries may undermine the possibility of building new business relationships with the affected firms. Preliminary results from a unique dataset from an executive search firm suggest that the poached firms are more likely to become clients of the search firm. I will test additional hypotheses to understand the mechanisms behind it.

# Can Wrong Ever Be Right? Governance Misalignment in Buyer-Supplier Relationships

Thomas Mellewigt, Free University of Berlin Glenn Hoetker, Arizona State University

Carolin Decker, WHU - Otto Beisheim School of Management

Studies on the effect of governance misalignment on opportunism and performance in buyer-supplier relationships are rare and the findings inconsistent. Drawing on transaction cost economics, we test the relationships between too high and too low levels of contractual and relational governance on ex-post opportunism and supplier performance. Our findings based on primary data from the German banking industry show that both under- and over-governance create trade-offs. Undergovernance, be it contractual or relational, leads to more opportunism but also to higher performance. Over-governance in either dimension reduces opportunism but at the cost of lower performance, especially for relational governance mechanisms. Implications for future research are discussed.

# Concurrent Sourcing and External Supplier Opportunism

Niels Peter Mols, Aarhus University

When a firm simultaneously makes and buys the same components then the firm uses concurrent sourcing. This paper presents an agency model for explaining how and when concurrent sourcing reduces the likelihood of external supplier opportunism. In the proposed model, the external supplier's expected costs of opportunism are determined as a product of four factors. The four factors are: likelihood of discovering supplier opportunism, buyer's internalized quantity as reaction to supplier opportunism, asset specificity of external supplier's investments, and multiplicator effects. Each of these factors are explained and discussed in the paper. The paper ends by offering a number of theoretical and managerial implications.

#### Interelationships between Marketing and Supply Chain Capabilities in Demand Chain Management: The Role of Organizational Dualities

Ismail Golgeci, University of Vaasa

Demand chain management (DCM) is argued to be a promising business model to overcome the divide between supply and demand activities and create value without efficiency-effectiveness tradeoffs. However, interactions between marketing and supply chain capabilities have been overlooked in relation to DCM. We fill this void with a qualitative study that explores the interrelationships between marketing and supply chain capabilities and organizational factors influencing these relationships. Our findings reveal that three key organizational dualities as contrasting behavioral and structural elements exist at varying forms and degrees, and they have a multifaceted influence on the relationships between marketing and supply chain capabilities. Our study offers unique insights into configuration and deployment of organizational capabilities in intraorganizational networks at the interface between marketing and supply chain management.

#### Reconceptualizing Interorganizational Collaboration: A Theoretical Framework Based on Intentionality and Temporality

Tammy E Beck, *University of Nebraska-Lincoln*Karen Ford-Eickhoff, *University of North Carolina Charlotte*Stephanie Solansky, *University of Houston-Victoria*Donde Plowman, *University of Nebraska-Lincoln* 

Organizations increasingly rely on collaborative arrangements to compete effectively. However, we still have much to learn about the nature of collaboration and the processes by which organizations successfully collaborate with others, especially when collaborations manifest in 'non-traditional' forms. We introduce a theoretical framework that reconceptualizes interorganizational collaboration into four types based on the collaboration formation (engineered or emergent), and the collaboration endurance (temporary or enduring). We highlight the need for increased research on all forms of temporary and/or emergent collaborations. We suggest that future research address the different tensions organizations and their members face based upon the temporality and intentionality of collaboration efforts. We propose that leadership, member types, interactions between participants, operating activities, and coordination techniques used to facilitate interactions are tensions worthy of examination.



# PARTNERING EXPERIENCE, ALLIANCE GOVERNANCE, AND PERFORMANCE

TRACK N

Date Monday, Sep 22

Time 14:45 – 16:00 h

Paper Room Estancia 311

Session Chair Hans Frankort, City University London

Adaptive Governance: Prior Ties, Learning and Contract Change

Zhe Xing, University of Southern California Kyle J. Mayer, University of Southern California Xuanli Xie, Peking University Jeffrey Reuer, Purdue University

This paper explores how alliance partners adapt during the execution of the contract. TCE suggests that higher alliance performance is achieved when firms design effective governance structures. However, we know little about how alliance partners "use" those governance mechanisms to smooth their collaborations and when and why they change the initial governance structure. Incorporating insights from organizational learning to complement TCE, we argue that partners are more likely to change their contracts the more they have worked together prior to the current transaction. More detailed initial contracts positively moderate this effect. In addition, prior ties also make firms more inclined to make changes that involve enforcement clauses rather than coordination clauses. Using a sample of 128 international joint ventures, we find support for our hypotheses.

# Performance Feedback and Alliance Portfolio Reconfiguration

Korcan Kavusan, Erasmus University Rotterdam Hans Frankort, City University London

We develop performance feedback models to examine when and how firms simultaneously reconfigure the technological scope and partner mix of their alliance portfolios following an assessment of firm performance relative to aspirations. Analysis of panel data on U.S. biotechnology firms, 1981-2000, shows that below-aspiration performance is associated with the formation of alliances with novel partners within the technological scope of the existing alliance portfolio. In contrast, above-aspiration performance is associated with the formation of alliances with existing partners outside the technological scope of the existing alliance portfolio. Finally, results show evidence of inertia below aspirations, in that firms' greater commitment to their portfolio of existing alliances diminishes their propensity to form alliances with novel partners within the technological scope of the existing alliance portfolio.

# The "Dilution" of Partner-Specific Experience at High Levels of General Alliance Experience

Tobias Langenberg, Lancaster University

This study in the global biopharmaceutical industry investigates to what extent the effect of partner-specific experience on alliance performance is reduced ('diluted') at high levels of general alliance experience. By drawing on organizational learning and organizational psychology, we find strong support for this. Furthermore, we find some evidence that differences in the 'dilution effect' can be found for contractual alliances and licensing agreements.

# The Effects of Different Types of Partnering Experience on Interfirm Performance

Bart Bruin, VU University Amsterdam

We test how sequence of partnering experience influences interfirm performance over time. Participants initially interacted repetitively with the same or with different partners and then formed new relationships with different requirements for cooperative success with an unfamiliar partner. Some continued with the same type of partnering experience, the other half switched. We find that participants with partner specific experience initially perform better. When cooperative success is relatively easy to achieve, participants with initial partner specific experience can exploit this capability with an unfamiliar partner and show no difference in performance when subsequently interacting with a single or with different partners. When cooperative success is difficult to achieve, participants interacting with the same partner perform better and this effect is independent of initial experience.

SESSION 331

# CEO COMPENSATION: WHAT WE KNOW, WHAT WE NEED TO STUDY

TRACK O

Date Monday, Sep 22

Time 14:45 – 16:00 h

Paper Room Monaco

Session Chair Kalin Kolev, Marquette University

### CEO Option Wealth Reference Point and Risk-Taking: Moderating Effects of Slack and Bankruptcy Risk

Elizabeth Lim, Georgia State University

The behavioral agency model has assumed CEO current wealth influences firm risk-taking without considering the role of pay reference point. We advance this theory by investigating CEO current and future wealth relative to reference point including slack and bankruptcy risk as contingency factors affecting risk-taking. We propose risk-taking increases in the loss domain for both wealth types as CEOs seek to reach the benchmark. CEOs protecting their current wealth in the gain domain are risk-averse, but those with future wealth are risk-seeking due to lower sensitivity to losses. In the gain domain slack positively moderates both wealth types and risk-taking. In the loss domain bankruptcy risk may positively or negatively moderate CEO wealth depending on its type. We largely found support for our theory.

#### CEOs Win and Shareholders Lose: A Joint Agency-Justice Perspective on CEO Excess Returns

Kalin Kolev, Marquette University Robert Wiseman, Michigan State University Luis Gomez-Mejia, Notre Dame University

This study provides a novel interpretation of CEO pay from a deservingness perspective by drawing on both agency and organizational justice models. We compare the returns realized by CEOs to those realized by shareholders, to suggest that CEO returns in excess of shareholder returns after controlling for contributions to the CEO's reservation wages are an indication of failure in distributive justice between CEOs and investors. Furthermore, framing CEO pay as an outcome of a bargaining process between CEOs and boards of directors and utilizing a procedural justice lens we outline several factors that affect this bargaining by violating norms of procedural justice. In summary, the existence of weak procedural justice in the CEO-board relationships helps explain violations of distributive justice in CEO pay.

# Institutional Ownership and Covert Opportunism: The Case of Stock Option Backdating

Curtis Wesley, Indiana University
Joseph Coombs, Virginia Commonwealth University
David Sirmon, University of Washington
Justin Webb, Oklahoma State University

We argue institutional owners spend their limited time and attention monitoring more common forms of opportunistic actions thereby inadvertently providing opportunities for CEOs to engage in more covert opportunistic actions. We suggest that institutional investors with short investment horizons are less likely to identify covert opportunism while institutional owners with longer investment horizons misinterpret the signs with the assistance of the opportunistic executive. We classify investors as dedicated, quasi-indexers, and transient investors based on their investment time horizon (Bushee, 2001). We find high levels of institutional ownership are associated with options backdating in firms as are institutional investors with long-term ownership interests yet passive investment strategies (quasi-indexers). Our results provide evidence that passive investing by institutional owners provides opportunity for more covert forms of managerial opportunism.

# The Impact of Firm Reputation and CEO Compensation on Acquisition Activity

Daniel Gamache, Michigan State University Adam Steinbach, Michigan State University Cynthia E Devers, Michigan State University Sarah Otner, University of Oxford

Although we are beginning to develop a deeper understanding of how pay influences acquisition investment we still know very little about other influences that may present different forms of downside risk for acquiring CEOs. We address this issue by considering whether firm reputation influences CEOs' acquisition behavior. We argue and find that high reputation firms engage in greater acquisition investment than low reputation firms. We also hypothesize an interaction effect finding that high levels of CEO compensation combined with a high firm reputation result in reduction in acquisition investment. Following prior research we capture reputation based on Fortune's Most Admired Companies list and Harris Interactive's Corporate Reputation Index. We are currently conducting supplemental analysis utilizing Ravenpack's News Analytics dataset.

SESSION 353

# BEHAVIORAL FOUNDATIONS OF MERGERS & ACQUISITIONS

TRACK P	Date	Monday, Sep 22
	Time	14:45 – 16:00 h
Paper	Room	Estancia 307
Session Chair	Shayne Gary, University of Ne	ew South Wales

### Cross-Border Megadeals and Foregin Direct Investment: A Socio-Cognitive Approach

Weilei Shi, City University of New York Ravi Madhavan, University of Pittsburgh Eunjoo Yi, University of Pittsburgh

Adopting a socio-cognitive lens, we propose that "mega" cross-border M&A deals (of over a billion dollars) will have a greater influence on participating nations' subsequent foreign direct investment (FDI) outflows, as compared to smaller deals. Such megadeals, by virtue of their size and visibility, will attract FDI decision makers' attention and serve as initiating forces that shape subsequent FDI efforts. The hypothesis that nations participating in cross-border megadeals will experience higher FDI outflows in subsequent years finds support in data on cross-border megadeals, with Dominance Analysis confirming the significantly greater impact of Megadeals.

# **Examining Employee and Organisational Outcomes in Mergers and Acquisitions**

Shayne Gary, *University of New South Wales*Alannah Rafferty, *University of New South Wales* 

This paper examines the factors that drive post-acquisition organizational and employee outcomes. There is wide variation in M&A outcomes at both the organisational and individual employee levels. Some organisations capture substantial financial value through M&A, while others destroy value through damaging employee well-being and reducing organisational capabilities as high performing individuals leave the company. Both strategic management and change management factors are key drivers of M&A outcomes. However researchers have not considered the joint effects of these two divergent research threads when examining post-acquisition success or failure. As a result, researchers have an under-developed understanding of the factors that drive M&A outcomes. We propose a multi-level model of the combined effects of factors from these two literatures on organizational and employee M&A outcomes.

# The Price of Fame: The Role of Firm Celebrity in the Merger and Acquisition Process

Abbie Oliver, University of Georgia

In this study, I take a behavioral approach to understanding acquisition premiums, not only as indicators of the economic value of the target firm, but also as a product of social, human, and interpretative processes. Specifically, I will focus on how firm celebrity impacts the CEO's decision pertaining to premiums. I integrate the affect infusion model with the literature around social assets and mergers and acquisitions to explain why acquiring firms pay more for firms with celebrity. I plan to test my ideas on a sample of publicly traded acquisitions in the United States over the period 1994 to 2010.

#### Who is the Cleanest of Them All? The Case of Stigma Emergence in the Context of Reverse Mergers

Ivana Naumovska, *Northwestern University*Jochem Kroezen, *Erasmus University - Rotterdam*Pursey Heugens, *Erasmus University-Rotterdam* 

In this study, we examine factors associated with the decision to merge with firms from stigmatized categories. Specifically, we study reverse mergers (RMs), in which a private company goes public by merging with a public shell company that exists largely in public status only. We advance a theoretical framework, which suggests that shell companies from stigmatized categories are less likely to be consummated in a RM, and this effect is moderated by the stigmatization of the RM practice, and its economic value. We apply and test our framework with an extensive data on the adoption of RMs and the choice of shell companies, in the period 2001-2012. In doing so, we seek to contribute to the literature on stigma by association, and to the growing literature on social constructions in financial markets.

16:00 – 16:30 **COFFEE BREAK** 



# THE FUTURE OF RESEARCH METHODS IN STRATEGIC MANAGEMENT RESEARCH

 TRACK R
 Date
 Monday, Sep 22

 Time
 16:30 – 17:45 h

 Panel
 Room
 Roma 2

#### **Session Chair**

Brian Boyd, *City University of Hong Kong* Panelists

> Jeffrey Edwards, University of North Carolina Michael A. Hitt, Texas A&M University Margarethe Wiersema, University of California-Irvine Larry Williams, Wayne State University

The panelists will discuss the evolving nature of research methods and provide their views on challenges facing strategic management researchers. Topics will span research design, measurement and analysis. Insights from strategic management and related disciplines, including organizational behavior and psychological research methods will be discussed. The panelists will also provide suggestions for how strategy researchers may need to adapt their methodological practices over the forthcoming years.

SESSION 455

#### **SELECTED TOPICS ON BUSINESS MODELS**

Facilitator	Michael G. Jacobides, London Business School	
Common Ground	Room	Viena
	Time	16:30 – 17:45 h
TRACK A	Date	Monday, Sep 22

## A Look at the Dark Side: Financial Innovation, Business Model Change and the 2008 Crisis

Michael G. Jacobides, London Business School

Innovation, and more recently business-model innovation, has been a perennial topic of interest for strategy researchers. But while the challenges of adopting innovations or new business models have been well covered, the question of whether innovation inherently and invariably adds value has been neglected. A similarly benign view of innovation prevails in the financial sector – in spite of the disastrous economic impacts of the 2008 crisis, which can be traced to the introduction of innovative financial instruments and business models. This paper builds on a thorough examination of the historical record and our own original research to show how business-model innovation led to the financial crisis, and suggest new directions for policymakers that could avoid future catastrophes.

### Analysing the Disruptive Potential of Business Model Innovation in Two-Sided Service Markets

Sabine Pur, *University of Regensburg*Stefan Huesig, *University of Regensburg*Hans-Georg Mann, *Roland Berger Strategy Consultants*Christoph Schmidhammer, *Deutsche Bundesbank* 

In this paper we explore how the disruptive potential can be analysed in the context of business model innovation in two-sided service markets with considerable firm heterogeneity. We propose a framework based on the disruptive potential concept and extend it to two-sided service markets to cope with different levels of disruptive potential on each market side. We illustrate this enhanced approach by applying it to the case of p2p lending marketplaces and their disruptive potential for established banks in Germany. Finally, we provide research implications together with managerial options for the future of the retail banking industry in the German context and beyond.

# How Do the Franchisees Differ in the International and Local Market? An Inductive Profile Derivation

Jaynne Rivas, Institute of Management Studies (IESA)

Franchisees have to rigorously implement the routines of the franchise system in order to be successful. However, they have also to know the local environment in order to adapt such routines. Thus, what is the desirable franchisee profile to solve this paradox? First, I derive an implicit franchisee profile as tacitly held by the franchise systems, which is constructed by franchisors via social interaction and training.

Second, I supplement this implicit definition with an examination of the characteristics of the profile by relying of the neoinstitutional theory. My findings suggest that there is a shared lexicon of the franchisee profiles to explain the desirable franchisee characteristics. This lexicon differentiates between local and international franchisee, and varied according to the industry type and the investment level.

# **Leadership Effects on the Quality of Competitive Response**

David Major, Indiana University

This work links competitive dynamics to leadership theory. Exhaustive studies in competitive dynamics have decomposed the competitive process into discrete, heterogeneous actions and responses among rival firms. This paper posits the behavioral characteristics of a firm's leadership as an important determinant of a firm's response quality – particularly the speed and creativity of that response. The leadership literature provides theoretical foundation to argue for the moderating effect of leadership types on firm response. Here I focus on two distinct leadership types – directive and empowering – and propose stark differences in the qualities of response to rival actions. Ultimately, this framework should contribute to the expansion of leadership theory beyond intra-organizational outcomes and begin to explain the effect of leadership characteristics on inter-firm rivalry.

## The Academic Business Model: An Analysis of Adding Value through Theory in Our Network

Richard Arend, University of Missouri

We apply data from an on-going survey to an exploratory study centred on the value that academic theory creates for its network of stakeholders. We begin to address questions of whether and how and to whom we, as strategy researchers, add new value through our published propositions. Our preliminary results reveal that the majority of our top-tier theoretical published causal relationships are obvious to business school students. That said, we provide several paths for increasing our added (and appropriable) value, including an identification of the audiences that need it most.

#### Veni, Vendidi, Vici! An Exploration of Business Models and Technological Innovation within the Formula One Ecosystem

Paolo Aversa, City University London Stefan Haefliger, City University London

Technology is intertwined with the business model (BM) in multiple ways that are not well understood nor empirically explored. To study a hypercompetitive environment, yet observable in its entire population, we chose the Formula One ecosystem, whose firms' scope and organization may look very similar—i.e. winning car races. Yet our multiple case study reveals that the F1 teams compete through different BMs, which provide them with different sources of value generation. We show how technology enables business models and enhances their value capture, and that technological transfer and BMs influence each other in a circular feedback loop. Also, we show that BMs represent a viable tool to identify different competitive groups. Finally, firm performance appears as a function of the firms' ability to execute their BMs rather than their BM portfolio. Theoretical implications are complemented with a discussion of how BMs in motorsport impact the automotive and other ecosystems.

SESSION 211

### **KNOWLEDGE TRANSFER AND LEARNING**

TRACK B, TRACK H		Date Time	Monday, Sep 22 16:30 – 17:45 h
Paper		Room	Malta
Session Chair	Sven M. Laudien, Otto von Guericke University Magdeburg		

#### An Inch Too Deep? The Impact of Mobility and Entrenchment on Innovative Productivity of Genomics Scientists

Kenneth Huang, Singapore Management University

When scientists move to a new location, they might acquire and recombine new knowledge and form new collaborative networks, which can improve their innovative productivity. However, the extent of this benefit may depend on how entrenched these scientists were in their

former locations and networks. We investigate the impact of mobility and entrenchment on innovative productivity. We show that (genomics) scientists who moved after the 1994 Northridge earthquake experience higher innovative productivity post move relative to similar non-moving scientists. However, this positive effect is weakened by the presence of a majority of collaborators collocated in the pre-move location, the duration of stay in the pre-move location and the length of the scientist's career tenure, but strengthened by the number of prior relocations by the scientist.

#### From Problem Solvers to Solution Seekers: Dismantling Knowledge Boundaries at NASA

Hila Lifshitz Assaf, Harvard University

The capacity to innovate has always been the Holy Grail for R&D organizations. Recently scholars have argued for shifting the locus of knowledge creation and innovation outside the boundaries of the traditional processes; naming this approach "open" or" crowdsourced" innovation. Organizations are experimenting with these approaches yet there little research on how organizational members open these boundaries; shift the locus of innovation and the ensuing impact. Through an in depth longitudinal field study of NASA's experimentation with online "open innovation" communities& platforms, I illustrate the mechanism of shifting the locus of innovation as a co-evolution of knowledge boundary work and professional identity work. I find that organizational members who dismantled their knowledge boundaries expanded and even reconstructed their professional identity from "problem solvers" to "solutions seekers". This entailed a significant transformation both in the R&D knowledge creation process and the members' professional identity and capabilities.

# The Impact of Top and Middle Management Boundary-Spanning on Unit Exploration

Lotte Glaser, Erasmus University-Rotterdam Sebastian Fourne, Erasmus University-Rotterdam

We investigate the multifaceted impact of boundary-spanning at senior and middle management levels on units' exploratory innovation. Analyses of multi-source and multilevel data indicates that boundary-spanning of top management teams (TMTs) is positively related to units' exploratory innovation, but concomitantly increases middle managers' (MMs) role conflict. This role conflict results in a negative effect on units' exploratory innovation and thus offsets some of the benefits of TMT boundary-spanning activities. Unexpectedly, MMs' boundary-spanning does not relate to exploratory innovation. We show that role conflict is reduced by the fit in terms of relative size and overlapping ties among TMT members and MMs. Taken together, these findings provide new insights into the configuration of multilevel boundary-spanning that enables or constrains managers' quest for unit level exploration.

### Understanding the Integration of Individual Customers in Value Creation Processes

Sven M. Laudien, Otto von Guericke University Magdeburg Birgit Daxboeck, Otto von Guericke University Magdeburg

Management scholars and practitioners recently point to the growing importance of service and emphasize the necessity to integrate customers into value creation processes as they may serve as valuable knowledge sources. Nevertheless, research on this topic is still in its early stages – especially related to a B-to-C context. We take an up to now widely ignored B-to-C perspective and analyze the influence of individual customers and their idiosyncratic networks on the design of firm offerings. We highlight the importance of networks on firm and individual customer level and deal with the limits firms experience in capitalizing on customer knowledge. We develop research propositions that display an enhanced understanding of how individual customers influence firm offerings and mirror them with findings from an in-depth case study.

SESSION 411

#### **OWNERSHIP AND GOVERNANCE**

TRACK D, TRACK O

Date Monday, Sep 22

Time 16:30 – 17:45 h

Paper Room Londres

Session Chair Kurt Desender, University Carlos III

## Foreign Ownership and Corporate Governance Patterns: The Board-Auditor Relationship in Japan

Kurt Desender, *University Carlos III*Ruth Aguilera, *Northeastern University*Monica Lopezpuertas-Lamy, *Carlos III University of Madrid*Rafel Crespi-Cladera, *University of the Balearic Islands* 

Our research asks under what conditions established corporate governance practices in stakeholder-oriented firms are altered with the entrance of shareholder-oriented foreign ownership. Drawing on a contingency approach which conceptualizes corporate governance as a system of interrelated practices having strategic and institutional complementarities, we claim that board monitoring is contingent on the ownership of the firm, and in particular on the level and type of foreign ownership. Our results suggest that the monitoring role of independent directors is only activated when foreign ownership is high, while such behavior is absent when foreign ownership is low. Our findings uncover the possibility of the co-existence of different corporate governance logics within a given country, shaped by the nature and weight of foreign owners, controlling for other factors.

#### Networks Structures in China: Role of Board Interlocks in Internationalization of Chinese MNEs

Iwona Sulinska, Copenhagen Business School

The presented proposal comprises description of an ongoing PhD project. The research project investigates structural patterns of board interlocks in China and implications of network structures for internationalization of Chinese multinational enterprises (MNEs). Analysis of secondary data for listed companies on Shanghai Stock Exchange and Shenzhen Stock Exchange aims to depict intercorporate networks (interlocking directorates) in Mainland China that have been created in light of ongoing regulatory changes and attempts to improve corporate governance practices. Likewise, drawing upon resource dependence theory and social network perspective, external function of board of directors is examined as one of prerequisites of internationalization in the context of Chinese MNFs.

## Ownership of the Firm and New Product Introduction in Chinese Manufacturing, 1998-2007

Fan Xia, Peking University
Gordon Walker, Southern Methodist University

Building on the market transition literature, we argue that three owner types in emerging markets - state, private, and foreign – vary in their practices and resource networks and therefore in their effects on product innovation. Our data are Chinese manufacturing firms from 1998 to 2007. We find that 100% owner types have the same innovation propensity, but joint venture forms vary significantly. Moreover, owner types differ in their regional spillovers, based implicitly on interfirm networking. Large state firms are regional hubs; large private firms dampen innovation in other firms; and small private firms induce innovation among themselves. We also argue and find that private firms have more weak ties and therefore receive more spillovers. We discuss these findings regarding innovation in emerging markets.

# Who is Monitoring the Monitor? The Influence of Ownership Networks and Organizational Transparency on Investment

Anna Grosman, Aston University Aija Leiponen, Cornell University

We examine the effects of ownership networks and transparency and disclosure (TD), a central aspect of corporate governance, on investments. Building on resource dependence and agency theories, we argue that ownership networks fill the institutional voids in emerging economies and provide the necessary resources or accountability to enable firm growth through long-term commitments of capital. We find

that a firm's position in an ownership network and TD



are positively associated with investments. Ownership network positions and transparency practices significantly interact: firms in peripheral network positions tend to benefit more from improvements to their TD practices. This interaction depends on the type of network. We find that firms with greater agency concerns benefit more from TD in committing to investment.

SESSION 348

#### **DIFFERENTIATION AND COMPETITIVE STRATEGY**

TRACK E	Date	Monday, Sep 22
	Time	16:30 – 17:45 h
Paper	Room	Roma 1

**Session Chair** Cameron Verhaal, Tulane University

#### Can Success be a Curse?: Signature Products, **Product Proliferation, and Focused Identities in Craft-Based Specialist Industries**

Cameron Verhaal, Tulane University

This study investigates a fundamental paradox in craft-based organizations. In order to achieve high levels of growth, entrepreneurial organizations often leverage a single signature product that proves to be successful in the market. However, for craft-based specialists this focused strategy runs counter to a collective identity built on authenticity, creativity, and unique or even idiosyncratic product development. How, then, do specialists reconcile these contrasting logics? Turning to the U.S. craft beer industry, I find empirical support for the notion that as a microbrewery becomes known for a signature product, the appeal of that product will fall. I also find that identity-based cues mitigate this penalty. I test this utilizing a unique dataset of 1.2 million online beer reviews for 45,000 different beers and 2,000 breweries.

#### **Resource Heterogeneity and Strategic Factor Market Dynamics in the Scotch Whisky Industry**

Joseph Lampel, City University London Daniel Ronen, City University London Aneesh Banerjee, City University London

In this paper we examine strategic factor markets (SFMs) with the following features: the firms that produce the resources for the SFMs are also competitors in downstream markets: to meet their downstream production requirements firms trade SFM resources with each other. We argue that although these firms trade the same type of resource, variations in resource characteristics give rise to resource heterogeneity and hence differential rent accumulation. Using spatial competition theory we argue that resource scarcity will be a function of position in characteristics space, and that rents generated due to scarcity are constrained by downstream product pricing - giving rise to non-linear relationship between scarcity and investment in production of SMF resource. We derive and test hypotheses using data from the Scotch whisky industry.

#### The Interaction Effect of Two Types of Differentiation on Firms' Prices and Profits

Rosario Silva, IE Business School Manuel Becerra, IE Business School Oksana Gerwe, IE Business School

It is well established that product differentiation can be critical for achieving competitive advantage in many industries. However, our knowledge of the interplay among different types of differentiation on financial performance is still rather limited. In our paper we study the effect of hotel brand on both, hotel room prices and net profits, and how this effect depends on the level of hotel quality in terms of stars and number of provided services. Using two panels of Spanish hotels between 2004 and 2008, the results confirm the positive implications of brand differentiation for room prices and profits per room. We also find a negative interaction effect, such that brand differentiation has greater effect on performance for lower quality hotels.

#### Visibility or quality? The Influence of Vertical Specialization on Product Performance in the Video Game Industry (1980-2011)

Elisa Operti, ESSEC Business School Jérôme Barthelemy, ESSEC Business School

This study explores the influence of vertical specialization on product performance from a distinctive audience perspective. We argue that vertical specialization is a double-edged sword. On the one hand, products created and commercialized by distinct specialized organizations are more visible because they attract both upstream, "creativity oriented" and downstream "market oriented" audiences. On the other hand, products jointly created and commercialized by vertically specialized organizations are less likely to concurrently meet the expectations of the distinct audiences they attract. Thus, they receive lower and less consistent product quality ratings. Findings from a study in the video game industry between 1980 and 2011 provide support for our hypotheses. Evidence concerning the relevance of both product visibility quality on product commercial performance is discussed.

SESSION 325

#### PRODUCT SCOPE STRATEGY IN DIFFERENT **EMPIRICAL CONTEXTS**

Session Chair	Yongwook Paik, University of Southern California	
Paper	Room	Lisboa
	Time	16:30 – 17:45 h
TRACK F	Date	Monday, Sep 22

#### Antecedents of New Entrant's Product Scope Strategy: Evidence from the U.S. Hospital Industry

Yongwook Paik, University of Southern California Joonmahn Lee, Purdue University

A firm's product scope strategy within its industry is one of the most fundamental concepts in strategic management and entrepreneurship and is particularly important for new entrants. Although the extant literature has focused on the performance implications of firms' product scope positioning (e.g. focus strategy), we still know little about how firms choose their product scope strategy in the first place. We address this important gap by examining the antecedents of new entrants' product scope strategies. We argue that a new entrant's product scope strategy depends on internal firm characteristics, such as pre-entry history (or the lack thereof) and the firm's profit orientation, along with the external market environment. Using the U.S. hospital industry as our empirical setting, we find strong support for our hypotheses.

#### Competitive Intensity as a Constraint on **Diversification and Performance in Technology Intensive Industries**

Grigorij Ljubownikow, University of Auckland Siah Hwee Ang, Victoria University of Wellington

This paper analyzes how competitive intensity impacts diversification and influences the relationship between diversification and firm performance for firms in technology intensive environments. Using data on firms in technology intensive industries in the UK manufacturing sector, this study shows that for firms in technology intensive industries, competitive intensity is negatively related to diversification. At higher levels of competitive intensity, competitive intensity negatively moderates the relationship between diversification and performance. These findings suggest that in technology intensive environments firms' diversification behaviors and outcomes are strongly affected and constrained by the competition they face. This contributes towards clarifying the role competition plays in diversification decisions.

# Diversified or Focused: Which Strategy Suits Family Managers

Christian Stadler, University of Warwick Michael Mayer, University of Bath Julia Hautz, University of Innsbruck Kurt Matzler, University of Innsbruck

This paper explores the impact of family management on performance in relation to the firm's diversification strategy. Using a dataset of 292 German firms from 2000 to 2009 we find that family members are better placed to manage focused rather than diversified firms, as they may not have the expertise, skills and capabilities to manage the complexity of the latter. This relationship is moderated by the level of international diversification. Managers face similar challenges in product and international diversification. Hence higher levels of international diversification allow family managers of diversified firms to develop and leverage capabilities which reduce their negative impact on performance. In focused firms, in contrast, internationalization introduces new challenges without generating the same benefits and reduces the positive impact of family managers on performance.

# Where Are the Promised Economies of Scope? Disentangling Synergy Gains and Coordination Costs in a Growth Strategy through Product Variety

Jorge Tarzijan, Catholic University of Chile Francisco Brahm, Catholic University of Chile Marcos Singer, Pontifical Catholic University of Chile

In this study we contribute to the empirical assessment of the tradeoffs between the incremental benefits and costs of a product variety strategy based on resource sharing using a very detailed database of a major beer producer that sequentially expanded its product lines to soft drinks, wines, spirits, and sweets. After addressing endogeneity concerns we show that the addition of product lines increases both the productivity and the coordination costs, and that once a certain threshold level is reached, the additional coordination costs surpass the additional benefits. By discussing the limits to economies of scope and assessing the role of productivity increases and coordination costs, we make a contribution to the analysis of the intra-firm diversification research.

SESSION 382

# DRIVERS OF MULTINATIONAL PERFORMANCE: WHAT, WHERE AND WHEN?

TRACK G	Date Time	Monday, Sep 22 16:30 – 17:45 h
Common Ground	Room	Luxemburgo
Facilitator	Randi Lunnan, Bl Norwegian Business School	

# Can Home-Country Conditions Shape Firm's International Activities? An Investigation of Emerging Versus Developed Multinational Firms

Jose Geleilate, Florida International University Peter Magnusson, Florida International University Ronaldo Parente, Florida International University Marcelo Alvarado-Vargas, University of Toledo

Multinational enterprises (MNEs) coming from different home-country environments possess distinct characteristics attributed to their origins that are capable of influencing their international activities. We focus on the Multinationality-Performance (M-P) relationship of MNEs from both emerging and developed economies and how these firms are affected by their home-country different policies. After analyzing how home-country institutions of MNEs from 26 different countries alter their M-P relationship, we found that the same institutional factor can have opposite effects between emerging and developed MNEs. Thus, we show that multinational firms from emerging economies have a set of international capabilities acquired at their home-country very different from the ones possessed by multinationals from developed economies.

# Firm, Industry and Country Effects on Performance in the Global Economic Crisis

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

The present investigation offers new insights on the influence of firm, industry and country (F-I-C) effects on firm profitability. We consider the role of the global economic crisis and its impact on the underlying F-I-C relationship between developed and emerging countries. Using a 3-Level HLM model, we examine 15,008 firms within 10 emerging and 10 developed countries, and contrast F-I-C effects on profitability during the period 2005-2011. We find that firm effects are more important in emerging than in developed countries, and they are accentuated under conditions of adversity at the expense of industry and country effects.

# Misfortune of One, Happiness of Others? Impact of Parent Firms' Market Munificence on Subsidiaries' Performance

Aude Le Cottier, IE Business School Juan Santalo, IE Business School

We use Dess and Beard's (1984) model of organizational task environment to suggest that home-market munificence has an ambivalent effect on the profitability of multinational corporations' (MNCs) subsidiaries. We show that resources abundance at the parent-firm level enhances subsidiaries' performance in general. But home-market scarcity also has virtues for industry-related subsidiaries, which may benefit from the capabilities developed by their parent to cope with a hostile environment at home. We also demonstrate that subsidiaries perform better when the distance in munificence between their home and host markets is small. Analysis of a unique panel database, gathering ownership ties and financial performance for 2,848 listed multinational corporations (MNCs) and their European subsidiaries over three years, supports our hypotheses.

## Performance in Foreign Markets: Brand and Product Strategies

Alicia Barroso, Carlos III University of Madrid Marco Giarratana, Bocconi University Martina Pasquini, Bocconi University

This paper tests the post-entry performance of branding strategies of firms that enter in a foreign market. The empirical setting is the penetration of non-European car brands in the Spanish market after the process of tariff reduction due to the integration of Spain into the European Union. This empirical context allows testing the penetration in Spain of foreign brands that were already present in other European countries. Identify the brand strategy thought the trademarks registered by the firm and using a Heckman model, we find the generalist brands, i.e. unique brands that were used in different countries, accrue higher performance when coupled with a portfolio of diversified products, but they suffer more the competition of local niche-specialized brands.

#### Rapid Internationalization and Firm Performance: Evidence From the Largest Indian Software Service Firms

Naveen Jain, *University of Akron* Sokol Celo, *Suffolk University* Vikas Kumar, *University of Sydney* 

Firms have been rapidly expanding into international markets, especially from the emerging markets. Traditional international business (IB) theories, however, prescribe firms to expand only gradually due to liabilities of foreignness, time compression diseconomies, and resultant loss in profitability. Given the potential adverse performance effects of rapid internationalization, firms have to manage their internationalization speed with the resource constraints they face. We study the moderating influence of firm resources on the relationship between their internationalization speed and performance. We posit that process capabilities and international experience will have a positive moderating influence while business group affiliation will negatively moderate the speed-performance relationship. We test our hypotheses on a sample of Indian software service firms. Our empirical findings largely support our predictions.



# Unified or Split Control of MNE Subsidiary: A Test of Competing Hypotheses

Anurag Sharma, *University of Massachusetts - Amherst* Mayank Sewak, *University of Massachusetts Amherst* 

MNEs control as well as transfer managerial know how to foreign subsidiaries through the expatriates. When leadership of an MNE subsidiary is split between an expatriate and a local manager, the subsidiary benefits from the parent's knowhow complementing local institutional knowledge and networks. Yet, where leadership of the subsidiary is made up solely of either local managers or of expatriates, the benefits of such unity of command include better coordination and decisive action when needed. We use Social Identity Theory to develop arguments and test the two competing hypotheses for a sample of MNE subsidiaries operating in India. We find that subsidiaries with unified command outperform those with split in leadership. We conclude by discussing the implications for future research.

SESSION 374

## ANTECEDENTS AND CONSEQUENCES OF MULTINATIONAL LOCATION DECISIONS

 TRACK G
 Date
 Monday, Sep 22

 Time
 16:30 – 17:45 h

 Paper
 Room
 Bruselas

Session Chair Exequiel Hernandez, University of Pennsylvania

#### Contextual and Geographic Distance between Headquarters and Subsidiaries and its Relationship with Headquarters Value Added

Phillip Christopher Nell, WU-Vienna Björn Ambos, University of St. Gallen Sjoerd Beugelsdijk, University of Groningen

Literature has highlighted that headquarters have substantial difficulties in adding value to their increasingly global and complex organizations. In this paper we examine the direct and indirect effects of geographical and contextual distance on headquarters ability to add value. Building on an original dataset of 124 manufacturing subsidiaries in Europe, we find no direct effect of distance. Instead, our results show that headquarters ability to add value depends on the interplay of distance and subunit power with larger power imbalances and greater distances causing the largest set back to headquarters value adding attempts. We discuss implications for the literature on headquarters-subsidiaries relations and distance research.

# Foreign Subsidiary Location Strategy and Financial Performance: A Global Value Chain Perspective

Deeksha Singh, Rutgers University Yong Yang, University of Sussex Ajai Gaur, Rutgers University

We examine the role of value chain positioning on the performance of foreign subsidiaries. There has been a growing trend of value chain disintegration in MNCs. Based on the ownership-location-internalization framework, we argue that such disintegration has a differential impact on performance of different subsidiaries. Foreign subsidiaries that are lower in the value chain perform better than those that are higher in the value chain. Further, we argue that parent intangibles and parent's ownership strategy for a given subsidiary moderates the relationship between value chain positioning and subsidiary performance. We test and find support for our arguments on a panel data covering 8,736 manufacturing multinational parents and 22,412 of their foreign subsidiaries in 105 countries during the period from 2004 to 2013.

# Rivalry on Multiple Fronts: The Effects of Domestic and Host Market Competition on New and Repeated Foreign Entry

Exequiel Hernandez, University of Pennsylvania

When expanding abroad, firms can enter new markets or deepen their commitment to existing ones by making repeated investments. How competition affects this sequential entry decision has been understudied. We argue that competitive factors in the foreign market (entries by rivals) and in the domestic market (industry concentration) have different effects on the decision to explore new markets vs. increase investment in markets

firms have already entered. These competitive factors are moderated by a firm's dominance in its domestic market and its opportunities for learning vicariously about alternative foreign market opportunities. We largely find support for our ideas in a longitudinal study of the location choices of firms from France, Germany, and the UK into Eastern European countries between 1990 and 2008.

# State-owned vs. Private Multinationals: Two Motivations of International Expansion in the Electricity Supply Industry?

Sinziana Dorobantu, *New York University* Bennet Zelner, *University of Maryland* 

Despite dramatic rise of state-owned multinationals (SOMs) in the global economy, strategic management research on the factors driving these firms' location choices and the extent to which these influences differ from those shaping the expansion patterns of privately-owned multinationals is still relatively scarce. Using a comprehensive worldwide directory of more than 40,000 power plants and their owners, we analyze of the location choices of SOMs and their private sector counterparts in the global electricity utility and show that existing models of international location choice are not well-suited for understanding the location decisions of state-owned firms. We conclude that further research is needed to gain insight into how SOMs choose where to invest around the world.

SESSION 206

# THE ROLE OF MIDDLE MANAGERS IN STRATEGY PROCESSES

 TRACK H, TRACK J
 Date
 Monday, Sep 22

 Time
 16:30 – 17:45 h

 Paper
 Room
 Rotterdam

Session Chair Steven Floyd, University of Massachusetts-Amherst

#### Managing Inclusion in the Strategy Process

Daniel Mack, INSEAD

Strategy formulation is often the emergent result of social learning process in organizations. The inclusion of organization members in the formulation process is important as the success of the strategy is likely dependent on information dispersed across relevant stakeholders possessing idiosyncratic but critical local information. Yet, the greater inclusion of participants raises costs and inefficiencies in the process, and hence a tradeoff for organizations striving for greater inclusion in the strategy process. The results of our inductive fuzz-set analysis of ten strategic initiatives suggest that organizations can effectively manage this tradeoff by increasing participants' incentive to share local information, and engaging with participants informally via socializing. These preliminary findings have implications for both theory and practice in the field of strategy process.

### Middle Managers' Ambidexterity: An Individual Differences Approach

Ruifang Wang, University College Dublin Patrick Gibbons, University College Dublin Ciaran Heavey, University College Dublin

It is increasingly recognized that middle managers play a central role in balancing the demands of exploitation and exploration in organizations. While some scholars have recently begun to explain the nature and antecedents of middle managers' ambidexterity, much remains to be learned about individual level origins of this behaviour. Using the individual difference approach, we develop a model that charts the motivational, experiential, and inter-personal origins of middle managers' ambidexterity. To further understand these effects within the situational constrains, we examine the moderating influence of slack resources. We test our model and hypotheses using a novel study of 305 middle managers, combining survey and archival data. The results, while providing general support for our predictions, reveal new insights into the origins of managers' ambidextrous behaviour.

#### Multi-level Determinants of Middle Managers' Strategic Championing Behavior

Nufer Yasin Ates, *Tilburg University* Yoojung Ahn, *University of Massachusetts-Amherst* Steven Floyd, *University of Massachusetts-Amherst* 

This study develops and tests a cross-level model of middle managers' strategic championing behavior, integrating goal orientations theory and team contextual factors. We propose that dispositional differences in goal orientations may motivate managers to search or avoid new strategic initiatives, and that different individual motivational orientations flourish in different intra- and inter-team contexts. Based on data from 194 senior middle managers in 28 teams, we found that learning and prove orientations affect championing behavior positively, whereas avoid orientation has a negative effect. At the team level, behavioral integration (intra-team context) is positively and procedural fairness of strategy making (inter-team context) is negatively associated with championing. We also report a cross-level interaction such that a prove orientation is positively related to championing under low behavioral integration.

## The Cognitive, Social, and Emotional Dimensions of Middle Managers' Strategic Implementation Role

Yoojung Ahn, University of Massachusetts-Amherst Steven Floyd, University of Massachusetts-Amherst Murat Tarakci, Erasmus University-Rotterdam

While the strategic roles of middle managers have been focused on the upward and divergent roles, the implementation role is crucial for strategy success. The strategic implementation role of middle managers is distinct from the operational role of mechanically implementing top management's strategies. In this paper, we explore the antecedents of managers' implementation role by incorporating alignment, network consensus, and organizational identification as the cognitive, social, and emotional dimensions of managerial action. 168 senior middle managers of a global Fortune 500 firm were studied with results showing that all dimensions together fulfilled the manifestation of the implementation role above and beyond any dimension separately. These findings build the understanding of the strategic implementation role of middle managers.

SESSION 254

#### **CONVERSATIONS ABOUT KNOWLEDGE**

TRACK I	Date	Monday, Sep 22
	Time	16:30 – 17:45 h
Common Ground	Room	Glasgow
Facilitator	Charles Baden-Fuller City Uni	iversity London

### Comments on the Knowledge and Innovation Discourse

JC Spender, Kozminski University

Many claim knowledge and innovation are the new keys to success in the networked economy. But, frankly, we are not really sure about what either knowledge or innovation mean. As a result, much of the knowledge and innovation discourse is viciously tautological and empty. The paper takes off from Hayek's influential 1937 and 1945 papers to consider Knight's and Coase's earlier intuitions about the economic nature of knowledge. The conclusion is that it is not useful to think of firms as possessing knowledge objects. Rather it may be better to think of them as languages within which innovative knowledge claims can be made and enacted.

## Knowledge Creation and Use in Elite Management Journals

Scott Johnson, Oklahoma State University Timothy Hart, Oklahoma State University

When scholars write articles, they do so within the particular socially constructed norms of academic knowledge communities. Scholars, and the journals in which they publish, have become increasingly specialized over time. This specialization affects the degree to which scholars craft articles that build primarily upon knowledge that is familiar to a focal audience and that which is novel. We examine how this integration of familiar and novel knowledge within communities affects the future usefulness of articles. We do so by examining the impact of articles published between 1990 and 2003 in six top-tier management. We measure the impact of each article in its own journal, as well as its impact within the broader social science community in general.

### Knowledge-Based Evolution and Firm-Specific Resources

Stefano Miraglia, *University of Cambridge* Andrew Davies, *University College London* Andrea Prencipe, *LUISS University* 

We report the results of a grounded theory investigation aiming to understand how organizations acquire, develop, and alter idiosyncratic resources. The study integrates evolutionary and resource/knowledge based approaches, and extends them in several ways. First, it brings the evolutionary approach below the level of the firm to attain a deeper and more complete understanding of the micro, firm- and industry-level activities that generate the firm's specific resources. Second, it overcomes the routine-centric view by identifying in organizational knowledge the elemental genetic material of organizations that undergoes similar patterns of evolutionary change independently of the specific type of asset in which it is embedded. Finally, it explores the common grounds for the evolution of three types of assets – artifacts, routines, and individuals – and identifies in the interplay between substantive knowledge and metaknowledge a fundamental but largely unexplored activity of knowledge creation.

### Paradox Research in Management Science: The First 25 Years and the Next 25 Years

Jonathan Schad, *University of Geneva* Marianne Lewis, *University of Cincinnati* Sebastian Raisch, *University of Geneva* Wendy Smith, *University of Delaware* 

We review 25 years of paradox research in the management domain. Content analysis highlights six research themes, which have received strongly varying research attention. Our review suggests that the field has increasingly simplified the complex, often messy phenomena of paradox. While greater simplicity renders phenomena understandable and testable, oversimplifying complex realities can foster reductionist and incomplete theories. Hence, theory building has dual needs: simplicity (parsimony and pragmatism) and complexity (goodness of fit and completeness). We therefore suggest a future research agenda to build a meta-theory of paradox that returns to the field's rich roots in philosophy and psychology to tap into the greater complexity of paradox. This research agenda leverages the potential of paradox in a great variety of research streams in the management domain.

## The Birth of Knowledge: New Innovations without Recombination

Tian Chen, University of North Carolina-Chapel Hill Changhyun Kim, Singapore Management University Kevin Miceli, University of North Carolina-Chapel Hill

Knowledge based theories have assumed that new innovations are recombinations of prior innovations. In uncertain environments, organizations will use past solutions as a familiar base to create innovations to solve new problems. But prior research has shown that not all innovations have predecessors. Instead, these pioneering technologies are revolutionary seeds from which new knowledge and innovations can build-of. Comparing these technologies to a matched sample, we seek to understand how the discovery process of pioneering technologies is different from that of incremental solutions. We theorize that the three factors that influence the creation are the history of the inventors, the culture of the firm, and the competitiveness of the industry. We will test these theories using patent data from 2000 to 2006.

