



# STRATEGIES FOR A MULTI-POLAR WORLD National Institutions and Global Competition

## CONFERENCE PROGRAM



**SMS** Strategic Management Society

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Dear Colleagues:

We are delighted to welcome all of you to our city and the 31st Annual Meeting of the Strategic Management Society! The world has changed dramatically since the SMS first met in London three decades ago and events over the past few years have taught us many lessons on the risks and benefits from greater global integration. Our conference, *Strategies for a Multi-Polar World: National Institutions and Global Competition* provides a framework for a profound discussion of the many challenges involved in designing and implementing strategy in this new world.

We would like to thank the many people who were part of our team in putting the conference together. The 9 Interest Group leaders have organized an exciting Sunday filled with a Teaching Track and Interest Group sessions. Our 14 Track Chairs, who did a phenomenal job dealing with the near record number of submissions, have worked to prepare fantastic and stimulating sessions during the main conference Monday through Wednesday. Thanks to them and the efforts of over 600 reviewers, we will be offering over 150 sessions of paper presentations, common ground sessions and panel discussions catering to every possible interest in our membership.

Here are some highlights from our Plenary Sessions:

- We kick off the main Conference with an **Opening Plenary Panel** discussion on the themes of the conference with **Yves Doz** (INSEAD), **Pankaj Ghemawat** (IESE Business School), **Eleanor Westney** (York University) and **Srilata Zaheer** (University of Minnesota). These experts will tackle the issues of the role of institutions in global competition and the shift in orientation from traditional to emerging markets by major corporations and lay the groundwork for the discussions that will take place in many sessions over the next three days.
- Monday morning we will hear from **Romano Prodi**, Former President of the European Commission and Prime Minister of Italy, Professor at ALMA Graduate School University of Bologna, CEIBS and Brown University, on the role of **Institutions, Governance and Performance in a Multi-Polar World**. His address will be followed by **Florencio Lopez de Silanes** (EDHEC Business School) and **Jackson Nickerson** (Washington University, St. Louis), who will comment from the perspective of financial institutions and corporate strategy, respectively. The SMS President, **Jay Barney**, will present Romano Prodi with the SMS Lifetime Achievement Award for his leadership as an academic, an industrialist, and a statesman.



- Two other plenary sessions will bring top level CEOs to present their companies' strategic dilemmas in the face of this global transformation. The session on Monday evening will deal with **The New Global Competitors: Global Expansion of Emerging Market MNCs** and include **Gilberto Neves**, President and CEO of Odebrecht USA, a Brazilian construction and engineering company with operations that span the globe; **Jaithirth (Jerry) Rao**, founder and former CEO of Mphasis Corp., Executive Chairman of Value and Budget Housing Corporation and Chairman of the NASSCOM Foundation; and **Enrique Zambrano**, CEO of Proeza S.A., a diversified Mexican multinational with operations in the automotive, agribusiness and telecommunications industries.
- The Tuesday plenary session will address **Tapping the Potential of Emerging Markets: Reverse Innovation and Strategic Approaches**. Moderated by **Vijay Govindarajan** (Dartmouth University), it includes **Omar Ishrak**, newly appointed CEO of Medtronic Corp., a leading global producer of medical devices, and former CEO of GE Healthcare; **Sachin Lawande**, CTO and Co-President of the Automotive Division of Harman International; and **Monica Luchtefeld**, Executive VP and Head of Global E-Commerce for Office Depot.
- Our last plenary on Tuesday evening will be chaired by **Costas Markides** (London Business School) on the subject of Good and Bad Strategies and includes **Richard Rumelt** (UCLA Anderson), **Jay Barney** (Ohio State University), **Modesto Maidique** (Florida International University), and **Margie Peteraf** (Dartmouth).

In addition to these plenary sessions, we will offer five fascinating Showcase Panels that bring together leading thinkers from our field and senior practitioners on a series of critical and timely topics. The Showcase Panels are highlighted throughout the program.

On the social side, we will include an opening reception poolside at the beautiful Loews' Hotel on Miami Beach on Sunday evening, a spectacular dinner on Monday evening at the newly opened New World Center designed by famous architect Frank Gehry, which will include performances by several of the resident musicians. A cocktail reception at the Loews' patio will close out the social agenda on Tuesday evening.

We look forward to a great conference and to your enjoyment of our city.

**Jose de la Torre**  
Florida International University  
Program Chair

**Aya Chacar**  
Florida International University  
Associate Program Chair





Dear Conference Participant:

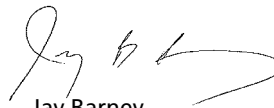
We are thrilled to welcome you to the SMS 31<sup>st</sup> Annual International Conference here in Miami, Florida. We believe that this conference offers an engaging and thought-provoking program with a broad spectrum of sessions on critically important topics that address our theme *Strategies for a Multi-Polar World*. Our four conference tracks and nine Interest Group tracks have done an excellent job of evaluating and selecting the best proposals for presentation at the conference. In addition, our Program Chair, Jose de la Torre, and Associate Program Chair, Aya Chacar, have developed a set of interesting and exciting plenary sessions. Our Miami Extensions, which are separate one-day topical workshops, are held at four academic institutions in four Florida cities, two before the SMS conference in Miami and Ft. Lauderdale and two after the conference in Coral Gables and Boca Raton.

Our Annual Conference aims to recognize and promote scholarly excellence and important service contributions to strategic management and to the SMS. Through the expansion of our Interest Groups and the extension of our awards program, we invite everyone to celebrate as we continue to grow as a Society and advance the field of strategic management. We are delighted to present, at the awards luncheon on Tuesday, the inaugural CK Prahalad Distinguished Scholar-Practitioner Award to an individual who has achieved lasting success in bridging the fields of practice and theory. We are also honored to present the SMS Lifetime Achievement Award at this year's Annual Conference. This non-annual award is reserved for when an appropriate and fitting recipient is identified.

The Society has many exciting developments that we would like to share with you. Our three journals, the *Strategic Management Journal*, the *Strategic Entrepreneurship Journal* and the *Global Strategy Journal* are enjoying an increasing number of submissions and the publication of significant research. We congratulate the success of the *Global Strategy Journal* in its first full year of publication. We are proud of the steady growth of our Special Conferences, and invite you to attend our two Special Conferences in 2012 - Singapore in June and Guangzhou, China in December!

We encourage you to stay informed on a number of other activities through the SMS website, the conference business meeting, and the award lunch where we will present a brief summary of the state of our Society.

We hope that you have an enlightening and enjoyable conference. Please have a wonderful time in the beautiful city of Miami!

  
Jay Barney  
President

  
Nikolaus Pelka  
Executive Director

## A Professional Society for the Advancement of Strategic Management

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

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

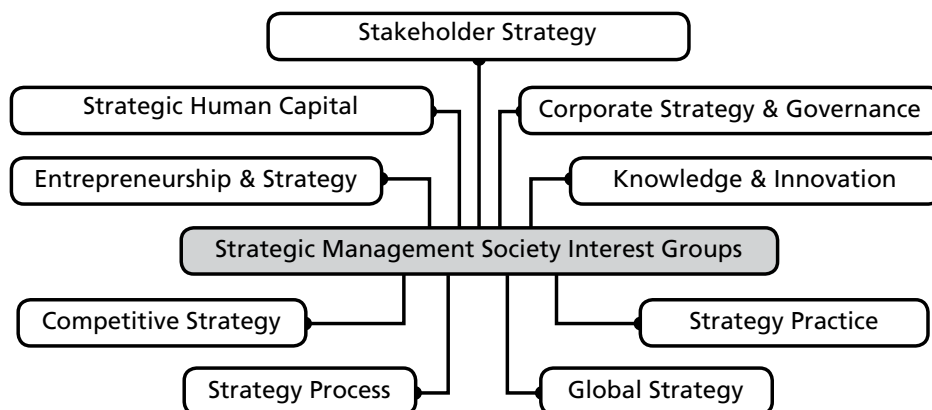
### MEETINGS

The SMS holds an annual meeting at various sites around the world, typically alternating between North America and Europe; some past locations included Amsterdam, Baltimore, Barcelona, Berlin, Boston, Chicago, London, Mexico City, Montreal, Orlando, Paris, Philadelphia, Phoenix, San Francisco, San Juan, Singapore, Stockholm, Toronto, Vancouver, Vienna, San Diego, Cologne, Germany, Washington DC, and most recently Rome. 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, India, Lapland, Finland, Rio de Janeiro and San Diego.

### PUBLICATIONS

The Strategic Management Society is proud to be involved with Wiley & Blackwell in the publication of leading journals and innovative books, which for more than 30 years 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 a quarterly journal, the Strategic Entrepreneurship Journal (SEJ). The intent is for the SEJ to also soon become a Class A journal and for it 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 its sister publication, the SMJ has done for many years. Our third journal, the Global Strategy Journal (GSJ) was officially launched in the summer of 2010, with the first issue being published in 2011. The GSJ will promote theories and discussions that engage the interplay of strategic management in a globally dependent and interwoven world. 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 (IG)** The primary purpose of the Interest Groups 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 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. SMS membership includes up to two Interest Groups; additional IGs can be added for a nominal fee.







**Jay Barney**  
*Ohio State University*  
President



**Robert Hoskisson**  
*Rice University*  
President Elect



**Joan E. Ricart**  
*IESE Business School*  
Past President



**Steven Floyd**  
*University of Massachusetts*  
Treasurer



**Nikolaus Pelka**  
*Strategic Management Society*  
Executive Director



**Irene Duhaime**  
*Georgia State University*



**Javier Gimeno**  
*INSEAD*



**Marjorie Lyles**  
*Indiana University*



**Africa Ariño**  
*IESE Business School*



**Robert Burgelman**  
*Stanford University*



**Margaret Peteraf**  
*Dartmouth College*

## 1981 LONDON

Global Strategic Management in the 1980's

Program Chairs: Derek Channon & Hugh Parker

## 1982 MONTREAL

Exploring the Strategy-Making Process

Program Chairs: Henry Mintzberg & Marianne Jelinek

## 1983 PARIS

Making Strategy Work

Program Chair: Dominique Heau

## 1984 PHILADELPHIA

Targeting Strategies

Program Chair: Peter Lorange

## 1985 BARCELONA

The Essence of Strategic Management

Program Chair: Eduard Ballarin

## 1986 SINGAPORE

Cultures and Competitive Strategies

Program Chairs: Peter FitzRoy & Gordon Redding

## 1987 BOSTON

Strategy: Prospect and Retrospect

Program Chairs: Joseph Bower & Andrall Pearson

## 1988 AMSTERDAM

Winning Strategies for the 1990's

Program Chair: Jan Eppink

## 1989 SAN FRANCISCO

Strategies for Innovation

Program Chair: Robert Harris

## 1990 STOCKHOLM

Strategic Bridging: To Meet the Challenges of the Nineties

Program Chairs: Leif Melin & Hans-Olof Hagén

## 1991 TORONTO

The Greening of Strategy – Sustaining Performance

Program Chairs: David Hurst & Rod White

## 1992 LONDON

Strategic Renaissance: The Transformation of Economic Enterprise

Program Chair: James Kelly

## 1993 CHICAGO

Integrating Strategy

Program Chair: Edward Zajac

## 1994 PARIS

Strategy Styles: Management Systems, Types and Paradigms

Program Chair: Michel Ghertman

## 1995 MEXICO CITY

Strategic Discovery: Opening New Worlds

Program Chair: Raul Alvarado

## 1996 PHOENIX

Competing in the New Economy: Managing Out of Bounds

Program Chairs: Gary Hamel & C K Prahalad

## 1997 BARCELONA

Managing in an Interconnected World

Program Chair: Joan E Ricart

## 1998 ORLANDO

Tailoring Strategy – One Size Does Not Fit All

Program Chair: Kevin Coyne

## 1999 BERLIN

Winning Strategies in a Deconstructing World

Program Chairs: Dieter Heuskel & Rudi K F Bresser

## 2000 VANCOUVER

Strategy in the Entrepreneurial Millennium:

New Winners, New Business Models, New Voices

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

## 2001 SAN FRANCISCO

Reinventing Strategic Management –

Old Truths and New Insights

Program Co-Chairs: Richard Bettis & Derek Dean

## 2002 PARIS

Old Barriers Crumbling, New Barriers Rising

Program Co-Chairs: René Abate & Karel Cool

## 2003 BALTIMORE

Intersections: Strategy Across Conventional Boundaries

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

## 2004 SAN JUAN

Strategic Balance: Driving Innovation And Maintaining Performance

Program Co-Chairs: Patricia Gorman Clifford & Steven Floyd

## 2005 ORLANDO

Strategic Management: Achievements And Opportunities

Program Co-Chairs: Irene Duhaime & Carl W Stern

Associate Chair: Javier Gimeno

## 2006 VIENNA

Strategy and Governance in a World of Institutional Change

Program Co-Chairs: Javier Gimeno & Jens Schaedler

Associate Chair: Peter Ring

## 2007 SAN DIEGO

The Challenges of Non-Market Influences on Market Strategies

Program Chair: Peter Ring

Associate Chair: Thomas Mellewigt

## 2008 COLOGNE

How Does Knowledge Matter?

Program Chairs: Thomas Mellewigt & Bolko von Oetinger

## 2009 WASHINGTON DC

Strategies in an Uncertain World

Program Chairs: Marjorie Lyles & Jeffrey Reuer

## 2010 ROME

Strategic Management at the Crossroads

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



All awards, with the exception of the Lifetime Achievement Award, will be announced and recognized during the Tuesday Awards Luncheon. Visit the SMS Website ([www.strategicmanagement.net](http://www.strategicmanagement.net)) for a complete list of past winners.

## Dan and Mary Lou Schendel Best Paper Prize

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

## 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. Award funding is generously supported by the Strategy Research Foundation.

## CK Prahalad Distinguished Scholar-Practitioner Award

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

## SMS Lifetime Achievement Award

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

## SMS Best Conference Paper Prize

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

## SMS Best Conference Paper Prize for Practice Implications

This award was inaugurated following the initiative of the 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 weight may also be given to practitioner (co-) authorship or research sponsorship and funding. The prize for the best conference paper for practice implications consists of a US \$1,000 award.

## SMS Best Conference PhD Paper Prize

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

## Friend of the SMS



To distinguish those who have contributed over the years and have become pillars of our Society, in 2006 the recognition as Friend of the SMS was introduced to the conference. Recognized are conference attendees, who either have been SMS members for 20 or more years, attended 10 or more annual conferences, served as a Program Chair of a past conference, served as a Board member of the Society, or have been elected to the SMS Fellows. 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 FOR PRACTICE IMPLICATIONS AWARD

The following five papers have been selected as finalists out of 45 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 F | SESSION 130 | 08:00–09:15

**Do Security Analysts Ride on Fashion Waves: The Case of Downsizing**

*Ann-Christine Schulz, Free University of Berlin*

### TUESDAY

TRACK I | SESSION 199 | 14:15–15:30

**Interaction Dynamics of Strategic Planning Within M-form Based Firms: A Practice View**

*Paul Knott, University of Canterbury*

*Chatchai Thnarudee, University of Canterbury*

### MONDAY

TRACK K | SESSION 172 | 08:00–09:15

**Business Model Innovation of Complex Service Providers: A Quest for Fit**

*Ivanka Visnjic, Ramon Llull University*

*Andy Neely, University of Cambridge*

### TUESDAY

TRACK F | SESSION 122 | 14:15–15:30

**Does Temporal Myopia Hurt Firm Performance? An Empirical Test**

*David Souder, University of Connecticut*

*Philip Bromiley, University of California-Irvine*

### TUESDAY

TRACK A | SESSION 147 | 16:00–17:15

**The Dark Side of Alternative Asset Markets: Networks, Performance and Risk Taking**

*Simone Ferriani, University of Bologna*

*Charles Baden-Fuller, City University London*

## UPCOMING CONFERENCES



**Globalisation of Innovation Strategies: Novel Moves for a Global Game**



**Strategy in Transition**



**Competing and Cooperating in and for China**



**Strategizing Practices from the Outliers: Enabling “Big Bang” Innovation**



Miami, Florida | November 6–9, 2011

## ★ SMS BEST CONFERENCE PAPER PRIZE

The following ten papers have been selected as finalists out of 47 nominated and submitted papers for this award. You will find these papers indicated throughout the program. The winning paper and the honorable mentions will be announced at the Tuesday Awards Luncheon.

### MONDAY

#### TRACK E | SESSION 171 | 08:00-09:15

**Ripples through the Value Chain: Scope & Profit Evolution Over the Industry Lifecycle as Technologies Change**

Michael G. Jacobides, *London Business School*

Francisco Veloso, *Carnegie Mellon University*

Claudio Wolter, *Carnegie Mellon University*

### TUESDAY

#### TRACK L | SESSION 226 | 08:00-09:15

**Lighting the Way or Stealing the Shine? Duality in Star Scientists' Effects on Colleagues' Performance**

Rebecca Kehoe, *Rutgers University*

Daniel Tzabbar, *Drexel University*

### MONDAY

#### TRACK I | SESSION 262 | 11:00-12:15

**Do Ties Really Bind? The Effect of Technological & Relational Networks on Consensus Formation**

Ram Ranganathan, *University of Pennsylvania*

### TUESDAY

#### TRACK K | SESSION 183 | 11:15-12:30

**The Economic Value of Memorable Language: Stock Market Reaction to Executives' Use of Memorable Language in Presentations**

Wei Guo, *University of Maryland*

### MONDAY

#### TRACK F | SESSION 113 | 15:15-16:30

**Does Strategic Leadership and Governance Really Matter?**

Donald Bergh, *University of Denver*

Herman Aguinis, *Indiana University*

Ciaran Heavey, *University College Dublin*

### TUESDAY

#### TRACK M | SESSION 156 | 14:15-15:30

**Value Creation and Stakeholder Theory**

Andrew Wicks, *University of Virginia*

Jeffrey Harrison, *University of Richmond*

### TUESDAY

#### TRACK F | SESSION 117 | 08:00-09:15

**Competitive Context and Diversification**

Julia Hautz, *University of Innsbruck*

Michael Mayer, *University of Bath*

### TUESDAY

#### TRACK F | SESSION 125 | 16:00-17:15

**How Anticipated Employee Mobility Affects Acquisition Likelihood: Evidence from a Natural Experiment**

Kenneth Younge, *University of Colorado-Boulder*

Tony Tong, *University of Colorado-Boulder*

Lee Fleming, *Harvard University*

### TUESDAY

#### TRACK K | SESSION 178 | 08:00-09:15

**Agglomeration vs. Organizational Reproduction: The Molds Cluster in Portugal**

Carla Costa, *Carnegie Mellon University*

Rui Baptista, *Technical University of Lisbon*

### WEDNESDAY

#### TRACK L | SESSION 229 | 09:45-11:00

**Competing Over Whom Your Customers Hire: The Other Talent War**

Seth Carnahan, *University of Maryland*

Deepak Somaya, *University of Illinois-Urbana Champaign*

## ✦ SMS BEST CONFERENCE PhD PAPER PRIZE

The following 10 papers have been selected as finalists from 83 nominated papers for this award. You will find these papers indicated throughout the program. The five winning papers will be announced at the Tuesday Awards Luncheon.

### MONDAY

TRACK I | SESSION 259 | 08:00-09:15

**Powers as an Organizational Design Question: Endogenous Power Assignment and Power Disparity**

Murat Tarakci, *Erasmus University - Rotterdam*

Patrick Groenen, *Erasmus University - Rotterdam*

### TUESDAY

TRACK E | SESSION 209 | 16:00-17:15

**Do Non-competition Agreements Lead Firms to Pursue Path-breaking Inventions?**

Raffaele Conti, *Lisbon-Catholic*

### MONDAY

TRACK F | SESSION 115 | 11:00-12:15

**The Institutional Environment and Gender Diversity on Boards of Directors**

Cory Angert, *University of Houston*

Seemantini Pathak, *University of Houston*

### TUESDAY

TRACK F | SESSION 123 | 16:00-17:15

**Sell-offs and Firm Performance: A Matter of Experience?**

Johannes Luger, *University of St. Gallen*

Jan Mammen, *University of Erlangen-Nuremberg*

Matthias Brauer, *University of St. Gallen*

### MONDAY

TRACK I | SESSION 262 | 11:00-12:15

**Do Ties Really Bind? The Effect of Technological & Relational Networks on Consensus Formation**

Ram Ranganathan, *University of Pennsylvania*

### WEDNESDAY

TRACK I | SESSION 258 | 08:00-09:15

**Between Creativity, Control, and Experience: Lessons in Trade-offs from the US Comic Books Industry**

Allya Koesoema, *Bocconi University*

### MONDAY

TRACK I | SESSION 271 | 15:15-16:30

**The Effect of Performance Feedback on Depth and Scope of Search: The Moderating Role of Organizational Age**

Bernardo Correia-Lima, *Erasmus University - Rotterdam*

Justin Jansen, *Erasmus University - Rotterdam*

### WEDNESDAY

TRACK L | SESSION 229 | 09:45-11:00

**Competing Over Whom Your Customers Hire: The Other Talent War**

Seth Carnahan, *University of Maryland*

Deepak Somaya, *University of Illinois - Urbana Champaign*

### TUESDAY

TRACK E | SESSION 206 | 11:15-12:30

**Competition Networks: The Influence of Relational and Structural Embeddedness on Competitive Activity**

Junichi Yamanoi, *University of Connecticut*

### WEDNESDAY

TRACK E | SESSION 205 | 09:45-11:00

**The Impact of Network Flexibility on Firm Performance: Environmental Jolts, Centrality, and Firm Size**

Leonardo Corbo, *University of Bologna*

Simone Ferriani, *University of Bologna*



## SMS EMERGING SCHOLAR AWARD 2011

The recipient of the 2011 SMS Emerging Scholar Award presents and discusses current research.

### TUESDAY

TRACK F | SESSION 235 | 14:15-15:30

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#### SMS Emerging Scholar Presentation

##### 2011 SMS Emerging Scholar

David Sirmon, *Texas A&M University*

##### Panelists

Ming-Jer Chen, *University of Virginia*

Russell Coff, *University of Wisconsin-Madison*

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

Joseph Mahoney, *University of Illinois-Urbana Champaign*

## CK PRAHALAD DISTINGUISHED SCHOLAR-PRACTITIONER AWARD

The recipient of the 2011 CK Prahalad Distinguished Scholar-Practitioner Award is Yves Doz. He is a plenary panelist in the following sessions:

### SUNDAY

TRACK P | SESSIONS 292 | 17:00-18:30

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#### Strategies in a Multi-Polar World

##### Moderator

Aya Chacar, *Florida International University*

Jose de la Torre, *Florida International University*

##### Panelists

Yves Doz, *INSEAD*

Pankaj Ghemawat, *IESE Business School*

Eleanor Westney, *York University*

Srilata Zaheer, *University of Minnesota*

### MONDAY

TRACK P | SESSIONS 301 | 15:15-16:30

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#### Serving the Bottom of the Pyramid: Dealing with the Execution Challenge

##### Session Chair

Bala Chakravarthy, *IMD*

##### Panelists

Carlos Garcia, *Novartis Latin America*

Yves Doz, *INSEAD*

## SMS LIFETIME ACHIEVEMENT AWARD

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

### MONDAY

TRACK P | SESSION 295 | 09:30-10:30

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#### Institutions, Governance and Performance in a Multi-Polar World

##### Moderator

Jay Barney, *Ohio State University*

##### Panelists

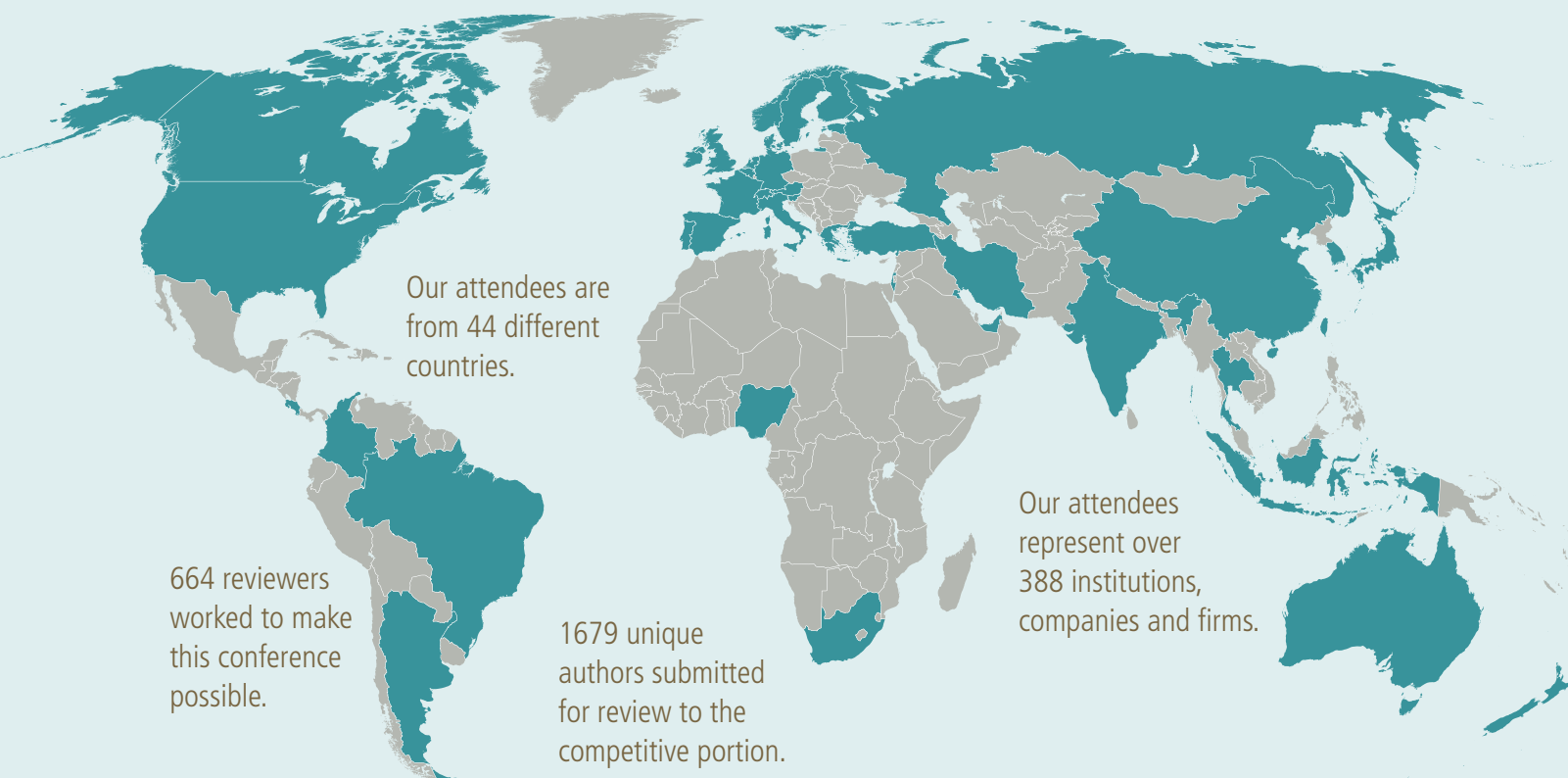
Florencio Lopez de Silanes, *EDHEC Business School*

Jackson Nickerson, *Washington University-St. Louis*

Romano Prodi, *Former President of the European Commission and Prime Minister of Italy, Professor at ALMA Graduate School University of Bologna, CEIBS and Brown University*

## REGISTERED ATTENDEES DISTRIBUTION

The countries printed in blue indicate the geographical distribution of this year's conference attendees.  
All data as of October 5, 2011.



### CONFERENCE STATISTICS

#### Total number of competitive sessions

Paper	107
Common Ground	31
Panel	5

#### Total number of non-competitive sessions

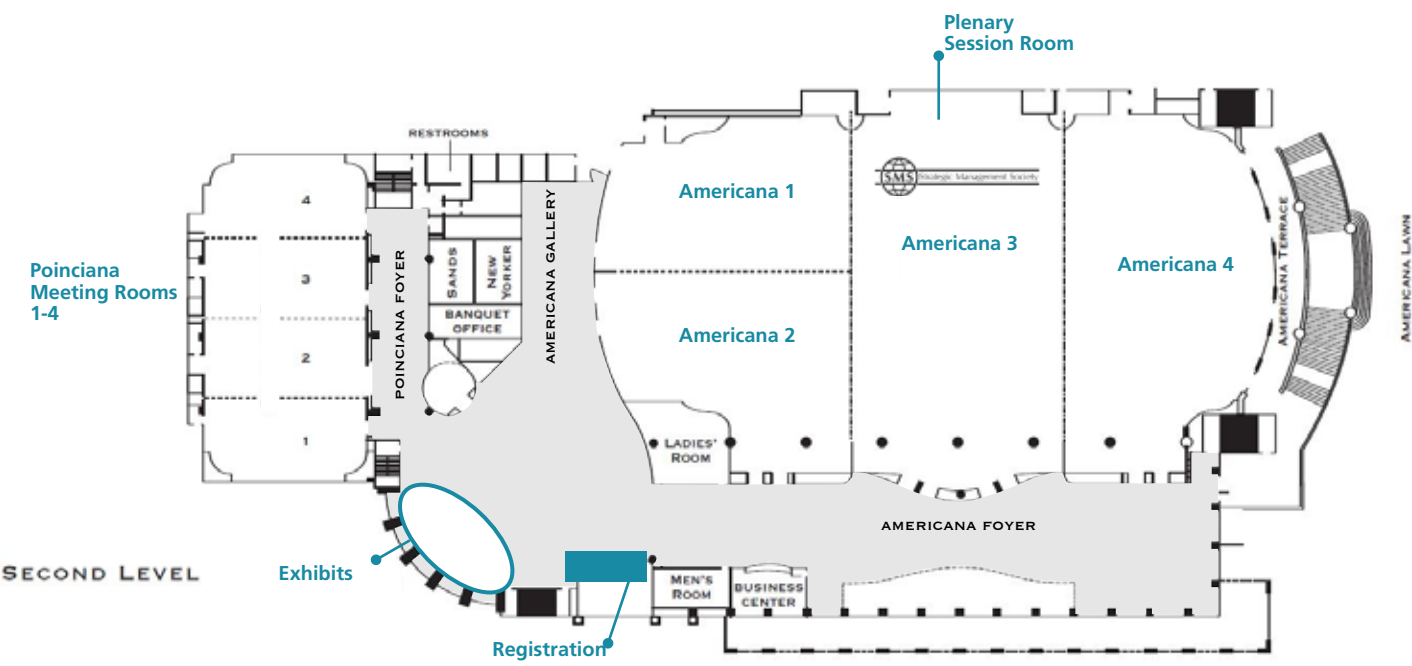
Interest Group	22
Teaching Track	7
Showcase Panels	5
Plenaries and Keynotes	5
Workshops	5

### ATTENDEES BY REGION

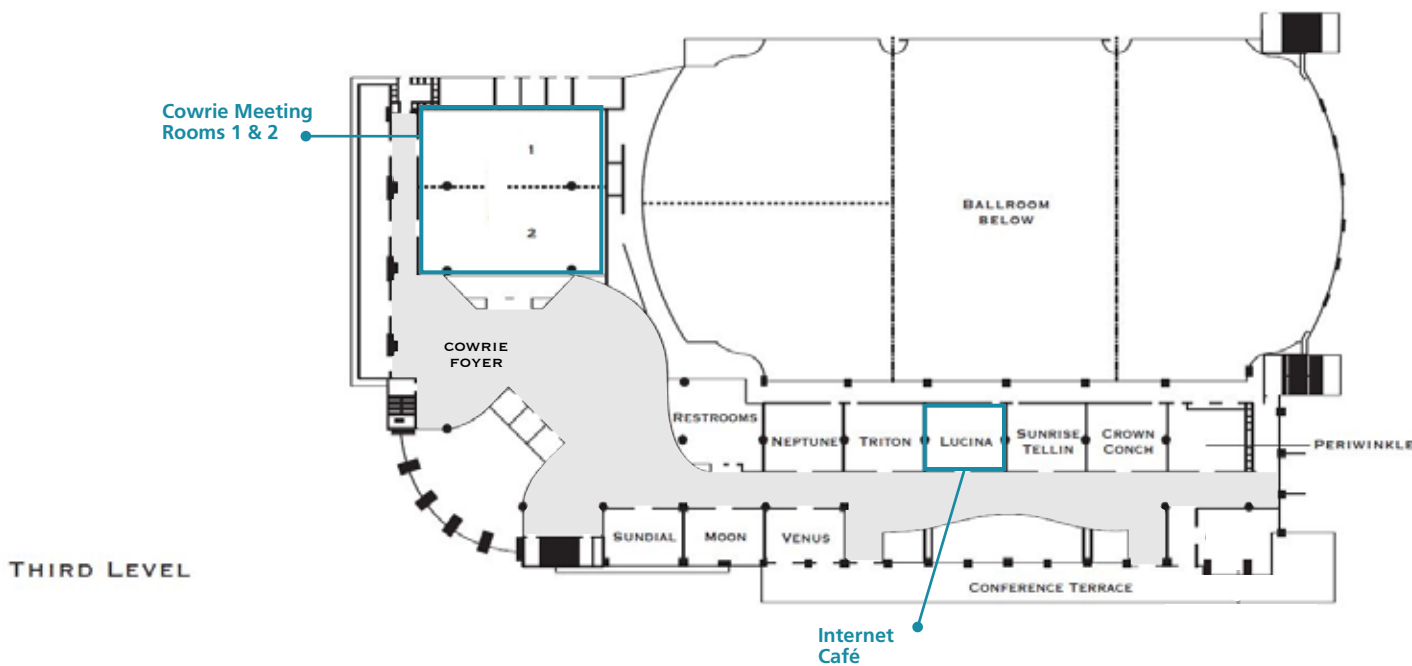
	Conference Attendees By Region		Conference Presenters By Region	
North America	47%	423	46%	336
Europe	43%	385	46%	334
Asia	6%	54	6%	42
Australia/New Zealand	1%	11	1%	9
Middle East	1%	10	>1%	6
Latin America	>1%	5	>1%	3
Africa	>1%	3	>1%	1
		891		731



SECOND LEVEL



THIRD LEVEL



## Recommended Dress

Business casual attire is recommended for all conference sessions.

## Monday Evening Event

Enjoy an evening filled with enchanted music and spectacular architecture at the New World Center. Designed by Pritzker Prize-winning architect Frank Gehry, the New World Center opened in early 2011 and has been a sought after venue in Miami Beach. You will be able to tour the venue at your leisure, listen to a four-piece orchestra of local musicians, and network with colleagues. The dress for this event is business casual & conference name badges are required for entrance into the event. Please note, the New World Centre is walking distance from the Loews Miami Beach Hotel and SMS staff will be stationed along the path directing the way.

## 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.

## Name Badges

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

## Name Tents

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

## No Smoking Policy

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

## Internet Café

An Internet Café will be located on the third level in the Lucina conference room. The Internet Café will be open from 08:30 - 18:00 on Sunday and 7:30 - 18:00 Monday and Tuesday and 7:30 - 12:00 on Wednesday. We request that you adhere to the 10 minute per person time limit.



**SMS 32nd ANNUAL  
INTERNATIONAL CONFERENCE**

**PRAGUE**

**October 7-9, 2012**

## SAVE THE DATE

## Strategy in Transition

**PROGRAM CHAIRS**

<p><b>Björn Ambos</b> Vienna University of Economics and Business</p> <p><b>Igor Filatotchev</b> City University London</p>	<p><b>Ondrej Landa</b> Czech Society for Strategic Management, Innovation &amp; Entrepreneurship</p>
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Strategic Management Society



## 2011 REVIEW COMMITTEE

The individuals listed below worked with this year's Program Chair, Jose de la Torre and Associate Program Chair, Aya Chacar to select the proposals and compose the sessions for the different conference tracks, pre-conference sessions, and awards. We appreciate and gratefully recognize the tremendous amount of time and effort spent making this a successful event.

Jay Anand	Donald Hatfield	Gerry Sanders	Robert Wright
Pamela Barr	Glenn Hoetker	Timo Santalainen	Patrick Wright
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The Strategic Management Society sincerely thanks and gratefully recognizes the time and effort of the following persons who served as reviewers for the SMS 31st Annual International Conference.

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Todd Alessandri	Donald Bergh	Albert Cannella Jr	Dameron	Eric Fong	Jeffrey Harrison
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		Ilya Cuypers	Markus Fitza		

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Shaomin Li	Uta Morgenstern			Venkitachalam	



## MY SCHEDULE OVERVIEW

SUNDAY, NOVEMBER 6, 2011				
09:30 – 10:45	Interest Group Session I	SESSION	ROOM	PAGE #
10:45 – 11:15	Coffee Break			
11:15 – 12:30	Interest Group Session II	SESSION	ROOM	PAGE #
12:30 – 13:45	Luncheon			
13:45 – 15:00	Interest Group Session III	SESSION	ROOM	PAGE #
15:15 – 16:15	Interest Group Meetings			
16:15 – 16:45	Coffee Break			
16:45 – 17:00	Program Chair Welcome			
17:00 – 18:30	Plenary Panel I: Strategies for a Multi-Polar World			
18:45 – 19:30	SMS Business Meeting, Americana Salon 2			
19:00 – 21:00	Opening Reception, Poolside			

MONDAY, NOVEMBER 7, 2011				
08:00 – 09:15	Parallel Paper/ Common Ground/ Panel Sessions	SESSION	ROOM	PAGE #
09:30 – 10:30	Plenary Panel II: Institutions, Governance and Performance in a Multi-Polar World			
10:30 – 11:00	Coffee Break			
11:00 – 12:15	Parallel Paper/ Common Ground/ Panel Sessions	SESSION	ROOM	PAGE #
12:15 – 13:30	Luncheon			
13:30 – 14:45	Parallel Paper/ Common Ground/ Panel Sessions	SESSION	ROOM	PAGE #
14:45 – 15:15	Coffee Break			
15:15 – 16:30	Parallel Paper/ Common Ground/ Panel Sessions	SESSION	ROOM	PAGE #
16:45 – 18:00	Plenary Panel III: The New Global Competitors: Emerging Market MNCs			
18:30 – 22:00	SMS Monday Night Event at the New World Center			



# MY SCHEDULE OVERVIEW

<b>TUESDAY, NOVEMBER 8, 2011</b>				
08:00 – 09:15	Parallel Paper/ Common Ground/ Panel Sessions	SESSION	ROOM	PAGE #
09:30 – 10:45	<b>Plenary Panel IV: Tapping the Potential of Emerging Markets: Reverse Innovation and Strategic Approaches</b>			
10:45 – 11:15	<b>Coffee Break</b>			
11:15 – 12:30	Parallel Paper/ Common Ground/ Panel Sessions	SESSION	ROOM	PAGE #
12:30 – 14:15	<b>Awards Luncheon</b>			
14:15 – 15:30	Parallel Paper/ Common Ground/ Panel Sessions	SESSION	ROOM	PAGE #
15:30 – 16:00	<b>Coffee Break</b>			
16:00 – 17:15	Parallel Paper/ Common Ground/ Panel Sessions	SESSION	ROOM	PAGE #
17:30 – 18:45	<b>Plenary Panel V: Good and Bad Strategies: What Are They and Can We Tell?</b>			
18:00 – 20:00	<b>SMS Cocktail Reception, Poolside</b>			
20:00 –	<b>Evening on Your Own</b>			

<b>WEDNESDAY, NOVEMBER 9, 2011</b>				
08:00 – 09:15	Parallel Paper/ Common Ground/ Panel Sessions	SESSION	ROOM	PAGE #
09:15 – 09:45	<b>Coffee Break</b>			
09:45 – 11:00	Parallel Paper/ Common Ground/ Panel Sessions	SESSION	ROOM	PAGE #



## SUNDAY, NOVEMBER 6, 2011

07:30 – 18:00	Conference Registration Open
09:30 – 10:45	Interest Group Session I
10:45 – 11:15	Coffee Break
11:15 – 12:30	Interest Group Session II
12:30 – 13:45	Luncheon
13:45 – 15:00	Interest Group Session III
15:15 – 16:15	IG Business Meeting
16:15 – 16:45	Coffee Break
16:45 – 17:00	Program Chair Welcome
17:00 – 18:30	Plenary I: Strategies for a Multi-Polar World
18:45 – 19:30	SMS Business Meeting
19:00 – 21:00	Opening Reception

## MONDAY, NOVEMBER 7, 2011

07:30 – 18:00	Conference Registration Open
08:00 – 18:00	Exhibits Open
08:00 – 09:15	Parallel Paper/Common Ground/ Panel Sessions
09:30 – 10:30	Plenary II: Institutions, Governance and Performance in a Multi-Polar World
10:30 – 11:00	Coffee Break
11:00 – 12:15	Parallel Paper/Common Ground/ Panel Sessions
12:15 – 13:30	Luncheon
13:30 – 14:45	Parallel Paper/Common Ground/ Panel Sessions
14:45 – 15:15	Coffee Break
15:15 – 16:30	Parallel Paper/Common Ground/ Panel Sessions
16:45 – 18:00	Plenary III: The New Global Competitors: Emerging Market MNCs
18:30 – 22:00	SMS Monday Night Event at the New World Center

## TUESDAY, NOVEMBER 8, 2011

07:30 – 18:00	Conference Registration Open
08:00 – 18:00	Exhibits Open
08:00 – 09:15	Parallel Paper/Common Ground/ Panel Sessions
09:30 – 10:45	Plenary IV: Tapping the Potential of Emerging Markets: Reverse Innovation and Strategic Approaches
10:45 – 11:15	Coffee Break
11:15 – 12:30	Parallel Paper/Common Ground/ Panel Sessions
12:30 – 14:15	Awards Luncheon
14:15 – 15:30	Parallel Paper/Common Ground/ Panel Sessions
15:30 – 16:00	Coffee Break
16:00 – 17:15	Parallel Paper/Common Ground/ Panel Sessions
17:30 – 18:45	Plenary V: Good and Bad Strategies: What Are They and Can We Tell?
19:00 – 20:00	SMS Cocktail Reception
20:00 –	Evening on Your Own

## WEDNESDAY, NOVEMBER 9, 2011

07:30 – 11:00	Conference Registration Open
08:00 – 11:00	Exhibits Open
08:00 – 09:15	Parallel Paper/Common Ground/ Panel Sessions
09:15 – 09:45	Coffee Break
09:45 – 11:00	Parallel Paper/Common Ground/ Panel Sessions

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

## Conference Theme Tracks

- A – Institutions and Strategy**
- B – Strategy in a Multi-Polar World**
- C – Emerging Market Multinationals**
- D – Data Research Methods**

## Interest Group Tracks

- E – Competitive Strategy**
- F – Corporate Strategy and Governance**
- G – Global Strategy**
- H – Strategy Process**
- I – Knowledge and Innovation**
- J – Strategy Practice**
- K – Entrepreneurship and Strategy**
- L – Strategic Human Capital**
- M – Stakeholder Strategy**
- T – Teaching Initiative Track**

## 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 Miami Conference we are planning a total of 31 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.
- We have integrated common ground sessions fully into the regular program, where they will run parallel with paper sessions throughout Monday, Tuesday and Wednesday.
- 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 Miami Conference we are planning a total of 107 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.



## SESSION 316

### COMPETITIVE STRATEGY

<b>TRACK E</b>	<b>Date</b>	Sunday, Nov 6
	<b>Time</b>	09:30 – 10:45 h
<b>Interest Group Presentation</b>	<b>Room</b>	Americana Salon 2

#### Make, Buy and/or Ally? Concurrent Sourcing

##### Chair

Thomas Mellewigt, *Free University of Berlin*

##### Panelists

Carliss Baldwin, *Harvard University*

Kathryn Harrigan, *Columbia University*

Anne Parmigiani, *University of Oregon*

Building on earlier work, research on concurrent sourcing, e.g., make and buy, has seen a burst of activity over the last several years. The collective body of research has yielded a critical mass of theoretical and empirical insights into the phenomenon. Of course, many of those insights at least partially contradict each other. That makes it an exciting time to bring together top scholars working in the area. Join Kathy Harrigan (Columbia), Anne Parmigiani (Oregon) and others as we discuss the state of the art of research on this phenomenon and where it should go next.