# Toward a Complexity-Science View of Intellectual Capital Dynamics

Maria Paz Salmador, Autonomous University of Madrid Bill McKelvey, University of California-Los Angeles

The value of companies has been increasingly shifting from tangible to intangible Intellectual Capital (IC) assets. This paper proposes that once intangibility and social networking effects are added, the growth and value of IC assets have a high probability of showing nonlinear dynamics and Pareto and Power Law (PL) distributions that are dominated by extreme events, i.e., companies out at the stochastic frontier, which are at the end of a long-tailed Pareto distribution. We propose that the use of Power Laws as indicators is a method of finding out how self-organizing and open to competition and change an industry is. IC industries show more obvious PL industry distributions and we present preliminary evidence.

MADRID

SET 20-23, 2014

# SPIN OFFS, VENTURE CAPITAL AND ENTREPRENEURSHIP

TRACK I	Date Time	Monday, Sep 22 16:30 – 17:45 h
Paper	Room	Copenhague
Session Chair	Raffaele Conti, Lisbon Cathol	ic School of Business

and Economics

### How Venture Capitalists Influence Innovation Novelty at Different Venture Stages

H. Dennis Park, *Drexel University* Daniel Tzabbar, *Drexel University* 

Drawing on behavioral agency perspective, we find that VC funding has a positive effect on innovation novelty of early-stage ventures but it has a negative effect on that of late-stage ventures. Based on a sample of 456 biotech ventures, we further find that structurally powerful CEOs, who are in a position to take greater risk, intensify the positive effect of VC funding on innovation novelty of early stage ventures and attenuate the negative effect of VC funding for late stage ventures. However, CEOs with expertise power, typically seeking more balanced innovation orientation, attenuate both the positive effect of VC funding on innovation novelty of early stage ventures and the negative effect of VC funding for late stage ventures.

# Inventor Spinoffs: How Important Is the Organizational Environment?

Salvatore Torrisi, *University of Bologna* Marco Corsino, *University of Bologna* Paola Giuri, *University of Bologna* 

This study asks how organizational characteristics of the parent company where a patented invention is developed, i.e. teamwork and autonomy, affect the formation of inventor spinoffs. We also investigate the impact of creativity on inventor spinoffs. The empirical analysis is based on a large-scale survey of EPO patent inventors in the US, EU, Japan and Israel. Our investigation shows that: inventions resulting from teamwork activities are less likely to entail the formation of a new firm; granting management autonomy to employees decreases the chances of a spinoff, especially if the invention is developed by a team of inventors. Finally, inventions arising from pure creativity trigger spinoffs, particularly when the organization does not possess the complementary resources necessary to turn the invention into a successful innovation.

#### **Recombinant Certainty in Corporate Spinout Search**

Bruno Cirillo, SKEMA Business School

Corporate spinouts expand explorative activities at the corporate system level, which increases variety in the search space of their parents. Because of the links with their parents, spinouts can facilitate parents' learning of unfamiliar components more than other strategies. Using matching estimators on the patenting activities of 54 corporations and their spinouts, CVC investments, alliances, and acquisitions in the ICT industry, I show that firms are capable of producing patents of higher novelty when exploring knowledge developed by their spinouts as compared to exploring knowledge developed by their CVC firms, allied partners, and acquired firms. Moreover, I show that these differences are higher when the parent explores unfamiliar components. Building on absorptive capacity and knowledge recombination literature, I discuss the implications for theory and practice.

# So Near and Yet So Far? CVC, Knowledge Search, and Recombination across Geographic and Technological Distance

Sheryl Winston Smith, *Temple University* Ahreum Lee, *Temple University* 

In quest of competitive advantage, organizations engage in external knowledge search spanning technological and geographic space. However, organizations suffer from liabilities of distance. Building on the external knowledge search and organizational learning literatures, we propose that CVC investment enables incumbents to overcome these limitations, enhancing recombination of external knowledge generated by start-ups with incumbents' existing knowledge base. We hypothesize that CVC investment enhances exploitation and exploration through

investments in a portfolio of start-ups located in diverse technological and geographical space. We test our hypotheses with hand-collected data on 1,405 patent dyads in the medical device industry. We find incumbents engage in exploitation and exploration through CVC investment, but these are distinctly situated. Search in close technological and geographic space facilitates exploitation and suppresses knowledge recombination, while search in distant space facilitates exploration and knowledge recombination.

SESSION 344

## PARADOXICAL TENSIONS AND INNOVATIVE STRATEGIES

TRACK J, TRACK	X Date	Monday, Sep 22
	Time	16:30 – 17:45 h
Paper	Room	Paris
Session Chair	Liisa Valikangas, <i>Aalto University</i>	

# Constructive Alternativism, Bi-polarity and Duality in Kelly's Personal Construct Theory: Capturing Organizational Paradoxes in Practice

Robert Wright, Hong Kong Polytechnic University Devi Jankowicz, Retired

Multiple competing demands jockey for our attention in organizational life. How managers respond to these tensions is fundamental to an organization's fate. Psychologists have long advocated the cognitive nature of paradoxes. We advocate that Kelly's (1955) philosophy of Constructive Alternativism holds great promise in getting managers to think more deeply about opposing tensions confronting their everyday strategic practice. In contributing to the paradox literature, we argue that Kelly's bi-polarity of construing extends beyond (complex, not simple) "either/or" thinking to a much higher level "and/both" thinking. Using a pilot study with a senior executive, we demonstrate how a modified repertory grid questionnaire captures paradoxical thinking. In so doing, we provide an alternative approach to better understanding how strategy practitioners make sense of their everyday strategic tensions.

#### Paradoxical Tensions and Innovation in Interorganizational Strategies: A French Case Study

Audrey Missonier, Montpellier Business School
Anne-Sophie Thelisson, Montpellier Business School

Through a French case study, this research aims at analyzing paradoxical tensions in inter-organizational strategies responding to the goal of creating a joint innovation. We proposed a reading grid to put in evidence all multiple paradoxical tensions that drive organizational change in the context of an innovative merger. We differentiated three levels of perception of paradoxical tensions: strategic intent, structure of the relationship, and partner relationships. We suggested that actors were able to establish a dynamic equilibrium because of the development of technological innovation.

#### Purposive Imagination: Knowledge Vectors, Threshold Experiences and Strategic Experimentation in Growth of New Business

Arne Carlsen, BI Norwegian Business School Liisa Valikangas, Aalto University

How do people in organizations imagine new business opportunities? Based on a sample of ten cases we explore imagination in strategy creation as a purposive process of moving between everyday work experience and new business possibilities. Three interrelated key features of purposive imagination are outlined and exemplified: Strategic experimentations take place both in core and marginal activities. Threshold experiences are events of discovery and mastery that radically open up and/or strengthen new development. Knowledge vectors are emergent or deliberate growth trajectories extended from current business in pursuit of organic growth. Purposive imagination is rooted in practice, takes a narrative, temporal and dialogical character, and often carries identity questions: who are we in light of what we want to do and become?

#### Where Do Innovative Capabilities Come From?

Shih-Chang Hung, National Tsing Hua University Yung-Ching Tseng, National Tsing Hua University

This paper explores the origin and evolution of organizational innovative capabilities. Using a longitudinal, embedded case study, we analyze how the Industrial Technology Research Institute (ITRI) develops and advances its capability over time in line with a series of technology development projects from the 1970s to early 2010s. We emphasize that capability development hinges on the way organizations utilize their pre-existing capabilities and continually expand their capability path from the interaction with technology in context. The former speaks to the need for learning from experience, characterized by exploitation and improvisation, whereas the latter connotes the significance of learning through interaction, typified by exploration and leverage. We also indicate the significance of R&D investments in enabling organizations to manage the tension between experiential and interactive learning.

SESSION 229

## WHO FOUNDS AND HOW THE FOUNDING TEAM IMPACTS THE ENTREPRENEURIAL FIRM?

TRACK K	Date	Monday, Sep 22
	Time	16:30 – 17:45 h
Common Ground	Room	Moscu

Facilitator Lyda Bigelow, University of Utah

#### **Equity Division among Networks of Founders**

Mohammad Keyhani, University of Calgary

Team ventures can grow so profitable that minor changes in equity division can translate into millions of dollars lost or gained by founders. Yet there is a discernable lack of research to base equity division decisions on. We argue that a formal approach to the study of equity division arrangements needs to consider not only the value of each founder's respective contributions and outside opportunity costs, but also the heavy influence of the pre-existing relationships between founders, some with stronger ties than others. We outline the advantages of the Shapley value in cooperative game theory as a basis for equity division decisions, and also demonstrate how extensions of this value to network-restricted games can incorporate network structure and relationship information into equity division decisions.

## Foregone Conclusions: Presdestination in New Ventures' Strategies

Bart Clarysse, *Imperial College London* Anneleen Van Boxstael, *Ghent University* Mike Wright, *Imperial College London* 

We build on the evolving literature on the role of pre-founding knowledge by exploring the missing link regarding how individual experiences are shaped pre-founding and are then translated into venture-level actions post founding. We combine an ethnographic study at a newly formed technology venture with in-depth analysis of the 3016-page pre-founding communication log between the new venture founding team members during the entire process of founding team formation. We show that three accumulation mechanisms, socialization, experimentation and imitation shape a shared understanding about the new venture's strategy. We suggest that this shared understanding leads to entrenched actions in a powerful and causative manner and that founders develop post-founding actions to reinforce this shared understanding.

# Founder Origin, Technology Strategy and Growth of Technology-Based Spin-Off Companies

Lars Bengtsson, *Lund University*Ola Alexanderson, *Lund University* 

The most salient resources for a technology-based spin-off company are the knowledge endowed in the founder(s) and the technology transferred from the university or a corporation. In this paper we investigate if the founder origin and choice of technology strategy influence the long term growth of the technology-based spin-off company. We hypothesize that the origin of the founder(s) (academic or corporate) will affect long term (ten years) spin-off growth. Growth is however moderated by the spin-off's choice of technology strategy. Here we differentiate between the spin-off companies' technology strategies in terms of trying to exploit a broad technology or a more specific product-based technology. We also differentiate between the strategy of exploiting a new or a more established technology.

#### Learning to Survive: Capitalizing on Initial Strategic Decisions and Founding Team Resources to Outlast the Financial Crisis

Michael Devaughn, *University of St. Thomas* Myleen Leary, *Montana State University* 

Drawing on a sample of new community banks chartered in Florida in the decade prior to the onset of the financial crisis in the U.S. commercial banking industry, we use an organizational learning framework to investigate initial strategic decisions and several types of founding team resources to determine what role, if any, these factors may have played in helping or hindering banks to navigate the crisis.

#### Taking the Plunge the Other Way Around

Suresh Bhagavatula, *Indian Institute of Management - Bangalore* S Ramakrishna Velamuri, *CEIBS* 

Edward Mungai, Strathmore University

A small stream of entrepreneurship literature highlights that most new firms are started by a team of individuals and not lone entrepreneurs (Cooney, 2005; Kamm & Shuman, 1990). Given the importance of new firm management teams, it is worth considering what factors may influence an employee, who has not identified any entrepreneurial opportunity, to transition to a new firm management team. Individuals who transition from secure employment to join a new venture as an early lead employee play an important role in the success of these ventures. Early lead employees are just important as the founders but unlike the limelight the founders receive as the venture starts to scale these lead employees are rarely known to the external world. Consequently, it is important to understand how and why early lead employees join new ventures.

# The Performance Effects of Disrupting Founding Teams' Prior Shared Experience through Job Hoppers

Florence Honore, University of Minnesota

Start-ups founded by team members with prior shared experience in incumbent firms perform better than other start-ups. While the prior shared experience brings relevant knowledge and coherent routines, it could also corner the start-ups in local search and limit innovation. I investigate how start-ups mitigate these negative aspects by including team members with experience in multiple prior jobs or industries, i.e. job hoppers. I find that teams with prior shared experience within the start-up industry benefit from job hoppers who worked outside the start-up industry and that teams with prior shared experience outside the start-up industry benefit from job hoppers who primarily worked in the start-up industry. Consequently, the job hoppers may embody the dual role of bringing disruption and critical knowledge to founding teams.

SESSION 226

# CULTURE, NORMS AND INSTITUTIONS: THE CONTEXTUAL INFLUENCES ON ENTREPRENEURSHIP

TRACK K, TRACK G		Date	Monday, Sep 22
Paper		Time Room	16:30 – 17:45 h Estancia 311
Session Chair	Krzysztof Obloj, <i>University of Warsaw</i>		

## Contingent Effect of National Culture on Individual Social Entrepreneurship Choice

Sreevas Sahasranamam, *Indian Institute of Management Kozhikode* Nandakumar Mankavil Kovil Veettil, *Indian Institute of* 

Management - Kozhikode

The importance of culture in entrepreneurship development is widely stressed in the extant literature. Our study examines the contingent effect of two dimensions of national culture (power distance and individualism) on the relationship between individual level resources and individual choice for starting a social enterprise. Unlike commercial entrepreneurship context, we hypothesize that social entrepreneurship will be greater in high power distance and low individualism cultures. The hypothesis are tested using a multilevel logit regression analysis on a cross-sectional multi-source dataset for the year 2009. The study's findings support our hypothesis highlighting that the effect of national culture in social entrepreneurship are distinct from commercial entrepreneurship.

# Like a Bridge over Troubled Water: How Institutional Bridging Can Lower Transaction Costs For Entrepreneurs

Susan Young, Seton Hall University Chris Welter, Xavier University

While entrepreneurship is a global phenomenon, little research has examined how multiple institutional contexts may affect entrepreneurial ventures. Despite growing emphasis on less developed countries (LDCs), many management theories take the perspective of more developed countries. It is also traditionally assumed that entrepreneurs must operate within the bounds of their institutional context. In this research, we present a framework of possible actions an entrepreneur may take in response to ineffective institutions – including institutional entrepreneurship and institutional bricolage – and introduce institutional bridging as the process of linking an environment with ineffective institutions, such as an LDC, to an environment with more effective institutions in order to lower transaction costs. We build a transaction cost model to demonstrate how bridging may serve to decrease overall transaction costs.

## Scaling Social Impact: A Resource-Based View of How Stewardship Culture Benefits Social Enterprises

Sophie Bacq, Northeastern University
Kimberly Eddleston, Northeastern University

Despite efforts to address societal ills, social enterprises face constant challenges to increase their impact. Drawing from RBV, we argue that a social enterprise's organizational culture contributes to its scale of social impact. We propose that a stewardship culture, comprised of an employee-centered logic and an entrepreneur's centrality, will contribute to the enterprise's social impact. Additionally, we investigate how social and financial supports augment the benefits of a stewardship culture. We find that an employee-centered culture increases the scale of social impact. Further, we show that a strong employee-centered culture can compensate for low earnings generation and government support. Regarding an entrepreneur-centered culture, we find that while government support increases its positive impact, greater earnings generation lessens its benefits on scale of social impact.

# Towards a Theory of Sociocultural Munificence: Firm Survival in the Green Building Supply Industry

Siddharth Vedula, *University of Colorado-Boulder* Jeffrey York, *University of Colorado-Boulder* Michael Conger, *University of Colorado* 

We introduce two types of sociocultural munificence to the social entrepreneurship and organizational ecology literature, by examining firm survival in the green building supply industry: regional environmental social norms that provide legitimacy for entrepreneurs and needs versus merit-based resource allocation norms that impact the distribution of economic resources . Across a multi-year panel, we find that as expected firm survival is enhanced by munificent regional economic conditions. Over and above these effects however, firm survival is also enhanced in regions with strong environmental social norms. Lastly, regional resource allocation norms condition the relationship between economic munificence and firm survival. Specifically, need-based resource allocation norms insulate social entrepreneurs from the impact of economic conditions, whereas merit-based resource allocation norms have an amplification effect.

SESSION 245

#### **HUMAN CAPITAL COMPLEMENTARITIES**

	Time	16:30 – 17:45 h
Common Ground	Room	Oslo

Facilitator Rajshree Agarwal, University of Maryland

#### Rethinking Sustained Competitive Advantage from Human Capital Again

Bo H. Eriksen, University of Southern Denmark

In this paper I propose a resource-based model of sustainable competitive advantage from human capital resources. I integrate labor-market theories of job search and matching and theories of efficiency wages with earlier resource-based contributions. I develop propositions about the conditions where firms can obtain competitive advantage from mobile

human capital resources where earning positive rent does not depend on appropriating quasi-rents from employees but on (a) identifying and realizing valuable matches in labor markets with informational frictions and (b) exploiting complementarities between human capital and other resources under the firm's control.

## Team Players Until Payday? The Tenuous Link Between Social Complexity and Firm Profit

Flore Bridoux, *University of Amsterdam* Russell Coff, *University of Wisconsin-Madison* J W Stoelhorst, *University of Amsterdam* 

Value creation is often the result of team production. Social complexity is usually a key attribute of team production and can promote a sustained competitive advantage. The resource-based view implicitly assumes that investors are likely to benefit from a competitive advantage based on social complexity. This paper questions this assumption and explores the division of the surplus value generated by team production among investors, managers, and employees as a function of the level of social complexity. Based on our discussion, it appears that the higher social complexity, the less surplus value will be captured by investors. Yet, high social complexity characterizes the settings where the resource-based-view tends to be applied most often, namely multi-level, multi-team firms with heterogeneous resources.

# Uncovering the Dark Side of Manager-Worker Colocation on Worker Productivity

Rocio Bonet, IE Business School Fabrizio Salvador, IE Business School

The general view on distributed work has defended that having workers non-colocated with managers may impair the ability of managers to effectively supervise workers. In this paper, we build on agency and control theory to argue that, under conditions of uncertainty, non-colocation of the manager and the worker may actually positively impact worker productivity. We also contend that the dysfunctional effect of manager-worker colocation is mitigated when the tasks assigned to the worker are interdependent of other non-colocated workers, when the projects where the worker is involved are led by the same manager, and when the manager is an experienced manager. We find support for our arguments, demystifying the idea that colocation is necessarily a desirable feature in work design.

### Value Creation and Capture of ex ante Worker-Firm Complementarities: Home Court Advantage

David Kryscynski, *Brigham Young University* Russell Coff, *University of Wisconsin-Madison* 

In the context of worker-based competitive advantage, the extant literature has focused on worker-firm complementarities that require active ex post investments in firm-specific human capital. However, if firms have heterogeneous resources and workers have heterogeneous preferences, characteristics, and abilities, then ex ante worker-firm complementarities can arise without active investment. We argue that ex ante complementarities may create greater non-pecuniary utility for the worker and/or greater revenue for the firm than other matches and both types of value may be split between the firm and workers. We test this conceptualization using panel data on all domestic National Basketball Association players from 2000-2009 and find evidence for both of these ex ante complementarities.

### When Stars Align: The Performance Benefits of Human Capital Complementarities

Alia Crocker, *University of Massachusetts-Amherst* Thomas P. Moliterno, *University of Massachusetts-Amherst* 

Different streams in the strategic human capital (HC) literature have considered star employees and unit-level HC, examining how these different kinds of HC relate to performance outcomes. In this study we bring these threads together in an empirical examination of HC combinations. In particular, we explore how individual star employees interact with the broader unit-level HC in which they are embedded. Using data on investment bank security analysts; we find that the relationship between stars and unit-level human capital is complex: having a star in the unit leads to performance outcomes, and this effect is moderated by the level of firm-specificity in the unit-level HC. Our results contribute to the growing literature on strategic HC by exploring cross-level interactions of individual- and unit-level HC configurations.

#### WHAT SHOULD WE SAY? THE BENEFITS AND RISKS OF COMMUNICATION WITH STAKEHOLDERS.

TRACK M Date Monday, Sep 22 Time 16:30 - 17:45 h Room Monaco Paper

**Session Chair** Ben Lewis, Brigham Young University

#### Do Organizations Light a Candle and Hide it Under a Bushel? The Strategic Publication of Certification Status

W. Chad Carlos, Brigham Young University Ben Lewis, Brigham Young University

Institutional scholars have long recognized the symbolic value of certifications in legitimating organizations. Underlying this perspective, however, is an implicit assumption that organizations will always signal their certification status to their external constituents. Drawing upon insights from impression management theory, we question this assumption and argue that the publication of certification status will likely depend on the degree to which the certification is institutionalized, the risk of being perceived as hypocritical by key stakeholders, and the degree of regulatory scrutiny experienced by the firm. We test our hypotheses by examining variation in the publication of membership in the Dow Jones Sustainability Index (DJSI). Our results show that avoiding hypocrisy is indeed a strategic factor that influences firm behavior, particularly for those in highly regulated industries.

#### **Earnings Management in Non-Earnings-Oriented** Settinas

Donald Lange, Arizona State University

The guiding proposition in this study is that the not-for-profit setting affords executives a different set of motives for managing earnings, rather than diminishing all such motives. We develop the ideas that the meaning of earnings can be context dependent and that earnings have a special symbolic management value for not-for-profit executives. Contrary to what researchers would tend to predict in the for-profit setting, our predictions center on the idea that not-for-profit executives might wish to show a financial loss rather than a gain and to avoid showing net income increases. By extending the exploration of earnings management into a setting not oriented towards earnings, we hope to gain valuable insights about how earnings management is institutionally driven in both forprofit and not-for-profit settings.

#### Restoring Order: How Market Mediators Re-establish an Industry's Cognitive and Moral Order after a Scandal

Marco Clemente, Aalto University Rodolphe Durand, HEC-Paris Joseph Porac, New York University

Media outlets are key stakeholders for firms on which they depend for their legitimacy and reputation. The media's role is particular important during dramatic events, such as scandals, as they can influence the public discourse and opinions about firms and their industry. We propose a view of scandals as cognitive and normative disturbances and study how the media reacts to these disturbances in their efforts to re-establish a stable order after a scandal occurs. We propose and find that scandals increase the media's attention scope and contestation of relevant events, and induce them to particularly target high status actors in their scrutiny. Our empirical context is the scandal that affected the Italian soccer league in 2006 - Calciopoli. This paper contributes to the stakeholder, organizations, and strategy literatures.

SESSION 419

#### **COGNITION AND LEARNING IN ALLIANCES**

TRACK N	Date	Monday, Sep 22
	Time	16:30 – 17:45 h
Paper	Room	Helsinki
Session Chair	Libby Weber, University of California-Irvine	

#### Cognitive Biases in R&D Alliances

Andrea Martinez-Noya, University of Oviedo Esteban García-Canal, University of Oviedo Rajneesh Narula, University of Reading

Cognitive biases are particularly relevant when choosing an alliance partner to undertake a novel R&D project because they tend to involve high levels of technological uncertainty and require high bandwidth. Although previous studies based on the RBV or TCT contribute to explain the a priori suboptimal decisions of not allying with the best partner available, or not defining the optimal bandwidth within the alliance, we argue that a more comprehensive explanation of the interrelationships among these paradoxes, and deviations from the optimal choices, can be offered if complementing these theories with Prospect Theory principles. This is so because these decisions go beyond a mere rational calculation of costs and benefits, as firms weight potential losses differently than gains when involved in risky and uncertain decisions.

#### **Experience and Institutional Determinants of Private** Scope in Public-Private Partnerships: A Cross-Country **Empirical Study**

Bertrand Quelin, HEC-Paris Sandro Cabral, Federal University of Bahia Sergio Lazzarini, Insper Institute of Education and Research Ilze Kivleniece, Imperial College London

We analyze the determinants of the private scope in public-private partnerships (PPPs) —i.e. the extent to which private actors are involved in various, complex activities of the partnership—in a cross-country, crossindustry setting. We examine the effects of public and private cumulative experience in PPPs, and the potential impact of the national institutional quality and the level of industry development on private scope. Our empirics use a database covering 807 cases, 11 industries and 66 countries. We find that host-country accumulated learning in dealing with PPPs and superior quality of institutions increases private scope. We also show that private experience leads to an increased involvement of private actors in countries with better institutions and when the industry addressed by the PPP is incipient.

#### Opening the Black Box of Learning & Contracting Capability Development: Impact of Frames & **Attribution**

Libby Weber, University of California-Irvine

In strategy, learning is always desirable, as it supports capability development. However, learning has been largely treated as a black box, with little thought to its mechanisms and their potential biases. When they are considered, the assumptions that learning is universally positive and that it always supports capability development break down. This paper specifically examines mechanisms underlying learning to contract (evaluation, attribution and adjustment) and the cognitive influences (contract framing and attributional biases) that systematically impact them. Two different learning pathways arise, one in which employees learn to continually improve the exchange and another in which they repeatedly learn to increase safeguards against potentially opportunistic partners while decreasing their own responsibility. Depending on the pathway, learning can either support or undermine contractual capability development.

### **₩** When Complexity Clarifies: Sensemaking in an **Institutionally Complex Setting**

Federica Foce Massa Saluzzo, IESE Business School

Institutional logics have traditionally been described as constraining the understanding of reality. Thanks to the privileged setting of an ongoing collaboration between a fashion firm and a fair trade organization, I observe how individuals make sense of the institutional logic in which they are embedded - the internal logic - and of an

institutional logic that they are exposed to - external logic - in an institutionally complex setting. I suggest



that the exposure to an external logic can improve understanding of reality by helping the holders of the internal logic to make sense of those implicit and automatic practices adopted in their business that have never been rationalized despite their strategic importance.

SESSION 337

## POWER AT THE TOP - THE INFLUENCE OF DIRECTORS

TRACK O	Date	Monday, Sep 22
	Time	16:30 – 17:45 h
Paper	Room	Estancia 307

Session Chair Toru Yoshikawa, Singapore Management University

#### How Managerial Power and Information Quality Shape the Impact of Board Ties on the Adoption of Stock Option Pay

Toru Yoshikawa, Singapore Management University Jungwook Shim, Kyoto Sangyo University Anja Tuschke, University of Munich

We examine how managerial power and information quality affect the adoption of a new practice through board interlocks. Distinguishing between received and sent ties, we argue that the decision-making authority surrounding sent ties has a stronger effect on the adoption than received ties. To further refine the influence of sent ties, we consider to which partner a focal firm is tied-to. We find that a sent tie to a large corporate owner helps to transfer rich and detailed information, and consequently the focal firm translates it into action. Our analysis also shows that a countervailing force represented by large bank owners negatively moderates the power of managers with sent ties. We study these issues in the Japanese context right after stock option pay was legalized.

## Inside Knowledge, Outside Expertise: Investigating the Role of Lawyers as Affiliated Directors

Ryan Krause, *Texas Christian University* Matthew Semadeni, *Arizona State University* 

The present research demonstrates that outside counsel can play an important role on boards of directors under certain conditions. Whereas most of the research on affiliated directors has either treated them as a uniform group with questionable value as directors or examined the unique aspects of former executives and family members serving on boards, our research explores the role of affiliated directors who provide the firm with an important professional service. By serving on the board, outside counsel can help firms manage their exposure to lawsuits and environmental uncertainty. Small firms, in particular, seek out such help as the liability of smallness affords them fewer alternatives. This research helps to clarify the unique role that affiliated professionals perform on the boards of their client firms.

## The Impact of Directors with VC Experience on Post-IPO Firms

John Berns, University of Missouri

Directors are key influencers of the firms whose boards they serve on. Each director brings with them unique characteristics obtained from previous experiences which impact how and to what extent they are able to influence the firm. This study examines the effects of directors with venture capital experience serving on post-IPO firm boards. Directors with venture capital experience can offer valuable contributions to the firms they serve. They are able to draw upon their unique experiences, tap into their networks, and secure both tangible and intangible resources for the firm. Most importantly, directors with venture capital experience are able to draw upon a wealth of accumulated knowledge on growing firms and increasing firm value.

# Topping the Pecking Order: The Positive Effects of High Status Female Directors on Firm Outcomes in China

Livia Markoczy, *University of Texas-Dallas* Li Sun, *University of Missouri-Kansas City* 

Jigao Zhu, University of International Business and Economics

Relying on the status perspective we suggest that whether or to what degree boards benefit from having female directors depends on the status of these female directors on these boards. Status affects directors'

ability and motivation to introduce new perspectives into board decisions and to influence board decisions. We use a new measure for informal status ranking and test our hypotheses with a novel sample that covers 48,929 director-year observations for 19,490 directors within 1,555 firms in China during 2006-2011. We find that when female directors have high status in the informal status hierarchy of a board they tend to have a positive effect on monitoring, firm value, and management-employee wage differentials, while they also tend to reduce their firms' exposure to market risk.

SESSION 359

#### **COGNITION UNDER UNCERTAINTY & RISK TAKING**

Facilitator	Chengwei Liu, <i>University of Warwick</i>	
Common Ground	Room	Estocolmo
	Time	16:30 – 17:45 h
TRACK P	Date	Monday, Sep 22

# Aspiration Levels and R&D Search in Young Technology-Based Firms

Marina Candi, *Reykjavik University* Rognvaldur Saemundsson, *University of Iceland* Throstur Olaf Sigurjonsson, *Reykjavik University* 

Decisions about allocation of resources to research and development (R&D), referred to here as R&D search, are critically important for competitive advantage. Using panel data collected yearly over a period of nine years, this paper re-visits existing theories of backward-looking and forward-looking decision models for R&D search in the important context of young technology-based firms. Some of the findings confirming existing models, but overall the findings contradict existing models. Not only are young technology-based firms found to increase search when aspirations are not met, but they do the same when performance surpasses aspirations. Both positive and negative outlooks reinforce the effects of performance feedback. The combined effect is that the more outcomes and expectations deviate from aspirations the more young technology-based firms invest in R&D search.

### Conversion Ability As a Driver of New Product Development Decisions

Ha Hoang, ESSEC Business School Hakan Ener, IESE Business School

Performance comparisons play a key role in driving firm behavior in organizational learning models. However, in some industry contexts, conventional measures of performance such as profitability or revenues do not facilitate accurate comparisons between firms. We argue that novel performance indicators are essential to understand the dynamics of firm behavior in such contexts. We introduce a new measure of performance feedback based on conversion ability, defined as a firm-level ability to turn new ideas into successful products. We employ this measure to analyze decisions to develop products in new versus existing market segments (i.e. exploration vs. exploitation) in the biotechnology industry. Our results suggest that managerial assessments of conversion ability are a key input to decision-making when new product development is lengthy, costly and risky.

#### Foreign-Native Decision-Maker, Strategic Decisions under Uncertainty and Foreign Firms' Performance Disadvantage

Jörg Zimmermann, European Commission - Joint Research Centre I argue, on the basis of the comparative ignorance hypothesis that foreign decision-maker tend to perceive economic settings under uncertainty as more ambiguous than locals. Thus, they are more likely to opt for the status quo in order to neglect the option under ambiguity instead of opting for the existing choice as the best economic decision. Consequently, foreign decision-makers choice to rely on the status quo causes a relative organizational performance disadvantage. Empirical findings for business owners' choice to change industrial sectors, the decision to divest from the old business in order to start anew, and the subsequent performance implications supports these hypotheses. The framework demonstrates that foreign decision-makers' strategic choices have a negative effect on their businesses relative performance, as foreign decision-maker are more likely to perceive strategic decisions under uncertainty as decisions under ambiguity instead of risk.

#### Opening the Black Box of Choice Patterns: Evidence from a Laboratory Study

Daniella Laureiro-Martínez, ETH Zurich Stefano Brusoni, ETH Zurich Amulya Tata, ETH Zurich Maurizio Zollo, Bocconi University

This paper aims at explaining differences in decision making performance on the basis of choice patterns implemented by 89 individuals while playing a four armed bandit task. We observe the emergence of strategies which differ in terms of content, myopia and ultimately performance. Our results extend current research by operationalizing the concept of myopia, and decomposing it into its constituent building blocks. Our results show that the different levels of myopia in choice strategies reliably predict performance.

#### Self-Sacrifice until the Last Moment: CEO Career Horizon, Loyalty, and Strategic Decisions

Chittima Silberzahn, EMLYON Business School

Current literature suggests that when CEOs approach retirement, they are more likely to be risk-averse and refrain from initiating a longterm strategy because they want to optimize their wealth before their departure. This argument relies on the assumption that near-retirement CEOs are motivated by self-interest. Psychological literature, however, has long recognized the validity of self- and other- interests as human motives which can impact human behavior. Building on this literature, we propose that near-retirement CEOs can also be motivated by other-interest. We employ CEO loyalty to the firm as a representative construct of otherinterest motive and empirically examine its impacts on near-retirement CEOs' strategic decisions. Preliminary findings suggest that CEO loyalty can moderate the agency problems at the end of their career.

#### The Other Side of Overconfidence: A Study of Japanese CEOs

Katsuhiko Shimizu, Keio University

Confidence is important for top managers who need to make difficult decisions in uncertain environments. While researchers have examined antecedents and consequences of overconfidence and/or hubris, the other side of confidence, namely underconfidence and humility, has attracted limited attention. Moreover, most research to date has been done in the context of individualistic western culture. To fill the gap, this research conceptually distinguishes underconfidence and humility and examines the antecedents and consequences in the context of Japan. This research utilizes a sample of Japanese CEOs and argues that their forecasts of stock market reflect their attitude in terms of underconfidence or humility. It is further argued that humility leads to more risk-taking and higher performance, while underconfidence results in less risk-taking and lower performance.

MONDAY NIGHT EVENT AT THE CRYSTAL GALLERY



# EMPIRICAL STUDIES AND CASE STUDIES OF BUSINESS MODELS

TRACK A, TRACK X

Date Tuesday, Sep 23

Time 08:00 – 09:15 h

Paper Room Malta

Session Chair Elisabeth Mueller, University of Passau

## **Developing a Business Model Typology for Industrial Clusters**

Elisabeth Mueller, University of Passau

The business model concept is frequently used on an organizational level to explain how companies do business. However, firm relations on an interorganizational level—within an industrial cluster, for example—become more and more important for a company's competitive position. These clusters even define their own business models. This empirical, quantitative study seeks to develop a business model typology for industrial clusters by transferring the business model concept from the organizational to the inter-organizational level. We investigate the business model elements of 236 industrial clusters, develop a business model typology and analyze performance differentials between the resulting business models types. Preliminary results show that five distinct types of cluster business models emerge out of the data and that performance differs between these five types.

### Navigating Resource Flow: Becoming Hybrid Business Models in News Media

Rueylin Hsiao, National Chengchi University Su-Hua Ou, Soochow University Chun-Fang Yang, National Cheng-Chi University Chia-I Cheng, National Cheng-Chi University

This article examines how a hybrid business model is emerged from a newspaper firm's transformation process. Through a qualitative case study, this findings describes three patterns of navigating resource flow: (1) resource effectuating, which explains how one resource could be put into multiple applications; (2) resource crossing-over, which illustrates how cross-boundary collaboration may create new resources; and (3) resource recycling, which converts the value of a seemingly less useful resource. Theoretically, this study added to open innovation theories and business model literature by showing the link between resource flow and hybrid business models. Practically, this paper examines how enterprises may achieve resources synergy to bring about business model innovations.

# The Birth and Dissemination of Business Models in Niche Markets: Evidence from the U.S. Markets for Orphan Drugs

Olga Bruyaka, *Virginia Tech* Hanko Zeitzmann, *Zayed University* Tabitha James, *Virginia Tech* 

A considerable number of empirical studies on business models has been conducted in the context of mass markets given that many companies of all types strove to introduce blockbuster products and services. But now many companies involved in software, services of all types and drug development are capitalizing on the opportunity to cater to niche markets. Our exploratory study extends emerging efforts in the business models literature to better understand the birth and dissemination of business models in niche markets. Using longitudinal data linking, rare diseases, orphan drugs, related patents, and various organizations involved in their development we trace emergence and dissemination of niche buster business model in the pharmaceutical industry, which is often referred to as markets for orphan drugs.

### **Transitioning from Failure: Business Model Innovation**

Margarete Kalinowski Bowien, ESADE Business School Luis Vives, Ramon Llull University

This study reveals how failure, defined as a rare event, enables firms to innovate their business models. Specifically, we investigate through longitudinal in-depth cases studies of 20 Latin American multinationals how failure in their internationalization influenced their further internationalization attempts and how it encouraged them to innovate their business models. Particularly, we are interested to find out what exactly were the failures and what were they caused by, how the firms

reacted to the failures and how the failures led to the innovation of their business models. Moreover, we are focused on the capabilities that are necessary to be able to transition from failure through business model innovation.

SESSION 212

#### **DYNAMIC CAPABILITIES**

TRACK B	Date Time	Tuesday, Sep 23 08:00 – 09:15 h
Paper Session Chair	Room Londres  William Bogner, Georgia State University	

# Organizing for Performance: The Effect of Social Networks on Evolutionary Fitness

Karl Joachim Breunig, Oslo and Akershus University College

This empirical paper addresses the role of individuals when organizations balance flexibility and stability to achieve evolutionary fitness. Evolutionary fitness constitutes a firm's ability to re-align its resource base with continuously changing external requirements and is suggested as the performance outcome of dynamic capabilities. A longitudinal cross-case comparison - of two similar firms that differ significantly in performance identifies social networks as a possible explanation for their performance differences. A natural experiment confirms this. The study extends the dynamic capability perspective with the two concepts of articulation and reticulation. Articulation is addressed in extant literature on dynamic capabilities; however reticulation – literary meaning to build networks – is entirely new. The paper offer four propositions to explain how these two concepts are related to evolutionary fitness.

# Responsive Innovation: Using Networks of Key Stakeholders to Collectively Sense Issues

Carsten Pedersen, Copenhagen Business School

Although the importance of stakeholder networks has been recognized in recent years, a non-teleological model that incorporates their collective sensing into innovation processes has so far not been developed. Hence, this paper argues that traditional linear and sequential innovation models are insufficient in hypercompetitive environments. Instead, it is proposed that companies should ground their innovation processes in the collective sensing of frontline-employees and customers that operate around the organizational periphery. This frames the concept of responsive innovation, where key stakeholders engaged in the organization's ongoing business activities collectively identify issues that central managers subsequently can resolve.

## The Effect of Supply Networks Structural and Relational Properties on Dynamic Capabilities

Leila Alinaghian, *University of Cambridge* Jagjit Srai, *University of Cambridge* 

From a supply network (SN) configuration perspective, the structure and quality of inter-organisational ties in terms of material, information and financial exchanges can facilitate or impede an organisation's behavior and economic performance. This research aims to explore how structural and relational properties of the SN in which an organisation is situated may interact with each other in affecting a firms' ability to sense, seize and transform new opportunities and needs for change (i.e., dynamic capabilities). Adopting a mechanism-centered and multi-case study based approach; propositions are built concerning the causal mechanisms by which a combination of SN configurational entities generates dynamic capabilities. Results suggest specific intrinsic and extrinsic conditions that accentuate these supply networks configuration relationships, both positive and negative, in the support of dynamic capabilities.

# The Role of Networking Capabilities for Sensing and Seizing of Innovation Opportunities in Nanotechnology

Olga Petricevic, *University of Calgary* William Bogner, *Georgia State University* 

The main objective of this study is to examine how subsets of networking capabilities for sensing and for seizing of opportunities influence firm-level innovation outcomes. The main argument advanced here is that there are significant trade-offs among different networking capabilities for sensing and for seizing of innovation opportunities, especially in a context that

transcends different disciplinary technological platforms and also requires interdisciplinary collaborative approaches, such as nanotechnology. These relationships are tested in the context of firms that actively patent in nanotechnology. The initial findings point to important trade-offs and the contingent value of networking collaborative capabilities, especially in nascent technological fields. The findings suggest that there are significant non-linear (inverted U-shape) effects of networking capabilities for sensing and for seizing of opportunities on innovation successes.

SESSION 410

#### **GOVERNANCE RELATIONSHIPS**

Charles Stevens, <i>Lehigh University</i>	
Room	Viena
Time	08:00 – 09:15 h
Date	Tuesday, Sep 23
	Time Room

### **Director Turnover And State Owned Enterprises:** Evidence From China

Kai Xu, Texas A&M University

BUsing a Chinese director dataset, we examined the outside director turnover in State Owned Enterprises (SOEs). Out empirical results shows that basically outside directors are less likely to leave the boards with higher state ownership because the SEOs have motivation to retain the outside directors for the "window dressing" reason. However, if the CEOs have power, the outside directors are more likely to leave. Further, the institutional ownership and outside directors' social capital also lead to director turnover. This study contribute to the current corporate governance literature. First, we offered new insights into the resource dependence function directors may perform when government involvement is considered. We also contribute to board research by examining director turnover in China to extend the current research to emerging economies.

#### Global Investor Networks' Shareholder Activism Opposed by Local Investor Networks: The Case of France

Stephen Gates, Audencia Nantes Girard Carine, Audencia Nantes

International minority investor networks promote shareholder democracy. While international minority investor networks from liberal market economies (LMEs) drive convergence in corporate governance best practices, the defensive tactics of controlling local networks in coordinated market economies (CMEs) may neutralize minority investor interests. With reference to France, an oft-cited CME, we review the legal and institutional changes in France since 1989; the reactions of local forces to resist these developments; and illustrate their interaction through case examples. In France as in other CMEs, the tension between the global minority investor network versus local controlling network results in a hybrid model that introduces greater unpredictability in the nature and outcomes of shareholder activism initiatives.

# How Much Am I Going to Tell You? A Study of Differences in Ownership Strategic Behavior

Jun Ho Lee, *University of Illinois-Urbana Champaign* Kurt Desender, *University Carlos III* Ruth Aguilera, *Northeastern University* 

Although current corporate governance studies have emphasized that institutions matter for the diffusion of corporate practices, less attention has been paid to how different institutions matter for the implementation of corporate practices, especially when different shareholders who have been embedded in different institutional environments coexist. To answer the question, from the institutional perspective, we develop a theoretical framework to explain how a corporate earnings disclosure practice is implemented by different owners (i.e. Relation-oriented vs. Transaction-oriented owners) who represent different institutional features. We also examine how a board of directors functions differently in earnings disclosure, depending on ownership structure in a corporation. We test our hypotheses with the analysis of 2,151 Japanese firms for the 2005-2011 period.

# Multinational State-Owned Enterprises: The First Comprehensive Literature Review (1970-2013)

Asmund Rygh, BI Norwegian Business School

This proposal outlines what is to our knowledge the first comprehensive review of the literature on state ownership and internationalization, covering contributions from 1970 up until today. Outlining the review's structure and discussing a selection of studies to be included in the review, the Proposal highlights the range of topics, theoretical perspectives and methods found in this literature, and which will be further explored in the full paper version.

# The Birth of an Entrepreneurial Board: Empowerment of Boards in Founder-Managed Companies in Emerging Markets

Alexander Libman, Frankfurt School of Finance & Management Andrei Yakovlev, National Research University Higher School of Fconomics

Tatiana Dolgopyatova, National Research University Higher School of Economics

The paper investigates under which conditions founder-managed firms in emerging markets are interested in empowering boards of directors. It argues that in emerging markets, where firm's success crucially relies on personal connections of the founders, connections of directors can serve as a complement to those founder has, and thus ease the transition to a professionally managed firm or to the next generation of owners. In this case, directors should actively promote the company in the networks they have access to, seeking out new business opportunities for the firm. Empowering the boards provides a necessary source of intrinsic motivation for the directors to do that. We support our argumentwith a detailed case study of one of the largest Russian companies, AFK Sistema.

#### The Good, the Great and the Independent: The Impact of Board Composition on Investment Behavior

Anna Grosman, Aston University
Mike Wright, Imperial College London

In countries with weak institutional environment and constrained resources, firms face underinvestment due to the diversion of resources away from investments, or tunneling. We examine a mechanism that may address underinvestment in the face of tunneling: governance bundles of ownership and board characteristics. Using data from Russian firms, we find a positive effect of resources on the capital expenditures when state-owned enterprises (SOEs) appoint independent board directors. However, these effects are substantially reduced for oligarchic firms. Board independence is a substitute for ownership for SOEs, while an insider board complements ownership for both oligarchic and state firms in terms of monitoring the efficient allocation of funds. We shed light on implications of governance bundles on tunneling, a topic that received limited attention in management literature.

SESSION 367

### WHAT DRIVES FIRM HETEROGENEITY ACROSS TIME?

TRACK E	Date	Tuesday, Sep 23
	Time	08:00 – 09:15 h
Common Ground	Roor	<b>n</b> Luxemburgo
Facilitator	Manuela Hoehn-Weiss, University of Washington	

### Competing for Success: Dynamic Capability at Admiral Plc - Or Is It?

Kate Buell-Armstrong, *University of Glasgow* Robert MacIntosh, *Heriot-Watt University* Donald Maclean, *University of Glasgow* 

This paper advances the study of dynamic capabilities by examining a longitudinal case study of a firm bearing the hallmarks of high performance and innovation, often attributable to dynamic capability. Using a FTSE-100 company in the UK we ask, has dynamic capability contributed to the firm's its success and, if so, to what extent does that capability evolve over time? The UK car insurance market is regarded as a near-perfect market and the case demonstrates how Admiral has consistently out-performed its UK competitors. Using data from the launch of the firm as a start-up in 1993 through to its current MNE status we present evidence of dynamic capability in operation

but in so doing ask whether dynamic capability is in fact a superfluous explanatory framework.



### **Economic Selection in Recessions: Survival of the Fattest?**

Eirik Sjaholm Knudsen, Norwegian School of Economics Lasse Lien, Norwegian School of Economics

In this paper we investigate how firm selection is altered by recessions. We stress that recessions can have two effects, one by tightening the selection environment through increasing the scarcity of resources, and one by imposing changes in the shape of the fitness landscape. Our key point is that a narrow "cleansing" effect definition of selection is in danger of ignoring crucial aspects of evolutionary processes related to successor selection. Using a definition of selection based more explicitly on Darwinian evolutionary theory will reduce this risk, and paint a more realistic and complex picture of how recessions change selection processes both in the short and long run.

# Performance Effects of Strategic Action Patterns in Rapidly Changing Environments

Markus Schimmer, University of St. Gallen Tomi Laamanen, University of St. Gallen Poushali Paul, EventStudyTools.com Sabine Brunswicker, Purdue University Ivanka Visnjic, ESADE Business School

While the empirical evidence on the merits of fast-paced strategic decision-making and action in high velocity environments is compelling, it remains unclear whether the effect is driven by the speed, volume, or continuity of the actions. We examined this research question by analyzing all the announced actions of 401 firms of the S&P 500 sample during a ten-year period from 2003 to 2012. We coded the activities into different activity categories and the diversity of the industries allowed us to also perform comparisons between higher and lower velocity industries. Based on our analysis, we find that industry velocity enhances the performance effects of high activity levels and that firms that pace their actions above the industry average outperform their peers.

# Same Buck, More Bang? An Exploration of the Drivers of Heterogeneous Performance from Homogeneous Resources

Itoro Charles Emembolu, *Lagos Business School* Adetunji Adegbesan, *Pan-Atlantic University* 

This paper is an empirical investigation into the drivers of heterogeneous performance and set in a franchising network context to better understand why some franchisees within a particular franchise perform better than others. It is an exploratory study into the variations in performance outcomes from firms that utilize the same resource. The study builds on three theoretical advancements namely; Strategic Factor Markets (resource buying), Asset Accumulation (resource building) and Resource Orchestration (resource management and deployment). The three research domains are integrated in a franchise setting to shed more light on the implementation aspect of the Resource Based Theory (RBT)

#### Strategic Priorities and performance: Insights from Latin America

Esteban R. Brenes, INCAE Business School Luciano Ciravegna, INCAE Business School

This study examines the antecedents of superior sales performance, focusing on strategic positioning and firm-level investments in particular functional areas, ranging from marketing, to human resources and purchasing. It builds on previous studies of strategy seeking to link performance to different strategic configurations. It contributes to the strategy literature by discussing the effects of strategy in the context of Latin American agribusiness, an important driver of economic growth in the region. It also contributes to the literature by examining the behavior of 52 firms through Qualitative Comparative Analysis (QCA), allowing for the identification of multiple causal configurations. The study has important implications for practitioners, as it highlights the functional strategies that may have higher impact on performance.