## SESSION 152

### CORPORATE STRATEGY AND GOVERNANCE

<b>TRACK F</b>	<b>Date</b>	Sunday, Nov 6
	<b>Time</b>	09:30 – 10:45 h
<b>Interest Group Workshop</b>	<b>Room</b>	Americana Salon 1

#### Writing Workshop for Doctoral Students and Junior Faculty

##### Session Chair

Parthiban David, *American University*

##### Panelists

Donald Bergh, *University of Denver*

Brian Boyd, *Arizona State University*

Glen Dowell, *Cornell University*

William Judge, *Old Dominion University*

Gerry McNamara, *Michigan State University*

Gerry Sanders, *Rice University*

Anja Tuschke, *University of Munich*

Robert Wiseman, *Michigan State University*

Participants will submit working papers and be provided with informal feedback on how to improve the manuscript for submission to the top tier journals in our field. The feedback will be done in person during the workshop in a round-table format in which each reviewer will meet with the authors and discuss how each manuscript could be improved. Attendance is by invitation only and the deadline to submit a manuscript for consideration has passed.

## SESSION 323

### GLOBAL STRATEGY

<b>TRACK G</b>	<b>Date</b>	Sunday, Nov 6
	<b>Time</b>	09:30 – 10:45 h
<b>Interest Group Presentation</b>	<b>Room</b>	Poinciana Salon 4

#### Institutions and Global Strategy

##### Session Chair

Laszlo Tihanyi, *Texas A&M University*

##### Panelists

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

Robert Hoskisson, *Rice University*

Torben Pedersen, *Copenhagen Business School*

Paul Vaaler, *University of Minnesota*

Institutional theory has become one of the most important perspectives in international business in recent years. Whereas institutional theory has

been helpful in highlighting why and how the rules of the international business game may change in different contexts, many studies have relied on constructs, frameworks, and mechanisms developed outside of the international business field. This panel seeks to go further by discussing the design of new theoretical frameworks of institutions for the different levels of the business environment as well as outlining where there are opportunities for new theoretical directions for international business research.

## SESSION 325

### STRATEGY PROCESS, STRATEGY PRACTICE

<b>TRACK H, TRACK J</b>	<b>Date</b>	Sunday, Nov 6
	<b>Time</b>	09:30 – 10:45 h
<b>Interest Group Presentation</b>	<b>Room</b>	Cowrie 1

#### Strategy Process and Practice Research in Perspective and Future Directions

##### Co-Chairs

Tomi Laamanen, *Aalto University*

Timo Santalainen, *Aalto University*

##### Panelists

Christian Aitken, *A G Soux LLC*

Robert Burgelman, *Stanford University*

Bala Chakravarthy, *IMD*

Richard Whittington, *University of Oxford*

Three decades of research will be highlighted. Prominent panelists will discuss the intersections of strategy process and practice research and share their insights regarding the future directions. In addition to outlining the future research agenda, we discuss how strategy process and practice research can inform what practitioners do - and what they should do - for achieving great results.

## SESSION 328

### KNOWLEDGE AND INNOVATION

<b>TRACK I</b>	<b>Date</b>	Sunday, Nov 6
	<b>Time</b>	09:30 – 10:45 h
<b>Interest Group Presentation</b>	<b>Room</b>	Poinciana Salon 1

#### Knowledge Foundations: The Ideas of Sidney Winter

##### Session Chair

Danqing Wang, *INSEAD*

##### Panelists

Afonso Almeida Costa, *INSEAD*

Sidney Winter, *University of Pennsylvania*

Maciej Workiewicz, *INSEAD*

The aim of this session is to bring the K&I community closer to the ideas and to the people who wrote important papers. In this first of a series of foundational sessions, we will do an interactive session with Prof. Sidney Winter. The focus would be to review his key ideas and make them accessible to the ABC SMS community while preserving their nuance and power. The session will be conducted as an interview followed by Questions and Answers period. The questions will be collected in advance from the K&I community.

## SESSION 333

**ENTREPRENEURSHIP AND STRATEGY**

<b>TRACK K</b>	<b>Date</b>	Sunday, Nov 6
	<b>Time</b>	09:30 – 10:45 h
<b>Interest Group Workshop</b>	<b>Room</b>	Poinciana Salon 3

**Paper Development Workshop****Session Chair**Thomas Keil, *Aalto University***Panelists**David Deeds, *University of St. Thomas*Anne Marie Knott, *Washington University-St. Louis*MB Sarkar, *Temple University*Mary Tripsas, *Harvard University*Christopher Tucci, *Swiss Federal Institute of Technology Lausanne*

This highly interactive paper development workshop aims to develop work in entrepreneurship into a format publishable in the top journals in the field through peer feedback in the development stage of papers. During the workshop a group of well published scholars in entrepreneurship will discuss early drafts submitted and selected in advance in a small group format. Participants to this workshop were to apply in advance, and we are no longer accepting applications.

## SESSION 315

**STRATEGIC HUMAN CAPITAL**

<b>TRACK L</b>	<b>Date</b>	Sunday, Nov 6
	<b>Time</b>	09:30 – 10:45 h
<b>Interest Group Panel</b>	<b>Room</b>	Cowrie 2

**Building the Strategic Human Capital Agenda: The Perspective of Practice****Moderator**Patrick Wright, *Cornell University***Panelists**Kenneth Carrig, *SunTrust Bank*Joseph Ruocco, *The Goodyear Tire & Rubber Company*

This session will highlight a number of Chief Human Resource Officers discussing (a) how they define/identify strategic human capital, (b) how they seek to effectively manage human capital as a source of competitive advantage, and (c) what unanswered questions they have about human capital.

## SESSION 158

**STAKEHOLDER STRATEGY**

<b>TRACK M</b>	<b>Date</b>	Sunday, Nov 6
	<b>Time</b>	09:30 – 10:45 h
<b>Interest Group Workshop</b>	<b>Room</b>	Poinciana Salon 2

**Manuscript Development Workshop****Session Chair**Robert Phillips, *University of Richmond***Panelists**Shawn Berman, *University of New Mexico*Heather Elms, *American University*Amy Hillman, *Arizona State University*Joseph Mahoney, *University of Illinois-Urbana Champaign*

This year's SMS meeting will be the first for the newly created "Stakeholder Strategy" interest group. To mark this occasion, the organizing committee has created space and opportunity for those interested in this area to gain intensive exposure to some of its best thinkers. This workshop will be held on Sunday, November 6, 2011. Shawn Berman, Amy Hillman, Thomas Jones, and Joseph Mahoney have generously agreed to read and discuss the ideas of 1 or 2 manuscripts each in a 75-minute roundtable setting with the authors. Others will be welcome to participate as well.

## SESSION 234

**TEACHING TRACK**

<b>TRACK T</b>	<b>Date</b>	Sunday, Nov 6
	<b>Time</b>	09:30 – 10:45 h
<b>Presentation</b>	<b>Room</b>	Periwinkle

**Case Discussions: Maintaining the "Right" Amount of Control- Part 1****Session Chair**Jay Dial, *Ohio State University*

This demonstration session will involve the actual teaching of a short case among session participants. A second session will follow immediately after a short break that will de-brief the teaching process/method. The case itself ("The Section Just Took Over" by C. Roland Christensen) and the de-brief discussion will focus on the issues of managing the discussion while maintaining an appropriate level of control. We recognize that keeping too tight a grip on the discussion can be as problematic as losing the class. We will also explore broader issues relating to the practice of discussion teaching/learning.

10:45 – 11:15  
**COFFEE BREAK**





## SESSION 317

### COMPETITIVE STRATEGY

<b>TRACK E</b>	<b>Date</b>	Sunday, Nov 6
	<b>Time</b>	11:15 – 12:30 h
<b>Interest Group Presentation</b>	<b>Room</b>	Americana Salon 2

#### Crossing Theoretical Boundaries

##### Session Chair

Glenn Hoetker, *Arizona State University*

##### Panelists

Russell Coff, *University of Wisconsin-Madison*

Giovanni Gavetti, *Harvard University*

Pankaj Ghemawat, *IESE Business School*

Edward Zajac, *Northwestern University*

Competitive strategy research draws upon many different bodies of theory. While greater cross-fertilization of theories is often held up as a goal, it has been difficult to accomplish, perhaps because we may not fully appreciate the potential of bodies of theory other than our own. As a step towards such research, we have invited scholars prominently associated with one discipline to discuss the distinct features and strengths of a discipline other than their own. From there, our discussants will consider the opportunities they see in crossing the boundaries between theoretical approaches if, indeed, they see value in doing so. Join Ed Zajac (Northwestern), Pankaj Ghemawat (IESE), and others for what promises to be an interesting and provocative conversation.

## SESSION 319

### CORPORATE STRATEGY AND GOVERNANCE

<b>TRACK F</b>	<b>Date</b>	Sunday, Nov 6
	<b>Time</b>	11:15 – 12:30 h
<b>Interest Group Presentation</b>	<b>Room</b>	Americana Salon 1

#### Corporate Strategy: Emerging Perspectives

##### Organizer

Shyam Kumar, *Rensselaer Polytechnic Institute*

##### Panelists

Gautam Ahuja, *University of Michigan-Ann Arbor*

Joseph Mahoney, *University of Illinois-Urbana Champaign*

Jeffrey Reuer, *Purdue University*

This workshop will bring together a group of scholars who will discuss potential research avenues in corporate strategy. Topics will include mergers and acquisitions, alliances, diversification, and stakeholder theory. The session will broadly explore themes such as signaling, the role of M&As in globalization, the challenges of managing related diversified firms, and the impact of stakeholders in shaping corporate strategy. The session will also engage the panel and the audience in identifying further research questions in these various areas.

## SESSION 322

### GLOBAL STRATEGY

<b>TRACK G</b>	<b>Date</b>	Sunday, Nov 6
	<b>Time</b>	11:15 – 12:30 h
<b>Interest Group Presentation</b>	<b>Room</b>	Poinciana Salon 4

#### Multinationality and Performance

##### Co-Chairs

Gabriel R G Benito, *BI Norwegian School of Management*

##### Panelists

Harry Bowen, *Queens University of Charlotte*

Francesco De Leo, *Cap Gemini*

Anthony Goerzen, *Queen's University*

Alain Verbeke, *University of Calgary*

Margarethe Wiersema, *University of California-Irvine*

The relationship between multinationality and performance has been the subject of research in global strategy for nearly two decades. However,

despite the belief that there is a relationship between the capability of being a multinational enterprise and performance, what the data is telling us and how we might use it to inform strategy is subject to considerable debate. This session brings together two perspectives, the academic and the corporate, to discuss what the data may or may not be telling us and the practical reality of managing a global enterprise for performance and how that changes as the organization internationalizes.

## SESSION 326

### STRATEGY PROCESS

<b>TRACK H</b>	<b>Date</b>	Sunday, Nov 6
	<b>Time</b>	11:15 – 12:30 h
<b>Interest Group Presentation</b>	<b>Room</b>	Cowrie 1

#### Systems Perspective to Strategy Process Research

##### Session Chair

Xavier Castaner, *University of Lausanne*

##### Panelists

Terry Doyle, *Nokia*

Steven Floyd, *University of Massachusetts - Amherst*

Christoph Lechner, *University of St. Gallen*

Sotirios Paroutis, *University of Warwick*

Orchestrating strategy creation in an organization is a complex process where people from a number of different business units and multiple organizational levels are participating. In this panel we discuss what is the present wisdom of how this should be done and what would be the areas where we should improve our understanding further.

## SESSION 329

### KNOWLEDGE AND INNOVATION, STRATEGY PRACTICE

<b>TRACK I, TRACK J</b>	<b>Date</b>	Sunday, Nov 6
	<b>Time</b>	11:15 – 12:30 h
<b>Interest Group Presentation</b>	<b>Room</b>	Poinciana Salon 1

#### Open Innovation: How CERN Bridges Global Institutions

##### Co-Facilitators

Timo Santalainen, *Aalto University*

Gabriel Szulanski, *INSEAD*

##### Panelists

Markus Nordberg, *CERN*

Melissa Schilling, *New York University*

##### Commentator

Augsti Canals, *Open University of Catalonia*

(joint session with the Strategy Practice IG): CERN is a unique hub of a global research and R&D network consisting of more than 400 specialized organizations. It is relevant to strategists for several reasons. It has a compelling vision: finding the origin of matter. Its performance speaks for itself: the www was born there; it has produced numerous Nobel prize winners; it produces more than 500 doctoral dissertations each year; it has spawned several inventions in medical and other technologies. How does this informal, loosely coupled network operate? What principles and values guide and motivate members of this world-class ecosystem? What are challenges and prospects in managing expert-centric ecosystems? In this session we will focus on ATLAS, one of the two largest Experiments at CERN, as an inspiring exemplar both of the great promise of open innovation and of ecosystem orchestration. The future prospects for open innovation will then be explored.

## SESSION 334

**ENTREPRENEURSHIP AND STRATEGY**

<b>TRACK K</b>	<b>Date</b>	Sunday, Nov 6
	<b>Time</b>	11:15 – 12:30 h
<b>Interest Group Panel</b>	<b>Room</b>	Poinciana Salon 3

**Business Model Innovation And Competitive Advantage****Organizer**Christoph Zott, *IESE Business School***Panelists**

Raffi Amit, *University of Pennsylvania*  
 Costas Markides, *London Business School*  
 Anita McGahan, *University of Toronto*  
 Margaret Peteraf, *Dartmouth College*  
 Joan E Ricart, *IESE Business School*

Research on business models has been sharply increasing in recent years. Following strong interest from managers and entrepreneurs, a consensus has been emerging among strategy and entrepreneurship scholars that business models are an important subject of academic inquiry. Business models emphasize a system-level, holistic approach towards explaining how firms do business (not what, when or where). As such, they seek not only to explain the ways in which value is captured but also how it is created. Organizational activities play an important role in the various conceptualizations of business models that have been proposed. Although scholars have made progress in coming to grips with the business model as a concept, what is still less well understood are the links between relevant business model parameters -- such as the degree of its innovativeness -- and competitive advantage. For example, what does it mean for a firm to adopt an innovative business model, and is it worth it? What are the costs and benefits of business model innovation? How does business model innovation relate to product and process innovation? How difficult is it for competitors to imitate a new business model, and what are the barriers to imitation? Under which circumstances does business model innovation create a competitive advantage? These are some of the questions that this panel seeks to explore.

## SESSION 314

**STRATEGIC HUMAN CAPITAL**

<b>TRACK L</b>	<b>Date</b>	Sunday, Nov 6
	<b>Time</b>	11:15 – 12:30 h
<b>Interest Group Presentation</b>	<b>Room</b>	Cowrie 2

**Building the Strategic Human Capital Agenda: Methodological and Theoretical Concerns****Moderator**Gary McMahan, *University of Texas-Arlington***Panelists**

William Hesterly, *University of Utah*  
 Michael A. Hitt, *Texas A&M University*  
 Patrick Wright, *Cornell University*

This session will explore the methodological and theoretical issues that must be addressed in order to effectively promote a research agenda within the field of strategic human capital.

## SESSION 337

**STAKEHOLDER STRATEGY**

<b>TRACK M</b>	<b>Date</b>	Sunday, Nov 6
	<b>Time</b>	11:15 – 12:30 h
<b>Interest Group Presentation</b>	<b>Room</b>	Poinciana Salon 2

**GOLDEN for Sustainability Program****Session Chair**Maurizio Zollo, *Bocconi University***Panelists**

Carmelo Cennamo, *Bocconi University*  
 Simone de Colle, *Dublin City University*  
 Timothy Devinney, *University of Technology-Sydney*

This session will be a discussion with IG members of the core ideas, design choices and implementation challenges of the GOLDEN for Sustainability program as an example of global collaborative research at the intersection of strategy and sustainability theory. G.O.L.D.E.N. stands for "Global Organizational Learning and Development Network". The program is a global network of research centers, corporations and membership organizations committed to cooperate and coordinate to study how business firms learn to change their business models (including the organization's purpose, strategy, structure, processes, and culture) to integrate and manage principles of sustainability. One of the distinctive features of the initiative consists in the objective to create equal value for the social scientists involved, and for the companies engaged. Data from some of the pilot projects will be presented, along with lessons learned. IG members will be invited to participate in the global rollout of the program in 2012.

## SESSION 339

**TEACHING TRACK**

<b>TRACK T</b>	<b>Date</b>	Sunday, Nov 6
	<b>Time</b>	11:15 – 12:30 h
<b>Presentation</b>	<b>Room</b>	Periwinkle

**Case Discussions: Maintaining the "Right" Amount of Control - Part 2****Session Chair**Jay Dial, *Ohio State University*

This is a continuation of Case Discussions- Part 1. This demonstration session will de-brief the teaching process/method. The case itself ("The Section Just Took Over" by C. Roland Christensen) and the de-brief discussion will focus on the issues of managing the discussion while maintaining an appropriate level of control. We recognize that keeping too tight a grip on the discussion can be as problematic as losing the class. We will also explore broader issues relating to the practice of discussion teaching/learning.

12:30 – 13:45  
**LUNCHEON**



SESSION 299

**PLENARY TRACK, TEACHING TRACK**

<b>TRACK P, TRACK T</b>	<b>Date</b>	Sunday, Nov 6
	<b>Time</b>	13:45 – 15:00 h
<b>Showcase Panel</b>	<b>Room</b>	Americana Ballroom

**The Global World and How Business Schools Need to Address It**

**Session Chair**

Paul Friga, *University of North Carolina-Chapel Hill*

**Panelists**

Robert Bruner, *University of Virginia*

Pankaj Ghemawat, *IESE Business School*

The world is changing and management education must change as well. But has it? The answers as to what business schools and professors must do differently very well be found in the AACSB International's new groundbreaking report -The Globalization of Management Education: Changing International Structures, Adaptive Strategies, and the Impact on Institutions. We are excited to present to you two important leaders from the Task Force who worked on this challenge over the past few years – Pankaj Ghemawat and Robert Bruner. The session will be dedicated to highlighting key deficiencies in teaching global business today and offer pragmatic solutions as to what to do differently in terms of what to teach, how to teach it, and also how to support needed changes in business schools today.



**Paul N. Friga** is an Associate Professor at the Kenan-Flagler School of Business at the University of North Carolina at Chapel Hill, where he teaches courses in management consulting and strategy. He also serves as the Director of the Consulting Concentrations for undergraduates and MBAs. He researches strategic decision-making, knowledge transfer, intuition, management consulting processes and entrepreneurship and has presented at numerous conferences throughout the world. He is currently researching experiential learning methodologies (consulting projects and case competitions), team problem solving, and measuring knowledge transfer. He is the recipient of the IU Trustee Teaching Award (2008), IU Kelley School of Business Innovative Teaching Award (2006), and the UNC Kenan-Flagler Ph.D Teaching Award (2001). He was appointed to the Strategic Management Society task force on teaching strategy (2008 - present).



**Robert F. Bruner** is the Dean of the University of Virginia's Darden School of Business. He was named to the position in 2005. He is also the Charles C. Abbott Professor of Business Administration at Darden. Robert Bruner's areas of teaching, research, and writing include corporate finance, mergers and acquisitions, investing in emerging markets, and financial crises, among other business topics. His latest book, *The Panic of 1907: Lessons Learned from the Market's Perfect Storm*, with Sean D. Carr, was published in 2007. He holds the B.A. degree from Yale University and the M.B.A. and D.B.A. degrees from Harvard University.



**Pankaj Ghemawat** is the Anselmo Rubiralta Professor of Global Strategy at IESE Business School. Between 1983 and 2008, he was on the faculty at the Harvard Business School where, in 1991, he became the youngest person in HBS's history to be appointed a full professor. Pankaj Ghemawat's new book, *World 3.0*, has been described by Pascal Lamy, Director General of the World Trade Organization as "offering recommendations that should inspire all global stakeholders in times of major global challenges"; according to *The Economist*, it "Should be read by anyone who wants to understand the most important economic development of our time." Pankaj Ghemawat has written more than 100 research articles and case studies, is a fellow of the Academy of International Business and of the Strategic Management Society and served as the editor of the Strategy department of Management Science over 2003-2009. Pankaj Ghemawat also served on the taskforce appointed by the AACSB on the globalization of management education and authored the report's recommendations about what to teach MBA students about globalization, and how.

## SESSION 318

**COMPETITIVE STRATEGY**

<b>TRACK E</b>	<b>Date</b>	Sunday, Nov 6
	<b>Time</b>	13:45 – 15:00 h
<b>Interest Group Presentation</b>	<b>Room</b>	Americana Salon 2

**Disruptive Questions for Competitive Strategy****Session Chair**Glenn Hoetker, *Arizona State University***Panelists**Bruce Kogut, *Columbia University*Will Mitchell, *Duke University*Todd Zenger, *Washington University-St. Louis*

As our understanding of many of competitive strategy's key questions grows, the progress of our research perforce becomes more incremental. It is thus an apt time to ask what new and disruptive questions the field should examine. A panel of prominent scholars—Bruce Kogut (Columbia), Will Mitchell (Duke), and Todd Zenger (Washington University, St. Louis)—will challenge us to consider what truly new questions we should be asking. They will also discuss new approaches we should be considering for our research.

## SESSION 320

**CORPORATE STRATEGY AND GOVERNANCE**

<b>TRACK F</b>	<b>Date</b>	Sunday, Nov 6
	<b>Time</b>	13:45 – 15:00 h
<b>Interest Group Presentation</b>	<b>Room</b>	Americana Salon 1

**Corporate governance: The influences of stakeholders and behavioral biases****Organizer**Jonathan O'Brien, *Rensselaer Polytechnic Institute***Panelists**Ravi Dharwadkar, *Syracuse University*Robert Hoskisson, *Rice University*Laszlo Tihanyi, *Texas A&M University*Edward Zajac, *Northwestern University*Yu Zhang, *University of California-Irvine*

Common themes in corporate governance research explore how managerial decision-making is influenced by self-interest, biases, and stakeholder pressure. While managerial self-interest has been extensively studied using an agency theoretic perspective, much remains to be learned about how biases and stakeholder pressures influence managerial decision-making. We will first examine behavioral theories that have challenged the rationality assumptions of agency theory, but have thus far not induced a change in the dominant paradigm. Next, we will explore how the pressures from investors and financial analysts might influence managers' short versus long-term orientations, and hence their willingness to make key strategic investments. Furthermore, we will discuss the pressures managers face from both institutional investors and lenders, with particular emphasis on the fact that each of these groups are not homogenous and different stakeholders may place different pressures on managers. Finally, we examine why it is that those who are interested in corporate governance (academics, managers and students, and lawyers) see different things -- and also why they also see the same things differently.

## SESSION 321

**GLOBAL STRATEGY**

<b>TRACK G</b>	<b>Date</b>	Sunday, Nov 6
	<b>Time</b>	13:45 – 15:00 h
<b>Interest Group Presentation</b>	<b>Room</b>	Poinciana Salon 4

**Bringing High Level Theory into Pedagogy****Session Chair**Stephen B Tallman, *University of Richmond***Panelists**Timothy Devinney, *University of Technology-Sydney*Charles Dhanaraj, *Indiana University*Mitchell Koza, *Rutgers University*Hemant Merchant, *Florida Atlantic University*

This session presents a high level panel addressing the question of how one brings in high level global strategy theory into our teaching – at the undergraduate level, to MBA and executive MBA students, and in executive training. The focus is not just on what we teach but how we teach it and what is the most effective way in which to get leading scholarly ideas to our students.

## SESSION 327

**STRATEGY PROCESS**

<b>TRACK H</b>	<b>Date</b>	Sunday, Nov 6
	<b>Time</b>	13:45 – 15:00 h
<b>Interest Group Presentation</b>	<b>Room</b>	Cowrie 1

**Strategy Process, Acquisition Process and Activity Sequences****Session Chair**Bruce Lamont, *Florida State University***Panelists**Chris Bingham, *University of North Carolina-Chapel Hill*David Jemison, *University of Texas-Austin*Tomi Laamanen, *Aalto University*Gerry McNamara, *Michigan State University*

One commonly tends to associate strategy process with the annual planning process of an organization. Organizations, however, have a multitude of different processes that are used to plan and advance a firm's strategy. These include the planning processes with which firms plan and execute their acquisitions and acquisition programs. This panel discusses the motivations and process aspects of acquisitions and they link to the overall strategy and evolution of a firm.



## SESSION 330

## KNOWLEDGE AND INNOVATION

<b>TRACK I</b>	<b>Date</b>	Sunday, Nov 6
	<b>Time</b>	13:45 – 15:00 h
<b>Interest Group Presentation</b>	<b>Room</b>	Poinciana Salon 1

### The Architecture of Openness: What the Changing Face of Mobile Telco can Teach Us about Knowledge, Innovation and Strategy

#### Session Chair

Michael G. Jacobides, *London Business School*

#### Panelists

Carliss Baldwin, *Harvard University*

Kevin Boudreau, *London Business School*

Philipp Nattermann, *McKinsey & Company*

Kartik Ram, *Mobilize Ventures*

The strategic issues of how to manage “open” knowledge and “open”, or at least “permeable” organizations remain. In our session, we will consider the tensions created between openness and the desire to capture some of the value that it creates. We’ll do so by looking the evolution of mobile telephony, seen from the perspective of an incumbent (Vodafone); an established challenger (Google/Apple); an upstart’s CEO (Ram); and a consultant’s vantage point (from McKinsey), with academics who have looked at openness and control in their recent work. Doing so we hope to show how the challenge of “openness” and sourcing from the best, combine with strategic dominance desires and the effort to create the “right” architecture in your sector, and how this should drive firm strategies, sectoral policies- and our research.

## SESSION 332

## STRATEGY PRACTICE

<b>TRACK J</b>	<b>Date</b>	Sunday, Nov 6
	<b>Time</b>	13:45 – 15:00 h
<b>Interest Group Presentation</b>	<b>Room</b>	Cowrie 2

### Strategizing Across Cultural Boundaries

#### Facilitator

Ram Baliga, *Wake Forest University*

#### Panelists

Terry Doyle, *Nokia*

Ben Mansoor, *WendysArbys International, Inc.*

Chris Rooney, *Wirpo Consulting*

Liisa Valikangas, *Aalto University*

The conference theme “Strategies for a Multi-Polar World” forces us to pose the question how western strategizing practices apply in a multi-polar world, i.e. how culturally sensitive management practices are. Do western (or American) strategizing practices apply? Is there a global strategizing style, or concepts that have proven to be superior? Which are major emerging challenges of global style of strategizing? How receptive western organizations are to strategizing and cultural influences coming out of bounds? What are the new strategizing practices – if any - that capture special features of different regions and cultures? How about MNE’s, NGO’s and other global organizations: how do they develop culturally sensitive strategizing practices? Or do they?

## SESSION 335

## ENTREPRENEURSHIP AND STRATEGY

<b>TRACK K</b>	<b>Date</b>	Sunday, Nov 6
	<b>Time</b>	13:45 – 15:00 h
<b>Interest Group Panel</b>	<b>Room</b>	Poinciana Salon 3

### Business Model Innovation: The Practitioner Perspective

#### Organizer

Christopher Tucci, *Swiss Federal Institute of Technology Lausanne*

#### Panelists

Faquiry Diaz, *Tres Mares Group*

David Frodsham, *The CEO Collaborative Forum*

Yuda Saydun, *ClimeCo Corporation*

In this interactive panel session, attendees will have the chance to listen to successful entrepreneurs discuss the challenges of business model innovations in entrepreneurial ventures. Each entrepreneur will give a short introduction and reaction on the topic, followed by a panel discussion with plenty of time for audience questions. The topics will be similar to the topics from the prior session, but with an emphasis on the practitioner aspects: What does it mean for a firm to adopt an innovative business model, and is it worth it? What are the costs and benefits of business model innovation? How does business model innovation relate to product and process innovation? How difficult is it for competitors to imitate a new business model, and what are the barriers to imitation? Under which circumstances does business model innovation create a competitive advantage?

## SESSION 336

## STRATEGIC HUMAN CAPITAL

<b>TRACK L</b>	<b>Date</b>	Sunday, Nov 6
	<b>Time</b>	13:45 – 15:00 h
<b>Interest Group Presentation</b>	<b>Room</b>	Periwinkle

### Rent Appropriation: Who gets How Much and Why?

#### Moderator

Patrick Wright, *Cornell University*

#### Panelists

Russell Coff, *University of Wisconsin-Madison*

David Lepak, *Rutgers University*

Joseph Mahoney, *University of Illinois-Urbana Champaign*

This session will explore the rent appropriation question, particularly with regard to executive pay. While Boards of Directors are supposed to represent shareholders, they are largely chosen by the CEO, thus creating the potential for a conflict of interest.

## SESSION 338

## STAKEHOLDER STRATEGY

<b>TRACK M</b>	<b>Date</b>	Sunday, Nov 6
	<b>Time</b>	13:45 – 15:00 h
<b>Interest Group Presentation</b>	<b>Room</b>	Poinciana Salon 2

### Town Hall Meeting

#### Session Chair

Jeffrey Harrison, *University of Richmond*

#### Panelists

Thomas Clarke, *University of Technology-Sydney*

Graham Kenny, *Strategic Factors*

Jennifer Oetzel, *American University*

Sybille Sachs, *University of Applied Sciences Zurich*

Chandrashekhhar Shekdar, *Infosys Tech/Dow Jones*

In this, the inaugural year of the Stakeholder Strategy Interest Group, the Stakeholder Strategy Interest Group will run a Town Hall Meeting designed to enhance the IG by increasing the level of engagement of its members. The meeting is open and everyone is invited to speak or raise issues. We have assembled a panel representing a variety of perspectives, academic and practitioner, to kick start what promises to be an important milestone in our collaborative development. The Town Hall meeting will help to build community within the IG and to identify and prioritize initiatives to explore over the next few years. Come with new ideas and strategies!



**COMPETITIVE STRATEGY**

<b>TRACK E</b>	<b>Date</b>	Sunday, November 6
	<b>Time</b>	15:15 – 16:15 h
<b>Business Meeting</b>	<b>Room</b>	Americana Salon 2

<b>Chairperson</b>	Michael Leiblein, <i>Ohio State University</i>
<b>Program Chair</b>	Govert Vroom, <i>IESE Business School</i>
<b>Assoc Program Chair</b>	Glenn Hoetker, <i>Arizona State University</i>

**CORPORATE STRATEGY AND GOVERNANCE**

<b>TRACK F</b>	<b>Date</b>	Sunday, November 6
	<b>Time</b>	15:15 – 16:15 h
<b>Business Meeting</b>	<b>Room</b>	Americana Salon 1

<b>Chairperson</b>	Robert Wiseman, <i>Michigan State University</i>
<b>Program Chair</b>	Gerry Sanders, <i>Rice University</i>
<b>Assoc Program Chair</b>	Parthiban David, <i>American University</i>

**GLOBAL STRATEGY**

<b>TRACK G</b>	<b>Date</b>	Sunday, November 6
	<b>Time</b>	15:15 – 16:15 h
<b>Business Meeting</b>	<b>Room</b>	Poinciana Salon 4

<b>Chairperson</b>	Anil Gupta, <i>University of Maryland</i>
<b>Program Chair</b>	Charles Dhanaraj, <i>Indiana University</i>
<b>Assoc Program Chair</b>	Timothy Devinney, <i>University of Technology-Sydney</i>

**STRATEGY PROCESS**

<b>TRACK H</b>	<b>Date</b>	Sunday, November 6
	<b>Time</b>	15:15 – 16:15 h
<b>Business Meeting</b>	<b>Room</b>	Cowrie 1

<b>Chairperson</b>	Bill Wooldridge, <i>University of Massachusetts</i>
<b>Program Chair</b>	Cathy Maritan, <i>Syracuse University</i>
<b>Assoc Program Chair</b>	Tomi Laamanen, <i>Aalto University</i>

**KNOWLEDGE AND INNOVATION**

<b>TRACK I</b>	<b>Date</b>	Sunday, November 6
	<b>Time</b>	15:15 – 16:15 h
<b>Business Meeting</b>	<b>Room</b>	Poinciana Salon 1

<b>Chairperson</b>	Sharon Matusik, <i>University of Colorado-Boulder</i>
<b>Program Chair</b>	Mary-Anne Williams, <i>University of Technology-Sydney</i>
<b>Assoc Program Chair</b>	Gabriel Szulanski, <i>INSEAD</i>

**STRATEGY PRACTICE**

<b>TRACK J</b>	<b>Date</b>	Sunday, November 6
	<b>Time</b>	15:15 – 16:15 h
<b>Business Meeting</b>	<b>Room</b>	Cowrie 2

<b>Chairperson</b>	Sotirios Paroutis, <i>University of Warwick</i>
<b>Program Chair</b>	Robert Wright, <i>Hong Kong Polytechnic University</i>
<b>Assoc Program Chair</b>	Timo Santalainen, <i>Aalto University</i>

**ENTREPRENEURSHIP AND STRATEGY**

<b>TRACK K</b>	<b>Date</b>	Sunday, November 6
	<b>Time</b>	15:15 – 16:15 h
<b>Business Meeting</b>	<b>Room</b>	Poinciana Salon 3

<b>Chairperson</b>	MB Sarkar, <i>Temple University</i>
<b>Program Chair</b>	Christoph Zott, <i>IESE Business School</i>
<b>Assoc Program Chair</b>	Christopher Tucci, <i>Swiss Federal Institute of Technology-Lausanne</i>

**STRATEGIC HUMAN CAPITAL**

<b>TRACK L</b>	<b>Date</b>	Sunday, November 6
	<b>Time</b>	15:15 – 16:15 h
<b>Business Meeting</b>	<b>Room</b>	Periwinkle

<b>Chairperson</b>	Russel Coff, <i>University of Wisconsin - Madison</i>
<b>Program Chair</b>	David Lepak, <i>Rutgers University</i>
<b>Assoc Program Chair</b>	William Hesterly, <i>University of Utah</i>

**STAKEHOLDER STRATEGY**

<b>TRACK M</b>	<b>Date</b>	Sunday, November 6
	<b>Time</b>	15:15 – 16:15 h
<b>Business Meeting</b>	<b>Room</b>	Poinciana 2

<b>Chairperson</b>	Edward Freeman, <i>University of Virginia</i>
<b>Program Chair</b>	Maurizio Zollo, <i>Bocconi University</i>
<b>Assoc Program Chair</b>	Jeffery Harrison, <i>University of Richmond</i>

**SMS BUSINESS MEETING**

	<b>Date</b>	Sunday, November 6
	<b>Time</b>	18:45 – 19:30 h
<b>Business Meeting</b>	<b>Room</b>	Americana Salon 2

Jay Barney, *President*  
 Robert Hoskisson, *President-Elect*  
 Joan E Ricart, *Past President*  
 Steven Floyd, *Treasurer*  
 Nikolaus Pelka, *Executive Director*

16:15 – 16:45  
**COFFEE BREAK**



SESSION 292

PLENARY TRACK

<b>TRACK P</b>	<b>Date</b>	Sunday, Nov 6
	<b>Time</b>	17:00 – 18:30 h
<b>Plenary Panel</b>	<b>Room</b>	Americana Ballroom

◆ **Strategies in a Multi-Polar World**

**Moderator**

Aya Chacar, *Florida International University*  
Jose de la Torre, *Florida International University*

**Panelists**

Yves Doz, *INSEAD*  
Pankaj Ghemawat, *IESE Business School*  
Eleanor Westney, *York University*  
Srilata Zaheer, *University of Minnesota*

This opening panel is intended to introduce the main themes of the conference and stimulate our appetite for controversy and discussion through a series of presentations by some of the leading thinkers on these subjects. Our panelists consist of leading scholars in the fields of strategy and international business and will tackle issues involving the role of institutions in shaping global competition and the shift in orientation from industrialized to emerging markets by both traditional and newly emerging global corporations. They will lay the groundwork for the intellectual debate that will take place in many paper and panel sessions over the next three days.



**Aya Chacar** is the Kauffman Associate Professor of Management and International Business at Florida International University. Previously she was an Assistant Professor at the London Business School, and has had visiting appointments at Ohio State University, the University of Utah and Balamand University. Aya Chacar earned her PhD from UCLA and completed her MBA from Rensselaer Polytechnic Institute, and her engineering studies at the University of Saint Joseph. Her research on the drivers of value creation and value has been done in the context of Major League Baseball, the pharmaceutical industry, investment banking, and emerging markets and has won numerous accolades including Best Paper Award from the Academy of Management's International Management division.



**José de la Torre** is Professor Emeritus at Florida International University where he held the J.K. Batten Eminent Scholar Chair in Strategy and was the Founding Dean of the Alvah H. Chapman Graduate School of Business from July 2002 until December 2007. Previously he served as Professor of International Business Strategy at UCLA's Anderson School of Management (1986-2002) and was the Founding Director of UCLA's Center for International Business Education and Research. He also served on the faculty at INSEAD, Fontainebleau, France from 1973 until 1986. José de la Torre received his doctorate from the Harvard Business School in 1970, following degrees in aerospace engineering and business administration from the Pennsylvania State University.



**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 (Jouy-en-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 the most recent, *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.



**Pankaj Ghemawat** is the Anselmo Rubiralta Professor of Global Strategy at IESE Business School. Between 1983 and 2008, he was on the faculty at the Harvard Business School where, in 1991, he became the youngest person in HBS's history to be appointed a full professor. Pankaj Ghemawat's new book, *World 3.0*, has been described by Pascal Lamy, Director General of the World Trade Organization as "offering recommendations that should inspire all global stakeholders in times of major global challenges"; according to *The Economist*, it "Should be read by anyone who wants to understand the most important economic development of our time." Pankaj Ghemawat has written more than 100 research articles and case studies, is a fellow of the Academy of International Business and of the Strategic Management Society and served as the editor of the *Strategy* department of *Management Science* over 2003-2009.



**Eleanor Westney** joined the Schulich School of Business as the Scotiabank Chair in International Business in July 2007, after twenty-five years on the faculty of the M.I.T. Sloan School of Management, where she held the Sloan Fellows Chair in the Strategy and International Management group. She received a Ph.D. in Sociology in 1978 from Princeton University, and began her teaching career in the Department of Sociology at Yale University. She moved to M.I.T. and into the International Business field in 1982. Her first book, *Imitation and Innovation: The Adoption of Western Organizational Forms in Meiji Japan* (Harvard University Press, 1987), explored the patterns of cross-border organizational learning, a theme that has continued to be a major focus of her interests. With Sumantra Ghoshal, she edited *Organization Theory and the Multinational Corporation* (Macmillan, 1993; second edition 2005).



**Srilata Zaheer (Sri)** is the Elmer L. Andersen Chair in Global Corporate Social Responsibility and the Associate Dean for Faculty and Research at the Carlson School of Management, University of Minnesota. Sri received a Ph.D. from the Sloan School of Management, MIT, and an MBA from the Indian Institute of Management, Ahmedabad. Sri's research focuses on the legitimacy of multinational enterprises and the liability of foreignness, and on the influence of technology on international organization. She is the Reviewing Editor of the *Journal of International Business Studies* and a founding member of the Academic Council of the Indian School of Business in Hyderabad, India. Sri has taught courses in international management in MBA and executive programs in the US, China, Poland, Brazil and India. Before she discovered academics, Sri worked for major MNCs, including Sandoz and the Tatas. She has also worked as the Nigerian correspondent for *Business International*.

19:00 – 21:00  
**OPENING RECEPTION**

## SESSION 136

**PARTICIPATING IN THE POLITICAL PROCESS: STRATEGIES AND EVIDENCE**

<b>TRACK A</b>	<b>Date</b>	Monday, Nov 7
	<b>Time</b>	08:00 – 09:15 h
<b>Paper</b>	<b>Room</b>	NY Sands

**Session Chair** Paul Vaaler, *University of Minnesota*

**How Does the Composition of Political Ties Affect Firm Value? Evidence from an Emerging Market Event Study**

Pei Sun, *Fudan University*

Haoping Xu, *Fudan University*

This paper examines how the composition of political ties impacts upon firm value in an emerging economy. Empirically, we document stock market responses to an unanticipated arrest of Shanghai's top leader by the Chinese central government in September 2006. The event study shows a negative effect on firm value of both board ties and moderate/non-controlling ownership ties to the municipal government upon the event, while the association between strong/controlling ownership ties and firm value was statistically insignificant. Further, a positive interaction effect on firm value was found between board ties and non-controlling ownership ties, implying that firms combining both personal-level connections and moderate ownership stakes experienced less reduction in market value upon the event. These empirical findings shed light on the strategic values for different configurations of business-government ties during liberalization and institutional transition.

**Is Bigger Better? Firm Size and Governmental Influence**

Jeffrey Macher, *Georgetown University*

John Mayo, *Georgetown University*

A common assumption is that larger firms are more influential in altering governmental policies than their smaller counterparts. The ability to rigorously examine this relation is hampered by inabilities to secure direct measures of firms' political influence. We overcome this impediment by offering a more systematic analysis of the firm size-governmental influence relationship using a novel database that directly measures firms' perceived influence over governmental decision-making entities. The paper develops and tests a conceptual model that captures the firm size-governmental influence relationship, along with other direct and moderating influences from country-level and industry-level determinants. In some circumstances, variations in country-level institutions or industry-level structural variations profoundly affect the standard firm size-governmental influence relationship. Nonmarket strategy implications that flow from this refined understanding are discussed.

**Political Institutions and Corporate Governance in China: Effects on Corporate Performance**

Weiping Liu, *Shanghai University of Finance & Economics*

Jiatao Li, *Hong Kong University of Science & Technology*

Using a unique data set, this study attempts to answer how political involvement in corporate governance influences firm performance in transitional China. We recognize both the substance and symbolism elements of political involvement and argue that its performance impacts will depend on externally, government intervention over the firm and firm external resource dependence; and internally, firm resource endowments and managerial incentives.

**When Stars are Aligned: Entrepreneurship and Technology Dominance in Complex Institutional Environments**

Kerem Gurses, *IESE Business School*

Pinar Ozcan, *IESE Business School*

This paper identifies key factors associated with technology dominance when technologies are highly contested politically. In our longitudinal case study of the evolution of Pay TV in the US, we show how Over the Air Pay TV failed, but later on, another technology with a similar business model, Cable Pay TV, became successful. We explain that Cable Pay TV entrepreneurs reached success after the failure of Over the Air Pay TV by leveraging institutional voids, ambiguity of the "public interest" frame, and the social movement based on a reframing of the technology. We argue that in even highly regulated industries, windows of opportunity open for technology entrepreneurs due to disagreements and voids between regulatory actors, as well as the strategic interaction among other players.

## SESSION 171

**VALUE CHAIN AND TRANSACTION COST ECONOMICS**

<b>TRACK E</b>	<b>Date</b>	Monday, Nov 7
	<b>Time</b>	08:00 – 09:15 h
<b>Common Ground</b>	<b>Room</b>	Cowrie 1

**Facilitator** Kyle Mayer, *University of Southern California*

**Opening the Black Box of Concurrent Sourcing: The Impact of Uncertainty Type on Concurrent Sourcing Mode Choice**

Thomas Mellewigt, *Free University of Berlin*

Anna Krzeminska, *University of Technology-Sydney*

Glenn Hoetker, *Arizona State University*

Concurrent sourcing is a governance form where multiple governance modes of make, buy, and ally are combined. In this paper we advance current knowledge on concurrent sourcing in two ways. Firstly, by distinguishing between different types of concurrent sourcing, namely make-and-buy and make-and-ally. Secondly, we argue that it is important to distinguish between more and less similar goods. We argue and show empirically that performance ambiguity triggers an opportunism-based governance problem that can be addressed by inducing competition between governance modes (i.e. make-and-buy). But for inducing competition the goods sourced need to be very similar. Technological volatility, however, triggers a knowledge-based governance problem that can be addressed by inducing collaboration via make-and-ally, but in order to learn goods sourced need to be more dissimilar.

**Preventing Partner Opportunism in Buyer-Supplier Relationships: Do You Better Invest in Relations or in Contracts?**

Alexander Hickel, *Free University of Berlin*

Thomas Mellewigt, *Free University of Berlin*

Glenn Hoetker, *Arizona State University*

What are the drivers of opportunism in buyer-supplier relationships and which mechanisms are efficient in tackling this problem? During the last three decades, the alliance management literature generated heterogeneous findings on almost all drivers and mechanisms. Therefore, in contrast to prior research we try to gain a more complete picture by differentiating between different types of asset specificity as well as different types of uncertainty. Our empirical results confirm that TCE-related transaction hazards promote opportunistic behavior. However, the relationship between asset specificity and opportunism is dependent on the type of specific investment. Our results suggest that, concerning most transaction hazards, detailed contracts are ineffective mechanisms. Rather than investing in detailed contracts, buyers should invest in a long-term collaboration with the supplier for preventing partner opportunism.