## The Other Advantage: How Financial Markets Value the Potential to Capture Future Value

Phebo Wibbens, University of Pennsylvania

Competitive advantage is typically defined in terms of the potential to capture value in the present. However, both anecdotal evidence and evidence for hypercompetition suggest that there is another advantage, which is becoming increasingly important: the potential to capture

value in the future. This 'other advantage' I will call future potential advantage (FPA). I propose a novel method that combines accounting and stock market data to study the existence of FPA, whether it varies across industries, and how it has evolved over time. In a preliminary cross-sectional analysis of three industries I find support for the existence of FPA in two of the three. Based on this result, I propose an in-depth study of FPA in a large panel using this promising new method.

SESSION 349

#### LEADERS, LAGGARDS AND COMPETITION

 TRACK E
 Date Tuesday, Sep 23

 Time
 08:00 – 09:15 h

 Paper
 Room
 Bruselas

 Session Chair
 PuayKhoon Toh, University of Minnesota

## How Much We Are Alike and When We Fight? An Examination of Competitive Technology Adoption

I-Chen Wang, Suffolk University Lihong Qian, Portland State University

To what extent is a firm's decision to adopt a risky technology driven by its competitors? Using the competitive dynamics lens, this study examines how inter-firm similarity in technology and market affect a focal firm's likelihood to engage in a technology move. For a pair of firms, they can be similar to each other in terms of their technological capabilities and their target market. With a select sample of technology adoption actions from the global flat panel display industry, we find supportive evidence for a combinative effect of technology and market similarity on technology adoption. This study contributes to the technology management literature by integrating technology and market factors, and to the multimarket contact literature by specifying some boundary conditions on the mutual forbearance prediction.

#### The Laggard's Choice: Search vs. Follow

Aleksey Korniychuk, HEC Paris

We develop a model of costly organizational search and analyze the adaptive behavior of the disadvantaged firm. We show that imitation is not uniformly superior strategy of the laggard. Ignoring the leader may result in a greater rate of performance convergence. We further show that when the leader has numerous development opportunities, imitation may lead to aggravation of competitive disparity. Optimality of the laggard's strategy depends on the profoundness of its disadvantage. As the gap from the leader expands, the relative payoff to substitution decreases till at some point imitation becomes rational. The extent of competitive disadvantage that justifies this shift in strategy depends on the level of laggard's development as well as its ability to perceive distant alternatives.

# Where do Dominant Technologies Come From? The Role of Firms' Technological Scope and Specialization

PuayKhoon Toh, *University of Minnesota* Cameron Miller, *University of Minnesota* 

Prior research studying technological evolution focuses on firms' adaptation to dominant technologies and suggests that technological scope enhances adaptation. We inquire instead how firms create dominant technologies, and propose a tradeoff between scope and specialization. When return to scope is salient via greater interdependence between technological areas, scope enhances a firm's propensity to create dominant technologies. Conversely, when return to specialization is salient via rivals' actively innovating, scope (specialization) decreases (increases) such propensity. Using the 'chop-shop' and matched-pair methods to isolate scope's and specialization's effects, we find empirical evidence in the U.S. communications equipment industry. These findings stress that strategies for adapting to and creating of dominant technologies may not align, and remind that the origin of dominant technologies can be endogenous to the firm.

## Who Should a Leader Imitate in Multiple Competitor Settings?

Dmitry Sharapov, *Imperial College London* Jan-Michael Ross, *Imperial College London* 

Building on prior work in competitive dynamics that shows leader-follower imitation to be a viable competitive strategy in uncertain environments, this paper seeks to answer the question of whom the leader should imitate in multiple competitor settings. Using a neo-computational simulation

model, we evaluate the effectiveness of alternative imitation strategies in two and three competitor contexts, and in environments of varying uncertainty. We then proceed to examine whether the predictions of the simulation model hold in a real-world competitive setting using data on multi-competitor (fleet) sailing races in the America's Cup World Series 2011-2013. With this work, we hope to contribute to the literatures on competitive dynamics, imitation, and to neo-computational work treating imitation as a heuristic for search on rugged landscapes.

SESSION 327

#### MARKET RESPONSE TO M&A

Paper	Time Room	08:00 – 09:15 h Copenhague
Session Chair	William Newburry. Florida International University	

#### Are Good Deeds Rewarded? Experience, Reputation and Societal Responsibility Impacts on Stock Market **M&A Reactions**

Abrahim Soleimani, Eastern Washington University William Schneper, Franklin & Marshall College William Newburry, Florida International University

We examine the impacts of acquirers' acquisition experience, corporate reputations, and corporate social responsibility on stock market reactions to acquisition announcements. We argue that under uncertain and complex conditions, intangible assets reveal vital information about the attributes and capabilities of a firm that consequently influence market expectations about the firm's strategic initiatives. Using an event study of a sample of 296 acquisition announcements, we find that an acquirer's acquisition experience has a U-shaped relation with market responses to an acquisition. Results further show that an acquirer's reputation and social performance both negatively impact stock market reactions. Finally, the analyses demonstrate that reputation magnifies the impact of acquisition experience on market responses to acquisition announcements.

#### **Evaluation of IPO-Firm Takeovers: An Event Study**

Erik Lehmann, Augsburg University Manuel Schwerdtfeger, Leibniz University of Hanover

This event study of public takeover announcements focuses on acquisitions targeted at public IPO-firms from German Stock Markets. While empirical studies typically focus on firm patents as a predictor of take-over reactions, we further control for the patents owned by the CEO as the key inventor of the firm. The results confirm that while the stock market positively evaluates the takeover of high innovative firms, market participants are pessimistic about takeovers where the CEO and founder controls critical and indispensable intangible assets like firm specific human capital. We conclude that the acquirer's post-acquisition performance depends on the continued access to the targets' specific intangible assets, which is not necessarily the case for the founder's specific human capital.

#### The Role of Technology and Origin in M&A **Performance**

Yuriy Zhovtobryukh, BI Norwegian Business School Torger Reve, BI Norwegian School of Management

Identification of M&A characteristics explaining the variance in the acquiring firm performance remains a major issue in strategy. In an attempt to address it, we consider the performance effects of the type of M&A (technological or non-technological) and the origin (cross-border or domestic). We find strong empirical support to our hypotheses that acquirers in technological M&A earn significantly higher returns on announcement than those in non-technological M&A both in domestic and cross-border deals, and that the difference increases in cross-border M&A. The results are robust to alternative abnormal return measures and competing explanations.

#### Too Much Information? A Strategic Disclosure View of M&A Announcements

Eunjoo Yi, University of Pittsburgh

Information disclosure by managers can be viewed as strategic behavior intended to influence the information receivers' perception of the firm, because of which the medium of disclosure is a highly consequential choice. This study examines the moderating effect of rich media, such as conference calls or webcasts, on the relationship between deal attributes and market response to M&A announcements. I hypothesize that rich media use can exacerbate the negative market response to deals that possess value-destroying characteristics, such as high relative deal size. In other words, the strategic disclosure perspective suggests that deals that are likely to be greeted poorly by the market will do even worse when announced using rich media. The main theoretical insight is that rich media announcements run the risk of magnifying negative deal attributes and thus influence investor response. Data on M&A announcements made by S&P 500 companies from 2005 to 2011 supports the hypotheses.

SESSION 383

#### **GLOBALIZATION OF R&D: IMPLICATIONS FOR** LEARNING AND INNOVATION

TRACK G, TRACK	( I Date	Tuesday, Sep 23
	Time	08:00 – 09:15 h
Common Ground	d Room	Glasgow
Facilitator	Felipe Monteiro, INSEAD	

#### **Costs and Performance Implications from HQs** Intervention in Subsidiaries' Affairs

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

This paper focuses on HQ intervention and the costs associated with it. Extant literature specifies HQ interventions in areas such as organizing lateral knowledge transfers, strategic planning, support functions, transfer of knowledge to subsidiaries, control mechanisms as means to reduce incentive problems. We link MNC organization with the magnitude of HQ intervention in subunits' affairs, and examine types of costs such meddling gives rise to. This gives us the possibility of teasing out how increased costs of specific intrusions will affect the net value of HQ action. HQ intervention effects the motivation of subunits and influences the different types of costs. We argue that the scope and type of intervention as well as subsidiary characteristics affect the severity of cost increases, ultimately influencing MNC performance.

#### Is Offshoring an Expeditor of Negative or Positive **Process Innovation Performance: The Role of Distance** and Interdependencies

Edward Gillmore, Mälardalen University

This paper submits that research on offshoring of R&D has focused mostly on the empirical phenomenon's under-lying offshoring's strategic drivers and less on extending our understanding of how the MNC reconfiguration impacts operational performance and process innovation performance. So as to theoretically frame the implications of the organizational reconfigurations and process innovation, brought about by offshoring R&D, this proposal centres on the interplay between interfaces, interdependencies and distance. Offshoring of R&D requires global reconfigurations, which in turn strain coordination due to boundary changes, and distance (in this proposal geographic and institutional distance). This increases the complexity placed on the global division and coordination of R&D activities and subsequently process innovations and calls for further investigation of organizational reconfigurations.

#### **Key Factors for Innovation Deployments within MNEs**

Sihem Ben Mahmoud-Jouini, HEC-Paris

Florence Charue-Duboc, Management Research Center

Deploying innovations among subsidiaries is difficult when innovations are based on tacit and complex knowledge. It is even more challenging when subsidiaries are autonomous and when innovations require the leveraging of local knowledge, such as the client's one. Our objective is to study the factors that favor such deployments. Based on a multicases analysis, we suggest inductively five factors that foster the internal and external embeddeddness of the subsidiaries favoring innovation deployments: the identification of a local hero leading the deployment and consolidating the associated knowledge, the formation of an experts' network for each innovation coordinated by the local hero, the identification of a market champion to coordinate cross-subsidiary sales forces, the development of local partnerships with complementors whilst maintaining an inter-subsidiary coordination, and implementing the innovation for the first time in a subsidiary capable of initiating the deployment dynamic

# Product Modularity and Firm Performance in Global R&D Organizations: The Mediating Role of Coordination

Marco Zeschky, University of St. Gallen

The "fine-slicing" of the value chain is also evident in the context of international research and development (R&D) organizations, where distinct value chain activities such as the development of components, modules, and systems are offshored and performed in different countries. However, the increased dispersion of R&D activities necessitates the integration of these activities, thereby increasing the worldwide coordination efforts. In this article, we investigate how different types of product architectures, measured by their degree of product modularity, affect firm performance in internationally dispersed R&D organizations. We use hierarchical multiple regression to test the hypotheses. The findings indicate that the relationship between product modularity and firm performance is mediated by the formal and informal coordination mechanisms that these firms use to integrate their dispersed R&D activities.

#### R&D Offshoring and Knowledge Exploiting versus Augmenting Motives: The Role of Talent Shortage at Home

Niccolo Pisani, *University of Amsterdam* Joan E Ricart, *IESE Business School* 

Companies have increasingly invested in international R&D. Extant research documents that such investments are generally triggered by the desire to exploit firm-specific advantages possessed at home or to augment existing knowledge by sourcing new competencies abroad. In this paper, we contend that both motivations play a role in shaping R&D offshoring. We also posit that the knowledge-exploiting argument has represented the initial rationale and still remains the strongest driver. Moreover, we postulate that managers' perception of a shortage of talent at home mediates the association between these motives and the decision to offshore innovation activities, being the mediation stronger in the knowledge-augmenting case. We validate our hypotheses using a database of 1,859 offshoring implementations executed by 555 multinationals headquartered in the U.S. and Western Europe.

#### Strategic Responsiveness to Institutional Change

Luis Dau, Northeastern University

This paper combines notions from the POST Model of Economic Geography and Learning Theory from International Business to study how firms may enhance their responsiveness to institutional processes and changes through different forms of international learning. Focusing on one form of institutional changes, namely pro-market reforms, we analyze how firms may boost the potential benefits from such changes through international strategies that increase their access to knowledge spillovers and absorptive capacity. These strategies include internationalizing through joint ventures, acquisitions, subsidiary network control, industry diversification, enhancing innovation capabilities, subsidiary network centralization, institutional exposure, and extant experiential knowledge.

SESSION 259

## INSTITUTIONALIZING INNOVATION: NORMS, STATUS AND LEGITIMACY ISSUES

TRACK I	Date Time	Tuesday, Sep 23 08:00 – 09:15 h
Paper	Room	Paris
Session Chair	Brent Clark, <i>University of South Dakota</i>	

## Hell's Kitchen: Sanctioning Violations of Norms of Knowledge Use in Gourmet Cuisine

Giada Di Stefano, *HEC Paris* Andrew King, *Dartmouth College* 

Theory suggests that social exchange is facilitated when actors are more likely to sanction violations of social norms. Previous research on exchange behavior has examined the effect of sanctions on norm violators. We instead consider the effect of anticipated sanctions on the behavior of a potential norm enforcer. We combine qualitative evidence with insights from prior literature to predict when actors expect to sanction violations and how this anticipation is related to social exchange. We test our predictions using a scenario-based field experiment administered to

Italian chefs. We show that both social and individual factors influence the intention to sanction a norm violation. Notably, we find evidence that when actors are more likely to sanction violations, they are less likely to participate in social exchange.

# Irrational Resistance or Irrational Support? The Effect of Status on Project Performance and Performance Extremeness

Balazs Szatmari, *Erasmus University - Rotterdam* Dirk Deichmann, *Erasmus University - Rotterdam* Jan Van den Ende, *Erasmus University-Rotterdam* 

In this study, we explore the effects of project leader status in new product development projects. We predict that status has a curvilinear effect on project performance and a positive effect on performance extremeness. In order to test our hypotheses, we analyzed social network data retrieved from an extensive online database of videogames. We find that project leader status increases project performance up to a certain point after which it decreases performance. Further, status increases the variability of project performance, that is, it leads to more extreme performance in both directions. Our study offers important insights for both theory and practice into the role of project leaders and how they affect performance.

### The Interplay of Legitimacy Gains and Technical Gains in the Adoption of Social Media

Brent Clark, University of South Dakota

Technical improvements and enhanced legitimacy are two benefits that might accrue to firms that adopt new practices. These distinct benefits have been treated in isolation in the literature, but I argue they are not isolated at all and interact in their impact to firm performance. I build upon recent findings that firms desire both legitimacy and technical gains regardless of adoption timing. By utilizing strategic alignment to proxy for adoption motivation, I separate the two adoption logics and examine whether they are both achievable and whether they interact. I utilize data on the adoption of Facebook, Twitter, and YouTube by manufacturers of branded apparel and find that some firms achieve technical and legitimacy gains and that the two positively interact to enhance one another.

# Why do Category Labels Stick? Industry Evolution and the Battle for Categorical Dominance

Fernando Suarez, Boston University Stine Grodal, Boston University Diego Zunino, Boston University

Despite recent research on categories, little is known about what drives the adoption of category labels in emerging industries. Using data from the smartphone industry we track firms' adoption of category labels from 1998 to 2011. We argue and find support for a trade-off between the degree of familiarity and originality in labels, and show that these are not two ends of a spectrum, but represent distinct dimensions. The labels that diffuse most widely are, therefore, the ones that balance both familiarity and originality simultaneously. In other words, successful category labels are familiar, but not too familiar to be uninteresting, and original, but not too original that stakeholders cannot relate to them. We discuss the implications of our findings for theory building and firm strategies.

SESSION 273

### FROM INTERNAL RESOURCES TO CUSTOMER NEEDS

TRACK I	Date	Tuesday, Sep 23
	Time	08:00 – 09:15 h
Paper	Room	Lisboa
Session Chair	Pinar Ozcan, <i>University of Warwick</i>	

# Innovation as Value Creation: Unveiling the Microfoundations of Resource-Customer Interaction for Strategy Studies

Paola Cillo, *Bocconi University* Gianmario Verona, *Bocconi University* Paola Zanella, *Bocconi University* 

We develop a model of resource-customer interaction for ideating, developing, and diffusing innovations. Innovation is a critical phenomenon for value creation. While accounts of resources and competences for innovation abound, we lack an understanding of the

strategic and organizational actions firms take to increase consumers' willingness-to-pay. As a consequence, we lack a coherent integration of the producer- and demand- sides of strategy, an integration that would allow us to fully understand how to create value by connecting resources to customers. Our extensive review of the Consumer Behavior, Marketing, and Strategic Management literatures identifies and presents the extant schools of thought, unveils specific prescriptions on the innovation process, and integrates these findings into a set of propositions. We also discuss the implications of a demand-based perspective (see Priem, 2007) for Strategic Management.

## Organizing for Innovation: The Varying Needs of Supply-Side and Demand-Side Search

Alexander Zimmermann, *University of St. Gallen* Laura B. Cardinal, *University of Houston* 

Successful innovation requires distinct types of search in different domains. However, we know little about how an organizational context can accommodate varying search processes. Based on a Qualitative Comparative Analysis (QCA) of 15 work units at three major corporations, we find that a work unit's formal structure and informal culture appear to be associated with exploitation or exploration in the technology-oriented supply-side search domain, while its target system and monitoring system are associated with different search types in the market-oriented demandside domain. Our findings allow us to contribute to search theory by providing insights on how different search types may be accommodated across search domains. Furthermore, we contribute to nascent organizational ambidexterity research by introducing organizational-level antecedents for cross-functional ambidexterity.

## Resource-Based and Demand-Side Drivers of Resource Value in Innovation Projects

Thomas Keil, *University of Zurich* Konstantinos Kostopoulos, *University of East Anglia* Evangelos Syrigos, *University of Zurich* 

Resource value is among the most debated concepts in the resource-based theory. In this paper, we refine and test recent arguments that resource value is a function of a resource's ex ante standalone value, the presence of complementary resources, and demand-side factors using a dataset of all new patented molecules by the 38 largest pharmaceutical corporations in the US market during 1980-1990. We find a positive direct effect of standalone technological value of a new patented molecule on the likelihood to enter clinical trials. We further find that the level of demand and the firm's position in the therapeutic class positively moderate the relationship between standalone technological value and the likelihood of entering clinical trials, whereas the scientific and technological strengths negatively moderate this relationship.

#### What Drives Organizational Innovativeness? A Meta-Analytic Review of Strategic Orientations

Priscilla Sarai Kraft, *Justus-Liebig University Germany* Andreas Bausch, *University of Giessen* 

Due to the growing importance of organizational innovativeness as a source of competitive advantage, the impact of a firm's strategic orientations on innovativeness has been subject of extensive research. However, empirical findings have revealed inconsistent and fragmented results. Therefore, our understanding of how organizations can successfully foster innovativeness remains limited. Hence, the aim of this study is to quantitatively synthesize empirical findings of the relationships between strategic orientations (market orientation, learning orientation and entrepreneurial orientation) and innovativeness from over 20 years of research through meta-analytic methods supplemented by multivariate analyses. Drawing on our preliminary results from 40 studies, covering 12,437 firms, we find overall significant positive relationships which are influenced by moderating factors, indicating e.g., that strategic orientations enhance different stages of the innovation process.

SESSION 345

# SOCIAL INTERACTION AND BOUNDARIES IN STRATEGY PRACTICE

 TRACK J
 Date Tuesday, Sep 23

 Time
 08:00 – 09:15 h

 Paper
 Room
 Monaco

 Session Chair
 Carola Wolf, Aston University

#### Strategy Talk: How Conceptual Space Creates Strategy Implementation Outcomes

Hanna Lehtimaki, *University of Eastern Finland* Tojo Thatchenkery, *George Mason University* Ilkka Asikainen, *University of Eastern Finland* 

This paper discusses the way by which strategic management speech acts construct conceptual space for implementing a strategic agenda. The study was conducted in two internationally operating manufacturing companies based in Europe both of which had set a strategic agenda of increased customer orientation. Ethnomethodological analysis was conducted on interview data collected from managers. Four framings, naïve criticism, emphatic, analytical, and commercial repertoire, were identified in the managers' talk about the employees working the customer interface. Each repertoire opens varying ways to view

the work of sales and maintenance personnel and managers and each repertoire translates into a different conceptualization of how to increase customer orientation and customer interaction.

#### Temporary Structuring: Zipping the Gap between Strategizing and Structuring in Practice

Paula Jarzabkowski, City University London Julia Balogun, Bath University Jane Lê, University of Sydney

We adopt a practice lens on the way that strategizing and structuring are entwined within and shape the implementation of a strategic change. We examine the association between strategizing and structuring at Telco, a large company undergoing a radical strategic change. Our longitudinal observational study examined how managers make sense of the new strategy and the new structure through the practices that they developed to implement each. Often the two seemed to involve quite separate practices, aimed primarily at either structural change, or at implementing the new strategy. Yet we also noticed that a repertoire of intermediary practices that formed a type of temporary structuring of the organization that enabled it to both hold together the existing business, even as it enacted the new one.

### The Communication Advantage: Investigating Impacts of Interim News Events

Duncan Angwin, Oxford Brookes University Maureen Meadows, Open University Basak Yakis-Douglas, University of Oxford

This study develops and tests a set of hypotheses on how to manage investors' evaluative uncertainty during M&A through a specific form of impression management, namely, interim news events. We suggest that voluntary disclosures are key in influencing investors' reactions during M&A. Empirical support for our theoretical arguments is shown in a sample of 36,376 deals and 163,023 associated interim news events carried out by NYSE and NSDQ listed organizations over 10 years. Our research contributes to literature on voluntary disclosures, impression management and managing M&A.

# The Great Promise of Open Strategizing: Searching For Evidence From Expert Organizations

Timo Santalainen, Aalto University Ram Baliga, Wake Forest University

Linear strategic planning practices offer little help in dealing with messy strategic issues that strategists face in high-velocity environments. Opening strategizing processes gives an opportunity to benefit from brainpower of unexploited intellectual resources. Inclusion of external and internal network resources is expected to lead to greater innovation impact and execution power. The objective of this study is to test concepts and tools of open strategizing that enhance inclusion of internal and external stakeholders. Tentative results

based on piloting open strategizing in two expert

organizations show that external strategizing ecosystems produce huge amount of innovative ideas. Internal inclusion by developing silo solvents demonstrates increased horizontal collaboration. The study raises also serious considerations for further development of open strategizing concepts and practices. These will be discussed in greater detail in the final presentation.

SESSION 224

## FUNDING AN ENTREPRENEURIAL VENTURE: WHAT WORKS AND WHAT DOES NOT?

 TRACK K
 Date
 Tuesday, Sep 23

 Time
 08:00 – 09:15 h

 Common Ground
 Room
 Moscu

Facilitator Sharon Matusik, University of Colorado-Boulder

## Black & White: Racial Differences in New Firm Financing

Alicia Robb, Ewing Marion Kauffman Foundation Robert Fairlie, University of California, Santa Cruz David Robinson, Duke University

This paper uses panel data from the Kauffman Firm Survey to examine racial differences in amounts and sources of startup capital and follow on financing of new white- and black-owned firms during their early years of operations. Black-owned businesses rely much more on owner equity than do white-owned businesses indicating that black-owned businesses face more difficulty in raising external capital. Direct evidence on average levels of external capital reveals large racial disparities between blacks and whites. Regression analyses indicate that racial disparities in the amounts and types of early financing between blacks and whites do not entirely disappear after controlling for differences in credit quality, human capital, and firm characteristics. These unexplained differences indicate that discrimination in lending markets and in business ownership may continue to persist.

# Crowdfunding for Entrepreneurial Ventures: The Role of Entrepreneurial Teams' Human and Social Capital

Evila Piva, Polytechnic University of Milan

In this paper, I examine the effects of both the social and the human capital of the individuals who propose a business project and will lead it on the success of an equity-based crowdfunding campaign. After formulating theoretical hypotheses on the effects of the two types of capital, I test the hypotheses using a sample of 134 entrepreneurial projects posted on the Italian equity-based crowdfunding platform SiamoSoci.

# Does Entrepreneurs' Passion Attract Funding or Backfire? The Moderating Role of Perspective Taking

Lin Jiang, *University of Missouri* Dezhi Yin, *University of Missouri* Richard Johnson, *University of Missouri* 

We examine how entrepreneurs' passion affects their performance in raising funding from investors, a topic on which the literature has not yet reached a consensus. Drawing upon theories on interpersonal effect of emotions, we argue that whether passion displayed by entrepreneurs positively or negatively affects investors' funding decisions depends on the level of social bond between the entrepreneurs and investors, and an entrepreneur can foster this social bond by taking the perspectives or standing in the shoes of potential investors. Our preliminary analysis of a random sample of 155 ventures listed on Kickstarter.com supports our hypothesis. The results suggest that passion may not always be the recipe for funding success and may even backfire, unless the entrepreneurs diligently take the perspective of potential investors.

## How do Venture Capitalists Affect New Ventures' Chances of Exit?

Roberto Ragozzino, ESADE Business School Dane Blevins, Binghamton University

This paper investigates how venture capitalists' involvement in new ventures affects the likelihood of entrepreneurial exit, either via an acquisition or an initial public offering. We examine the prominence of VCs, as well as the timing, duration and magnitude of their investments in new ventures. We find that each of these dimensions directly explains entrepreneurial exit, although their effects tend to differ depending

on whether the exit occurs via an acquisition or an IPO. These results withstand several robustness checks and offer a more precise account of how the relationship between new ventures and VC firms unfolds in the first years of the entrepreneurial cycle.

# Tangoing with Strangers or Friends: When Do VC Firms Syndicate with New Co-investors

Changqi Wu, Peking University Lin Zhang, Peking University

Instead of investing alone, venture capital (VC) firms tend to syndicate with each other. Compared with syndicating with co-investors that lie in the VC firm's incumbent network, syndicating with a new co-investor can bring not only new information and knowledge, but transaction costs as well. So the paper tries to illustrate when VC firms syndicate with new co-investors. We propose that the likelihood of introducing new co-investors decreases with the increase of the focal VC firm's network position and size. And such relationship conditions on the focal VC firm's industry experience and the geographic distance between target venture and the focal VC firm.

# What's in a Name? The Effect of Parent Firm Characteristics on Corporate Venture Capital Activity

Joseph Harrison, Texas A&M University

Research on corporate venture capital (CVC) has primarily focused on environmental and startup characteristic driving investment activity, such as intellectual property protection and resource needs, but has mostly overlooked how characteristics of the corporate investor impact CVC activity. We examine various characteristics that may influence CVC investment by attracting or repelling entrepreneurial partners. We argue that network strength, functional experience, and strong firm reputation represent desirable strategic benefits to startups, attracting entrepreneurial partners. However, overlap in term of industry, investment, and patents as well as particular interorganizational structures and large firm size increase perceived misappropriation risk, repelling entrepreneurial partners. Further, because entrepreneurs balance risks and benefits when deciding to partner with a particular investor, these characteristics should interact for an overall effect on CVC activity.

SESSION 236

# UNIVERSITIES, ACADEMICS AND INCUBATORS: THE ROLE OF ACADEMIC INSTITUTIONS IN SHAPING ENTREPRENEURIAL FIRM AND OUTCOMES

TRACK K

Date Tuesday, Sep 23

Time 08:00 – 09:15 h

Paper Room Estancia 311

Session Chair Douglas Miller, University of Illinois-Urbana
Champaign

### Industry and Regional Correlates of Academic Entrepreneurship: Evidence from Employer-Employee Linked Data

Rajshree Agarwal, *University of Maryland* Benjamin Campbell, *Ohio State University* Seth Carnahan, *University of Michigan* 

Scholarly knowledge of academic entrepreneurship has been shaped by studies that focus on select industries, universities, or regions, predominantly through data on technology transfer or patent licensing. In this study, we employ rich data derived from the Longitudinal Employer-Household Dynamics (LEHD) program at the US Census Bureau to examine the incidence of academic entrepreneurship across all industries, in 30 U.S. states, from 1994 to 2008. Our study examines how regional and industry characteristics interact to impact the geographic inflows and outflows of academic entrepreneurship at the industry-region level of analysis. Specifically, we examine the extent to which industry characteristics such as knowledge intensity and capital intensity interplay with location characteristics such as firm density and (dis)agglomeration economics to impact the incidence of academic entrepreneurship.

### Marked for Life?: Mobility Constraints and Entrepreneurship Decisions by Foreign Graduates in Science and Engineering

Martin Ganco, University of Minnesota

Prior studies show that the accumulation of experience in a more flexible and less constrained organizational context enables transitions to entrepreneurship. I focus on the constraints affecting the acquisition of knowledge as individuals make employment choices and move across organizations. I examine the timing of green cards received by foreign graduates of U.S. universities in science and engineering which allows isolating the effect of the constraints from the self-selection. I find that the student green card holders tend to be self-employed more often than the post-graduation green card recipients, transition faster and enter different domains. Immigrants who receive green cards shortly post-graduation are more likely to start a growth-oriented business in a field related to their degree (mostly in high-tech industries).

# Peering Inside Entrepreneurial Acceleration: What Is The Role Of Peer Effects On New Venture Outcomes in Accelerators?

Sheryl Winston Smith, Temple University Thomas Hannigan, Temple University Laura Gasiorowski, Temple University

In this paper, we examine the influence of peer effects in entrepreneurial accelerators on performance outcomes of new ventures. Accelerators have been found to impact the trajectories of new ventures as well as entrepreneurial learning. However, little is known about the mechanisms through which this occurs. We posit that the influence of networks formed within accelerator cohorts may extend beyond the intensive "boot camp" period of the program. We leverage a unique hand-collected dataset of startups and their founders that are funded by top entrepreneurial accelerators and a relevant counterfactual, angel investor groups. Our results suggest a strong cohort effect in accelerators that confers signaling, networking, and advisory benefits to portfolio firms and influences the likelihood of entrepreneurial exit by quitting and acquisition.

# Universities as Innovators: The Effects of Academic Incubators on Patent Quality

Peter Klein, *University of Missouri* Christos Kolympiris, *Wageningen University* 

Despite considerable interest, there is little consensus on the effectiveness of university incubators and other attempts to stimulate innovation. We argue that incubators compete for resources with technology transfer offices and other campus programs and activities that support innovation, so that establishing an incubator may or may not enhance the university's overall innovation portfolio. Using forward citations to measure patent quality, we examine the innovative output of US research-intensive universities from 1969 to 2012. Our preliminary results show that establishing a university-affiliated incubator leads to a reduction in the average quality of the university's patents, even when controlling for university and patent characteristics, university-specific unobservables, time, and the endogeneity of the decision to establish an incubator.

SESSION 218

## WILLING AND ABLE TO ENGAGE? FIRM INTERACTIONS WITH THEIR STAKEHOLDERS.

Session Chair	Lasse Peter Laursen, Copenha	gen Business School
Paper	Room	Rotterdam
	Time	08:00 – 09:15 h
TRACK M	Date	Tuesday, Sep 23

### Responding to the Challenge of Uncertainty: Stakeholder Sensing and Prediction of Emergent Strategic Issues

Lasse Peter Laursen, Copenhagen Business School Carina Antonia Hallin, Copenhagen Business School Torben Juul Andersen, Copenhagen Business School

We develop a conceptual framework of strategic responsiveness under uncertainty incorporating microfoundational sensing and seizing capabilities of dynamic capabilities. By definition uncertainty represents environmental conditions that are hard to foresee, which can catch the unprepared by surprise while presenting opportunities to the conscious organization. We argue that by aggregating stakeholder sensing and predictions of operational conditions across multiple levels, the firm can identify emergent strategic issues and formulate faster and more effective responses in the face of uncertainty and unpredictability. This suggested operational model provides corporate decision-makers with a proactive approach for timely and effective strategic responses to seize viable solutions to identified strategic issues.

### Stakeholder Engagement Capabilities to Explain M&A Performance Differences

Emanuele Bettinazzi, Bocconi University

Prior literature based on KBV highlighted acquiring firm's capabilities as key prerequisites for managing acquisition processes successfully and for capturing economic benefits. However, acquiring firm's capabilities have been prominently studied by adopting an internal perspective, often neglecting relational capabilities. This paper looks at the acquiror's capabilities to manage the acquisition processes and suggests that they are influenced by capabilities to manage relationship with stakeholders. We contend that heterogeneity in stakeholder engagement capabilities (SEC) of acquirors can help explaining heterogeneity of their performances in acquisition activities. Moreover we theorize that stakeholder engagement capabilities differ across different categories of stakeholders and their effects of acquisition capabilities are not homogenous. We tested our predictions on a sample of 5,462 acquisitions undertaken by US firms between 2000 and 2010.

### The Reconciliation of Agency and Stewardship Theories: Why Neither Theory Alone can Satisfy the Expectations of Internal Stakeholders

Monica Franco-Santos, Cranfield University Michael Nalick, Texas A&M University Luis Gomez-Mejia, Notre Dame University Pilar Rivera-Torres, University of Zaragoza

Agency and stewardship theories are often presented as opposed or contradictory. Scholars postulate that organizations either adopt stewardship-derived internal governance mechanisms or agency-derived internal governance mechanisms but not both. This paper suggests an alternative view. It argues that agency and stewardship governance orientations can coexist within an organization because internal governance mechanisms should fit the nature of various employment roles (i.e. tasks characteristics). Thereby, in collecting survey data from 1,017 staff from United Kingdom Higher Education Institutions, this study empirically tests the underexplored influences of organizational governance on internal stakeholders.

### Understanding the Stakeholder Legitimacy Undermining Rhetoric (SLUR): Firm Responses to Social Disapproval in Emerging Industries

Chethan Srikant, Western University
Jean-Philippe Vergne, University of Western Ontario

In this study, we develop a nuanced understanding of firm responses to social disapproval in emerging industries, characterized by market unpredictability and institutional instability. We introduce the concept of 'Stakeholder Legitimacy Undermining Rhetoric' (SLUR) and distinguish between direct SLUR (challenging the stakeholder directly) and Indirect SLUR (challenging the issues the stakeholders raise). Drawing upon Resource Dependency Theory and using the context of the emergence of LNG import terminals in the USA, we develop and test hypotheses that advance our understanding of SLUR. Preliminary evidence confirms that direct SLUR is impacted by stakeholder groups' potential for distraction and the relationship is moderated by the perceived economic benefit from the LNG project. Indirect SLUR is impacted by the diversity of stakeholder groups coalescing towards a particular issue.



### **NETWORKS OF COMPETITION AND COOPERATION**

Cossian Chair	Mitaball Kana Dutawa		units.
Paper	R	oom	Estancia 307
	Т	ime	08:00 – 09:15 h
TRACK N	D	ate	Tuesday, Sep 23

Session Chair Mitchell Koza, Rutgers University

### Competition and Firm Performance in a World of **Networks**

Dovev Lavie, Technion-Israel Institute of Technology

With the convergence of industries and blurring industry boundaries, conventional models for industry analysis and interfirm performance heterogeneity offer limited insights. Laying the foundation for competition network theory, this conceptual study suggests that a firm's network of competitive relations can affect its performance. Specifically, firm performance is predicted to decline with the intensity of competitive relations and degree centrality in the firm's competition network. In turn, the centrality of competitors enhances its performance, while structural equivalence of the firm and its competitors' relations mitigate this performance effect. Finally, variation in the intensity of competition is expected to generate an inverted U-shaped performance effect. Hence, the firm's position in its competition network and the nature of its competitive relations shape its performance.

### **Do Similar or Complementary Competitors form More Alliances? Distance Formation Determinants**

Sonya H. Wen, Tamkang University

Do similar or complementary competitors form more alliances? We proposed multidimensional distance determinants to explain why competitors form alliances, by applying the literature of competitive dynamics and resource-based view in the context of leaders competing in the same technology-intensive industry. Two competing hypotheses of resource similarity versus resource complementarity to increase the propensity of alliance formation between competitors were developed and tested by a sample of 600 firm-dyads of 25 semiconductor leaders in two decade-periods during 1990 and 2009. Extending the framework of competitive dynamics to cooperative alliances, this study provided the empirical evidence for resource similarity to increase not only competitive tension but also cooperative incentives between industry leaders.

### **Rivalry in Cooperative Environments: Collective** Organizational Identities and the Emergence of **Competitive Dynamics in Craft-Based Industries**

Cameron Verhaal, Tulane University Jake Hoskins, University of Utah

We study how competitive dynamics emerge in industries that have historically enjoyed a tacit and broad based cooperative environment. While a great deal of work has addressed specific cooperative firm behaviors (i.e., strategic alliances and joint ventures), less is understood about how organizational perceptions of cooperation and rivalry emerge. We focus on craft based industries (such as the microbrewery, artisan cheese, farm to table restaurant, and organic food industries) and argue that a cooperative environment, predicated on a collective organizational identity, allows these firms to thrive even in markets with high levels of rivalry. Moreover, we seek to identify the inflection point at which these cooperative markets become more competitive and contentious. Finally, the implications of firm-specific characteristics impact on these competitive dynamics are discussed.

### The Effect of Multimarket Contact on Alliance **Partner Selection**

Wonsang Ryu, Purdue University Thomas Brush, Purdue University

We investigate how multimarket contact between two firms influences the likelihood of alliance formation between them. Some may argue that when two firms compete across multiple markets simultaneously, they will become more competitive rivals and thus be less likely to cooperate. However, we claim that since multimarket contact reduces information asymmetry and enhances calculative trust between multimarket rivals, they can instead be better alliance partners to each other. We also argue that the positive effect of multimarket contact on the likelihood of alliance formation is more pronounced when two firms in a dyad lack prior ties and form alliances in hi-tech industries or in areas new to the both partners. Our hypotheses are supported by random-effects logit models based on 2,679,275 dyad-year observations.

SESSION 409

### INCREASING THE RELEVANCE OF STRATEGY

TRACK N, TRACK X	Date	Tuesday, Sep 23
	Time	08:00 – 09:15 h
Panel	Room	Roma 1

#### Session Chair

Laura Poppo, University of Kansas

Jeffrey Brown, Ernst & Young

Russell Coff, University of Wisconsin-Madison

Margaret Cording, IMD

Margaret Cording, IMD

Thomas Mellewigt, Free University of Berlin

Andrew Shipilov, INSEAD

A common feature of the ground breaking research on diversification, strategy, and structure was that both Chandler and Rumelt were trying to understand managerially relevant practices. This panel of managers and academics will probe 3 topics at the interface of strategy research and its relevance to managerial practice: 1) what are some of the current managerial challenges that strategy research has yet to address; 2) how can we make existing strategy research more relevant to managerial practice; and 3) what are strategies that academics have used to successfully develop connections with managers.

SESSION 467

### **PUTTING PRESSURE ON THE CEO**

TRACK O	Date	Tuesday, Sep 23
	Time	08:00 – 09:15 h
Common Ground	Room	Estocolmo
Facilitator	Gerry McNamara. Michigan State University	

### Corporate Downsizing: The Impact of Earnings

Ann-Christine Schulz, Free University of Berlin

While prior research has largely focused on economic and firm-specific factors as predictors for corporate downsizing, little is known about the role of the financial markets and its constituents on managers' decisions to downsize. In this study we propose that managers facing earnings pressure - the pressure felt by management to meet or beat analysts' earnings forecasts - will be more likely to undertake major corporate downsizing since downsizing can reduce a firm's cost structure and improve operational efficiency. Using panel data on S&P 100 companies for the 1990-2000 period, we find that earnings pressure has a positive impact on the probability of corporate downsizing. Moreover, our results show that earnings pressure is positively related to the extent of corporate downsizing at an increasing rate.

### Exploring the CEO-TMT Interface: CEO Generalized Self-Efficacy and the Strategic Decision-Making **Process**

Viva Bartkus, University of Notre Dame Michael Mannor, University of Notre Dame Craig Crossland, University of Notre Dame

This study investigates the impact of a CEO's level of generalized selfefficacy (GSE) on the CEO-TMT interface, and therefore the characteristics of important strategic decision-making processes within a firm. Building on implicit leadership theory, we hypothesize and find evidence that high levels of CEO GSE will be associated with lower levels of debate within the CEO's decision-making team, less reconciliation of TMT members' divergent opinions, and faster strategic decisions overall. We also provide evidence that these lower levels of TMT member engagement are viewed positively by TMT members, as CEO GSE is significantly associated with

lower TMT turnover intentions and higher organizational commitment. We test our hypotheses using self-report, team-report, and other direct-response data drawn from almost 100 leaders and 300 subordinates from major corporations.

### Firm-Specific Knowledge Assets and CEO Dismissal

Heli Wang, Singapore Management University Guoli Chen, INSEAD

Shan Zhao, Grenoble Ecole de Management

This study explores the effect of firm knowledge resource structure on CEO dismissal. We argue that a high degree of firm-specificity in a firm's knowledge resources is associated with the firm's greater commitment to its existing strategy and practices, such as key employment arrangements. To induce CEOs to invest in specialized human capital, firms with higher specificity in their knowledge structure need to provide job security to their leaders. Thus we would observe that an increase in firm knowledge specificity is associated with a lower likelihood of CEO dismissal. Furthermore, we predict that the level of firm diversification mitigates the negative effect of firm-specific knowledge on CEO dismissal, as CEOs are more removed from the deployment of knowledge resources with an increase in the level of diversification. We find empirical results consistent with these arguments.

## How Emotional Language Can Influence Investors and Analysts

Yuri Mishina, Imperial College London Nikos Dimotakis, Georgia State University Cynthia E Devers, Michigan State University Benjamin Alexander, Tulane University

Prior research has demonstrated that the informational content of externally-directed corporate communications can influence subsequent performance. What remains unanswered is whether or not how that information is discussed (i.e., the linguistic style) can influence how observers evaluate the firm if the informational content is held constant. The purpose of the present study is to begin to explicate the relationship between differences in linguistic style, evaluations of the firm, subjective valuations of the firm, and the firm's projected value. We seek to primarily contribute to the literature on strategic leadership and governance by explicating ways that leader communication shapes stakeholders' perceptions of firms using a combination of laboratory and archival approaches.

# Networks, Resources, Expansion and Blame: Conference Call Impacts

Vivien Jancenelle, *Cleveland State University* Susan Storrud-Barnes, *Cleveland State University* Richard Reed, *Cleveland State University* 

In this proposal, we are concerned with the impact of conference call discussions on a firm's immediate abnormal returns. We study the impact of four recurring conversation topics (strategic networks, assets and tangibility, firm expansion and attitude towards failure) on the firm's abnormal returns for the conference call period. We analyzed a preliminary sample 132 conference calls with a word-analysis software (DICTION) and calculated each firm's abnormal returns using the event-study methodology. Our findings suggested with statistical significance that references to strategic networks as well as blaming failures on external factors both influence a firm's abnormal returns positively.

# The Role of Coopetition in the Commercialization of Innovation

Jinqiu Cai, Loughborough University Anne Souchon, Loughborough University Paul Hughes, Durham University

Coopetition enables competing firms to expand markets, offer lower cost bases, and introduce new products while simultaneously allowing the cooperating firms to still compete. Drawing on the resource-based view and agency theory, this exploratory study examines whether and how coopetition strategy impacts on the commercialization of innovation. A qualitative approach is adopted by conducting 10 in-depth interviews with decision makers of UK firms. The data is analyzed using Miles and Huberman's (1994) approach. Results reveal that coopetition brings new resources and capabilities to companies, which facilitate the commercialization of innovation. However, the relationship between coopetition and the development of new resources and capabilities is potentially affected by two factors: opportunistic behaviour and mistrust. Findings are discussed and avenues for future research presented.

SESSION 428

### **MANAGING EXTERNAL DEPENDENCIES**

 TRACK O
 Date Tuesday, Sep 23

 Time
 08:00 – 09:15 h

 Paper
 Room
 Helsinki

 Session Chair
 Laszlo Tihanyi, Texas A&M University

## **Board and Board Committee Responses to Environmental Uncertainty**

Orhun Guldiken, Old Dominion University Daanish Pestonjee, University of Arkansas Alan Ellstrand, University of Arkansas

By using resource dependence theory, this paper examines how organizations use their board of directors and board committees to mitigate environmental uncertainty. By using a randomly selected panel data from 129 Fortune 500 firms between 2002 and 2006, we found that organizations that face high levels of environmental uncertainty increase their board and board committee meeting frequency. Our results also show that there is a negative link between environmental uncertainty and multiple directorships of board members. This study provides a nuanced understanding of board-level tactics that organizations use as a response to environmental uncertainty.

### **Board Pundits: A Resource Dependency Perspective**

Carolin Hagen, BI Norwegian Business School Amir Sasson, BI Norwegian Business School

Firms employ full absorption, partial absorption and political strategies to manage their external dependencies. Political strategies have received only minor academic attention. We study corporate political activity through board composition over time in the context of substantial regulatory change. We advance the construct of board political capital and explicate the conditions under which the level of board political capital changes and the condition under which board political capital affects firm performance.

### Knowledge Dependence and the Formation of Director Interlocks

Michael Howard, Texas A&M University Michael Withers, Texas A&M University Laszlo Tihanyi, Texas A&M University

Resource dependence theory posits that director interlocks are important means for firms to manage their external dependencies while gaining access to critical resources. Since the development of resource dependence theory, however, the technology-driven economy has emerged in which knowledge has increased in importance and is now recognized as a critical resource for developing and sustaining competitive advantage. In our proposed study, we intend to examine the resource dependence role knowledge may play in directing interlock formation. We introduce three forms of knowledge dependence—competitive, institutional, and technological—and using a sample of technology-based firms test the influence of knowledge dependencies on the likelihood of director interlock formation.

### Proxy Advisors as Gatekeepers of Shareholder Dissent: A Multilevel Investigation of Influence and Effectiveness

Steve Sauerwald, *University of Illinois-Chicago*Marc van Essen, *University of South Carolina*Johannes Van Oosterhout, *Erasmus University - Rotterdam*Mike Peng, *University of Texas-Dallas* 

Proxy advisors are gatekeepers that provide voting recommendations to shareholders. While proxy advisors are becoming more influential, we have little evidence of how they influence shareholder dissent outside of the US context. Drawing on resource dependence theory, we examine the organizational and institutional factors that affect shareholder's dependence on proxy advisor recommendations. Based on a multilevel analysis of 13,627 voting results from 16 Western European countries, we theorize that organizational factors substitute for proxy advice by providing internal governance resources capable of remedying agency problems. Moreover, we suggest that institutional factors affect shareholders' strategic behavior, either promoting

trading or monitoring roles. Finally, we document that



the quality of proxy advice differs cross-nationally and is less predictive of agency problems in relationship-based than in market-based contexts.

SESSION 358

### **COGNITIVE PROCESSES IN STRATEGY**

Facilitator	Siggi Gudergan, University of Newcastle		
Common Ground	Room	Oslo	
	Time	08:00 – 09:15 h	
TRACK P	Date	Tuesday, Sep 23	
TRACK P	Date	Tuesday Sen 23	2

## Cognition Under Uncertainty: Empirical Evidence from an Investment and a Central Bank

Timo Ehrig, Max Planck Institute for Mathematics in the Sciences Konstantinos Katsikopoulos, Max Planck Institute for Human Development

In virtually all economics and finance, reasoning and decision-making in banking is studied by using models that represent uncertainty as a probability distribution. But in practice bankers face problems where uncertainty cannot be fully handled by probability as when it is not clear how to revise an economic theory, team members disagree on forecasts or policy, information has to be extracted from prices and possible reactions of other players are not known. Which ways of coping with uncertainty do practitioners use? To find out, we conducted in-person, in-depth, semi-structured interviews in two leading investment and central banks. We identify a multitude of coping ways beyond probability and discuss their functionality and adaptive use.