## ★ Ripples through the Value Chain: Scope & Profit Evolution Over the Industry Lifecycle as Technologies Change

Michael G. Jacobides, *London Business School*  
Francisco Veloso, *Carnegie Mellon University*  
Claudio Wolter, *Carnegie Mellon University*

This paper offers a computational model of scope and profitability over the industry lifecycle. We show how variance of upstream and downstream capabilities combines with transaction costs to shape aggregate specialization, as well as profitability for the upstream and the downstream segments. Our analysis highlights the role of transaction costs as an isolating mechanism that can drive profits. We then introduce a modular cost-saving innovation in the upstream part of the sector, and consider how this innovation affects changes not only in scope, but also in the profitability of upstream suppliers, integrated firms, and downstream producers. This shows how changes in one part of a sector can 'ripple through', affecting scope and profit patterns in counterintuitive ways.

## Speed, Offshore-Leverage, and Scope Change in Outsourcing Projects: A Study of the Global IT-Services Industry

Joydeep Chatterjee, *University of Pennsylvania*  
Amitava Bandyopadhyay, *Indian Statistical Institute*

In this paper we attempt to understand how capabilities may be developed so as to provide a sustainable basis for competitive advantage in the context of the global IT services industry. Using detailed project-level data from a large Indian IT services multinational we find that speed of project execution follows a quadratic relation with project margin and a linear relationship (negative) with project revenue productivity. Increasing offshore work increases project margin without impacting revenue productivity. Change of scope in the middle of project significantly increases revenue productivity, but does not impact project margin. The results indicate how service delivery capabilities can be used successfully by execution focused service providers to increase margin without increasing cost to customer even in the face of changing requirements.

## Vertical Integration And Network Design Failure: Examining Organizing In Temporary Project Networks

Samuel Holloway, *University of Portland*  
Anne Parmigiani, *University of Oregon*

This study examines vertical integration in temporary project networks. Prior research on project organizing has focused on relational governance, particularly when relationship duration is known at network formation to be temporally limited. Our arguments, grounded in organizational economics, connect the extent of vertical integration to network performance. We test our predictions with a unique dataset of 330 bridge construction projects with 584 different network designs with varied levels of vertical integration. In this setting, network structures are federally mandated, thus the key decision variable is the extent of vertical integration. Technological maturity and total cost as the sole performance measure provide additional controls. We find that greater vertical integration leads to greater cost overruns, indicating network design failure.

## Whether and How do Governance Capabilities Affect the Selection of Governance Form

Nilesh Khare, *American University-Dubai*  
Michael Leiblein, *Ohio State University*

Recent research argues that firms with superior market contracting or hierarchical management skills are more likely to utilize market or hierarchical governance, respectively. It remains unclear whether and where this effect is conditioned by the distribution of productive capabilities and transaction hazards, however. This paper presents a semi-formal model based on standard assumptions in transaction cost and resource-based logic to examine the association between firm-specific

governance capabilities and organization form. The analysis demonstrates that subtle exchange characteristics such as the degree of asset specificity across exchange stages, the relative differences in productive capabilities across potential partners, and governance capabilities of potential exchange partners matter. The paper concludes by noting theoretical, empirical, and managerial implications associated with these findings.

### SESSION 170

## RESOURCE-BASED VIEW

<b>TRACK E</b>	<b>Date</b>	Monday, Nov 7
	<b>Time</b>	08:00 – 09:15 h
<b>Paper</b>	<b>Room</b>	Americana Salon 1

**Session Chair** Avimanyu Datta, *Illinois State University*

## Dynamics of Competitiveness: A RBV Based Model Predicting Market Share Changes by Measuring Innovation Activities

Samuli Kortelainen, *Lappeenranta University of Technology*  
Eelko Huizingh, *University of Groningen*  
Hannu Kärkkäinen, *Tampere University of Technology*

The resource based view has emerged as a central theoretical foundation in strategic management for understanding sustained competitive advantage. Despite its wide acceptance, the theory has been criticized of its inability to predict firm's competitiveness. Our goal in this proposal is to create a framework that explains and predicts firm's competitiveness. The empirical research is done mobile handset vendor business and the purpose of our model is to predict the market share changes between the five big vendors in the selected industry by using patent and product launch activities as measures of firm's innovation activities. Methodologically we utilize system dynamic modeling. Statistical analysis shows strong support for our model when compared to random walk model.

## Interplay Between Networks and Resources: Towards a Better Integration

Jesse Karjalainen, *Aalto University*  
Aku Valtakoski, *Aalto University*

Resource-based view and social network perspectives are two common approaches used to explain differences in firm performance. While recent research on alliances and interfirm networks has sought to integrate these two perspectives, there are still considerable gaps in the literature on how these two theoretical aspects interact to affect the performance of firms embedded in interfirm networks. In this paper, we seek to integrate these two perspectives through introducing the concept of networked resource distributions that describe the levels of resources at each node of the network. In essence, we put forth a new prerequisite for sustaining competitive advantage in a networked economy – that is, the appropriate distribution of resources within the network.

## The Criterion Problem in Resource Based Research

Thomas P. Moliterno, *University of Massachusetts - Amherst*  
Robert Ployhart, *University of South Carolina*

The dependent variable is the most important measure in any scientific investigation: our models draw on theoretical insights to predict and explain variation in this variable. Accordingly, it is critically important to understand the latent construct—or "criterion"—operationalized by dependent measures. In this paper we propose that the RBV will benefit from greater attention to its core criterion, sustainable competitive advantage. We draw on micro-level literature in management research to demonstrate the nature of criteria problems in general, and identify a path to resolving the RBV's criterion problem in particular. We propose a three-dimensional criterion space for the RBV, pointing researchers toward greater validity in RBV empirical research and advancing our understanding of the associations predicted and demonstrated in this research.



## What Strategic Balance Theory Has to Say About Firm Behavior in Resource Acquisition

Sotiris Rompas, *University of Warwick*  
Harry Scarbrough, *University of Warwick*

This working paper challenges the resource-based logic of resource acquisition. By framing the strategic decision to acquire resources within strategic balance theory, I empirically show that firms acquire resources not only to enhance the value generating potential of resources controlled by the firm, as suggested by the resource-based view of the firm, but achieve strategic conformity with its competitors. I inform current strategy thinking by providing an empirical account that attempts to explain how strategic balance is achieved over time.

### SESSION 111

## IT'S ALL ABOUT TIES

<b>TRACK F</b>	<b>Date</b>	Monday, Nov 7
	<b>Time</b>	08:00 – 09:15 h
<b>Paper</b>	<b>Room</b>	Cowrie 2
<b>Session Chair</b>	Sun Hyun Park, <i>University of Michigan-Ann Arbor</i>	

## Cursed be the Network Ties: Managerial Discretion and Firm Stigmatization from Director Linkages to Bankruptcy

Steve Gove, *Virginia Tech*  
Jay Janney, *University of Dayton*  
David Thornblad, *Virginia Tech*

This paper brings four research streams together into corporate governance: Director networks, organizational failure, organizational stigmatization, and managerial discretion. We argue organizational failure, specifically bankruptcy, is a stigmatizing event for those responsible for an organization's oversight. Firms linked to bankruptcy filers through common directors are expected to be recipients of stigmatization. We test this using an event study methodology and find firms experience a significant abnormal decline in stock price due to director linkage with a bankruptcy filer. Drawing on the stigmatization literature, we assess predictors including firm prestige, strength of linkages, and managerial discretion. Results suggest the stigma of firm failure spreads through directorship networks infecting linked firms. This is partially explained by the discretion of managers within these firms.

## Relational Pluralism, Governance, and Firm Performance: Multiplex Ties in Islamic Finance

Remzi Gozubuyuk, *IE University*  
Carl Joachim Kock, *IE University*  
Murat Ünal, *IE University*

In this paper we address two questions: how do different networks affect each other under different governance structures and how do the dynamics of these multiple networks and governance structure affect firm performance. We explore these questions in the context of Islamic Finance, in which a network of Sharia scholars play a crucial role. Our main proposal is that in the absence of effective governance of institutions, actors tend to use their existing social ties to form new board membership ties - which in turn increases the multiplexity of ties. This leads to a highly centralized overall network in which information leaks and underperformance of scholars leads to a negative relationship between firm centrality and performance. Increasing levels of governance decreases the negative effects of firm centrality.

## The Influence of Director External Linkages to the External Environment and Firm Value

Curtis Wesley, *Indiana University*

This paper attempts to shed light on the value of board members as resources for the firm to manage the uncertainty in their operating environment. I hypothesize that directors who are embedded in the community and directors who are associated with the firm's business partners positively influence the market value of the firm. Controlling for aspects of the board's monitoring and control function, and the role of incentives to align the motivations of executives, I find that directors influential in the community, directors that are linked the firm's business partners, and the CEO's that maintain links to other firms by serving as a director of other firms positively influences the market value of the focal firm. Moreover, these attributes of the board members are additive as moderators to their relationships to firm value.

## The Triad That Binds: Common Financial Analyst Coverage and Maintenance of Board Interlocks

Sun Hyun Park, *University of Michigan-Ann Arbor*

This study explores the structural embeddedness of board interlocks in financial analysts' firm coverage ties. Drawing on the theories of triangular ties, I conceptualize the relationship between financial analysts, a focal CEO, and the interlock director as a triad and examine how the positivity or negativity of analyst stock recommendations regarding the focal firm CEO and the interlock directors influence the maintenance of the board interlock ties. The theoretical perspectives and empirical findings of this study suggest that a structural shift from open to closed triad, where the focal firm CEO and the interlock director are followed by a common set of financial analysts, makes dyad members prefer partners with similar, rather than better stock recommendations to avoid unfavorable social comparison and cognitive dissonance.

### SESSION 130

## INSTITUTIONAL ISSUES IN CORPORATE GOVERNANCE

<b>TRACK F</b>	<b>Date</b>	Monday, Nov 7
	<b>Time</b>	08:00 – 09:15 h
<b>Paper</b>	<b>Room</b>	Moon
<b>Session Chair</b>	Karen Schnatterly, <i>University of Missouri</i>	

## Believe It or Not: Managerial Discretion and Security Analysts' Responses to Management Earnings Guidance

Guoli Chen, *INSEAD*  
Craig Crossland, *University of Texas-Austin*

How do stakeholders interpret and act upon ambiguous firm announcements? We develop theory based on the construct of managerial discretion to explain variation in analysts' responses to management earnings forecasts. In low-discretion environments – where executives are constrained in their actions, and future firm performance is strongly correlated with past performance – analysts will be less likely to update their own earnings forecasts in response to management forecasts. In contrast, in high-discretion environments – where executives have great influence, and firm performance may vary substantially from one period to the next – analysts will be more likely to respond to management guidance. We use a 12-year sample of 5912 quarterly management guidance announcements from 1021 firms covered by 4004 analysts to test our theory.



## ★ Do Security Analysts Ride on Fashion Waves: The Case of Downsizing

Ann-Christine Schulz, *Free University of Berlin*

Drawing on management fashion theory, this paper proposes that analysts are likely to be influenced by the popularity of management concepts and that as a result their earnings forecasts are likely to be biased to favor firms that adopt such trends. An empirical analysis of U.S. firms that applied downsizing measures during the 1990-2002 period provides evidence that analysts systematically overestimated the future earnings of those firms. The results suggest that the assessments of analysts can in turn potentially mislead executives into overestimating the virtues of the adoption of popular strategies.

## Does Institutional Environment Matter in Executive Compensation: A Multinational Analysis

Alexander Huettenbrink, *Technical University of Munich*

Marc Steffen Rapp, *Technical University of Munich*

Michael Wolff, *University of Göttingen*

The majority of current empirical research on executive compensation focuses on the influence of firm-specific governance mechanism like the ownership or board structure, but excludes potential influences of the institutional governance mechanisms (e.g., disclosure rules, shareholder protection). Using a novel dataset of US and European firms we contribute to the existing literature by examining two questions regarding the institutional governance mechanisms: does the institutional environment have an impact on the compensation structure (and level) and is there an interaction effect between the institutional environment and firm-specific governance mechanism? First, preliminary results suggest that institutional environment has a substantial impact on executive compensation. Second, we identify interaction effects between institutional setting and non-institutional firm-specific governance mechanisms with respect to executive pay.

## Exporting Pay Practices: The Influence of U. S. Institutional Investors on Global Pay Inequality

Brian Connelly, *Auburn University*

Katalin Takacs Haynes, *Texas A&M University*

Laszlo Tihanyi, *Texas A&M University*

Cynthia E Devers, *Tulane University*

This study examines the extent to which U.S. institutional investors influence non-U.S. firms to adopt American pay practices. We consider the differential effect of different types of institutional investors and how their influence is moderated by firm characteristics. Data on executive and employee compensation from 129 firms in 29 different countries are used to examine the pay gap between top level executives and average workers in the firm via a multilevel, longitudinal analysis. Results show that transient institutional investors are positively associated and dedicated institutional investors are negatively associated with this pay gap. The firm's level of international diversification and independence of their board of directors moderate these relationships.

### SESSION 161

## MERGERS & ACQUISITIONS

<b>TRACK G</b>	<b>Date</b>	Monday, Nov 7
	<b>Time</b>	08:00 – 09:15 h
<b>Paper</b>	<b>Room</b>	Americana Salon 2
<b>Session Chair</b>	Saikat Chaudhuri, <i>University of Pennsylvania</i>	

## Benefits and Caveats of Knowledge Transfer in International Acquisitions

Taco Reus, *Erasmus University - Rotterdam*

Kimberly Ellis, *Florida Atlantic University*

While extant knowledge-based research consistently assumes that knowledge transfer is positively associated with performance, this

relationship is rarely examined empirically. We consider knowledge transfer from and to foreign acquired units and their effects on acquisition performance. We argue the two knowledge flows have distinct performance consequences. Supporting the generally accepted assumption, we find that knowledge transfer from acquired units benefits performance, especially in culturally distant countries. However, knowledge transfer to acquired units is not directly related to performance. Instead, we find support for critical moderators – autonomy removal and prior performance – which suggest situations revealing negative consequences of knowledge transfer on acquisition performance. Our paper emphasizes the importance of distinguishing between different knowledge transfer flows and suggests the knowledge-based view is more complex than initially thought.

## Company Reputation and Acquisitions in Offshore Financial Centers

Philippe Very, *EDHEC Business School*

Serigne Lo, *EDHEC Business School*

Emmanuel Metais, *EDHEC Business School*

Pierre-Guy Hourquet, *EDHEC Business School*

Researchers have seldom analyzed the role played by offshore financial centers in the strategy of companies. We explored this role by examining acquisitions made in these countries. Offshore financial centers, whose main activity is financial intermediation, can provide advantages to companies like tax-efficiency, but they can also have damaging effects on investors' reputation. We combined the knowledge acquired on such jurisdictions with the theory of reputation to show that firms should not be equally exposed to such dilemma. Industrial firms, as opposed to financial ones, should develop specific acquisition strategies when investing offshore. Our hypotheses were then tested on a sample of 9121 acquisitions made between 1990 and 2010.

## Contract or Acquisition? The Determinants of Entry Choices of International Hotels

Kun Yang, *Florida International University*

Wei He, *Florida International University*

This paper discusses the determinants of entry choices for international hotels, contrasting acquisition with management and franchise contracts, based on a resource-dependency perspective and appropriability theory. It points out the determinants on both country and firm levels which are brand equity, relatedness of products and market segmentation, partner-specific knowledge of two hotels, international experience, the duration of proprietary knowledge, country risks, and cultural distance. Firm size and host-country policy restrictions are controlled for in this study. Moreover, the paper proposes that there is a sequence of entry choices, that is, acquisition is likely to happen after the contract when the franchisors' or management companies' proprietary knowledge attenuates, and contract activity is likely to happen again after acquisition once the management company has established new form or high level of proprietary knowledge.

## Dealing with Information Asymmetry in Cross-Border Acquisitions: Distance Matters

Protiti Dastidar, *Temple University*

Srilata Zaheer, *University of Minnesota*

Cross-border acquisitions are known to be challenging, as acquiring firms lack knowledge both of the target and of the host environment. Not all cross-border acquisitions are equally difficult, however: the level of information asymmetry varies across acquirers and targets due to varying geographic, cultural and institutional distances across environments, and different levels of deal complexity. We argue that firms selectively choose to reduce information asymmetry through the use of screening, signaling and contractual mechanisms. We find support for our arguments that firms do pay attention to the costs of knowledge acquisition, and more knowledge is not always better. Geographic distance also trumps the effects of cultural and institutional distance in influencing managerial choices in this case.



## SESSION 244

**TMT TRAITS, CHARACTERISTICS AND ROLES**

<b>TRACK H</b>	<b>Date</b>	Monday, Nov 7
	<b>Time</b>	08:00 – 09:15 h
<b>Common Ground</b>	<b>Room</b>	Periwinkle

**Facilitator** dt ogilvie, *Rutgers University*

**Differential Leadership in a Relational World: How Culture Context Shapes Strategic Organization**

Weiling Hsu, *INSEAD*  
Wei-Ru Chen, *INSEAD*

This paper investigates how people are organized in a context of relationism with authoritarian leaders. We study differential leadership, which is one of the prevailing and long existing leadership practices in Eastern Asian enterprises. We illustrate Chinese top leaders' behaviour in categorizing employees into insiders and outsiders and managing them differently in accordance with such classification. We propose research propositions to illustrate the functions of differential leadership and propositions concerning contexts that make differential leadership effective.

**In the Mind of a Leader: Political Ideology and Corporate Social Responsibility**

Tatiana Zalan, *University of South Australia*  
Fuming Jiang, *Curtin University of Technology*

This paper contributes to an understanding of how political ideologies many influence corporate social responsibility (CSR) mindsets of executives and induce them to adopt a range of strategic responses to CSR. We conceptualize CSR mindsets as a multidimensional, hierarchical construct, with the economic/noneconomic dimension at the top of the hierarchy. Taking China as our research context, we suggest that senior executives' mindsets are likely to be influenced by socialist and capitalist political ideologies which co-exist in modern China. Each of these ideologies will influence whether executives take a reactive or proactive stance to CSR. We propose that this response may be moderated by industry competition, firm's resource endowments, government regulation, managerial incentives and consumers' response to CSR. Several propositions are proposed.

**Pilot vs. Copilot: A Power Perspective on the Impact of a Separate COO on Strategic Change**

Johanna Spanninger, *University of St. Gallen*

Spotlighting the relationship between an organization's two most important actors, namely the CEO and COO, this paper investigates the COO's impact on strategic change through a power perspective. Following power circulation theory and based on the analysis of CEO power, I propose that a powerful CEO induces the COO to be a partner and to enhance strategic persistence whereas the presence of a COO and strategic change are positively related under conditions of low CEO power. The paper contributes to the COO research streams, as it helps surmounting limitations of previous research on the CEO/COO duo.

**The Impact of Executive's Core Self Evaluation and Anger on Their Individual Decision Making Comprehensiveness**

Rebekka Sputtek, *University of St. Gallen*  
Steven Floyd, *University of Massachusetts - Amherst*

Upper echelons theory describes that executives are influenced by their personalities in strategic decision-making. Drawing on recent advances involving the use of core self evaluation to holistically assess the sense of a CEOs self potency, this paper aims at contributing to the explanation of the psychological processes underlying executive decision making by developing and testing a model linking core self evaluation to

individual decision making comprehensiveness and introducing anger as an emotion mediating this relationship. Using data from 100 MBA and graduate business students from a noted European business university aspiring leadership positions we find that individuals with higher core self evaluations make more comprehensive decisions and are less likely to get angry in decision making situations, while anger negatively influences individual decision making comprehensiveness.

**The Influence of Executive Narcissism on Top Management Team Processes**

Carla Jones, *University of Houston*  
LaKami Baker, *Auburn University*

This paper explores how narcissism among the executive team can influence CEO and top management team member interactions and processes. While we have gained some understanding of how CEO narcissism is manifest through the strategic actions of a firm, we have very little insight regarding the effects of narcissism among the executive team. We posit that narcissism (characteristics) among the top management team will influence the strategic decision process. We develop six propositions that can serve as the starting point for future exploration of the effects of narcissism among the CEO and the top management team on team processes and organizational outcomes.

**TMTs that Love Themselves: The Role of Collective Narcissism in Strategy Process and Content**

Philip Roundy, *University of Texas-Austin*

Although there is an intuitive connection between strategy process and content, the theoretical link between these topics has been under-examined. This conceptual paper bridges the strategy process and content literatures by examining how one strategic decision traditionally examined by content researchers – alliance partner selection – is influenced by the decision processes surrounding it. Specifically, the author draws on a construct from political psychology – collective (or group-level) narcissism – and argues that there is a negative relationship between TMT narcissism and the comprehensiveness of a TMT's strategic decision process. The comprehensiveness of TMTs' decision processes is, in turn, argued to influence the selection of firms' alliance partners. Finally, it is argued that the relationship between TMT narcissism and comprehensiveness will be moderated by the continuity of the TMT.

## SESSION 238

**PROCESSES FOR ADAPTATION AND CHANGE**

<b>TRACK H</b>	<b>Date</b>	Monday, Nov 7
	<b>Time</b>	08:00 – 09:15 h
<b>Paper</b>	<b>Room</b>	Sundial

**Session Chair** Steven Kahl, *University of Chicago*

**Interdependencies of Activity Systems and Strategic Renewal**

Daniel Albert, *University of St. Gallen*  
Markus Kreutzer, *University of St. Gallen*  
Christoph Lechner, *University of St. Gallen*

There are two opposing perspectives on the relationship between interdependency in activity systems and the likelihood of radical strategic renewal. Some scholars argue that interdependency increases inertia and thus inhibits radical deviation from the current state. Other scholars argue that rich levels of interdependency are necessary to undergo radical strategic renewal at all. In this paper, we claim that both strands of research have looked at different sub-dimensions of interdependency and therefore derive at different conclusions. Hence, by introducing multiple dimensions of interdependency, we show that the likelihood of radical strategic renewal is influenced by the value of three structural and two rule-based dimensions of interdependency.



## Opportunistic Adaptation: A Process Approach to New Venture Growth

Andreea Kiss, *University of Groningen*  
 Pamela Barr, *Georgia State University*

We use prior literature on organizational adaptation and on new venture growth to build and empirically test a process model of opportunistic adaptation for new venture growth. Opportunistic adaptation is defined as the speed, diversity and frequency of organizational actions that entrepreneurs take based on how they interpret information received from the environment. We find that a growing industry is a necessary but not sufficient condition for fast, diverse and frequent actions to occur. Industry growth has a significant impact on actions only when paired with the appropriate cognitive frameworks. We find that only diverse actions translate into growth. We provide resolution to a deterministic versus a choice perspective on new venture growth and offer theoretical and practical implications for new venture adaptation and growth.

## Organizational Identity and Strategic Adaptation: How Differences in Managerial Perceptions Influence Change

Johan van Rekom, *Erasmus University - Rotterdam*  
 Jatinder Sidhu, *Erasmus University - Rotterdam*  
 Egbert Schroten, *Wortell*

A change in organizational identity, which is often defined as a shared understanding by organization members of what is central, enduring and distinctive about the organization, is often necessary to successfully adapt to an altered environment. However, firms typically encounter difficulties in orchestrating a change in organizational identity. This paper explores the role of managers' different perceptions regarding the essence of the organization in holding back organizational-identity transformation. Based on an inductive study of a leading European electronics retailer, the paper proposes a model of identity dynamics that is anchored in a political perspective. We discuss the implications for research and practice.

## Radical Change From Incremental Actions: Dueling Logics of Conflict and Attraction

Balaji Koka, *Rice University*  
 Ravi Madhavan, *University of Pittsburgh*

How and why organizations change has been a dominant theme in the strategy and organization literature. A view of change as discontinuous, planned, lumpy and rare has been contrasted with an alternative view that it is continuous, often unintended, cumulative and ongoing. Our longitudinal case study analysis of a large non-profit organization supports a model of strategic change in which managerial agency plays a nuanced role, simultaneously accommodating variations within the current template and the emergence of a newer template from cumulative choices made using the previous one. Not only do repertoires of actions change, the rules for selecting specific actions from the repertoire also change; and in radical change, even the rules for generating repertoires are modified, resulting in continuous organizational renewal.

## SESSION 255

## OPEN AND RADICAL INNOVATION

### TRACK I

Date Monday, Nov 7  
 Time 08:00 – 09:15 h  
 Room Poinciana Salon 1

### Paper

Session Chair Christopher Tucci, *Swiss Federal Institute of Technology Lausanne*

## Governance Structures of Open Source Communities

Annika Schröder, *Technical University of Berlin*  
 Martin Heitmann, *Technical University of Berlin*  
 Katharina Hoelzle, *Technical University of Berlin*

With the growing importance of user communities for innovation processes, empirical research has studied several facets of company-community interaction. This conceptual study focuses on community governance, which is assumed to influence the interaction quality. Drawing upon transaction cost theory, hypotheses about governance configurations and their potential impact on the interaction quality are derived. As it has been the unit of analysis of numerous studies in the field of company-community interaction, the open source phenomenon will be at the heart of this study and serve for exemplification. The conceptual result is a framework for the relevance of governance elements for interaction quality. Finally, starting points for future research and managerial implications will be presented.

## Leveraging Open Innovation Using Intermediary Networks

Corey Billington, *Swiss Federal Institute of Technology Zurich*  
 Rhoda Davidson, *University of Geneva*

Open innovation, fuelled by the Internet, has made it desirable for firms to open themselves up to a wide range of external sources of innovative ideas. The explosive growth of intermediary networks, such as InnoCentive or Linked-in, enables the rapid pairing of firms seeking knowledge to address a wide range of business challenges (seekers) with other firms or individuals who already have relevant knowledge (solvers or knowledge brokers). These intermediary networks allow companies to source codified and un-codified knowledge from outside their traditional networks using one-off transactional relationships. Although sourcing ideas in this way theoretically poses problems for knowledge search and transfer, we found companies can develop effective organizational learning routines to overcome these barriers and create competitive advantage.

## When Open Innovation is More Beneficial? A Study of Product Characteristics

Veronica Villena, *Pennsylvania State University*  
 Phillip Carter, *Arizona State University*

This research extends the existing open innovation literature by elucidating the conditions under which it is more beneficial taking into account the characteristics of the product being developed. We analyze three main characteristics: The timing in product life cycle, degree of innovativeness, and type of architectural design. We argue that organizations with external search depth –those closely working with a few external partners– have superior performance when the product is in the early stage of introduction, incorporates radical innovation, and has an integral architecture. Conversely, organizations with external search breadth –those working with many external partners– experience greater benefits when the product is in the stage of growth and maturity, displays incremental innovation, and has a modular design. By focusing on the main characteristics of a product, our research reveals the conditions under which open innovation is more beneficial.

## Who Does Better When There is a Radical Innovation? Incumbents or Challengers?

Shahzad Ansari, *University of Cambridge*

We contribute to the debate on the influence of radical innovations on incumbent survival. When radical innovations impact an industry, established firms sometimes fail and are displaced by challenging new entrants, yet at other times, survive and prosper. What are the factors that influence these possible outcomes? Extensive as the studies are providing insights into incumbent-challenger dynamics (ICD), the fragmented nature of the literature and the isolated treatment of various factors at a particular level of analysis, merit a comprehensive review and analysis. For illustrative purposes, we will draw on both primary data from the Dutch television industry and archival data to develop a holistic multi-level framework for understanding incumbent-challenger dynamics and to derive several propositions for stimulating future research.

### SESSION 259

## LEADERSHIP, KNOWLEDGE SHARING AND POWER

### TRACK I

**Date** Monday, Nov 7  
**Time** 08:00 – 09:15 h  
**Room** Poinciana Salon 2

### Paper

**Session Chair** Cynthia Akwei, *Liverpool John Moores University*

## Influences of Shared Leadership on Absorptive Capacity: Are Soft Leadership Practices More Than an Indulgence?

Josh Daspit, *University of North Texas*

Indu Ramachandran, *University of Texas-San Antonio*

Derrick D'Souza, *University of North Texas*

Shared leadership and similar "soft" leadership techniques have emerged in organizational studies, yet many question the value of these techniques for the organization. To assess the value of these techniques, we attempt to determine the influence of shared leadership on absorptive capacity. We conduct an investigation of shared leadership and its influence on absorptive capacity, and our findings suggest that shared leadership positively influences each capability of absorptive capacity (i.e., acquisition, assimilation, transformation, and exploitation). Our initial empirical findings are reviewed and interpreted. We also outline the details for the proposed second-phase of the study, which will extend the current investigation to assess the influences of shared leadership and absorptive capacity on performance.

## Is Holding the Knowledge Wolf by the Ears Conductive to Knowledge Sharing?

Ingo Bildstein, *University of Liechtenstein*

Stefan Gueldenberg, *University of Liechtenstein*

Keeping individual experts in check is not instrumental for free knowledge flow within the firm. Having a closer look at the whole expert pride, on the contrary, is decisive for facilitation of an organizational culture beneficial for purposeful knowledge dissemination. Aim of our contribution is to detect three major tensions existing in the knowledge-based view of the firm. We then take a psychological lens on the topic and show, how this perspective can be utilized to overcome the outlined tensions. Our approach is cognitive-collective, because it highlights the importance of interpersonal relation-perceptions going on in expert teams. However, to allow unfolding of group dynamic's full leverage effect, upcoming managerial research has to clarify the blamed tensions within the knowledge-based view.

## Power as an Organizational Design Question: Endogeneous Power Assignment and Power Disparity

Murat Tarakci, *Erasmus University - Rotterdam*

Patrick Groenen, *Erasmus University - Rotterdam*

The importance of power in social and organizational relationships has long been recognized. Yet, the research on power does not provide a univocal definition or presents consistent findings with regard to the level of power disparity and merit based assignment of power. Using Newtonian laws, this paper conceptualizes power simultaneously as a relational capacity, behaviors attached to this capacity, and realization of power in the form of influence. We extend the formal design perspective, and allow informal power structures and evolutionary dynamics. The results suggest that organizational design of power structures should consider both the level of power disparity and evolutionary dynamics of power assignment. Finally, this study highlights environmental complexity, group size, and magnitude of high power as moderators in comparing different power models.

## Traits of Innovative Leaders in the Top Innovative Companies in the World: Fuzzy AHP Analysis Method

Alireza Tahernejad, *University of Malaya*

Zahra Seyed Ghorban, *Multimedia University*

Ahmad Aminian, *Multimedia University*

Hossein Tahernejad, *University Technology Malaysia*

Innovation is an important issue in today's dynamic world of doing business for every organization that wants to be competitive and stays in business for long to make profit. The innovation has two aspects including technical innovation and administrative innovation, but so far many studies have just focused on the technical aspect of innovation. In this study we examine the most innovative companies that Bloomberg announced every year from 2005 onwards. In this study we try to find out what characteristics the leaders on these innovative companies might have that make their companies among the most innovative companies in the world. In the measurement part we use Fuzzy AHP in order to weigh the assigned characteristics of leaders and find out which traits are more important to these innovative leaders.

### SESSION 247

## THE SOCIAL CONSTRUCTION OF SOCIAL APPROVAL ASSETS: WHO IS IN CONTROL?

### TRACK I

**Date** Monday, Nov 7  
**Time** 08:00 – 09:15 h  
**Room** Americana Ballroom

### Panel

### Session Chair

Rhonda Reger, *University of Maryland*

### Panelists

Mark Kennedy, *University of Southern California*

Michael Pfarrer, *University of Georgia*

Violina Rindova, *University of Texas-Austin*

Edward Zajac, *Northwestern University*

This panel brings together prominent and emerging scholars working in the area of social approval assets such as reputation, legitimacy, and status. Social approval assets are socially constructed through interaction and interpretation of actions by the firm and various audiences and stakeholders. The panelists will address central questions around the definition, measurement, and management of social approval assets, and how various influential audiences such as infomediaries impact organizational actions and outcomes, and also how organizational managers might be able to influence infomediaries to the organization's advantage. The panel will briefly provide remarks relating to their current research and will engage the audience in discussion relating to current and future research directions in social approval research.



## SESSION 194

**THE USES AND ABUSES OF STRATEGIC TOOLS AND STRATEGY WORKSHOPS**

<b>TRACK J</b>	<b>Date</b>	Monday, Nov 7
	<b>Time</b>	08:00 – 09:15 h
<b>Paper</b>	<b>Room</b>	Crown Conch

**Session Chair**Giulia Solinas, *University of Verona***Discussant**Paul Knott, *University of Canterbury***Boundary Objects in Dialogues: Exploring How Strategy Tools Shape Workshop Outcomes**Luis Alberto Franco, *University of Hull*Sotirios Paroutis, *University of Warwick*

Despite the plethora of studies about strategy tools discussed in the strategy literature, we are still missing theoretical developments stemming from studies of how they are used in practice and with what outcomes. The tools of interest are strategy models depicting qualitative or quantitative relationships between strategic issues and their implied consequences. Adopting a boundary object perspective, and drawing on data gathered from five strategy workshops, we posit that variations in the use of strategy tool can enable or constraint their ability to become effective boundary objects for those involved, thereby influencing the extent to which the purpose of the workshop is achieved. This study extends research on strategy practices by shedding light on the dynamics of strategy tool use in workshops.

**Exploring The Impact of Individual Differences in Scenario Planning Workshops**Luis Alberto Franco, *University of Hull*Maureen Meadows, *Open University*

Scenario planning enjoys wide acceptance as a decision support aid in the strategy formulation process. It is usually deployed in a group workshop format and led by a facilitator. This setting has led managerial cognition scholars to argue that the cognitive diversity of the workshop participants is likely to be a critical determinant of the effectiveness of scenario planning interventions. This paper explores this proposition, by articulating a theoretical framework to inform the investigation of the role of cognitive style in scenario planning interventions. The impact of individual differences in ways of perceiving and judging on participants' observed behaviours within the scenario planning workshops are highlighted. We discuss the implications of our framework for the research and practice of scenario planning workshops.

**Making Sense Through Strategy Tools: A Theoretical Discussion**Giulia Solinas, *University of Verona*Silvia Vernizzi, *University of Verona*

The paper adopts a strategy-as-practice approach to the study of strategy tools and the sense making process in strategic management research. Based on a logical reasoning, the paper argues that strategy tools used within strategic analysis can be depicted across multiple dimensions, which derive from their methodological frameworks and timing. We originate a possible mapping form that flexibly embraces a broad range of instruments frequently adopted in practice and in particular in strategic analysis. Overall, the paper concludes that strategy-as practice needs to extend the discussion on strategy tools to complete the understanding on how managers support strategizing.

**Strategy Tools for Practice: A Systematic Review of Strategy Tools Developed Within the Past 20 Years**Marko Kohtamäki, *University of Vaasa*Henri Hakala, *University of Vaasa*Kari Uusitalo, *TEKES*

Research into the use of strategy tools has suggested that it actually very few tools for strategizing are used by practitioners and the dissemination of tools from academia into practice takes a long time. The paper presents the results of a systematic review of 404 abstracts and 88 full text articles that have introduced tools for strategizing during the past 20 years. The paper contributes by providing transparency on what kind of tools have been developed and introduced in leading management journals. In addition, the paper evokes a discussion on methodologies we should use whilst developing tools for practitioners. A proposition is made on how the strategy tools should be developed in order to make them more useful and acceptable for practitioners.

## SESSION 172

**THE BUSINESS MODEL: A NEW CONSTRUCT FOR STRATEGY AND ENTREPRENEURSHIP**

<b>TRACK K</b>	<b>Date</b>	Monday, Nov 7
	<b>Time</b>	08:00 – 09:15 h
<b>Paper</b>	<b>Room</b>	Poinciana Salon 3

**Session Chair**Ivanka Visnjic, *Ramon Llull University***Business Model Innovation of Complex Service Providers: A Quest for Fit**Ivanka Visnjic, *Ramon Llull University*Andy Neely, *University of Cambridge*

Providers of complex services rely on business model innovation to create value. From the dyadic perspective, value creation seems to stream from fit-optimization of client's as well as provider's activity systems, where activities change 'owner' till consistency, in terms of incentives and competencies, is maximized. From the provider's perspective, business model innovation seems to unfold through two fit-seeking movement. First, provider seeks to extend the content of his transactions with customer to provide comprehensive solution that demonstrates fit within customer's activity system. Second, provider seeks to maintain only the activities that are non-simple and/or strategically linked to his activity system, while outsourcing the rest. The difference between the content of transactions, or value proposition, and content of the activity system that provider has under his control has been labeled as accountability spread. Companies' ability to manage accountability-spread determines significantly its competitiveness as well as survival

**Co-development of Business Model and Product Market Strategy in Turbulent Environments**David Klang, *Swiss Federal Institute of Technology Zurich*Fredrik Hacklin, *Swiss Federal Institute of Technology Zurich*

In turbulent environments, firms are challenged to retain the fit of their business model and product market strategy. Therefore, this study analyzes the locus and mode of change of a firm's business model and product market strategy as well as the co-development between both of them. We focus on a multiple case study of firms in the ICT sector, which were facing technological convergence of markets in the past. In this turbulent environment, firms seem to primarily change the transaction structure of a business model's boundary-spanning connections. This change is mostly accompanied by a mediating change mode of the product market strategy to retain fit at the intersection of previously distinct markets. This has important implications on the co-development of a firm's strategy and structure.



## Implementing Service Business Models within Manufacturing Firms: On Intersection of Activity System and Capability Perspectives

Ivanka Visnjic, *Ramon Llull University*  
Bart Van Looy, *Catholic University of Leuven*

Results of 10 case studies of subsidiaries of service-oriented manufacturer suggest that success of this business model innovation is a function of two operational capabilities that underpin service activity sub-system and one capability to steer interdependencies within the product-service activity system. A manufacturer has to extend the relationships with its (product) clients towards services, while concurrently designing services with better coverage of customers' needs. This turns out to be a challenging balancing act, as a skill set that contributes to the former may hamper the later. Further, the overall success hinges on the ability to enact parallel and synchronized development and suppress inherited rivalry between product and service activities, prompting manufacturer to cultivate "front-line ambidexterity" by deploying solution-oriented management, proportional incentive schemes and integrative mechanisms.

## Value of Business Model Adaptivity for Growth and Performance of Firms in Emerging Industries

Melanie Oschlies, *University of St. Gallen*  
Moritz Loock, *University of St. Gallen*

It is often stated that a business model should be characterized by a high internal fit of its components and that a stronger fit results in higher firm performance and growth. However, for emerging industries, like the renewable energy industry, we also find arguments that point to negative aspects of too much internal fit. Thus, we argue for business model adaptivity which we assume to benefit firm performance and growth in emerging industries. We test our model on a sample of 804 firm-year-observations for renewable energy companies and ask what impact an adaptive business model has on performance and growth. Initial findings point towards the advantage of a high fit in efficiency-driven business models in young industries and towards a disadvantage of high fit in more established segments.

### SESSION 179

## SPINOUTS AND SPINOFFS: ANTECEDENTS, MECHANISMS, CONSEQUENCES

<b>TRACK K</b>	<b>Date</b>	Monday, Nov 7
	<b>Time</b>	08:00 – 09:15 h
<b>Paper</b>	<b>Room</b>	Poinciana Salon 4

**Session Chair** Jennifer Woolley, *Santa Clara University*

## Academic Founders and Dissolution or Acquisition

Jennifer Woolley, *Santa Clara University*

Founders unavoidably imprint their firms during its earliest days of development. Existing literature suggests that particular attributes of the founder such as education and work experience influences imprinting and eventual performance of the firm. This study seeks to build on these studies by further unpacking these relationships. I examine technology specific experience of founders in emerging domains of activity. Contrary to existing literature and mainstream perceptions, the data show that firms with founders employed as professors prior or during the founding do not have a higher rate of dissolution or acquisition. The results have implications for entrepreneurship, top management team, and evolutionary economics literatures.

## Incidence and Performance of Spinoffs: A Cross-Industry Analysis

Mariko Sakakibara, *University of California-Los Angeles*  
Natarajan Balasubramanian, *Syracuse University*

While spinoffs have received special attention from scholars, most studies have focused on a single industry, and the comparison of their performance with other types of new ventures is limited. By using a matched employer-employee dataset in the US, we find that conditional on initial size, the subsequent performance of spinoffs is better than other new entrants in most but not all industries, while their performance relative to diversifying entrants tends to be comparable or worse. We also find that spinoffs perform significantly worse than incumbent new ventures. Spinoffs are more likely to occur in advertising intensive and rapidly growing industries and industries where patent protection is effective, while they are less likely to occur in capital intensive and human capital intensive industries.

## Selection vs. Learning in Employee Entrepreneurship

Navid Bazzazian, *HEC-Paris*

We develop a theoretical framework to unpack the forces behind the stylized fact common to almost all of the empirical findings of the past research regarding spinoffs: spinoff entrants outperform other non-spinoff entrants. Our theoretical framework questions the conventional wisdom that learning from the parent firm is the major source of observed performance heterogeneity between spinoffs and non-spinoff entrants. We propose that reality is much more complex and selection forces both before and after the new venture's inception play a key role in shaping resources of spinoff ventures. We also argue that conditional on the amount of initial knowledge spinoff firms may learn industry knowledge faster or slower than other entrants. Finally we create a set of propositions that can be tested empirically.

## Why of the Whys: What Really Triggers the Distinctive Performance and Innovativeness of Entrepreneurial Spinoffs?

Bilgehan Uzunca, *IESE Business School*

Employees of established firms in many industries turn out to be one of the main sources of entrepreneurship. These cases are labeled spinoffs. I attempt to analyze a fundamental question: What really triggers the distinctive performance and innovativeness of entrepreneurial spinoffs? I go through the existing research which tries to explain factors underlying the performance of these "distinctive" entrants. I gather findings in three main areas. Distinctiveness of spinoffs is mainly because 1) Transfer of blueprint, 2) Organizational learning, and 3) Informal relations. The purpose is to step back and consider the nature of the evidence that has been accumulating in the various spinoff theories, which is crucial for the development of a theory-based understanding of spinoffs in entrepreneurship and strategy literatures.



## SESSION 227

**EXAMINING HUMAN CAPITAL MOBILITY**

<b>TRACK L</b>	<b>Date</b>	Monday, Nov 7
	<b>Time</b>	08:00 – 09:15 h
<b>Paper</b>	<b>Room</b>	Venus

**Session Chair** Sharon Alvarez, *Ohio State University*

### **A Behavioral Perspective on Inventor Mobility: Geographical Patterns, Industrial Dynamics and Performance Implications**

Paul Almeida, *Georgetown University*  
 Francesco Di Lorenzo, *Ramon Llull University*

The paper attempts to understand the likelihood of mobility, where employees move (when they move), and how they perform when they move. In particular, we propose to uncover the role of inventor's performance in explaining the event of inter-organizational mobility and the related geographical and industrial patterns. Building on evolutionary theory and behavioral theory of the firm we offer research questions on how inventor's performance deviations from aspirations (historical and social) explain inventors' move across organizations and across regions and on the firm and individual performance implications (ex. knowledge flows) of such mobility event.

### **Capturing Value from Social Capital in Executive Search: The Relationship Quality Trade-Off**

Marko Coh, *London Business School*

Organizational value capture from human assets is a key concern for researchers of strategic human capital. Little is known, though, about value capture from the individuals' social capital. Using proprietary data I address how a referral organization, an executive search firm, captures value from its prior relationships with the executives. Specifically, I focus on whether the search firm allocates candidates for executive vacancies to maximize value capture from the social capital residing in the relationships. I find that the firm deviates from that benchmark. It appears that in this setting the same relationships that enhance value creation may constrain an organization's ability to capture value. I demonstrate how the relationship quality may generate a trade-off between value creation and value capture.

### **Employee Investments in Firm-Specific Human Capital and Assumptions of Separability**

Shad Morris, *Ohio State University*  
 Sharon Alvarez, *Ohio State University*  
 Jay Barney, *Ohio State University*

A central tension in the relationship between human capital and firm performance is that firms prefer that their employees make firm-specific, rather than only general investments. At the same time, employees will generally prefer to avoid making firm-specific investments because they are often unable to appropriate much of the value they create through these investments. This analysis of general and firm-specific human capital assumes that decisions about these investments are separable, i.e., that employees choose to invest in general human capital or they choose to invest in firm-specific human capital. This paper suggests that, in some settings, these investments are not separate and that by, for example, investing in firm-specific human capital, an employee is simultaneously investing in a related form of general human capital.

### **Mobility Myths and the NBA: When Does Human Capital Lead to Competitive Advantage?**

Benjamin Campbell, *Ohio State University*  
 Russell Coff, *University of Wisconsin-Madison*  
 David Kryscynski, *Emory University*

The extant strategy literature emphasizes firm-specific human capital as a source of competitive advantage based on the assumption that it constrains employee mobility while general human capital does not. We identify flaws in this assumption and thereby consider some contexts where firm-specific human capital might actually enhance employee mobility and, accordingly, compensation. We test these hypotheses using data from the NBA and find that both firm-specific and general human capital are linked to sustained advantages. Furthermore, we find that these forms of human capital have similar implications for rent appropriation of these advantages. This richer understanding of human capital suggests a very different research agenda for strategy scholars.

## SESSION 150

**STAKEHOLDERS & SUSTAINABILITY**

<b>TRACK M</b>	<b>Date</b>	Monday, Nov 7
	<b>Time</b>	08:00 – 09:15 h
<b>Common Ground</b>	<b>Room</b>	Triton

**Facilitator** Arthur Posch, *WU-Vienna*

### **Implementing Voluntary Sustainability Standards in Value Chains**

Jörg H. Grimm, *University of St. Gallen*  
 Joerg Hofstetter, *University of St. Gallen*

This paper discusses organizational key capabilities allowing focal firms to implement previously defined voluntary sustainability standards (VSS) (e.g., codes of conduct) in their entire value chain(s). Our case study research identifies five key capabilities of a focal firm to make value chain partners (i.e. direct tier-1 as well as indirect tier-2..n sub-suppliers) comply with VSS: inter-firm dialogue, risk management, external stakeholder collaboration, cross-functional integration, and continuous improvement. We propose that those capabilities are contingent on the prevailing power relationship between the firm and its suppliers. The organizational key capabilities identified may extend the theory of institutional entrepreneurship with concepts that facilitate the institutional change in value chains with respect to corporate sustainability.

### **Institutions and Business Strategy: The Sustainable Advantages of Green Ocean Strategy**

Jing'an Tang, *Sacred Heart University-Connecticut*

The 2008 economic crisis exposed some daunting challenges faced by the current strategic management field, among which three stand out: underlying assumptions regarding both individuals and firms are unrealistic; the narrow profit-maximization objective function limited the contribution of strategy theories to the understanding of firm conduct and performance; the practical relevance of strategy research diminishes as institutional changes shift the incentive structures in the global society. In an attempt to address such challenges, we draw upon multiple theories in economics, sociology and psychology to build an ecosystem-based value creation theory—a theory of Green Ocean Strategy—as an alternative to the prevalent economics-based thinking in the strategic management field, which has been represented by the theories of Red and Blue Ocean Strategies.



## Internal Stakeholders, Experiential Learning and the 'Greening' of a MNC

Markus Paukku, *Aalto University*

Johanna Nurkka, *Aalto University*

The interpretations of an organization's shared values and organizational memory differ and are not uniformly shared across a multinational corporation's internal stakeholders. Thus, we argue that an organization wide change will be perceived differently in each unit based on the unit's organizational memory and experiential learning. We collected survey data on a corporation in middle of an initiative designed to modify its corporate culture and organizational values to become more "green". Using our survey data from 1385 employees from across Kone Corporation, we find that the headquarters unit, from where the initiative itself was launched, perceived the policy most negatively while production areas responded most positively. Therefore we question the role of structure versus the importance of experiential learning as a driver of organizational memory.

## Is Strategic Management Sustainable?

Anthony Goerzen, *Queen's University*

Mike Valente, *University of Western Ontario*

Many have called for a fundamental shift in business practices to respond to rising social and environmental challenges; yet, change in strategic management practices has been slow. We argue that at the root of this problem are certain underlying ideas in business strategy that are taken for granted. Primary among these assumptions are that firms must use power over other actors, that firms should put great effort into protecting resources and capabilities from imitation, and that firms should pursue shareholder goals over all others. We suggest that these ideas yield short-term firm-level benefits but railroad firms into perpetuating social inequalities and contributing to environmental degradation. Guided by fundamental sustainability principles, we develop a framework that intersects strategy and sustainability to support sustainable action.

## The Impact of Stakeholder Pressure and CEO Sustainability Orientation on Organizational Control Choices

Johannes Asel, *WU-Vienna*

Arthur Posch, *WU-Vienna*

Gerhard Speckbacher, *WU-Vienna*

This paper analyzes how organizational control choices are influenced by stakeholder pressure and by the Chief Executive Officer's (CEO) orientation towards sustainable firm development. With respect to CEO sustainability orientation we distinguish between the environmental, social and economic dimensions of sustainability. Drawing on insights from both stakeholder theory and organizational control literatures, we develop a set of hypotheses which are empirically tested using survey data from 141 CEOs. Our preliminary empirical results indicate a significant association between stakeholder pressure, CEO sustainability orientation and organizational control choices.

## What Mechanisms Lie Behind Symbolic Management? Evidence from Corporate Environmental Management

Eun-Hee Kim, *George Washington University*

Thomas Lyon, *University of Michigan-Ann Arbor*

The symbolic management literature indicates that substantive and symbolic aspects of organizational activity are clearly linked, although it is likely that the coupling between them is loose. The nature of loose decoupling, however, has received relatively little attention; it has often been assumed that symbolic and substantive actions are independent of each other. This paper posits that the subtle relationship between symbolic and substantive actions may explain the reason why some, not all, firms engage in symbolic management. If firms do not have to sacrifice efficiency to obtain legitimacy, why not all firms engage in symbolic gesture? Using data on corporate disclosure of greenhouse gas emissions, this paper shows that selective disclosure provides an explanation for this puzzle.

## SESSION 295

## PLENARY TRACK

## TRACK P

**Date** Monday, Nov 7  
**Time** 09:30 – 10:30 h  
**Room** Americana Ballroom

## Plenary Panel

## Institutions, Governance and Performance in a Multi-Polar World

## Moderator

Jay Barney, *Ohio State University*

## Panelists

Florencio Lopez de Silanes, *EDHEC Business School*

Jackson Nickerson, *Washington University-St. Louis*

Romano Prodi, *Former President of the European Commission and Prime Minister of Italy, Professor at ALMA Graduate School University of Bologna, CEIBS and Brown University*

Recent events have confirmed the critical role that national and global institutions play in shaping the competitive playing field for both countries and companies. Issues of corporate governance and regulation, industry structure, signaling and information flows, property rights, welfare and poverty have been at the forefront of discussion in recent months as the dynamics of growth are questioned and financial markets remain unstable. How do institutions shape and constrain firms' actions? What strategies do firms use in turn to shape national and global institutions? Mr. Prodi, who began his career as a research economist dealing with issues of market structure and competition, has gone on to occupy the highest political offices in his native Italy and as President of the European Commission. As such he has a unique perspective on the challenges that globalization brings to both national and international institutions. Our two discussants have also a prolific and distinguished record on questions of governance and regulation. This session will highlight one of the main themes of our conference and raise a number of questions that should guide and inspire our future work in the strategy field.

institutions and corporations. Among other distinctions, he received Harvard's Wells Prize for the Best Dissertation in Economics (1995), the Brattle Prize for distinguished paper in the *Journal of Finance* of the American Finance Association (1999), and the Jensen Prize for the best papers published in the *Journal of Financial Economics* in the Areas of Corporate Finance and Organizations (2000). He is one of the top three most cited researchers in the world in economics and business in the last 10 years. He served previously on the faculties of Harvard, Yale and Amsterdam Universities and at the Ecole Normale Supérieure in Paris.



**Jackson Nickerson** is the Frahm Family Professor of Organization and Strategy, Senior Scholar in Governance Studies at the Brookings Institution, and the Director of the Brookings Executive Education. He joined the Olin School of Business at Washington University in St. Louis, in 1996 where he teaches strategic management courses on innovation, management of life science, organizational strategy, and critical thinking. His research focuses on leadership issues around why firms choose different organizational structures and the performance implications of these choices; with a special emphasis on knowledge, innovation, and problem solving. His most ambitious research to date studies pharmaceutical manufacturing and Food and Drug Administration (FDA) oversight and has twice won the Olin Award recognizing research that transforms business. He has consulted for organizations in architecture and the arts, chemicals, education, finance, health care and pharmaceuticals. His book on *Leading Change in a Web 2.1 World* was published in the fall of 2010. Jackson Nickerson is a director of the publicly listed company CleanTech Biofuels and of nformd.net, a privately held new media company. In 2009, he was appointed Director of Brookings Executive Education.



**Romano Prodi** served as President of the European Commission from 1999 until 2004, and as Prime Minister of Italy in two occasions, 1996-1998 and 2006-2008. He began his career as a professor of economics at the University of Bologna, Italy, after completing post-graduate studies at the London School of Economics in 1971, and served as visiting professor at Harvard University and at the Stanford Research Institute in subsequent years.

His teaching and research throughout his academic career covered a multitude of issues in the regulation of competition, the development of small and medium enterprises and the dynamic characteristics of markets and competition. In 1995, Romano Prodi founded a center-left coalition, The Olive Tree, which he led into the general elections in Italy and to victory over Silvio Berlusconi's center-right coalition in 1996. As Prime Minister, he led the country into the European Monetary System, joining the Euro zone in just over six months. His leadership of Italy's economic restructuring and recovery was widely recognized by many throughout Europe as an example of enlightened, socially-conscious leadership. As President of the European Commission, at the time the highest public service job in the European Commission, he oversaw the introduction of the Euro as a common currency for eleven EU member states, led the negotiations and approval process for the Amsterdam Treaty, and successfully steered the expansion of the EU to ten new member states located mostly in the former Eastern European area. He concluded his mandate in 2004 with the signing of the European Constitution. For the last three years, Romano Prodi has served as head of a special African Union-United Nations panel enhancing peacekeeping operations in Africa at the behest of the Secretary General of the United Nations. He has also continued to teach and lecture at Brown University in the United States, CEIBS in Shanghai and Nankai University in Tianjin, China, and at the University of Bologna.



**Jay Barney** is a Professor of Management and holds the Chase Chair for Excellence in Corporate Strategy at the Max M. Fisher College of Business, The Ohio State University. His research focuses on the relationship between costly-to-copy firm skills and capabilities and sustained competitive advantage. He is an associate editor for the *Journal of Management* and senior editor for *Organization Science* and has been published in numerous leading publications. In addition to his teaching and research, he presents executive training programs throughout the US and Europe. His consulting work focuses on large-scale organizational change and strategic analysis. Jay Barney is an SMS Fellow as well as a fellow of the Academy of Management. In 1997 he was awarded an honorary doctorate degree from the University of Lund, and has honorary visiting professor positions in New Zealand and China.



**Florencio Lopez de Silanes** is Professor of Finance and Law and Director of the Corporate Governance Research Center at the EDHEC Business School in France. His research interests and main publications fall in the areas of international corporate finance and financial markets, legal reform and privatization. His research showing the relevance of law and institutions for the functioning of markets and their development has appeared in top finance and economics journals. He recently published two books on Investor Protection and the Benefits of Privatization in Latin America. He has been an adviser on these topics to several governments, international

10:30 – 11:00  
**COFFEE BREAK**



## SESSION 300

## PLENARY TRACK

<b>TRACK P</b>	<b>Date</b>	Monday, Nov 7
	<b>Time</b>	11:00 – 12:15 h
<b>Showcase Panel</b>	<b>Room</b>	Americana Ballroom

## From Cooperation and Competition to Coopetition Strategy

### Moderator

Robert Hoskisson, *Rice University*

### Panelists

Giovanni Battista Dagnino, *University of Catania*

Walter Ferrier, *University of Kentucky*

Devi Gnyawali, *Virginia Tech*

Luiz Mesquita, *Arizona State University*

The inception of coopetition – generically defined as the simultaneous pursuit of collaboration and competition by firms – has recently attracted a great deal of attention and inspired significant amount of research. In this panel, we wish to advance theory and speculation on the dynamics of the interplay between competition and cooperation. Our goal is to explore the path of various theoretical endeavors that enable the strategic management field to move beyond the simple view of rent generating competition, or increase-in-the-size-of-the-pie cooperation. The developing status of the coopetition concept offers an intriguing opportunity to establish multiple connections across various sub fields including: multi-market competition; competitive dynamics; the nature of markets in industrial districts; the virtual organization as a conundrum of market and non-market forces; and others. We intend to highlight conceptual and empirical issues and propose a continuing research agenda.



**Robert E. Hoskisson's** research topics focus on corporate governance, acquisitions and divestitures, international diversification, privatization and cooperative strategy. He teaches courses in corporate and international strategic management, cooperative strategy and strategy consulting, among others. He has served on several editorial boards for such publications as the *Academy of Management Journal* (consulting editor), *Strategic Management Journal*, *Journal of Management* (associate editor) and *Organization Science*. In addition to co-authoring two books, his research has appeared in numerous leading publications. He is a Fellow of the Strategic Management Society and the Academy of Management. Robert Hoskisson is also the President-Elect of the Strategic Management Society.

**Giovanni Battista Dagnino** is Director and Professor in the Department of Business Economics and Management of the University of Catania, Italy, where he has served as Deputy Chair and Acting Chair. In addition, he is faculty member of the European Institute for Advanced Studies in Management (EIASM) in Brussels. He held visiting positions at the Tuck School of Business at Dartmouth, Wharton School, London Business School, IESE Business School, Grenoble Ecole de Management, and the University of Mannheim. He was co-organizer of the 30th SMS Annual Conference, as well as the SMS Special Conference "New Frontiers in Entrepreneurship: Strategy Governance and Evolution". He serves on the editorial boards



**Walter Ferrier** is an associate professor at the Gatton College of Business and Economics, University of Kentucky. He was a visiting professor at the Helsinki University of Technology, Finland, in 2008. Wally's research and teaching interests lie mainly in the areas of dynamic competitive interaction, strategic leadership, and the structure of inter-organizational networks. His research has been published in the *Strategic Management Journal*, the *Academy of Management Journal*, the *Academy of Management Review*, *Managerial & Decision Economics*, the *Journal of High Technology Management Research*, and other scholarly journals. He won the Academy of Management Journal's "Best Paper Award" for his research on competitive interaction published in 1999. He is a member of the editorial board of the *Strategic Management Journal* and was recently a co-guest editor of a special issue on Digital Systems and Competition published in *Information Systems Research*. He received his Ph.D. from Maryland.



**Devi R. Gnyawali** is Professor of Management and Director of Graduate Programs at the Pamplin College of Business, Virginia Tech. His research seeks to understand how firms acquire and develop intangible relational resources (such as network of relationships and resources held by alliance partners) and internal resources (such as technology, shared knowledge, and human capital) and how they leverage such resources in order to become better competitors and create competitive advantages. Another important stream of his research examines drivers, dynamics, and consequences of coopetition. His research has been published or forthcoming in various journals, including *Academy of Management Review*, *Academy of Management Journal*, *Information Systems Research*, *Journal of Management*, *Journal of Management Studies*, and *Research Policy*. His research has won awards from Academy of Management Review and Group & Organization Management. He is a member of the Editorial Board of *Academy of Management Review* and *Journal of Management*. He received his Ph.D. from the University of Pittsburgh.



**Luiz F. Mesquita** is an Associate Professor of Strategic Management at the W.P. Carey School of Business, Arizona State University, with a Joint Appointment at Insper Institute of Education and Research, in São Paulo, Brazil. He received his Ph.D. in Business Strategy, and a Masters Degree in Agricultural Economics from Purdue University. His research examines inter-organizational coordination in contexts of simultaneous cooperation and competition; his latest research endeavors look more closely at the institutional antecedents of constructive coopetition. His research has appeared in leading outlets, such as the *Academy of Management Journal*, *Academy of Management Review*, *Strategic Management Journal*, and *Harvard Business Review*. Luiz Mesquita teaches or has taught courses in business and corporate strategy, as well as global strategy and Entrepreneurship in Executive and Masters Programs in Argentina, Brazil, India, and the United States.



**Luiz F. Mesquita** is an Associate Professor of Strategic Management at the W.P. Carey School of Business, Arizona State University, with a Joint Appointment at Insper Institute of Education and Research, in São Paulo, Brazil. He received his Ph.D. in Business Strategy, and a Masters Degree in Agricultural Economics from Purdue University. His research examines inter-organizational coordination in contexts of simultaneous cooperation and competition; his latest research endeavors look more closely at the institutional antecedents of constructive coopetition. His research has appeared in leading outlets, such as the *Academy of Management Journal*, *Academy of Management Review*, *Strategic Management Journal*, and *Harvard Business Review*. Luiz Mesquita teaches or has taught courses in business and corporate strategy, as well as global strategy and Entrepreneurship in Executive and Masters Programs in Argentina, Brazil, India, and the United States.

SESSION 148

TRANSACTION COST ECONOMICS: INNOVATIONS AND EXTENSIONS

TRACK A	Date	Monday, Nov 7
	Time	11:00 – 12:15 h
Common Ground	Room	Triton
Facilitator	Kyle Mayer, <i>University of Southern California</i>	

Control and Coordination Misalignments in Licensee-Licensor Agreements

Valerie Duplat, *Lille Catholic University*  
Fabrice Lumineau, *University of Technology-Sydney*

In the Transaction Cost Economics framework, misalignment occurs when parties choose a governance structure that is inappropriate for a given transaction. Although prior studies suggest that the type of misalignment matters, they still have a crude approach of the mode of organizing and governance structures. We complement the TCE approach of alignment by drawing upon recent research in contract theory. From an analysis of 118 technology licensing transactions, we develop a detailed assessment of potential misalignment on contractual control on the one hand, contractual coordination on the other hand. Our findings indicate the relevance of making a distinction between (a) positive and negative misalignment; (b) a misalignment on control or on coordination governance dimensions; and (c) the licensee and the licensor's diverging perception of performance.

Efficiency and Co-Adaptation of Organizations and Institutions

Peter Klein, *University of Missouri*  
Joseph Mahoney, *University of Illinois-Urbana Champaign*  
Anita McGahan, *University of Toronto*  
Christos Pitelis, *University of Cambridge*

This paper suggests a framework for evaluating the efficiency of interactions between the institutional environment (background conditions, or rules of the game) and institutional arrangements (governance structures, or the play of the game). While changes toward efficiency occur more readily for institutional arrangements than for the institutional environment, even arrangements may not change efficiently. Paradoxically, the same firms that are ineffective in changing institutional arrangements may lobby governmental agents to block changes in the institutional environment. Thus, market failure and government failure sometimes go hand-in-hand. Similarly, value creation through markets and in governmental intervention may be complementary. We examine the interplay between institutional arrangements and the institutional environment by combining Williamson's (2000) four levels of institutional analysis with Libecap's (1989) framework for explaining institutional change.

Expanding the Concept of Bounded Rationality in TCE: Incorporating Additional Sources of Uncertainty

Libby Weber, *University of California-Irvine*  
Kyle Mayer, *University of Southern California*

Bounded rationality (BR) is a fundamental behavioral assumption in most theories of management, including transaction cost economics (TCE). Critics suggest, however, that the BR assumption in TCE is incomplete, and remains largely compatible with the strict rationality assumption employed in neo-classical economics. In response to these criticisms, we incorporate a richer notion of bounded rationality in TCE, by adding interpretation limitations in addition to traditional processing limitations, which expands the theory's implications for efficient governance predictions. Using our more complex bounded rationality assumption, we refine TCE's concept of uncertainty, expand the theory's governance predictions, as well as apply it to the previously unrelated question of whether acquiring or building in-house capabilities from scratch is more efficient when hierarchy is the desired governance mode.

The Role of Institutional Identities and Frames in Contracting

Vern Glaser, *University of Southern California*  
Derek Harmon, *University of Southern California*  
Libby Weber, *University of California-Irvine*

Contracting research has largely been approached through the lens of transaction cost economics (TCE), which focuses on the selection of a governance form that efficiently mitigates the level of hazards present in a transaction. TCE, however, has been criticized as being undersocialized, or omitting social influences on governance choice. Sociology-based contract researchers began to explore this issue by examining the role of prior relationships on governance, sparking a debate if trust and contracts were complements or substitutes. In this paper, we respond to a different part of this criticism, by suggesting that social institutions influence economic practices, as well as prior relationships. We develop a theory explaining how institutional frames and identities shape the expectations of contracting parties, which influences both governance choices and performance outcomes.

Towards an Integration of Resource Based and Transaction Cost Explanations of Firm Boundary Choices

Werner Hoffmann, *WU-Vienna*  
Kerstin Neumann, *WU-Vienna*  
Gerhard Speckbacher, *WU-Vienna*

Our study analyzes the interaction of exchange characteristics (emphasized by TCE) and resource attributes (emphasized by RBT) in the explanation of make-or-cooperate decisions. The findings indicate that firms will enter a new segment of the value chain when they can take advantage of the relatedness of existing firm specific-resources and target resources by using established resources as stepping stones to develop superior target resources and combining them synergistically with complementary resources already possessed by the firm. Resource transferability and resource complementarity are supposed to be relevant as long as transaction costs of a collaborative exchange are not prohibitively high.

Transaction Cost, Institutions, and Strategy of Entry Mode

Mingxiang Li, *University of Wisconsin-Madison*  
Phillip Kim, *University of Wisconsin-Madison*

Drawing on transaction cost and institutional theories, this paper examines how asset specificity and institutional factors influence the choice of entry mode by young firms in 66 countries from 2002 to 2005. Unlike prior studies that rely solely on either transaction cost or institutional theories to explain entry mode, this research predicts that institutional factors moderate the relationship between asset specificity and entry mode selection. Data from a representative sample of young firms collected by the World Bank will be used to investigate the hypotheses. This research will contribute to the literature on international entry mode strategy by demonstrating that asset specificity and institutional factors jointly determine entry mode.

SESSION 142

INTERNATIONALIZATION AND PERFORMANCE

TRACK B	Date	Monday, Nov 7
	Time	11:00 – 12:15 h
Paper	Room	Boardroom
Session Chair	Lucia Piscitello, <i>Polytechnic University of Milan</i>	

Does Foreign Investment Carry Baggage from Home?

Yujin Jeong, *HEC-Montréal*  
Reid Click, *George Washington University*  
Robert Weiner, *George Washington University*

A large literature on international investment demonstrates that political risk and weak institutions in host countries reduces both capital inflows and asset values, but largely neglects the role of political risk and institutions



in the home country. We propose a heterodox paradigm, which suggests the importance of home-country institutions in cross-border investment. Using data on reserve transactions in the global petroleum industry, we show that asset prices are positively related to major indexes of political risk, such that home-country political risk reduces the amount that investors from that country are willing to pay for a petroleum reserve. As a result, firms from institutionally weak (strong) countries pay less (more) for petroleum assets in institutionally strong (weak) countries than domestic investors. Results suggest that foreign investment carries home-country political risk and institutions with it.

### Entrepreneurs' Decision Models for Early Internationalization

Denis Gregoire, *Georgia State University*

David Williams, *University of Tennessee*

Andrew Zacharakis, *Babson College*

In the highly integrated global economy, strategic decisions to internationalize have important consequences. Although much research has investigated the factors that explain new ventures' successful entry into international markets after such internationalization has taken place, little is known about the thinking that guide entrepreneurs' decisions as they make such decisions. Because of this, our understanding of strategic decision-making for early internationalization is limited. To address this gap in prior research, we use verbal protocol and stated choice techniques to reveal entrepreneurs' "theory in use" regarding early internationalization decisions. We show that some entrepreneurs overlook important decision criteria - and fail to consider tradeoffs and synergies between these criteria. Our findings inform the design of policy programs and pedagogical means to foster more successful internationalization efforts.

### Impression Management in Cross-Border Acquisitions

Katsuhiko Shimizu, *Keio University*

Research on cross-border acquisitions has predominantly focused on acquisitions as a rational choice by managers for a mode of entry into a new foreign market. This research expands the scope of this literature and examines cross border acquisitions from the perspective of impression management. Given the increasing popularity as well as inherent risks of cross-border acquisitions, we argue that the partial acquisition of a foreign firm can be a signal that a firm is conforming to social norms (i.e., cross-border acquisition is an important strategic alternative every firm should consider). We test hypotheses with a sample of 205 Japanese firms that made a partial cross-border acquisition between 2004 and 2007.

### Internationalisation as a Trigger for Developing Existing and New Capabilities in SMEs

Lucia Piscitello, *Polytechnic University of Milan*

Sergio Mariotti, *Polytechnic University of Milan*

Internationalization is an organizational process that has been already designated as a central feature of capabilities. However, the empirical evidence on the impact of international growth strategies upon firm resources and competencies is still quite scant and gaps remain. This paper aims to explore the relationship between firms' internationalization strategies and processes (i.e., international diversity, geographical/cultural distance, entry and control mode) and their performance, by explaining first how the former impacts upon the firm's portfolio of existing (ordinary) capabilities and the development of new capabilities. Second, we test the impact of the diverse configuration of the firms' portfolio of capabilities upon their relative performance and competitive advantage. Finally, we claim that uncertainty on foreign markets does strengthen the role of new capabilities on firm performance.

### SESSION 210

## EVOLUTION OF EMERGING MARKET MULTINATIONAL ENTERPRISE

### TRACK C

Date Monday, Nov 7  
Time 11:00 – 12:15 h  
Room Moon

### Paper

Session Chair Ali Taleb, *HEC-Montréal*

### Catching-up via Network: Chinese Case Study of Huawei Technologies Co. Ltd

Ying Zhang, *Eindhoven University of Technology*

Geert Duysters, *Eindhoven University of Technology*

With China's rapid economic growth in recent decade, many Chinese firms especially in high-tech industries have become the industry leaders in the international market. In this study, we aim to uncover the specific approach that Chinese firms use to catch up with the West. By studying Huawei Technologies Co. Ltd., we find that at different stages of catching up, partnership-based network play a critical role. At an early stage, a well-managed partnership network with universities can shorten a firm's catching up path through knowledge accumulation; at a late stage, allying with universities and leading players in the network can facilitate a firm's sustainable innovation production. Finally, we developed a conceptual framework for the catching up process of Chinese firms.

### Emerging Market Multinationals: Competing Through Business Models

Margarete Kalinowski, *Ramon Llull University*

Luis Vives, *Ramon Llull University*

Internationalization by emerging market multinationals has gained momentum in academic research. This paper opens up new possibilities for appreciating the internationalization process of the emerging global players. We contribute to the growing stream of research by exploring the question how the emerging economy multinationals manage their business models as they internationalize. We offer a contingency solution and propose a conceptual framework influenced by two key variables: (1) the internationalization path in terms of leveraging own advantages or acquiring new advantages; (2) the level of institutional difference in terms of entry into emerging or developed markets. We obtain four possible strategies to manage business models while internationalizing. We illustrate the framework using examples of different emerging multinationals. The paper concludes with fruitful avenues for future research.

### Home Country Imprinting: A Theoretical Lens for Emerging Market Multinationals

Deepak Somaya, *University of Illinois-Urbana Champaign*

Bongsun Kim, *University of Illinois-Urbana Champaign*

We advance the proposition that the home country environments – comprising largely of cultural, social, market, legal and political institutions – where firms first take root and grow have meaningful and long-lasting imprinting effects on them even as they expand internationally and become multinationals. In turn, home country imprinting has an influence on a firm's strategies, its organization and adaptability in foreign host country environments, and its eventual competitive success. While many multinationals in the mid-twentieth century expanded slowly from relatively similar (largely western democratic) national backgrounds, emerging market multinationals are expanding from more varied imprinting experiences and at a more rapid pace. Therefore, home country imprinting may be a particularly valuable theoretical lens for understanding the strategies, expansion paths, and competitive advantages of emerging market multinationals.



## Internationalization Patterns of MNEs from Emerging Markets: Legitimizing versus Economizing Logic

Ali Taleb, *HEC-Montréal*

Louis Hébert, *HEC-Montréal*

This article explores the dominant logics underlying the internationalization patterns of multinational enterprises from emerging markets (EM-MNEs). The regional view of international strategy suggests that MNEs in general tend to focus their activities in their home regions for economic efficiency reasons. Other studies suggest that EM-MNEs in particular tend to prevail in developing markets for institutional legitimacy reasons. We combine the economic efficiency and institutional legitimacy arguments to develop theory and propose six hypotheses relative to the patterns of location choices by EM-MNEs. This paper makes important contributions to the current debates on the regional-global nature of international strategy, on the one hand, and on the internationalization behaviour of EM-MNEs. Our findings have important theoretical and managerial implications.

### SESSION 290

## EXPLORING THE STRATEGIC MIND: METHODS FOR STUDYING COGNITION AND STRATEGY

<b>TRACK D</b>	<b>Date</b>	Monday, Nov 7
	<b>Time</b>	11:00 – 12:15 h
<b>Panel</b>	<b>Room</b>	Americana Salon 1

### Session Chair

Joseph Porac, *New York University*

### Panelists

Giovanni Gavetti, *Harvard University*

Sarah Kaplan, *University of Toronto*

Rhonda Reger, *University of Maryland*

This session brings together three scholars who have been important contributors to the literature on cognition and strategy: Rhonda Reger, Giovanni Gavetti, and Sarah Kaplan. Each brings a particular perspective on how to study the cognitive microfoundations of strategy and markets. Rhonda Reger has pioneered the use of survey and interview methods for uncovering the “cognitive maps” of strategists, Giovanni Gavetti has been at the forefront in the use of simulation methods for studying cognition and strategy, and Sarah Kaplan has developed creative new ways of exploring the strategy-cognition interface through text and ethnographic analyses. These three panelists will briefly present their current thinking about how to study the cognitive bases of strategy, and then the session will be opened up for debate and discussion with audience members. Joe Porac will chair the session and facilitate the discussion.

### SESSION 208

## SUSTAINABLE COMPETITIVE ADVANTAGE

<b>TRACK E</b>	<b>Date</b>	Monday, Nov 7
	<b>Time</b>	11:00 – 12:15 h
<b>Paper</b>	<b>Room</b>	Poinciana Salon 4

**Session Chair** Dimo Ringov, *ESADE Law & Business School*

## A Comparison of The Profit and Growth Persistence of Winners and Losers: A Mover-Stayer Model

Hung-Yao Liu, *University of Amsterdam*

J W Stoelhorst, *University of Amsterdam*

This paper introduces the ‘Mover-Stayer Model’ (MSM) to the strategy literature. The MSM allows us to study differences in performance persistence between high performing firms (winners), average firms, and low performing firms (losers). Moreover, the model allows us to study the probabilities that winners turn into average performers or losers (or vice versa). It does so by separating firms into “stayers,” who stay in the same category for a pre-defined period of study (e.g. stay winners for

five years), and “movers,” who move between categories over time. We use the MSM to answer two questions: Which is more persistent, profit or growth? Do profit and growth persistence differ between winners, average firms, and losers?

## How to Emerge From the Crisis and From Crises: Lessons Learned From A European Survey

Richard Soparnot, *ESCEM School of Business and Management*

Meier Olivier, *University of Paris Est*

Jean-Claude Pacitto, *University of Paris Est*

Philippe Jourdan, *Promise Consulting Inc.*

Very few studies have directly focused on competitive strategies in industries in crisis. The Panel On The Web Institute and the consulting firm Mercuri Urval recently conducted a survey of 844 businesses in 8 countries (Austria, Belgium, Denmark, France, Germany, Italy, the Netherlands and Switzerland), which yielded some interesting results on perceptions of the effects of the crisis and the measures to be taken in order to emerge from it. The objective of the survey was to build upon the recent crisis in order to identify the key factors for success likely to ensure sustained growth for companies, by interviewing a group of senior managers, including a high proportion of executive officers (57%).

## Strategic Reorientation After an Industry Shock

Vikas Aggarwal, *INSEAD*

Brian Wu, *University of Michigan-Ann Arbor*

We examine the role of organizational structure in influencing firm-level adaptation ability following an unexpected industry-level shock. We assemble a large multi-industry database of firms contracting with the U.S. defense department between 1996 and 2006, utilizing the events of 2001 as a natural experiment to examine the drivers of adaptation ability for incumbent firms in the post-2001 period. While the industry experienced an overall ‘demand shock’ during this period, leading to an aggregate expansion of the total dollar value of contracts granted, incumbent firms experienced significant heterogeneity in performance. We seek to untangle the drivers of incumbent firm performance differences, focusing on the implications of alternate organizational structure considerations, such as pre-shock product vs. customer orientation.

## Understanding Profit Persistence: Copula Functions and the Tomographic Method

Ingo Reinhardt, *Simon-Kucher & Partners*

Thomas Powell, *Oxford University*

We introduce a novel method for measuring and displaying profit persistence, and we test the method in an empirical study. The method involves an application of copula functions to annual changes in return on assets, yielding a graphical tomography of firm performance. The results show that profit rates are more persistent than predicted in standard resource accumulation models, and also more fat-tailed: that is, firms seldom change position, but when they do, the changes are often large. We discuss the significance of these results for strategy research, along with further applications of the copula method.



## SESSION 220

**CORPORATE DIVERSIFICATION****TRACK E**

**Date** Monday, Nov 7  
**Time** 11:00 – 12:15 h  
**Room** Americana Salon 2

**Session Chair**Carmelo Cennamo, *Bocconi University***Relatedness Along the Value Chain and Firm Performance**

Elisabeth Nocker, *University of Innsbruck*  
 Harry Bowen, *Queens University of Charlotte*  
 Kurt Matzler, *University of Innsbruck*  
 Christian Stadler, *University of Bath*

Although theory suggests relatedness derives from resource sharing across a firm's value chain, current attempts to operationalize relatedness use measures that capture only resource sharing on the technological side of a firm's value chain and hence neglect potential resource sharing and related benefits on the customer side of the value chain. This study fills this gap by proposing and constructing measures that capture relatedness along the firm's entire value chain. Our measures are assessed relative to existing measures in terms of explaining firm performance in a panel dataset of U.S. manufacturing firms. Our findings indicate that our relatedness measures perform significantly better than existing measures and that customer side relatedness is a significant and independent source of relatedness.

**The Performance Implications of Related and Unrelated Within-Industry Diversification**

Timo Sohl, *University of St. Gallen*  
 Thomas Rudolph, *University of St. Gallen*

Different from previous literature on cross-industry diversification, this study investigates the performance implications of multiunit firms' related and unrelated diversification within a single industry. Results of the world's leading retail firms' unit (i.e., retail format) diversification behavior over thirteen years (from 1997 to 2009) show that profits first decrease at low levels of relatedness and then increase at an increasingly higher level as corporate parents focus stronger on related within-industry diversification. Moreover, we find suggestive evidence that unrelated within-industry diversification has a negative effect on profits. Finally, the study indicates that especially related diversifiers who exceed a distinct (minimum) level of related within-industry diversification are able to develop capabilities over time that lead to superior firm performance.

**Value Added Parenting by Centers of Unrelated Diversified Multi-Business-Firms: The Case of Private Equity Firms**

Christian Landau, *EBS University of Business and Law*  
 Robert Gietl, *Plastics Engineering Group*  
 Martin Rahmel, *University of Erlangen-Nuremberg*

A central matter in research on multi-business-firms is the question how a corporate center can add value to an unrelated diversified portfolio of businesses. Taking a combined agency and resource-based approach and analyzing survey data on 303 European companies that were subject to a buyout using structural equation modeling, we find that private-equity-firms, which can be considered the equivalent to a center in a very special type of a conglomerate multi-business-firm, can add value to their portfolio which is not based on horizontal synergy among businesses but on vertical influence by the central unit of the businesses. This value is added indirectly through incentivizing and controlling the top management team as well as directly through support of businesses in financial and strategic issues.

**Variety Bundling as Demand-Side Diversification**

Lalit Manral, *University of Central Oklahoma*  
 Kathryn Harrigan, *Columbia University*

This paper provides theoretical arguments and empirical evidence to explain the logic and performance implications of variety bundling. It proposes a novel concept of demand-side diversification – wherein a firm adds products that it can sell to its existing customers – to ground the theoretical explanation of the pervasive corporate phenomenon in the diversification literature in management. It explains the performance implications of the choice to diversify on the demand-side in terms of characteristics of the diversifying firm, the diversifying firm's own industry, and the diversifying firm's target industry. It employs data from the US Telecommunications Services industry during 1990-1996 to conduct the empirical analysis.

## SESSION 115

**BOARDS OF DIRECTORS****TRACK F**

**Date** Monday, Nov 7  
**Time** 11:00 – 12:15 h  
**Room** Cowrie 1

**Common Ground****Facilitator**Brian Boyd, *Arizona State University***Board Processes, Climate and the Impact on Board Task Performance**

Simon Peck, *Case Western Reserve University*  
 Terry McNulty, *University of Liverpool*  
 Bernard Bailey, *Case Western Reserve University*

This work contributes to the literature on board effectiveness by opening the “black box” associated with board dynamics and behaviors. Drawing on the process oriented perspective of board level strategic decision making from Forbes and Milliken (1999) and the group engagement model by Tyler and Blader (2000; 2003), we develop and test a model drawing on surveys from 151 directors of US stock market companies. Our findings show that the creation of a climate of respect within the boardroom, as well as board member and top management team (TMT) collaboration are positively related to “effort norms” and “cognitive conflict” processes. TMT and board member collaboration was also positively related to “use of expertise”.

**Exploring Boardroom Dynamics: A Structural Approach**

Esther Solomon, *Fordham University*  
 Morten Huse, *BI Norwegian School of Management*

Cognitions regarding governing processes can provide insights into the mental maps used by governing boards to understand their boardroom dynamics. Governing is an integrative function involving multiple diverse participants and external constituent groups whose interests board members represent. These complexities and levels of analysis present challenges for researchers, as does the shifting quality of processes. Using a structural approach can offer insights into tensions and tradeoffs involved in governing. This paper contributes to governing process research by analyzing perceptions by board members of Norwegian companies regarding the dynamics in their boardroom. It applies a structural holistic approach facilitated by multidimensional scaling. Analysis of the lawfulness in the emerging perceptual structures helped clarify underlying dynamics and identified parallels with other domains of social psychological research, pointing to future synergistic research directions.



## Exploring the Role of the Board of Directors in Interpreting the Environment and Directing R&D Strategy

David Sirmon, *Texas A&M University*  
Chris Tuggle, *University of Missouri*

Herein we investigate board of directors' role as information processors. Drawing on the attention-based view, resource dependence, and upper-echelons perspectives, we expect that boards scan the firm's environment and that board meeting discussions of entrepreneurial issues are influenced by the interpretation of the environment. Next, we expect that the allocation of board attention to entrepreneurial issues affects the firm's R&D strategy. Our results support these expectations. In fact, we find that the board acts as the mediator between the environment and the firm's R&D strategy.

## The Impact of Interlocks and Agency Conditions on Corporate Degree of Internationalization

Kurt Wurthmann, *Florida Atlantic University*

Decisions about the appropriate degree of internationalization (DOI) are among the more complex and critical strategic decisions facing corporate leaders. The present research examines whether focal firm DOI appears to be related to previous DOI of the focal firm's interlock partners. The potential moderating roles of percentage of independent outside directors and CEO duality at the focal firm are also examined.

## ✿ The Institutional Environment and Gender Diversity on Boards of Directors

Cory Angert, *University of Houston*  
Seemantini Pathak, *University of Houston*

This study proposes that the institutional environment, consisting of legal, sociopolitical, and economic components, impacts gender diversity within a firm's board of directors. Based on proxy data for the top 150 Fortune 500 companies of 2006, hypotheses concerning the three forms of isomorphism through which the institutional environment may impact a company's board gender diversity are put forward and tested. Our findings contribute to furthering the research domains of gender diversity and institutional theory by helping to explain the integral role that institutional mechanisms play in shaping board composition, identifying possible antecedents of gender diversity that have previously been absent from the governance literature, and applying gender diversity knowledge derived primarily from studies focusing on lower levels of organization to investigation at the board level.

### SESSION 160

## OFFSHORING

<b>TRACK G</b>	<b>Date</b>	Monday, Nov 7
	<b>Time</b>	11:00 – 12:15 h
<b>Paper</b>	<b>Room</b>	Sundial

**Session Co-Chairs** Ram Mudambi, *Temple University*

## Global Sourcing of Advanced Services: A Strategic Management Analysis on Activity Level

Peter D. Ørberg Jensen, *Copenhagen Business School*  
Bent Petersen, *Copenhagen Business School*

We propose a strategic management approach to global sourcing of advanced services. We discuss in which ways conventional sourcing differs from strategic sourcing and what impels firms to aim for the latter (or, prevent them from doing so). Potentially, strategic global sourcing of services has high returns, but is also associated with high risks and organizational changes. It may therefore be outside firms' "comfort zone" – a composite of organizational knowledge transferability, structural inertia, managers' risk preferences, and – most interesting in

a strategic management perspective - their ability to mitigate associated risks. One important risk reducing measure is internalization of (out) sourced service activities. An illustrative company case gives suggestions as to how internalization may be accomplished without losing valuable human assets held by the local providers.

## Outsourcing Innovation: Organizational Models in the Offshoring of R&D Services

Saikat Chaudhuri, *University of Pennsylvania*  
Phanish Puranam, *London Business School*

Extant research on offshore outsourcing has largely studied non-core, fairly routinized tasks, such as IT services and BPO. However, companies have recently begun outsourcing higher-end work entailing greater complexity and uncertainty, including knowledge-based services like R&D. We hence investigate to what extent the coordination and incentive practices of the Global Delivery Model can effectively transfer to such projects, by examining the performance impact of the inherent challenges and organizational model in a sample of global R&D projects conducted by a leading Indian outsourcing vendor with its customers. We find that requirements volatility has a negative impact on performance, but that the organizational design, in terms of contractual structure and offshore-on-site distribution of employees, can mitigate the effect. The results question traditional notions of firm boundaries.

## The Impact of Offshoring on Firm Competitiveness: Linking Objectives and Strategic Timing

Oli Mihalache, *Erasmus University - Rotterdam*  
Shiko M. Ben-Menahem, *Erasmus University - Rotterdam*

Recently, the offshoring of business processes has gained great popularity. However, research is inconclusive regarding the consequences of offshoring for firm performance. In this study, we argue that the match between the timing and objectives of offshoring is important for determining to what extent offshoring enhances firm competitiveness. More specifically, we propose that when engaging in offshoring projects with exploitation objectives, firms are more likely to increase their competitiveness when timing such projects ahead of competitors. Conversely, when engaging in offshoring projects with exploration objectives, firms are more likely to enhance competitiveness by adopting a fast-follower strategy. We test our propositions using data from the Offshore Research Network database, which contains project-level information regarding the motivation and initiation date of 2,300 offshoring instances between 1990-2005.

## Why Are Firms Offshoring High-Value Business Functions? A Survey-Based Empirical Analysis

Joan E Ricart, *IESE Business School*  
Niccolo Pisani, *IESE Business School*  
Tunji Adegbesan, *Pan-African University*  
Pablo Agnese, *IESE Business School*

Recent surveys in both the academic and managerial literature stress that firms are increasingly migrating high-value business activities to offshore locations. Nevertheless, despite much debate on whether or not companies should be offshoring these functions, we still have an underdeveloped understanding of why they are doing so. We respond by empirically exploring the drivers behind the offshoring of high-value business functions. We test our hypotheses on a fine-grained database of 262 offshoring projects initiated by 71 Western European companies, allowing us to zero in on drivers of the decision to offshore product-development activities relative to other lower-value activities. We find sole support for knowledge-seeking explanations, suggesting that the current phenomenon is value-creating for firms.

## SESSION 239

**RISK, UNCERTAINTY AND BEHAVIOR**

<b>TRACK H</b>	<b>Date</b>	Monday, Nov 7
	<b>Time</b>	11:00 – 12:15 h
<b>Paper</b>	<b>Room</b>	NY Sands
<b>Session Chair</b>	Philip Bromiley, <i>University of California-Irvine</i>	

**How M&A Valuations Differ as Knightian Uncertainty and Controversy Vary**

Hyoung-Goo Kang, *Hanyang University*  
 Will Mitchell, *Duke University*  
 Richard Burton, *Duke University*  
 Wonseok Woo, *Ewha Womans University*

Valuation of mergers and acquisitions (M&A) is a critically important undertaking in corporate finance and competitive strategy. The most visible recommendations for M&A valuation draw on standard financial capital budgeting models of net present value and its variations, but actual M&A valuations exhibit higher variance than the financial models would suggest. This paper studies the extent of heterogeneity in M&A valuation, arguing that differences reflect systematic variation in the degree of two types of social factors that arise in the behavioral theory of the firm – uncertainty and controversy – that a potential acquisition creates for a firm. The paper applies recent research concerning organizational capital budgeting to M&As, while helping to extend the behavioral theory of the firm to the M&A context.