### Doing the Same Thing: The Impact of CEOs' Characteristics on Patterns of Company Strategies' Similarities

Massimo Garbuio, *University of Sydney* Daniele Mascia, *LUISS Guido Carli University* 

Defining and implementing innovative strategies is of quintessential importance for company's survival and growth. However, competitors' imitation practices are not uncommon. Similarities may be unintended, but they may be also the result of similarities in executives' profiles. Having studied in the same business schools and having a similar career path may lead executives to see the world in a similar way and therefore adopt similar strategic choices. Using a dyadic approach, this study aims to investigate the relationship between CEOs' career histories and strategic similarities. Preliminary results from the retail industry point toward evidence that prior experience that top managers gathered within and outside the industry play a major role in predicting the similarity of strategies across companies in the this industry.

## Effects of Holistic and Analytic Attention on Firm Responsiveness and Exploration

Seung-Hyun Rhee, Northwestern University William Ocasio, Northwestern University

This study examines an unexplored cognitive mechanism--holistic and analytic attention--to explain how firms are able to create new business opportunities and also respond to them in a timely manner. Drawing on psychological studies on cognition, we consider that decision makers engage in cognitive search by attending to particular objects or events either holistically or analytically and propose two hypotheses. First, decision makers with holistic attention are more likely to respond to the emergence of new business opportunities in a timely manner than those with analytic attention. Second, decision makers with analytic attention are more likely to create new business opportunities than those with holistic attention. This proposal introduces topic modeling techniques to measure each firm's holistic or analytic attention using its shareholder letter.

### Making Complex Strategic Decisions: An Attention Load Perspective on Dynamics and Impact of Decision Context

Emmanuelle Reuter, University of St. Gallen

This paper advances both constraining and enabling attention load dynamics when executives make complex strategic decisions, in order to contribute a more fine-grained understanding of attention capacity limitations in complex settings. We argue that internal and external context factors –decision characteristics, decision frames and decision support- interact in complex ways to predict decision-makers' ability

to develop a comprehensive and transferable mental model of the surrounding decision situation. The process framework highlights how extrinsic, intrinsic and germane attention load interact and compete for finite attention capacity. We wish to contribute to attention, strategic decision-making and upper echelons research.

# Microfoundations of Strategy: Potential, Challenges and Implications

José F. Molina-Azorin, *University of Alicante* María Dolores López-Gamero, *University of Alicante* Jorge Pereira-Moliner, *University of Alicante* 

Over the last ten years, a new stream of research has emerged in the field of strategic management, namely microfoundations. The microfoundations and behavioral project in strategy examines strategic topics studying their foundations rooted in individual actions, characteristics and interactions. The main purpose of this paper is to examine this literature of microfoundations through a systematic literature review. This paper contributes to the field of strategy by identifying the main characteristics of the microfoundations approach, the areas studied, the benefits and potential of this approach to improve strategy research, and some limitations and challenges that must be overcome to advance this microfoundations project.

## The Degree of Analysis of New CEOs' Cognitive Reasoning and Firms' Cash Holding Strategy

Qingan Huang, City University London Naaguesh Appadu, City University London

Based on the cognitive continuum theory (CCT), this research advocates that new CEOs' cognitive reasoning provides new explanations for the mechanism behind the cash holding phenomenon. It is down to CEOs to appreciate the needs and the risks associated. This study examines the relationship between the level of analysis (LoA) in new CEOs' cognitive continuum and the cash holding policies; it suggests that LoA will increase firms' cash holding level because LoA tends to raise the calculated transaction costs, the management controls, the uncertainty avoidance behaviors and the opportunity costs. Using a psycholinguistic approach and computer aided text analysis (CATA) technique, empirical results of this longitudinal study support these claims for non-financial and non-utility firms in the FTSE allshare index.

SESSION 362

### **SEARCH FOR BETTER STRATEGIES**

TRACK P	Date	Tuesday, Sep 23
	Time	08:00 – 09:15 h
Paper	Room	Roma 2

Session Chair Zur Shapira, New York University

# A Comprehensive Theory of Behavioral Search: The Role of Industry and Firm Specific Characteristics

Hossein Mahdavi Mazdeh, *University of Calgary* Jim Dewald, *University of Calgary* 

Behavioral theory of the firm has been popularly applied to explain innovation and organizational search. We propose that while behavioral theory lays a foundations for the study of firm search, the full extent of theory's insights are not yet explored and search has been often reduced to specific searches such as R&D without enough theoretical justification. We develop and empirically test a comprehensive model, specifically focusing on the linkage of search activities to different contexts and situations (i.e. industry and firm characteristics). Using prior research, we show why problemistic search can lead to specific investments in R&D, operations, or acquisitions, depending on the context. We contribute to the literature by providing a comprehensive model, and elucidating a more granular linkage between stimulus, search, and action.

## Futures Prices and Behavioral Search in the North American Energy Industry

Ayesha Malhotra, *University of Calgary* Hossein Mahdavi Mazdeh, *University of Calgary* 

In this study, we look at forward-oriented behavioral search in the context of the North American oil and gas (O&G) industry. We investigate the effect of futures prices on O&G firms' R&D search behavior. Consistent with Chen (2008), we show that backward search increases with the distance of past performance below a firm's aspiration level. Also, firms whose performance exceeds their aspiration level reduce their search, consistent with behavioral theory arguments. We also show that: (a) when the future performance gap is expected to be positive, firms will attend to their past performance gap is expected to be negative, firms will reduce their attention to exploratory search as a solution for past performance gaps.

# Horizontal Informal Knowledge Sharing and the Effects of Exploration and Exploitation on Organizational Performance

Ji-hyun Kim, *Yonsei University* Zur Shapira, *New York University* 

Previous research has shown that knowledge sharing within an organization is important to the effects of exploration and exploitation on organizational performance. In this paper, using a computational approach, we examine one of the less studied relationships: the influence of horizontal informal knowledge sharing on the implications of exploration and exploitation on organizational performance. In particular, among various facets of horizontal informal knowledge sharing, we focus on the case where individuals exhibit preferences for homogeneity in gaining knowledge from others. By showing that exploration can hurt organizational performance under individual preferences for homogeneity, we identify a new mechanism by which too much exploration can backfire in addition to those previously suggested.

### Revisiting Adaptation on Rugged Landscapes: Role of Experiential Search and Imitation

Aleksandra Rebeka, *University of North Carolina-Chapel Hill* Rajat Khanna, *University of Noth Carolina-Chapel Hill* 

Research in strategy has argued that organizational diversity is determined by the ruggedness of the fitness landscape. The more rugged the landscape is, the larger is the set of dominant forms that emerges due to organizational adaptation and selection. However, we argue that relationship between organizational diversity and structure of the fitness landscape is not universal but depends on the nature of organizational adaptation. By introducing experiential search and imitation, we are able to support our argument. We show that these processes substantially change the dynamics. Imitation diminishes the differences in organizational diversity across landscapes with varying degree of interdependency. Moreover, imitation and experiential search together lead to faster rate of decrease in organizational diversity in more rugged landscapes, a finding contrary to previous research.



### PLENARY TRACK, EXECUTIVE DISCOVERIES **SERIES**

TRACK Q, TRACK X Date Tuesday, Sep 23 Time 09:30 - 10:30 h Room Madrid

**Plenary Session** 

**Granularity of Profit** 

Speaker

Martin Hirt, McKinsey & Company



Martin Hirt leads Mckinsey's Strategy and Corporate Finance Practices in Asia. Over the past two decades, he has advised Asia-based and multinational companies on a variety of issues including emerging-market growth strategy, cross-border M&A and merger management, business-model innovation, end-to-end transformation, pricing strategy,

and culture change. In addition, Martin Hirt has extensive expertise in the advanced electronics and high-tech industries, covering the entire value chain-including components, semiconductors, and flat panels; original design manufacturers (ODMs) and electronics manufacturing services (EMS) providers; branded PCs, TVs, and mobile devices; and telecom services. He has also counseled Internet businesses on advanced analytics, capability building, and the creation of disruptive online strategies. As part of his client service, Martin Hirt has also helped spearhead the creation of new advanced-analytics toolkits. Furthermore, he has played a critical role in developing and expanding McKinsey's Strategy Academies, a series of half-day workshops for C-level executives. He is the author of several articles on strategy and the Asian business landscape. He joined McKinsey in 1993 and has been based in Asia since 1998.

10:30 - 11:00 **COFFEE BREAK** 

### BEYOND THE LONGITUDINAL--PANEL ANALYSIS

TRACK R Tuesday, Sep 23 11:00 - 12:15 h Estancia 311 **Paper** Room

**Session Chair** Aaron Hill, Oklahoma State University

#### A General Approach to Panel Data Set-Theoretic Research

Roberto Garcia-Castro, IESE Business School Miguel A. Ariño, IESE Business School

Management research based on general linear statistical models has been rapidly moving toward a greater and richer use of longitudinal (panel data) econometric methods able to cope with critical issues such as endogeneity and reverse causality. By contrast, set-theoretic empirical research in management, despite its growing diffusion, has been solely focused on cross-sectional analysis to date. This article covers this void in longitudinal set-theoretic research. We provide a general framework in which consistency and coverage can be assessed both cross-sectionally and across time. The suggested approach is based on the distinction between pooled, between and within consistency and coverage, which can be computed using panel data. We use KLD's panel (1991-2005) to illustrate how this approach can be applied in the context of longitudinal research.

### **Causal Inferences in Small Samples using Synthetic** Control Methodology: Did Chrysler Benefit from **Government Assistance?**

Guy Holburn. University of Western Ontario Adam Fremeth, University of Western Ontario

We introduce synthetic control analysis to management research. This recently developed statistical methodology overcomes challenges to causal inference in contexts constrained by small samples or few occurrences of the phenomenon of interest. Synthetic control constructs a replica of a focal firm based on a weighted combination of untreated firms with similar attributes within the sample population. The method quantifies the magnitude and direction of a treatment effect by comparing the actual performance of a focal unit to its counterfactual replica without treatment. As an illustration, we assess the impact of government intervention in the auto sector on the performance of Chrysler which, following the financial crisis, accepted government support in return for Treasury oversight. The synthetic Chrysler we construct sold 29% more vehicles in the U.S. than did the actual firm during the intervention period.

### Co-location and Performance: Learning and Resource Sharing in US hotels 1977-2007

Robert Seamans, New York University Evan Rawley, Columbia University

Within-firm effects of co-location are important, but understudied. We know little about why co-location matters—whether the benefits are primarily derived from one-time learning (stock) effects or ongoing resource sharing (flows). We study co-location in the context of the U.S. hotel industry 1977-2007 and show how positive and negative treatment effects can be used to disentangle learning from resource sharing effects. We find that co-location improves productivity in existing hotels by approximately 3.5%, with two-thirds of the effect due to one-time learning effects. The effect is particularly strong when firms add hotels in markets where their competitors are making productivity advances. The results suggest that new establishments drive positive within-firm colocation effects by teaching existing establishments new approaches and techniques that they would otherwise miss.

### **Examining the Influence of Endogeneity when Testing** Interactions

Michael Withers, Texas A&M University Trevis Certo, Arizona State University Matthew Semadeni, Arizona State University

We use simulations to examine how endogeneity influences the testing of hypothesized interactions. Our results indicate that ordinary least squares (OLS) regression reports unbiased coefficient estimates for interactions, even when the independent and/or moderator variable is endogenous. In contrast, our simulations indicate that two-stage least squares (2SLS) approaches rarely achieve the statistical power necessary to detect statistically significant relationships when testing interactions. Although OLS regression produces unbiased coefficient estimates for interaction terms, endogeneity biases the coefficient estimates for the main effects of the components of the interactions (i.e., independent and/or moderator variables). Based on our results we provide a series of recommendations for researchers investigating interactions.

SESSION 447

### **BUSINESS MODEL DESIGN**

Session Chair	Xavier Martin, Tilburg University	
Paper	Room	Londres
	Time	11:00 – 12:15 h
TRACK A	Date	Tuesday, Sep 23

### A Technique for Tracking Business Model Renewal

Sergejs Groskovs, Aarhus University John Ulhoi, Aarhus University

Ever since the first calls for development of applicable methods to study business model evolution (Pateli & Giaglis 2004), not much progress has been made. This paper proposes a suitable technique to track the evolution of a firm's business model. The technique is based on a systematic content analysis of available information that is normally disclosed to the public by firms listed on a stock exchange. The technique relies on the activitybased view of the business model and uses the value chain concept and the typology of business model change to structure collected data. While certainly not without limitations, the technique is useful for longitudinal studies of business model evolution conducted retrospectively.

### **Business Model Change: Motives and Decision-**Making

Koen van den Oever, Tilburg University Xavier Martin, Tilburg University

We study and differentiate between two different types of business model change, namely business model addition and business model redesign. In business model addition, organizations add activities to their portfolio of activities which involves a new set of customers. In business model redesign, the governance of the activities of the organization is altered as to exploit different sources of value creation. We study the motives, stages, and processes whereby organizations decide to change parts of their business model and how these differ across the two business model change types. Through case study, we examine two organizations in a unique context, water authorities in the Netherlands, which are changing their business model by adding activities and changing the governance of activities.

### **Hybrid Business Models for Sustainability: A Business Model Design Perspective**

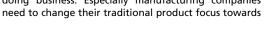
Patrick Spieth, EBS University Rüdiger Hahn, University of Kassel

Hybrid business models pursuing social or ecological goals besides purely economic ones receive ever growing attention in business and academia. Hybrid businesses often employ a distinct focus on innovative approaches and implement novel elements of business model design to reach their multiple goals. Although recent scholarly work has begun to address the important role of design in the entrepreneurship process, relatively little is known about the business model design for hybrid business models. Empirical scholarly research on hybrid businesses in general only recently accelerated and so far still seems to be in its infancy. We aim to fill this gap by means of multiple qualitative case studies. We specifically identify peculiarities of hybrid business models with regards to business model design elements derived from literature. The paper adds to the prevalently vague understanding of the business model design phenomenon by identifying several distinct types of business model design and elements.

### **Product-Service Transition and the Emergence of** Value Creation Networks: Consequences for Business **Model Design**

Birgit Daxboeck, Otto von Guericke University Magdeburg Sven M. Laudien, Otto von Guericke University Magdeburg

Changing environmental conditions force firms to rethink their way of doing business. Especially manufacturing companies



a stronger service focus in order to remain competitive. This paper aims at understanding how this product-service transition affects firms' business models - or to be more precise how these business models are designed and whether they are similar to or different from each other. We conduct a multiple-case study in order to shed light on this topic. Our findings contribute to literature on business models and service management as they provide evidence that business model design elements are influenced by the paths of a firm's product-service transition.

SESSION 403

### **UNDERSTANDING NETWORK STRUCTURE AND CHARACTERISTICS**

Session Chair	Floortje van den Born, VU Un	niversity Amsterdam
Paper	Room	Malta
	Time	11:00 – 12:15 h
TRACK B	Date	Tuesday, Sep 23

Floortje van den Born, VU University Amsterdam

### Coinventing Networks and Star Inventors: The Impact of Knowledge Integration on Firm Innovation **Performance**

Jifeng Yu, University of Nebraska-Lincoln Kun Liu, Wayne State University

Research examining intraorganizational networks has largely focused on the impact of such networks on individual performance and overlooked their roles in organizational processes. Drawing on the knowledgebased view of the firm and research on network effectiveness, this paper presents a knowledge integration framework to better understand how the intraorganizational coinventing network - a direct work context through which inventors interact for creativity - affects firm innovation performance. The results of a sample of U.S. pharmaceutical firms reveal that firm innovation is strongly associated with three properties of the coinventing network (coinventing team size, innovation dispersion, and network cohesion). Our results also show that the effect of star inventors is context-dependent. The size of the coinventing team and network cohesion moderate the influence of stars on technology breakthroughs.

### **Multiple Project Memberships and Informal Advice** Seeking in Knowledge-Intensive Firms: A Multilevel **Network Perspective**

Julia Brennecke, Albert-Ludwigs-University of Freiburg Olaf Rank, Albert-Ludwigs-University of Freiburg

We investigate how employees' memberships in multiple project teams interact with their advice ties in the context of corporate R&D. Drawing on research on the structuring principles of membership networks and interpersonal networks, we discuss mechanisms that are supposed to cause cross-level interdependencies between the two types of networks. To identify the structure-generating mechanisms predominating in knowledge-intensive organizations we apply exponential random graph models for multilevel networks to relational data collected on 434 employees and 218 project teams in a high-tech firm in Germany. Our results show that knowledge workers sharing project memberships create advice ties to each other but do not exchange advice reciprocally. In addition, we find negative interactions between the number of projects employees work on and seeking or providing advice.

### Networks, Attention, and Good Ideas: Taking Advantage and Overcoming the Liability of **Social Structure**

Seung-Hyun Rhee, Northwestern University Paul Leonardi, Northwestern University

This study examines how people's attention allocation to their social network ties influences their ability to come up with good ideas. Using survey data on communication networks among 111 R&D employees in a software company, we find that if individuals who bridge structural holes in the communication networks do not balance their attention across all their network ties, they fail to take advantage of their network position and do not generate ideas as good as those produced by others in similar positions who balance their attention. Conversely, individuals in dense networks can succeed at generating good ideas, despite the liability of their network structure, if they selectively focus their attention on tacit knowledge that is transmitted from strong ties.

### **Repeat Collaboration and Team Creative Performance:** The Moderating Effect of Co-Membership Ties

Floortje van den Born, VU University Amsterdam Kevyn Yong, HEC Paris

Prior research has found both positive and negative effects of repeat collaboration on creative performance. Analyzing qualitative and quantitative data on professional jazz musicians and their ensembles, this work examines the influence of repeat collaboration on team creative performance. We suggest and find that the relationship between repeat collaboration and creative performance follows an inverted U-shaped function. We then test the moderating effect of co-membership ties team members maintain. Results show that balancing repeat collaboration with co-membership ties alleviates the negative consequences associated with high repeat collaboration. This study contributes to resolving the controversy surrounding creative performance and repeat collaboration.

SESSION 407

### PLATFORM AND ECOSYSTEM EMERGENCE

Session Chair	Llewellyn Thomas, Imperial College London	
Paper	Room	Bruselas
	Time	11:00 – 12:15 h
TRACK C	Date	Tuesday, Sep 23

### **Drivers of Ecosystem Emergence**

Llewellyn Thomas, Imperial College London

This paper seeks to contribute insight on the drivers regulating ecosystem emergence. Taking an institutional approach to ecosystems, we review three theories that are salient to understanding institutional emergence: dominant design theory, social movement theory, and institutional entrepreneurship theory. We draw on these theories to identify and discuss four key drivers of ecosystem emergence: (1) resource drivers, (2) technological drivers, (3) institutional drivers, and (4) contextual drivers. We propose that the lens offered by these four drivers makes it possible to understand and theorize about processes of ecosystem emergence, as well as informing managerial practice through guiding entrepreneurs' attention to salient issues as they plan ecosystem strategies.

#### + From Decanter to Bottleneck? How Industry **Evolution and Governance Inseparability Shape Value** Migration in Ecosystems

Bilgehan Uzunca, IESE Business School Dmitry Sharapov, Imperial College London Richard Tee, Ecole Polytechnique Federale de Lausanne

This paper uses insights from the literatures on industry evolution and governance inseparability to complement extant work considering ecosystems from an industry architecture perspective. Focusing on the organization that strives to create an ecosystem, we argue that governance arrangements agreed with other parties in the nascent stages of ecosystem development limit the ability of the ecosystem leader to capture a greater share of value from its key markets as these grow and mature. The addition of industry evolution and governance inseparability considerations into the industry architectures framework allows us to explain why ARM, a firm whose processor designs are dominant in mobile devices such as smartphones and tablets, captures relatively little of the value generated by the ecosystem which it created.

### Linkage between Industry Platform Implementation, **Environmental Factors, and Network Effects:** Evidence from the ICT Industry

Chung-Lin Tsai, University of Cambridge David Probert, University of Cambridge

The industry platform concept offers an approach for firms to create network effects in multi-sided markets. However, the industrial environment is changing rapidly, and this confronts platform owners with an adaption challenge. There is relatively little research focusing on exploring linkage between industry platform implementation, environmental factors and network effects. Thus, this study intends to contribute to this area. To bridge that research gap, this study adopts the case-study method to capture insights from multiple cases, together with selecting the ICT industry as the research area. The results suggest that platform owners, who aim to create network effects, have to implement suitable platform architecture design and control mechanisms

to accommodate changes caused by the key environmental factors, namely customers, complementary firms, competitors and technological improvements.

# Why Do Platforms Fail? Looking Beyond the Installed Base and Complementarities

Hakan Ozalp, Bocconi University
Carmelo Cennamo, Bocconi University

In this conceptual work, we ask the question: why do platforms fail despite early available complements and user base? Addressing this question, we studied the whole history of the video game industry, which shows the introduction of different platform generations and several failures of platforms pioneering the new generation. We find that the gap in understanding the failures of platforms lies in issues with managing the platform ecosystem related to technological aspects at two levels: between the new generation of platform technology and the incumbent (cross-generation technology issues) and at the different stages of the new generation technology life cycle (new generation technology evolution issues). Failure was due to challenges arisen for complementors (video game developers) in moving to new generation technology.

SESSION 350

# GOVERNANCE, ORGANIZATION AND COMPETITION

TRACK E	Date Time	Tuesday, Sep 23 11:00 – 12:15 h
Common Ground	Room	Viena

Facilitator Lyda Bigelow, University of Utah

## Barbarians at the Gate: How Firm Competition Affects Intraorganizational Conflict

Bryan Hong, Western University Mu-Jeung Yang, University of Washington

How does firm competition affect conflict among groups within an organization? Although intraorganizational conflict has been highlighted as a critical factor contributing to the realization of economic rents from a firm's resources and capabilities, little is known about how external industry-level forces influence the likelihood and prevalence of conflict within firms. In this study, we derive a testable prediction using a formal economic model, and estimate the effect of foreign competition on the likelihood and prevalence of conflicts using data collected from a representative sample of establishments in the Canadian economy. In our results, we find systematic evidence that competition leads to a lower likelihood of strikes and fewer grievances, even after including a number of control variables accounting for alternative explanations.

### **Competition and Firms' Pollution Emissions**

Daniel H. Simon, Indiana University

This paper examines how competition affects firms' polluting behavior. Specifically, we examine whether firms in more competitive markets emit more toxic pollutants than firms in less competitive markets. To investigate the impact of competition on polluting behavior, we use data on firms' pollution emissions from the Toxic Releases Inventory (TRI), and merge them with industry concentration data from the Census of Manufacturers. Our preliminary results indicate that competition reduces rather than increases industrial pollution emissions. As overall industry concentration increases, facility emissions increase, with each one percentage point increase in concentration causing a roughly two percent increase in toxic emissions.

## **How Much Does Ownership Type Matter for Firm Performance?**

Markus Fitza, Texas A&M University Laszlo Tihanyi, Texas A&M University

What explains the heterogeneity of firm performance? Previous studies have emphasized the importance of industry, year, corporate parent, and firm effects on the variation firm performance. Building on recent research on the importance of ownership arrangements, this paper examines the extent to which ownership type effects can also explain such performance variation. We use a dataset of British firms to empirically decompose the variance of the performance of 7,607 firms between 2006 and 2012. Results show that ownership effects are statistically significant

in explaining the variation of firm performance and are of similar size as industry effects. We further show that industry and firm effects vary depending on ownership type. Our findings highlight the importance of considering ownership arrangements in shaping firms' strategy and performance.

# Institutional and Organizational Governance: Design Principles and Adaptation

Peter Klein, *University of Missouri*Joseph Mahoney, *University of Illinois-Urbana Champaign*Anita McGahan, *University of Toronto*Christos Pitelis, *University of Bath* 

We show how Ostrom's (1990) institutional design principles and Libecap's (1989) theory of adaptive governance explain and predict when inter- and intra-firm adjustment toward efficient outcomes is likely. We argue that the principles developed to explain common-pool resource problems are isomorphic to governance club-goods problems, which are central to interand intra-firm coordination. We illustrate our integrative Libecap/Ostrom framework with several examples and discuss why adaptation is typically more effective in governance than in institutional design. We consider how the institutional governance literature enriches organizational governance research, and vice versa, especially through the emphasis of organizational governance research on appropriability.

#### **Sustainability Strategy Groups and Firm Performance**

Christian Landau, EBS University Julia Hartmann, EBS University

To date, research seeking to provide the business case for sustainability produced mixed results. In this study, we suggest certain groups of firms benefit more from sustainability than others and, thereby, we contribute to our understanding of when sustainability pays off. Using strategic group theory and carrying out a cluster analysis of 89 firms from the food sector, we are able to carve out four strategic groups. These groups differ in terms of the extent to which they address one of the three sustainability dimension environment, society and governance. We examine performance differences across the four groups and find that the comprehensive sustainability and the governance focused sustainability strategy groups are associated with positive performance, while firms from the remaining two groups show negative performance.

# The Impact of Multimarket Contact on Efficiency and Profitability

Luz Elena Orozco Collazos, Los Andes University

Our study of 39 Venezuelan banks from 2006-2010 provides theory and evidence that MMC has a U-shaped relationship with operational efficiency. At low levels of MMC, mutual forbearance leads to lower competitive intensity and to higher and more stable prices thus reducing pressures to be efficient. In contrast, at higher levels of MMC, the relationship turns positive as firms with MMC discover opportunities to coordinate on matters related to efficient operations thus leading to higher efficiency. Additionally, we provide theory and evidence that MMC's impact on profitability is partially mediated through operational efficiency. The Venezuelan bank market has a limited number of rivals and is relatively closed to global banks, creating a local oligopoly with no new bank entry or exit during our study period.

SESSION 328

## NEW ANGLES OF EXAMINING ACQUISITION STRATEGIES

TRACK F		Date Time	Tuesday, Sep 23 11:00 – 12:15 h
<b>Common Ground</b>		Room	Luxemburgo
Facilitator	Jiatao Li, Hong Kong University of Science and Technology		

### Acquisition Experience, Attribution Bias, and Organizational Learning

Jiatao Li, Hong Kong University of Science and Technology Lisa Lin, Hong Kong University of Science and Technology

How does a firm's acquisition experience influence the performance of its future acquisitions? Success and failure experience at both the firm and industry levels was investigated

to show how different types of acquisition experience affect subsequent acquisition performance. Insights from attribution theory were integrated with organizational learning theory to argue that managers may develop different causal attributions for their acquisition successes or failures depending on success and failure experience in the industry in general. The joint effect influences the performance of their subsequent acquisitions. Data on the acquisitions of American biotechnology and computer firms during the period 1980-2010 suggest that industrywide acquisition success helps alleviate managers' attribution biases, improving the performance of subsequent acquisitions. However, industry-wide acquisition failures amplify managers' attribution biases in their own acquisition successes, impairing the performance of subsequent acquisitions.

### Acquisition in Family Firms: How Does the Heterogeneity of Family Firms Influence Their **Preference for Acquisition?**

Xiwei Yi, Rice University

Prior studies generally argue that family firms are less likely to engage in acquisition because they fear to lose social-emotional wealth (SEW). However, this argument overemphasizes one kind of SEW, the family control, while ignoring other types of SEW. In this study, I examine how the heterogeneity of family SEW influences the firms' attitudes towards acquisitions. I propose that control-oriented family firms will adopt the acquisition-averse attitude due to the concern of losing family control; dynasty-oriented family firms will adopt the acquisition-neutral attitude due to their long-term orientation; identification-oriented family firms will adopt the acquisition-seeking attitude since acquisition will largely enable the firm to attract eyeball from media and public and hence enhance the family's visibility and status. In addition, I examine how the stock market would react differently to the acquisition by different types of family firms.

### **Building a Network Perspective on M&As: Inter-**Organizational Attention Forcefields as Drivers of **Post-Acquisition Integration**

Dries Faems, University of Groningen Taco Reus, Erasmus University - Rotterdam

Based on an embedded case study of two acquisitions by a single entrepreneurial firm, we build theory on how the inter-organizational network, in which acquired units and acquiring firm are embedded,  $influences\ post-acquisition\ integration\ strategies,\ processes\ and\ outcomes.$ We identify the inter-organizational network as an attention forcefield that can pull apart acquired and acquiring units (i.e. distributed attention forcefield), but can also force them together (i.e. focused attention forcefield). We illuminate the importance of considering attention forcefields to better understand (i) the choices between different types of post-acquisition integration strategies and (ii) the connections between post-acquisition integration strategies and processes.

### **Competitive Dynamics: An Explanation for Parity** in Acquisition Performance

Svante Schriber, Stockholm School of Economics David King, Iowa State University

Research generally assumes that acquisitions can achieve improved performance for acquiring firms. Against this backdrop, the poor performance of acquisitions is often interpreted as failure. We challenge this conception by arguing that competitive pressures likely result in acquisitions maintaining parity with prior performance. In other words, acquisitions are more likely to result in temporary rather than sustained competitive advantage. This is supported by a theoretical development on the ex-ante environment where acquisitions occur, and ex post competitive responses to them. Developed theory is consistent with extant research finding acquisitions do not increase acquirer performance.

### **Deal or No Deal? The Effect of Shared Director Interlocks on Acquisition Abandonment**

Suho Han, University of Texas-Austin Ram Ranganathan, University of Texas-Austin

We focus on shared director interlocks, or the instance when directors of both acquiring and target firms serve on the same board of a thirdparty organization, and how such overlap affects the likelihood of acquisition abandonment. Moreover, we examine how prior acquirer experience in completed acquisitions affects acquisition abandonment. In a sample of 32,780 unique acquisitions consisting of 8,873 acquirers and

46,866 targets, we find that greater shared director interlocks increases the likelihood of acquisition abandonment. Moreover, we find that for acquiring firms, experience in completed acquisitions decreases the likelihood of abandonment. We contribute to the acquisition literature by examining abandonment, an overlooked yet important outcome. Also, we contribute to the director interlock literature by highlighting the effects of shared director interlocks on acquisition outcomes.

### **How Do Firms Use Non-Market Strategies to Influence** the Regulatory Control Over Their Market Strategies?

Asli Kozan, IPAG Paris

Birgul Arslan, Koc University

This paper investigates whether political ties might serve as means through which firms achieve favorable outcomes such as merger or acquisition (M&A) approvals from antitrust bodies, an intermediary step to eventual superior firm performance. In doing so, this paper aims at contributing to the literature by uncovering one of the mechanisms through which the firm might effectively use non-market strategies to achieve firm-specific benefits in the market environment. We look into 321 M&A deals by domestic public acquirers announced and investigated by the Office of Trading (OFT) in the UK between 2003 and 2011. The preliminary results confirm a negative correlation between political tie and antitrust holdup, pointing to the existence of firm influence on regulatory bodies through ties with politicians.

SESSION 384

### **MULTINATIONAL LOCATION DECISIONS: NEW** APPROACHES ACROSS DIFFERENT PERSPECTIVE

TRACK G Date Tuesday, Sep 23 Time 11:00 - 12:15 h Common Ground Room Glasgow Anna Lamin, Northeastern University **Facilitator** 

### China's OFDI location: Differences between SOEs and non-SOEs

Diego Quer Ramón, University of Alicante Enrique Claver Cortés, University of Alicante Laura Rienda García, University of Alicante

We examine the extent to which state ownership interacts with host country political risk, behavioral inertia and mimetic behavior, and how these relationships affect Chinese outward foreign direct investment (OFDI) location decisions. We hypothesize that government ownership makes Chinese multinational enterprises (MNEs) less risk averse and less dependent on their previous entry experience in a particular host country and on the experience of other Chinese firms in the same host environment. Using a data set of 489 China's OFDI location decisions between 2005 and 2013, we find empirical evidence that state ownership moderates the effect of political risk, inertial and mimetic behavior on the location choice of Chinese MNEs.

### Co-evolution and Co-location: The Role of Institutional Change in Development of Industrial Clusters

Kathleen Yi Jia Low. WU-Vienna James Robins, WU-Vienna

Location advantages have been a key concern of global strategy for three decades and an important issue in economics for more than a century. This area of research increasingly has focused on the location of firms in agglomerations or clusters, particularly in emerging economies. Substantial institutional change may be necessary to create conditions that make a location attractive to domestic and foreign enterprises and promote growth of industrial clusters. Multinational enterprises (MNEs) play an important part in this process, particularly in emerging economies. MNEs serve as institutional entrepreneurs, interacting with local institutions to reshape the business environment. We extend recent work on co-evolution by Cantwell, Dunning and Lundan (2010) to a more general theory of institutional change in the development of industrial clusters.

### Effect of Post-Entry Organizational Design Choices for Learning

Izzet Sidki Darendeli, Temple University Robert Hamilton, Temple University Masaaki Kotabe, Temple University

Using multinational retail chains, we investigate how organizations manage bi-directional knowledge flows to achieve standardization of the organizational knowledge that they had accumulated through years to achieve economies of accurate replication without imitation and, at the same time, benefit from tapping into new knowledge bases by adapting while they internationalize. (Barlett & Ghoshal, 1989; Grifith & Hi, 2000; Kaufman & Eroglu, 1999; Szulanski & Jensen, 2006). Our novel study reviews multinational retail chains' decisions after they have entered a foreign country and tracks their alteration of initial ownership and format decisions over time. Our preliminary results indicate strong positive results for increasing post ownership percentages to support standardization, altering format changes in response to better adaptation and also the joint effects of both of these on performance at the host-country.

# International Diversification and the Nature of Value Creation: A Real Options Perspective

Todd Alessandri, *Northeastern University* Anju Seth, *Virginia Tech* 

Firms pursue international diversification to create value. We examine how the location of diversification influences the nature of firm value. Based on real options theory, we argue that for U.S. firms, international diversification into emerging economies increases growth option value. In contrast, expansion into advanced economies will be associated with assets-in-place value. Using a sample of 672 firms from the S&P 1,500 over a period of 9 years, we find support for these arguments. We also examine the impact of the focus of the firm's diversification strategies, finding that that greater within-economy diversity reduces the level of growth option value or assets in place value created. These results suggest that the location of international diversification and within-economy diversity both determine the nature of value creation.

### **Switching Options and Foreign Entry Decisions**

Rene Belderbos, University of Leuven

Shubin Wu, Shanghai University of Finance and Economics

The literature on foreign market entry by multinational firms has rarely considered that entry decisions depend on the existing portfolio of overseas affiliates. We argue that multinational firms take into account the contribution that each entry into a new location makes towards enhancing the operational flexibility of their manufacturing affiliate portfolios. We establish boundary conditions to the influence of such switching options on entry. Substantial differences in labor cost levels across locations reduce effective switching potential, while moderate differences increase it. Product diversification in manufacturing portfolios hampers switching across plants, while growth potential in the host country market can compensate for the carrying costs of maintaining switching options. Hypotheses are tested on longitudinal data (1989-2006) on the population of publicly listed Japanese manufacturing firms.

#### Terrorism and the International Expansion of Multilocational Firms

Ariel Casarin, Adolfo Ibañez University Maria Eugenia Delfino, Austral University

Political uncertainty impacts firms' expansion into foreign markets. Still, political risk differs from terrorist risk, which is subnational in nature. We rely on market-access and experiential learning theories to elaborate competing hypotheses on the impact of terrorism on multilocational firms' expansion into foreign markets. We use multinomial panel data probit techniques to examine how terrorism affects the location and speed of expansion of DIY outlets across South America over a 21-year period. We find that terrorism affects the dynamics of within country firm expansion. Our results indicate that, in counties where terrorist threats are smaller, firms prioritize geographical expansion by entering new local markets, while higher terrorist threats lead firms to open outlets in markets they had already entered. We also find that terrorism explains the velocity of firm expansion, as first entry is quicker than second entry.

SESSION 376

# HEADQUARTERS SUBSIDIARY RELATIONSHIP: NEW APPROACHES TO AN OLD QUESTION

TRACK G
Date Tuesday, Sep 23
Time 11:00 – 12:15 h
Paper Room Lisboa

Session Chair Phillip Christopher Nell, WU-Vienna

### **Dual Headquarters Involvement in Multibusiness Firms**

Philip Kappen, Copenhagen Business School Phillip Christopher Nell, WU-Vienna Henrik Dellestrand, Uppsala University

The strategy literature has shown that headquarters involve themselves into subsidiary operations to add value. Yet, little is known about the extent to which multiple headquarters do so. Therefore, we investigate antecedents of corporate and divisional headquarters' involvement in innovation development projects of subsidiaries. Analyses of 85 innovation development projects reveal that dual innovation importance (innovation that is important for the division and the rest of the firm), and dual embeddedness (innovating subsidiary is embedded both within the division and in the rest of the firm) lead to greater dual headquarters involvement, especially when the innovation development network is large. The results contribute to the literature on complex parenting and theory of selective headquarters involvement.

## Problem Solving Networks in MNCs: Value Destroying Effects of HQ Involvement

Esther Tippmann, *University College Dublin* Andrew Parker, *Grenoble Ecole de Management* 

Bottom-up processes of value creation are largely undertaken by temporal networks of actors – networks composed to accomplish a specific task. This study examines such temporal networks in the context of subsidiary-driven problem solving and how their composition, specifically headquarters involvement, influences the ability to achieve solutions effectively and to contribute to MNC competence development. Using data of 67 problem solving networks, results indicate that headquarters involvement tends to destroy value although this effect depends on their involvement behavior during solution finding and solution implementation. By advancing understanding of how problem solving networks operate, our study illuminates an important way of organizing and shows that certain handson parenting activities exerted by headquarters in their increasingly important entrepreneurial role are actually counter-productive.

# Strategy in Multinational Subsidiaries: An Empirical Investigation into the Strategic Roles of 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. A framework is proposed based on the vertical and horizontal strategic roles of middle managers. The study makes two important contributions, firstly by confirming the appropriateness of the framework, and secondly by testing the antecedents and outcomes of the eight vertical and horizontal MNC middle management roles.

# Why are Given Practices Coupled by the Subsidiaries of an MNE?: A Mixed-method Approach

Anne Jacqueminet, HEC-Paris

This paper explains why certain practices are highly coupled by the subsidiaries of MNEs and others not by bringing together two types explanations related to the practices: their characteristics and their institutionalization level in the different fields the subsidiaries are embedded in. To investigate the prioritization and

articulation of these antecedents, we supplement our



quantitative analysis with a fuzzy set qualitative comparative analysis of 25 practices in 71 subsidiaries of an MNE. The preliminary results of our fuzzy set QCA suggest that practices characteristics and institutionalization level combine in explaining the coupling of the practices. However, while two practices' characteristics –complexity and lack of value consistencyare central conditions for low coupling, high coupling depends mostly on high institutionalization in the subsidiary's country and industry.

SESSION 209

### **DESIGN ISSUES: TASKS, CONTROL AND RISK**

TRACK H	Date Time	Tuesday, Sep 23 11:00 – 12:15 h
Paper	Room	Copenhague
Session Chair	Allegre Hadida, University of	Cambridge

### A Formal Investigation of the Efficacy of Multi-Authority Hierarchies in Coordinating Action in Complex Organizations

Maciej Workiewicz, INSEAD
Daniel Levinthal, University of Pennsylvania

Multi-authority hierarchies are organizations characterized by multiple lines of authority connecting subordinates to two or more superiors. Studies suggest that organizations implement multi-authority structures to coordinate increasingly complex tasks, simultaneously pursue divergent goals and better process information. But the violation of the unity of command, one of the key principles of management, has it costs and well documented failures of organizations to achieve desired benefits highlight that trade-off. We translate the complexity of a task environment and the multi-authority structure into an explicit computer simulation to identify costs and benefits of this organizational form. The general results suggest that the characteristics of the environment, type of authority exercised as well the level of subordinates' compliance plays an important role in effective functioning of such forms.

## Formal and Informal Controls as Complements or Substitutes? The Role of the Task Environment

Markus Kreutzer, *University of St. Gallen*Jorge Walter, *George Washington University* 

This study contrasts the substitution logic advanced by the traditional organizational control view with the complementarity logic inherent in the more recent, holistic organizational control view. We examine whether formal and informal behavior and outcome controls act as complements or substitutes for each other in their effects on performance outcomes, and whether any such interaction will be stable across different organizational contexts or subject to contextual contingencies. Our empirical analysis of 184 strategic initiatives conducted by firms across a variety of industries provides broad support for the holistic view and the positive impact of a complementary use of formal and informal behavior control as well as formal and informal outcome control on initiative performance.

# Making Risk Management Strategic: A Contingency View of Enterprise Risk Management on Risk Outcomes

Johanna Sax, Copenhagen Business School

In recent years, Enterprise Risk Management (ERM) has grown in significance and today's firms put substantial amount of resources into ERM frameworks that claim to manage all risks and opportunities that affect the entire organization. With insights from strategic management this paper argues that successful ERM needs to be combined with decentralized risk management structures and central planning for effective risk outcomes. Drawing on a survey of 264 of the largest firms in Denmark, support is found for the proposition that formal ERM processes, decentralization of risk management and central planning are important for effective risk outcomes, however, they do not significantly improve each other. Hence, firms should not choose between these management practices but let them coexist – in concurrence they can improve risk outcomes.

# Task Environment and Its role in the Strategic Management Literature: A Review and Research Agenda

Ralf Meinhardt, Friedrich-Alexander-University Erlangen-Nuremberg

Sebastian Junge, Friedrich-Alexander-University Erlangen-Nuremberg

Management literature has shown increasing interest in the understanding of the task environment of a firm. Nevertheless, a holistic and common understanding of the task environment is missing despite previous fruitful articles. We contribute to the task environment literature by studying and reviewing past works in this field between 1967 and 2013. Moreover, we develop a research framework to organize and review recent empirical findings. Furthermore, we compare the existing work and underline contradicting findings. We close our work with the identification of theoretical research gaps and provide recommendations for future research aimed at developing a more integrated and holistic research agenda of task environment.

SESSION 267

#### THE ROLE OF INDIVIDUALS IN INNOVATION

TRACK I	Da	te	Tuesday, Sep 23
	Tin	ne	11:00 – 12:15 h
Paper	Roo	om	Monaco
Session Chair	Bruno Cirillo, SKEMA Business School		

## Boundary Spanners, Collective Bridges, and Integrative Interpreters

Yeongsu Kim, *INSEAD* Felipe Monteiro, *INSEAD* 

Transferring external knowledge across boundary has been viewed as one of the biggest challenges in the knowledge management field. Given the importance of sourcing external knowledge sourcing, it is surprising that less scholarly attention has been devoted to the intra-organization structure studies that considers knowledge as a contingent variable. This paper, therefore, focuses on knowledge complexity to see which intra-organizational structure better suits if the collective knowledge becomes highly unorganized and complex. In doing so, we suggest an alternative intra-organization structure that is, the 'integrative interpreter.' We propose that our 'integrative interpreter' differs from the 'boundary spanners,' and 'collective bridge' as it not just a man that transfers knowledge but a central interpreter who interprets, codifies the complicated patterns of unorganized-complex collective knowledge.

## Employee Mobility and Entrepreneurship Patterns: A Comparison across Patent and Census Data

Justin Frake, *University of Maryland*Brent Goldfarb, *University of Maryland* 

Inventor mobility and entrepreneurship, as measured through name matching on patents assigned to different firms, has been used extensively by scholars interested in diffusion of knowledge across firm boundaries. In this study, we compare the mobility and entrepreneurship patterns observed through patent data with those observed in the Longitudinal Employer-Household Dynamics (LEHD) program at the US Census Bureau. Our study aims to understand whether and when patent based measures of mobility and entrepreneurship may result in a biased measure of the phenomenon. Specifically, we seek to examine the sources of potential biases emanating from selection of (a) firms within the focal industry vs. across all industries; (b) patenting firms vs. the universe of all firms in the industry, and (c) patent inventors vs. all employees within the firm.

## Should I Stay or Should I Go? How Mobility Explains Individual Scientific Performance

Francesco Di Lorenzo, Copenhagen Business School Valentina Tartari, Copenhagen Business School

Hiring from other firms is a mean for acquiring knowledge or learning that generate spillovers and effects for the firm's performance. While the relationship between inter-organisational mobility and organisational performance has been extensively studied, significantly less work has been done on the implications of such relationship at the level of the single moving individual. In addition to this theoretical gap, this research area presents also an interesting empirical gap related the simultaneous

nature of the individual mobility-performance relationship. In this paper we analyse the relationship between mobility and individual performance using an instrumental variable approach and dynamic panel data modelling.

## The Impact of Pay Dispersion on Technological Innovation

Victor Cui, University of Manitoba

Approximately 67% of the investment in R&D was allocated to compensating R&D personnel. Despite the large expenditures in personnel, the extent to which the compensation resulted in innovation is not well understood. Recent research started to address this issue by focusing on the influence of pay dispersion (i.e., variations in pay) among R&D employees on innovation quantity (Yanadori & Cui, 2013). We still know little, however, about whether pay dispersion influences other important aspects of innovation, such as quality and criticalness. In addition, what are the boundary conditions, under which the effects of pay dispersion on these important aspects of innovation vary? This research seeks to address these questions, by examining a longitudinal data of employee-level compensation in the IT industry.

SESSION 272

### RESEARCH AND DEVELOPMENT: ANTECEDENTS AND OUTCOMES

TRACK I	Date	Tuesday, Sep 23
	Time	11:00 – 12:15 h
Paper	Room	Paris
Session Chair	Giovanni Valentini, Bocconi University	

### An Empirical Test of Endogenous Firm Growth

Anne Marie Knott, Washington University-St. Louis Carl Vieregger, University of Illinois Urbana-Champaign

The link between R&D and growth is largely taken for granted, however the formal theoretical link is actually quite recent. To date there have been no direct firm level tests of endogenous growth theory. We develop a model of firm growth whose propositions match the general equilibrium models: R&D, market value and growth all increase in firm R&D productivity. We test the propositions using three proxies for R&D productivity. We find all propositions are supported in tests using RQ, but not when using TFP and patents. These results suggest blanket policies of R&D subsidies are misplaced—rather subsidies should be tied to firms' R&D productivity,TFP and patents are problematic measures of R&D productivity.

### Are all R&D Alliances Bad for GA?: A Deeper Look at R&D Search Practices

Se Won Park, IE Business School

This study addresses how generative appropriability, a firm's ability to capture future inventions spawned from an original invention, is impacted by the external knowledge acquisition process and collaboration intensity selected by the firm. Specifically, I propose while interfirm alliances reduce generative appropriability, alliances with academic institutions will increase generative appropriability and both effects will be strengthened by the degree of collaboration. In doing so, I identify determinants of generative appropriability in alliances and discuss implications of generative appropriability on organizational learning.

# Influence of Social Capital on Decisions Related to Termination of R&D Projects: An Empirical Examination

Rajat Khanna, *University of Noth Carolina-Chapel Hill* Isin Guler, *Sabanci University*Scott Rockart, *University of North Carolina*Atul Nerkar, *University of North Carolina-Chapel Hill* 

The study explores the relationship between social capital spanned by R&D projects and their termination. Prior research suggests that potential of deriving economic value from a project is the primary reason why firms terminate certain projects. However, we argue in this paper that social factors also play an important role in project termination decisions. By examining intraorganizational networks of 90 pharmaceutical firms over 10 years we are able to support our argument. We focus on two dimensions of social capital, namely structural and positional embeddedness, and

show that firms are likely to terminate fewer R&D projects if such projects have higher degree of embeddedness on any of these dimensions, after controlling for their economic value.