**Knowledge, Recent Performance, and Risk Taking Under Performance Pressure**

Yu Zhang, *University of California-Irvine*  
 Philip Bromiley, *University of California-Irvine*

We examined how knowledge and recent performance of risk activities affects firms' risk taking behavior under performance pressure. Specifically, we differentiated between firms' taking of known vs. unknown risks. We proposed that firms' taking of unknown risk will depend on their recent performance of the risk activities, while their taking of known risks will be less so. We tested our hypothesis with the bank holding companies (BHCs) in the U.S. from 2001 to mid-2007. We found that recent performance of risk activity amplified BHCs' holding of mortgage-backed securities (unknown risks) when they were under performance pressure, but not their holdings of risk-based assets (known risks) under performance pressure.

**Organizational Structure, Timing of Information Flows and Attitude Change**

Luís Almeida Costa, *Nova University of Lisbon*  
 João Amaro de Matos, *New University of Lisbon*

The alignment of collective goals and individual behavior has been extensively studied by economists under a principal-agent framework. Two main solutions have been presented: explicit incentive contracts and monitoring. These solutions correspond to changes in the objective situation faced by individuals. However, an extensive literature in social psychology provides evidence that behavior is influenced, not only by situational constraints, but also by attitudes. Attitudes are summary evaluations of persons, objects, or ideas along a dimension ranging from positive to negative. Therefore, an important dimension of organization is to choose the structures and procedures that best contribute to the alignment of attitudes. This paper uses a dynamic model to study the relationship between organizational structure, the timing of information flows and the process of formation of attitudes.

**Theorizing Unimagined Events: The Embodied Imagination Approach**

Ivano Cardinale, *University of Cambridge*

Organizations sometimes run up against events they had not imagined before their occurrence. This paper outlines a theory of unimagined events. I begin with Bourdieu's idea that thought and action rely on pre-reflexive mental categories, which agents develop by internalizing the objective conditions in which they are socialized. I then propose that when mental categories correspond to objective conditions, agents are able to anticipate both routine and "predictably novel" events; but when such correspondence is reduced, agents might not imagine events that can indeed occur. This idea suggests that unimagined events occur when the objective conditions in which mental categories are developed are different from those in which categories are deployed. In a multi-polar, increasingly interdependent world, those differences will arise more and more frequently.

## SESSION 260

**KNOWLEDGE MANAGEMENT**

<b>TRACK I</b>	<b>Date</b>	Monday, Nov 7
	<b>Time</b>	11:00 – 12:15 h
<b>Paper</b>	<b>Room</b>	Poinciana Salon 1
<b>Session Chair</b>	Marco Ceccagnoli, <i>Georgia Institute of Technology</i>	

**Factors Influencing the Usage of E-Government - A Structural Equation Modeling Approach**

Kathrin Bösemer, *Technical University of Kaiserslautern*

In the course of new public management ideas the internet has become a popular instrument for providing governmental services electronically. Most countries lay their focus on boosting the availability of electronic services, but the success of an E-Government initiative is mainly connected to citizens' willingness to accept and use these services. The goal of my research is to identify the factors that drive citizens user behavior of E-Government services. Therefore a research model was proposed and empirically tested by using structural equation modeling technique. Perceived Usefulness, Trust in Government, Compatibility and Infrastructure & Knowledge were identified as the main drivers for the intention to Use. The intention in turn predicts the usage behavior.

**Hand in Hand: Aligning Knowledge Management Strategy with Business Strategy**

Amit Karna, *EBS University for Business and Law*  
 Stefan Smolnik, *EBS University for Business and Law*  
 Felix Ranft, *EBS University for Business and Law*

A business strategy includes plans and actions to create a valuable and unique position by aligning internal activities and making trade-offs between them. Whereas, a knowledge management (KM) strategy is defined in terms of the main processes – viz. creating knowledge, storing knowledge, transferring knowledge, and applying knowledge – that are adopted by any organization. Our paper examines the connection between business strategy and KM strategy, using alignment theory. An event study analysis of 49 companies' 117 KM-related announcements and the post-announcement firm performance was carried out. The preliminary findings suggest that although there is a performance pattern among different strategies followed, there is also evidence that a proper alignment between business strategy and KM strategy results in superior performance.



## Knowledge Management, Appropriation, and Firm Performance

Marco Ceccagnoli, *Georgia Institute of Technology*  
Nicolas van Zeebroeck, *Free University of Brussels*

Recent surveys suggest that firms increasingly rely on secrecy rather than patenting or other legal instruments to appropriate their most valuable knowledge assets. From a policy point of view, secrecy appears less desirable since it does not allow the knowledge to diffuse through patent or scientific databases. This study extends this line of reasoning to within-firm knowledge diffusion. We investigate how different appropriation strategies affect the performance of firms in the presence or absence of efficient knowledge management strategies to facilitate internal diffusion and reuse. Specifically, in the absence of explicit knowledge management, we expect patenting to lead to superior performance than implicit mechanisms such as secrecy through higher knowledge diffusion. Our main contribution is on a deeper understanding of the potential downside risk associated with implicit appropriation strategies.

## The Internal Knowledge Contribution of MNC Subsidiaries by Overcoming 'Localized Search'

Feng Zhang, *St. Mary's University*  
Guohua Jiang, *Temple University*

While previous literature focused on new product introduction rate that is brought by non-localized search efforts of firms, this measure may not be able to generate in-depth insights of the effects of non-localized search on multinational corporations (MNCs) because of their geographically dispersed organizational structure. We argue that the pattern of internal knowledge flows is a better indicator of innovative performance than new product introduction rate for large MNCs. By differentiating knowledge outflows from a subsidiary to the headquarters, peer subsidiaries, and the focal subsidiary of the equivalent MNC, we will be able to identify the mechanism, through which MNCs with their spatial organizational structure could enjoy the benefits of non-localized search. The results will have important implications on knowledge management strategies of MNCs.

### SESSION 261

## INNOVATION AND TECHNOLOGY

<b>TRACK I</b>	<b>Date</b>	Monday, Nov 7
	<b>Time</b>	11:00 – 12:15 h
<b>Paper</b>	<b>Room</b>	Poinciana Salon 2

**Session Chair** Mary Tripsas, *Harvard University*

## Managing Technology Transitions: The Importance of Forgetting

Susan Cohen, *University of North Carolina-Chapel Hill*  
Mary Tripsas, *Harvard University*

Why even after learning a radical technology, do some firms stumble? While extant research has demonstrated that a firm's ability to explore and exploit knowledge garnered through distant and local search improves its innovation outcomes, less is known about how firms ultimately subtract knowledge, and how this forgetting, or unlearning, contributes to successful technological transitions. Through our empirical investigation of photography firms transitioning from analog to digital technologies, we find that innovative performance improved not only by adding knowledge, but also by subtracting knowledge. We also examine the impact of taking a 'last gasp.' We find that while firms that took a last gasp may push the old technology to new limits, they negatively impacted their success in innovating in the new technology.

## Post-Divestment Innovation Productivity and Technological Diversity

Aseem Kaul, *University of Minnesota*

This study examines firm innovation following focus-increasing divestments. Results from a cross-industry panel of US manufacturing firms from 1986 to 2002 shows that focus-increasing divestments are

followed by increased quality of innovation output, especially where the firm has strong complementary resources. A reduction in corporate scope does not automatically map to a reduction in technological diversity, however. Firms with limited opportunities in their core business, or with access to markets for technology, may continue to pursue innovation in a diversity of areas even after they reduce their product-market scope. The study thus provides novel insights into the evolution of firm technological capabilities post-divestment, and contributes to our understanding of the relationship between technology and corporate scope.

## The Effects of Technological Relatedness on Post M&A-Integration

Emiel F M Wubben, *Wageningen University*  
Maarten Batterink, *Wageningen University*

Despite a large body of knowledge on the relationship between technological relatedness, Mergers and Acquisitions (M&As) and innovation, there is only limited insight in the process of innovation synergy realization. This study examines how innovation synergies are realized in 10 large medium- and high-tech M&A cases in the life-sciences, and how innovation synergy realization is linked to different levels of technological relatedness. It distinguishes between three types of innovation synergies, and it describes how these synergies are realized in terms of post M&A integration mechanisms. The results indicate that there are three levels of R&D integration, which are, interestingly, linked to different levels of technological relatedness and to different types of innovation synergies.

## When Do Firms Benefit from Acquiring External Technology?

Joshua Sears, *University of Illinois-Urbana Champaign*

Recent research has come by conflicting results regarding whether the technological capabilities of the target and acquirer complement or substitute each other. I argue that this depends on the rationale for acquiring external technology. I identify four general rationales based on the technological relatedness of the target and acquirer and on the technological leader/laggard status of the acquirer. I find that the target's technological capabilities create more value with less technological overlap and increase acquirer patenting intensity. The acquirer's technological capabilities create more value when it is a technological leader and increase patenting intensity. Further, acquirers benefit most when both little technological overlap is present and the acquirer is a technological leader. Finally, I find that only acquisitions by technological laggards significantly destroy value.

### SESSION 262

## ROLE AND IMPACT OF COLLABORATION

<b>TRACK I</b>	<b>Date</b>	Monday, Nov 7
	<b>Time</b>	11:00 – 12:15 h
<b>Paper</b>	<b>Room</b>	Venus

**Session Chair** Anne Parmigiani, *University of Oregon*

## ★ ♣ Do Ties Really Bind? The Effect of Technological & Relational Networks on Consensus Formation

Ram Ranganathan, *University of Pennsylvania*

The ability of firms to systematically control technological change is an aspect of dynamic capabilities that has received limited attention. Multi-firm technology consortia that develop standards cooperatively are venues where firms have opportunities to shape such change. However, the reality of firms' private, divergent interests implies that firms may differentially view the standards as beneficial or detrimental. This paper explores consensus formation within such consortia by studying firms' choices to vote against the standard. Results from a 125-firm consortium reveal that although firms who have advantageous relational positions



vote against the consensus, this is moderated by the firm's technological position within the community. By jointly analyzing two networks – technological and relational – this paper brings a pluralistic perspective on decisions in multi-firm settings.

### How do Firm Capabilities and Horizontal Scope Influence the Extent of Learning by Exporting: Evidence from Indian Pharmaceutical Firms

Anand Nandkumar, *Indian School of Business*

Chirantan Chatterjee, *Carnegie Mellon University*

This paper explores how differences in R&D, capability and horizontal scope influences the extent of learning by exporting using a novel dataset of Indian pharmaceutical producers between 1994 and 2007. We find that, exporting per se, results in enhancements to a firm's level technical efficiency; exporting to developed nations enhances technical efficiency by more. While more capable firms benefit less from exporting relative to less capable firms, firms with wider horizontal scope benefit more from exporting relative to firms that have narrower scope.

### Testing the Resourced Based View by Matching Estimation Techniques: Illustrated by University Knowledge Sourcing

Thorsten Teichert, *University of Hamburg*

Wolfgang Sofka, *Centre for European Economic Research*

Empirical validation of the resource based view has inherent difficulties. The assumption of unique resources/capabilities inhibits most empirical tests which base on averages as reference point. We argue that matching estimation techniques can be a promising analytical tool to fill this gap. Put simply, they rely on matching each firm from an experimental group with an almost identical twin from a control group based on an objectively estimated propensity score. Hence, matching controls for the relevant context and investigates counterfactuals by individual benchmarks. We demonstrate the matching procedure for an illustrative empirical study of firms sourcing knowledge from universities. Findings indicate that traditional methods may overestimate the performance effects of single resources. Matching estimation reveals to be a valuable tool for controlling heterogeneity.

### The Role of Inventor Collaboration Networks in Organizational Learning

Sungyong Chang, *Seoul National University*

Sunkee Lee, *Seoul National University*

Jae Yong Song, *Seoul National University*

To assess how the structure of inventor collaboration networks affects organizational learning, this paper investigates the evolution pattern of real life inventor collaboration network structures and its effect on knowledge diffusion within organizations. In order to evaluate the learning performance of focal organizations, a computer simulation model will be run based on actual network structures constructed with U.S. patent data. It is posited that as the inventor collaboration network evolves into a "small-world" network, a network composed of dense clusters and short path lengths between them, the diffusion rate of superior knowledge will increase substantially. In addition, it is postulated that different rates of learning and different levels of problem complexity will affect the pattern of knowledge diffusion performance depending on the network structure.

#### SESSION 187

### ASSETS AND RESOURCES: EXTENDING RECEIVED WISDOM

#### TRACK K

Date Monday, Nov 7

Time 11:00 – 12:15 h

#### Paper

Room Poinciana Salon 3

#### Session Chair

Jan Brinckmann, *Ramon Llull University*

### Entrepreneurial Finance and Performance: A Transaction Cost Economics Approach

Alicia Robb, *Kauffman Foundation*

Robert Seamans, *New York University*

We extend transactions cost economics to the entrepreneurial setting. The transaction cost economics project finance framework suggests equity is better suited to projects with high levels of asset specificity while debt is better suited to projects with low levels of asset specificity. We apply this transaction cost economics framework to the entrepreneurial finance setting and generate a set of hypotheses. We test these hypotheses using data from the Kauffman Firm Survey to empirically show that (1) firms align their debt ratio with their asset specificity and (2) performance is adversely affected when the use of debt and equity are not properly aligned with asset specificity. Our results are robust to different measures of asset specificity and performance. Our findings highlight the importance of matching the type of finance used to the characteristics of the project.

### Matching the Static to the Dynamic: Managing Specificity in Turbulent Environments

Tilman Rüsike, *Free University of Berlin*

Martin Gersch, *Free University of Berlin*

This work presents the management of specificity of resources and competences as central to the competitiveness of organizations. The notion of asset specificity draws on Transaction Cost Economics and strategic management research thereby highlighting the explanatory power this concept possesses compared to others. The core contribution of this paper is to illustrate the dynamic side of specificity. Contemporary research relies on specificity as a rather (comparative) static variable. Emphasizing strategic management, however, we suggest that specificity evolves and changes over time as markets and institutional environments shift. Matching these challenges, managing specificity is reflected in (de-)specification strategies over time. Finally, an illustrative case of the deregulation of the US airline industry in the 1970's enhances this line of argumentation.

### SMEs' Access to Market Information: The Combined Effect of CEOs' Social Capital

Bart Chollet, *Grenoble School of Management*

Mickael Geraudel, *University of Montpellier*

Caroline Mothe, *University of Savoy*

This paper identifies how different dimensions of CEOs' social capital affect SMEs' access to market information. Based on a sample of 402 French SME CEOs in manufacturing industries, we find that two specific dimensions impact access to market information: strength of ties has a positive effect; lack of industry focus (having ties to others situated mostly in different industries) has a negative effect. We also find an effect of positive personality traits (conscientiousness, agreeableness, openness to experiences, extraversion). As a result, this paper offers a renewed vision of SME CEOs' access to market information, as the combined outcome of individual (personality) and contextual (social capital) variables.



## Sources of Strategic Flexibility in Emergent Organizations: A Matter of Resource Endowments or Resource Management?

Jan Brinckmann, *Ramon Llull University*

Dietmar Grichnik, *University of St. Gallen*

Luv Singh, *WHU - Otto Beisheim School of Management*

In this article, we analyze the effects of resource management and resource endowments on the strategic flexibility of emergent organizations. We find that a greater degree of resource management activity, containing innovative and resourceful actions for acquiring and deploying resources, leads to greater strategic flexibility. Moreover, our results indicate that human and social capital endowments are positive antecedents of strategic flexibility whereas financial capital endowment does not enhance strategic flexibility. Theoretical and practical implications are discussed.

### SESSION 225

## EXPLORING THE IMPACT OF HR PRACTICES ON EMPLOYEE OUTCOMES

<b>TRACK L</b>	<b>Date</b>	Monday, Nov 7
	<b>Time</b>	11:00 – 12:15 h
<b>Common Ground</b>	<b>Room</b>	Periwinkle
<b>Facilitator</b>	Gary McMahan, <i>University of Texas-Arlington</i>	

## Development of Human Capital Resource: An Empirical Study of Distinct Capabilities, Competencies and Skills

Asif R Khan, *University of Glasgow*

Robert MacIntosh, *University of Glasgow*

Robert McMaster, *University of Glasgow*

The links to competitiveness through development of human capital resources has been less than clearly articulated in the scholarly literature. There are many conceptual papers and discussion with respect to the heterogeneous nature of the tangible and intangible assets and their links to performance, but disproportionately smaller direct empirical support papers. This is due to a lack of clarity and contradictions on appropriate definitions, terminologies and concepts of interest in research studies. Set in the knowledge and skills intensive area of healthcare medical management, the paper focuses on developing human capital resource through the acquisition of distinct capabilities and competencies leading to subsequent affect on performance. The goal is to clarify component measurement constructs, links to performance and value gained for possible further future research.

## Economic Consequences of Performance Evaluations

Rocio Bonet, *IE University*

Tor Eriksson, *Aarhus University*

Jaime Ortega, *Carlos III University of Madrid*

This paper investigates the link between performance evaluations and firm performance. We use a Danish national representative sample for which we have matched employer-employee data to study three different mechanisms through which evaluations might influence performance: assignment, compensation and training decisions. Our results indicate that firms benefit from evaluating the performance of their employees when they use the results of these evaluations for compensation decisions. However, performance evaluations do not seem to increase firm performance through an improvement in assignment or training decisions.

## Human Resource Practices and Employee Overtime

Argyro Avgoustaki, *Carlos III University of Madrid*

The paper examines the direct and complementary effect of different human resource practices on employee overtime as an indicator of work intensification. Using data from the European Working Conditions Survey, the main results reveal that the adoption of training, job rotation, teamwork, and performance payments are positively associated with overtime. However, the coefficient of career development shows a negative effect. Similarly, the estimates of the effect of employee discretion are negative conveying that employee discretion expressed either as the employees' discretion to affect methods used at work or schedule, could cause a decline in overtime. When testing the effect of complementarities among HR practices on employee overtime, coefficients are positive, however do not differ from zero at a statistically significant level.

## Pay For Performance? Evidence That Pay and Contribution Dispersions Work in Concert to Affect Organizational Performance

Aaron Hill, *University of Nevada-Reno*

Jason Ridge, *Clemson University*

Federico Aime, *Oklahoma State University*

The purpose of this research is to investigate the dispersions of individuals' contributions to organizational performance and whether or not this works in concert with the dispersion of individuals' pay. We take a social comparison perspective to add to our understanding of how organizations can structure both their compensation to and employee talents to enhance performance. The results of our analyses indicate that not only does the dispersion of individuals' contributions affect performance but also that contribution dispersion works in conjunction with pay dispersion such that congruence between these two aspects impacts organizational performance as well. Our findings have implications for both our understanding of social comparison in organizations and for the practices of managing and compensating human resources.

## Strategic Orientation, Compensation System and Firm Performance

Aino Salimäki, *Hanken School of Economics*

Jouko Heiskanen, *Aalto University*

Tomi Laamanen, *Aalto University*

Despite advances in the strategic compensation literature, there are surprisingly few empirical studies on the effects of firm strategy – compensation system fit on firm performance, especially concerning employee level compensation. Furthermore, the theoretical arguments on the mechanisms that explain why and how fit matters have been rarely validated empirically. We explore two competing mechanisms through which the fit between firm strategic orientation and compensation could become established: strategy implementation and organizational culture. The results indicate that firms with growth-oriented strategies (Prospectors) benefit from large individual incentives and high base pay, while efficiency-oriented firms (Defenders) benefit from low levels in both individual incentives and base pay. Partial support for the mediating mechanisms highlights the importance of deepening understanding of strategy – compensation system fit in future research.

## The Determinants of Job Rotation Schemes

Argyro Avgoustaki, *Carlos III University of Madrid*

This paper studies the determinants of job rotation as predicted by different job rotation approaches; the career development, the employee motivation, and the staffing. Given that previous literature has mainly examined employee and firm characteristics, this study aims to take a step further by examining additional information on job-related characteristics not previously tested. Using a large dataset of European employees, results show that employee and job-related characteristics



are more likely to determine a firm's decision to rotate employees yielding support for all tested theories. However, findings stemming from firm characteristics reject the theories. When distinguishing between standard and nonstandard employees, results confirm the predictions of the career development approach.

## SESSION 308

**STAKEHOLDERS & [IL]LEGITIMACY**

<b>TRACK M</b>	<b>Date</b>	Monday, Nov 7
	<b>Time</b>	11:00 – 12:15 h
<b>Paper</b>	<b>Room</b>	Crown Conch

**Session Chair** Robert Phillips, *University of Richmond*

**Making the Immoral Legitimate: Managing Impressions in a Core-stigmatized Industry**

Jatinder Sidhu, *Erasmus University - Rotterdam*

Edward Carberry, *Erasmus University - Rotterdam*

Esther Van Londen, *Erasmus University - Rotterdam*

Core-stigmatized organizations represent a theoretical anomaly. Although they lack broad-based social acceptance, they nevertheless are able to gain legitimacy, assemble resources and achieve growth in an adverse setting. We contribute to an emerging literature on core-stigma by examining how firms in the Dutch sex-toys industry manage impressions of constituents to reduce stigmatization. Our inductive study reveals that the tactics employed vary over time, among firms and across audiences. The paper enriches the literature by beginning to unravel the dynamics associated with stigma avoidance, legitimacy enhancement, firm performance and industry evolution.

**Out of Sight, Out of Mind: Internal Incentives, External Pressures, and the Pollution Haven Effect**

Pascual Berrone, *IESE Business School*

Luis Gomez-Mejia, *Arizona State University*

Joanna Tochman Campbell, *Texas A&M University*

Drawing on institutional theory, agency rationale, and the environmental management literature, we explore the extent to which firms in polluting industries deflect their dirty activities to environmentally lax and distant geographical regions to enhance their legitimacy. We also explore how corporate governance mechanisms can promote or dissuade this type of action. We use longitudinal data on 469 U.S. firms from polluting industries to test our contention. Results suggest that firms engage in "hypocritical substantive compliance," and tend to locate their polluting activities away from their headquarters and in pollution havens abroad as the regulatory stringency increases. However, this relationship is contingent on the incentives provided to the CEOs and the type of monitoring in place. Research and managerial implications are discussed.

**The "Chemical Spillover" Effect: Are Polluters "Intoxicating" Clean Organizations?**

Luis Diestre, *IE University*

Nandini Rajagopalan, *University of Southern California*

In this study we propose the existence of a "chemical spillover" effect. Supporting our theoretical logic we provide evidence that an environmental accident involving a specific toxic chemical also harms those other firms who handle that same toxic compound in their manufacturing activities. In addition, we find that this spillover effect is greater when the chemical at stake was already perceived as highly illegitimate by environmental stakeholders before the accident. Finally, we argue and provide evidence

that the presence of chemical-level associations (created by users of specific chemicals) diminishes the extent to which firms are affected by this "chemical spillover" effect.

**When Silicon Valley Resembled Salem: Professional Services Firms in the Backdating Stock Options Scandal Taint**

Steve Gove, *Virginia Tech*

Jay Janney, *University of Dayton*

Institutional theory suggests firms not only adopt the practices of successful firms, but also announce they are doing so, in order to attain legitimacy. While stock option backdating diffused among numerous organizational fields, it wasn't announced; hence question emerge about its legitimacy. Diffusion studies on tainted affiliations focus primarily on interlocks from common board members. We extend this research by examining market reactions to interlocked firms who also are affiliated with specific professional services firms, who possess specialized knowledge. We conduct a two stage event study on firms linked to firms who announced backdating concerns: We find an overall main effect of -0.62%, and well as more severe reactions if linked firms also were linked to leading professional services law and audit firms.

## SESSION 230

**TEACHING TRACK**

<b>TRACK T</b>	<b>Date</b>	Monday, Nov 7
	<b>Time</b>	11:00 – 12:15 h
<b>Presentation</b>	<b>Room</b>	Cowrie 2

**Teaching Strategy Practice and Process – What General Managers Really Do**

**Session Chair**

Jay Dial, *Ohio State University*

**Panelists**

Jay Barney, *Ohio State University*

Robert Burgelman, *Stanford University*

Richard Rumelt, *University of California-Los Angeles*

What do general managers actually do? How do we train our students to develop and implement good strategies? What are the challenges they will face in becoming effective general managers? How can we bridge theory and practice and develop the ability to move from analysis to action? This session will examine the latest thinking on this topic and discuss pedagogical approaches for maximum impact.

12:15 – 13:30  
**LUNCHEON**



## SESSION 146

**INTEGRATING MARKET AND NON-MARKET STRATEGY: INSTITUTIONAL PERSPECTIVES IN A MULTI-POLAR WORLD**

<b>TRACK A</b>	<b>Date</b>	Monday, Nov 7
	<b>Time</b>	13:30 – 14:45 h
<b>Panel</b>	<b>Room</b>	Americana Ballroom

**Session Chair**Witold Henisz, *University of Pennsylvania***Panelists**Jean-Philippe Bonardi, *University of Lausanne*Jonathan Doh, *Villanova University*Thomas Lawton, *EMLYON Business School*Kamel Mellahi, *University of Warwick*Richard Vanden Bergh, *University of Vermont*Bennet Zelner, *Duke University*

Our starting premise is that institutions not only matter but also can be decisive to whether or not a company has competitive advantage. Moreover, we consider how the role and impact of institutions on integrated strategy varies from country to country. We focus on the process and practice by which strategic managers can proactively engage with and influence institutions, ensuring alignment with business objectives and market positions and facilitating success in the contest for global competitive advantage. Our discussion focuses on the conceptual approaches to this phenomenon. We seek to determine how theoretical and methodological synergies can be forged between disparate disciplines and frameworks, to integrate market and non-market strategy and ultimately provide managers with a more holistic strategic toolkit.

## SESSION 144

**CROSS-BORDER CAPABILITY BUILDING**

<b>TRACK B</b>	<b>Date</b>	Monday, Nov 7
	<b>Time</b>	13:30 – 14:45 h
<b>Paper</b>	<b>Room</b>	NY Sands

**Session Chair** Mary Teagarden, *Thunderbird School of Global Management*

**Global Talent Management as a Dynamic Capability in Innovation Networks**Mary Teagarden, *Thunderbird School of Global Management*Andreas Schotter, *Thunderbird School of Global Management*

Global innovation networks are proliferating and present significant human-resource based challenges. There is a major shift in the location of R&D sites from the United States and Europe to China and India. The prevailing “domestic” talent management logic can be explained from the resource-based view of the firm where talent is a source of sustainable competitive advantage. The variety of turbulent, high-velocity environments in which these innovation networks operate—including China and India—requires that MNCs alter and update their resources and capabilities constantly. Given this dynamism, the cross-border management of advanced human resources, including home country and host country R&D and knowledge transfer, talent management needs to be viewed as critical dynamic capability. The results from our comparative-case based fieldwork support this notion.

**Knowing is Changing: Linking Organizational Scanning Processes to Strategic Change Initiatives**Klaus Meyer, *Pantheon-Assas Paris II University*Richard Soparnot, *ESCEM School of Business and Management*

Triggering strategic change depends on learning processes which acquire and process internal and external information. The paper aims to extend

our understanding of antecedents of learning, i.e. organizational scanning processes and their contribution to change. Scanning depends on the organization's attention focus and gathers relevant information necessary for identifying and framing change areas. It is therefore critical to assessing and understanding shifts in global business competition. We build on Klarner et al.'s (2008) organizational change capacity model by conceptualizing scanning as a critical capability linked to organizational learning. Using the case study of a European telecom provider we illustrate how change-related information requirements influence the design of new organizational scanning systems.

**Paradoxical Tensions in Diagnosing Strategic Issues in a Multi-Polar World**Robert Wright, *Hong Kong Polytechnic University*

Strategic issues have important implications for organizational performance in a multi-polar world. More compelling is how these issues are interpreted using strategists' own language in the performance of their strategic activities. How strategists' interpret and make sense of strategic issues provides the impetus for their decisions and subsequent actions. Using a paradoxical lens and complemented with a psychological methodology from Personal Constructs Theory, we gained access into a retail chain and interviewed their entire top management team and middle managers to develop a cognitive model of strategic issues diagnosis. Our model showed clear evidence that managers held paradoxical tensions which lead to (in)effective (mis)diagnosis of critical business issues.

**What is an Alliance Mindset and How it Affects Alliance Management Capability?**Mayank Dhaundiyal, *Dublin Institute of Technology*Joseph Coughlan, *Dublin Institute of Technology*

Research on alliance management has increasingly recognized the role of ‘alliance mindset’ and alliance management capability (AMC) in generating positive alliance outcomes. Yet our understanding of AMC and especially of alliance mindset is virtually non-existent. This qualitative study looks at the alliance mindset of an organization and how it affects alliance management capability. Specifically we explore (i) what are the different components of AMC and how do they affect each other (ii) What is an alliance mindset and how it affects AMC? We do this by interviewing senior level alliance managers in India and Ireland. The theoretical and managerial implications are discussed.

## SESSION 211

**CAPABILITY BUILDING AS A MOTIVE FOR INTERNATIONAL EXPANSION**

<b>TRACK C</b>	<b>Date</b>	Monday, Nov 7
	<b>Time</b>	13:30 – 14:45 h
<b>Paper</b>	<b>Room</b>	Moon

**Session Chair** Mitchell Koza, *Rutgers University*

**Comparing MNE and EMNE Knowledge Networks: Evidence from Wind Turbine Industry**Snehal Awate, *Temple University*Peiyu Chen, *Temple University*Ram Mudambi, *Temple University*

Do EMNEs follow the leader when acquiring knowledge and establishing knowledge networks? Or, do they choose a different path? In this paper, we argue that the innovation strategies of EMNEs are significantly different from those of the leading MNEs. These differences translate into vastly different knowledge networks of individual firms, which can be uniquely leveraged for superior performance. Applying network analysis to the patents of three leading firms in the wind turbine industry, we attempt to capture the differences between the knowledge networks of MNEs and EMNEs.

## How do EE MNCs Develop Ambidexterity by Leveraging Experiential Knowledge?

Fiona Xiaoying Ji, *Virginia Tech*  
Manisha Singal, *Virginia Tech*  
Hung-Wen Lan, *Virginia Tech*

In this study, we build on the concept of ambidexterity capability to explain international expansion of Multinational Corporations from emerging economies (EE MNCs). We conceptualize ambidexterity as a balance between exploitation and exploration of knowledge in the internationalization process. Specifically, we focus on how EE MNCs develop ambidextrous capabilities by seeking, acquiring and integrating knowledge from their previous IJV experiences to strategize expansion in international markets. Hypotheses were developed to predict that EE MNCs benefit from domestic IJVs in order to exploit and explore international markets to strengthen their competitive advantages in global markets.

## International Expansion of Emerging-Economy Firms in Advanced Economies: A Path-Breaking-Change Perspective

Kiattichai Kalasin, *HEC-Paris*  
Pierre Dussauge, *HEC-Paris*

Existing literatures provide the mechanisms behind the international expansion of Emerging MNEs to less developed countries. They generally build upon the ownership-advantage perspective. Firms can leverage their specific advantage to expand in less developed countries, where they can exploit knowledge and experience in the institutional-void business environment. However, to expand in an advanced economy, such a firm-specific advantage may lose its value when transferred. Hence, this study introduces a mechanism that explains the international expansion of emerging-market MNEs to advanced economies. We argue that path-breaking change is a prerequisite step before emerging-economy firms build and leverage ownership advantages. We investigate 855 firms with 2342 observations in 18 emerging countries. These firms did not possess any foreign subsidiary in advanced economy at the beginning period of our observation. We find strong empirical supports that path-breaking changes positively correlate with international expansion in advanced economies.

## Internationalization Of Emerging Market Multinationals: A Capabilities Perspective

Barclay James, *Louisiana State University*  
Rajeev Sawant, *Tufts University*

We develop and test hypotheses concerning the motivations of emerging market multinational enterprises (EMNEs) to engage in up-market foreign direct investment (FDI) in more advanced countries ("go North") and to engage in down-market FDI in emerging markets ("go South"). Existing theoretical perspectives on FDI by multinational enterprises (MNEs) have derived primarily from observing FDI activity by MNEs from advanced economies. We integrate existing FDI theories with organizational capabilities perspectives. We propose that EMNEs are more likely to exploit their capabilities when they go South and to seek new capabilities when they go North. Competitive pressure from established MNEs in EMNE home countries induce EMNEs to seek capabilities by going North.

## SESSION 201

### DYNAMIC CAPABILITIES

<b>TRACK E</b>	<b>Date</b>	Monday, Nov 7
	<b>Time</b>	13:30 – 14:45 h
<b>Common Ground</b>	<b>Room</b>	Cowrie 1

**Facilitator** Jeffrey Martin, *University of Alabama*

## Autonomy or Automation? Understanding Routine/Non-Routine Interplay to Circumvent the Rigidity Paradox of Dynamic Capabilities

Karl Joachim Breunig, *BI Norwegian School of Management*

The contribution of this study is to circumvent the rigidity paradox addressed in the current conceptualizations of dynamic capabilities by identifying four distinct micro-level processes. The paper proposes to view dynamic capabilities as a multi-leveled structuration process. The empirical study is based on 7 years of in depth qualitative exploration in two professional service firms. The longitudinal exploration shows how dynamic capabilities emerge through a careful balance between when to apply organizational routines and when to bypass them. Activities that display variation from previously established routines occur because individuals autonomously interpret and make decisions at the agency level. Thus, the current dynamic capabilities conceptualizations lack an understanding of when autonomous, distributed agents decide to break with pre-established organizational routines.

## Growth Implications of Dynamic Capabilities: Can Internal Fit and Capacity to Change Enlighten the Debate?

Bart Devoldere, *Vlerick Leuven Gent Management School*  
Marion Debruyne, *Vlerick Leuven Gent Management School*

Growth implications of dynamic capabilities are a current debate. Our study empirically investigates direct and indirect growth implications of firms when deploying dynamic capabilities. We propose and measure internal fit and capacity to change as endogenous variables capturing indirect respectively direct resource base effects of dynamic capabilities on firm growth. A newly developed, multi-country longitudinal (1990-2005) dataset on the market research industry is analyzed using three-stage least squares estimation to test our hypotheses. Results indicate that both internal fit and capacity to change positively influence firm growth. However, in their search for higher internal fit and capacity to change, firms need to be aware of the negative influence both have on each other.

## Impact of Dynamic Capabilities on Substantive Capabilities

Ralf Wilden, *University of Technology-Sydney*  
Siggi Gudergan, *University of Newcastle, Australia*  
Ian Lings, *Queensland University of Technology*

In this paper we develop a model that links dynamic capabilities with substantive capabilities. More specifically, we study how opportunity identification and reconfiguring capabilities affect substantive marketing and technological capabilities. Furthermore, we investigate how environmental uncertainty moderates these relationships. We test the model using data from a survey of 228 senior managers. We find positive relationships between dynamic and substantive capabilities. Sub-sample analysis shows that no differences in the effects between organizations exist between firms acting in highly uncertain environments compared to firms acting in rather certain environments.



## The Dynamics of Capability Development: The Effect of Industry Inception and Firm Entry on Sourcing of Competencies

Mahka Moeen, *University of Maryland*  
Rajshree Agarwal, *University of Maryland*

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 two other dynamic components: the role of industry evolution and the timing of firm entry into the focal industry. In this study, we examine the systematic difference in firm's capability development strategies -firm's internal investments in and external sourcing of competence in the form of an alliance or an acquisition- based on the stage of the industry life cycle and firm's timing of entry to the focal industry. The empirical context of our study is the emerging plant biotechnology industry during 1978-2009, which represents the pre-inception to post take-off stages.

## The Elephant in the Room Of Dynamic Capabilities

Giada Di Stefano, *Bocconi University*  
Margaret Peteraf, *Dartmouth College*

Although dynamic capabilities have received considerable attention, one critical issue has been absent from the conversation: the two seminal papers (Teece, Pisano, and Shuen, 1997, and Eisenhardt and Martin, 2000) represent not only dual influences on the field but dueling influences, in the sense that they represent two different and mutually incompatible understandings regarding the core elements of the framework. The contribution of this paper is to draw attention to this issue and to explore its implications for the development of the field. Our results reveal a divided field, mirroring the divided understandings between the two seminal works. Moreover, they suggest that this may pose a serious impediment to the unification and advancement of the field. We conclude with recommendations for moving the field forward.

## The Impact of Network Dispersion, Density and Diversity on MNC Performance: An Empirical Examination

Dina Abdelzaher, *Florida International University*  
Jose de la Torre, *Florida International University*

MNCs are keen on increasing their global expansion across new markets. While this may spell market opportunity, the question is does it translate to performance? MNCs are expanding aggressively and may find themselves managing highly geographically dispersed, highly dense and highly diversified network of subsidiaries, which may become a burden rather than an avenue for increasing firm performance. We analyze the subsidiary networks of 78 US based MNCs consisting of 3318 foreign subsidiaries. Our results show that the lower the geographic dispersion ( $pval < .08$ ), the higher the density ( $pval < .001$ ), and the lower subsidiary product diversity ( $pval < .05$ ) the higher the MNC performance. Results from this integration provide insights into a three dimensional measure of internationalization, complexities of managing MNC networks, and features of an optimal MNC network structure.

### SESSION 219

## KNOWLEDGE & INDUSTRY EVOLUTION

<b>TRACK E</b>	<b>Date</b>	Monday, Nov 7
	<b>Time</b>	13:30 – 14:45 h
<b>Paper</b>	<b>Room</b>	Americana Salon 2
<b>Session Chair</b>	Aldas Kriauciunas, <i>Purdue University</i>	

## Can the Absorptive Capacity of Knowledge Spark the Entrepreneurial Potential of Strategic Alliances

Francisco Gonçalves, *Aveiro University*  
Vitor Gonçalves, *Technical University of Lisbon*

This aim of this research is to analyze the role of firm resources and capabilities in the decision to cooperate as a method for developing entrepreneurial activity. We use a sample of 97 entrepreneurial operations undertaken between 2000 and 2007 by 42 Portuguese pharmaceutical firms. Results suggest that alliances and capabilities are equally important, and actually reinforce each other's role. What is more, knowledge absorptive capacity is qualified as a dynamic capability and it is proven that it has a significant role at enhancing innovative ventures.

## Generations of Innovation: R&D Leadership in HIV Treatment

Alfonso Gambardella, *Bocconi University*  
Anita McGahan, *University of Toronto*  
Giovanni Valentini, *Bocconi University*

Five successful generations of medicines for treating AIDS/HIV over the three decades of the AIDS epidemic are observable. The purpose of the analysis is to codify and identify the importance of market, firm, and scientific factors influencing innovative efforts and successes over each generation of commercialized technology. Our perspective is shaped by the idea that elements of market structure have become progressively endogenized over time as the epidemic has developed. Initially, efforts to innovate were constrained by established organizational structures and markets. As capabilities for HIV/AIDS research developed within firms and other organizations, new markets emerged in which technology was licensed or transferred between parties. A central facet of our approach is to examine how competition to innovate changed over time.

## The Anchor Firm as a Strategic Orchestrator: Evidence from the Nanotech Clusters of Catania and Grenoble

Maria Cristina Cinici, *University of Messina*  
Giovanni Battista Dagnino, *University of Catania*  
Rosario Faraci, *University of Catania*

To what extent anchor firms benefit from taking part into the orchestration of hi-tech clusters? On the ground of a phenomenon based research, we address this question by analyzing two illustrative European cases (i.e. the nanotech clusters of Catania, Italy, and Grenoble, France). As a result of the comparison between the experiences of STMicroelectronics in Catania and Grenoble, we explain the reasons for which the same MNC can be conceived as the two cluster's anchor firm even playing different functions, and cultivating pretty dissimilar strategic orchestration processes and R&D orientations. On the theoretical side, our analysis contributes to anchor firm and orchestration literatures. On the managerial side, it digs deeper in the debate on how contextual conditions and regional idiosyncrasies influence leading company's behavior as orchestrator.

## When Lagging is Better Than Leading: Shadowing Strategy in the Flat Panel Display Industry

I-Chen Wang, *University of Illinois-Urbana Champaign*

There is little understanding in terms of under what circumstance is a firm more likely to tail rather than replace the technological leader. This study proposes that a firm's inter-firm relationship and the competition at the technology frontier increase its likelihood of adopting the shadowing strategy. Empirical evidences from the flat panel display industry suggest that the competition at the technology frontier increases a firm's likelihood of adopting the shadowing strategy. Particularly, when the competition at the technology frontier is at a high level, the inter-firm relationship encourages a firm to adopt the shadowing strategy. The key managerial implication is that under some circumstances competition and inter-firm relationship deter a firm from moving towards the technology frontier, i.e., becoming a technological leader.



## SESSION 112

**CEOS AND STRATEGY: IT'S ALL ABOUT ME**

<b>TRACK F</b>	<b>Date</b>	Monday, Nov 7
	<b>Time</b>	13:30 – 14:45 h
<b>Paper</b>	<b>Room</b>	Cowrie 2

**Session Chair** Anja Tuschke, *University of Munich*

**Being an Owner or Feeling Like One: Why Equity-Based Compensation is Only Part of the Picture**

Katarina Sikavica, *University of Munich*

Anja Tuschke, *University of Munich*

Amy Hillman, *Arizona State University*

Executive ownership and equity-based compensation are used in order to achieve interest alignment, long-term orientation and stewardship among executives. We argue that shareholdings are only part of the picture and that executives' psychological dispositions towards ownership of the firm oftentimes have a greater impact on executive behavior than property rights and financial incentives. We rely on a series of qualitative interviews to demonstrate that executives develop psychological ownership for "their" firms. Psychological ownership alters executives' perception of the firm, their subjective responsibilities within the company, and the salience of stakeholder they feel accountable to. On the more negative side, executives' psychological ownership induces a sense of territoriality and an urge to fight for the company's independence.

**CEO Hubris, Firm Debt, and Profitability: Arrogant but Not Ignorant**

Michael Mannor, *University of Notre Dame*

Mathias Arrfelt, *Arizona State University*

Over the years CEO hubris has been demonized as an example of the problems with rogue CEOs that destroy firm value through ego-driven bias. In this research we probe the argument further to suggest that high hubris CEOs may be arrogant, but they are not ignorant. Instead, we suggest that individuals with high hubris who reach the top of major organizations will have developed coping mechanisms to balance their aggressive growth biases with disciplined strategies that increase firm profitability. Studying 150 randomly selected S&P 500 CEOs with a novel new approach to measuring CEO hubris, we find support for a positive influence on aggressive growth, but also significant influences on disciplined execution, including the use of less debt, higher margins, and higher employee productivity.

**CEO Overconfidence, CEO Celebrity and Firm Risk Taking**

Yanxin Liu, *University of Wisconsin-Milwaukee*

The study examines moderation effects of CEO overconfidence and social recognition on stock option-firm risk taking relations. I propose that social recognition of CEOs weakens the positive relationship between stock options and firm risk taking. Second, CEO overconfidence strengthens the positive stock options-risk taking relationship.

**The Narrative Narcissist: CEO Personality, Narrative Communication, and the Evaluations of Securities Analysts**

Andreas König, *University of Erlangen-Nuremberg*

Alexander C. Wessels, *University of Erlangen-Nuremberg*

Katharina Boxleitner, *University of Erlangen-Nuremberg*

Wolf-Christian Gerstner, *University of Erlangen-Nuremberg*

How do CEOs' personality traits influence securities analysts' evaluations? In this conceptual paper, we integrate literature from the fields of social and cognitive psychology to develop a model linking CEO narcissism to three dimensions of securities analysts' evaluations: the favorability of analyst recommendations, the uniformity of recommendations across analysts, and analyst forecast accuracy. We posit that organizations led by narcissistic

CEOs are more likely to receive favorable and uniform recommendations than organizations managed by non-narcissistic CEOs. Furthermore, we suggest that CEO narcissism is negatively associated with analyst forecast accuracy. Finally, drawing from cognitive linguistics, we submit that CEO narrative communication – the tendency of CEOs to use stories and metaphorical language to express feelings and thoughts – partially mediates the relationship between CEO narcissism and analysts' evaluations.

## SESSION 118

**DIVERSIFICATION: PARENTING AND SYNERGIES**

<b>TRACK F</b>	<b>Date</b>	Monday, Nov 7
	<b>Time</b>	13:30 – 14:45 h
<b>Paper</b>	<b>Room</b>	Poinciana Salon 4

**Session Chair** Markus Menz, *University of St. Gallen*

**Agency, Synergy, Governance and Investment in Diversified Firms: The Bright and Dark Sides of ICMs**

Xavier Castaner, *University of Lausanne*

This paper reviews, from a corporate strategy perspective, the extant theoretical arguments and associated empirical findings on internal capital markets (ICMs), one of the key dimensions of diversified corporations. Theory-wise, I uncover and review two distinct research questions and related theoretical arguments: the ability of ICMs over the external capital market to better fund financially-constrained businesses and the relative efficiency of ICMs in terms of investment across its businesses. Moreover, contrary to received wisdom, particularly in financial economics but also in corporate strategy, I discover a mixed empirical panorama on both counts and discuss the appropriateness of existing empirical tests. Further, I provide directions for future research to better take into account the role of corporate governance and synergy in the analysis of ICMs.

**Capabilities Overlap and Diversification**

David Bryce, *Brigham Young University*

Sidney Winter, *University of Pennsylvania*

An underlying, though unstated, premise of (related) diversification discussions is the existence of some degree of overlap between capabilities held by the firm and capabilities required for successful entry and production in markets new to the firm. The paper presents a logical scheme for the phenomenon of capability overlap among industries. The scheme is implemented in a dynamic program in which capabilities overlap is varied and resulting (profit-maximizing) firm behavior is observed. The patterns of capability overlap are shown to produce path-dependence in diversification decisions and to lead to 'stepping stone' entry behavior in which firms sequentially enter new markets at breakeven or loss in order to build capability portfolios that lower entry costs into later markets.

**Parenting Strategies and Valuation Performance: A Global Empirical Analysis**

Matthias Kruehler, *Boston Consulting Group*

Michael Nippa, *Technical University of Freiberg*

Ulrich Pidun, *Boston Consulting Group*

Harald Rubner, *Boston Consulting Group*

Research on diversification has largely focused on analyzing the influence of business relatedness on performance, while attempts to specify the link between management approaches of headquarters and performance are rare. Building on the concept of parenting advantage and a unique data sample of 164 global firms, we improve the understanding of the strategy-performance-link by ascertaining a set of value-adding and value-destroying drivers, by identifying observable parenting strategies of headquarters, and by evaluating how these parenting strategies are associated with performance. Empirical results reveal that individual drivers exhibit large discrepancies in terms of relevance, with financing leading the toolbox. Six different parenting strategies can be identified that differ significantly in performance, and it turns out that avoiding value destruction plays an important role.





## Performance Effects of Owner Identity and Diversification: An Agency-Theoretic Assessment

Christine Scheef, *University of St. Gallen*

Markus Menz, *University of St. Gallen*

Recent research suggests that owners such as institutions, families, and corporations have distinct characteristics. While these differences seem to have implications for a firm's corporate strategy and performance, empirical evidence is still sparse. We address this gap with a study of the combined effect of owner identity and diversification on firm performance. Drawing upon agency theory, we argue that owners differ in their incentives to monitor, costs of monitoring, and abilities to monitor a firm's management and, therefore, prefer different diversification strategies. Further, we propose that the fit between owner identity and diversification strategy benefits firm performance. Results from a large-scale sample of 643 US firms over an eight-year period largely support our hypotheses.

### SESSION 162

## HEADQUARTERS IN THE MULTINATIONAL ENTERPRISE

<b>TRACK G</b>	<b>Date</b>	Monday, Nov 7
	<b>Time</b>	13:30 – 14:45 h
<b>Paper</b>	<b>Room</b>	Americana Salon 1

**Session Chair** Gabriel R G Benito, *BI Norwegian School of Management*

## Foreign Location and Relocation of Headquarter Activities Over Time

Randi Lunnan, *BI Norwegian School of Management*

Gabriel R G Benito, *BI Norwegian School of Management*

Sverre Tomassen, *BI Norwegian School of Management*

Why do companies locate divisional/regional headquarters abroad, and how stable are these location choices? Why are particular locations favored, and what explain movements between domestic and foreign locations? We know that foreign location of divisional/regional headquarters have become relatively commonplace. When a headquarter unit is located abroad it is not given, however, that it will stay in a certain location. Our data indicate that some companies relocate headquarter functions between domestic and foreign locations over time. Often, a headquarter status is awarded through an acquisition, but it is not given that the headquarter functions will stay for long. Based on panel data and interviews we explore motivations for both locations and relocations of foreign headquarters of large Norwegian firms.

## Headquarters' Orchestration of Subsidiaries' Contribution to MNC Performance

Ulf Andersson, *Copenhagen Business School*

An MNCs performance can to a large extent be traced back to its individual subunits contribution to the MNC as a whole. By decisions, mechanisms, and incentives an MNC headquarters tries to design subsidiary structure, influence the subsidiary to deliver on its potential, and integrate its capabilities and earnings to increase their contribution to the MNC performance. We study how HQ can orchestrate their subunits through different mechanisms, i.e. influencing subsidiary characteristics to leverage the subsidiaries' contributions to MNC performance. Our results show that HQ can and do influence subsidiaries in ways leading to their contribution to MNC performance. HQ granting of autonomy and attention increases the subsidiary's scope of activities and level of competencies, which in turn positively influences their contribution to MNC performance.

## How Do Regional Headquarters Influence Corporate Decisions in Networked MNCs?

Björn Ambos, *WU-Vienna*

Volker Mahnke, *Copenhagen Business School*

Bersant Hobdari, *Copenhagen Business School*

In networked MNCs where knowledge and power is distributed, corporate strategy processes benefit from mobilizing regional influence. Based on a survey of regional headquarters in Europe and their relations to MNC headquarters, this empirical paper builds theory and empirically investigates antecedents to regional influence on corporate decisions (e.g. organizational, behavioural, motivational). We also show how entrepreneurial and administrative charters of regional headquarters moderate such bottom-up influence. Conclusions follow on the design of corporate strategy processes in the contemporary MNC.

## Shared Context and Its Effect on the Relevance of HQ Knowledge and Information For MNC Subsidiaries

Phillip Christopher Nell, *Copenhagen Business School*

Björn Ambos, *WU-Vienna*

Headquarters (HQ) of multinationals (MNCs) are interested in transferring relevant knowledge to their subsidiaries, i.e. knowledge which has important positive implications for the operations of the subsidiaries. However, few studies have measured knowledge relevance directly and have, hence, also produced scarce evidence of its antecedents. I study the impact of shared context on the relevance of MNC HQ knowledge for their subsidiaries as perceived by subsidiaries' top managers. I capture shared normative and shared operational context and, based on a European sample of manufacturing subsidiaries, I show that both variables positively influence the relevance subsidiary managers attribute to HQ knowledge. However, despite this parallel direct effect, I find that the effects are moderated differently by environmental contingencies such as intense competition and multimarket interdependence.

### SESSION 237

## DYNAMIC CAPABILITIES, EVOLUTION AND CHANGE

<b>TRACK H</b>	<b>Date</b>	Monday, Nov 7
	<b>Time</b>	13:30 – 14:45 h
<b>Common Ground</b>	<b>Room</b>	Periwinkle

**Facilitator** Thomas P. Moliterno, *University of Massachusetts - Amherst*

## Capability Dynamics within MNCs: A Coevolutionary Perspective

Paula Kilpinen, *Aalto University*

The current perspectives view multinational corporations (MNCs) as the main vehicles of cross-border transfer of capabilities that transform the environment by shaping the external selection criteria (Dunning and Lundan, 2010). Although prior research has suggested that firms are able to create market change (Eisenhardt and Martin, 2000) and modify the external environment to match their strategies, resources and capabilities (Teece, 2009), current literature is limited in specifying the processes and mechanisms by which firms modify the external selection criteria. By integrating the evolutionary and dynamic capability literatures with MNC literature, supported by an in-depth case study, this study addresses the co-evolutionary processes underlying capability dynamics and identifies the key internal and external determinants of capability development within MNCs, subject to a multi-polar business environment.

## Exploring Ambidexterity in Supplier Networks: Evidence from the Italian Motor Vehicle Sector

Constance Helfat, *Dartmouth College*  
Andrea Lipparini, *University of Bologna*  
Gianmario Verona, *Bocconi University*

By studying buyer-supplier relations in the Italian motor-vehicle sector, we uncover the ambidextrous nature of networks that are leveraged by lead manufacturers. Our exploratory study on Ducati and Ferrari shows how firms in this setting rely upon a multi-network system for experimentation with new product concepts and components and for new product development (exploration) but also for supply chain management (exploitation). Our findings highlight that while firms utilize some suppliers for either exploration or exploitation, other suppliers are used for both purposes. In this way, the complex network of suppliers used by lead firms enables simultaneous rather than sequential ambidexterity. Hence, our results suggest a trade-on rather than a trade-off between exploration and exploitation.

## From Snapshot to Continuity: An Entrainment Model of Organizational Adaptation to Environmental Decline

Achim Schmitt, *Audencia Nantes School of Management*  
Patricia Klarner, *University of Munich*

This paper utilizes entrainment theory to develop propositions describing and explaining organizational adaptation to reoccurring situations of environmental decline. While prior research neglected multiple dynamics throughout the time, this article argues that alignment between the pace of environmental decline and the respective organizational adaptation over successive environmental crises will be positively associated with firm performance. In addition, the paper introduces top management team stability and decision-makers' experience as contingencies for pace entrainment. Overall, this article offers a theoretical perspective that adds to existing controversies regarding effective strategic adaptation to situations of environmental decline, extends traditional contingency models neglecting the timing of strategic activities, and advocates incorporating the notion of time in the development of theory.

## Organizational Design as a Dynamic Capability: The Case of General Electric

Dennis Gillen, *Syracuse University*  
Will Geoghegan, *Syracuse University*  
S.P. Raj, *Syracuse University*

This paper focuses on the application of the dynamics capabilities perspective to the concept of Organizational design. Specifically, it complements the dynamic capabilities perspective by adding a new process variant and supplements the extant theory of dynamic capabilities to include Organizational design. The paper offers three propositions that are then applied to GE over a 60-year period (1951-2011). The first proposition is that Organizational design is a dynamic capability that evolves from successful implementation of structural and contextual responses. Secondly, Organizational dynamic design capability is developed from experience-derived learning and knowledge codification that is path dependent and can lead to organizational specific heuristics. Finally, dynamic organizational design capabilities can enable the co-evolution of an organization by providing first strike and adaptive responses to the environment.

## Project Portfolio Management in Dynamic Environments: An Empirical Contribution to Dynamic Capability Theory

Yvan Petit, *University of Quebec-Montreal*  
Brian Hobbs, *University of Quebec-Montreal*

This research undertook to investigate the area of project portfolio management (PPM) in dynamic environments using dynamic capabilities as a framework. The objective was to attempt to answer the research question: How is uncertainty affecting project portfolios managed in dynamic environments? Four portfolios in two firms were investigated

using retrospective analysis. Based on the experience gained in using the dynamic capabilities framework to study PPM, it was found that dynamic capabilities are best represented through different levels of organizing mechanisms: one leading to reconfiguring (i.e. changes in the project portfolio structure and resource allocation) and one to transforming (i.e. a second-order capability defined as the competence to improve or to build new first-order competences).

## Regulatory Events and Activity System Adaptation: The Role of Resource Properties

Lyndon Oh, *University of St. Gallen*  
Markus Kreutzer, *University of St. Gallen*

Business model adaptation in the face of exogenous shocks such as regulation is vital for firms' long-term survival. However, we do not yet sufficiently understand what causal factors determine various types of adaptive mechanisms. In particular, researchers would benefit from understanding the role of specific spatial-temporal features of regulatory events and the focal firm's activity system properties, i.e. its resource attributes. To explain why some firms respond to regulatory shocks differently and emerge relatively stronger, we present a model in which we link activity system adaptation to the regulation's spatial, temporal, and uncertainty properties as well as the firms' ex ante asset specificity and asset complementarity. We aim to advance a first step toward a theory of regulation and activity system change.

## The Evolutionary Dynamics of Strategic Fit

Peter Bryant, *IE University*

My conceptual paper analyzes the evolutionary dynamics of strategic fit. I argue that these processes occur within industrial ecologies characterized by relative resource scarcity and uncertainty. Underpinning the argument is a fundamental insight from evolutionary biology, that within environments rich in resources and information, the dominant selection process is the extinction of the weakest and survival of the adequately fit, not the survival of the fittest. When applied to theories of competitive strategy, this insight suggests four strategic logics and related mechanisms of evolutionary selection and adaptation: position logics and adaptive coasting; resource and knowledge leverage logics and adaptive thickening or thinning; and opportunity logics and adaptive patching. The resulting model thus explains the evolutionary drivers of strategic logics and modes of adaptation.

### SESSION 279

## RESEARCH, DEVELOPMENT AND INVESTMENT

<b>TRACK I</b>	<b>Date</b>	Monday, Nov 7
	<b>Time</b>	13:30 – 14:45 h
<b>Common Ground</b>	<b>Room</b>	Triton
<b>Facilitator</b>	Sharon Matusik, <i>University of Colorado-Boulder</i>	

## Country Matters: How National Environments Influence the Productivity of Firm R&D Investments

Desiree Pacheco, *Portland State University*  
Sharon Matusik, *University of Colorado-Boulder*  
Michael Heeley, *Colorado School of Mines*

This study examines how the national environment under which firms conduct their R&D activities affects the productivity of these efforts. We suggest that national contexts influence access and norms regarding the use of basic scientific and technical knowledge within national boundaries. Country environments that support the use of these knowledge stocks offer better opportunities for firms to take advantage of their absorptive capacity and to augment the combinatory potential of their internal knowledge to improve the productivity of their R&D investments. Our results reveal that firms operating in countries with norms that promote accessing basic science and recent knowledge stocks are more effective at producing innovations from their investments in R&D than their counterparts.



## Direct and Indirect Collaboration with Universities: Firm Heterogeneity and Innovative Performance in the Biopharmaceutical Industry

Rene Belderbos, *Catholic University of Leuven*  
Victor Gilsing, *Tilburg University*  
Shinya Suzuki, *Catholic University of Leuven*

In knowledge intensive industries, firms often conduct collaborative research both with universities and with other firms, but the implications of such simultaneous engagement in R&D collaboration with different types of partners has not received due attention. We examine whether there are potential complementarities or incongruities related to simultaneous engagement in multiple types of research collaborations, and potential heterogeneity among firms in the benefits of collaboration. Drawing on panel data for 40 major biopharmaceutical firms, we find that positive effects of direct university collaboration are restricted to firms with sufficient absorptive capacity to assimilate scientific knowledge. Firms lacking such capacity instead benefit from 'indirect' ties with universities (collaboration with university-centred dedicated biotech firms) while direct university collaboration only undermines the benefits of their inter-firm research alliances.

## Patterns in the Emergence of Nanotechnology: The Case of Fullerenes

Sarah Kaplan, *University of Toronto*  
Keyvan Vakili, *University of Toronto*

We propose a new methodology – topic modeling – to evaluate the emergence and interpretation of new technologies and use this approach to examine trends in the field of nanotechnology. We treat patents not as measures of innovation but rather as historical documents written by particular human beings, in particular places, at particular times. We argue that studying the language in patents provides a closer reading of interpretations of an emerging technology than can be obtained through indicators such as USPTO patent classifications. By analyzing the text of the abstracts of 2,826 fullerene patents, we find that interpretations of what this "general purpose technology" was and how it might be used changed over time. Our descriptive results contrast with extant literature on sources and value of inventions.

## R&D Investments With Endogenous Uncertainty Resolution: A Real Option Reasoning Simulation Model

Arman Avadikyan, *University of Strasbourg*  
Olivier Dupouet, *BEM Bordeaux Management School*

Decision criteria used to support R&D projects critically determine the ability of firms to resolve technological uncertainties. In an organizational context such projects are managed as part of a portfolio and can involve decisions both at the executive (strategic) and operational levels. Referring to behavioral / evolutionary theories of the firm we use the real option reasoning approach as an heuristic tool to manage exploration-exploitation activities in the case of a R&D portfolio. We develop a simulation model to show that option decision processes and criteria, by structuring how firms trade-off and coordinate explorative and exploitative research activities produce differentiated uncertainty resolution paths and portfolio adaptation and learning dynamics, thereby affecting the performance of firms.

## Short-term Contracts vs. Long-term Relationship in R&D Outsourcing Agreements

Andrea Martinez-Noya, *University of Oviedo*  
Esteban García-Canal, *University of Oviedo*

We analyze the preference of technological firms for either short-term contracts or more long-term relationships as they engage in R&D outsourcing agreements with external partners. We draw from transaction cost theory and the resource-based view to argue that this choice will be mainly determined by the attributes of the R&D service outsourced,

the firms' technological strategy, and the underlying motivation driving the outsourcing decision. Using original international survey data on R&D outsourcing agreements by European and U.S. firms operating in technology-intensive industries, we find that long-term relationships are preferred when the attributes of asset-specificity and frequency are present. Otherwise, firms seem to prefer short-term contracts in order to follow a flexible R&D sourcing strategy.

## The Effect of Public R&D Subsidies on Firm R&D Investment: Some Unresolved Issues

José Angel Zuñiga-Vicente, *King Juan Carlos University*  
Francisco Javier Forcadell, *King Juan Carlos University*  
Jose Ignacio Galan, *University of Salamanca*  
César Alonso Borrego, *Carlos III University of Madrid*

The primary goal of this paper is to make some theoretical inquiries regarding a set of specific factors at firm level that should be explicitly considered when the relationship between public R&D subsidies and firm-financed R&D investment is being empirically examined. We take a detailed review of 74 quantitative empirical studies performed on this topic over the last four decades. From this review, we posit a set of theoretical propositions where it is assumed that the relationship between public R&D subsidies and firm-financed R&D investment can be determined by a set of internal and external factors. Special attention is paid to the potential impacts of firm's subsidy history, time lag, firm's financial constraints, inter-firm composition of R&D, subsidy size and type of subsidy funding source.

### SESSION 266

### INNOVATION

#### TRACK I

**Date** Monday, Nov 7  
**Time** 13:30 – 14:45 h  
**Room** Poinciana Salon 1

#### Paper

**Session Chair** Karynne Turner, *University of South Carolina*

## Appropriating Rents From Innovation: Exploration, Exploitation and Information Asymmetry

Karynne Turner, *Georgia State University*

Research in strategy has given considerable attention to the firm's innovation assets because these provide economic rents and enduring differences in resource endowments for sustained competitive advantage. Some rent appropriation is predicated on information asymmetry between investors and managers who have knowledge about the ultimate value of the firm's resources. Prior research has considered innovation resources collectively giving limited attention to differences in information asymmetry which affects who appropriates the innovation's value. In this study, I develop and test a theory about the relationship between differences in innovation assets' information asymmetry and rent appropriation. The findings show that exploratory innovations are associated with more rents for the investor than exploitative investments. Furthermore, environmental dynamism amplifies the investor appropriation for both exploitation and exploration knowledge assets.

## Competence-based Exploration for Innovation: Evidence From Established Firms

Marco Zeschky, *University of St. Gallen*  
Oliver Gassmann, *University of St. Gallen*

Exploration and exploitation are two widely applied terms in strategic management literature. While there is a consensus that both activities involve some kind of learning, there is still much ambiguity regarding the actual meaning of both activities. In this study, we adopt a qualitative research approach to investigate how established firms successfully explore new knowledge aimed at the development of new products and technologies. We find that the firms' exploration approach builds on existing technological know-how which serves as a springboard for the

development of new technological competencies. The findings suggest that exploration and exploitation are two mutually dependent activities and that exploration may be much more about intelligent knowledge recombination than the distant search for new knowledge.

### Innovating Within and Across Technological Generations: Learning and Linking

Alva Taylor, *Dartmouth College*  
Christian Stadler, *University of Bath*

There is an overarching focus in the innovation literature on gaining and using knowledge to create breakthrough innovations. However, most organizational success and survival is predicated on managing knowledge flows of more subtle innovation paths. We examine one such path, generational innovation, significant advances in an underlying technology within an established technological regime. We argue that rather than a search for differentiated knowledge, generational innovation hinges on the ability to link existing knowledge that retains value with the new technological knowledge. This linking capability is based on building past linking experience, having a deep existing knowledge expertise, and access to information on the new technology. Our results support our arguments and indicate that this innovation process is different from innovation requirements in more stable technological change periods.

### Knowledge and Intellectual Capital: Are R&D and Strategic Planning Managers Bipolar or Harmonious?

Philippe Byosiére, *Doshisha University*  
Denise Luethge, *Northern Kentucky University*

This paper examines how knowledge domains, knowledge conversion and strategy implementation affect the development of intellectual capital as a competitive advantage. Data were collected from 185 R&D managers/scientists/engineers and 98 strategy planning managers in a large multinational consumer goods firm. R&D managers indicate that emotional knowledge, innovative knowledge, internalization (explicit to tacit) and open strategy implementation are strong predictors for developing intellectual capital as a competitive advantage. Strategy planning managers indicate experiential knowledge and both top management and open strategy implementation are strong predictors for developing intellectual capital as a competitive advantage. Those responsible for innovation in the firm (R&D) those responsible for plotting the future of the firm (strategy) represent a complementing form of bipolarity in developing intellectual capital as a competitive advantage. (124words)

#### SESSION 276

### INNOVATION MANAGEMENT

<b>TRACK I</b>	<b>Date</b>	Monday, Nov 7
	<b>Time</b>	13:30 – 14:45 h
<b>Paper</b>	<b>Room</b>	Poinciana Salon 2
<b>Session Chair</b>	Alexander Zimmermann, <i>University of St. Gallen</i>	

### Ambidexterity in the Brain: Switching between Exploitation and Exploration

Daniella Laureiro-Martínez, *Swiss Federal Institute of Technology Zurich*  
Stefano Brusoni, *Swiss Federal Institute of Technology Zurich*  
Nicola Canessa, *San Raffaele Scientific Institute*  
Stefano Cappa, *San Raffaele Scientific Institute*  
Maurizio Zollo, *Bocconi University*

We studied brain-activity in a group of expert decision-makers engaged in a gambling task assessing exploitative vs. explorative decision-making. We mainly contribute three findings. First, in line with previous arguments we show that within a single domain (i.e. an individual), exploration and exploitation are mutually exclusive and each type of behavior relies

on choices that derive from the activation of different brain regions. Exploitation relies on regions mainly associated with learning and persistence and exploration on regions mainly associated with attention control. Second, we show that ambidexterity at the individual level is achieved not by simultaneously undertaking both behaviours but by switching between them in a cyclic way. Third, we show that a higher activation in the regions responsible for switching from exploitation to exploration is correlated with achieving a significantly higher performance on the decision-making task.

### Exploit What You Explore: Process Models of Structural and Contextual Ambidexterity

Johannes Luger, *University of St. Gallen*  
Alexander Zimmermann, *University of St. Gallen*

Most scholars in the field of organizational ambidexterity have treated exploration and exploitation as static and unrelated activities. Conversely, following recent theoretical insights, this paper provides a longitudinal perspective on the evolution of structural and contextual ambidexterity. We adopted a longitudinal multiple case study research design to observe the organizational transformation processes from exploratory initiatives into exploitative businesses. Based on a sample of six new business initiatives at a leading global technology company, we reveal different triggers that induce exploratory initiatives to adjust their organization designs. Furthermore, we provide empirical evidence under what conditions these initiatives should rather apply structural or contextual mechanisms throughout this transformation process.

### Strategic Innovation Management: Putting Your Bad Where It Will Do the Most

Mark Meckler, *University of Portland*

This study explored the drivers of product and process innovation in a creative and knowledge intense small business environment. It attempted to uncover core drivers of successful innovation, juxtaposing resource-constrained work environments and resource-enabled work environments. We found that while both slack and constrained resource environments foster innovation, constrained environments drive innovation somewhat more powerfully. Furthermore, some kinds of resources are best left purposefully constrained while others are better made purposefully slack. We conclude that management can strategically budget and deploy the different kinds of resources that drive innovation by putting innovators in both bad resource positions and good resource positions. Our data indicate what kinds of resources seem to be better for innovation when left slack and what kinds of resources might be better for innovation when constrained. We suggest that a uniformly high slack resource environment may be a waste of money, and perhaps detrimental to innovation.

### The Role of Organizational and Incentive Structures on Product Development Type

Carsten Zimmermann, *University of San Diego*  
Johan Perols, *University of San Diego*  
Sebastian Kortmann, *University of Muenster*

Research on the combined influence of organizational structure and incentive schemes on different product development types, i.e. radical innovation, incremental innovation, and imitation, is limited. Furthermore, the actual process of how organizational structure and incentive schemes affect different product development types remains a 'black-box'. Building upon survey data from 136 US firms, we empirically test the impact of organizational structure and incentive schemes on different product development types. Based on recent advances in dynamic capability theory, we further examine the role of gaining and reconfiguring in partially mediating the relationships among the three organizational structure and two incentive scheme constructs and the different product development types.





## SESSION 195

**COUNTER-INTUITIVE PRACTICES AND AMBIDEXTROUS EFFECTS IN STRATEGIZING**

<b>TRACK J</b>	<b>Date</b>	Monday, Nov 7
	<b>Time</b>	13:30 – 14:45 h
<b>Paper</b>	<b>Room</b>	Crown Conch

**Session Chair**Daniela Blettner, *Tilburg University***Discussant**Wolfgang H Guettel, *Johannes Kepler University Linz***Ambidextrous Effects of 'Both Make-and-Buy' Strategy**Chao-Ching Chang, *Fu Jen Catholic University*Min-Ping Kang, *National Taiwan Normal University*

Why do firms choose to 'both make-and-buy' is still calling for theories provide substantial elucidation. This study proposes the ambidextrous view to theorize the phenomenon that firms choose to concurrently make and buy a given input which will provide opportunities for exploring emerging technology and/or product development knowledge while enlarge the scope of external cooperation, in the meanwhile, exploiting internal operational efficiency as well as enrich external mutual dependency with partners. These effects lead firms more likely to use combination of sourcing modes rather than either one alone. Case studies of eight Taiwanese manufacturers provide an additional theoretical reasoning for scholars to advance similar lines of inquiry as well as managerial guidelines for practitioners to deploy appropriate concurrent sourcing strategies.

**Counter-Intuitive Practice Emerging out of Turnaround Strategy Praxis**Oguz Baburoglu, *Sabanci University*

This paper stems out of a two-year action research engagement with one of the biggest European Automobile companies that was engaged in a turnaround strategy. The author worked directly with the President of International Division that covered the entire globe, as an action researcher. A practice emergent out of the episode bundles that amounted to one that is counter-intuitive to the received logic of strategy making. The more participative the strategy logics were the more conflict and politics the top team had to handle. The more the process was designed the more surprise and gaming emerged. The more inclusive and broad the strategy was steered through the closer the strategic apex got. The more definitive and institutional the approach was the more dynamic and variable it got. The more autonomous and self-steering the international division got, the more other people from headquarters and the divisions got interested.

**Rules as Crown Jewels in Ambidextrous Replicator-Organizations**Wolfgang H Guettel, *Johannes Kepler University Linz*Stefan Konlechner, *Johannes Kepler University Linz*Barbara Mueller, *Johannes Kepler University Linz*Julia Trede, *University of Hamburg*Mark Lehrer, *Suffolk University*

The transfer of business models constitutes a widely spread practice in economic life and is referred to as "replication". Based on case-study research of an ambidextrous replicator-organization, we discuss the role of rules for both facilitating exploitation by suppressing deviations and enhancing exploration by enabling a common understanding between exploratory and exploitative units concurrently. Our findings indicate that not solely separation of exploratory and exploitative learning but also integration of learning results require a rulebased framework. Rules therefore maintain ambidexterity in replicator-organizations by providing communication and decision-making structures and a standardized language between the center and replicas. However, rules

need to be interpreted by a common frame of reference, which provides enough understanding to regulate interaction between exploratory and exploitative units.

**Towards a Dual Process Theory of Issue Crafting: The Role of Personal Ideologies and Personal Epistemologies**Emmanuelle Reuter, *University of St. Gallen*

Drawing onto dual process theories of cognition and personality, I argue that crafting issues, as a managerial endeavor, consists of the interplay between automatic and reflective interpretive processes which, in combination, account for variation in outcomes of issue crafting, that is in the breadth and intensity of managers' issue repertoire and issue advocacies. I argue that breadth in the issue repertoire is enabled by the overriding function of reflective processes (as manifest in managers' personal epistemologies). In turn, intensity of the issue repertoire is enabled by the existence of automatic processes (as manifest in personal ideologies). Highlighting both automatic and reflective processes involved in managerial issue crafting, contributions are made to the issue-, managerial cognition, sensemaking-, and micro-based views of strategy-making.

## SESSION 190

**EXPLORING THE DETERMINANTS OF ENTREPRENEURIAL ACTIVITY**

<b>TRACK K</b>	<b>Date</b>	Monday, Nov 7
	<b>Time</b>	13:30 – 14:45 h
<b>Common Ground</b>	<b>Room</b>	Boardroom

Facilitator Duane Ireland, *Texas A&M University***Does Money Make the Entrepreneurial World Go Around?**Ana Venancio, *Carnegie Mellon University*Francisco Lima, *Technical University of Lisbon*

Lack of capital is usually considered a fundamental deterrent of entrepreneurial activity. We develop an integrated framework, mirroring the liquidity constraints theory and probe the relationships between capital, and entry, size, and survival by computing an exogenous measure of liquidity, controlling for human capital, and developing instruments for business quality. We analyze these issues using a Portuguese database that matches founders with their ventures' characteristics. Our results indicate that capital constrains entrepreneurship, but not so much as previous work has argued. We find weak support that high-income individuals are more prone to attempt entrepreneurship. High-income entrepreneurs contribute more of their own capital and obtain larger external funds. Start-up size is positively determined by financial capital, but whether the latter affects the survival rate is questionable.

**Effects of Selection Strategy on Assistance and Performance of French Incubation Structures**Benjamin Vedel, *University of Montpellier*Eric Stephany, *University of Montpellier*Ines Gabarret, *University of Montpellier*

The objective of this contribution is to analyze the role played by incubators specifically the process of incubation on performance indicators and to underline the effect of the strategy of selection of firms on those indicators. Incubators face pressures to present quantitative results and to prove their value. This could lead incubators to choose developed firms instead of weak and promising projects. In this study we analyze a group of 177 companies incubated in 64 French incubators using structural equations methodology. Our hypothesis supposes that the selection of firms engage the incubator on the implementation of an adapted strategy of resources and competencies and at the same time influence the characteristics of the incubated companies.



## Entrepreneurial Initiative and Performance of Middle Managers: A Multilevel Study

Lotte Glaser, *VU University Amsterdam*

Wouter Stam, *Hong Kong University of Science & Technology*

Tom Elfring, *VU University Amsterdam*

Corporate Entrepreneurship is a multilevel phenomenon that involves an actor and the broader context in which the actor is embedded. Past research demonstrates mixed findings emphasizing the positive and negative effects of taking entrepreneurial initiative within the cooperate context. Accordingly, we adopt a multilevel perspective by integrating individual and contextual determinants of managers' entrepreneurial initiative. We consider organizational opposing demands, individual role conflict and self-efficacy as explanatory mechanisms underlying the relation between entrepreneurial initiative and manager's performance. We test our research model, using a comprehensive data set of 383 middle managers and 72 executives operating in 34 business units within a global multinational. This study aims to increase the understanding how and under which circumstances entrepreneurial initiative lead to performance within the corporate context.

## Getting Closer to Entrepreneurial Creativity: How Optimal Group Density Differs for Generating and Selecting Business Ideas

Russell Coff, *University of Wisconsin-Madison*

Jill Perry-Smith, *Emory University*

Entrepreneurial creativity can be viewed as a two stage process where variance is generated and then alternatives are culled to select a plan to pursue. We explore how an entrepreneurial team's network density affects performance at each stage. Using data from group performance on a creative business plan task, we found that loosely tied groups generated more alternatives but then selected less novel solutions. In contrast, closely tied groups generated relatively fewer alternatives but selected more novel ideas. The implication is that a single executive or R&D team may not be effective at both stages. If a team can master this and develop a pattern of creative strategies, other firms may have difficulty imitating this success since it requires such fundamental changes in group structure.

## Staying One Step Ahead: How Established Firms Use Sequential Tie Formation

Celina Smith, *EMLYON Business School*

Erkko Autio, *Imperial College London*

We seek to understand how established firms can overcome structural inertia to refresh or develop new networks that enable them to attract resources from valuable new potential resource holders. We suggest that differences in the sequences in which firms develop their key external ties will be crucial not only for determining whether key relationships are formed, but also for achieving network building effectiveness. This work builds on behavioral strategies in entrepreneurship to understand how agency impacts upon structure in network emergence for established firms. We follow a major 3-year fundraising campaign of a leading private educational establishment using a longitudinal case-study approach.

## Strategic Planning Outside the Strategy Process – Evidence of Effectiveness of Informal Planning Practices in Growth Ventures

Linda Alanen, *Aalto University*

Mikko Rönkkö, *Aalto University*

Olli-Pekka Mutanen, *Aalto University*

The relationship between planning and performance has seen increased attention in recent entrepreneurship research. While the overall effect of planning on performance is generally positive, the effect of different types of planning require further research. Contemporary entrepreneurship research paints a picture of planning as a continuum

between no planning to formal and intensive planning. Using a multiple case study of 12 entrepreneurial firms, we argue that planning actually has two dimensions: informal planning and formal planning. Moreover, we show that in this sample the degree of informal planning is related to performance while formal planning is not.

## SESSION 175

### ENTREPRENEURIAL ORIENTATION: REVISITING THE CONSTRUCT

#### TRACK K

Date Monday, Nov 7

Time 13:30 – 14:45 h

#### Paper

Room Poinciana Salon 3

#### Session Chair

Juhana Peltonen, *Aalto University*

### Contrasting Entrepreneurial Motivation, Strategic Orientation, and Tactical Action in Combating Economic Recessions

Juhana Peltonen, *Aalto University*

More research is being called upon to study the link between business cycle management and firm performance. For example, firms that invest and market proactively during recession have been suggested to gain better competitive positions. Yet, more universal concepts like strategic orientations and entrepreneurial motivation could still provide superior explanatory power over recession-time performance differences. In addition to examining these direct relationships, I study if proactive marketing and proactive investing are best understood as merely their mediators. To shed light on these issues, 123 small software firms were surveyed twice to study pre-recession entrepreneurial orientation (EO) and growth orientation, and recession time marketing and investment behaviour. Proactive investing and EO emerge as the strongest predictors of two-year growth. Further implications are discussed.

### Entrepreneurial Orientation and Performance: The Moderating Role of Absorptive Capacity

Salvatore Sciascia, *IULM University - Milan*

Laura D'Oria, *IULM University - Milan*

Massimiliano Bruni, *IULM University - Milan*

This paper examines the effects of Absorptive Capacity (ACAP) on the relationship between entrepreneurial orientation (EO) and performance (P). Adopting the knowledge-based view of the firm, we argue that ACAP and its two components (potential ACAP and realized ACAP) act as positive moderators of the EO-P relationship. Accordingly, we tested our hypotheses on a dataset of 145 medium-sized firms based in Italy. The hypotheses were confirmed.

### The Multifaceted Role of Learning Orientation in the Entrepreneurial Firm

Artur Baldauf, *University of Bern*

Barbara Wolf, *University of Bern*

Simone A. Schweiger, *University of Bern*

In this study, we investigate the role of learning orientation in the entrepreneurial orientation-performance relationship. While prior research rather suggests a mediation of learning orientation, we provide a convincing logic for the construct's moderating role. Our research is based on a sample of 244 firms in a German-speaking environment. Results reveal to some extent counterintuitive findings as learning orientation has a more complex interrelationship with the single dimensions of entrepreneurial orientation than expected. While learning orientation is a moderator in the proactiveness-performance relationship, it mediates the relationship between innovativeness and performance. We offer a fine-grained picture of the interplay between the single dimensions of entrepreneurial and learning orientation. Thus, we contribute to our understanding of the role of organizational learning in the entrepreneurial firm.



## Toward Construct Clarity and Validity in Firm-Level Entrepreneurship Research

Artur Baldauf, *University of Bern*

Simone A. Schweiger, *University of Bern*

Tatiana Romanova Stettler, *University of Bern*

The focus of entrepreneurship research has shifted from new venture start-ups to a firm-level phenomenon in established firms. In order for the research field to advance, scholars need access to a valid measure for the degree of firm-level entrepreneurship. Predominantly, scholars utilize entrepreneurial orientation developed by Covin and Slevin (1989) as such a construct. However, the construct has not been reevaluated although evidence accumulates pointing to measurement problems. Especially, the ambiguities concerning its dimensionality as well as scale are subject to recurrently emerging debates. In this study, we analyze the construct in terms of construct clarity and validity, applying expert interviews, content adequacy methods, and meta-analysis. We propose an improved scale accounting for the construct's limitations, thereby fostering the development of the research field.

### SESSION 222

## LINKING HUMAN CAPITAL WITH PERFORMANCE

<b>TRACK L</b>	<b>Date</b>	Monday, Nov 7
	<b>Time</b>	13:30 – 14:45 h
<b>Paper</b>	<b>Room</b>	Venus

**Session Chair** Patrick Wright, *Cornell University*

## Birds of a Feather Flock Together: Two-Sided Incomplete Information and Human Capital Composition Over the Firm Lifecycle

Seth Carnahan, *University of Maryland*

Benjamin Campbell, *Ohio State University*

April Franco, *University of Toronto*

Based on the premise that there is incomplete information on the true quality of both young workers and young firms, we posit that human capital composition will vary over the firm's lifecycle. When firms are new and young, we hypothesize that senior managers will be unwilling to hire younger workers because the unknown quality of young workers may increase the risks associated with the unknown quality of the firm. As both worker and firm quality are revealed over time, we hypothesize that the heterogeneity in human capital composition will increase as the resolution of firm level uncertainty permits managers to seek benefits of complementarities between junior and senior workers. We find support for our hypotheses using microdata from the legal services industry.

## Firm Founders' Career Capital & New Venture Performance: A Meta-Analytic Review

Yuval Engel, *VU University Amsterdam*

Svetlana Khapova, *VU University Amsterdam*

Eva de Mol, *VU University Amsterdam*

At inception, firm founders endow the organizations they create with their individual resources. This statement has been repeatedly verified by empirical results, and subsequently gave rise to a stream of theorizing dealing with the mechanisms through which these foundational resources affect new venture performance. However, the literature remains fragmented in its conceptualization of what the founders' resources actually constitute, and to what extent do they relate to new venture performance. We use meta-analytical techniques to address these issues, while drawing on contemporary career theory as an organizing framework for our examination. Results demonstrate the value of defining firm founders' resources as career capital. We discuss the implications of these findings for entrepreneurship research.

## How HR Practices and Relational Coordination Impact the Relationship Between Human Capital, Behaviors and Performance

Alankrita Pandey, *University of Texas-Arlington*

Gary McMahan, *University of Texas-Arlington*

Patrick Wright, *Cornell University*

We combine several micro and macro organizational theories such as the resource based view (RBV) of the firm (Barney, 1991), human capital theory (Becker, 1964), the strategic human resource management perspective (Wright & McMahan, 1992), systems perspective (Delery & Shaw, 2001; McMahan, Virick, & Wight, 1999; Wright & McMahan, 1992; Wright & Snell, 1991); the target similarity model, TSM, (Lavelle, Rupp & Brockner, 2007) and the theory of relational coordination (Gittell, 2006) to study the relationships among human capital, behaviors, and performance. Additionally, our study explores the mediating role of in-role and extra-role behaviors and the moderating influence of relational coordination and human resource practices. We study these relationships across multiple jobs and multiple levels of analysis.

## How Human Capital and Experience Shape Productivity

Bo Eriksen, *University of Southern Denmark*

The notion that firms differ in their efficiencies is central for the resource-based approach to strategy. This paper addresses the questions whether accumulation of firm-specific human capital results in creation of economic value at the firm level, and whether loss of firm-specific human capital destroys economic value in an empirical study of a ten year panel of 2,926 Danish manufacturing firms and their employees. Using average employee tenure as a proxy for the firm's stock of firm-specific human capital, the paper demonstrates that firm-specific human capital influences productivity and that learning accumulated at the firm level affects the relationship between firm-specific human capital and productivity.

## SESSION 153

**STAKEHOLDERS & [IR]RESPONSIBILITY**

<b>TRACK M</b>	<b>Date</b>	Monday, Nov 7
	<b>Time</b>	13:30 – 14:45 h
<b>Paper</b>	<b>Room</b>	Sundial

**Session Chair** Margaret Cording, *IMD*

**Can We Trust Cheap Social Talk?**

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

We propose that the costless disclosure of information and commitments on social issues -cheap social talk- may end up generating tangible social policies, even when the initial intention was not to do so. We rely on the key element of stakeholders' scrutiny after cheap social talk as the driver that forces managers to honor their commitments and avoid losing legitimacy in front of their stakeholders. We have also found that there are limits to the effects of cheap social talk on social issues in such a way that an excessive cheap social talk has no tangible effects on a firm's social policy. We prove this claim in an empirical study conducted of 246 international firms that operate in 17 different countries for the period 2003-2008.

**Engaging Corporate Stakeholders: The Effects of Corporate Response Strategies on Stakeholder Perceptions of Wrongdoing**

Michael Hill, *University of Georgia*  
Jonathan Bundy, *University of Georgia*

Using expectancy violations theory, we propose a study that seeks to investigate the impact of corporate response strategies on stakeholder reactions to corporate wrongdoing. Our study uses a ten-year sample of more than 2,000 "aggressive" earnings restatements of nearly 1,650 firms and explores the impact of each firm's immediate response to the disclosure of wrongdoing on abnormal stock price movements. Preliminary results from a subsample indicate that diminishing and defensive communication tactics reduce investors' negative reactions to restatements, but attributions of control and responsibility enhance negative reactions. This research contributes to literature by presenting a theoretical model to explain how both the content and impact of information conveyed to key corporate constituents during times of heightened scrutiny influence stakeholders' reactions (i.e., stock price).

**Market Structure and Strategic Corporate Social Responsibility: What If We Don't Boycott Irresponsible Firms?**

Olga Hawn, *Duke University*  
Hyoung-Goo Kang, *Hanyang University*

While the literature has generally explained why companies would engage in corporate social responsibility (CSR) and how CSR can affect competition by generating competitive advantage, it has yet to identify the conditions under which the market structure or competitive dynamics can affect CSR, while CSR activities of a firm and its competitors can in turn impact output and prices. We argue and build a model that demonstrates how the trade-offs that firms face in the market may affect their CSR choices. Our model has important implications for both public policy and firm strategy, as well as intriguing propositions for future research.

**Some Stakeholders are More Equal Than Others**

Sharon Alvarez, *Ohio State University*  
Yuri Mishina, *Imperial College London*  
Susan Young, *Ohio State University*

Prior research suggests engaging in illegal activities may reduce firm performance while investing in socially responsible behavior can enhance firm performance. However, most studies examine performance effects of either illegal behavior or socially responsible behavior but not the combined effects of both. This paper uses stakeholder theory to explore how both types of activities independently and jointly impact firm performance using S&P500 manufacturing firm data from 1994 to 1999. We demonstrate that generally, behaviors benefiting critical stakeholders appear to be rewarded and behaviors imposing costs upon critical stakeholders appear to be punished by financial markets. Additionally, illegal activities that do not adversely affect critical stakeholders can increase firm performance while socially responsible activities that primarily benefit non-critical stakeholders do not positively impact firm performance.

14:45 – 15:15  
**COFFEE BREAK**



## SESSION 301

## PLENARY TRACK

<b>TRACK P</b>	<b>Date</b>	Monday, Nov 7
	<b>Time</b>	15:15 – 16:30 h
<b>Showcase Panel</b>	<b>Room</b>	Americana Ballroom

### ◆ Serving the Bottom of the Pyramid: Dealing with the Execution Challenge

#### Session Chair

Bala Chakravarthy, *IMD*

#### Panelists

Carlos Garcia, *Novartis Latin America*

Yves Doz, *INSEAD*

While a number of writers have pointed the unparalleled opportunities available at the Bottom of the Pyramid (BoP) in emerging markets, others have discussed the institutional voids that limit access to these opportunities. Indeed, developing strategies to serve the BoP segment has severely tested the innovative capabilities of many a firm. Moreover, executing these strategies has also been fraught with tough dilemmas for its managers. This panel deals with the execution challenge. We bring to the discussion both corporate experience and research insights.



**Bala Chakravarthy** is Professor of Strategy and International Management and holds the Shell Chair in Sustainable Business Growth at IMD, Switzerland. Bala Chakravarthy's research and teaching interests cover three related areas: strategy processes for sustainable business growth, corporate renewal, and leadership dilemmas. Bala has published four books, several case studies and numerous articles on these topics in top journals. He was a member of the Board of Directors of the Strategic Management Society (SMS) from 1999-2004. He is also an inaugural Fellow of the SMS.