## **R&D Production Team Composition and Firm-Level Innovation**

Vikas Aggarwal, INSEAD David Hsu, University of Pennsylvania Andy Wu, University of Pennsylvania

We examine the relationship between firms' within- and across-inventor team composition and firm-level innovation. An empirical regularity in the literature on inventor teams is that diversity can positively influence a team's innovative performance. The literature has remained silent, however, on how an inventor team's presence within the broader context of the firm influences the firm's aggregate innovative output. This has implications for understanding the optimal allocation of production-related human capital. We assemble a panel dataset of start-up biotechnology firms to test hypotheses regarding the link between team structure and firm-level forward patent citations. We find that innovation is best promoted with greater across-team diversity and lower within-team diversity. This result is moderated by product development stage, technology complexity, joint experience, and production team structure modulation.

SESSION 347

### **CRITICAL ISSUES IN STRATEGIC ACTION**

TRACK J	Date	Tuesday, Sep 23
	Time	11:00 – 12:15 h
Paper	Room	Helsinki
Session Chair	Timo Santalainen, Aalto University	

# Fooling Around with Technologies of Rationality: Strategy Tools in an In-house Strategy Unit

Suela Haxhiraj, *University of Oxford*Richard Whittington, *University of Oxford* 

This paper builds on a six month participant observation of strategy tool usage in the everyday work of an in-house strategy unit. The findings show that strategy tools are used more than we think and in different ways. In particular, we modify the apparent dichotomy between technologies of rationality and technologies of foolishness (cf. March, 2006), to discover the subtleties of their actual use. In practice, especially in "backstage" performance, tools tend to be disassembled and reassembled by their users, to create new tools suited for the momentary task in hand. Rather than rely on a separate category of "foolish" strategy tools (e.g. as in March, 2006; Stenfors, 2007), this study proposes "foolishness" as a productive and intrinsic element of rational tools in use.

# Inversing the Powerful: A New Pattern of Strategic Response through Resource Reconstruction

Rueylin Hsiao, *National Chengchi University*Su-Hua Ou, *Soochow University*Yun Su, *Singaporo Management University* 

Yun Su, Singapore Management University

The weak are the prey of the strong' seems to be the norm of business competition. This research employs bricolage as a theoretical basis, and explores how low-power actors could reconstruct resources to respond to constraints imposed by high-power actors. This article aims to go beyond the previous studies that emphasize resource deployment and combination, and attempts to interpret the alternate process of objective and subjective resource construction, thereby indicating a new pattern of strategic response induced by bricolage. Theoretically, this article proposes an inversing-power model for strategic response that guides resource construction, and recognizes the inevitable weakness of the hard and strong. This model also enriches the theory of bricolage. Practically, this case study suggests lessons for converting foes into friends, innovating at a disadvantage situation, and constructing a symbiotic embrace with key stakeholders.



# Stretching as an Interorganizational Practice in the Semiconductor Industry to Face Uncertainty: The Case of the ITRS

Gordon Mueller-Seitz, *University of Duisburg-Essen* Joerg Sydow, *Free University of Berlin* 

Highly volatile industries are often confronted with a paradox: while exploiting existing technological paths by means of well-established practices, novel and yet unknown future technological landscapes need to be screened and opened up in parallel even though the necessary expertise is still lacking. Based upon a longitudinal case study that is informed by structuration theory, we reveal how the ITRS semiconductor network reconciles these contradictory demands by extending the well-established practice of roadmapping to an unknown technological paradigm. The uncertainty that characterizes this unknown paradigm is not only technological; it is also partner-related and procedural. We also introduce the concept of 'stretching practice' to highlight this approach to facing uncertainty that is beyond firm-centric.

### Superior and Near-Failure Performance in Multiunit-Multimarket Organizations

Haibo Liu, INSEAD Dimo Ringov, ESADE Business School Robert Jensen, Brigham Young University Gabriel Szulanski, INSEAD

Multiunit-multimarket (MUMM) organizations compete in multiple markets with multiple units that share a common template for doing business. Yet, operating in multiple environments invariably creates a tension between the benefits conferred by high-fidelity replication of the template and the potential benefits of local adaptations. Using a proprietary longitudinal dataset on a large MUMM franchise organization, we find that the more adaptations a franchised unit makes to the core franchise template, the less likely it is to attain superior performance and the more likely it is to suffer near-failure performance. Moreover, the relationship between template adaptation and extreme performance is positively and significantly moderated by the munificence of the local environment a focal unit operates in.

SESSION 230

### TMTS AS FIRM RESOURCES

Session Chair	Florence Honore, University of Minnesota	
Paper	Room	Rotterdam
	Time	11:00 – 12:15 h
TRACK K	Date	Tuesday, Sep 23

## Entrepreneurial Team's Acquisition of Talents and Performance: A Two-Sided Approach

Florence Honore, University of Minnesota

Entrepreneurial teams' characteristics are often cited to explain the performance of the start-ups. However these characteristics such as prior experience play a role in the acquisition of new talents and influence the performance of the start-ups. Both effects are therefore confounded. In this paper, I plan on disentangling both effects and on showing that entrepreneurial teams and new hires' characteristics related to intrinsic quality, knowledge and demographics affect both the selection and the performance but to various extents. I use a sample of technological start-ups to explore the phenomenon. The results will inform entrepreneurial research on team formation and start-up performance and strategic research on another use of the two-sided matching model.

# Gender Diversity Among Strategic Decision-Makers and Firm Performance: A Multi-Country Study

Punit Arora, *CUNY* Adib Birkland, *CUNY* 

We integrate institutional and human capital theories to study the impact of gender diversity among strategic decision-makers on firm performance. While previous research on gender diversity has mainly studied board of directors and top management teams in single country contexts, it has been unable to determine the true nature of this relationship given the lack of critical mass of women in strategic positions. Using World Bank data from 27 European and Central Asian countries, we show that ventures with gender diversity among owners outperform their homogenous counterparts. However, a country's corruption level depresses this effect

in the short-run, but not in the long run. Our results demonstrate the ability of diverse human capital to overcome institutional barriers over an extended period of time.

### Growth and Survival of High Technology Ventures: The Importance of TMT and Board Human Capital

Rod Shrader, *University of Illinois-Chicago*Abagail McWilliams, *University of Illinois-Chicago* 

In this study we examine relationships between the human capital of management teams and boards of directors, strategy and the long term growth and survival of high technology new ventures. Based on theory and prior research we expect to find that human capital has a direct relationship with strategy and a moderating effect on the relationship between strategy and firm performance. Once these effects are accounted for we do not expect to find significant direct relationships between human capital and growth or survival. Our hypotheses will be tested using a unique longitudinal dataset for a sample of 198 high-potential, high-technology, VC-backed, young IPO firms. Data were collected for the entire lifespan of each company from the date of formation to 2013.

# Top Management Team Attributes, Bricolage and Ambidexterity: A Mediated Model

Roxana Turturea, Erasmus University - Rotterdam Justin Jansen, Erasmus University-Rotterdam Ingrid Verheul, Erasmus University Rotterdam

This study proposes that small and medium enterprises (SME) make use of entrepreneurial bricolage, to reconcile the tensions between exploration and exploitation and pursue ambidextrous strategies. Moreover, we examine how two top management team (TMT) attributes, namely networking ability and cognitive diversity, enhance firms'ability to engage in bricolage successfully. Lastly, we test a mediated model, exploring direct and indirect effects (mediated by bricolage) of these two TMT attributes on organizational ambidexterity. We tested these hypotheses on a cross-industry sample of 249 SMEs . The results provide substantial support for our hypotheses.

SESSION 309

### **NEW CONVERSATIONS ON BUSINESS MODELS**

TRACK K	Date	Tuesday, Sep 23
	Time	11:00 – 12:15 h
Panel	Room	Roma 1

#### **Session Chair**

Ilgaz Arikan, *Ohio State University* Panelists

> Sharon Alvarez, *University of Denver* Charles Baden-Fuller, *City University London* Stefan Haefliger, *City University London*

Christopher Tucci, Ecole Polytechnique Federale de Lausanne

The purpose of this panel is to show why and how business models matter, and to draw attention to the newly emerging research questions around unique phenomena. Our goal is to initiate a new dialogue among various constituents of the Strategic Management Society by bringing forward new questions and perspectives that highlight the salience of "business models". We believe this panel will generate fresh new debates particularly among Entrepreneurship and Strategy scholars.

# HUMAN CAPITAL AND KNOWLEDGE AS STRATEGIC RESOURCES

 TRACK L
 Date
 Tuesday, Sep 23

 Time
 11:00 – 12:15 h

 Common Ground
 Room
 Moscu

Facilitator Rebecca Kehoe, Rutgers University

### Effect of Mutual Knowledge on Profitability of Offshore-Outsourced Software Development Projects

Joydeep Chatterjee, University of Washington-Bothell Kannan Srikanth, Singapore Management University

This paper investigates under what conditions knowledge available to team members leads to positive performance outcomes. We hypothesize that mutual knowledge that enables the team members to coordinate their work efforts is beneficial for team performance up to a limit after which excess mutual knowledge causes a decline in performance. We further suggest that the inverted U relation between mutual knowledge and performance will be amplified when team size is low and neutralized when team size is high. Similarly we hypothesize that the inverted U relation between mutual knowledge and performance will be amplified when Onsite-Offshore ratio is high and neutralized when Onsite-Offshore ratio is low. We test these hypotheses in a sample of offshored software services projects and find support for all our assertions.

# Experience and Knowledge as Complements to Effect Change to Organizational Capabilities

Amit Jain, National University of Singapore

While prior research affirms that hiring of people with "distant" knowledge helps an organization to learn and realize effect core change to its capabilities, analysis of 38 years of U.S. biotechnology industry data indicates that this is not the case. This anomaly occurs because the distant expertise that hires possess is insufficient to facilitate learning by other organizational members. Given this, the experience that hires possess positions them to induce learning by other organizational members and also preserve their own identity and knowledge. Both of these effects are also essential for hires to catalyze change in their organizations. Consistent with these arguments, empirical analysis reveals that hire distant knowledge and experience are complementary in that both are necessary to effect core change to organizational capabilities.

# Exploring the Alignment Mechanisms of External Networks and Internal Involvement on Firms' Ambidextrous Innovation

Yu Zhou, Renmin University of China Yingying Zhang, Complutense University of Madrid

This study is to align the firms' internal work systems and external social networks interactively and test their impact on organizational ambidextrous capabilities (exploration vs. exploitation) and consequently innovative outcomes. Particularly, based on the rationales of balancing organizational ambidexterity, two differential mechanisms to associate work systems, networks with organizational ambidexterity are proposed-Juxtaposing Alignment that decomposed dimensions of work systems (horizontal vs. vertical involvement) and networks (vertical vs. horizontal networks) pairingly complement with each other as forming parallel dual paths to target exploration and exploitation respectively, and Hybridization Alignment that both the work systems and networks are compressed as one-dimensional constructs to interaction with each other and to affect the holistic balance of ambidextrous innovation. Mediated moderation approaches are employed to fit compound path models for examining the proposed alignment mechanisms.

# Knowledge Contexts of New Ventures: The Composition and Performance of Industry-Academic Hybrid Spinouts

Alena Clarke, *Ohio State University* Benjamin Campbell, *Ohio State University* 

Extant literature on spinouts has treated industry spinouts and university spinouts as two distinct types of ventures that are founded on different types of human capital. However, founding teams may not consist purely of employees or purely of university faculty but instead may be composed of a combination of industry and academic founders. We argue that

these industry-academic hybrid spinouts have performance advantages over pure industry and academic spinouts and that these advantages are moderated by the level and relatedness of team members' human capital. We explore these relationships using data from the Longitudinal Employer-Household Dynamics program that spans all spinout ventures in 30 large states from 1994-2008.

### **Knowledge Specificity, Business Cycles and Employee Contracts**

Eirik Sjaholm Knudsen, Norwegian School of Economics Lasse Lien, Norwegian School of Economics

We examine how a firm's incentives to invest in human capital vary over the business cycle, depending on the level of firm specific knowledge of its employees. Specifically, we examine this with respect to wages, layoffs and training, and find that high share of firm specific knowledge makes wages and layoffs less cyclical, and investments in training countercyclical. Further, we find that investments in training becomes more countercyclical the higher the level of firm specific knowledge. Finally, we investigate how firms can use different non-standard clauses to employee contracts to mitigate problems with underinvestment in human capital that arise over the business cycle.

## Principles or Templates? The Role of Human Capital in Knowledge Transfer

Shad Morris, *Brigham Young University*James Oldroyd, *Ohio State University* 

Strategic use of knowledge found in far-flung reaches of the firm can be a vital but challenging element of improving performance. To overcome this inherent difficulty, firms often engage in extensive knowledge codification efforts to allow locally developed knowledge to be globally utilized. Yet, not all codified knowledge is the same. This study examines how project leaders' human capital, characterized as either local or cosmopolitan, influences the degree to which they utilize principles or templates (two distinct types of codified knowledge). Analyzing 139 globally dispersed consulting projects in a large MNE, our research highlights the important interplay of human capital and codified knowledge, as well as how leaders are served by selecting the form of codified knowledge that best aligns with their projects' objectives.

SESSION 217

## VALUE CREATION FOR WHOM? STAKEHOLDER MANAGEMENT AND SHAREHOLDER INTERESTS.

TRACK M
Date Tuesday, Sep 23
Time 11:00 – 12:15 h
Paper Room Estancia 307

Session Chair Hanna Lehtimaki, University of Eastern Finland

## Enterprise- and Corporate-level Strategic Change: The Case of Spain Before and After the Great Recession

William Judge, Old Dominion University Manuel Becerra, IE Business School Raffaele Morandi Stagni, IE Business School

Relatively little is known about the influence of the macro-economic context on firm strategies. In addition, even less is known about the inter-relationship between enterprise-level strategies and corporate-level strategies and their combined effects on firm performance. In this study, we examine the multi-level strategies of the largest Spanish firms before and after the Great Recession of 2008-09. Although our findings are preliminary, we find that the firm's enterprise strategy before the recession is positively associated with subsequent firm performance, and that enterprise strategy interacts with product diversification during the jolt period to influence firm performance. These findings highlight the importance of understanding the firm's overarching relationship with its stakeholders, as well as the hierarchical nature of strategies chosen.



### Stakeholder Management and Leadership Effectiveness: Exploring Institutional Contingencies

Yanlong Zhang, Peking University Zhixue Zhang, Peking University Beverly Tyler, North Carolina State University Xiaobei Li, East China University of Science and Technology

Research highlights the need to explore institutional contingencies that impact stakeholder management practices. Using a policy-capturing methodology we presented Chinese executives experimentally designed scenarios describing the importance 30 CEO's place on 12 stakeholder management practices and asked them to assess the effectiveness of the leadership of each CEO. We find that although Chinese executives believe that satisfying the claims of all stakeholders (e.g., shareholders, customers, employees, governments, suppliers, and society) is important for CEO effectiveness, we find that the maximization of shareholders' interests is still the strongest predictor of Chinese executives' perceptions of leadership effectiveness. However, institutional influences, which vary at individual, organizational, industrial, and regional levels, moderate the perceived effects of these stakeholder management practices on assessments of CEOs' leadership effectiveness.

## Strategic Stakeholder Management: Value for and Value with Stakeholders

Johanna Kujala, *University of Tampere* Hanna Lehtimaki, *University of Eastern Finland* 

This paper seeks to contribute to our understanding of the ways by which firms create sustainable value with and for stakeholders. As a new perspective for understanding strategic stakeholder management, we propose a stakeholder value creation framework. First, we explain how the stakeholder responsiveness framework and the stakeholder value creation framework use different core logics in depicting stakeholder management. We suggest that attention to both stakeholder value and to value creating stakeholder relationships is needed to advance theorizing on strategic stakeholder management.

#### The Complementarity of Stakeholder and Stockholder Theories

Cynthia Clark, Bentley University

In this paper, we consider how stakeholder and stockholder views are complementary theoretical assumptions given that both reflect a social paradigm associated with the proper roles and responsibilities of firms. A firm is assumed to adopt expressions and practices that are consistent with either one or the other paradigm. However, these theories of the firm, each associated with different material and symbolic practices represent to some scholars two contradictory theoretical assumptions (Poole & Van de Ven, 1989). As such, they are a paradox but, as we suggest, if this is indeed a paradox it can be managed via a process that involves developing understandings and practices that accept and accommodate tensions (Sundaramurthy & Lewis, 2003). Therefore, our goal is to show how stockholder and stakeholder based views can be used to direct managers to activities that reinforce one another.

SESSION 465

### THE IMPORTANCE OF CORPORATE GOVERNANCE

TRACK O	Date	Tuesday, Sep 23
	Time	11:00 – 12:15 h
<b>Common Ground</b>	Room	Estocolmo
Facilitator	Ruth Aguilera, Northeastern University	

# Corporate Environmental Performance: Institutional and Governance Perspectives

Patricia Kanashiro, Loyola University Maryland

This proposal investigates how the greening of corporate governance mechanisms enhances the likelihood that managers will comply with pressures to improve the environmental performance of the firm. While neo-institutional theory suggests that management's decision is determined by institutional pressures, agency theory suggests that management's behavior will be constrained by the extent that corporate governance structures are effectively applied within the organizational context. We found that the presence of environmental compensation and environmental officer enhance the likelihood that managers will comply with institutional pressures to improve environmental performance.

However, environmental board committees seem to play no role in improving firms' environmental performance. We used a sample of the most polluting firms in the U.S., years 2006 to 2011, and employed a panel data with random effects.

### **Examining the Interrelatedness of Institutionalized Governance Mechanisms**

Guilhem Bascle, Catholic University of Louvain

This study presents the main governance mechanisms associated with the shareholder-value-maximization logic and draws on institutional theory to explore whether conformity to focal governance mechanism can be influenced by previous conformity to other governance mechanisms. The developed theoretical framework is tested on a sample of Fortune 500 firms. Consistent with the arguments, findings suggest that governance mechanisms can be interrelated in subtle ways. We discuss the implications of the results in terms of their impact on the literature and for practitioners.

## Institutionalizing Codes of Good Governance: The Government as Institutional Entrepreneur

Mario Krenn, Southeastern Louisiana University Jean McGuire, Louisiana State University

Soft law regulation, in the form of government issued corporate governance codes, has become an increasingly important aspect of the business environment. However, the practices anchored in those codes often stand at odds with prevalent institutional pillars of corporate behavior. We combine institutional and socio-political perspectives and examine the government in its role as an institutional entrepreneur who pursues different intervention strategies to initiate a process of legitimation to ensure that the code practices it champions are widely adopted by firms in its jurisdiction. We hypothesize that these strategies focus on a combination three activities: the mobilization of financial resources; the dissemination of legitimating accounts; and interventions in firms' in social structure. Our preliminary results provide insight into legitimation processes of soft law regulation.

### Media Governance and Firm Valuation: An Examination of Media Shaming on Corporate Financial Fraud

Daphne Yiu, Chinese University of Hong Kong William Wan, City University of Hong Kong Xiaocong Tian, Chinese University of Hong Kong

Media plays an increasingly important role in corporate governance. We study the effect of media governance on firm valuation by focusing on media reporting of corporate financial frauds in China during the period of 2000 to 2012. We find that media shaming has differential impacts on firm valuation, with reintegrative shaming having positive effect on firm value while disintegrative shaming resulting in negative valuation on the fraud firm, and such effects are amplified by media salience. In addition, we find that prior stakeholders' sentiment positively moderates the positive effects of reintegrative shaming and the negative effects of disintegrative shaming on the fraud firm value. These findings deepen our knowledge of media shaming by highlighting how media polices firms by eliciting different sentiments in stakeholders.

## The Impact of Public and Private Politics on Social Value: The Case of Contracting out Public Services

Ilze Kivleniece, *Imperial College London* Bertrand Quelin, *HEC-Paris* 

We use the context of contracting out public services to private firms to examine how public and private collective action, commonly arising within such exchange, influences the distribution of value between firms and social constituents. Drawing on organizational governance and collective action literature, we demonstrate that in settings characterized by high asset-specificity, the effectiveness of collective political pressures may be subject to underlying governance setup within which the pressures take place – yielding higher social value, when exercised by public actors operating within the governance framework while, by contrast, reducing the social value when driven by external end-user activism. Importantly, our analysis highlights private collective pressures as a critical source of governance hazards and points out important limits to end-user activism in achieving desired social outcomes.

# U.S. State Chartering Competition: Evidence of Director Primacy in Corporate Governance?

Jill Brown, Bentley University Anne Anderson, Lehigh University Parveen Gupta, Lehigh University

Utilizing concepts from agency theory as well as director and shareholder primacy models, this study examines U.S. state chartering competition and the debate about whether Delaware incorporation provides additional firm value for shareholders. In a longitudinal study of firms with data from 1996-2011, we found that in line with director primacy and race to the top arguments, Delaware incorporated firms have less debt, and a higher Tobin's Q than similar firms in other states. However, when taking into account fixed effects, and expanding the sample to include those companies that are publicly traded in the U.S. but incorporated overseas, the effect of Delaware incorporation is negligible. Foreign incorporated firms provide significantly more value for shareholders over longer periods of time than do Delaware corporations.

SESSION 361

### **CREATIVITY AND INNOVATION**

Facilitator	Chengwei Liu, <i>University of Warwick</i>	
Common Ground	Room	Oslo
	Time	11:00 – 12:15 h
TRACK P, TRACK I	Date	Tuesday, Sep 23

## An Envy Management Model to Foster Intergroup Cooperation for Organization Innovation

Marina Biniari, Aalto University Quy Huy, INSEAD

Organization innovation (OI) is highly dependent on intergroup cooperation, but it is also subject to intergroup social comparisons that cause intergroup envy. Even though workplace envy could benefit or harm intergroup interactions depending on whether it triggers prosocial or undermining behaviors, we know little of how to manage it. In this paper, we propose an envy management model to advance intergroup cooperation and reduce social comparison costs.

### Competitive Forces and Organizational Capabilities: An Experimental Study of Strategic New Product Development Decisions

Hulman Khuvilai, University of Mannheim

Drawing on the innovation and strategic management literature, we investigate how managers make new product development decisions in order to achieve competitive advantage. We collected data on 6272 decisions made by 196 managers from different industries to test the relevance of two dominant theoretical frameworks in their actual use -Porter's five forces model and the organizational capabilities perspective. Further, we test the influence of contextual and individual level moderating factors. Our results could provide insights for strategic management research from a behavioral perspective on the long held debate about the sources of competitive advantage by revealing managers' mental models. Additionally, the study may contribute to innovation research as it sheds light on the early stages of new product development before a project is initiated.

### Do Boards Affect CEO Creativity? A Creative Cognition Analysis of Different Contexts

Goran Calic, *Purdue University* Elaine Mosakowski, *Purdue University* M.D. Wilson, *Purdue University* 

Competitive advantage is dependent on creative ideas. Faced with ill-defined problems and no conventional solutions, CEOs are increasingly put under pressure to be creative. Yet social context may either facilitate or constrain creativity. Because boards of directors play an important role in the upper echelons of firms, we choose to explore the effect directors have on CEO creativity. We propose that examining the affect boards have on CEO creativity will be context dependent and complementary to current perspectives. In complex and R&D intensive firms, more insiders may lead to greater creativity, whereas in firms where the CEO is also chairman, more outsiders may lead to greater CEO creativity. We use three qualitative methods to increase the reliability and validity of our results.

### How Do Managers Cope with their Creative Behavior?

Nassim Belbaly, GSCM Montpellier Business School Autcharaporn Somsing, GSCM Montpellier Business School Clemence Cheruy, GSCM Montpellier Business School

We present an adaption of the Behavioral Agency Model of managerial risk taking to explain the executive creativity behavior. We develop propositions including reference point, problem framing, risk taking that are necessary to understand executive creative behavior. The resulting output suggests that executives need to possess different creative skills which will enable them to find the right combination between risk and creativity to solve their day to day problems.

# Self-Regulated Teams, Agile Processes, and Absorptive Capacity: Identifying Dimensions That Affect Organizational Learning

Maria Carmela Annosi, KTH Royal Institute of Technology Saeed Khanagha, Erasmus University-Rotterdam Henk W. Volberda, Erasmus University-Rotterdam

Absorptive capacity (AC), as the ability to learn and to effectively utilize external knowledge is known as a key determinant of an organization's innovative performance. Although AC has been central to many research studies, our understanding on contextual factors that potentially influence the formation and the realization of absorptive capacity is still limited. By utilizing the results of an extensive field study combined with the survey results from a 1700 respondents in 240 self-regulated teams, we identify, hypothesize, and test the key influences on Absorptive capacity at individual, team, and organization level. The findings highlight the moderating effects of (a) leadership style, (b) teams' characteristics, and (c) organizational level factors such as collective memory and beliefs on the relationship between absorptive capacity and innovative performance.

# Useful Novelty – How to Encourage Creativity When your Staff is Homogenous

Kristina Dahlin, *HEC-Paris* Kristine de Valck. *HEC Paris* 

What is a manager to do when wishing to enhance creativity but only have homogenous individuals to manage? We argue that the right task strategy can turn groups with similar members into highly creative units. We test how a strategy focusing on problem-analysis moderates the link between diversity and creativity in groups. Defining creativity as the process of generating a novel and useful solution we find that low-diversity groups that choose a strategy that focuses on problem-analysis are more creative than higher-diversity groups. We make a contribution to the study of creativity by separating the distinct effects that diversity has on the novelty and usefulness dimensions of creativity. In so doing, we suggest that managers can foster creativity in groups by determining the right combination of diversity and problem-analysis.

SESSION 469

### **M&AS AND INNOVATION**

Paper	Room	Roma 2
	Time	11:00 – 12:15 h
TRACK X, TRACK	Date	Tuesday, Sep 23

# Innovation and Acquisitions in Pharmaceutical Industry Following a Shift in Patent Regime

Shinjinee Chattopadhyay, Columbia University Janet Bercovitz, University of Illinois-Urbana Champaign

Until 1995 the Indian legal system did not recognize product patents, but only process patents, and pharmaceutical firms operating in India enjoyed a weak patent protection regime. The TRIPS Act mandated that both product and process protection would have to be upheld within WTO member countries. The new stronger patent regime began in 2005. We identify three different strategic responses available to Indian firms: (1) exploitation of existing process capabilities in the generic drug market, (2) the pursuit of niche markets, and (3) investment in drug discovery R&D capabilities and participation in the mainstream branded drug market. We develop hypotheses that link each of the above strategies with expected impact on patent activities resulting

from broad adoption of the focal strategy, and present preliminary findings.

## **Keeping it Formal: Strategic Alliances, Acquisitions and Firm Innovation**

Michael A. Hitt, Texas A&M University Duane Ireland, Texas A&M University David Boss, Texas A&M University Scott Kuban, Texas A&M University Matthew Josefy, Texas A&M University

Our study examines the role that formal alliances and acquisitions play in providing firms access to resources, particularly knowledge. We examine the distinctive effects of different types and number of formal alliances on subsequent acquisitions and innovation. Our sample includes over 800 firms and nearly 4,000 alliances in the telecommunications industry from 1995-2011, as well as over 900,000 associated patents. We find that alliances are frequently precursors to subsequent acquisitions within 2 years. We also demonstrate that formal strategic alliances and acquisitions lead to future innovative activity, as measured by the quantity of patents. However neither alliances nor acquisitions necessarily lead to producing higher quality or more novel patents. Our findings provide an understanding of exploratory and exploitative learning through alliances in high technology industries.

### Technological and Product Market Similarities for Post-Acquisition Innovation Performance in High-Tech Industries

Namwoon Kim, Hong Kong Polytechnic University Jongkuk Lee, Ewha Womans University Minyoung Kim, University of Kansas

This study explains the impact of the technological and product market similarities between partner firms (i.e., the target and the acquirer) on the post-acquisition innovation performance of the acquirer. Specifically, we propose that this impact is contingent on the configuration of technological and product market similarities and the strategic fit of this configuration with the industry environment. Based on this perspective, we suggest that seemingly conflicting technological aspects of acquisitions (i.e., high versus low technological similarity) do not always exhibit a strategic dilemma caused by the trade-off between the two technological needs (i.e., access to new resources and resource integration), but can be reasonably incorporated into consistent managerial decisions if these two technological needs are analyzed using a context-specific framework.

## When Does Acquisition Lead to Breakthrough Knowledge Creation?

H. Dennis Park, *Drexel University*Michael Howard, *Texas A&M University*David Gomulya, *Nanyang Technological University* 

We explore conditions under which acquiring firms create breakthrough knowledge following an acquisition. Using arguments from knowledge recombination, we argue that acquiring firms are more likely to create breakthrough knowledge when they use acquired knowledge from the target firms, particularly when they combine it with internally-developed knowledge. Moreover, we suggest that human capital specificity plays an important role in acquiring knowledge such that retention of scientists who created the acquired knowledge enhances the likelihood of breakthrough knowledge creation, particularly when the acquired knowledge is complex. Using a sample of 111,227 patents from 301 high-tech firm acquisitions between 1990 and 2000, we find support for our predictions.

12:15 – 14:00 **AWARD LUNCH** 

### **PLENARY TRACK**

 TRACK Q
 Date
 Tuesday, Sep 23

 Time
 14:15 – 15:15 h

 Showcase Panel
 Room
 Lisboa

## Quantitative Empirical Approaches in Strategic Management

**Session Chair** 

Alfonso Gambardella, *Bocconi University* Panelists

Rajshree Agarwal, University of Maryland Ashish Arora, Duke University Constance Helfat, Dartmouth College Will Mitchell, Duke University J Myles Shaver, University of Minnesota

This panel is planned to discuss some of the key issues in the empirical strategic management research and offer guidelines to make the analysis and its techniques more standardized and rigorous. There are different approaches to rigor, and rigor does not necessarily mean complicated. Most importantly, researchers must understand their data, as well as the limitations of the empirical approaches utilized. Different empirical approaches have utility in different situations and contexts, but there is no substitute for researcher judgment. Moreover, the methods employed should neither constrain nor determine the questions asked.



Alfonso Gambardella is Professor of Corporate Management at the Università Bocconi, Milan. He obtained his PhD in 1991 from the Department of Economics of Stanford University. His research focuses on technology strategy. Along with publications in leading international journals, his book, Markets for Technology (with Ashish Arora and Andrea Fosfuri, MIT Press) is widely cited. He is Co-Editor of Strategic Management Journal. His

website is www.alfonsogambardella.it



Rajshree Agarwal is a Chaired Professor in Strategy and Entrepreneurship at the University of Maryland. Her research interests focus on the implications of entrepreneurship and innovation for industry and firm evolution. Rajshree Agarwal's recent projects examine knowledge transfer through employee entrepreneurship/mobility, experience-based advantages in new product markets, and the influence of dynamic knowledge-

based capabilities on firm performance. She has published articles in journals such as Academy of Management Journal, American Economic Review, Strategic Management Journal and Review of Economics and Statistics. Her paper on employee entrepreneurship received the Best Paper Award for 2004 from the Academy of Management Journal, and her work on post exit knowledge diffusion received the Stephen Shrader Award at the 2005 Academy of Management Meetings.



Ashish Arora is the Rex D. Adams Professor of Business Administration at the Fuqua School of Business at Duke University. He is a member of the strategy area, is associated with the Center for Entrepreneurship and Innovation, and is active in the Program for Entrepreneurs at the Fuqua School of Business. His research focuses on the economics of technology and technical change. Ashish Arora's research has included the study

of technology intensive industries such as software, biotechnology and chemicals, the economics of information security, and the role of patents and licensing in promoting technology start-ups. He has studied the rise of the software industry and the pharmaceutical industry in emerging economics, especially in India. He serves as co-editor, Research Policy, and Associate Editor for Management Science and is on the editorial board of Strategic Management Journal, Industrial and Corporate Change, Information Economics and Policy, and Journal of Evolutionary Economics. In the past, he has served on advisory panels to the Secretary of Commerce, the National Academy of Sciences, and The Association for Computing Machinery.



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.



Will Mitchell is Professor of Business Administration in Strategy and the J. Rex Fuqua Professor of International Management at Duke University's Fuqua School of Business. He is a faculty associate of Duke's Center for Entrepreneurship and Innovation, Health Sector Management Program, and Global Health Initiative. Will Mitchell teaches corporate strategy, business dynamics, and health sector strategy in the MBA, MMS, Ph.D.,

and Executive Education programs at Duke, as well as in partnership programs in Africa and elsewhere. He studies business dynamics, focusing on how businesses in developed and emerging markets change as the competitive environments change and, in turn, how the business changes contribute to ongoing corporate success or failure. Will Mitchell is a former SMS board member, a member of the SMS Fellows Group, a co-editor of SMJ, an editorial board member of several strategy-related journals in North America, Asia, and Europe, and a board member of Neuland Laboratories, Ltd.



Myles Shaver is Professor and Department Chair of Strategic Management and Organization at the Carlson School of Management, University of Minnesota. He also holds the Pond Family Chair in the Teaching and Advancement of Free Enterprise Principles. Prior to joining the Carlson School, Myles was Associate Professor of Management and International Business at the Stern School of Business, New York University.

Myles' research interests revolve around corporate strategy choices and their impact on performance. To date, Myles' work has been published in the Academy of Management Review, International Journal of Industrial Organization, Journal of Economics and Management Strategy, Journal of International Business Studies, Management Science, Small Business Economics, Strategic Management Journal, Strategic Organization, Asia-Pacific Journal of Management and various book chapters. Myles holds a Ph.D. in International Business from the University of Michigan and a Bachelor of Commerce from the University of Alberta.



# PLENARY TRACK, EXECUTIVE DISCOVERIES SERIES

 TRACK Q, TRACK X
 Date
 Tuesday, Sep 23

 Time
 14:15 – 15:15 h

 Showcase Panel
 Room
 Roma 1

### Strategy Frameworks: In Quest of Relevance in a Turbulent World

**Session Chair** 

Allen Webb, McKinsey Quarterly

**Panelists** 

Bernie Ferrari, Johns Hopkins University Robert Grant, Bocconi University Martin Hirt, McKinsey & Company Michael G. Jacobides, London Business School Dan Simpson, Clorox

In March of this year, McKinsey Quarterly convened a group of five Chief Strategy Officers strategists, five business school professors, and five current of former leaders of McKinsey's Strategy Practice to look forward at the future of strategy. Front and center in the discussion were strategy frameworks, whose development, and perhaps application, some suggested, has dithered. The discussion, summarized in the current issue of the Quarterly which is available to conference participants, raised some interesting reflections on what has been achieved to date and opportunities for collaboration between academics and practitioners. This session, which includes key participants from the March workshop, will explore what is the value of strategy research in and for practice. The debate between leading practitioners and academics, moderated by the Editor of McKinsey Quarterly, will briefly consider retrospect, and mostly focus on the future of strategy research and its ability to shape practice.



Allen Webb is the Editor-in-Chief of the McKinsey Quarterly. He joined the firm in 1993, and during the first phase of his career at McKinsey served clients in the aerospace, automotive, chemical, health care, legal, and steel industries, with an emphasis on topics related to corporate finance and strategy. Before joining McKinsey, Allen Webb was a research associate at the Harvard Business

School. He also has been a lecturer at the University of Washington's Foster School of Business, teaching MBA courses in international strategy and business history. He has published management articles in the California Management Review, Encyclopedia of Strategic Management, and the McKinsey Quarterly and has written numerous Harvard Business School case studies. Allen Webb holds a J.D. from the University of Chicago Law School, an M.B.A. from the University of Chicago Graduate School of Business, and an A.B. from Harvard College, where he was a member of Phi Beta Kappa.



Bernard T. "Bernie" Ferrari previously was a director at the global management consulting firm McKinsey & Company, where he spent nearly two decades leading McKinsey's healthcare practice and the firm's North American corporate strategy practice. After retiring from McKinsey in 2008, he founded and became chairman of the Ferrari Consultancy, serving clients in the financial services, transportation, energy, medical products,

aviation, and heavy-equipment manufacturing sectors. Bernie Ferrari is a cum laude graduate of the University of Rochester, where he also earned his M.D. He began his professional career as a surgeon and later was chief operating officer and assistant medical director of the Ochsner Clinic in New Orleans. Subsequently, he earned a J.D. magna cum laude from the Loyola University School of Law and an Executive M.B.A. from the Tulane University School of Business. He is a member of the Board of Trustees of the University of Rochester, where he is actively engaged with the Simon Graduate School of Business. He is a member of the Council on Foreign Relations and recently finished a term as a trustee of the Juilliard School.



Robert Grant is Eni Professor of Strategic Management at Bocconi University, Milan. He previously held faculty positions at Georgetown University, City University, California Polytechnic, University of British Columbia, London Business School, and University of St. Andrews. His research interests include the sources of organisational capability, strategic planning, and the corporate

strategies of the petroleum majors. He is author of the leading strategy text Contemporary Strategy Analysis (7th edn. Blackwell/Wiley, 2010). He is a member of the editorial boards of Strategic Management Journal, Journal of Management Studies, Strategy & Leadership, and is an associate editor of Long Range Planning. He studied at the London School of Economics.



Martin Hirt leads Mckinsey's Strategy and Corporate Finance Practices in Asia. Over the past two decades, he has advised Asia-based and multinational companies on a variety of issues including emerging-market growth strategy, cross-border M&A and merger management, business-model innovation, end-to-end transformation, pricing strategy, and culture change. In addition, Martin Hirt has extensive

expertise in the advanced electronics and high-tech industries, covering the entire value chain—including components, semiconductors, and flat panels; original design manufacturers (ODMs) and electronics manufacturing services (EMS) providers; branded PCs, TVs, and mobile devices; and telecom services. He has also counseled Internet businesses on advanced analytics, capability building, and the creation of disruptive online strategies. As part of his client service, Martin Hirt has also helped spearhead the creation of new advanced-analytics toolkits. Furthermore, he has played a critical role in developing and expanding McKinsey's Strategy Academies, a series of half-day workshops for C-level executives. He is the author of several articles on strategy and the Asian business landscape. He joined McKinsey in 1993 and has been based in Asia since 1998.



Michael G Jacobides holds the Sir Donald Gordon Chair of Entrepreneurship & Innovation at London Business School. He has visited Harvard, NYU, Bocconi and Wharton, where he obtained his PhD. He studies industry evolution, new business models, value migration and structural change in firms and sectors. His work has appeared in SMJ, AMJ, AMR, OrgSci, ResPol, and ICC, where he is an Associate Editor, and also publishes in

HBR, FT and Forbes.com. A frequent speaker in corporate events, he works on strategy, among others, with Goldman Sachs, Credit Suisse, EADS, Lufthansa, Zurich, Vodafone, Nokia, McKinsey, PwC, KPMG, MerckSerono, Roche and the NHS. On policy, he has worked with the UK parliament (on the future of financial services), the European Council (on the high-level group on innovation in Europe) and has spearheaded the RedesignGreece initiative. He serves on the Global Agenda Council of the World Economic Forum, and has presented in the Davos Annual meetings.



Dan Simpson spent 34 years as an executive at The Clorox Company, a \$6 billion U. S. manufacturer of consumer packaged goods, and is currently an Executive in Residence at the Haas School of Business at the University of California in Berkeley. He spent 15 years of his Clorox career as head of corporate strategy, with responsibility for corporate strategy, strategic planning for business

and functional units, and internal strategy consulting. He most recently served as Vice President - Office of the Chairman, where he supported the chairman in a variety of his internal and external roles, and led work on innovation and partnership practices. Prior assignments included positions in brand management, corporate finance, new business ventures and business development (M&A). Dan Simpson holds a B. S. from Northwestern University's School of Education and an MBA from Northwestern's Kellogg Graduate School of Management.

# PLENARY TRACK, EXECUTIVE DISCOVERIES SERIES

TRACK Q, TRACK X

Date
Tuesday, Sep 23

Time
14:15 – 15:15 h

Showcase Panel
Room
Copenhague

# Directing Strategy: The Process Challenges of Formulating and Implementing Strategy in a World of Networks

**Session Chair** 

Xavier Castaner, *University of Lausanne* Panelists

Juan Manuel Barrionuevo, Telefonica Antoni Basolas Tena, Gas Natural Fenosa Petri Kalliokoski, VTT Technical Research Centre of Finland Tomi Laamanen, University of St. Gallen Howard Yu, IMD

Directing strategy has been considered by some almost impossible, given the uncertainty and complexity stemming from rapid changes in organizational environments. Others have claimed that strategies are emergent and rationalized ex post. However, organizations in the forprofit, not-for-profit and public domains still engage in planning and some of them have even created the role of strategy director, chief strategy officer or director of business development. This panel discusses the challenges that top managers and strategy directors face in trying to organize and guide strategy formulation as well as support strategy implementation. Managers from both private and public organizations will share their insights and faculty panelists will discuss to what extent and how research has addressed these challenges. One of the aims of the panel is to conclude with a list of topics for future research in the domain.



Xavier Castañer (PhD, Minnesota) is Professor of Strategy at the University of Lausanne. He previously served on the faculties of ESADE and HEC (Paris), and also taught at HEC (Geneva) and LBS. He has published on corporate strategy and the boundaries of the firm, strategy process (strategic planning, intrapreneurship and M&A implementation), and innovation in

Administrative Science Quarterly, Strategic Management Journal, Journal of Management and Journal of Management Studies. At SMS he has organized preconference workshops, chaired multiple sessions, been a review committee member and reviewer for the PhD awards several times, participated as faculty in the Doctoral Workshop, and served as a Representative at Large for the Corporate Governance and Strategy and Strategy Process IGs. He presently serves as the Program Chair of the Strategy Process IG and on the Editorial Review Board of the Academy of Management Journal, Organization Science and the Strategic Management Journal. He is also active in the AOM, CCC and the European Academy of Management.



Antoni Basolas Tena has a degree in Economics and Business Administration from IESE Business School. He began his professional career in 1990 at Arthur Andersen (now Deloitte). In 1994 he joined Caixa Holding where he served as Director of the Utilities Group. In 2005 he joined Gas Natural Fenosa as the Deputy CEO Office Manager and was appointed Head of Strategy and Development. In May 2009, he became the

Managing Director of Strategy and Development. He is also a member of the Management Committee of Gas Natural Fenosa. Antoni Basolas Tena is a board member of several companies, including Eurogas, Gas Natural Aprovisionamientos, SDG, S.A.(international gas sourcing company), Union Fenosa Gas, S.A (Joint Venture with ENI spa), Europe Magreb Pipeline and Kangra Coal LTD.



Petri Kalliokoski holds the position of Executive Vice President, Knowledge Intensive Products and Services (KIPS) at VTT. He has business and organisational responsibility over the KIPS business area, which covers VTT's research, innovation and customer activities in ICT, electronics and health technologies (750 persons). In addition to the business area responsibility, he

oversees VTT's strategy and business development in corporate level. Mr. Kalliokoski is a member of VTT's Executive Board. Additionally, Petri Kalliokoski acts as the CEO of VTT International Ltd., a company that manages VTT's research organizations and offices abroad. He is also the chairman of the board of VTT Ventures Ltd which co-invests in VTT's spin-offs with private investors and has around 20 companies in start-up phase. Petri Kalliokoski is a chairman or a board member in several high-tech and manufacturing companies. He also acts as a strategic advisor for several VTT's customers on strategy, innovation and new business development.



Tomi Laamanen is a Chaired Professor of Strategic Management and Director at the Institute of Management of the University of St. Gallen. Prior to his present position he was Professor of Strategic Management and Director of the Institute of Strategy of Aalto University. Tomi Laamanen's research focuses on strategic management with a special emphasis on acquisition programs, strategy processes and practices, capability dynamics, and

management's cognition. Tomi Laamanen is one of the associate editors of the Strategic Management Journal and an editorial board member in the Journal of Management. Tomi Laamanen has been a member of the Strategic Management Society since 1997. In 2010 he co-chaired Strategic Management Society's special conference in Lapland with a focus on the intersections between strategy processes and strategy practices. In 2011 Tomi Laamenen was elected as Associate Program Chair of the Strategy Process Interest Group, and currently leads the IG as Chair for 2013. Since 2010 Tomi has also served as the Co-Chair of the SMS Best PhD Paper Prize Competition. Tomi Laamanen's work has appeared or is forthcoming in European and North-American journals, including Strategic Management Journal, Journal of Management, Journal of International Business Studies, Journal of Management Studies, Strategic Organization, Research Policy, Harvard Business Review and Research Policy. In addition to teaching and research, Tomi Laamanen has worked with a number of firms from different industries both as Member of the Board and strategy consultant.



Howard Yu is Professor of Strategic Management and Innovation at IMD. His research interests include technological innovation, strategic transformation, and change management. His teaching and research activities focus on why and how some firms can sustain new growth while others cannot. His research has examined the evolution of the global personal computer industry. Of six major firms where he conducted in-depth investigations on the subject, three of

them were the largest motherboard makers in the world, the other three were the largest laptop manufacturers. Currently, Howard Yu is collaborating with private equity firms and venture capital funds in studying how established companies can expedite the process of creating new businesses by involving external entrepreneurs and third-party investors. He received his doctoral degree in management at Harvard Business School. Prior to his doctoral training, he worked in the banking industry in Hong Kong.



# PLENARY TRACK, EXECUTIVE DISCOVERIES SERIES

TRACK Q, TRACK X
Date Tuesday, Sep 23
Time 14:15 – 15:15 h
Showcase Panel Room Londres

# **Governance Challenges in Globalized Networks Session Chair**

Joan E Ricart, IESE Business School

**Panelists** 

Ruth Aguilera, Northeastern University Alvaro Cuervo-Cazurra, Northeastern University Javier Gimeno, INSEAD

Vicente Salas, University of Zaragoza

In this panel, four Spanish scholars will discuss some of the challenges in the global context today. Ruth Aguilera will set the context of the session by summarizing the main learning from comparative governance studies; Alvaro Cuervo-Cazurra will discuss the role of multinationals in this global context; Javier Gimeno will add competition to the discussion and Vicente Salas will discuss the role of banks. We hope to have a deep, research based discussion about the most important challenges in governance today in a world of global networks.



Joan E. Ricart, Past President of the SMS, is the Carl Schrøder Professor of Strategic Management and Chairman of the Strategic Management Department at the IESE Business School, University of Navarra. He is the Associate Director for Faculty and Research, and has been the Director of the Doctoral Program (1995-2006) and Associate Dean for Research and the Doctoral Program (2001-

2006). He is also Director of the scientific committee of EIASM and Vice-president of the Iberoamerican Academy of Management. He was the Founding President of the European Academy of Management (2001-6). Joan E. Ricart has published several books and articles in leading journals. His current areas of interest in strategic management are business models and offshoring. He received doctoral degrees in industrial engineering (1982 from the Universidad Politécnica de Catalunya), managerial economics (1984 from Northwestern University) and economics (1985 from the Universidad Autónoma de Barcelona).



Ruth V. Aguilera is a Full Professor at the D'Amore-McKim School of Business at Northeastern University. She is spending the 2014-2015 academic year in the Department of Strategy and Policy, National University of Singapore Business School. Her research interests lie in the intersection of economic sociology and global strategy, specializing in international corporate governance, corporate social responsibility

and internationalization. Her research has been published at AMJ, AMR, Org Science, and SMJ among other journals. She has spent considerable time conducting research at the Wissenschaftszentrum Berlin für Sozialforschung (WZB), the Università Luigi Bocconi in Milan, the Research Institute of Economy, Trade and Industry (RIETI-MITI) in Tokyo, Sogang University (Seoul), and more recently at ESADE Business School. She is an Associate Editor at Organization Science, Corporate Governance: An International Review, a Guest Associate Editor at the Journal of International Business Studies, and serves on the editorial boards of SMJ, GSJ, and Academy of Management Perspectives.