**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 (Jouy-en-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.



**Carlos Garcia** is the current President of Novartis Pharma's Latin American division, which is based in Miami, FL. Prior to this, he worked with Eli Lilly & Co. where he spent 19 years in many roles, ending as Area Director for Central and Eastern Europe. He began his career in financial analysis in the US Headquarters of Eli Lilly, became CFO of Eli Lilly Colombia and subsequently ran different units as Managing Director in the Philippines, Argentina and Mexico. He earned a degree in Industrial Engineering from Universidad del Norte, in Colombia in 1980, and later obtained an MBA in International Business from the Katholieke Universiteit te Leuven, Belgium (1982) and a Masters in Finance from Cornell University, USA (1983). Carlos Garcia has extensive experience in industry and business association boards, such as PHAP (Philippines), CAEMe, Cedequifa and AmCham (Argentina), Canifarma and Amiif (Mexico), as well as with community organizations such as the Jaycess, AIESEC, Rotary and YPO.



## SESSION 138

**COLLABORATING WITH GOVERNMENTAL AND NON-GOVERNMENTAL ACTORS**

<b>TRACK A</b>	<b>Date</b>	Monday, Nov 7
	<b>Time</b>	15:15 – 16:30 h
<b>Paper</b>	<b>Room</b>	Boardroom
<b>Session Chair</b>	Gerald McDermott, <i>University of South Carolina</i>	

**Firm-NGO Collaborations: An External Stakeholder Benefits Perspective**

Miguel Rivera-Santos, *Babson College*  
 Carlos Rufin, *Suffolk University*  
 Ulrich Wassmer, *Concordia University*

We examine the factors that determine the type and the amount of benefits that firm-NGO (B2N) alliances may deliver to the external stakeholders represented by the NGO. By examining the transaction costs involved in the delivery of these benefits through the alliance, and particularly the possibility of opportunism on the part of the alliance partners, we develop several propositions concerning the alliance benefits accruing to external stakeholders. We posit that the type of benefits created depends on their measurability and controversy. Furthermore, we put forward that the amount of benefits accruing to the external stakeholder depends on the measurability of benefits, on their compatibility with the benefits sought by the firm and the NGO for itself, on the pre-alliance behavior of the firm, and on its contemporaneous behavior outside the alliance.

**Public-Private Institutions, FDI and the Creation of Learning Capabilities for Economic Development**

Rafael Corredoira, *University of Maryland*  
 Gerald McDermott, *University of South Carolina*

Firms with access to more and varied information will be more likely to innovate. This proposal studies the impact of FDI and Private Public Institutions (PPI) on the development of capabilities to learn from others. As one of the most dynamic and transformed industries in international competition, the Argentinean wine industry is an ideal setting to study capability upgrading (the innovation under study) and the impact of firm's accessed information, absorptive capacity, and embeddedness. Preliminary results from a unique survey, covering 112 wineries in Mendoza and San Juan, show that PPIs are agents that act as processors of information but also help firms to develop learning capabilities. On the other hand, FDI appear to fail to develop those learning skills, suggesting that foreign firm's efforts to control spillovers may result in sacrificing learning opportunities, which could be equally damaging.

**State Ownership and Risk Mitigation Strategies for Investment Projects Around the World**

Paul Vaaler, *University of Minnesota*

We develop and test of a theoretical framework grounded in transaction costs economics ("TCE") explaining when state involvement as a "partner" in projects run by private foreign investors might decrease investment risks. Preliminary analyses of a sample of major project investments located in 30 countries in the 1990s and 2000s suggest support for the proposition that, in countries where policy stability is less predictable, state partnership as a minority (non-controlling) shareholder decreases investment risk. States matter for investment projects either as predictable policy makers or, when policy making is less predictable, as supporting (though not controlling) project equity partners. Private project investors treat these alternative roles for the state as substitutes for overall project risk reduction.

**Value Sharing in Public-Private Ties: Public Actor Ambivalence, Social Activism and Private Returns**

Ilze Kivleniece, *HEC-Paris*  
 Bertrand Quelin, *HEC-Paris*

Public-private ties represent a new form of interorganizational relations that carry important organizational strategy and value implications. While promising significant benefits to private actors, public bodies and social constituents, long-term contractual ties between public and private sectors feature significant tensions and concerns over the potential value distribution. In this paper, we explore the factors determining the share of value captured by the private actor as opposed to social constituents through an empirical analysis of public-private arrangements in French water industry. Building on the "firm-state-activist" triad of interaction, we analyze how two factors – public partner's ambivalence towards private interests and social activism jointly affect private returns from these relationships. Contrary to the literature emphasizing private benefits, our work exposes important counterbalancing effects on firm performance.

## SESSION 291

**RECOGNIZING AND ENCOURAGING HIGH QUALITY RESEARCH IN STRATEGY**

<b>TRACK D</b>	<b>Date</b>	Monday, Nov 7
	<b>Time</b>	15:15 – 16:30 h
<b>Panel</b>	<b>Room</b>	Americana Salon 1

**Session Co-Chairs**

Ramon Casadesus-Masanell, *Harvard University*  
 Witold Henisz, *University of Pennsylvania*

**Panelists**

Constance Helfat, *Dartmouth College*  
 Will Mitchell, *Duke University*  
 Joan E Ricart, *IESE Business School*

The Strategy Research Initiative (SRI) – a cross-disciplinary group of mid-career, research-oriented faculty – recently organized to coordinate activities that promote high-quality strategy research. A recently published essay in *Strategic Organization* summarizes the SRI's collective viewpoint regarding the essential characteristics of high-quality strategy research both theoretical and empirical. It calls on journal editors, teachers and individual scholars to enhance the specialization of individual papers in theory or empirics and to allow for more papers developing formal theory or 'stylized facts.' Others will, no doubt, have different ideas and priorities and the SRI looks forward to learning from those views. This panel brings together two members of the SRI together with a Fellow of the SMS, an Editor of *SMJ*, and the Past President of SMS for just such a conversation. We look forward to a spirited exchange among the panelists and with the audience.





## SESSION 202

**MERGERS & ACQUISITIONS**

<b>TRACK E</b>	<b>Date</b>	Monday, Nov 7
	<b>Time</b>	15:15 – 16:30 h
<b>Paper</b>	<b>Room</b>	Americana Salon 2
<b>Session Chair</b>	Manuela Hoehn-Weiss, <i>University of Washington</i>	

**Corporate Deal Programs of Newly IPOed Firms: Are There Differences in Growth Rates and Performance?**Asli Musaoglu Arikan, *Georgia State University*

Newly IPOed firms provide a suitable context to investigate the nature of the heterogeneity in corporate deal programs and differences in the growth rates and performance. This study documents the heterogeneity of corporate deal programs of newly IPOed firms: alliances, acquisitions, mixed deals, and no deals. There is preliminary evidence that the differences in the growth rates and performances of firms can be linked to the differences in the experience-based capability building over time. Firms that exclusively pursue acquisition deals as opposed to alliance deals, on average, have higher accounting performance, lower rates of investments in R&D, advertisement, and stock market returns. The variance in the growth rates of firms with mixed deals are lower than the firms that choose to specialize.

**Form over Substance: The Differential Effects of Embedded versus Non-embedded Integration Practices on Acquisition Performance**Margaret Cording, *IMD*Petra Christmann, *Rutgers University*

Dysfunctional employee reactions to horizontal acquisition integration are a frequently cited reason for low acquisition performance, but have received limited attention in the empirical acquisition literature. There are many different integration practices – actions the firm takes to combine two previously separate firms – that may impact acquisition performance. We develop a theoretical framework to distinguish between embedded integration practices (those that are deeply rooted in the firm's social climate) and non-embedded integration practices (those that are easily implemented for a specific purpose) and hypothesize differential effects on employee productivity. We also identify industry sector as an important contingent variable. We then address a critical issue to strategy scholars: do the shareholders benefit from these integration practices? We test our hypotheses with a sample of 129 acquisitions.

**The Attribution Tendencies in Mergers and Acquisitions: The Case of Cultural Differences and Managerial Agency**Eero Vaara, *Hanken School of Economics*Mats Ehrnrooth, *Hanken School of Economics*Paulina Junni, *Hanken School of Economics*Alexei Koveshnikov, *Hanken School of Economics*Riikka Sarala, *University of North Carolina-Greensboro*

This paper examines the role of managerial attributions of causes (cultural differences versus management actions) related to perceptions of acquisition success. In specific, we examine whether perceptions of success increase the tendency to attribute success to management's actions, and whether experienced failure leads to increasing attributions to cultural differences. Addressing these questions contributes to our understanding of whether positive experiences increase management's confidence in its own ability to control M&A processes, cultural differences represent a central external source of explanations, especially blame attachment. We test our hypotheses on a sample of domestic and cross-cultural acquisitions conducted by Finnish companies.

**Using Rival Effects to Identify Synergies and Improve Merger Typologies**Joseph Clougherty, *University of Illinois-Urbana Champaign*Tomaso Duso, *Humboldt University Berlin*

The strategy literature has found it difficult to differentiate between collusive and efficiency-based synergies in horizontal merger activity. We propose a schematic to classify mergers that yields more information on merger types and merger effects, and that can, moreover, distinguish between mergers characterized largely by collusion-based synergies and mergers characterized largely by efficiency-based synergies. Crucial to the proposed measurement procedure is that it encompasses the impact of merger events not only on merging firms – as is custom – but also on non-merging competitor firms (rivals). Employing the event-study methodology with stock-market data on samples of large horizontal mergers drawn from the US and UK (an Anglo-Saxon sub-sample) and from the European continent, we demonstrate how the proposed schematic can better clarify the nature of merger activity.

## SESSION 207

**COMPETITIVE INTERACTION**

<b>TRACK E</b>	<b>Date</b>	Monday, Nov 7
	<b>Time</b>	15:15 – 16:30 h
<b>Paper</b>	<b>Room</b>	Poinciana Salon 4
<b>Session Chair</b>	Christian Stadler, <i>University of Bath</i>	

**Restoring Multimarket Equilibrium: A 'Spheres of Influence' Perspective on Rivals' Behaviors after Mergers**Hyun-Soo Woo, *Tulane University*Albert Cannella Jr, *Tulane University*He Gao, *Tulane University*

Our study examines how mergers can fundamentally change the competitive landscape and how rivals may behave to achieve a new multimarket equilibrium and re-establish spheres of influence. In comparison with an incremental entry, mergers can disturb equilibrium among rivals by changing the spheres of influence of the acquirer and rivals, sometimes dramatically. Using the 'spheres of influence' perspective, we argue that mergers may change multimarket structure from reciprocal multimarket contact to non-reciprocal multimarket contact and that competition between the acquiring firm and the rivals occurred by shifts in spheres of influence adjust new multimarket share equilibrium. We also expect that the acquirer may search and enter a rival's sphere of influence to re-establish reciprocal multimarket contact, leading to new multimarket equilibrium.

**Standardization Process and Strategic Competitive Decision: What Comes First in the Rivalry Between Quality Standards?**Anne Mione, *University of Montpellier*Maya Leroy, *AgroParis Tech*

This paper aims at understanding the nature of competition between quality standards. The economists and the strategists underlined the fatal character of the competition between compatibility standards in network technologies areas. What about a situation of a rivalry between quality management standards? Does this rivalry necessarily means war? We employed a deep case analysis to observe two standards competing at international level to certify the sustainable forest management. We interviewed forty major actors in the in the wood sector in a comparative analysis between England and France. We identified the sponsors' decisions to support their standard and consider them through a competitive dynamics perspective. We show that the standards sponsors' strategic decisions are determiners of the intensity of competition.

## Understanding Dynamism – Towards a Holistic Multidimensional Measurement

Matthias Knecht, *University of Erlangen-Nuremberg*

Frank Freund, *University of Erlangen-Nuremberg*

As a central element of a firm's task environment, dynamism has received great attention. Yet, a clear definition of dynamism and a holistic measurement approach are still lacking. Researchers are confronted with an ambiguity in terms and descriptions, mixing dynamism with volatility, velocity, turbulence, clockspeed, or hypercompetition, to name but a few examples. In lockstep, anecdotal evidence suggests that industries are increasingly dynamic and, thus, competitive advantages are temporary at best. However, no holistic measurement approach for dynamism has been proposed to validate such common propositions. We contribute towards tying up some of the loose ends by reviewing a growing body of research, structuring definitions, clarifying dynamism and its sub-dimensions, and—most importantly—by developing a holistic measurement concept of dynamism.

## What Markets do Firms Enter? The Interplay of the Resource-Based and Multimarket Logics

Ana Elisa Iglesias, *Tulane University*

Vladislav Maksimov, *University of Miami*

Tieying Yu, *Boston College*

A resource-based logic of growth predicts that firms expand path-dependently by entering markets that are close to the existing market portfolio of the firm. A multimarket logic of growth predicts that firms expand by entering markets where they face moderate levels of multimarket contact with incumbent firms. We propose to examine the interplay of the two logics by considering the direct and interactive effects of prior market experience and level of multimarket contact on the likelihood of market entry. We argue that firms enter markets where they can more easily leverage their existing resource base and manage the subsequent competitive environment. Empirically, we employ a large panel of US property-liability insurance companies to test our model.

### SESSION 113

#### UPPER ECHELONS

TRACK F	Date	Monday, Nov 7
	Time	15:15 – 16:30 h
Common Ground	Room	Cowrie 1

Facilitator Craig Crossland, *University of Texas-Austin*

## An Upper Echelons Perspective of Organizational Capacity for Change: An International Study of Initial Public Offerings

Till Talaulicar, *Witten/Herdecke University*

William Judge, *Old Dominion University*

Greg Bell, *University of Dallas*

Alessandro Zattoni, *Bocconi University*

Michael A. Witt, *INSEAD*

Helen Wei Hu, *University of Melbourne*

Jonas Gabrielsson, *Lund University*

Felix Lopez, *University of Valladolid*

Jean Chen, *University of Surrey*

Nisha Kohli, *GD Goenka World Institute*

Dhirendra Shukla, *University of New Brunswick*

Majdi Quttainah, *Rensselaer Polytechnic Institute*

Emmanuel Adegbite, *Northumbria University*

Jose Luis Rivas, *Mexico Autonomous Institute of Technology*

Organizational capacity for change (OCC) is a dynamic capability that captures an organization's ability to anticipate and/or react to pressures to adapt. Prior research has shown that OCC tends to be positively associated with firm performance. However, knowledge on the antecedents of this important dynamic capability is still limited. The present paper analyzes the determinants of OCC from an upper echelons perspective. We argue

that both the top management team's (TMT) composition and processes influence OCC. Hypotheses are developed and tested with a unique primary dataset gathered from IPOs in 15 countries. Our findings suggest that TMT processes appear to be much better predictors of OCC than TMT demographic characteristics. These results have important implications for research on TMTs and organizational change.

## Antecedents and Performance Consequences of Top Management Team Role Structure

Markus Menz, *University of St. Gallen*

Thomas Schlenzig, *University of St. Gallen*

Drawing upon contingency theory, we analyze the antecedents and performance consequences of top management team (TMT) role structure. We argue that environmental dynamism, a firm's diversification degree, and CEO's functional background determine the ratio between functional and divisional TMT members. Further, we hypothesize that the fit between these conditions and TMT role structure improves firm performance. Results from a large-scale sample of S&P 500 firms over a five-year period partially support this contingency perspective in explaining TMT role structure and its performance effects. Specifically, we find that the fit between diversification strategy and TMT role structure is beneficial. The study highlights the importance of TMT structure for understanding how TMTs affect outcomes.

## Building Bridges Across Borders: Cultural Intelligence of Top Management Teams and Subsidiary Performance

Hunter Morgan Davis, *Nanyang Technological University*

This study has proposed a theoretical framework that is based on the transaction costs of MNEs operating in culturally distant locations and the effects that this has on foreign subsidiary performance. Based on the governance structure that the MNE home office has in place, different effects of TMTs on foreign subsidiary performance have been proposed. The effects are predicted to depend on where the TMT is located for each governance structure and the level of Cultural Intelligence that the individual TMT members possess. The theoretical framework proposed contributes to transaction cost theory, resource-based view, upper echelons theory, and cultural intelligence literature.

## ★ Does Strategic Leadership and Governance Really Matter?

Donald Bergh, *University of Denver*

Herman Aguinis, *Indiana University*

Ciaran Heavey, *University College Dublin*

This paper synthesizes empirical evidence on relationships between strategic leadership, governance and firm performance. Adopting a more encompassing construal of strategic leadership than previous reviews, we investigate the effects of CEOs, top management teams (TMTs), and boards of directors (BODs) on firm financial performance. Beyond the demographic emphasis of past research, our synthesis encapsulates the effects of CEO leadership and power, TMT structure, processes and incentives, and board social capital and ownership. Meta-analyses of 427 articles, which collectively reported 443 empirical studies of 171,547 firms, suggests more nuanced insights into strategic leaders effects, and begs the question of not whether strategic leaders matter, but how much and under what conditions.

## The Interactive Effects of Upper Echelons Composition and Compensation on Performance: A Latent Growth Model

Bo Nielsen, *Copenhagen Business School*

Sabina Nielsen, *Copenhagen Business School*

This study tests the proposition that increased complexity resulting from firm internationalization requires an alignment between top management team and board composition and compensation. Results from empirical tests on a sample of Swiss publicly listed companies suggest that firms manage the additional complexity of internationalization by increasing



the degree of nationality diversity of top management teams and boards. Our findings point to the importance of matching executive composition and compensation as we find evidence of executive compensation acting as moderator of the relationship between the growth of internationalization of top management teams and boards and firm performance.

**Toward a Theory of Common Agency in the Upper Echelons**

James Van Scotter II, *University of Florida*

Agency theory research typically assumes a dyadic relationship between the principal and agent. However, modern executives typically sit on multiple boards for corporations, charities, professional associations, collaborative groups, etc. In a business environment with increasingly diverse stakeholders, expanding executive relationship networks and heterogeneous institutional investor preferences, a focus on curbing executive risk aversion and opportunism may not be a sufficient basis for understanding the behavior of executives making decisions about which interests matter most at any given point in time. A new theoretical framework is needed if we are to understand how executives choose among competing interests. This paper develops a “Common Agency” framework for understanding executive behavior in contexts where a single agent is charged with serving the interests of multiple principals simultaneously.

**SESSION 126**  
**OWNERSHIP, CONTROL & COORDINATION**

TRACK F	Date	Monday, Nov 7
	Time	15:15 – 16:30 h
Paper	Room	Cowrie 2
Session Chair	Hicheon Kim, <i>Korea University</i>	

**Do Different Owners Respond to Corporate Governance Mechanisms Differently? Evidence from R&D Investments in Korea**

Hicheon Kim, *Korea University*

The prior studies, based on the agency-theoretic view, have focused on understanding the effects of corporate governance mechanisms, without taking owner identity into consideration. Underlying assumptions are that owners are homogeneous in their preferences for governance mechanisms; therefore, that owners react to governance mechanisms in the same way regardless of their identity. By contrast, building on and extending the principal-principal conflict literature, we propose that different owners react differently to the governance mechanism. Using a sample of Korean firms, we test how governance mechanisms (i.e., board independence and corporate disclosure) influence the effects of family ownership and foreign ownership on R&D investments differently.

**Dual-Class Shares and Firm Value: Evidence from a Natural Experiment**

Stephan Nuesch, *University of Zurich*

We use a law change as a source of exogenous variation in voting rights inequality and identify performance effects from panel data of both affected and unaffected firms. In 1992 a new corporation law took effect in Switzerland that removed two comparative advantages of non-voting shares (NVS): no minimum face value and flexible share issues and buybacks. As a result, many firms abandoned NVS and voting rights inequality decreased. We find that firm values benefited from the exogenous shock in voting rights inequality. If we control for time-constant firm heterogeneity, however, the effects lose statistical significance.

**Looking Beyond Ownership Concentration: When Does a Second Largest Shareholder Matter?**

Yuliya Shymko, *IE University*  
Aude Le Cottier, *IE University*  
Juan Santalo, *IE University*

We investigate theoretically and empirically the conditions under which a second largest shareholder can mitigate resource expropriation of minority shareholders. More specifically, we argue that second shareholders coming from countries with lower levels of corruption will decrease resource expropriation of minority shareholders. This effect will be particularly important when the first owner belongs to a corrupt country and when the percentage of ownership of the second owner is closer to the percentage of ownership of the main shareholder. Using a large panel data of Asian companies we find empirical support for our hypotheses.

**SESSION 310**  
**NEW CHALLENGES IN GLOBAL STRATEGY**

TRACK G	Date	Monday, Nov 7
	Time	15:15 – 16:30 h
Common Ground	Room	Periwinkle
Facilitator	Torben Juul Andersen, <i>Copenhagen Business School</i>	

**Battle for Resources: Do Geopolitical Influences Matter? Empirical Evidence from Oil and Gas Industry**

Olivier Bertrand, *SKEMA Business School*

This paper investigates the role of home country’s geopolitical influence in international outward acquisitions in the oil and gas industry. Firms and countries battle for oil and gas resources and their exploitation along the value chain. Building on the fields of RBV, IB, CPS and IR, we argue that the geopolitical influence that the home country is able to exert over the host country helps their home firms to offset political disadvantages in the host country and thereby to access the resources and assets of the host country and secure their post-entry exploitation. Based on a sample of around 400 international acquisitions, we find that geopolitical influence matters. We also show that home firm’s power and home country’s power are likely to substitute each other.

**Disappearing Institutional Voids: Is BG Affiliation Still Valuable?**

Raveendra Chittoor, *Indian School of Business*  
Prashant Kale, *Rice University*  
Phanish Puranam, *London Business School*

We extend the research on the effects of affiliation to business groups (BGs) by examining the impact of evolving external environment and internal structural/governance actions. We argue that improvement in the institutional environment in emerging economies reduces the value adding potential of BGs. We also propose that structural actions can partly mitigate the costs associated with BG affiliation. Specifically, we argue that public listing of a BG firm is a form of selective intervention that infuses elements of market control in a hierarchy, and will positively moderate the relationship between BG affiliation and performance. We examine evidence in an unbalanced panel dataset of 10453 BG and non-BG firms from India during the post-liberalization period of 1994-2009 and find support for our arguments.

**Global Mindsets in a World of Regional Multinationals**

Luis Vives, *Ramon Llull University*  
Rafael Lucea, *George Washington University*

This paper builds on the ‘Regional Multinationals’ literature and the ‘Global Mindsets’ literature, to discuss the role and impact of the geographic scope of the firm in managerial cognition. While the ‘Global Mindsets’ literature emphasizes the need of ‘global managers’ to navigate a highly interconnected world, this literature does not pay attention to the role

of location in the development of managerial mindsets. Alternatively, the 'Regional Multinationals' literature portrays how MNEs cluster their activities in one or few regions, but does not discuss the influence that managerial mindsets have in the development of the firm's geographical footprint. Our findings contribute to explain the influence of geographic scope on the managerial orientation, and to assess if mindset differences across regions can affect talent sourcing.

### Strategies for Business Schools in a Multi-Polar World

Stephanie Dameron, *University of Paris-Dauphine*

Thomas Durand, *National Conservatory of Arts and Crafts*

The paper addresses the issue of management education and research in a multi-polar world. Empirical studies of BSchools in six regions suggest that accreditations and rankings have led to strategic convergence, as most players mimic leading American BSchools. This appears as a paradox as a multi-polar geopolitical arrangement would suggest a variety of needs according to institutional, social, political and economical contexts. We discuss strategic options available to Business Schools in various regions of the world. We suggest that while the US is still dominating the scene of management education worldwide, other players from other regions may be waking up, not necessarily in a catching up paradigm, but possibly on a differentiation mode, thus offering alternate ways of thinking and educating for business practice.

### The Antecedents of Own Brand Marketing by Contractual Manufacturers and the Moderating Effects of Power on the Internalization Decision

San Li, *National Chengchi University*

Kuo-Feng Huang, *National Chengchi University*

Lei-Yu Wu, *National Chengchi University*

Chiayang Chang, *National Chengchi University*

In Chen(2005) 's international technology transfer framework, a cross boundary transaction is dictated by two-function two-party architecture. Our research further extends the framework by combining power with transaction cost economics to explain the governance strategies crafted by contractual manufacturers to conduct a dual business model, which runs both contract manufacturing with its buyers and the final product marketing with its own brand. Using survey data of 160 Original Equipment Manufacturing (OEM) supplier-buyer relationships, this study finds that contractual manufacturers' market power do not reinforce the relationship, but manufacturers' technology power, moderates the relationship between manufacturer's perception of asset specificity and their intension to forwardly integrate into own brand marketing. The results provide preliminary evidence of the power balancing strategy generated by the vulnerable firms.

### Towards a Theory of Pro-market Reforms and Firm Profitability in Developing Countries

Murali Chari, *Rensselaer Polytechnic Institute*

A number of developing countries have enacted pro-market reforms to transform their economies from socialistic to market oriented economies. These reforms bring sweeping changes in the economic and competitive landscapes of these countries, with significant consequences including for firm performance. This paper integrates Douglass North's theory of institutional change with gains from governing the economy through market forces relative to government control to develop a more comprehensive theory of pro-market reforms and firm profitability. The paper also tests and finds support for the theorized relationship in a large developing country that has implemented pro-market reforms.

#### SESSION 242

### MANAGERIAL LEVELS AND ROLES IN PROCESSES

#### TRACK H

Date Monday, Nov 7

Time 15:15 – 16:30 h

#### Paper

Room Sundial

#### Session Chair

Aldas Kriauciunas, *Purdue University*

### A Dimension-Based View of the Firm and Organizational Change

Supradeep Dutta, *Purdue University*

Aldas Kriauciunas, *Purdue University*

Previous work on organizational change has considered two levels of analysis: the firm as a whole or the different resources and capabilities of the firm. However, when managers do implement change, they typically view the process neither at the firm level nor at the resource level. Rather, change is planned and implemented at the functional level of the firm. This paper seeks to extend a multi-level approach to analyze organizational change processes and outline a series of underlying dimensions of the functions of a firm to determine which dimensions can hinder or support the implementation of change. Propositions and measures of the dimensions are provided to show the generalizability of the ideas to cross-disciplinary situations and different economic systems.

### How Middle Managers Get Subordinates on Board? The Moderating Role of Strategic Alignment with CEO

Nufer Yasin Ates, *Erasmus University - Rotterdam*

Jeanine Porck, *Erasmus University - Rotterdam*

Daan van Knippenberg, *Erasmus University - Rotterdam*

Patrick Groenen, *Erasmus University - Rotterdam*

Using data from 87 middle and lower level teams, we investigated the effect of transformational leadership of the middle managers on team strategic commitment, through creation of strategic consensus within the team, under the moderation of strategic alignment of the middle manager with the CEO. We found that transformational middle managers can hamper the strategic consensus within their team, if they do not share the CEO's view on strategy. Finer-grained analysis suggested that the conditional indirect effect of this mediated moderation is significant for a certain range of values of the moderator. This study expands the strategic consensus research to the middle and lower echelons of the organization while providing empirical evidence for the counter-efforts of middle managers in strategy implementation.

### Success and Failure Traps in Innovation Adoption: Two Sides, One Coin?

Torsten Schmid, *University of St. Gallen*

Martin Herrndorf, *University of St. Gallen*

Research on incumbents' response to disruptive innovation suffers from a success bias. The primary focus being on success traps, failure traps have received much less attention. This study uses a case study of two polar episodes of business model adaptation at a large financial service firm to elaborate and re-ingrate theory on strategic innovation. We find that balancing associated with complementary roles of top and middle management, yet the division of labor differed between learning traps. We also find significant differences in the practices used to balance in single ventures. However, more fundamentally, we find underlying tensions and antecedents to be a common denominator of the incumbent's response, independent of the particular learning challenge. Our main contribution is an integrative model that goes beyond categorizations of learning traps as mirror-inverted situations, elaborating both underlying differences and commonalities.





## The Role of Power Dispersion in Formation of Strategic Consensus

Murat Tarakci, *Erasmus University - Rotterdam*

Daan van Knippenberg, *Erasmus University - Rotterdam*

Strategic consensus is recognized as an important antecedent of organizational effectiveness. Yet, the focus of the strategic consensus research has been mostly on the degree of consensus and limited to Top Management Teams. This paper extends this narrow view by investigating the consensus formation process in relation to the power dispersion, and by taking middle and lower organizational levels into account. It proposes two alternative but conflicting approaches in explaining the effect of power dispersion on consensus formation, namely power & politics approach and approach/inhibition theory of power. Furthermore, this paper highlights psychological safety as a moderator between power dispersion and strategic consensus. The data from 110 organizational teams provides support for the moderating effect of psychological safety.

### SESSION 273

## IMITATION AND KNOWLEDGE SHARING STRATEGIES

<b>TRACK I</b>	<b>Date</b>	Monday, Nov 7
	<b>Time</b>	15:15 – 16:30 h
<b>Common Ground</b>	<b>Room</b>	Triton

**Facilitator** Gabriel Szulanski, *INSEAD*

## Cloning Success: Use of Replication Strategies by the Hollywood Studios

Jamal Shamsie, *Michigan State University*

Danny Miller, *HEC-Montréal*

Donald Conlon, *Michigan State University*

In spite of the growth in use of replication strategies, these have not been extensively studied. According to Winter & Szulanski (2001), replication strategies are basically used by a firm to recreate a formula, model or recipe that has already proven to be successful. In this paper, we examine the use of replication strategies in the entertainment industry, where they have been used for some time. More specifically, we study replication in the form of sequels in the Hollywood motion picture industry. We draw on a sample of sequels to 205 movies that have been released since 1970 to show that successful replication draws on aspects of exploitation of core elements of the original film and exploration of some new directions for the subsequent offering.

## Differentiation, Coordination, and Integration under Knowledge Interdependence

Marlo Raveendran, *London Business School*

Ranjay Gulati, *Harvard University*

Luciana Silvestri, *Harvard University*

We revisit the notions of differentiation and integration, interdependence and coordination, in the context of knowledge-intensive work. We analyze how today's organizations are moving from task interdependence (which implies the straightforward design of roles, workflows, and incentives) to knowledge interdependence (which puts the discovery of task structure and work organization in the hands of the individuals involved). This move towards more personal, idiosyncratic work processes poses severe coordination challenges for organizations. We propose that a mechanism operating at organizational level, which we call systemic integration, helps counterbalance these processes and bring individual efforts together. We describe the essence of this mechanism as we reflect on the meaning of differentiation and integration in a knowledge-intensive world.

## Pouring, Not Spilling: Why Individuals Purposely Share Firm Knowledge

Rhett Brymer, *Texas A&M University*

Joseph Coombs, *Virginia Commonwealth University*

Duane Ireland, *Texas A&M University*

Joanna Tochman Campbell, *Texas A&M University*

Knowledge spillovers have been examined at a more macro-level, within geographic regions, and between particular firms. However, the processes that underlie the exchange of knowledge when this action may be counter to a firm's best interests are underexplored. The arguments presented in this paper contribute to a dialogue regarding this important issue. Specifically, we propose that agency theory, social identity theory, and social exchange theory suggest three mechanisms that help to explain individual motivations for "pouring" of knowledge, where individuals deliberately release valuable firm knowledge to others. Explaining the mechanisms of this phenomenon at the level of the individual actor will lead to greater understanding of knowledge spillovers, and why they happen in spite of firm policies, contracts, and mechanisms designed to prevent them.

## The Knowledge Exchange and Combination-Innovation Paradox

Ana Pérez-Luño, *Pablo de Olavide University*

Ramon Valle, *Pablo de Olavide University*

Using the knowledge-based view, this paper aims to provide a better understanding of the effect of knowledge on innovation. With this general aim in mind, we relate knowledge's nature (tacit vs. explicit) and the process (e.g., knowledge exchange and combination) to innovation. Using a sample of 105 marketing and 176 R&D managers from 105 innovative firms, we find a positive linear effect of tacit knowledge on innovation and a U-shaped relationship between knowledge exchange and combination and innovation. We also find an enhancing effect of tacit knowledge on the first part of the curvilinear relationship between knowledge exchange and combination and innovation.

## The Role of Adjacent Markets in Technological Development and Adoption: The Case of LCD TV

Derek Lehmborg, *North Dakota State University*

Charles Dhanaraj, *Indiana University*

Network externalities are an accepted explanation of why inferior technologies can dominate markets where better solutions exist. However, this situation also occurs in markets where positive network externalities have not been identified. In this paper, we use a grounded theory approach to study the role adjacent application markets in competition between new technologies. Our analysis of competition between flat panel display technologies for use in the TV set industry provides evidence of the importance of adjacent markets in spurring investment and development of a technology, further increasing the scope of its applicability.

## Wandering Creatives, Waystation Firms – Individual Mobility and Firm-Individual Complementarities in Creative Production

Allya Koesoema, *Bocconi University*

This proposal details the research design and preliminary results on the effect of creative actors' mobility between firms in project-based industries. Focusing on the difference between large, scale-based firms and smaller, creativity oriented firms, we contend that mobility between different types of firms has a positive curvilinear relationship both to creative and market outcomes. Individual level expertise gained from working in diverse settings will compensate for firm level capabilities according to project types. Further, the strength of this effect is moderated by the different types of firms the creator's working in and the stage of the creative project.



## SESSION 271

## KNOWLEDGE AND PERFORMANCE

<b>TRACK I</b>	<b>Date</b>	Monday, Nov 7
	<b>Time</b>	15:15 – 16:30 h
<b>Paper</b>	<b>Room</b>	Poinciana Salon 1

**Session Chair** Jerome Couturier, *ESCP Europe*

### Accessing Complementary Knowledge: The Impact of Network Knowledge Composition on Firm Performance

Jesse Karjalainen, *Aalto University*

Aku Valtakoski, *Aalto University*

In this study, we examine the impact of interfirm network knowledge composition on focal firm performance in a turbulent, knowledge-intensive environment. We argue that network knowledge composition has a pivotal role in explaining why some firms are able to successfully participate simultaneously in both exploration and exploitation activities, while the others fail to do so. Using data on knowledge asymmetries among the network actors within the ego networks of 46 software product firms, we find that the network knowledge composition is significantly related to firm performance. Our findings provide fine-grained insights on the firm performance implications of interfirm network composition and offer an extension to the literature on interorganizational knowledge transfer and ambidexterity.

### Coopetition: How to Perform a Gleaming Dance with the Cooperator?

Ricarda Bouncken, *University of Bayreuth*

Coopetition has received great attention in management practice. Just recently it proliferates into management research. Past research, mostly from case studies, indicates that coopetition can increase performance but also faces great dangers due to opportunism, misunderstanding, and coordination problems. Results from this survey study of 529 firms in the High Tech industry show that coopetition increases competitive performance and radical innovation. The effect on incremental innovation is more specific. Coopetition's influence on incremental innovation depends on the technological uncertainty. Under low uncertainty the effect of coopetition on incremental innovation is negative. Under high uncertainty this effect is positive. Further, to increase the benefits offered by coopetition firms can implement an alliance strategy and a dedicated alliance function shown to increase coopetition.

### Performance Dialogue: A Communication Model for Performance Improvement and Knowledge Dissemination

Jerome Couturier, *ESCP Europe*

Davide Sola, *ESCP Europe*

Cristina Raiciu, *3H Partners*

Using performance measurement systems as strategic tools to improve performance is a popular subject for both practitioners and scholars. Yet very little has been written on how successful performance management systems enhance a company's performance. Consequently this study aims to address the gap in the extant literature by proposing a framework which ensures the successful utilization of performance measurement systems inside companies. We use Mengis and Eppler's (2008) framework for conversation management to analyze the use of performance measurement systems for informing managers and decision making in a division of a major pharmaceutical company. Based on the findings and the existing literature we propose a framework for the successful implementation of performance dialogue.

### ✿ The Effect of Performance Feedback on Depth and Scope of Search: The Moderating Role of Organizational Age

Bernardo S. B. Correia-Lima, *Erasmus University - Rotterdam*

Justin Jansen, *Erasmus University - Rotterdam*

Building on recent studies, which have shown that firms search for solutions to problems in a multidimensional search space, this paper advances performance feedback theory by investigating how performance below aspiration level affects firms' depth and scope of search. Furthermore, it also examines how organizational aging is likely to moderate these relationships. Our empirical results, based on a longitudinal study of high-technology firms, indicates that younger firms decrease search depth and increase search scope as performance falls below aspiration level. Conversely, we find that older firms increase search depth and decrease search scope under similar conditions. These findings not only clarify the process of problemistic search, but also shed light on the underlying mechanisms of organizational obsolescence.

## SESSION 272

## KNOWLEDGE CREATION

<b>TRACK I</b>	<b>Date</b>	Monday, Nov 7
	<b>Time</b>	15:15 – 16:30 h
<b>Paper</b>	<b>Room</b>	Poinciana Salon 2

**Session Chair** Timothy Hart, *Oklahoma State University*

### Beyond Tacit Knowledge: Exploring Embodied Knowledge in User Innovation

Ivano Cardinale, *University of Cambridge*

In this paper I introduce the concept of embodied knowledge – knowledge that is not simply difficult to articulate (tacit), but of which agents are altogether unaware. The concept is grounded in a theoretical analysis of knowledge in user innovation, and is readily extendable to producer innovation. I also highlight further implications of the contributions above. I show that both tacit and embodied knowledge do not arise for an agent in isolation, but only for an agent in a specific social context, and I draw implications for the study of skilful behavior. I then show that user-innovators often rely on local solutions not only because of economic advantages due to sticky information, but also because their embodied knowledge hinders visualization of non-local solutions.

### Know-how, Know-who, Know-why, Know-what: Knowledge Type Interaction in New Venture Internationalization

Joseph LiPuma, *EMLYON Business School*

Christiane Prange, *EMLYON Business School*

Sarah Park, *EMLYON Business School*

Explanations of internationalization focus on knowledge and experience accumulation over time. Research on international new ventures (INVs) suggests that young companies may follow an accelerated expansion strategy, mainly based on the knowledge of the entrepreneur or that of associated outsiders. Research on the role of venture capitalists' knowledge in the internationalization process has been sparse, despite their acknowledged role as providers of knowledge and networks in addition to financial capital. By deconstructing knowledge types relevant to internationalization, i.e., know-how, know-who, know-why, and know-what, we develop hypotheses on the interaction between entrepreneurial and VC knowledge and seek to test them on 75 venture capitalists and 75 entrepreneurs from the U.S. and Europe.



## Leveraging Alliance Portfolio Resources: The Role of Internal Capabilities in Knowledge Creation

Yin-Chi Liao, *Western Illinois University*

While interfirm alliances have served as a major mechanism for accessing to external knowledge, little is known about how firms derive benefits from alliance portfolio resources. Based on the knowledge-based view and organizational learning theories, this study examines how a firm's internal capability affects knowledge creation outcomes from technologically diverse alliance portfolios. Specifically, I propose that a firm's internal technological scope and intra-organizational knowledge integration can overcome the limits of absorptive capacity and enhance knowledge creation outcomes from technologically diverse alliance portfolios. This study will advance the literature by exploring the simultaneous effects of internal capability and external alliance portfolio, and provide implications for the ways in which firms can realize benefits from alliance portfolio resources.

## The Role of Novelty in Knowledge Creation: Evidence from the Strategic Management Journal

Scott Johnson, *Oklahoma State University*

Timothy Hart, *Oklahoma State University*

Corey Fox, *Oklahoma State University*

We exploit the similarities between knowledge creation in firms and knowledge creation by scholars of management to analyze what makes codified knowledge useful for future knowledge creation. We explore learning at two different levels: individual authors of articles and the knowledge community represented by contributors to the Strategic Management Journal. We show that articles have a greater impact when their authors simultaneously build on their own existing knowledge while also including references to work that they have not cited previously. We further show that articles have a greater impact when they build on knowledge known to the community while introducing knowledge that is new to the community. The impact of new knowledge is particularly beneficial for an articles impact outside of the knowledge community.

### SESSION 196

## IMPROVING MANAGEMENT PRACTICE THROUGH STRATEGIZING PRACTICE

<b>TRACK J</b>	<b>Date</b>	Monday, Nov 7
	<b>Time</b>	15:15 – 16:30 h
<b>Paper</b>	<b>Room</b>	Moon

### Session Chair

Frances Fabian, *University of Memphis*

### Discussant

Richard Whittington, *University of Oxford*

## The Implementation Gap: An Examination of the Failure of Organizational Resilience Strategies in Practice

Bridgette Sullivan-Taylor, *University of Warwick*

Layla Branicki, *University of Warwick*

Multinational companies are increasingly focussed on how they can manage the threat and actuality of extreme events with many appointing specialist managers tasked with implementing strategies to improve organizational resilience. This proposal examines what these managers 'do' in planning for and responding to extremes and their associated attempts to influence strategic decision making. Analysis of a large exploratory qualitative dataset indicates that the emerging practices are ineffective (in the eyes of the actors) indicating that business continuity managers lack the positioning, legitimacy and gravitas to implement espoused strategies at the point of practice. It is also argued that the strategies that emerge are mitigated by other organizational priorities as business continuity managers in effect act as messengers rather than architects of business continuity management.

## The Strategic Role of Middle Management: Building Trust in Organizational Crisis

Hanna Lehtimäki, *University of Tampere*

Johanna Kujala, *University of Tampere*

Sirkka Hagman, *Nokian Tyres*

The purpose of the research is to better understand the role of middle management in building trust in organizational crisis. The empirical research was conducted in an internationally operating industrial company after the financial crisis. A total of 26 persons participated in the interviews. The study shows how middle management, shop stewards and top management construct differing social realities in their speech. Shops stewards construct a social reality of low trust and high distrust. Top management position themselves in high trust and low distrust by expressing the importance of pursuing opportunities and new initiatives. Middle management constructs both high trust and high distrust in their speech, and thus strengthens their role in building trust after the crisis.

## What Do CEOs Do? Analyzing the CEO's Agenda From a Tested Practical Framework

Alejandro Carrera, *Austral University*

Adrian Caldart, *AESE School of Management and Business*

Magdalena Cornejo, *Austral University*

The present study intends to analyze how CEOs add value and how do they manage their agenda. We carried out a survey with more than 500 CEOs participating from 2007 to 2010, from medium to large Argentine firms and multinational companies within Argentina. The study evidences gaps between CEOs perception of their main concerns and the actual allocation of time they do daily to their tasks. In addition, by sample segmentation (concerning age, experience, capital origin and type of organization analysed) some broad differences among CEOs arose.

## Where Have All the Managers Gone? The Demise of Studying Managers in Strategic Management

Frances Fabian, *University of Memphis*

Laura B. Cardinal, *University of Houston*

Chet Miller, *University of Houston*

We briefly review the evidence that of a deterioration in methods occurs with some type of contact and data collection with practicing managers in organizations (measured here as either survey or qualitative techniques such as interviews). We then explain why this may occur in the area of conducting surveys. After thoroughly noting the deficiencies in keeping survey methods in the strategy method toolkit, we argue that there is a prominent place for surveys for investigating certain key strategic questions. Moreover, to the extent that such methods disappear from the discipline and along with them a coterie of sympathetic reviewers, strategy will be unable to investigate or address certain types of strategic questions.

### SESSION 176

## AN INCREASINGLY MULTI-POLAR WORLD: HOW DO ENTREPRENEURIAL FIRMS RESPOND?

<b>TRACK K</b>	<b>Date</b>	Monday, Nov 7
	<b>Time</b>	15:15 – 16:30 h
<b>Paper</b>	<b>Room</b>	Poiciana Salon 3

**Session Chair** Richard Reed, *Cleveland State University*

## Born Global: Overcoming Risk and Uncertainty

Richard Reed, *Cleveland State University*

Raj Javalgi, *Cleveland State University*

Susan Storrud-Barnes, *Cleveland State University*

The phenomenon of "born-global" firms emerged during the late 1980s. Although there has been research exploring the external and internal antecedents to being born global, there has been less attention paid to the

questions of why some firms are born global and others are not, and why some born-global firms succeed while others fail. We propose that the answer is rooted in the ability to not only reduce the risks associated with internationalization but also in the ability to deal with the uncertainty that accompanies accessing resources in other countries and entering foreign markets. By treating risk and uncertainty as separate constructs, and by deconstructing them into their component parts, we are able to explain how those two outcomes can be achieved.