Alvaro Cuervo-Cazurra is a faculty member in the Sonoco International Business Department of the University of South Carolina. He holds a Ph.D. from the Massachusetts Institute of Technology and another from the University of Salamanca. He studies the internationalization of firms with a special interest in developing-country multinational companies. He also analyzes

governance issues with a special interest in corruption in international business. His research appears in leading academic journals such as the Strategic Management Journal and in several edited books. He serves on the editorial boards of leading journals such as Global Strategy Journal, Journal of International Business Studies, Strategic Management Journal, and Organization Studies, among others. His geographical area of expertise is Latin America.



Javier Gimeno is Professor of Strategy at INSEAD, where he holds the Aon Dirk Verbeek Chair in International Risk and Strategic Management. He received a PhD in strategic management from Purdue University and a Licenciate degree from the University of Zaragoza in Spain. His work centers on competitive strategy and entrepreneurship. He has been published in journals such as Academy of Management Journal, Administrative Science

Quarterly, Organization Science, and Strategic Management Journal. He served as Senior Editor for Organization Science, and on editorial boards of several leading journals in strategy and management. Javier Gimeno was Program Chair for the 2006 SMS International Conference in Vienna, chairman of the SMS Competitive Strategy Interest Group, and currently serves on the SMS Board of Directors. He was also Program Chair and Division Chair for the Academy of Management's Business Policy and Strategy division, and member of the Board of Governors of the Academy.



Vicente Salas-Fumás is Professor of Economics and Business Administration at the University of Zaragoza (Spain). He serves as member of the Board of Directors of the Banco de España. His research interests are in the field of economic analysis of organizations. Some of his recent publications have appeared in Journal of Accounting Economics, Journal of Financial Intermediation, Journal of Financial Intermediation, Journal of

Central Banking, among others. In 1992 he received the King Jaime I award for his contributions to research in the economics of business.

# PLENARY TRACK, EXECUTIVE DISCOVERIES SERIES

 TRACK Q, TRACK X
 Date
 Tuesday, Sep 23

 Time
 14:15 – 15:15 h

 Showcase Panel
 Room
 Paris

## Rethinking the Architecture of Global Corporations Speaker

Ranjay Gulati, Harvard University

In the present context, firms are witnessing dramatic shifts in the competitive landscape with intensified competition and increasing commoditization of offerings. Consequently, firms are struggling with finding ways to organize themselves to be both product leaders while also getting closer to their customers. They must simultaneously also be cost leaders while also being on the cutting edge of innovation. How do organizations deal with these seemingly competing sets of demands and organize themselves to tackle these competing demands and do so successfully in a global context? Most organizations have struggled with the matrix structures they have created in response to these conflicting demands. In this paper I will discuss how some organizations are building ambidexterity to tackle these competing pressures.



Ranjay Gulati is the Jaime and Josefina Chua Tiampo Professor of Business Administration at the Harvard Business School. He was previously the Michael L. Nemmers Distinguished Professor of Strategy and Organizations at the Kellogg School of Management, Northwestern University. Ranjay Gulati is an expert on strategic and organizational issues in firms,

including the creation and management of intra and inter-firm partnerships and achieving short term and long term growth by organic means, as well as through strategic alliances. He has also taught several elective courses in his area of expertise including: Leadership, Organizational Design, Managing Strategic Alliances, Strategy Implementation and Leading Market Driven Organizations. He has received numerous awards for teaching, including the Best Professor Award in Kellogg's International Executive MBA Program for a number of years in different programs and also the Chairs' Core Teaching Award while he was at the Kellogg School of Management. Ranjay Gulati holds a Ph.D. from the Harvard Business School; an MBA from the MIT Sloan School of Management; a BS in Computer Science from Washington State University; and a BA in Economics from St. Stephen's College, New Delhi.



### **BUSIENSS MODEL ECO-SYSTEMS**

TRACK A	Date Tuesda	ay, Sep 23
	Time 15:30	– 16:45 h
Paper	Room Malta	

Session Chair Geraldine Brennan, Imperial College London

# **Business Models for Sustainability: Informed by Ecosystem Concepts**

Geraldine Brennan, Imperial College London

This proposal presents preliminary findings from an in-depth exploratory qualitative case study mapping stakeholder perceptions of organizational influence within a UK Brewery's business ecosystem. Based on a critique of circular business models, this research is informed by a conceptual framework based on the extension of the ecosystem concept of material flows within biological ecosystems to social systems in the form of symbolic flows, particularly organizational influence. The purpose of the study is to understand the impact of a mismatches in stakeholder perceptions of organizational influence on sustainable value creation opportunities within business ecosystems.

# Discovering Entrepreneurial Opportunities And Innovative Efforts In The Creation Of New Firms In Italy

Maria Francesca Savarese, *University of Padua* Luigi Orsi, *University of Padua* Fiorenza Belussi, *University of Padua* 

Nowadays, in an uncertain, competitive, and dynamic environment, companies must be able to manage complex value chains, and they should be aware of their BM (Business Model) to react quickly to the emerging needs of the global consumers. In this paper the main BMs of the new firms, born in Italy after 2,000, are examined. The new firms considered belong to three industries: life-science, engineering and services - Knowledge Intensive Business Service (KIBS). Data were collected through telephonic interviews, selecting a sample of 504 firms (reduced to 495 once we add the financial indicators extracted from AIDA database) within a universe of 2341 newly founded firms located in the North of Italy in the years 2000-2006 (source Cerved-Chamber of Commerce). The results obtained trough cluster analysis show the emergence of 3 specific business models, strongly connected with the 3 specific sectoral context.

## Here Comes the Shock: Leveraging Business Models into Networks

Francesca Capo, LUISS Guido Carli University Paolo Boccardelli, LUISS Guido Carli University

Businesses do not evolve in a vacuum. There is a whole environment outside firms' specific contexts that is continuously exposed to shocks and whose effects may jeopardize the way firms create and capture their

As a first step to face the dangerous waves of a crisis, nothing but the cognition of its potential effects on their business models is what firms need to start with. Then, to eventually ride it, nothing but to complement these business models within a network, is what firms need to go ahead with. Through a grounded theory approach within an Italian pharmaceutical district we aim at analysing the impact of shocks on business models and how, by complementing them within a network structure, firms can eventually ride the crisis.

## Navigating in Business Ecosystems by Understanding Business Model Interaction

Anastasia Tsvetkova, Åbo Akademi University Magnus Hellström, Åbo Akademi University Magnus Gustafsson, Åbo Akademi University

Companies are more and more competing within and among business ecosystems rather than on product or technological level. Although the notion of business models draws attention to the links among firms, more complex interconnections like those within business ecosystems remain to be explored. This paper addresses both the structure and dynamics of business ecosystems by employing a functional perspective, where business models of various actors form a functioning whole. Such approach stresses collaboration among companies as the way to increase competitiveness of the overall business ecosystem. The study examines

two industries that face a need to replace old business ecosystem with a renewed one. The paper proposes a framework explaining the relation of business models and business ecosystems both in terms of structure and dynamics.

SESSION 404

### **INNOVATION AND GLOBAL NETWORKS**

TRACK B

Date
Tuesday, Sep 23

Time
15:30 – 16:45 h

Common Ground
Room
Viena

Facilitator
Ronald Burt, University of Chicago

## Benefiting From Differentiated MNE Network: Global Competence Creation Imperative

Ahreum Lee, Temple University
Robert McNamee, Temple University

MNEs are considered as a 'differentiated network', where knowledge is created in various parts of the MNE, transferred and integrated within it (Cantwell & Piscitello, 2000). Especially in contemporary business environment, to gain and sustain competitive advantage, utilizing new knowledge created from emerging markets becomes more important. However, current research paid most attention to creation and transfer of technological knowledge. Given the importance of integrating technological and market knowledge for global competence creation, we argue it is important to look at creation and transfer of nontechnological knowledge, particularly market knowledge. To this end, we bring in the concept of global competence creation imperative to include non-technological knowledge, and further suggest frugal and reverse innovation as an example of the creation and transfer of new market knowledge and innovation from emerging markets within MNE context.

### Configuring Global Networks of Innovation: The Impact of Country Based Distinctions in Brokerage Structure

Exequiel Hernandez, *University of Pennsylvania* Sarath Balachandran, *University of Pennsylvania* 

Studies that examine the relationship between global network configuration and innovation tend to use broad measures such as centrality and constraint to characterize networks. Using the concept of brokerage as our lynchpin, we argue for a more nuanced approach towards the characterization of global networks that accounts for the differences between countries. We develop a typology of brokerage configurations based on the national boundaries within which the focal firm and its partners are located and demonstrate that a multi-dimensional measure of brokerage based on this typology explains a portion of firms' innovation outcomes over and above that explained by the conventional aggregate measures. We also show that different configurations of brokerage have directionally different effects on firms' innovation outcomes.

## Exploring Asymmetric Networks: Network Power, Relational Identity, and Knowledge Exploration

Bin Hao, East China University of Science and Technology Yanan Feng, Coventry University Hao Ren, Tongji University

While most of network studies focus on the situations of symmetric interactions, the issue of asymmetric networks is underexplored. We argue that the most significant difference between symmetric and asymmetric networks is the extent to which at least one actor could use network power for coordination. This study thus aims to identify the relationship between network power and knowledge exploration. More specifically, we differentiate between structure-driven power and capability-driven power, discussing their relationships with knowledge exploration respectively, as well as the moderating role of relational identity in such relationships.

## **Exploring Management Research on the Biotech Industry: A Citation Network Analysis**

Marianna Marra, Aston Business School Angelo Riviezzo, University of Sannio Maria Rosaria Napolitano, University of Sannio Alessio Meoli, University of Sannio

This study surveys the management literature on the biotech industry applying a citations-based approach. The main goals are identifying a set of papers constituting core developments in this literature over the last 30 years, and to discover the more recent active sub-areas. We apply three network-based algorithms, Search Path Count (SPC), Hubs and Authorities, and Islands to examine respectively: the main underlying 'research path'; the core papers in the broad area of management research on the evolving biotech industry, and their most recent developments; the 13 most active subareas (thematic islands) since the mid 1980s.

# The Effects of Interorganizational Imitation and Power on Exit Decisions from Open Multipartner Alliances

Rand Gerges Yammine, EMLYON Business School

This paper investigates the effect of imitation of competitors and the moderating effect of power on firm exit decisions from open mutlipartner alliances. Building on social influence models, I argue that firms tend to mimic the behavior of similar others under conditions of uncertainty. However, powerful firms are relatively immune to imitation pressures and thus, display autonomous behaviors. I decompose power into two sources, formal and informal, which are captured by hierarchal position and network centrality, respectively. An analysis of nine open multipartner alliances in the mobile phone industry from 2000 till 2012 reveals that firms imitate similar others in terms of exit decisions power immunizes firms against social influence.

### You Can Buy Competitive Advantage: Strategic Factor Market Theory and Acquisition Strategy in the Global Market for Innovation

William Schulze, *University of Utah* Sergey Anokhin, *Kent State University* Joakim Wincent, *Luleå University of Technology* 

Does strategic factor market theory hold when the value of a resource is not yet knowable? We explore this question by applying that logic to the market for innovation and find two surprising conclusions. First, consistent with strategic market theory, we find that firms that invest in a diversity of innovation markets out-perform those who concentrate investment in few markets. Second, and inconsistent with that theory, we find information obtained from global information networks about promising innovations is likely to be more valuable than information the firm acquires through private sources, like field offices. We find support for both conjectures using a sample of 652 corporate venture capital investment decisions made by 163 firms in 51 nations over a four year period.

SESSION 452

## COMPETITIVE DYNAMICS AND STRATEGY IN PLATFORM-BASED MARKETS

TRACK C	Date	Tuesday, Sep 23
	Time	15:30 – 16:45 h
Panel	Room	Roma 1

#### **Panelists**

Carmelo Cennamo, *Bocconi University*Giovanni Battista Dagnino, *University of Catania*Michael G. Jacobides, *London Business School*Geoffrey Parker, *Tulane University*Robert Seamans, *New York University* 

Platform-based markets (e.g. social networks, video game consoles, auction houses and shopping malls) have become increasingly important for today's economy. Characterized by two-sided market economics, platform-based markets have distinct competitive dynamics that require a novel set of strategies from both platform owners and complementors. Strategy scholars in the fields of business models, evolutionary perspectives, industry architecture, value appropriation, and demand-side perspectives are only beginning to understand the phenomenon of platform-based markets. This panel session aims to stimulate the conversation between strategy scholars

interested in strategies, innovation and competitive dynamics of platform-based markets. Offering a mix of presentations, panel discussions and audience interaction, we aim to further our understanding of platform-based markets and address important avenues for future research.

SESSION 364

## CONCEPTUAL DEVELOPMENTS IN COMPETITIVE STRATEGY

TRACK E	Date	Tuesday, Sep 23
	Time	15:30 – 16:45 h
Common Ground	Room	Luxemburgo
Facilitator	Todd Alessandri, Northeastern University	

## Bringing Coherence to Organizational Substitutes and Complements

Steven Postrel, University of California-Irvine

A vast empirical and theoretical literature on organizational complementarities has arisen over the last twenty years. Unfortunately, the measure of complementarity that almost all of these papers use is fundamentally flawed if our interest in complementarity is in its implication that getting the mix of organizational practices right is important. This "cross-partial" measure confounds increasing and decreasing returns to scale in practice intensity with actual complementarities. A potentially superior alternative measure, a gradient ratio substitution index, is defined and proposed.

### Extending Value Logic Thinking to Value Logic Portfolios

Thomas Ritter, Copenhagen Business School Poul Houman Andersen, Aalborg University

Based on value creation logic theory (Stabell & Fjeldstad, 1998), this paper suggests an extension of the original Stabell & Fjeldstad model by an additional fourth value logic, the value system logic. Furthermore, instead of only allowing one dominant value creation logic for a given firm or transaction, an understanding of firms and transactions as a portfolio of value logics (i.e. an interconnected coexistence of different value creation logics) is proposed. These additions to the original value creation logic theory imply interesting avenues for both, strategic decision making in firms and for research into strategic management.

# Hypercompetition: Microfoundations and Evolutionary Paths

Hermann Ndofor, *Texas A&M University* Christina Carnes, *Texas A&M University* 

Hypercompetition has emerged as an important and common environment descriptor, yet it remains theoretically underdeveloped thus hindering its continuing use in strategic management research. To address this we develop a theoretical framework that decomposes the state and time dimensions of environments and explores the antecedents and evolutionary paths through which hypercompetition can develop within an environment. By focusing on the dynamic nature of hypercompetition we propose that firm-level competitive interactions combined with industry-level integration and diffusion of knowledge influence the unpredictability of the environment associated with hypercompetition.

# On Resources, Rationality, or Judgment as Micro Foundations to Organizational Theorizing

Thomas Kalling, Lund University JC Spender, Kozminski University

The RBV provoked attention to the VRIN resources that might be micro foundational to the firm, engaging questions about strategic advantage left un-addressed in Porter's 'positioning' analysis. In the two decades since, those theorizing competitive activity have shifted focus onto 'intangibles', especially knowledge asymmetries that might be generated endogenously. Analyzing this requires an explicit model of the individual. The impact of economics on our field has resulted in many choosing variants of 'rational man'. Unfortunately it is then difficult to address Coase's 'killer question' about firms' existence. Entrepreneurship theorists have often added judgment, emotion, passion, and other humanist features to their model of man. Our paper reviews judgment and explores the implications of deploying human capacities other

than rationality as alternative micro foundations.

# The Evolution of Competition through the Business Cycle

Roberto Vassolo, Austral University Maria Jose Murcia, IAE Business School Luiz Mesquita, Arizona State University Javier Garcia-Sanchez, Austral University

Business cycles baffle managers, while little we know about them. We propose hereby to examine business cycles (originated on mild or sharp macroeconomic shocks) effects on early mover advantages along the industry life cycle. We focus on three prototypical cycles, varying in depth - magnitude of the decline in output and employment, duration –number of quarters with declining activity -, and frequency – number of shocks per unit of time -. Based on mathematical modeling and computer simulation, we aim to provide insight on how organizations may eventually benefit from considering the limitations and opportunities provided by its external environment.

#### What Do We Know About Entry?

Gideon Markman, Colorado State University G Tyge Payne, Texas Tech University Miles Zachary, Texas Tech University Peter Gianiodis, Clemson University

Choices about entry timing are critical to firm survival and growth, so they have been studied for decades. Surprisingly, when asked when to be a first, second, early, or late mover, many scholars and managers equivocate. The undefined reactions are understandable—decades of scholarly research did help greatly, but persistently inconsistent findings as well as conceptual and methodological issues undermine the development of a unified theory regarding entry timing. This study hopes to address this problem; it reviews 108 articles published in top-tier management and marketing journals (1989-2013), including the Lieberman and Montgomery's (1988) seminal piece on first mover advantage. The outcome is a synthesized framework that outlines a wide spectrum of contingencies and strategies of entry timing.

SESSION 399

# THE ROLE OF INDUSTRY/ENVIRONMENTAL CONDITIONS IN CORPORATE STRATEGY

TRACK F	Date Time	Tuesday, Sep 23 15:30 – 16:45 h
Paper	Room	Londres
Session Chair	Jane Lu, <i>University of Melbourne</i>	

### Business Portfolio Restructuring from an Industry Environment Perspective: The Role of Critical Resources

Peter Hildebrandt, University of Goettingen Ulrich Pidun, Boston Consulting Group Michael Wolff, University of Göttingen Jana Oehmichen, University of Göttingen

Our empirical study seeks to investigate how the availability of critical resources in an industry environment (i.e. environmental munificence) influences firms' decisions to restructure their business portfolios. We hypothesize that low environmental munificence impedes the tendency of firms to counter poor performance or over-diversification by portfolio refocusing, whilst fostering portfolio diversification. Additionally, we explore which aspect of environmental munificence – capacity, growth/ decline or opportunity/threat from critical resources – is driving the hypothesized effect on portfolio restructuring. We will empirically test our hypotheses in a multivariate analysis using longitudinal data collected from a large sample of American and European firms. Our study seeks to contribute theoretical and empirical insights for advancing our understanding of corporate restructuring, the interdependencies between firm and industry characteristics and the environmental munificence concept.

# Corporate Venture Capital Investments and Market Valuation: Moderating Role of Uncertainty

Xueji Liang, *National University of Singapore*Jane Lu, *University of Melbourne* 

Corporate venture capital (CVC), defined as external equity investment made by established firms in private entrepreneurial ventures is conceptualized as a real option held by firms. This proposal links CVC investments to firm market valuation and examines the moderating role of uncertainty in this relationship. Drawing on real options theory, we develop hypotheses to argue that firms engaging in CVC investments have higher firm market valuation, but greater proportion of CVC investments to unrelated ventures has negative effect on firm market valuation. Further, this study differentiates uncertainty regarding whether uncertainty can be resolved by waiting, and argues that the positive relationship between CVC investments and market valuation is stronger when industry uncertainty is high, but weaker when firm-specific uncertainty is high.

# Policy Risk, Strategic Decisions and Contagion Effects: Firm-Specific and Macro Considerations

Daniel Blake, IE Business School
Caterina Moschieri, IE Business School

We explore whether and how firm-specific facets of policy risk lead firms to divest. We argue that when firms experience a dispute with a government, although the macro-level uncertainty does not vary, their assessment of their exposure to policy risk changes, making them more likely to divest in that country and, surprisingly, even beyond the boundaries of the host country. Using an originally compiled database of all the disputes presented before the World Bank and the claimants' divesting activity in the last 18 years, we find support for this argument and no evidence that firm-specific risk spreads to other firms in the country. Our results show that policy risk is an important driver of firm's divestitures, and identify the mechanisms through which risk can spread

# The Dynamics of Regulatory Uncertainty and Concurrent Sourcing in the U.S. Electricity Industry

Colleen Cunningham, *Duke University* Nilanjana Dutt, *Bocconi University* 

This paper explores the relationship between changes in regulatory uncertainty and changes in the sourcing of key resources for firms operating within the U.S. Electric Utilities industry in the 2000s, a period of increasing mandates for renewable inputs. We employ behavioral and evolutionary frameworks to propose that high regulatory uncertainty drives concurrent sourcing, or the simultaneous making and buying of the same input. We further hypothesize that decreases in uncertainty negate the benefits of concurrent sourcing and, thus, should drive firms away from such a strategy. Early results suggest that inertia and path dependence may inhibit movement away from concurrent sourcing. Our paper contributes by uniquely focusing on the evolution of the boundaries of the firm alongside shifts in uncertainty, a key firm boundary driver.

SESSION 385

## MULTINATIONAL FIRMS AND THE EXTERNAL ENVIRONMENT: THE ROLE OF INSTITUTIONS

Common Ground	Room	Glasgow
TRACK G	Date Time	Tuesday, Sep 23 15:30 – 16:45 h

#### An Organizational Perspective of Wasta

Musab Almutawa, IE Business School

Wasta is the use of a mediator to acquire an advantage or to speed an undertaking usually in relation to government authorities in the Arab World. Though understudied, wasta is essential to understanding decision-making in the Middle East. This conceptual paper aims to bridge the gap between wasta and organizational theory by investigating the factors that explain the institutionalization of wasta usage by firms in the region, and what firms, including MNEs, can do to better leverage the use of wasta. Drawing on institutional and social capital perspectives, it is argued that as isomorphic pressures and organizational social capital increase, the use of organizational wasta by firms also increases. Furthermore, wasta usage depends on familiness, prior usage of wasta, and organizational cooperation.

## Institutional Resources as a Double-Edged Sword: Evidence from the Indian Textile Firms

Raveendra Chittoor, *Indian School of Business* Preet Aulakh, *York University* Oana Branzei, *University of Western Ontario* 

In an era of global competition, there is a growing interest within the strategy field to study how the institutional environments influence firm strategies and competitive advantage. In this paper, we further this research by examining how institutional stimulus through a government program (Technology Upgradation Funds Scheme (TUFS)) influenced the global competitive advantage of the Indian textile firms. Results from a panel of firms during the 1989-2010 period show that while accessing the resources provided by the government program enhanced global market share, this accrued at the cost of lower profitability. Furthermore, we find that the relationships between the institutional stimulus and global market share and profitability are moderated by quasi-institutions within which individual firms are embedded, namely business groups.

### **Leveraging City-Level Legacies across Time-Space**

Li Dai, Loyola Marymount University Peter Smith Ring, Loyola Marymount University

This paper explores the mechanisms by which interpersonal ties spanning international bridging institutions generate network value for firms going abroad. Defined as the aligned intentions and legacies of people embedded in historically-formed city dyads across national boundaries, international bridging institutions have the potential to provide explanatory power beyond existing conceptions of home-host country differences. Drawing on insights from the rich literatures on networks and institutions, we look at the implications for firm internationalization of long-standing person-to-person relationships fostered through sister city ties. We develop propositions concerning the entry timing and mode of firms and their performance in a previously unstudied context, and offer preliminary thoughts on our empirical approach. Our work represents an effort to incorporate individual and city level constructs into research on international strategy.

### Talk Softly and Carry a Big Stick: Inter-State Diplomatic Networks and MNE Disclosure Strategy

Anthony Cannizzaro, George Washington University Robert Weiner, George Washington University

In this paper, we investigate how multinational enterprises (MNEs) can use transparency as a non-market strategy to manage political hazards abroad. We propose the degree to which MNEs sacrifice transparency for security depends upon the ability to leverage a non-market resource unexplored in the strategy literature: diplomatic capital. We employ network theory to examine the global web of relationships in which firms and states are embedded, for as a network resource, diplomatic capital exists within relationships, not in firms or states themselves. We argue a country's ability to defend a constituent MNE depends upon the strength of home-host diplomatic ties and international affinity. Further, we propose state-owned enterprises have an advantage in leveraging these resources by virtue of their intrinsic ties to the state.

### The Effects of legitimating Process on the Cross-Border Acquisition Performance of Transitional Economy Firms

Yinuo Tang, University of Pittsburgh

This study proposes that the evolution of institutional reforms and the resulting competing institutional logics influences the mechanisms through which the Transitional Economy Firms (TEFs) establish legitimacy and overcome financial constraints in cross-border acquisitions. Specifically, we suggest that TEFs that use market-legitimacy processes, exemplified by cross-listing, to fill institutional voids perform better in cross-border acquisitions. In contrast, TEFs that use non market legitimacy processes, exemplified by political connections, perform less well. Studying how TEFs reconcile multiple competing institutional logics while they refine their scope and boundary through cross-border acquisitions, this research unpacks the legitimacy processes that TEFs engage in, and reveals their impact on firm performance in the global corporate control market.

## **Understanding Corruption As a Nonmarket Strategy** in a Cross-Border Context

Lili Yan, George Washington University Robert Weiner, George Washington University

This paper examines the relationship between corruption and nonmarket strategy in a cross-border context, using a unique dataset with accurate, firm-specific measures of corruption. We first examine the effects of home country corruption norms on firms' strategy to corrupt abroad. We then move beyond the institutional context to explore the rationale behind the heterogeneity among firms from the same corrupt country in different compliance with host governments' bribery request. We find that firms from corrupt countries are more likely to pay bribes abroad, and propose that firms' past exposure to corruption develops their capacity to use bribery to do business abroad. It contributes to the strategy literature by connecting corruption to firms' nonmarket capability developed through their previous experience in dealing with their home governments.

**SESSION 377** 

# ORGANIZING ASSETS ACROSS BORDERS: DRIVERS AND CONSEQUENCES

TRACK G

Date
Tuesday, Sep 23

Time
15:30 – 16:45 h

Room
Bruselas

Session Chair
Elizabeth Rose, University of Otago

### An Empirical Examination of a Transaction Cost Explanation of FDI Capital Structure

Asmund Rygh, *BI Norwegian Business School*Gabriel R G Benito, *BI Norwegian Business School* 

The literature on capital structure decisions of multinational enterprises for their subsidiaries is dominated by studies of tax planning, although some other motivations such as limiting political risk and overcoming host-country capital market imperfections have also received attention. In this proposal, we outline a study taking a strategic perspective on MNE subsidiary capital structure, based on Williamson's (1988) transaction cost theory of finance. Using subsidiary-level Norwegian foreign direct investment data over the period 2000 to 2006, we investigate the impact of important transaction cost theory variables such as asset specificity and external uncertainty on the relative use of equity versus external and internal debt. Preliminary analyses only partially support a transaction cost view of subsidiary-level financing decisions.

## Backward Integration of Foreign Sales Activities into Production: An Operational Flexibility Perspective

Jan Hendrik Fisch, WU-Vienna Björn Schmeisser, WU-Vienna

This study focuses on the decision to expand existing foreign sales activities towards production, thereby substituting exporting by local production as international operation mode. Complementing traditional theories on foreign direct investment and the internationalization process of the firm, it is suggested that multinational enterprises pursue backward integration of foreign subsidiaries in order to exploit arbitrage opportunities in their existing network of foreign operations. We predict that, besides well-known factors, fluctuations in exchange rates, differences in corporate income tax regimes, investment incentives granted by host governments, and external knowledge at other foreign locations explain backward integration of foreign sales activities into production. We aim to test our hypotheses using event history analysis on a dataset of 382 manufacturing firms showing 514 cases of backward integration between 1999 and 2011.

## Foreign Equity Ownership, Corporate Energy Intensiveness and Carbon Emissions

Byung Min, *Griffith University* Peter Verhoeven, *Queensland University* Carl Joachim Kock, *IE Business School* 

This paper examines how energy intensiveness and carbon emissions relate to foreign equity ownership for a sample of Japanese listed industrial firms during 2003-2010. We find that energy intensiveness and carbon emissions are negatively associated with foreign equity ownership. This negative association is more evident for foreign institutional investors than for foreign individual investors. Our results also suggest that low

foreign institutional investment in energy intensive firms is largely through intermediation effects of carbon emissions.



# The Impact of Internationalization on Performance in Regulated and Non-Regulated Firms

Raquel García-García, University of Oviedo Esteban García-Canal, University of Oviedo Mauro Guillen, University of Pennsylvania

We add to the literature on the internationalization-performance relationship by differentiating between regulated and non-regulated industries. We argue that both face liabilities at the beginning of their internationalization that damage their performance, but once they are overcome, after gaining enough international experience, further international expansion leads to increases in performance. However, whereas there is an internationalization threshold upon which non-regulated firms return to the path of value destruction, in the case of regulated firms this threshold does not exist. Therefore, the performance of multinationals operating in regulated industries displays a U-shaped pattern while the one in non-regulated industries has an S-shaped nature. We confirm our predictions by estimating Heckman's two-stage models (1979) on a panel data sample from 1986 to 2010 which includes all Spanish listed firms in 1990.

SESSION 208

### INTERACTIONS, RECOMBINATION AND ADAPTATION PROCESSES

TRACK H, TRACK X	Date	Tuesday, Sep 23
	Time	15:30 – 16:45 h
Common Ground	Room	Moscu

**Facilitator** Catherine Maritan, Syracuse University

### How do Organisational Identity Orientations Affect Strategy Processes: The Case of Academic Publisher and the Disruptive Open Access Model

Trin Thananusak, Cambridge Judge Business School Shahzad Ansari, University of Cambridge

Whilst strategic management research has begun to explore the relationship between organizational identity and strategies processes, the question of how organizations strategically adjust their identity orientations to cope with business uncertainties needs more attention. We conduct an inductive case study to examine how managers of a nonfor-profits organization in academic publishing sector re-orient their identity orientations (with their parent and peer organizations) to deal with uncertainty in the disruptive Open Access publishing model. We show how organizational identity orientations affect the choices of strategy and implementation. We contribute to the strategy processes literature by showing the role of multiple identities in strategy implementation and how the interdependence between organizations and their parent and peers organizations shapes the strategy process.

# How Stakeholder Sensing and Anticipations Shape the Firm's Strategic Response Capability

Carina Antonia Hallin, Copenhagen Business School Torben Juul Andersen, Copenhagen Business School Can-Seng Ooi, Copenhagen Business School

We outline a strategic response capability framework drawing on cognitive neuroscience to explain stakeholder sensing and anticipations as essential input to environmental analysis. Stakeholders receive stimuli from ongoing interactions with the firm and thereby sense current environmental changes and form anticipations about future performance that provide early signals about needs for proactive strategic responses. Based on insights from literatures on cognitive neuroscience, marketing and strategy we develop a strategic response capability model driven by stakeholder sensing and anticipations with associated propositions. We discuss the implications of the proposed framework and suggest future research venues to further uncover the microfoundations of the firm's strategic response capability.

# Killing Me Swiftly: Escalation, Attention and Exit in Multi-Logic Projects

Nicola Dragonetti, HEC-Paris Frédéric Dalsace, HEC-Paris Clemence Patureau, HEC-Paris

Through the analysis of an initiative inside a multinational, we extend the escalation framework developed by Ross and Staw (1993), adding new determinants that they had overlooked and applying it to an initiative that was never perceived as failing. The extended framework thus allows us to understand why an initiative that was regarded as exemplar could be "paused" six months after, without any major event intervening.

### Path Dependent Effects of a Firm's Initial Strategy Adoption and Implementation

Jason O'Toole, Georgia State University François Neville, Georgia State University

This study develops theory regarding the relationship between strategy and performance by examining the nexus of firm strategy adoption and implementation. Specifically, we examine the effects of the adoption and implementation of initial product innovation strategy on the performance of nascent video game companies. The theory developed points to contingency arguments linking the effects of an initial firm's strategy adoption and qualities of its execution. Our theory suggests that whether a firm realizes its intended strategy and how quickly it comes to that realization moderates the relationship between a firm's initial product innovation strategy and its subsequent performance over time. We will test our hypotheses using a unique sample of video game companies, data from their initial product development projects, and data on games released over time.

## Reciprocal Interactions between Organizational Capabilities and Managerial Actions

Krsto Pandza, *University of Leeds* Abdelghani Es-Sajjade, *University of Leeds* 

In this paper we report on an inductive research project based on multiplecase research design that helps us to engage with research question of how a distinctive identity of a group within an organization influences reciprocal relations between organizational capability and managerial action. Perception of a distinctive organizational capability triggers the process of social identification and this leads to internal heterogeneity of group-level identities. Identity-driven autonomous and induced actions shape interactions among groups, produce new resources with impact on organizational level capabilities.

## When do Modules of Activities Undergo or Resist Recombination?

Daniel Albert, University of Pennsylvania

Research suggests that activity systems can be decomposed into subsystems, called activity domains which can be subject to recombination; that is, they can merge with other domains or even exit the system. While recombination has been identified as a powerful mechanism of system-wide renewal enabled through a modular design, it is less clear what role the individual modules play in this mechanism. I address this gap by focusing on characteristics of activity domains to theorize about their likelihood to undergo recombination. Applying a Cox model to test the hazard-rate of recombination in a sample of 1027 activity domain-years in the European banking industry between 2000 and 2011, I find modularity to have opposing effects depending on which hierarchical level of a activity domain one considers.

### **NETWORKS OF INNOVATORS**

Paper	Room	Copenhague
	Time	15:30 – 16:45 h
TRACK I	Date	Tuesday, Sep 23

Session Chair Corey Phelps, McGill University

### A Multilevel Study of Interpersonal and Inter-Organizational Knowledge Networks in High-Tech Clusters

Julia Brennecke, Albert-Ludwigs-University of Freiburg Olaf Rank, Albert-Ludwigs-University of Freiburg

We investigate the relationship between managers' and researchers' embeddedness in interpersonal knowledge networks and their organizations' involvement in R&D collaborations in the context of regional clusters. Social mechanisms are supposed to give rise to patterns of cross-level assortativity and cross-level closure characterizing multilevel knowledge networks. To find out which patterns actually determine knowledge sharing and cooperation in regional high-tech clusters we apply exponential random graph models for multilevel networks to relational data collected in two clusters in Germany. Our results show a positive interaction between individuals' popularity as sources for knowledge and their organizations' centrality in the formal collaboration network as well as a negative interaction between individuals' activity seeking knowledge from others and their organizations' centrality. We also find a tendency for cross-level closure.

### Big Egos in Big Science: Unlocking Peer Effects in the Evolution of Collaborative Networks

Jacob Jeppesen, Copenhagen Business School Kristina Vaarst Andersen, Copenhagen Business School Finn Valentin, Copenhagen Bussiness School Giancarlo Lauto, University of Udine

In this paper we investigate the micro-mechanisms governing the structural evolution and performance of scientific collaboration. Using a dataset consisting of full bibliometric coverage from a Large Scale Research Facility, we utilize a stochastic actor oriented model (SAOM) to analyze both network endogeneous mechanisms and individual agency driving the collaboration network and further if being a Big Ego in Big Science translates to increasing performance. Our preliminary results suggest that the selection of collaborators, are not based on preferential attachment, but more of an assortativity effect creating not merely a rich-gets-richer effect but an elitist network with high entry barriers. In this acclaimed democratic and collaborative environment of Big Science, the elite closes in on itself, thus potentially restricting innovation and knowledge creation.

### Disentangling the Relationship between Brokerage, Knowledge Flows and Innovation in Intrafirm Subunit Networks

Lisa Gaerber, Stanford University Shalini Rogbeer, Frankfurt University

It is well established that brokerage creates private benefits for the broker. How brokers reap private benefits and the extent to which other network members benefit from brokerage remains unclear. Acknowledging a direct relationship between knowledge flows and innovation, we use a 3SLS model to elucidate the individual and simultaneous links among brokerage, innovation and knowledge flows. Based on subunit network data of 145 subunits belonging to three multinational enterprises (MNEs), we find that broker subunits do not exhibit any definite patterns of knowledge flow behaviors. We show, however, that facilitating knowledge flows in the network enhances the brokers' innovation. As facilitators of knowledge flows, brokers optimize both their private as well as the benefits of their respective networks.

# Networks, Knowledge Differentiation, and the Publication of Clinical Trials for Depression

Rebeca Méndez-Durón, *University of the Balearic Islands* Marissa King, *Yale University* Robert Vesco, *University of Maryland* 

In this proposal, we argue that the structure of an inter-organizational network of clinical trials affects rates of knowledge production. Moreover, the position of individual organizations in the network largely maps onto

different incentives for knowledge generation between pharmaceutical companies and research institutions. Using a co-sponsorship network of clinical trials for depression, we identify a core-periphery structure, calculate the sponsors' coreness and betweenness centrality; and evaluate their effect on publication rates in medical journals. Our analysis indicates network position does not affect significantly publication rates. Nonetheless, dividing the sample into funding subsamples, our preliminary results suggest the effect of network position is contingent to sponsor's organizational type. We propose that different incentives combine with different network positions to yield different publication rates.

SESSION 263

### **INNOVATION MODELS IN EMERGING ECONOMIES**

Session Chair	Will Mitchell, Duke University	
Paper	Room	Helsinki
	Time	15:30 – 16:45 h
TRACK I, TRACK G	Date	Tuesday, Sep 23

### Adopting Knowledge from 'Reverse' Innovations? Transnational Patents and Signaling from an Emerging Economy

Kenneth Huang, Singapore Management University

Is there knowledge adoption of innovations from emerging economies? We develop a conceptual framework and methodological approach to better understand and systematically identify 'reverse' innovations in China and investigate their knowledge adoption by firms in the U.S. Analyzing 4,226 China-U.S. patent dyads first applied in China and subsequently in the U.S. that are matched to 4,226 comparable patents from the U.S., we find reverse innovations have less value, scope, and legal strength as compared to their corresponding U.S. patents. Furthermore, our difference-in-differences estimates show that patenting in China increases their knowledge adoption by U.S. firms. This effect is most salient when information asymmetry is high: when patents are awarded to China-based firms and to technologies from less developed Chinese regions.

# Advantage from Value Appropriation: The Role and Impact of Organizational Mechanisms in Protecting Trade Secrets

Anand Nandkumar, Indian School of Business Kannan Srikanth, Singapore Management University Prashant Kale, Rice University

We investigate how firms appropriate value from their knowledge assets by protecting them leaking to competitors. Prior work has mainly considered value appropriation from the lens of industry structure such as economies of scale or the importance of complementary assets or legal mechanisms such as strength of the IPRs. In contrast, we examine how the organization of a firm's innovation activities protects a firm's knowledge resources from leaking to competitors. We explore this question by relying on a few in depth interviews and on survey data from 140 captive centers established by MNCs in India that perform R&D. Since India has minimal legal protections for trade secrets, examining this context is likely to help us understand organizational mechanisms that help firm's protect their intellectual property.

## How and When Do Sub-National Institutions Matter for Corporate R&D?

Pei Sun, Fudan University Zhe Qu, Fudan University Zhixiang Liao, Fudan University

Integrating the institution-based view of strategy and literature on the appropriablility of innovation, this paper develops a model of rent creation and capture to analyze how sub-national institutions impacts upon corporate R&D in large emerging economies. Further, we develop hypotheses regarding the ways in which certain organizational characteristics – technological competence and ownership identity – may moderate the relationship between local institutions and R&D investments. Using firms in China's pharmaceutical industry, we test the conceptual framework and find a positive relationship between the quality of local institutions and corporate R&D intensity. Furthermore, this positive effect is less pronounced in firms that are technologically more competent, and more salient in indigenous firms than in

wholly owned foreign subsidiaries.



### **Trickle-Up Innovation**

Miguel Angel Montoya, Monterrey Institute of Technology

Business innovation created to solve the needs of poor people in developing countries was the subject of this analysis. Trickle-up innovation was observed: innovations created to solve the needs of the base of the pyramid (BoP) were subsequently used to serve middle or high-income population within the country. These insights derived from the pharmacy-doctor business model (the addition of a low-cost, quick-service medical consultancy next to a low-cost pharmacy) which emerged in Mexico in the late 1990s. This innovation was initially created to address the lack of public provision of health services, but it diffused and grew despite the subsequent introduction of free universal health insurance. This case demonstrates that country-specific solutions to market failures can be regarded as innovations for the BoP.

SESSION 346

# MANAGEMENT AND STRATEGY PRACTICES RECONSIDERED

Facilitator	Sotirios Paroutis, <i>University</i> of	£14/
Common Ground	Room	Estocolmo
	Time	15:30 – 16:45 h
TRACK J, TRACK X	Date	Tuesday, Sep 23

# A Strategy-as-Practice View on the Interplay between Executive and Non-Executive Teams in Strategy Formulation

Angeliki Papachroni, Heriot-Watt University

Research in corporate governance has predominantly focused on issues of board composition and structure and how these are associated with organizational performance. More recent studies however highlight the need for more processual and behavioral research on the role and practice of the board, as a key decision-making body. Following a strategy-as-practice view that places actors and their practices at the heart of strategic management this research explores the relationship between executive and non-executive teams within a board of directors of a large European service organization. Drawing from in-depth interviews and non-participant observation of company board meetings, this research contributes to the corporate governance literature with nuanced, processual and empirically grounded evidence on how boards work and the role of group dynamics in shaping strategy.

## Linking Management Practices to Institutional Change – International Financial Intermediaries in Kenya

Tim Weiss, Zeppelin University

The business environment in emerging markets has been mainly characterized by an absence of efficient institutions such as capital and labor markets. This multi-level study investigates how foreign organizational models - venture capital funds and accelerator programs - explore "spaces of opportunity" within the institutional fabric and contribute to institutional change in Kenya. By actively engaging with Kenyan entrepreneurs, investors morph into carriers of global management knowledge. These knowledge transfer processes instigate sense making, editing and the adoption of global ideas to local particularities, thereby transforming the behavior and shared meaning systems of market participants. A qualitative research design opens up the black box of investor-entrepreneur interaction processes and provides insights into the mechanisms that link micro activities to field level dynamics and macro-institutional impact.

# Strategic Planning in Banks, Embedded in a Dynamically Complex Financial System

Christian Hugo Hoffmann, *University of St. Gallen* Stefan Groesser, *Bern University of Applied Sciences* 

We move towards a new economic reality for financial institutions, emerging from one of the most difficult economic environments since the Great Depression, an environment that has created dramatic changes to the financial landscape. In this reality, attention to strategic decision-making and planning in banks is needed more than ever (Daruvala et al., 2012). This study focuses on the question of whether banks' strategic planning and forecasting instruments are still valuable in today's complex financial systems. Drawing on complexity theories, we, first, argue that traditional or existing methods of strategic planning are not appropriate

for capturing and dealing with the dynamic complexity of the financial system; and, second, contribute to the design and development of improved planning and forecasting methods in this context.

# **Strategizing Organizational Emergency Management: Strategies-As-Practice Perspective**

Nurain Hassan Ibrahim, AIMTech Research Group Omar Al-Tabbaa, University of Huddersfield

Emergency management (EM) in the oil and gas industry is of strategic importance to organizations as it can have impact on people's lives and organizational reputation. This developmental paper proposes a conceptual framework for understanding organizational EM strategies by considering the micro-level activity of emergency response and responders in shaping strategy at the macro-level. The practices of key organizational responders during emergencies are strategic because they draw on strategic plans and are crucial to strategic outcomes. However, these key participants may not have formal strategy roles. It is argued that an understanding of whether and how their practices are incorporated into practices that shape strategy may situate them closer to the centre of strategizing activities; from outsiders to insiders.

### The Strategic Practice of Corporate Branding Generated in Dynamic Client-Consultant Interaction

Rita Järventie-Thesleff, Aalto University

In this study we set out to explore, how the strategic practice of corporate branding emerges in a dynamic client-consultant interaction. Our empirical research is based on a longitudinal, ethnographic case study in an industrial, transnational company. Based on our analysis we identified three characteristics of the emerging practice of corporate branding; it was episodic, outside-in focused and alignment driven. We offer two contributions based on our study. First, our study provides a dynamic perspective on strategy practice and shows how the strategic practice of corporate branding emerges in the client-consultant interaction. Second, our results provide empirical evidence to the nascent critical approach to corporate branding by showing how the alignment-based models on corporate branding have limited possibilities of influencing the organizational identity.

# Tracing the Emergence of Strategy Through a Practical Coping Lens

Paula Jarzabkowski, City University London Carola Wolf, Aston University

We elaborate the concept of 'practical coping' (Chia & Holt, 2006) as it occurs within strategy work to incorporate both dwelling modes and deliberate modes of strategizing during strategic decision making processes. We analyse practical coping within strategic episodes in the context of a reinsurance company and trace the negotiation of a retrocession cover from the initial meetings until the final signing. With this analysis we aim at contributing to a better understanding of strategy making as a result of both emergent and deliberate actions. We use the notion of practical coping to explore the origins of strategy emergence and to extend the study of strategically relevant processes and activities beyond a focus on top managers or other actors and processes specifically labelled strategic.

SESSION 225

## ENTREPRENEURIAL NETWORKS: FORMATION AND IMPLICATIONS

TRACK K	Da	ite	Tuesday, Sep 23
	Tir	ne	15:30 – 16:45 h
<b>Common Ground</b>	Ro	om	Oslo
Facilitator	William Hesterly, University of Utah		

# Consensus on Entrepreneurial Networking Strategies in China, Taiwan, and the US

Xin Yao, University of Colorado-Boulder Josh Keller, Nanyang Technological University Renhong Zhu, Sun Yat-Sen University Hsieh Ru-Mei, National Pingtung University of Science and Technology

Research on entrepreneurial networks has long wrestled with the question of agency. To bring in the role of culture and institutions in the construction of entrepreneurial agency in networking, we examine

the consensus among entrepreneurs on networking strategies in three institutional environments. Combining interviews of 72 entrepreneurs and a survey of 297 entrepreneurs in China, Taiwan, and the US, we examined whether there was consensus on network-level and dyadlevel entrepreneurial networking strategies. Using cultural consensus analysis, we found consensus on network-level strategies in stable formal institutional environments (US & Taiwan) while consensus on dyad-level strategies in tight informal institutional environments (China & Taiwan). Implications of our findings for research on entrepreneurial networks and the role of culture and institutions in entrepreneurship are discussed.

### ★ Immigrants Entrepreneurial Networks Evolution **Over Time**

Jorge Mejia, ITAM

This study examines how the entrepreneurial network of French immigrants evolves from its origin in Mexico. Using a longitudinal single-embedded case study I identify two different scenarios that emerging firms might face when they become part of a network: either the firm is created along the network, or while the network is under development. Additionally, the interplay between the institutions created by this network and its members shows the emergence and development of its own "ecosystem" to fit different types of institutional instability and to influence the institutional system. Thus, this paper extends current literature on network development by exploring for the first time network evolution beyond early stages.

### Learning from Failure and Success: The Moderating Role of Diversity of Experiences

Annelies Bobelyn, Erasmus University-Rotterdam

The idea that organizations can improve their performance by learning from own past experiences and the experience of others is widely accepted. Some studies have explored the differences between learning from success versus learning from failure, while others have stressed the importance of similarity or diversity of experience. This paper combines the debate on both issues by investigating how learning from success versus failure interacts with learning from similar versus diverse experiences. The results indicate that success experiences of the venture capitalist have a positive effect on the likelihood of successful exit of subsequent portfolio companies. We further find that diversity of IPO experience has a positive effect on IPO hazard, while diversity of trade sale experience has a negative effect.

### The Impact of Investment Networks on Venture Capital Firm Performance: A Contingency Framework

Cristiano Bellavitis, City University London Igor Filatotchev, City University London Vangelis Souitaris, City University London

Venture capital (VC) syndicates involve repeated transactions among partners and, therefore, they possess network-like characteristics. Although networks provide access to important resources, extant literature did not study the impact of the focal firm's resource endowment on the performance benefits arising from different network structures. We investigate the moderating impact of firm's maturity and status as proxies for internal and external resources on the relationship between network cohesion and VC performance. Analyzing a dataset of UK VC investments (1998-2012) we find that mature and high status VCs benefit less from network cohesion. We also show that these moderating effects are reinforcing each other.

### The Use of Advisory Boards for Networking Activities in Entrepreneurial Firms

Eric Weber, HHL Leipzig Graduate School of Management Andreas Pinkwart, HHL Leipzig Graduate School of Management

Entrepreneurs are embedded in networks with different structures, in which interactions with various actors influence entrepreneurial performance. The utilization of network potentials for opportunity seeking, resource acquisition and obtaining legitimacy is crucial to cope with liabilities of newness and smallness. We argue that advisory boards are a voluntary instrument with legal flexibility to institutionalize and professionalize networking. In a qualitative assessment with 17 expert interviews in high-tech ventures, we found advisory boards are often influenced by investors, who try to set up a 'control' role. But most respondents also mentioned networking, as part of a 'service role', as important function. We confirm that advisory boards are used for networking to establish ties, which provide additional information and knowledge, support resource acquisition and increase legitimacy.

SESSION 228

### DYNAMIC CAPABILITIES AND PERFORMANCE **IMPLICATIONS FOR NEW FIRMS**

TRACK K Date Tuesday, Sep 23 15:30 - 16:45 h Time **Paper** Room Monaco **Session Chair** Shad Morris, Brigham Young University

### Alignment of Firm Capabilities and Technological **Regime: Implications for Firm Survival and Dominant** Design

Tianxu Chen, Oakland University Lihong Qian, Portland State University VK Narayanan, Drexel University

This study bridges the dominant design literature and the industry evolution literature to study firm survival prior to the formation of the dominant design. We distinguish de novo from de elio firms' integrative capabilities and propose that the latter are likely to possess stronger integrative capabilities than the former. Further, we distinguish different technology regimes along three dimensions: platform versus non-platform based, software versus hardware based, and end use versus intermediate use based. We predict that de novo firms are more likely to exit in the following technology regimes than de elio firms: platform based, hardware based, or intermediate use based. We test these hypotheses with a sample of over 120 product categories with dominant designs, and the empirical results are consistent with our hypotheses.

### **Dynamic Capabilities and Market Dynamism Effects** on High-Tech Start-Up Enterprise Performance: **Concept and Empirical Findings**

George Toystiga, University of Reading

This paper contributes a novel conceptual and empirical study that explores the contribution of dynamic capabilities to the firm's performance in the context of the prevailing market dynamism. The study focuses on entrepreneurial high-technology start-ups. Specifically, this paper proposes a conceptual framework that links the enterprise's dynamic capabilities (in their expression as shaping factors - sensing, seizing and reconfiguring; Teece (2007, 2009, 2010)) to enterprise performance (functional and evolutionary fitness; Helfat et al. (2007), and the moderating effects of market dynamism (Eisenhardt and Martin, 2000). Empirical findings (quantitative analyses) indicate a significant contribution of reconfiguring to the enterprise's functional fitness, while market dynamism is shown to play a significant moderating role on both functional and evolutionary fitness.

### **How Dynamic Capabilities Generate Competitive** Advantage in Extreme High Velocity Environments

Massimo Colombo, Polytechnic University of Milan Evila Piva, Polytechnic University of Milan

Scholars in strategic management are calling for further research to understand under which conditions DCs positively impact on firms' competitive advantage. This paper heeds this call by arguing that two prominent DCs - i.e., new product development and expansion in international markets - are beneficial for firms in an extremely high velocity environment only when they are used extensively and in combination. First, only an ample reconfiguration of firm's resources can match discontinuous and fundamental changes. Second, complementarities among the two DCs render the resource reconfiguration difficult to imitate by competitors, thus satisfying the VRIN condition. To test our hypotheses, we develop novel measures for the two DCs under investigation and rely on a sample of Italian high-tech entrepreneurial ventures in the extreme high velocity environment forged by the global crisis. Our results are in line with our predictions.

### **Understanding the Process of New Venture Evolution** in Nascent Markets

Charlotte Pauwels, Imperial College London

A growing body of research devotes attention to new venture evolution in uncertain and ambiguous environments. Building on the detailed study of a new venture's development process in a nascent market we aim to provide a more complete understanding of new venture

evolution in nascent markets. Our approach enables us

to identify that this evolution involves fundamentally different processes of adaptation over time. We introduce the concept of a "legitimate venture archetype" as an important contingency to distinguish between experimental and structural processes of archetype adaptation. We extend prior studies by showing that evolution from an initial archetype to subsequent archetypes involves fundamentally different adaptation processes of both business model and resource configuration.

SESSION 244

### LABOR MARKETS AND STRATEGIC HUMAN **CAPITAL**

TRACK L	Date	Tuesday, Sep 23
	Time	15:30 – 16:45 h
Paper	Room	Paris
Session Chair	Matthew Bidwell, University of	of Pennsylvania

### Competitive Intensity in the Market for Human Capital: How Does Who You Hire From Affect How Much You Pay?

Matthew Bidwell, University of Pennsylvania Olivier Chatain, University of Pennsylvania

We develop theory and findings on the effects of competitive intensity in the labor market, based on variation in the specific companies that a focal firm recruits from. Drawing on value based strategy theories, we develop a theory of wages in a market with heterogeneous firms matching heterogeneous workers. Our arguments suggest that companies that are more central to the hiring network and those that hire more workers will need to pay higher wages, while those that hire from a wider diversity of industries will pay lower wages. We test these arguments using unique data from a careers survey of MBA alumni. These data allow us to create the network of firms hiring such workers from one another and to determine what wages they pay.

### **Corporate Social Responsibility as a Remedy for Moral** Hazard?

Caroline Flammer, University of Western Ontario Jiao Luo, University of Minnesota

This study examines whether corporate social responsibility (CSR) acts as a remedy for moral hazard in the workplace. To obtain exogenous variation in employees' propensity to engage in moral hazard, we exploit a natural experiment provided by large increases in state-level unemployment insurance (UI) benefits. Higher UI benefits render the threat of termination less effective and hence increase employees' incentives to shirk. Using a difference-in-differences methodology, we find that companies react to increases in UI benefits by increasing their employee-related CSR. This finding supports the view that CSR is a valuable resource that allows companies to motivate their employees. We further provide evidence that the increase in CSR is larger for companies operating in industries that are more labor intensive and more competitive.

### **Learning-by-Hiring: International Employee Mobility** and the Growth of Emerging Market Firms at Home

Pao-Lien Chen, National Tsing Hua University Chuan-Kai Lee, National Tsing Hua University

This paper investigates how the domestic growth of emerging market firms are affected by the mobility of human capital from foreign firms based in more developed markets. Empirical results based on a sample of local firms in the Zhongguanchu Science Park, Beijing in China show that hiring former foreign firm employees enhances local firms' growth in local sales, and this positive impact decreases as the local firms grow in age and size. Further, hiring former employees of foreign firms from their local subsidiaries generates a lower growth impact than hiring from their headquarters or other foreign subsidiaries. The finding suggest that the consequence of international employee mobility should depend on the characteristics of the hiring firms and the hired foreign-experienced employees.

### The Value of General Management Experience in the Market for Executive Human Capital

Eric Lin, Harvard University

Boris Groysberg, Harvard University

We use proprietary global search firm data capturing compensation levels of executives to investigate the compensation impact of prior general management experience. Our preliminary findings suggest prior general management experience is valued by those firms hiring executives from the outside. Executives with more years of general management experience are paid more, controlling for industry, firm, and job characteristics, as well as measures of accumulated human capital. The benefit of such work experience differs by situation. The linkage between general management experience and compensation is particularly salient for executives switching jobs over industry and country boundaries. We provide initial findings on contextual determinants of how general management human capital is valued and outline a path forward for developing richer insights.

SESSION 303 SPECIAL TRACK		
TRACK S	Date	Tuesday, Sep 23
	Time	15:30 – 16:45 h
Special Panel	Room	Madrid

### \* Emerging Scholar

**Session Chair** 

Andrew Shipilov, INSEAD

**Panelists** 

Russell Coff, University of Wisconsin-Madison Alfonso Gambardella, Bocconi University Ranjay Gulati, Harvard University

Andrew Shipilov, the 2014 SMS Emerging Scholar, will lead a panel that will discuss new directions in research that links network positions to the competitive advantage of organizations. For example, this panel will explore how competitive advantage is affected by multiplexity in firms' relationships with business partners and by the boundary spanning ties of their employees. It will also examine how to make organizational networks research more impactful for the practitioners.

SESSION 219

### MANAGING OR RESOLVING STAKEHOLDER ISSUES? OF GOVERNMENTS, POLITICS AND SCANDALS.

Paper	Room	Estancia 311
	Time	15:30 – 16:45 h
TRACK M	Date	Tuesday, Sep 23

Session Chair Mary-Hunter McDonnell, Georgetown University

### ★ Blacklisted Benefactors: The Political Contestation of Non-Market Strategy

Mary-Hunter McDonnell, Georgetown University Timothy Werner, University of Texas-Austin

This paper explores how contentious stakeholders can disrupt a firms nonmarket strategy. We offer the first systematic study of the effect of public protest on corporate political strategy, using a unique database that allows us to empirically analyze the impact of social movement boycotts on targeted firms' campaign contributions. We show that boycotts lead to significant reductions in the amount of targets' campaign contributions and increase the percentage of contributions that are refused by politicians. These results highlight the importance of considering how a firm's socio-political environment shapes its non-market strategy. We supplement this primary analysis by drawing from social movement theory to extrapolate and test a number of mechanisms that moderate the extent to which movement challenges effectively disrupt corporate political activity.

### Raising the Voice: Dialogue as a 'Catalyst' for Change in Complex Institutional Environments

Horacio Rousseau, IESE Business School Pascual Berrone, IESE Business School Judith Walls, Nanyang Business School

Relying on the institutional logics perspective, we analyze the factors that enable dialogue between corporations and external actors on social and environmental issues. We define an institutional context

consisting of an overarching shareholder value logic, a social welfare logic and an environmental logic. Using data on shareholder activism, we hypothesize that external actor characteristics (power and legitimacy), CEO characteristics (NGO experience, elite education, major board participation and newly-appointed) and organizational visibility have different effects on enabling dialogue on social and environmental issues. Our study aims to support the idea that dialogue is a concrete mechanism that links logics to change, and that social and environmental issues are rooted in different institutional logics.

### The Microfoundations of Nonmarket Capabilities: Exploring the Connectivity Between Trade Association Influence and Industry Competitiveness

Thomas Lawton, *The Open University* Huyen Anh Tham, *The Open University* 

The establishment of Industry Councils to bridge government, trade associations and companies, signals the governmental recognition of trade associations as legitimate business representatives and industry experts. However, trade association influence and capabilities are not well understood in management and organization research. In this study we advance evaluation criteria for trade association influence and propose a framework of trade association nonmarket capabilities in shaping discourse and direction on public policy and improving industry competitiveness. As trade associations are legitimate industry actors and can serve as reputable and reliable arbiters in communication and negotiation between business and government, an understanding of trade association influence and capabilities can enhance the societal legitimacy of business-government relations.

### Wealthy in My Friends: Stakeholders' Nonmarket Success Explained By Relative Resource Endowments

Jorge Duarte-Rolon, IAE Business School

This working paper intends to shed light on the role of stakeholders' relative nonmarket resource endowments on influencing policy decisions. Nonmarket resource endowment accounts for the potential strength of stakeholders' nonmarket action, but their relevance is related to the competing forces in the nonmarket environment. The different combination of resource endowments, from stakeholders competing or cooperating over the same issue, is hypothesized to explain different policy outcomes. The theoretical frame is from the emerging research focus on nonmarket strategies, capabilities, and resources (Henisz and Zelner, 2012; Lawton, McGuire, and Rajwani, 2013). The empirical analysis is proposed to be over the adoption of different types of Renewable Portfolio Standards within U.S. states. The expected results might give information for managers on whether to compete or not over specific nonmarket issues.

SESSION 421

#### ACQUISITIONS, ALLIANCES, AND CONTRACTS

TRACK N		Date Time	Tuesday, Sep 23 15:30 – 16:45 h
Paper		Room	Estancia 307
Session Chair	Janet Bercovitz, Ui Champaign	niversity of	Illinois-Urbana

# A Tighter Embrace: When Does an Alliance Lead to Partner Acquisition?

Miranda Stienstra, *Tilburg University* Xavier Martin, *Tilburg University* 

We examine the conditions under which an alliance partnership is likely to be followed by one partner acquiring the other parent. Although research generally suggests that an ally-then-acquire strategy can create value, little empirical evidence has been found and comprehensive contingencies have yet to be developed. We therefore create predictions about the reasons to acquire, integrating on three theories: contingency theory, transaction cost economics and the knowledge-based view. We base our predictions on a detailed categorization of the alliance content. We test our predictions on 22 years of cross industry dyad-level data. Results show that it is far more common to eventually acquire an alliance partner than can be expected from previous research. We tentatively find that the KBV aligns best with our main results.

# **Between Acquisition Experience and Performance: Impediments to Acquirers Integration**

Helene Loe Colman, BI Norwegian Business School Randi Lunnan, BI Norwegian Business School

Integration is key for value creation post-acquisition. Serial acquirers that carry out a stream of acquisitions develop capabilities to integrate the target and the acquirer's organizations through learning from experiences. Implementing a stream of acquisitions poses challenges in terms of leveraging target capabilities and absorption of knowledge, in addition to managing multiple and complex changes. Through an explorative case study of a multiple acquirer we examine how integration capabilities evolve. Our findings show that learning from past acquisition experience is challenging, and less automatic than expected. We identify two sets of mechanisms that impede the development of integration capabilities, the first addresses fragmented learning processes whereas the second sheds light on the fragility characterizing organizations of serial acquirers.

### How Do Acquisition Announcements Influence Stock Market Valuations of Acquiring Firms' Alliance Partners?

JaSeung Koo, *Waseda University* Tomoaki Sakano, *Waseda University* 

This study examined the impact of an acquisition announcement on a market reaction to an acquirer's alliance partner in a bilateral alliance. From a transaction-cost perspective, we argue that the market valuation of an alliance partner around an acquisition announcement is negative, because the stock market recognizes that an acquisition causes an unanticipated increase in the uncertainty of the acquirer's behavior, decreasing the expected value from the alliance. In addition, the negative impact of an acquisition announcement depends on alliance and acquisition characteristics, which determine the degree of unanticipated increase in the acquirer's behavioral uncertainty and the alliance's tolerance of this unanticipated increase. Using an event study of 347 alliances associated with 150 acquisitions of Japanese public firms, we found general support for our hypotheses.

## The Double-edged Effect of Knowledge Acquisition: How Contracts Safeguard Firm Capabilities

Giorgio Zanarone, *University College of Financial Studies* Desmond Lo, *Santa Clara University* Tammy Madsen, *Santa Clara University* 

Acquiring knowledge of a partner's pre-existing capabilities plays an important yet ambiguous role in collaborative relationships. We show how contracts solve the tension between productive and destructive uses of knowledge by developing a model in which a seller invests to acquire knowledge from a buyer. We show that, when the buyer's capabilities are vulnerable to the revelation of sensitive knowledge, the seller overinvests as he expects to use knowledge as a rent-seeking threat. We also show that a non-renegotiable closed-price contract prevents such overinvestment. Finally, when the seller can use his knowledge both as a rent-seeking threat and to directly expropriate the buyer's capabilities, an optimal contract minimizes the seller's knowledge investment. Our model explains observed contracts and managerial practices that incentivize efficient knowledge investments.



### **DIRECTOR SELECTION AND INFLUENCE**

<b>Time</b> 15:30 – 16:45 h	Paper Session Chair	Room  Razvan Lungeanu, <i>Penn Stat</i>	Roma 2 e University	_
TRACK O Date Tuesday, Sep 23	Domass			
	TRACK O	Date	Tuesday, Sep 23	

## Director Expertise and Its Influence on Firm Strategy: Theory and Evidence from IPO Firms

Razvan Lungeanu, Penn State University Edward Zajac, Northwestern University

In this study, we offer a theoretical and empirical analysis of how and why outside directors, by virtue of their accumulated strategic expertise, can shape firm strategy. We develop a theory of director expertise as a latent resource, specifying the conditions under which such expertise is more likely to be activated, and thus more influential in driving strategic change. We also offer an original multifaceted conceptualization and measurement of director experience, which we term a director's strategic profile. We find supportive evidence for our perspective, based on an extensive longitudinal dataset that captures the formation and evolution of boards for firms experiencing IPOs, beginning in 1997 and ending in 2011.

# Legitimacy and Credibility of Board Members: Do They Matter?

Kamal Bouzinab, *University of Quebec-Montreal* Yvan Allaire, *HEC-Montreal* Mihaela Firsirotu, *UQAM* 

This paper investigates how the Legitimacy and Credibility of Board members may enhance the likelihood of making successful strategic decisions, such as acquisitions. We argue that Boards with legitimate and credible directors are more likely to perform efficiently their strategy and advice roles than boards relying on a majority of outside independent directors. Our preliminary findings support the general hypothesis that for discrete events of singular importance, such as acquisitions, a legitimate and credible board will enhance the likelihood of a successful transaction. We test our hypotheses in the context of corporate acquisitions with a sample of 133 Canadian transactions carried out between the years 2000 and 2006.

# Under the Microscope: The Effect of Analyst Attention on Outcomes in the Director Labor Market

Steven Boivie, *Texas A&M University*Joseph Harrison, *Texas A&M University* 

Research on the director labor market has primarily focused on internal factors driving director exit, such as firm performance or director characteristics, but has mostly overlooked how external factors may influence director exit and other labor market outcomes. We argue that external attention, in the form of analyst recommendations and earnings surprises, leads to various labor market outcomes for directors based on the nature of that attention. Negative attention should decrease directors' willingness to serve and may threaten prestige, leading to director exit. Positive attention should increase directors' willingness to serve and should enhance prestige, decreasing exit and leading to other positive outcomes. Further, we argue that these effects will be intensified by analyst reputation and directors' level of involvement on board committees.

### Who Shall Serve (and Why)? A Behavioral Exchange Perspective on Board Service

Miriam Flickinger, *University of Passau* Anja Tuschke, *University of Munich* 

An implicit assumption in prior work on corporate boards is that board service results from a rational consideration of whether the benefits outweigh the costs for both the firm and the individual director. We suggest, however, that there is value in analyzing more deeply the multiple components and boundedly rational character of any such cost/ benefit calculation. Board service is a complex, time-variant, and two-sided process that we believe lends itself well to a behavioral governance approach. We focus on why certain resources emerge as exchange elements, how the initial and later valuation of these resources may differ, how the uncertain timing of the resource exchange can affect the relationship, and how unintended consequences for both sides of the dyad can emerge from these behavioral elements.

**SESSION 355** 

# BEHAVIORAL ELEMENTS OF INSTITUTIONAL THEORY

TRACK P	Date Time	Tuesday, Sep 23 15:30 – 16:45 h
Paper	Room	Rotterdam
Session Chair	Varkey Titus, University of Nebraska - Lincoln	

# Coalescence of Organizational, Collective, and Market Identities: The Effect of Multiple Identities on Firm Performance

A. Erin Bass, *University of Nebraska Omaha* Varkey Titus, *University of Nebraska - Lincoln* Chris Tuggle, *University of Nebraska-Lincoln* 

How many identities can (and should) one firm have? As firms compete in more nuanced competitive environments, they may experience pressure to adopt multiple identities, or even to morph their identities to adapt to the changing competitive environment. But how do firms manage these multiple identities? Further, what effect does holding multiple identities have on firm performance? To answer these questions, we explore three identities of firms: organizational, collective, and market. We then examine the coalescence of these identities, and how identity consistency (or lack thereof) influences firm performance. We use a sample of firms from the petroleum industry to test three hypotheses regarding coalescence of organizational, collective, and market identities.

## Demographically-derived Biases in the Absence of Economic Considerations

Bryan Stroube, University of Maryland

This research contributes to the growing literature on "crowdfunding," by investigating biases in an online peer-to-peer lending market. I examine the extent to which fundamental demographics such as gender, education, age, geography, and marital status impact the decisions of lenders. To untangle the degree to which observed biases may simply represent underlying economic considerations, I exploit a policy change where a blanket loan guarantee was introduced to the market. In the post-guarantee period, the economic rationale for lenders to discriminate on borrower demographics is largely removed. Therefore, comparison of pre- and post-guarantee periods provides a fruitful tool for measuring the degree of "statistical" versus taste-based discrimination. Further, the proprietary dataset provides significant demographic information for both sides of the lender-borrower dyads, making it possible to isolate the sources of bias.

## Shifting Levels of Abstraction: The Role of Vertical Category Dynamics in Market Valuation Processes

Vern Glaser, University of Southern California Mariam Krikorian, University of Southern California Peer Fiss, University of Southern California

Product categories facilitate transactions between buyers and sellers by defining and valuing goods exchanged. While prior research has shown how the horizontal dimension of category membership influences value, scholars have yet to examine the role vertical category dynamics between buyers and sellers play in the market valuation process. In this study, we examine how market actors strategically adjust the vertical scope of their product categories to understand and create value. Using the context of the online advertising industry, we find that ongoing market exchanges involve vertical category adjustment where buyers shift the level of abstraction of their categorical perspective to clarify uncertain value and sellers manipulate the level of abstraction to optimize their value.

### The Impact of Competitive Discourse on Managerial Cognition in Industry Networks

Caroline Baert, Vlerick Business School Marion Debruyne, Vlerick Business School

Within strategic management research, the role of discourse and its influence on managerial cognition have received increasing attention. However, the relation between discourse and firms' strategic responses to industry changes, remains an understudied subject. Therefore, this study explores the influence of competitive discourse on incumbents' responses to disruptive technological change. Integrating literature on managerial cognition, strategic discourse and network theory, we develop

a conceptual framework to explain how competitive discourse influences decision-makers' cognition in industry networks. First, we examine the dynamics that characterize the influence of competitive discourse. Second, we propose that the extent to which competitive discourse influences an incumbent's strategic response depends on the incumbent's network position and status in the industry.

SESSION 453

#### COMPETITIVE DYNAMICS

 Paper
 Date
 Tuesday, Sep 23

 Fession Chair
 Date
 Tuesday, Sep 23

 Paper
 Room
 Lisboa

 Session Chair
 Joseph Lampel, City University London

## Choosing Which Battles to Fight: An Attention-based Argument for the Diffusion of a Competitive Action

Aneesh Banerjee, City University London Joseph Lampel, City University London Ajay Bhalla, City University London

We study how competitive response to rivals' actions diffuses in an industry. We argue that as firms engage in competition across multiple markets and business domains, they allocate more attention to some threats than others. Drawing on the literature on behavioural strategy and Chen & Miller's AMC model of competitive dynamics, we develop a diffusion model of the spread of a competitive action throughout an industry. Using this model we run simulations to study when different types of firms choose to respond to a competitive threat. We find that depending on initial conditions, diffusion of competitive actions can have (a) stagnation (b) momentary spread and (c) bandwagon effects in an industry.

# Competing for Glory: Performance and Risk-Taking in Qualifying for the Ryder Cup

David Pastoriza, HEC-Montreal Jean-Francois Plante, HEC Montréal Raja Kali, University of Arkansas

We examine whether competing for a non-monetary prize affects behavior. We focus on the behavior of top US players during the regular PGA Tour season as they compete to earn a place to play for their country in the Ryder Cup in top US golfers as they compete to play for their country in the Ryder Cup. We find evidence that the glory associated with being part of the USA Ryder Cup Team is a motivation for elite players. We also find that when players get close to the final qualification date they start to "choke" under pressure. Choking under pressure is intensified when players are trying to qualify for a Ryder Cup that will be held in the US.

### Temporal Distance and Rhetorical Strategies in Nascent Industries

Christopher Rowell, Aalto University Robin Gustafsson, Aalto University

We explore the temporal properties of rhetorical strategies in interorganizational sensegiving in nascent industry contexts. In efforts to persuade others, sensegiving actors rhetorically (re)configure coherent, plausible, and acceptable relationships between the past, present and future of their shared environment. However, as yet we do not understand why actors might go further back into the past, or further forward into the future, when representing environmental change, and how these temporal distances could impact their resulting interpretations. To address this, we analyze extensive qualitative data from a longitudinal investigation into individual sensemaking/sensegiving in the nascent electric vehicle industry in a Northern European country. Our analysis exposes four distinct rhetorical strategies that are enabled by different combinations of past/future temporal distance in environmental change representations.

16:45 – 17:15 **COFFEE BREAK** 



SESSION 450

### LOOKING FOR TRUTH--CURVES IN RESEARCH

Session Chair	Jay Horwitz, Bocconi University	
Paper	Room	Malta
	Time	17:15 – 18:30 h
TRACK R	Date	Tuesday, Sep 23

# A Reanalysis of Partial Least Squares Studies in Strategic Management Journal

Mikko Rönkkö, Aalto University

The Partial Least Squares (PLS) method has seen increasing use in the strategic management research community in the recent years and Strategic Management Journal (SMJ) has become one of the journals publishing management papers using the method. At the same time, there is an emerging controversy caused by recent challenges to the use of the method claiming not only that the method does not provide the advantages that the proponents claim, but that it is altogether unsuitable for the purpose of theory testing that it is currently used for. I reanalyze 14 papers from SMJ that use the PLS method. The reanalysis shows that the way that the method is used cannot detect model misspecification and hence cannot be used as model test.

# Dangerous Curves: How "Curvilinear" Relationships May Impede Theory Development?

Hanko Zeitzmann, Zayed University Donald Hatfield, Virginia Tech

Many empirical studies in strategic management report curvilinear relationships between independent and dependent variables. We encourage authors to see curvilinear relationships as the starting point for deeper, more thorough investigations. We argue curvilinear relationships are not the final answer to the questions we pose in our research, although researchers generally stop their investigations when they find a statistically significant curvilinear relationship. To improve theory development and managerial understanding, the causes of curvilinear rindings need to be disentangled—by examining if they are the result of combined populations, ignored outliers, or merged opposing constructs that appear as a "curvilinear" macro-construct. We posit that curvilinear results raise more questions than they provide answers.

# The Effect of Boundary Permeability Across New Venture Growth Dimensions

Robert Nason, Syracuse University Johan Wiklund, Syracuse University Alexander McKelvie, Syracuse University

Boundary research has been dominated by theory predicting how firms set the location of boundaries by efficiently allocating accumulated resources. We focus on how firms alter the nature of boundaries through resource accumulation strategies aimed at creating value. Specifically, we develop the concept of boundary permeability to refer to the extent to which firms utilize resources which remain outside of organizational borders. We contextualize the permeability decision in the new venture context and explore the tension between access to critical resources and limited control over unowned resources. We link boundary permeability to distinct value creating dimensions of sales, employment, and profitability growth. Using a sample of knowledge-intensive Swedish startups, our results reveal differing linear and curvilinear relationships of boundary permeability across heterogeneous growth dimensions.

# Using Semiparametric Regression to Estimate Nonlinear Relationships in Management Research

Jay Horwitz, Bocconi University

Management research contains many nonlinear (notably, U-shaped) relations yet the methods we use to test these relationships have serious limitations. This paper aims to close this gap by drawing on advances in semiparametric methods outside the field of management.

SESSION 415

### **SMALL FIRMS IN A NETWORKED ENVIRONMENT**

TRACK D		Date Time	Tuesday, Sep 23 17:15 – 18:30 h
Paper	F	Room	Rotterdam
Session Chair	Ayse Karaevli, WHU- Otto Beisheim School of Management		

## Frequent Dark Favors by SMEs: A Signaling Based View

Kimberly Eddleston, Northeastern University Elitsa Banalieva, Northeastern University

We develop a signaling based view (SBV) of dark favors frequency (DFF) in small and medium sized enterprises (SMEs) in transition economies. DFF is the regularity with which firms engage in administrative corruption, i.e., informal and illegal payments made by firms in exchange for conventional, normally expected government services. We assess how DFF affects business obstacles, i.e., the institutional friction faced by private SMEs. We provide a nuanced perspective by recognizing the heterogeneity among SMEs in terms of two types of social linkages: family firm status and business association membership. We argue that such social linkages can modify the DFF-business obstacles relationship and identify the conditions under which institutional friction may actually increase rather than decrease for certain types of SMEs

# Network Governance and Associated Firms' Outcomes: A Multilevel Analysis in the Southern Brazilian Context

Jorge Verschoore, *University of the Sinos Valley* Alsones Balestrin, *University of the Sinos Valley* Rafael Teixeira, *University of the Sinos Valley* 

The present article focuses on understanding the relationship between networks governance and outcomes obtained by firms. Specifically, this article seeks to provide enlightenment for this question: What is the influence of network governance (strategy, organizational structure and processes) in the outcomes obtained by associated firms? To do so, the study follows a multilevel analysis approach with Small Firm Networks in the south of Brazil, which benefit from a local public policy. Our results show that SFNs are drivers for firms' outcomes. Our findings also show that the mechanisms of governance have different influence on outcomes of associated firms. Finally, our study could not find empirical evidence to support the relationship between network level variables time and size and firms' outcomes.

# Non-market Strategies of Small Firms In Indonesia; The South Sulawesi Case Study

Abdullah Sanusi, *Curtin University of Technology* Bella Butler, *Curtin University of Technology* Maria Fay Rola-Rubzen, *Curtin University of Technology* 

This paper examines how small firms implement non-market strategies in an emerging economy such as Indonesia. Non-market strategies include political actions of business players, lobbying, philanthropy and business owners turning into politicians themselves. The research aims to identify the forms of business players behind the implementation of the non-market strategy. In-depth case studies were carried out in eight small-firms in the region of South Sulawesi, Indonesia. Based on 14 semi-structured interviews, our finding shows that small firms implement political activities in response to institutional changes. We contribute to the knowledge of the non-market environment in Indonesia, the role of different forms of cooperation and the implications for dealing with stakeholders in today's business environment in Indonesia.

# What Influences Strategic Decisions in Family Firms?: The Effects of Exective Perceptions and Governance Context

Sabine Rau, WHU - Otto Beisheim School of Management Ayse Karaevli, WHU- Otto Beisheim School of Management David Hanisch, WHU - Otto Beisheim School of Management

Integrating rational decision making and behavioral approaches, in this study, we suggest that the implementation of a strategic decision is influenced by both executive perceptions on the degree of economic/ strategic needs and the governance context of family firms. While we do not find any significant effects of executive characteristics or governance context on executive perceptions, our results suggest that family ownership negatively, and the presence of supervisory boards positively, moderates the relationship between executive perceptions and the implementation of a strategic decision.

SESSION 343

### WHAT DRIVES COMPETITION?

Common Ground		Time Room	17:15 – 18:30 h Luxemburgo
Common Ground			Luxemburgo
Facilitator	Javier Gimeno INS	FAD	

# **Competitive Dynamics: How Information Constraints Can Trigger Competitive Moves**

Elena Golovko, Tilburg University
Wolfgang Sofka, Copenhagen Business School

We relax two important assumptions of competitive dynamics models. We extend the model to competition between multiple competitors competing with a variety of products. In such a setting information constraints become crucial because companies can no longer be assumed to have perfect information about the competitive attacks that they are facing. We predict that firms will choose competitive moves more selectively if they face attacks that are more concentrated and sustained. Both factors make it easier for the focal firm to analyze attacks and act accordingly. We support these predictions for a comprehensive dataset of competitive pricing moves on the US car market between 2005 and 2007.

# **Cooperation-based Competition: Resource and Market**

Meng-Hsien Yen, *National Chengchi University* Tzu-Ju Ann Peng, *National Chengchi University* 

A re-conceptualization of cooperation-based competition between rival partners is urgently needed. This study is conducted to answer while cooperating with competitors, how rival partners compete in the arena of resource and market? We analyzed the competitive interactions between two leading firms in Taiwanese bicycle industry. This study made a scrutiny into the reported issues of e-bike and women's bike from 2006 to 2010. We concluded two implications. Firstly, based on cooperation, two rival partners are more likely to decrease resource similarity while they still have to compete in the same market. Secondly, given high market commonality, two rival partners based on cooperation are more likely to avoid head-on competition. This exploratory study has shed some light on the issue of cooperation-based competition.

# Evaluation and Deterrence: The Dual Role of Rival Firms' Investment Decision under Uncertainty

Shaohua Lu, Ohio State University

Uncertainty is the key feature of strategic choice. The majority of prior literature refines uncertainty as asymmetric information and focuses on firms' imitative behavior. Yet, uncertainty could refer to complete ignorance in all firms competing in the same product market, which implies a different mechanism of how rival's choice would impact a firm's incentive for investment. As we will argue, investment by rival firms would play a dual role in a firm' decision-making process, i.e., an evaluation effect and a competition effect. Using a simple theoretical model, this study makes an attempt to examine the two faces of rival's investment and explores their distinct implications for firms' investment decision. The formal modeling efforts provide theoretical basis for empirically identifying and estimating the dual effects of rival's investment choice under uncertainty.

# The Resource-Based View on Competitive Initiatives: The Moderating Role of Rivals' Attacks

Bou-Wen Lin, National Tsing Hua University Wan-Ting Su, National Tsing Hua University

This paper examines the effects of two resource-based factors, technological prestige and free cash flow(FCF), on competitive initiatives under rival's attacks. Building on competitive dynamics perspective and resource based view, this study propose that each of two resource-based factors has curvilinear effects on competitive initiatives, and these effects become strengthened by rival's attacks. The findings support that when

rival's attack is low, each of two resource-based factors has a U-inverted influence on competitive initiatives. That is, greater resource impedes the competitive initiatives. When rival's attack is high, it reverses the directionality of the prestige-action relationship into J-shape relationship, and the FCF-action relationship into a U-shape relationship. Greater prestige is associated with more competitive actions, whereas, low and high levels of FCF enable firms to take more competitive actions.

# **Understanding Market Entry through Resources and Competitive Conditions**

John Upson, *University of West Georgia* Mariana Sanchez, *University of West Georgia* William Smith, *University of West Georgia* 

Market entry is largely viewed as a dichotomous event: Firms are aggressive by entering markets and they are docile by not entering markets. What has not been acknowledged is that the aggression by which firms enter markets differs with each entry. One factor that may influence firms' aggression of market entry is the threat of retaliation from market incumbents. We suggest that when market incumbents are expected to retaliate, firms enter aggressively and when market incumbents are expected to accommodate, firms enter passively. We then assert that survival rates increase as firms more closely align their entry aggression with expected retaliations. We test these relationships in the context of multipoint competition and find support in the results of 90 product market entries by 84 firms.

SESSION 318

### THE BOUNDARY OF THE FIRM

TRACK F		Date Time Room	Tuesday, Sep 23 17:15 – 18:30 h Londres
Session Chair	Douglas Miller, Univ Champaign	ersity of II	llinois-Urbana

# How Vertical Integration Affects Firm Innovation: Quasi-Experimental Evidence

Yuchen Zhang, *University of Colorado-Boulder* Tony Tong, *University of Colorado-Boulder* 

While theory proposes that firm boundary decisions have profound performance implications, there is little direct evidence on the consequence of vertical integration decisions for firm innovation. In this paper, we draw from transaction cost economics and the knowledge-based view to argue that vertical integration increases firm innovation and that this effect is contingent on characteristics of the knowledge involved in the integration. Using a quasi-experimental research design and a sample of vertical mergers, we find a causal impact of vertical integration on firms' subsequent innovation outcomes; moreover, the causal impact is stronger when integration involves complex knowledge. Thus, while firm boundary decisions have a direct impact on firm innovation on average, such impact is also contingent on particular knowledge characteristics such as knowledge complexity.

# Organizing Supplier-Provided Knowledge Work at the Boundary of the Firm

Douglas Miller, *University of Illinois-Urbana Champaign* Carmen Weigelt, *Tulane University* 

We examine governance inseparability between transactions for organizing knowledge work at the boundary of the firm. Employing multitask theory, we highlight complementarity between tasks and explain how client operational capabilities moderate the relationship between task complementarity and in-sourcing of knowledge work. Further, we extend theory on supply relationships by considering dyadic relational capabilities and client bargaining power relative to the focal supplier. Using a sample of sourcing relationships of 2022 credit unions with their IT suppliers from 2000-2004, we find that client operational capabilities reinforce the tendency to have a supplier provide customized services at the client's site rather than deliver standard services from a remote location, whereas dyadic relational capabilities and client bargaining power offer safeguards that reduce the client's preference for in-sourcing.



### Resource Attributes and the Theory of the Firm: How the Fungibility and Scalability of Resources Impact Vertical Integration

Gianluigi Giustiziero, University of Michigan Deepak Somaya, University of Illinois-Urbana Champaign Brian Wu, University of Michigan

We seek to advance resource-based explanations for the theory of the firm through a formal model that casts the vertical integration problem as a biform game between two firms. In contrast with received theory, we find that a firm's resource advantage is neither necessary nor sufficient for integration even when transaction costs are absent. Instead, our results indicate that vertical integration choices are strongly influenced by the attributes of firms' resources, in particular their fungibility and scalability. Our findings suggest a comparative advantage type logic for specialization and vertical disintegration when the scalability and fungibility of resources is limited. Additionally, we find that taper (partial) integration is observed under a wide range of realistic resource-related assumptions, which have not previously been considered in the literature.

# The Role of Industry Vertical Integration and Minority Owners Protection in Determining Subsidiary Ownership Share and Resource Redeployment

Niron Hashai, *Hebrew University* Sharon Belenzon, *Duke University* 

Related acquisitions expand the firm boundaries in terms of their economic activity and strategic focus, because they allow access to additional resources along the industry value chain. The development of internal input markets within the firm (i.e. the engagement in interunit transactions) through partial acquisitions is a cheap way to control additional assets and expand firm boundaries, because it allows a firm to gain full control over external resources by acquiring only part of them. This, in turn, allows firms with limited financial resources to expand their controlled resources and their internally governed transactions with other firms.

SESSION 378

# GLOBAL OUTSOURCING & OFFSHORING: IMPLICATIONS FOR MULTINATIONAL DECISIONS

TRACK G	Date	Tuesday, Sep 23
	Time	17:15 – 18:30 h
Paper	Room	Bruselas

Session Chair Lucia Piscitello, Polytechnic University of Milan

# A Simultaneous Study of Outsourcing and Location Choices: Implications for the Theory of the Firm

Michael Leiblein, Ohio State University
Marcus Møller Larsen, Copenhagen Business School
Torben Pedersen, Bocconi University

This paper simultaneously evaluates factors affecting decisions regarding the organization and location of economic activity. The paper uses data from a comprehensive sample of exchanges involving public and private global semiconductor firms over the 1990 to 2005 time period. The paper accounts for the possibility that a similar set of factors may simultaneously affect organizational- and location-decisions. The findings indicate that these decisions are highly inter-dependent, that exchange- and locational-factors are associated with both organizational- and location-decisions, and suggest that organizational- and location-decisions are at least partially substitutable.

### Location Flexibility in Global Sourcing of Services: Resource Mobility, Resource Availability, and Task Standardization

Peter D. Ørberg Jensen, Copenhagen Business School Stephan Manning, University of Massachusetts Boston Bent Petersen, Copenhagen Business School

As a response to external changes and challenges, firms increasingly rely on location flexibility in their global sourcing of services. Location flexibility in sourcing is the ability to operate services from alternative locations to secure stable services supply for domestic or global operations at low cost and high quality under uncertain external environmental conditions. In this theoretical paper, we seek to elaborate the location dimension of

flexibility in the context of global services sourcing, and thereby enrich our theoretical understanding of flexibility and the flexible firm. We discuss in particular three determinants of location flexibility in sourcing: resource mobility, resource availability and task standardization. We investigate these determinants from the perspectives of two archetypes of firms, respectively industry leaders and followers, and present nine propositions.

# Offshoring Strategy: How the Functional and Geographical Breadth of Offshoring Affect Firm Innovation

Oli Mihalache, Wilfrid Laurier University

Despite the increasing prominence of offshoring, the understanding of how offshoring influences organizational innovativeness remains unclear. Our study advances this line of inquiry by proposing that the functional and geographical breadth offshoring influences organizational innovativeness. Additionally, this study investigates the contingent effects of organizational and managerial factors by considering the moderating roles of governance mode and strategic intent of offshoring. The empirical findings suggest that while the functional breadth of offshoring has a positive impact on innovativeness, the geographical breadth has a negative effect. Furthermore, our findings indicate that the strategic intent of offshoring moderates the effects of functional and geographical breadth of offshoring on firm innovativeness. Interestingly, the empirical results do not find a significant moderating role of the governance mode.

# Why do MNE Subsidiaries Outsource R&D in Countries with Weaker National IPR Regimes? The Role of Local Institutions

Grazia Santangelo, *University of Catania* Klaus Meyer, *China Europe International Business School* Björn Jindra, *Copenhagen Business School* 

MNE subsidiaries increasingly outsource R&D to local contractors in weaker IPR countries although R&D outsourcing exposes them to greater appropriability hazards, and internal protection mechanisms involving the entire MNE network may not be an option. Drawing on institutional and transaction costs economics, we argue that in weaker IPR countries the quality of subnational institutions plays a contractual hazard-mitigating role that positively influence the subsidiary decisions to rely more or less extensively on local external (versus internal) R&D partners (i.e. breadth of R&D outsourcing versus insourcing). However, subsidiaries that strategically prioritize external knowledge sourcing in their innovative activity commonly adopt a set of subsidiary-specific appropriability mechanisms that help protecting their knowledge and substitute for high quality subnational institutions.

SESSION 207

# TMTS, STRATEGIC PLANNING AND AGENDA BUILDING

TRACK H	Date	Tuesday, Sep 23
	Time	17:15 – 18:30 h
Paper	Room	Copenhague
Session Chair	Llanacio Canales University of Glasgow	

# Inviting a Broader Perspective into Strategy Workshops

Johanna Pregmark, Chalmers University of Technology

Strategy workshops are critical features of strategic planning processes. The purposes of the workshops usually relates to strategy creation and/ or implementation. Two components of interest, influencing both the quality of strategic direction created and the possibilities for the direction to actually be implemented are the perspectives of the participants invited and their capability to share those perspectives through collective thinking. Drawing on a qualitative study, this paper discusses the implication and considerations of inviting a wider circle of participants to the strategy workshops, trying to generate the diversity needed to think innovative and to be able to build the learning needed for the implementation. Moreover this paper discusses the emphasis put on improving the quality of the collective thinking and co-creating in the workshops.

# Legitimizing Strategy: The Significance of Managerial Interplay in the Strategy Process

J Ignacio Canales, *University of Glasgow* Bill Wooldridge, *University of Massachusetts - Amherst* 

Our purpose in this paper is to develop a fuller understanding of how managers in organizations come to understand and pursue a common strategy. Previous theory and research has approached this issue from a cognitive orientation, asserting the importance of consensus, or shared strategic thinking among managers. While not wrong per se, the notion of consensus developed from a decision-making perspective of strategy process that separated decisions from action. We suggest that two-way vertical interactions provide a cognitive basis for legitimizing strategy within the organization while lateral interactions provide a normative basis. Institutional theory holds that legitimacy is acquired either by conforming to the social system in which organizations are embedded, by altering the social system itself, or by a combination of both.

### Reassessing the Contribution of Strategic Planning

Carola Wolf, Aston University

Despite ambiguous findings on the performance effects of strategic planning, it still ranks amongst the most prominent strategy tools in organizations. We address the question why organizations implement formal strategic planning processes and provide a holistic explanation for the spread of strategic planning practices moving beyond strategic planning as a tool for efficient strategy making and beyond a focus on financial performance effects as main motivator to engage in strategic planning. By complementing the performance perspective on strategic planning with arguments from an institutional theory perspective and the role of planning as a psychological tool to deal with uncertainty we discuss three core functions of strategic planning practices namely: a rationalistic function, a psychological function, and (3) a legitimacy function.

### Strategic Issue Agendas and Firm Performance: A Cognitive Load Perspective

Emmanuelle Reuter, University of St. Gallen

This study develops a more fine-grained understanding of the ways in which decision-makers' attention capacity limitations to attend to multiple issues shape organizations' strategic adaptation in the context of a major industry disruption. We argue that taking decision-makers' attention capacity limitations for granted may have limited our ability to understand how context factors shape executives' load dynamics which both enable and constrain organizations' strategic transformation. The paper introduces a cognitive load perspective to predict variation in strategic adaptation. We use qualitative and quantitative data in the context of Swiss private banks' adaptation to the regulatory, technological, macroeconomic, and globalization issues and discuss implications for our understanding of attention capacity limitations, of the characteristics and impact of strategic issues and agendas on organizational transformation.

SESSION 261

### PRACTICES AND PROCESSES FOR INNOVATION

Common Ground	Room	Viena	
	Time	17:15 – 18:30 h	
TRACK I	Date	Tuesday, Sep 23	

Facilitator Gino Cattani, New York University

### Learning to Let Go: Social Influence, Learning, and the Abandonment of Corporate Venture Capital Practices

Vibha Gaba, INSEAD

Gina Dokko, University of California-Davis

This study examines the abandonment of organizational practices. We argue that firm choices in implementing practices affect how firms experience a practice and their subsequent likelihood of abandonment. We focus on utilization of the practice and staffing, i.e. career backgrounds of managers, as two important implementation choices that firms make. The findings demonstrate that practice utilization and staffing choices not only affect abandonment likelihood directly but also condition firms' susceptibility to contagion pressures to abandon when social referents do. Our study contributes to diffusion research by examining practice abandonment – a relatively unexplored area in diffusion research – and by incorporating specific aspects of firms' post-adoption choices into diffusion theory.

### Measuring Exaptation in the Pharmaceutical Industry

Mariano Mastrogiorgio, Carlos III University of Madrid Pierpaolo Andriani, Kedge Business School Ayfer Ali, Carlos III University of Madrid

The aim of this paper is to measure the frequency of exaptations in the pharmaceutical industry: a novel measure is proposed, based on the distance between the approved and off-label uses of all drugs approved by the FDA in 1998. Our measure is, to the best of our knowledge, the first attempt to quantify the frequency of exaptation in technological innovation. We show that exaptation, consisting in the emergence of 'latent' functionalities of drugs, is an important mechanism in pharmaceutical innovation. Some policy implications are mentioned.

# Organizational Resilience: A Review and New Conceptualization

Stephanie Duchek, Dresden University of Technology

In highly volatile and uncertain times organizations need to develop a resilience capacity, which enables the organization to cope effectively with unexpected events, bounce back from crisis, and even foster future success. Although academic interest in organizational resilience has steadily grown in recent years, the processes and capabilities that build organizational resilience largely remained a "black box". This paper wants to help closing this research gap. It gives a state-of-the-art review and develops a capability-based conceptualization of the construct. This conceptualization suggests three dimensions of organizational resilience (anticipation, coping, and adaptation) and gives an overview of underlying capabilities and routines. Thereby, it deepens our understanding of the complex and embedded construct and can act as a foundation for future empirical work.

# The Role of Structuring Routines in Dynamic Capabilities

Jan Löwstedt, Stockholm University

Despite an overwhelming literature on the strategic importance of dynamic capabilities deriving from their ability to adapt firm resources to changing environments, this adaptation is still insufficiently accounted for in strategy research. The present study elaborates how dynamic capabilities are structuring firm resources in a deliberate effort to adjust to external change. Four structuring routines are derived from literature and validated in an in-depth qualitative case study of a globally leading firm. Overall, findings support a resource management process view of dynamic capabilities explicating how a timely organizational response to environmental change is dependent on vertical managerial coordination of structuring routines, while lateral coordination is central to ensuring appropriate organizational adaptation.

### There's Plenty of Room at the Bottom: Strategy Formulation and Implementation in Meta-Organizations

Sebastiano Massaro, *University of Warwick* Gianni Lorenzoni, *University of Bologna* Matteo Prato, *Universita' della Svizzera Italiana* 

We develop grounded theory on the strategic processes that allow metaorganizations - organizations whose members are organizations, rather than individuals - to emerge. While much research has focused on the processes of strategy formulation and implementation in individual-based organizations, accounts for meta- organizations are still at their nascent theoretical stages. We collected data from a four-year longitudinal study in the cutting-edge nanotechnology sector, and employed a multiple cases research design. Our preliminary findings allow us identifying patterns of meta-organizational strategic processes, and generating theory on why and how these models vary across distinct organizational continua. Our contribution proposes relevant implications not only for management theory, but also for practice, in particular for policy-makers.

# Understanding the Common Ground in Everyday Practices of Academic and Applied Sciences for Drug Discovery

Yun Su, Singapore Management University Deborah Dougherty, Rutgers University

To better understand problems of "translation" between academic and applied science, we develop a grounded theory of the practices of knowing that can make academic research more useful to commercial drug development. Using

qualitative data, we find that three dimensions differentiate practices of knowing between academic and clinically applied scientists, and also suggest a common ground that enables the two groups to integrate their knowledge for drug innovation. The dimensions: 1) materiality contextualizing learning to inform disease management, 2) epistemic asking joint questions that are both fundamental and pragmatic, and 3) activity-objective - converging product visions around feasibility of drug possibilities. Our theory provides a coherent pluralistic understanding of how to address knowledge integration problems in pharmaceuticals and other complex innovation systems.

SESSION 255

### **EXPLORATION AND EXPLOITATION**

Session Chair	Daniella Laureiro-Martínez, E	TH Zurich
Paper	Room	Helsinki
	Time	17:15 – 18:30 h
TRACK I	Date	Tuesday, Sep 23

# Exploration, Exploitaion, and Incentives to Innovate: The Disciplining Role of Debt

Shyam Kumar, Rensselaer Polytechnic Institute Byungchul Choi, Rensselaer Polytechnic Institute Fabio Zambuto, University of Palermo

Extant research suggests when compared to equity, debt financing is less conducive to innovation activities. We argue that although equity sustains innovation by allowing experimentation, it may also encourage the pursuit of exploration at the expense of exploitation. Under these circumstances, the stricter rules associated with debt stimulate managers to shift resources back towards greater exploitation in order to mitigate risk and improve short-term pay-offs. In support of these arguments we show leverage is positively related to knowledge exploitation as reflected in self-citations. We also find that firms that over explore are likely to experience leverage increases in the short run, and these increases stimulate subsequent exploitation. These effects are consistent with firm value indicating equity holders value the role of debt in stimulating exploitation.

# **Exploratory and Exploitative Innovation in the Context of Family Firms: A Longitudinal Analysis**

Viktoria Veider, University of Innsbruck

The underlying study examines the influence of the structure and composition of family influence and involvement on exploitative and exploratory innovation. Whereas exploitative innovation entails taking use of existing knowledge, exploratory innovation embodies knowledge that is novel relative to a firm's extant knowledge stock. A longitudinal investigation of public German family and non-family firms between 2000 and 2009 shows that family ownership negatively influences the amount of exploratory innovation undertaken in the firm. Active family involvement in management and the supervisory board however, increases the amount of exploratory innovation. The results therefore show that how and to what extent family firms own and involve in the firm is important.

# Knowledge Creation and Exploitation in Nanotechnology: A Comparison between Japanese and Chinese Knowledge Structures

Daniela Baglieri, *University of Messina* Fabrizio Cesaroni, *Carlos III University* 

This study focuses on the nanotechnology sector (and specifically on the most recent developments on carbon nanotubes and graphene) and compares the technological landscapes of China and Japan. By examining a dataset of 20,365 patent families from 1994 to 2013, we analyze the structure of the knowledge creation industry in the two countries and assess how such structures might affect future processes of nanotechnology exploitation. We find that China and Japan are characterized by two contrasting knowledge structures. While the Chinese nanotechnology sector has emerged as the result of an anchor-tenant development model, technological knowledge and capabilities in Japan are more dispersed among firms and other actors. Different patterns of technology exploitation and technology-based entrepreneurship can be thus expected for the two countries.

### Managerial Ties and Exploratory Innovation: An Opportunity-Motivation-Ability Perspective

Zhongfeng Su, *Nanjing University* Haibin Yang, *City University of Hong Kong* 

Drawing on the opportunity-motivation-ability perspective, this study investigates the relationship between a firm's managerial ties and exploratory innovation. We argue that the opportunities for exploratory innovation brought by managerial ties need to be considered jointly with a firm's motivation (e.g., innovation orientation) and ability (e.g., absorptive capacity). We differentiate between business and political ties and then argue for their distinct linkages with exploratory innovation. Analyses of 212 Chinese manufacturing firms support our arguments that innovation orientation and absorptive capacity jointly strengthen the relationship between business ties and exploratory innovation, but reduce the relationship between political ties and exploratory innovation. This study contributes to the literature by offering a fresh perspective examining the distinctive effects of different types of managerial ties on exploratory innovation.

SESSION 256

### ORGANIZING FOR OPEN INNOVATION

Session Chair	Anders Olsen, Copenhagen Business School	
Paper	Room	Roma 2
	Time	17:15 – 18:30 h
TRACK I	Date	Tuesday, Sep 23

# Open Innovation at the Project Level: Project Characteristics and Open Innovation Configurations

Anders Olsen, Copenhagen Business School

This paper contributes to existing knowledge of open innovation approaches and practices through a novel analysis at the project-level. The paper explores how firms' open innovation approaches are contingent on project characteristics and analyzes the relationship between project characteristics in terms of novelty, open innovation configurations and resulting project quality. Furthermore, the paper contributes by introducing a measure of knowledge breadth to explore effects of accessing different knowledge domains through open innovation. Results show the importance of science search, curvilinear effects of breadth in numbers as well as in knowledge, and of the number of different organization types involved in projects. These findings are moderated by novelty of the innovations to contribute further detail and provide implications for both open innovation research and innovation managers.

# Opening Up the Strategy-Making and Innovation Process: Comparing Commonalities and Differences between Open Strategy and Open Innovation

Felix Werle, *University of Zurich*David Seidl, *University of Zurich*Leonhard Dobusch, *Free University of Berlin* 

While open innovation is an established field, open strategy is on the verge of recognition as a newly emerging empirical research phenomenon. Taking a communication perspective, we introduce a framework that distinguishes between two different dimensions of openness: sharing information with external participants and audiences, and receiving a broader range of topics and perspectives. Based on these two dimensions we map existing research in both fields, which allows us to identify different forms of openness in open innovation and open strategy processes. As sharing and receiving serve different purposes and are thus independent of each other in the context of open innovation, the dimensions of sharing and receiving are directly linked in the case of open strategy. Based on our study, we put forward three propositions to provide a foundation for future empirical research on both open innovation and open strategy phenomena.

# Setting an Agenda for Open Innovation Research: A Co-Citation and Text Mining-Based Review

Krithika Randhawa, University of Technology Sydney Ralf Wilden, Newcastle Business School Jan Hohberger, University of Technology-Sydney

This paper combines the bibliometric methods of co-citation analysis and text mining to provide an objective and systematic review of open innovation literature. Results reveal that open innovation research draws

from many established schools of scholarship, yet presents opportunity to better integrate concepts from these research fields. Open innovation research covers three broad themes: Technology, Business models and value appropriation, and Users and communities. The technology theme has hitherto received the most research attention, while there is scope to: Develop a more comprehensive perspective of open innovation by including diverse levels of analysis (users, networks and communities); Direct increased attention to open innovation business models and value capture; and Enhance service focus and conceptualize 'open service innovation'.

# The Interplay between Open Innovation and Absorptive Capacity: An Empirical Study in High-Tech Firms

Josune Saenz, *University of Deusto* Nagore Ageitos Varela, *University of Deusto* Nekane Aramburu Goya, *University of Deusto* 

Increasingly, firms form alliances with different agents in order to cooperate on innovation projects To benefit from these alliances, companies need to develop the capability to learn from external sources (i.e. absorptive capacity). Although many studies in the past have analyzed the beneficial effects of collaborative networks on innovation and of absorptive capacity (AC) on innovation, there are very few studies that analyze the interplay between both of them. Considering this, the aim of this paper is to contribute to fill this research gap by analyzing the moderating effect of AC in the relationship between innovation openness and incremental and radical innovation success in medium-high and high technology firms in Spain.

SESSION 234

# INSTITUTIONAL, INDUSTRY AND FIRM SPECIFIC IMPACTS ON NASCENT FIRMS

TRACK K	Date Time	Tuesday, Sep 23 17:15 – 18:30 h
Common Ground	Room	Oslo
Facilitator	Julio de Castro. IE Business School	

# Business Model Innovation in Early Entrepreneurial Stages: Evidence from New Spanish Firms During Expansionary and Recessionary Periods

Henar Alcalde, *University of Deusto* Maribel Guerrero, *University of Deusto* 

This proposal examines the effect of business model innovation on the performance of young firms during expansionary and recessionary periods. The idea is founded on previous studies regarding innovation, entrepreneurial life cycles, and business innovation models. In general, open innovation developed by young firms would increase their innovation performance independently of economic periods. Specifically, we propose the analysis of different types of open business model innovation (science-based collaborations, commercial partnerships, and diverse cooperation) adopted during the firms' early stages (start-up and early growth) and by economic periods (expansionary and recessionary periods). We propose to test this theoretical proposition using a firm level data from the Spanish Technological Innovation Panel (PITEC) identifying start-ups in 2005 (expansionary period) that remained active in 2011 (recessionary period).

# **Does Government Assistance Promote Entrepreneurship?**

Luisa Delgado-Márquez, IE Business School Julio de Castro, IE Business School Guillermo Vanderlinde, Catholic University-Madre Maestra Rosa Ruiz, Catholic University-Madre Maestra

For decades, poverty alleviation has topped the international development agenda. This paper aims to analyze how government assistance, both for new venture creation and for basic needs, microcredit programs, and individuals incomes and education levels influence the likelihood of new venture creation at BOP. Data were obtained from the Survey Social Protection Evaluation in 2010 in Dominican Republic. We provide a model and analyze data from 17003 individuals and 8985 Households. Initial analyses indicate that basic assistance and education do affect the likelihood of new venture creation. The proposed methodology consists

of a hierarchical moderated and mediated multiple linear regression analysis. Basic assistance is taken as a mediating variable between total incomes and microcredits and entrepreneurship to study which is the role of basic assistance in the relationship.

# Enforcing Covenants Not to Compete: The Life-Cycle Impact on New Firms

Evan Starr, *University of Michigan* Natarajan Balasubramanian, *Syracuse University* Mariko Sakakibara, *University of California-Los Angeles* 

We examine the impact of enforcing non-compete covenants (CNC) on the formation and performance of new firms using matched employer-employee data on 30 US states. We exploit the variation in the enforcement of CNC by state along with the fact that courts do not enforce CNC to law firms in any state. Using a difference-in-difference-in-difference specification with law firms and new firms that are not within-industry spinouts as the baseline, we find states with stricter enforcement of CNC tend to have fewer, but larger, and faster-growing within-industry spinouts. These results are consistent with the view that CNC enforcement has a selection effect: while CNC reduces the rate of within-industry spinout formation, the spinout founders who have higher-quality idea choose to overcome the barrier of CNC.

# **Export Intensity of Small Business: Institutional Determinants in Emerging Economies**

Tatyana Tsukanova, St. Peterburg State University

Why are small and medium-sized enterprises (SMEs) from emerging economies not characterized by high export intensity? SMEs are considered as a source of economic growth and job creation but their involvement in international operations is rather low. There are multiple reasons. One of them is the existence of impediments in the national institutional environment that should be identified in time if we are interested in creating favorable conditions for small business development and in facilitating the expansion of these firms abroad. The purpose of this paper is to highlight the national institutional determinants of small business internationalization and to examine the impact of institutions at different levels in emerging economies on the export intensity of SMEs focusing on the example of Russian companies.

# From Events to Institutions: Manufacturing Consent After a Disaster to Create New Institutions

Ken Chung, *California State University-East Bay* Shahzad Ansari, *University of Cambridge* 

The study of institutional entrepreneurship has focused on various conditions in which institutions are created or changed. We study the condition that occurs when there is considerable difference in power among institutional entrepreneurs. Powerful state actors typically become involved in the change effort when disasters occur. We find that powerful state actors, when present after a disaster, can influence the understanding of the problem offered by less powerful actors; but no change occurs when the powerful deem the disaster irrelevant to their interests. This interaction among entrepreneurs is a process and mechanism through which entrepreneurs interests are shaped and shape the shared meanings that are created in a new institution. The findings affect stakeholder management, corporate strategy and organizational theory in general.

# Super Partes? Assessing the Effect of Judicial Independence on Creative Destruction in a Quasi-Experimental Context

Raffaele Conti, Lisbon Catholic School of Business and Economics Giovanni Valentini, Bocconi University

In this paper, we study whether judicial independence –i.e. the extent to which judges are insulated from pressures by interest groups – promotes the Schumpeterian process of creative destruction and ultimately economic growth. We argue that more judicial independence, by ensuring that courts do not favor politically powerful or connected parties in disputes, induces greater entry of novel firms (as they face a lower risk of expropriation by powerful incumbents), more exit by established and less efficient firms, and, as a result, enhances the overall economy productivity. In order to identify the effect of the judicial independence on the outcomes of interest we rely on a quasi-experimental context and exploit (presumably) exogenous longitudinal variations

in U.S. states between 1981 and 2010.



SESSION 441

# FUNDING ENTREPRENEURIAL VENTURES: SOURCES AND SUCCESSES

Time 17:15 – 18:30 h			
2	11me 17:15 – 18:30 r	Time	
TRACK K. TRACK X Date Tuesday, Sep 23	, , , , , , , , , , , , , , , , , , , ,		TRACK K, TRACK X

# Signals of Quality: Which New Ventures Are Suitable For Funding?

Linda Edelman, *Bentley University* Tatiana Manolova, *Bentley University* Candida Brush, *Babson College* 

Drawing on signaling theory, we examine how new ventures credibly communicate their underlying quality, using a unique dataset of 697 new ventures that sought investment from a prominent angel group located in the greater Boston, MA area during 2007-2010. Findings suggest that early on in the angel investment decision-making process signals of viability and legitimacy are significant, but as the firm moves through the process, signals of legitimacy preempt other types of signals.

# The Bumpy Road to Market: Conflicting Logics in the Transition from Grant Dependence to Social Entrepreneurship

Johannes Warther, University of Bath

This research asks how actors handle situations of external jolts in the broader socio-cultural ecosystems disrupting their institutional logics, forcing them to strategically re-align their operations. It applies the theoretical perspective of institutional logics to analyse issues in strategy formation faced by organisations that are transitioning from public funding into financial independence. Empirical evidence is gathered from an in-depth case study of a local council project, which faced the elimination of its council budget. Initial findings demonstrate that actors who find themselves in such a situation rely on external help to guide them towards the adaptation of a new institutional logic and that the process comprises five stages, namely initial external contact, basic common ground, comprehensive understanding, gaining practical experience and living the new logic.

# Wasps and Tarantulas: Cooperative Agreements In Corporate Venture Capital Investment

Sharon Alvarez, *University of Denver* Robert Wuebker, *University of Utah* 

Young, entrepreneurial firms enter into alliances with larger firms in ever-increasing numbers. A rich literature in strategy demonstrates that the older, established firm most often appropriates the value in those alliances and that the alliance negatively impacts the performance and survival of the entrepreneurial firm. This paper examines the alliance dyad from the entrepreneurial firm's perspective and seeks to understand how the entrepreneurial firm can benefit most from these alliances. We contribute to the literature on entrepreneurial firm alliances by incorporating insights from learning races to hypothesize how smaller firms might generate successful alliance outcomes, using corporate venture capital investment as our empirical testbed.

# Why Crowdfunding Projects Can Succeed: The Role of Proponents' Territorial Social Capital

Massimiliano Guerini, *University of Pisa* Cristina Rossi Lamastra, *Polytechnic University of Milan* Giancarlo Giudici, *Polytechnic University of Milan* 

Crowdfunding implies mobilizing the crowd to finance projects which are posted on dedicated websites, known as crowdfunding platforms. In this paper, we aim at learning more on what determines the probability of a project to reach the target funding. We apply the lens of social capital, defined by the goodwill available to her/him from the structure and content of his/her social relations. In particular, we distinguish between 'individual' (exclusive) and 'territorial' (locally shared) social capital. We test our hypotheses by running Probit estimates on a sample of 461 crowdfunding projects posted by 699 proponents and hosted on 11 Italian crowdfunding platforms.

SESSION 243

# STRATEGIC PERSPECTIVES ON EMPLOYEE TURNOVER AND RETENTION

TRACK L	Date Time	Tuesday, Sep 23 17:15 – 18:30 h
Paper	Room	Paris
Session Chair	Christiane Bode, INSEAD	

# Gone with the Wind: A Meta-Analytic Path Analysis of Executive Turnover, Its Determinants, and Post-Acquisition Performance

Tsvetomira Bilgili, *University of Memphis*Christian Calderon, *University of Memphis*David Allen, *University of Memphis*Ben Kedia, *University of Memphis* 

Empirical evidence indicates higher than normal turnover rates of target firm executives following acquisitions. The extant literature has focused on explaining why this phenomenon occurs, and what its implications are for post-acquisition performance. However, research in this area has been fragmented, preventing scholars from developing a general model of acquisition-related executive turnover. Thus, in this study we employ meta-analytic techniques to synthesize empirical findings on determinants of collective executive turnover and its effects on post-acquisition performance. Specifically, we assess the relative influence of determinants at the individual-, group-, firm-, and deal-levels of analysis. Furthermore, using path analysis we test alternative models of determinants-turnover-post-acquisition performance relationship. Lastly, we identify moderators to provide important insights into the nature of these relationships.

### Impact of Plant Takeover on Employee Turnover

Juan Martin Carriquiry, Aalborg University

The following paper analyses the impact of plant takeover on the probability of employee turnover. Based on organizational routines, coping and psychological contract literature, I argue that employees working for a plant that is acquired are more likely to switch jobs following the acquisition than they were before. I test these predictions on a sample of almost 10.000 employees who worked in Denmark in the period between 2001 and 2007. Results in a Difference-in-Differences setting show that employees are more likely to leave after a plant takeover. The increase in turnover subdues in the years following the acquisition. Employee and plant characteristics that affect such outcome are further explored.

# Social Impact Projects, Conflicting Institutional Logics, and Employee Retention

Christiane Bode, *INSEAD*Jasjit Singh, *INSEAD*Michelle Rogan, *INSEAD* 

Firms are increasingly launching initiatives with an explicit social mandate. One strategic justification for encouraging employee participation in such projects is the expectation of improved retention. Although research suggests that participation improves the motivation and organizational identification of employees, there is limited evidence regarding the extent to which this ultimately translates into retention benefits. Drawing on insights from the institutional logics literature and identity theory, we develop hypotheses on how the retention effect varies with the length of employee exposure to social impact projects, the employee's prior business experience within or outside the firm, and the novelty of such projects in the employee's work environment. Empirical analysis of 912 social impact project participants and matched non-participants provide evidence in line with our predictions.

### The Antecedents of Target CEO Departure in Postacquisitions: Investigation on Human Capital of Founder-CEO

Keivan Aghasi, Polytechnic University of Milan Massimo Colombo, Polytechnic University of Milan

This research highlights the value of human capital embedded in founder-CEO for the acquirer. Our findings suggest that acquirers prefer to keep founder-CEO in post-acquisition. Moreover, the result shows that the value of human capital embedded in founder-CEO is to the extent that acquirers prefer to keep them even at the expense of managerial

redundancies when both firms are highly related. Similarly, by ruling out coordinating role for the founder-CEO in post-acquisition when target is structurally integrated, we find that the acquirers keep them for their human capital. This study is based on the empirical analysis on a sample of 372 acquisitions of small high-tech firms between 2001 and 2005.

SESSION 291

### **CAN STRATEGY BE TAUGHT ONLINE?**

 TRACK T
 Date
 Tuesday, Sep 23

 Time
 17:15 – 18:30 h

 Panel
 Room
 Roma 1

### **Session Chair**

Naga Lakshmi Damaraju, *Indian School of Business* Panelists

Jay Barney, University of Utah Jay Dial, Ohio State University Alfonso Gambardella, Bocconi University Kulwant Singh, National University of Singapore

Business schools around the world are moving several of the courses online. The implications of these moves for impactful teaching and learning phenomena are not very clear. Is business education only about learning a few materials and formulae or is it more about human interaction, learning from peers, and learning from role models? Are we contributing to the creation of a more impersonal world going forward? How does all this impact strategic management teaching in general? What will be the bases of competitive advantage in the new world? Will we have 'one (or few) university (universities) taking over all in the online space?' The purpose of this panel is to discuss, debate and chalk out viable courses of action for business schools.

SESSION 214

# CAN-DO STAKEHOLDERS? HOW STAKEHOLDERS IMPACT CSR AND SUSTAINABILITY MANAGEMENT.

Facilitator	Richard Priem, Texas Christian University	
Common Ground	Room	Moscu
	Time	17:15 – 18:30 h
TRACK M	Date	Tuesday, Sep 23

### A Dynamic Process Model of Contentious Politics: Corporate Receptivity to Social Challenges

Mary-Hunter McDonnell, Georgetown University Brayden King, Northwestern University Sarah Soule, Stanford University

This project explores the broader question of if and why corporations become more receptive to social activist challenges over time. Drawing from social movement theory, we suggest a dynamic process through which contentious interactions lead to increased receptivity. First, contentious activists target firms that are less receptive, where they have few alternatives of influence. Second, firms respond defensively to these attacks by adopting strategic management devices that help them better manage social issues. Finally, these defensive devices empower independent monitors and increase corporate accountability, which increases the firm's receptivity to future activist challenges. We test our theory using a unique longitudinal dataset that tracks contentious attacks and the adoption of social management devices among a population of 300 large firms from 1993-2009.

# A General Theory of CSR: How Uncertainty and Stakeholder Conflict Determine Different CSR Strategies

Olga Hawn, *Boston University* Hyoung-Goo Kang, *Hanyang University* 

How can firms most effectively engage with stakeholders on controversial social issues? We seek to answer this question by using two central concepts from the Behavioral Theory of the Firm – conflict and Knightian uncertainty – in addition to Aristotelian virtue ethics and the literature on social capital, social contract and justice. We develop a general theory of CSR by categorizing four different stakeholder engagement strategies

that can be used under different conditions: in particular, we argue that depending on the levels of stakeholder conflict and Knightian uncertainty, firms can pursue such CSR strategies as creating shared value, corporate stakeholder capital, social contract, or strategic CSR. We contribute to the CSR and strategy literatures by developing a behavioral theory of nonmarket strategy.

# An Unintended Crisis: Bounded Reliability And Corporate Sustainability

Liena Kano, *University of Calgary* Loren Falkenberg, *University of Calgary* Alain Verbeke, *University of Calgary* 

In this conceptual study, we explore firm-level, strategic governance challenges in the realm of corporate sustainability. We distinguish between two types of sustainability crises – those characterized by opportunism, and those characterized by unintended, negative societal and environmental spillovers of productive entrepreneurial activities. We argue that these two types of crisis are driven by different behavioural mechanisms. We focus on the presence of benevolent conflict among diverse stakeholder needs, and describe how challenges in managing dynamic expectations of stakeholder groups can trigger sustainability crises. We argue that the behavioural sources of many sustainability crises are primarily situational, rather than dispositional (i.e., determined by opportunism). Rather than devoting excessive managerial resources to safeguarding against opportunism, corporations must focus more broadly on improving the quality of strategic governance.

# Corporate Social Responsibility Failure in Offshore Outsourcing Relationships

Michael Mol, *University of Warwick* Kamel Mellahi, *University of Warwick* SunHye Lee, *University of Warwick* 

Organizations face major challenges in managing CSR in offshore outsourcing (OO) relationships. CSR failure in OO occurs within firm, relationship, and institutional contexts. We use multiple conceptual perspectives to understand the factors that make CSR failure in OO more likely and more severe. Specifically, we suggest that misalignments in resource endowments, CSR objectives, and stakeholder sets of the buyer and supplier, as well as misalignments between home and host country formal and informal institutions, contribute to failure. We propose that the strength of the buyer firm and of home country institutions shape CSR expectations, making failure more severe, and that weaknesses in host firm country institutions make failure more likely. Finally, we suggest that buyer-supplier dependence and the presence of relational rents moderate these effects.

# Heterogeneous Stakeholder Pressures and Corporate Green Practices: Evidence from China

Xueyong Zhan, Hong Kong Polytechnic University Carlos Wing-hung Lo, Hong Kong Polytechnic University Dalu Fang, Hong Kong Polytechnic University Xubing Zhang, Hong Kong Polytechnic University

This research examines the relationships between heterogeneous stakeholder pressures and two types of corporate green practices: symbolic and substantive environmental programs. Whereas symbolic environmental programs refer to corporate practices in enhancing relationships with external stakeholders, substantive environmental programs refer to corporate practices in building internal capacity in environmental management. Using data from a questionnaire survey of 131 manufacturing enterprises in Guangzhou (with two respondents from each enterprise), we identified that the level of non-government pressure faced by a firm is positively related to its engagement in symbolic environmental programs, and the level of pressure from environmental protection bureau (EPB) faced by a firm is positively related to its engagement in substantive environmental programs. Our research offers a more nuanced understanding of corporate decoupling as well as the impacts of stakeholder pressures on corporate green practices in the developmental context of China.

# Re-Conceptualizing Dynamic Capabilities In The Light Of Sustainability

Romano Dyerson, *University of London*Lutz Preuss, *Royal Holloway University of London* 

In this paper, we argue for a re-conceptualization of dynamic capabilities that explicitly integrates sustainability. We begin by exploring aspects where



sustainability requires a different approach to the standard business outlook, namely in the range of actors that have an interest in the company and in the nature of the interdependencies that arise from managerial decision-making. We show how these aspects have implications for the conventional treatment of dynamic capabilities. Hence, we argue that our understanding of dynamic capabilities needs to change as sustainability reframes the context of mainstream business operations. This discussion leads us to develop the concept of sustainability-driven dynamic capabilities that act hierarchically on dynamic capabilities orientated towards renewal and regeneration.

SESSION 454

### **MULTIPARTNER COOPERATION AND THIRD-PARTY RELATIONS**

TRACK N	Date	Tuesday, Sep 23
	Time	17:15 – 18:30 h
Paper	Room	Lisboa
Session Chair	Li Dai, Loyola Marymount University	

### **Analyzing Institutional Factors To Explain Success In University-Industry Partnerships**

Emilio Alvarez-Suescun, Complutense University of Madrid

This proposal summarizes an on-going empirical work that intends to test a theoretical framework that explains how universities should organize to be more efficient in the interactions with firms. We claim that successful universities in collaborative agreements with firms possess efficient structures, proper incentive, intellectual property protection and academic policies, implement a proactive strategic orientation, prioritize among members entrepreneurial values, and have managers that use a transformational leadership style based on an outstanding academic career and/or prior relevant management experience. Unlike previous literature, we tested our hypotheses in a sample of 52 Latin American universities

### **Investigations into Multi-Party Alliance Formation:** The Roles of Technological Complexity, Alliance **Experience and Governance Choice**

Caren Butter, Maastricht University John Hagedoorn, Maastricht University

In this paper, we investigate the formation and governance of multi-party alliances. We examine the roles of technological complexity, and alliance experience, on the number of partners we see in alliances. Subsequently, we investigate firms' preference of governance mode, as the number of partners in the alliance increases. Using a large sample of 11,764 alliances from 1960-2006, we find a positive relationship between technological complexity and alliance experience, and the average number of partners in alliances. Furthermore, we find a curvilinear relationship between the number of partners in an alliance and partner firms' preference for equity or non-equity based governance modes. Our results highlight the need for in-depth research to fully understand the formation and implication of multi-party alliances, and shine a cautious light on the focus of jointventure research in this field.

### The Paradox of Geography in R&D Consortia

Li Dai, Loyola Marymount University Dong Chen, Loyola Marymount University Donghong Li, Tsinghua University

Success in collaborative R&D often depends on knowledge spillovers that arise from co-location, yet physical proximity among firms can alter the nature of cooperation by increasing their competition in product markets. To resolve the paradox of geography in the innovation process, this research considers the effects of face-to-face contact and market overlap on the performance outcomes of 1190 firms in 56 R&D consortia across an important emerging market context - China - from 2009 to 2011. In taking a process view of R&D consortia activities, we argue that even as geographic concentration may increase the capability of firms to engage in collaborative R&D, the potential costs to their ex-post competitive position may reduce their motivation to cooperate ex-ante.

### **Uncovering Different Value Creation Processes of Network Facilitators in Inter-firm Networks**

Elisabeth Mueller, University of Passau

Firms cooperate in inter-firm networks to foster their competitiveness and innovation outcomes. In many cases, network facilitators, who are embedded either in a lead-firm or a third-party organization, are employed to manage cooperation among the network firms. This qualitative study investigates the antecedents, processes, and outcomes of value creation for the different network facilitators. Preliminary results show that lead-firm facilitators should invest in trust-building measures since they are attributed deficiencies in honesty and benevolence. Without these investments, they risk conflicts of interests to hinder them in creating value. Third-party facilitators can focus on balancing firm interests from the beginning, but have to invest in enlarging their competencies and skills with regard to the industry the firms operate in.

SESSION 431

### AGENTS, PRINCIPALS, AND OWNERS

Facilitator	Brian Connelly, Auburn University	
Common Ground	Room	Estancia 307
	Time	17:15 – 18:30 h
TRACK O	Date	Tuesday, Sep 23

### Clash of the Titans: A New Perspective on the **Principal-Principal Conflict**

Zhonghui Wang, University of North Carolina-Greensboro

This study investigates the principal-principal conflict among multiple large shareholders. The principal-principal conflict emerges in a twoblockholder firm when the larger blockholder dislikes the cumulative voting rule even if the smaller blockholder welcomes the rule and the rule is positively associated with firm value. The likelihood of firms observing the cumulative voting rule decreases when both blockholders are either inside blockholders or outside ones at the same time. Firms with different types of blockholders are more likely to follow the cumulative voting rule. When the voting power of blockholders is relatively equally distributed, the firm is more likely to have the cumulative voting rule. Relying on two-stage treatment effects models, I conduct empirical tests of these arguments on a large merged dataset.

### External Agency: Redefinition of Ex Ante Value in Agency Relationships

Oleg Petrenko, Oklahoma State University Federico Aime, Oklahoma State University José Sagarnaga, Oklahoma State University

In our paper we present a general model of agency that extends classical Agency Theory to model the agent-principal relationship as being embedded in a wider social context. In this context the agent is not merely in a closed contractual relationship with the principal, but also participates in a market for alternative contracts. Participation in this market for alternative contracts allows the agent to redefine his or her ex ante value via behaviors that we define as external agency - specific agentic behaviors that aim at maximizing the value appropriation from future contracts. We propose that such behaviors will be negatively associated with internal agency and positively related to availability of alternative contracts, CEO human and social capital.

### **Heterogeneous Owner Interests and Corporate** Restructuring

Nikolaos Kavadis, Carlos III University of Madrid Xavier Castaner, University of Lausanne

We examine the influence of different owners on corporate restructuring in large French firms with family blockholders in a period of important corporate governance changes, where the respective influence of Anglo-American institutional owners and domestic owners has been the object of debate. We contribute to corporate governance and strategy research with a contingent framework about the influence of owners in shaping restructuring and refocusing, a predominant practice in the U.S. aimed at shareholder value maximization (SVM) in a country (France) without historical association to SVM. We find that firms engage in more restructuring and refocusing as the influence of both French families and Anglo-American institutional investors increases. This challenges in part the received wisdom about the influence of domestic owners in

corporatist countries at the same time that confirms the effect of Anglo-American institutional investors.

### **Institutional Owners and Organizational Performance:** The Moderating Effect of Industry's Informational **Transparency**

Anton Diachenko, BI Norwegian Business School Torger Reve, BI Norwegian School of Management

Empirical results so far have failed to provide consistent evidence about the relationship between institutional ownership and firm performance. We fill this gap by arguing that monitoring capabilities of institutional investors are contingent on the informational transparency of the industry. Institutional investors lack specific industry-based knowledge, thus information opacity makes it difficult to perform effective monitoring. Hence, the monitoring effect of institutional ownership on the performance will have positive impact only in transparent industries, where information is easily available and monitoring can be executed based on general business judgment. As monitoring by institutional investors is not efficient in the opaque industries, managerial stock ownership is proposed as a key means to align managers' interests with other stockholders and subsequently enhance firm performance.

### Ownership Structures and Performance in Multi-Unit **Organizations**

Xiaoli Yin, Baruch College

In this study, I examine the performance implications of locating units of different ownership structures in the same local market. In a multiunit organization, individual entities of different owners tend to compete with each other. Meanwhile, localized learning and collaboration can also be more effective when units of mixed ownership coexist in the same local market. I suggest that diverse ownership structures in a multi-unit organization can both intensify competition and facilitate cooperation. I develop these ideas among sub-units of a franchising system and test the hypotheses using longitudinal data from over 6000 units within one of the biggest U.S. restaurant chains from 1991 to 1997.

### The Balance of Power: Equity Ownership Structure in a Component-Mixture Model

Colin Campbell, Miami University Joanna Tochman Campbell, University of Cincinnati Maria Weese, Miami University

Using a novel methodological approach, we examine the optimal structure of firm equity ownership. Prior studies have attempted to address, with mixed results, the endogenous nature of the relationship between equity ownership and firm value. A major empirical shortcoming of this stream of research is the treatment of ownership percentages as independent. We take a markedly different approach by modeling the equity ownership structure across major parties (i.e., the CEO, top executives, directors, institutions, etc.) as components of a mixture that by definition cannot change without affecting the other components. Controlling for other firm characteristics, our results suggest a significant and complex relationship between equity structure and firm value, allowing us to contribute to both scholarship and practice.

SESSION 432

### **UPPER ECHELONS REVISITED**

TRACK O	Date	Tuesday, Sep 23
	Time	17:15 – 18:30 h
Paper	Room	Estocolmo
Session Chair	Annette Biedermann, Free University of Berlin	

### CEOs Staying on as Chairs, Nation-Level Institutions, and their Effects on CEO Succession and Firm **Performance**

Reynaldo Valle Thiele, Hochschule Harz - University of Applied Sciences

Annette Biedermann, Free University of Berlin

Holger Luedeke, Touro College-Berlin

We replicate and advance Quigley and Hambrick's (2012) findings on CEO succession that departing CEOs who remain as board chairs (CACs) restrict a successor's potential to initiate changes. We suggest that the pattern may be universal, but that the interpretation has to differ among the

institutional context, depending on the amount of managerial discretion. In a sample of German corporations we find evidence that it is mainly managers effectively meeting the expectations of specific stakeholder groups who get the chance to continue as board chairs. However, what might be interpreted as an indicator of sustainable development isn't essentially good news: Although, CACs stand for a higher level of employment-intensity than non-CACs they apparently miss opportunities for strategic realignment as subsequent firm performance is significantly

### Do Teams Really Matter?: The Direct and Indirect E ects of Team Composition on Financing, Network, and Performance of University Spin-O s

Christian Soost, University of Siegen Petra Moog, University of Siegen

This paper studies the specific, direct and indirect e ects of team homoor heterogeneity in spin-o teams on the performance of new ventures. Based on the upper echelon as well as team theory, our primary conclusion is that it is not the direct e ect of teams that influences success, but an indirect e ect by way of such critical success factors of spin-o s as financing issues and networks that serve as mediators. We discuss the importance of team composition in relation to the di erent requirements of university spin-o s. To test our hypotheses, we use survey data from a sample of 131 Swiss and German spin-o s and find that team composition does not exhibit direct e ects on performance, whereby indirect e ects can be found

### Staying Agile in the Saddle: CEO Tenure, TMT Change, and Organizational Ambidexterity

Paul Ferreira, University of Geneva Sebastian Raisch, University of Geneva Patricia Klarner, University of Munich

This study examines how interrelated CEO and TMT changes affect an organization's ability to simultaneously explore and exploit. Drawing upon the upper echelons perspective, we argue for a curvilinear CEO tenure-ambidexterity relationship. We then propose that the timing of TMT change critically affects this relationship. While TMT change negatively impacts ambidexterity in the early stages of CEO tenure, it has a positive relationship to ambidexterity in the later stages of CEO tenure. We empirically test and find evidence for our arguments based on a preliminary longitudinal sample of 30 European insurance companies between 2002 and 2011. Our main contribution to the ambidexterity literature is the development of a dynamic model revealing the interrelated effects of CEO and TMT changes on firm ambidexterity.

### The Genesis of Managerial Discretion – Empirical **Evidence from Germany**

Henning Behr, KIT-Karlsruhe Institute of Technology Kerstin Fehre, KIT - Karlsruhe Institute of Technology

Introduced by Hambrick and Finkelstein (1987), managerial discretion has been intensively used to explain differing degrees of available influence for CEOs on a company's strategy. However, the driving forces of managerial discretion themselves have only rarely been studied given that discretion is usually understood as an implicit, hardly measurable moderator. We investigate these underlying sources of discretion by analyzing a CEO's intended strategic direction and comparing it with expost observable strategic outcomes. Our findings suggest that particularly CEO characteristics play a more central role in determining a CEO's level of discretion than presumed up to now while certain environmental factors seem to be less important.



SESSION 356

### AFFECTIVE AND COGNITIVE PROCESSES IN **STRATEGY**

TRACK P Date Tuesday, Sep 23 17:15 - 18:30 h Time **Common Ground** Room Glasgow

Beverly Tyler, North Carolina State University **Facilitator** 

### Affect Heuristics in Investment Decisions: A Multi-**Case Analysis of Private Equity Groups**

Steven Dionne, Georgia State University David Sinyard, Georgia State University Karen Loch, Georgia State University

This study utilizes an exploratory case analysis to examine the specific activitiesand decision-making processes surrounding private equity investments. Qualitative data was generated from semi-structured interviews at twenty private-equity groups. Rather than relying on a retrospective review of prior decisions, our multi-case analysis presents each decision-maker with teasers, a summary document that introduces an investment opportunity. Following prior research, our results indicate that decision-makers utilize various heuristics that guide selection and execution of their investments. We also uncover the role of affect: strong positive or negative responses to specific stimuli in the teasers. This partially reflected learning and feedback on investment experiences that lead to the construction of affect heuristics. Furthermore, affect, despite occurring rapidly and automatically, enhances decision efficiency in complex environments.

### Dual-Class Ownership, Managerial Intrinsic **Motivation and Firm Innovation**

Wei Shi, Rice University

Laura B. Cardinal, University of Houston

Building on cognitive evaluation theory, this paper argues that dualclass ownership structures can increase managerial perceived control and competence and safeguard managerial intrinsic motivation, facilitating corporate innovation input (R&D intensity) and output (the number of patents granted and the number of patent citations). We also contend that earnings pressure reinforce the difference between dual-class ownership firms and single-class ownership firm in innovation input. Using matched sample research design, we find empirical support for most of our arguments. Empirical evidence from this study suggests that dual-class ownership firms with a large divergence between voting rights and cash-flow rights can be in the long-run interests of shareholders, providing new insights into dualclass ownership structures as well as other takeover defenses.

### **Executive Scanning, CEO Self-Efficacy, and Strategic Outcomes**

Rajiv Nag, Georgia State University Nikos Dimotakis, Georgia State University François Neville, Georgia State University

Although a significant literature exists on executive scanning behaviors, the pathways linking scanning to strategic outcomes are relatively less well-understood. We report a field study of 41 CEOs of firms in the US metal foundry industry wherein we first find that the amount of scanning effort that a focal CEO engages in positively influences beliefs about her self-efficacy and this relationship is stronger the more proactively the CEO scans for information. Second, we find that CEO self-efficacy significantly influences long-term firm performance and incremental innovation outcomes, thereby suggesting that self-efficacy plays an important and hitherto under-recognized mediational role between executive scanning behaviors and strategic outcomes.

### Making Sense of It All: Affective and Cognitive **Sensegiving in R&D Investment Decisions**

Olivia ONeill, George Mason University Andrew Ward, Lehigh University Scott Graffin, University of Georgia Laura Stanley, East Carolina University

We propose a complementary system of affective and cognitive sensegiving to examine how top management emotion expression and cognition independently and interactively influence R&D investment. R&D investment is a key strategic decision that can facilitate innovation and competitive advantage, but is also fraught with uncertainty and risk. Using a five-year panel of 182 firms in the semiconductor, pharmaceutical, computer, and medical industries, we find an interaction between expression of positive affect in the CEO letter to shareholders and number of threats articulated in the 10-K annual report, such that R&D investment was greatest when both expressions of positive affect and number of threats were high. We conclude that both affective and cognitive sensegiving are necessary to better understand the mechanisms underlying firm investment in innovation.

### Measuring Emotion for Behavioral Strategy

Glenn Kristiansen, University of Cambridge

Emotions and other forms of affect have a central place in the field of behavioral strategy. A major problem is that we do not have any reliable method to ensure comparable positive and negative emotions or affect when assessing their influence on strategic variables. The consequence is biased development of theories that ultimately will polarize strategy researchers. In this article, we suggest alpha brain waves as a physiological correlate to overcome this issue. The benefit of this approach is that the alpha band is sensitive to not only negative emotions, but also to positive ones, by relying on two different psychological mechanisms. This correlate will act as a yardstick when validating emotion measures for the strategy field. We illustrate the benefit of this through three emotion functions.

### The Pursuit of Social Esteem: How Narcissistic **Executives Create Their Context**

Arijit Chatterjee, ESSEC Business School

Extant work on narcissistic executives has depicted narcissism as a personal quality of decision-makers. Narcissists overclaim and dominate, but are also preoccupied with getting affirmations and adulations from stakeholders. Narcissism, then, should be manifested in the constructs of social esteem. I begin by discussing the nature of narcissists, their paradoxes, and their practices. Then, I develop new theoretical propositions about narcissists as status-seekers in the groups they lead, as prestige-seekers from peers, as charisma-seekers from followers and as celebrity-seekers from journalists. I conclude with possible performance implications and future research on the implications of executive narcissism.

SESSION 357

### **LEARNING PROCESSES**

Session Chair	Laura Poppo, University of Kansas	
Paper	Room	Estancia 311
	Time	17:15 – 18:30 h
TRACK P	Date	Tuesday, Sep 23

### Avoiding Rookie Mistakes: The Value of Managerial **Experience for Firm Performance**

Bryan Hong, Western University

While managerial experience has been recognized as an important determinant of firm performance, few empirical studies have examined how possessing different levels of managerial experience actually affects performance. Using a proprietary dataset from a quick-service restaurant firm, I compare the decisions of inexperienced "rookie" managers to their more experienced counterparts after assuming control of a business unit, and observe the performance consequences of their decisions. The results show that rookie managers cut costs that initially increase performance, but these gains quickly reverse and performance ultimately declines below the previous manager's levels in subsequent months. By contrast, experienced managers do not make any significant changes after assuming responsibility over a business unit, and no evidence of changes in performance is found.

### Falling from Grace: Why Great Reputations Fail to Protect Companies from Alleged Violations

Laura Poppo, University of Kansas Karl Kammerer, University of Kansas Donald Schepker, University of South Carolina

As an attribute ascribed to a firm, reputation is widely recognized as one of the most valuable, intangible assets that a firm possesses. Understudied in this literature is the dynamic 'updating' process of reputational beliefs when consumers are exposed to negative event which alleges that a focal firm may be responsible for it. Because prior research has not examined this gap empirically, our experimental design is novel, yet based on the

rich theoretical and empirical literatures of reputation, trust violations, behavioral decision theory, and causal attribution theory. Our preliminary hypotheses and results show that consumers judge companies as if they are responsible for the casually ambiguous negative events, and that great reputations fail to buffer the company from negative judgments.

### The Forming of Shared Cognition in Business Ecosystems: Collective Sensemaking and its Influence on Mental Models

Vincent de Gooyert, Radboud University Nijmegen Etiënne Rouwette, Radboud University Nijmegen Hans Van Kranenburg, Radboud University Nijmegen Edward Freeman, University of Virginia Harry van Breen, Alliander

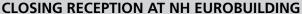
Mental models tend to converge within organizations and this hinders cooperation across organizations. For a business ecosystem to be effective, it is therefore crucial to build shared cognition between the partnering organizations. Collective sensemaking has been suggested to play an important role in the forming of shared cognition, but how does collective sensemaking in business ecosystems come about and what is its influence on mental models? To answer that question, we follow 96 managers from the Dutch energy sector that engage in group model building workshops aimed at making sense of the ongoing 'energy transition'. Mental model measurements before and after the workshops provide evidence for the resulting change in shared cognition.

# Two Faces of Experience in Organizational Learning: Aspiration Adaptation and Belief Adaptation

Songcui Hu, *University of Arizona* Hart Posen, *University of Wisconsin* 

Scholars of organizational learning generally consider experience can enhance knowledge. Yet experience can also alter a firm's performance aspirations. In this paper, we consider the implications of the dual role of experience for organizational learning. We extend the canonical model of aspiration-adaptation. We embed a formal model of experiential learning that allows risk-taking to be an endogenous outcome of belief-adaptation. We find that superior performance can be an outcome of organizational learning in which experience increases aspirations more quickly than it does knowledge, with risk-taking as an endogenous consequence. Moreover, in contrast to March's well-known result that slower learning rates in beliefs or aspirations enhance performance, we find that when the dual roles of experience are considered jointly, faster learning may engender superior performance.

19:00 – 22:00





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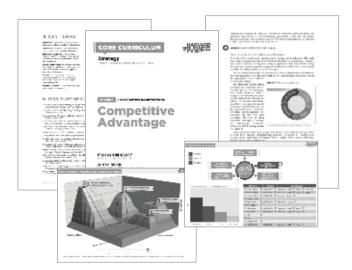
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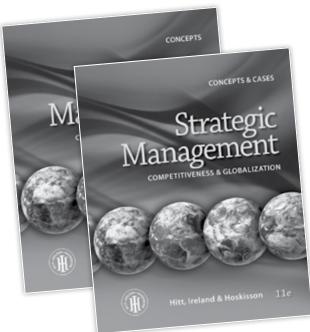
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Sharon Matusik University of Colorado-Boulder



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# 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 consists of nearly 3,000 members representing over 80 different countries. Membership, composed of academics, business practitioners, and consultants, focuses its attention on the development and dissemination of insights on the strategic management process, as well as fostering contacts and interchange around the world.

The Society is probably best known through the Strategic Management Journal (SMJ) published by John Wiley & Sons. This Class A journal has become the leading scholarly publication in the field of Strategic Management and is consistently rated one of the top publications in the management area. In 2007 the Society launched the Strategic Entrepreneurship Journal (SEJ) and in 2010 the Global Strategy Journal (GSJ). The intent is for these new quarterly publications to soon also become Class A journals and to 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 SMJ has done for many years.