### Dynamic Capabilities During the Global Crisis: Evidence From Italian New Technology Based Firms

Anita Quas, *Polytechnic University of Milan*  
Massimo Colombo, *Polytechnic University of Milan*

The current global crisis represents a dramatic change in the environmental circumstances that can make a firm's existing resources and capabilities configuration inadequate. Based on the theoretical concept of the dynamic capabilities (DCs) notion, we advance knowledge on the handling of the global crisis by ventures in high tech industries (NTBFs). Testing our hypotheses on a sample of 115 Italian NTBFs, we find that DCs have a positive impact on firms' growth performances, and that the extent of the DCs is positively related with the founders human capital of the firm, the internationalization, the presence of technological alliances and the resource slack. In so doing, we contribute to the debate on why and how some firms have coped with the crisis better than other firms.

### Market Expansion and Segment Diversification: Trademark Data-Based Examination on the Performance of Four Startups

Deli Yang, *Trinity University*  
Qinghai Li, *Tongji University*  
Sizong Wu, *Tongji University*

Startup firms have gained high attention in practice due to their speedy growth, but little was systematically examined as to how they expand and diversify globally. Our paper, based on the analysis of trademark data of four start-up firms from China, Japan and USA and validated by interviews, examines how they perform globally in terms of market expansion and segment diversification. Our findings show that startups that are world leaders and first movers follow the born-global model to achieve global success; startups that are followers and imitators, despite applying for the born-global model, fail to achieve their global success. Their failure to do so lies in the experience and logic to fit in any global segment associated with technological innovation or market share.

### The Connection Between Remittances and Entrepreneurship in Mexico: Financial Resources, Human Capital and Social Institutions

Andrea Martens, *University of Illinois-Urbana Champaign*  
Janet Bercovitz, *University of Illinois-Urbana Champaign*

Our study taps a comprehensive survey given at the Mexican border to investigate the financial and human capital drivers of entrepreneurship in returning immigrants. Remittances to Mexico were \$21.2 billion in 2009 constituting the second highest source of foreign income after oil exports (Banco de Mexico), but existing data suggest that only a small proportion of these funds are leveraged for entrepreneurial activity (IME, 2006). Recent studies of the Mexican economy, have suggested that in addition to limited access to reasonably priced financing, the shortage of skilled and educated labor; as well as a modest entrepreneurial orientation may be barriers to entrepreneurship. Our results confirm that financial resources, human capital, and exposure to entrepreneurial-supportive social context influence the use of remittances for entrepreneurial activity positively.

## SESSION 224

### TOP MANAGEMENT TEAM AND HUMAN CAPITAL

<b>TRACK L</b>	<b>Date</b>	Monday, Nov 7
	<b>Time</b>	15:15 – 16:30 h
<b>Paper</b>	<b>Room</b>	NY Sands

**Session Chair** Mark Hansen, *Brigham Young University*

### Big Winners and Sore Losers: Competition and Eligibility in the CEO Succession Process

Jason Ridge, *Clemson University*  
Federico Aime, *Oklahoma State University*  
Aaron Hill, *University of Nevada-Reno*

This paper shows how tournament like incentives to compete for the CEO position affect the results of the CEO succession process in organizations. We shift the traditional focus of succession research away from board preferences for CEO characteristics and provide insight into how compensation dispersion induces competition for the top post. We find that high pay dispersion in the top management team decreases the likelihood of a relay succession. We also find that organizations with higher levels of pay dispersion in the top management team (TMT) are more likely to promote lower paid members of the TMT to the CEO position. Findings suggest that succession research may benefit from studying the antecedents and processes of political involvement of TMT members in the succession process.

### Determinants of Middle Managers' Commitment to Change: The Influence of Top Management Communication

Lutz Kaufmann, *WHU - Otto Beisheim School of Management*  
Sonja Vorwerk-Handing, *WHU - Otto Beisheim School of Management*  
Felix Reimann, *WHU - Otto Beisheim School of Management*  
Matthias Ehrigott, *WHU - Otto Beisheim School of Management*

Middle managers are vital for the success of organizational change. Yet, middle managers sometimes do not act the way expected by top management during change implementation. This article highlights the contribution of top management communication in motivating middle managers to actively contribute to change efforts. Building on the conceptual model of Ford, Ford and D'Amelio (2008), the article focuses on three particular communication aspects: (1) broken agreements and the violation of trust, (2) communication breakdowns, and (3) ignorance of counter-reasons. The developed hypotheses will be tested through a large-scale survey amongst middle and top managers of a multi-national consumer goods firm. To explore the influence of cultural and institutional settings, the survey will be administered in the U.S., Chinese, and German subsidiaries.

### Linking the CEO to Strategic Action: A Bayesian Analysis of the CEO Effect

Mark Hansen, *Brigham Young University*  
Lee Perry, *Brigham Young University*

This paper examines the effect of the CEO on firm performance at both a general and an action-specific level. We use a unique dataset based on CEOs who have been the CEO at two different firms. We use hierarchical Bayesian modeling to isolate the effects of the CEO, firm, industry, and a vector of strategic actions. The firm performance effect of the CEO on the specific strategic actions of the firm is also modeled. We then examine whether CEOs are compensated for their effects at both the general and specific levels. Thus, this paper addresses the issue of exactly how CEOs influence firm performance and whether the market accurately compensates CEOs for their influence on performance.



The Critical Roles of Strategic Leaders in Influencing Ethical and Innovative Work Climates

Tammy E Beck, *University of North Carolina-Charlotte*  
LaKami Baker, *Auburn University*  
Benjamin Baran, *Northern Kentucky University*  
Marisa Carson, *University of North Carolina-Charlotte*  
John Fleenor, *Center for Creative Leadership*  
Steven Rogelberg, *University of North Carolina-Charlotte*

Given the increasingly dynamic competitive environment in which many firms find themselves, existing strategic leadership practices may no longer be sufficient to lead today's firms. Others have suggested that a new form of leadership – transcendent leadership – may be a more appropriate response. Transcendent leaders are able to transcend organizational levels, simultaneously exhibiting leadership of self, others, and the organization. Unfortunately, due to the early stage of theory development and lack of empirical analysis, potential performance impacts of transcendent leadership remain unknown. Our study utilizes relative weights analysis to provide empirical support for the degree to which transcendent leadership dimensions contribute to ethical and innovative work climates. Thus, our study offers a first glimpse into outcomes of this recently theorized form of strategic leadership.

SESSION 154

STAKEHOLDERS & COMPETITION

TRACK M	Date	Monday, Nov 7
	Time	15:15 – 16:30 h
Paper	Room	Crown Conch
Session Chair	Doug Bosse, <i>University of Richmond</i>	

Firms, Non-Market Players, and Attacks: Exploring Non-Market Threats to Firms

Gideon Markman, *Colorado State University*  
Theodore Waldron, *University of Georgia*

With its focus on competition in markets, competitive dynamics research overlooks an increasingly salient group of adversaries—non-market players—who do not compete with firms. Despite the absence of similar goals, resources, and offerings, non-market players launch surprising, destructive attacks on firms and undermine firm performance. We shed light on the contentious dynamic between non-market players and firms by theorizing on the relationships between non-market players' ideologies and attack tendencies, as well as the relationships between target firms' awareness of social issues and reaction tendencies. The recognition of non-market players as adversaries to firms expands the scope of competitive dynamics theory, and allows research in this area to reduce a growing scholarly and managerial blind spot.

How and When Does Transparency Enhance Competitive Advantage?

Cynthia Clark Williams, *Bentley University*  
Markus Fitza, *Bentley University*

Transparency, or the willingness to reveal timely, reliable and relevant information about a firm's resources and processes, has been generally assumed to lead to the erosion of a firm's sustained competitive advantage largely because it is purported to allow competitors to imitate or substitute for a firm's resources. On the other hand, information released by a firm can be of value to firm stakeholders such as employees, suppliers, governments, customers and financial institutions. These stakeholders depend on such information in order to make informed decisions about whether or not to engage with a firm. This suggests that a tension exists between a firm's need to be transparent to stakeholders and a firm's potential disadvantage in releasing too much information to rivals. In this paper, we examine this tension and show under which resource conditions transparency can lead to sustainable competitive advantage.

Moral Resources and Competitive Advantage

Christopher Robertson, *Northeastern University*  
K. Matthew Gilley, *St. Mary's University*

In the complex world of strategy there has been a lengthy debate over the relationship between firm resources and competitive advantage. One strategic resource that has been essentially overlooked is the moral resources of a firm. We explore how moral resources can potentially assist a firm's overall resource endowment, which ultimately affects competitive advantage. We analyze the proposition that moral resources are essential to sustainable competitive advantage vis-à-vis the resource-based view of the firm. In addition, we develop a matrix that combines moral resources with human capital to explain competitiveness. We also propose a model that captures the interrelationships among moral resources and key firm stakeholders that ultimately strengthen a firm's corporate culture and thus competitive advantage. Managerial implications and future research directions are discussed.

SESSION 231

TEACHING TRACK

TRACK T	Date	Monday, Nov 7
	Time	15:15 – 16:30 h
Presentation	Room	Venus

What Corporations and Strategy Consulting Firms Really Want

Session Chair  
Paul Friga, *University of North Carolina-Chapel Hill*

This session topic has become a staple of SMS conversations – what should we be teaching our students in the strategy space? This year, we are delighted to hold an honest and frank assessment from a top strategy consultant and executive – both of whom are from firms who recruit strategy professionals every year. What do they expect in terms of recruits' knowledge of strategy? Are they satisfied with what they see these days? How do they train the tools of strategy? What suggestions do they have for us?



## SESSION 293

## PLENARY TRACK

<b>TRACK P</b>	<b>Date</b>	Monday, Nov 7
	<b>Time</b>	16:45 – 18:00 h
<b>Plenary Panel</b>	<b>Room</b>	Americana Ballroom

**The New Global Competitors: Emerging Market MNCs****Moderator**

Jose de la Torre, *Florida International University*

**Panelists**

Gilberto Neves, *Odebrecht USA*

Jerry Rao, *Budget Housing Corporation*

Enrique Zambrano, *Proeza, S.A. de C.V*

In parallel with the growth of emerging markets over the past two decades, a new group of global competitors are entering the global arena from bases in these countries and endowed with unique capabilities and competitive resources. Increasingly, these new MNCs are gaining dominant positions in a host of industries and changing the competitive landscape around the world. This session will explore the experiences of three such companies in both services and manufacturing through the eyes of their respective CEOs. They will describe the international expansion of their companies, key decisions made, the challenges and obstacles they have faced and lessons learned from these experiences. A comparison with “traditional” MNC strategies and a discussion of how to maintain competitive advantages over time as they gain in size and complexity will be included.



**Gilberto Neves** is the President and CEO of Odebrecht USA and has been responsible for the company's corporate strategy and operations in the United States since his appointment in 2005. He was one of the members of the team that founded Odebrecht USA in 1990, and has played a key role in the company's significant global expansion in South America, Africa and the United States.

Gilberto Neves played a key role in developing an intensive outreach program that benefits disadvantaged and small business contractors and is responsible for mentoring and educational program which fosters the development of trade contractors as business players. Through his efforts, Odebrecht USA has partnered with more than 450 small businesses, which have earned over \$600 million in revenues. Gilberto Neves has received a number of business awards and recognitions. He graduated from Kennedy Engineering School in Belo Horizonte, Brazil in 1982 and holds a degree in Civil Engineering. He began his career at Construtora Norberto Odebrecht, São Paulo, Brazil, Latin America's largest construction firm in 1982



**Jerry Rao** is currently Executive Chairman of Value and Budget Housing Corporation and was founder and former CEO of the IT company Mphasis. He held several positions in Citibank prior to his founding Mphasis in 1998. In a banking career of over 20 years, he served with Citi and its parent Citicorp in various capacities in Asia, Europe, South America, and North America. He was Head of the Development Division of Citicorp and Chairman

and CEO of Transaction Technologies Inc. In 1998 Jerry Rao started Mphasis Corporation, a software company based in California, which subsequently merged with BFL Software in 2000 to form Mphasis-BFL with twin headquarters in Santa Monica, California, and Bangalore, India, where he remained as Chairman until 2009. In 2010 he founded Value and Budget Housing Corporation, which is focused on providing affordable housing in India on a for-profit basis. Jerry Rao served as Chairman of NASSCOM, the Chamber of Commerce of the Indian IT Industry, and was twice named Entrepreneur of the Year in the IT Space by Ernst & Young. He was conferred a Distinguished Alumnus Award from Loyola College in India and the University of Chicago.



**Enrique Zambrano** has served as Chief Executive Officer and Director of Proeza since 1988. During his tenure as CEO, Proeza has expanded from being a local manufacturer of automotive components and juice concentrate in Mexico, to become a global diversified group. During Enrique Zambrano's leadership, Proeza has managed to lead successfully through a number of economic and industry cycles, always emerging as a stronger organization.

Proeza has grown through a number of strategic alliances, acquisitions and organically throughout its history. In 2003 he established a vision for Proeza to become a global and more diverse company. Today, Proeza has businesses in the automotive, juices and fruits, consumer products, telecommunications and healthcare sectors, with operations in ten countries. Together with other industry leaders, Enrique Zambrano was instrumental in the creation of a highly successful regional cluster to promote the development and innovation of the automotive industry in north-east Mexico. Proeza's automotive business (Metalsa), is today one of the world's largest suppliers of structural products for car manufacturers, working for companies such as Toyota, Ford, Chrysler, Volvo, Paccar and many others.



**José de la Torre** is Professor Emeritus at Florida International University where he held the J.K. Batten Eminent Scholar Chair in Strategy and was the Founding Dean of the Alvah H. Chapman Graduate School of Business from July 2002 until December 2007. Previously he served as Professor of International Business Strategy at UCLA's Anderson School of Management (1986-2002) and was the Founding Director of UCLA's Center for

International Business Education and Research. He also served on the faculty at INSEAD, Fontainebleau, France from 1973 until 1986. José de la Torre received his doctorate from the Harvard Business School in 1970, following degrees in aerospace engineering and business administration from the Pennsylvania State University.



SESSION 298

PLENARY TRACK

<b>TRACK P</b>	<b>Date</b>	Tuesday, Nov 8
	<b>Time</b>	08:00 – 09:15 h
<b>Showcase Panel</b>	<b>Room</b>	Americana Ballroom

Country Distance Panel

Moderator

Aya Chacar, *Florida International University*

Panelists

Björn Ambos, *WU-Vienna*

Bruce Kogut, *Columbia University*

Tatiana Kostova, *University of South Carolina*

Oded Shenkar, *Ohio State University*

Jordan Siegel, *Harvard University*

With the increased interest in globalization and institutions, research on country distance is exploding. Distance has become a critical independent variable in a host of studies dealing with global strategy, structure, learning and mode of entry issues. Thus, an accurate portrayal of country distance is fundamental to the validity of these studies. This session will review the development of research in this field from its inception when the focus was on culture and cultural distance. The panelists will describe the evolution of the concept and its measures, particularly in terms of economic and institutional dimensions, current challenges and opportunities that we face, and some of the latest methodological and theoretical developments in the field.



**Aya Chacar** is the Kauffman Associate Professor of Management and International Business at Florida International University. Previously she was an Assistant Professor at the London Business School, and has had visiting appointments at Ohio State University, the University of Utah and Balamand University. Aya Chacar earned her PhD from UCLA and completed her MBA from Rensselaer Polytechnic Institute, and her engineering studies at the University of Saint Joseph. Her research on the drivers of value creation and value has been done in the context of Major League Baseball, the pharmaceutical industry, investment banking, and emerging markets and has won numerous accolades including Best Paper Award from the Academy of Management's International Management division.



**Björn Ambos** is Professor of International Management at the Vienna University of Economics and Business (WU Vienna). He also acts as the school's academic director of its Master in International Management (offered jointly by the Community of European Management Schools, CEMS). Professor Ambos previously held positions at the University of Edinburgh, the University of Hamburg and WU Vienna, as well as several visiting teaching positions in Europe and Asia. He

also gained industry experience as a product manager for a German tour-operator in Vietnam, Italy, Paris and New York and consulted or participated in corporate trainings for firms like EADS, Ford, France Telecom, Hutchinson 3G, Puma, SAP, Siemens and Villeroy & Boch. Professor Ambos' research interests revolve around strategy, organization and innovation in the multinational firm. He serves on the Editorial Board of the *Strategic Management Journal* and was recently appointed to the Board of the European International Business Academy.



**Bruce Kogut** is the Sanford C. Bernstein & Co. Professor at Columbia Business School, Columbia University and previously held chairs at the Wharton School and INSEAD. Bruce Kogut has degrees from the University of California, Berkeley; Columbia University, and MIT, and was awarded an honorary doctorate from the Stockholm School of Economics. He was an early contributor to the domain of global strategy, to which he contributed

formally and empirically the idea that multinational firm networks provide valuable real options on the higher volatility arising from cross-border investments. His articles on joint ventures, culture and direct investment, and knowledge were recognized by journal prizes, including one from the *Strategic Management Journal*. He is currently working on governance and global networks, as well as public economic policies and ideologies. Pedagogically, he led the emerging markets program at Wharton and founded the social entrepreneurship program at INSEAD.



**Tatiana Kostova** (Ph.D., U of MN) is the Buck Mickel Chair and Professor of International Business at the University of South Carolina Moore School of Business. Her research is on MNC management, including topics like institutional and cultural embeddedness, cross-border transfer of organizational practices, knowledge management, organizational legitimacy, and social capital. She has received best dissertation awards from AIB and from IM division of AOM. For the high impact of her work published in top journals, she was recognized as the "Rising Star" in Economics & Business by Incites. She has served as Department Editor and is currently Consulting Editor of JIBS, and on the editorial boards of AMR, AMJ, JIBS, JMS, JWB, MBR, and others. She was Vice President of AIB and Division Chair of the IM division of AOM and is elected AIB Fellow.



**Oded Shenkar** is Professor of Management and Human Resources and the Ford Motor Company Chair in Global Business Management at the Fisher College of Business at the Ohio State University, where he is a member of the Chinese and Near Eastern Centers. He holds degrees in East-Asian Studies and Sociology from the Hebrew University and a PhD from Columbia University. Oded Shenkar published 100 articles in major journals such as AMR, AMJ, JAP, JIBS and HBR as well as numerous books, most recently with Wharton, *Financial Times*, and *Harvard Business Press*. His work has been cited in *The Wall Street Journal*, *Financial Times*, *New York Times*, *the Economist*, *China Daily*, and *Business Week*, and regularly appears in CNN, the BBC and CCTV. A Fellow of the Academy of International business, Oded Shenkar appeared before the US-China Economic and Security Review Commission of the US Congress and the Western Governors Association.



**Jordan Siegel** is an Associate Professor in the Strategy group at Harvard Business School. He teaches Global Strategic Management in the M.B.A. program and Economics of International Business in the doctoral program. He also teaches Global Strategic Management in the Executive Education program. Jordan Siegel's research focuses on how companies can best manage institutional differences across countries. He has written on how firms can rent foreign institutions

as a means of substituting for weak governance institutions at home, on how labor market institutions impact the design and success of global business strategies, and on how culture impacts the decision of where to locate foreign direct investments. In the course of this research, Jordan Siegel has done extensive fieldwork in Latin America and East Asia. His work has been published in the *Journal of Financial Economics*, *Administrative Science Quarterly*, *Management Science*, the *Journal of International Business Studies*, and the *Journal of Economic Literature*.

## SESSION 139

**CORPORATE SOCIAL AND ENVIRONMENTAL RESPONSIBILITY: INFLUENCES AND PERFORMANCE CONSEQUENCES**

<b>TRACK A</b>	<b>Date</b>	Tuesday, Nov 8
	<b>Time</b>	08:00 – 09:15 h
<b>Paper</b>	<b>Room</b>	NY Sands

**Session Chair** Maurizio Zollo, *Bocconi University*

**Integrating Corporate Strategy and Social Responsibility: Shareholder Returns from Investments in Stakeholder Networks**

Witold Henisz, *University of Pennsylvania*

Sinziana Dorobantu, *University of Pennsylvania*

Lite Nartey, *University of Pennsylvania*

The business case for corporate social responsibility is still an open question for global strategic management scholars, practitioners and policymakers. The authors present an ongoing research project demonstrating that strategic CSR, specifically effective stakeholder engagement, can transform business activity through the generation of sustainable rents for both shareholders and stakeholders. Using a novel database of over 38,000 stakeholder relations gathered on 16 publicly-traded gold mining firms operating 21 mines in 16 countries, the authors present: first, initial findings on the financial and operational returns to stakeholder engagement; second, a social network approach for managers to improve cooperation with stakeholders; third, highlights of ongoing comparative cases of stakeholder engagement at major mines; and lastly, planned future work on the contingencies of stakeholder engagement.

**Learning From the Best, Imitating the Worst: Interorganizational Ties as Determinants of Environmental Strategies**

Thomas Graf, *IE University*

Carl Joachim Kock, *IE University*

Even though environmental performance has become quite a salient concern for firms in recent years, firm decision-makers seem to approach environmental issues in very different ways. At one extreme, firms appear to avoid environmental efforts and to take a rather reactive stance towards compliance with external pressure. At the other extreme, some firms show a markedly pro-active approach that even takes them well beyond compliance with legal rules. In this study, we explore the role that interorganizational ties such as director interlocks or strategic alliances play in shaping firms' environmental performance. Based on vicarious learning and mimetic isomorphism, we suggest that ties with best-practice green firms make focal firms 'greener' while ties with heavy polluters worsens their environmental performance.

**Strategies for Mobilizing Actors in Transnational Commons**

Shahzad Ansari, *University of Cambridge*

Barbara Gray, *Pennsylvania State University*

Frank Wijen, *Erasmus University - Rotterdam*

We analyze why and how institutional entrepreneurs mobilize autonomous actors to preserve or develop transnational commons, where no overarching authority can induce collaboration. Enticing passive, diverse actors into collective action around transnational commons requires institutional entrepreneurs to deploy various mobilization strategies tailored to different systems of exchange in transnational arenas. Using the field of climate change as an illustration, we identify five mobilization strategies (exploring common ground, framing issues, using soft power, creating incentive systems, and building capacity), which institutional entrepreneurs use to mitigate restraining forces and overcome institutional stasis in transnational commons fields.

**Why Do Firms Publish CSR Reports? An Empirical Test of the Motivation of CSR Reporting**

Jingoo Kang, *Nanyang Technological University*

Jungbien Moon, *Korea University*

In this paper, we analyze the relationship between CSR reporting, corporate social performance (CSP), and corporate governance. Publishing a CSR report has become a common practice among the major corporations recently, but so far there has been no attempt to analyze its motivation. By combining data on CSR reporting with KLD's CSP data and IRRC's corporate governance data, we propose a novel approach to study the motivation behind CSR reporting and examine the relationship between a firm's annual CSR reporting status and its corporate social performance. We also attempt to analyze whether this relationship varies with the quality of corporate governance and the frequency of CSR reporting.

## SESSION 289

**CONTINGENCY APPROACHES AND METHODOLOGIES**

<b>TRACK D</b>	<b>Date</b>	Tuesday, Nov 8
	<b>Time</b>	08:00 – 09:15 h
<b>Panel</b>	<b>Room</b>	Americana Salon 1

**Session Chair**

Brian Boyd, *Arizona State University*

**Panelists**

Marta Geletkanycz, *Boston College*

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

Katalin Takacs Haynes, *Texas A&M University*

Historically, many of the relationships tested in strategic management have relied on linear direct effects, often with weak or inconclusive findings. In contrast, contingency hypotheses offer more nuanced approaches to explore research questions. While in recent years, two contingency methodologies have become common, management scholarship could benefit from more nuanced contingency theories and methods. We propose an applied seminar on the use of six contingency methodologies. Our proposal is closely aligned with the conference goal "to take a close look at the intricacy of these systems and of the data and methods we employ to tease insights from extremely complex and interconnected relationships and events."

## SESSION 204

**INSTITUTIONAL THEORY**

<b>TRACK E</b>	<b>Date</b>	Tuesday, Nov 8
	<b>Time</b>	08:00 – 09:15 h
<b>Common Ground</b>	<b>Room</b>	Cowrie 1

**Facilitator** Curba M Lampert, *Zayed University*

**Applying Institutional Theory to Explain Why Organizations Outsource Business Functions**

William Castellano, *Rutgers University*

Much of the research explaining why organizations outsource business functions is based on organizational economics and human capital theories that focus on rational organizational make or buy decisions. However, there is a growing number of studies citing many outsourcing failures, based on economic cost-benefit analyses. Drawing from institutional theory, this paper explores the non-rational reasons why certain business practices, such as outsourcing a business function, are implemented. By considering institutional theory explanations, we may gain a better understanding of the many non-economic pressures organizations face while making outsourcing decisions. Such an effort may also help explain why so many organizations experience disappointing results of their outsourcing activities, or engage in outsourcing activities even when it's not economically prudent to do so.



## Institutional and Technical Determinants of Localized Competition in a Deregulated Context

Raquel Orcos, *University of Zaragoza*  
Jaime Gomez, *University of La Rioja*  
Sergio Palomas, *University of Zaragoza*

This article proposes a dynamic localized competition model in which the importance of the criteria that determine competitive patterns vary over time. Firms must simultaneously respond to the expectations held by the social system in which they are embedded and to the technical demands of their own activities. Therefore, we focus on institutional and technical dimensions as determinants of the competitive map. Our research is conducted in the Spanish Banking sector in the period 1991-2009, immediately after an unprecedented deregulation process. We find that exogenous shocks can change the competitive structure in an industry and promote the emergence of new classification or organizational forms.

## Institutional Entry Barriers and Liability of Logic Foreignness in The French Film Production Industry (1987-2008)

Julien Jourdan, *HEC-Paris*  
Patricia Thornton, *Duke University*  
Rodolphe Durand, *HEC-Paris*

We explore what are the entry barriers for firms holding a foreign institutional logic to penetrate an industry. We define institutional deference as the pattern of actions set in place by firms to overcome their "liability of logic foreignness", and argue that familiarity with the industry logic, cognitive and normative legitimacy, and lack of incumbent organizations' resistance contribute to reduce the need for deference. We further predict that deference lowers short-term performance, but raises the prospects of future performance. We introduce the empirical setting and our original dataset on investment funds in the film production industry in France. Contributions are sketched in conclusion.

## Singing the Same Tune: Impact of Univocal Identity on Performance in the International Law Market

Lionel Paoletta, *HEC-Paris*  
Rodolphe Durand, *HEC-Paris*

While previous research has examined the disadvantages of combining multiple categories, we suggest that category spanning is not necessarily detrimental. By unpacking the overall rating of hybrid firms, we support the idea that a fuzzy identity, and ensuing penalties, arises only for hybrid firms that external evaluators rate divergently among categories. We show that identity ambiguity stems less from a straddling than a dissonant straddling. Hybrid organizations with high variance of inter-category ratings disturb audience evaluative schemas and spawn multivocal perceptions (viewed divergently by critics). Organizations have to bring their multiple identities to the same level and forge linkages between them to reach a better performance. In doing so, they can exploit potential identity synergies between categories based on their competences.

## Status Exploitation: Opportunity Costs and 'Dilution' Concerns in the Italian Wine Industry

Timothy Folta, *Purdue University*  
Andrea Lanza, *University of Calabria*  
Antonella Pellegrino, *University of Calabria*  
Simone Giuseppina, *University of Calabria*  
Arkadiy Sakharov, *Purdue University*

It is well recognized that organizations attain "status" or prestige by affiliating with notable partners or institutions, and that there are clear benefits to high status positions. However, are there organizational limits to status exploitation? Whether status leads to firm expansion hinges upon if the benefits derived from status offset the costs. In this paper we estimate a model that distinguishes between benefits and costs associated with new product introductions. To address this issue we examine new product introductions in the Italian Wine industry between

2003-2009. Our results suggest that status may affect whether firms select to introduce new products.

## The Influence of Signals' Structure and Receivers' Variance on the Interpretation of Signals

Azi Gera, *Drexel University*

I suggest that the interaction between the sender's ability to generate a signal and the receiver's ability to interpret it determines the signal's effect. I define two signal aspects: the informative aspect, which relays direct information on the sender, the legitimizing aspect, which conveys legitimacy through actions of third-party entities. I argue that the interaction between the senders' signal generating abilities and the receivers' interpretation abilities determines which aspect will be more prominent. Additionally, I suggest that signals are multilayered and that their interpretation is recursive. The proposed model suggests that, independent of the sender's underlying quality, the receiver's capabilities to discern this quality are significant in determining the signal's influence on the receiver's decision. Thus, in effect, signals are target specific.

### SESSION 218

## STRATEGY AND SOCIAL RESPONSIBILITY

TRACK E	Date	Tuesday, Nov 8
	Time	08:00 – 09:15 h
Paper	Room	Americana Salon 2
Session Chair	Tina Dacin, <i>Queen's University</i>	

## Innovation at the Bottom of the Pyramid: How Disruptive is It?

Wei-Ru Chen, *INSEAD*  
Chuang Chen, *Xiamen University*

Western-based multinational companies are concerning whether the innovations from the bottom of the pyramid in the emerging economies would potentially disrupt the existing business models or technologies in the developed world. This paper studies what characterize the innovations at the bottom of the pyramid and how disruptive are these innovations coming from China's bottom of the pyramid market. We find four major barriers that impede successful innovations in bottom of the pyramid market to disrupt the topper market segment.

## Sourcing for the Base of the Pyramid: Creating Supply Chains for Subsistence Markets

Anne Parmigiani, *University of Oregon*  
Miguel Rivera-Santos, *Babson College*

Subsistence markets are recognized as full of potential due to their considerable size, estimated at over four billion people living at the base of the pyramid. Although there has been substantial work describing how products and distribution systems must be uniquely adapted for these markets, less is known about how supply chains are created and managed to support these efforts and satisfy subsistence customers. We build upon research in traditional and non-traditional supply chains to propose key differences in subsistence market supply chains. We suggest that these supply chains combine elements of efficiency and responsiveness, rely heavily on informal governance, and engage with diverse partners, such as NGOs and competitors. Thus, firms need a broad set of skills to successfully create and manage these chains.

## Strategic Congruence between Community-Focused Strategies and Profit Maximization

Andrea Fosfuri, *Carlos III University of Madrid*  
Esther Roca, *Carlos III University of Madrid*  
Marco Giarratana, *Carlos III University of Madrid*

This article analyzes the relationship between new product entry price and product success when firms adopt community-focused strategies, defined as actions aimed at establishing relational links, based on social nonprofit values, with communities to which the firm's customers belong.



In this context, a negative relationship is likely between entry price and product success, because higher prices signal a misalignment between the company's claims (i.e., commitment to communities' social values) and its market actions (i.e., profit maximization). Data on price, product introductions, and recalls for Kiehl's, a U.S. cosmetic producer and retailer with a unique differentiation strategy that reflects a community-focused approach, support these hypotheses.

### The Consumer Perspective on Unsustainable Behaviour in Multi-tier Supply Chains

Julia Wolf, *EBS University of Business and Law*

Sabine Moeller, *EBS University of Business and Law*

In supply chains, companies face the risk that one or more of their upstream partners lack sustainable behaviour and violate stakeholder expectations. Media communication about examples in the past asserts that firms suffer from punishment (e.g. boycott) of consumers even though unsustainable behaviour was performed by an upstream partner and not themselves. Existing research falls short in providing both empirical support of this assumption and in explaining more precisely how consumers react to such information. This research uses attribution theory to theoretically explain consumers' decision making process and predict behaviour when faced with a negative outcome that results from unsustainable behaviour in the supply chain. The results of an experimental analysis are used to test the theoretical model and to understand consumers' potential emotional and behavioural reactions.

#### SESSION 117

### NEW PERSPECTIVES ON CORPORATE DIVERSIFICATION

#### TRACK F

Date Tuesday, Nov 8

Time 08:00 – 09:15 h

#### Common Ground

Room Triton

#### Facilitator

Douglas Miller, *University of Illinois-Urbana Champaign*

### ★ Competitive Context and Diversification

Julia Hautz, *University of Innsbruck*

Michael Mayer, *University of Bath*

In a longitudinal study of large European firms (1993-2007) we explore how the wider competitive context shapes diversification strategy. We develop a model that explains how the competitive context impacts on strategic choice by shaping both diversification opportunities and selection mechanisms that weed out inefficient diversification strategies. Our results indicate that foreign competition fosters international diversification and reduces product diversification while macro-economic growth has a positive impact on product diversification and a negative one on international diversification. This establishes the wider competitive context as an additional pillar of the macro level context, next to institutions and factor conditions.

### Corporate Controls, Size and Headquarters: The Effect of Corporate Level Strategy on Business Level Strategy

Pouya Seifzadeh, *University of Western Ontario*

W Glenn Rowe, *University of Western Ontario*

The purpose of this research is to re-examine the relationship between corporate strategy and business unit strategy and the effect of corporate strategy through business unit strategy on business unit performance. This research has drawn on the literature from Agency Theory, Information Processing Theory, Upper Echelons Theory, and the economic logics that underlie value creation in corporations. Through this research, we deconstruct the notion of corporate effects to theoretically redefine the role of Corporate Controls as a mediator between corporate strategy

and business unit strategy to help us respond to the research question of 'how does corporate strategy influence business unit performance?' This conceptualization undermines the previously theoretical approaches which mostly considered business unit strategy to be an exogenous factor relative to business unit performance.

### Deducing the Threat of Substitution: A Longitudinal Study of Firm Responses via Diversifying Entry and Media Discourse

Srikanth Paruchuri, *Pennsylvania State University*

Gwendolyn Lee, *University of Florida*

We analyze how firms, in real time, deduce the threat of substitution from media discourse that associates their products with an emerging product. We find that firms vary systematically in their response to the perceived threat deduced from media discourse. Our results show that, the more the threat of substitution is deduced from media discourse, the more the firm decelerates its rate of entry into the market. However, in spite of an increase in media discourse espousing the threat of substitution, firms with more technological capabilities related to the market and those with more market entry capabilities do not decelerate. Firms whose existing rivals have entered the market decelerate. Capabilities and competitive interactions are shown to moderate the effect of media discourse on diversifying entry.

### Does Industry Dynamism Explain Why Firms Diversify?

Frank Freund, *University of Erlangen-Nuremberg*

Martin Weiss, *University of Erlangen-Nuremberg*

Harald Hungenberg, *University of Erlangen-Nuremberg*

Diversification has been a central topic in strategic management research. Yet, the question why firms choose to diversify is still puzzling. Failure to consider industry dynamism contributes to this confusion. We propose that higher industry dynamism positively influences a firm's decision to diversify. First, from a 'traditional perspective' on diversification, the dynamic capabilities view can be linked to synergies to explain diversification in dynamic industries. Second, industry dynamism can challenge corporate survival. In that respect, it complements recent findings on context factors such as low growth and high exit rates, which drive a firm's decision to diversify. Beyond theoretical groundwork, we revisit existing efforts towards measuring dynamism, which are accompanied by ambiguity, arbitrarily used terms and lack a holistic measurement concept.

### International and Business Diversification and Managerial Ownership: An Efficient Incentive Contract Perspective

Todd Alessandri, *Northeastern University*

Anju Seth, *Virginia Tech*

International and business diversification are key strategic actions. We investigate the relationships between each of the two forms of diversification and managerial ownership in both directions, while controlling for the effects of the other form of diversification. International diversification represents increased potential returns and increased levels of firm risk, relative to business diversification. The hypotheses focus on the perspective of shareholders and the design of efficient incentive contracts that serve to achieve their objectives. Our analysis involves a sample of 1,189 S&P 1500 firms from 1998-2006. The findings suggest that international diversification negatively influences managerial ownership, while managerial ownership negatively influences international diversification. There are no significant relationships between business diversification and managerial ownership in either direction. These results support an efficient incentives contract perspective in terms of international diversification and managerial ownership.



## Reevaluating the Relation Between Corporate Diversification and Firm Risk: A Downside Risk Approach

Jan Mammen, *University of Erlangen-Nuremberg*  
 Susanne Fleischhacker, *University of Erlangen-Nuremberg*  
 Dominic Herrmann, *University of Erlangen-Nuremberg*  
 Ludwig Luetkes, *University of Erlangen-Nuremberg*

Portfolio theory suggests that firms can lower their risk through diversification. However, empirical research testing this prediction has come to inconclusive results. To bridge this gap, we adopt a downside risk approach that is likely to better reflect firm risk than the variance-based risk measures so far prevailing in this research field. We test our hypothesis in a longitudinal model on a sample of S&P 500 listed firms in the time period 1990-2009. Our findings suggest that product diversification is more suitable than international diversification to reduce firm downside risk. However, we do not find a linear relationship between product diversification and firm downside risk, but rather a horizontal S-shaped association.

### SESSION 116

## CORPORATE GOVERNANCE

<b>TRACK F</b>	<b>Date</b>	Tuesday, Nov 8
	<b>Time</b>	08:00 – 09:15 h
<b>Paper</b>	<b>Room</b>	Cowrie 2

**Session Chair** Seemantini Pathak, *University of Houston*

## Corporate Bankruptcy: Firm Context, Director Types and Likelihood of Successful Reemergence

Punit Arora, *Syracuse University*

Reemergence from bankruptcy is one of the least explored organizational domains. The present study fills this void by studying the likelihood of reemergence from a corporate governance perspective. We show that when resourceful directors are actively involved in the firm's business, firm's likelihood of reemergence significantly goes up. Further, the relationship between directors' resourceful interlinks and reemergence likelihood is curvilinear, such that too few and too many links reduce the likelihood of reemergence. Finally, we also show that nature of resources useful for the firm is contingent on the nature of business firm is in, i.e., while resourceful insiders are more valuable for firms in knowledge-intensive industries, resourceful outsiders are more valuable for firms with higher legitimacy needs. Overall, this study relies on and extends the resource dependence perspective and provides a more robust and contextualized understanding of directors' impact on firm performance.

## Corporate Restructuring and Governance Change

Seemantini Pathak, *University of Houston*  
 Shih-Chi Chiu, *Nanyang Technological University*  
 Robert Hoskisson, *Rice University*  
 Richard Johnson, *University of Missouri*

While poor governance has often been hypothesized to be an antecedent of corporate restructuring, little research examines governance changes after completion of restructuring. We draw upon resource dependence theory to examine how the magnitude as well as the direction of restructuring would lead a firm to enact changes in its board independence and board capital in order to adjust to new demands for resource provision and monitoring. We also point out how the firm's strategic choices regarding restructuring would impact its attractiveness to institutional investors, an important class of stakeholders.

## How Do Control-Enhancing Mechanisms Affect Firm Performance? An Empirical Study Across European Countries

Alessandro Zattoni, *Bocconi University*  
 Torben Pedersen, *Copenhagen Business School*

Governance scholars and investors traditionally advocate against the use of control enhancing mechanisms, as they determine a deviation from the proportionality principle. The aim of this article is to contribute to the current debate investigating the implications of these control-enhancing mechanisms on firm performance. To reach this purpose, we collected ownership data on the largest listed companies in five European countries. Then we tested the consequences of control-enhancing mechanisms for firm performance using 2SLS regression models. Our results show that mechanisms that lock-in control do have a direct and negative impact on firm performance, and the negative impact on firm performance of mechanisms aimed at enhancing control by leveraging voting power is mediated by the divergence in voting and cash flow rights.

## Preventing Financial Statement Frauds: Analysis of the Role Played by the Corporate Governance

Barbara Sveva Magnanelli, *LUISS Guido Carli University*  
 Luca Pirolo, *LUISS Guido Carli University*

The escalating number of financial frauds, occurred in recent years, leads to an increasing attention paid by academics and practitioners to manage the phenomenon. Aiming to find some ways to prevent frauds, researchers have started to analyse the factors related to them to implement preventive actions and mechanisms to avoid/reduce the possibility of the fraud occurrence. Specifically, the focus has been addressed towards the relationship between some mechanisms of corporate governance and the fraud occurrence, considering the role of corporate governance mechanisms to solve governance problems and exercise a control function over the different actors of the firm. In this work we analyse the impact of the corporate governance as a whole on financial statement frauds, considering the entire system of governance variables within firms.

### SESSION 168

## ENTRY MODES AND MULTINATIONAL ENTERPRISE ORGANIZATION

<b>TRACK G</b>	<b>Date</b>	Tuesday, Nov 8
	<b>Time</b>	08:00 – 09:15 h
<b>Common Ground</b>	<b>Room</b>	Periwinkle

**Facilitator** Anthony Goerzen, *Queen's University*

## Impact Factors for the Global Allocation of Open Source Development Activities

Martin Heitmann, *Technical University of Berlin*  
 Marvin Kant, *Technical University of Berlin*  
 Christoph Sterzing, *Technical University of Berlin*

The open source software (OSS) movement has an increasing economic influence on the global software industry. Academic interest has mainly focused on analyses of developers' motivation, the organizational setup of communities, and the question how to gain profit from open source development. Despite this, the global allocation of open source activities has been understudied so far. Stakeholders like public administration and private companies might take an interest in the factors that are beneficial for local OSS development in order to attract and thrive on it. Meanwhile, academic research on virtual collaboration cannot explain the global allocation. The question remains where open source development activities are located and for what reason. This study will provide a conceptualization and – in the future – empirical testing for the proposed framework.



## Institutional Effects During International Expansion: An Integrative Model of Value Erosion

Tazeeb Rajwani, *Cranfield University*

Thomas Lawton, *EMLYON Business School*

Ignasi Martí Lanuza, *EMLYON Business School*

This paper examines the concept of value within the context of the resource-based view of the firm. Whilst heterogeneously distributed valuable resources allow a firm to gain competitive advantage, less attention has been devoted to the conditions that lead resources to lose their value in a varying institutional context. We contribute to the resource-based view of the firm and strategy research by first, setting out the antecedents of value erosion of resources; second, identifying institutional effects on resource drivers that erode resource value; and third, developing a conceptual framework that highlights strategies to manage value erosion during the internationalization process.

## Internationalization Readiness and Psychic Distance: Re-thinking the Foreign Market Entry Decision-Making Process

Christiane Prange, *EMLYON Business School*

Katty Marmenout, *EMLYON Business School*

Psychic distance has been one of the most researched concepts in the international business literature. However, the origin of psychic distance perceptions has been largely ignored. This study is motivated by the need to look at a firm's pre-internationalization phase in which managers are exposed to a various stimuli affecting their psychic distance perceptions. We develop a model linking perceived organizational readiness with psychic distance formation and managerial intentionality as important determinants of foreign market entry decisions. Our qualitative exploratory study generates a deeper understanding of the antecedents of the foreign market entry decision-making process and contributes to the debate about the role of psychic distance, which has been described as a direct determinant or a mediator/moderator of international activities.

## Online Market Entry Strategies

Christopher Holland, *University of Manchester*

Gordon Mandry, *Cyprus International Institute of Management*

An online market entry strategy theory is proposed that integrates the role of the Internet with the characteristics of the target market that affect the search process. The theory is illustrated with international case studies in the mobile phone, grocery and retail financial services markets. Five distinctive strategies are identified: Online launch effect; open web partnerships; alliance with incumbent; multi-brand attack and technology shift. The effectiveness of these strategies is evaluated using new online measurement constructs, including dynamic share of online sales opportunities. The theory and empirical examples are designed to help managers and academics understand market entry strategies that take into account the use of the Internet either as a standalone business or as part of a multi-channel strategy.

## The Dynamics of Ownership, Political Uncertainty and Political Capabilities in Market Entry Mode Decisions

Maria Andrea De Villa, *EAFIT University*

This paper examines the link between political uncertainty and political capabilities as moderators of MNEs' market entry mode decisions. We investigate political uncertainty and political capabilities, as less attention has been devoted to examining their effects upon the ownership structures of entry mode decisions. We contribute to the market entry modes literature by extending our understanding of these two moderators upon the ownership structures of MNEs' during entry mode decisions through a multilevel conceptualization. We draw on market entry modes literature and institutional theory to explore these interaction effects.

## SESSION 250

### DYNAMIC CAPABILITIES

#### TRACK I

#### Paper

**Date** Tuesday, Nov 8  
**Time** 08:00 – 09:15 h  
**Room** Poinciana Salon 1

**Session Chair** Michael G. Jacobides, *London Business School*

## Can Dynamic Capabilities be Influenced From Outside? A Multiple Case Study

Giacomo Carli, *University of Bologna*

Alessandro Grandi, *University of Bologna*

Cristina Boari, *University of Bologna*

This study explores how dynamic capabilities of a firm can be accessed from outside. In particular it shows how, through a process of deliberate learning, organizations can overcome core rigidities and develop new dynamic capabilities thanks to the external intervention of consultants. Previous literature does not explore how external knowledge contributes to dynamic capabilities evolution. This research highlights the role of consultants as enablers of a new dynamic capabilities development cycle. A multiple retrospective case study design is adopted to compare different processes of change and observe different patterns. This study contributes to the understanding of how dynamic capabilities lifecycle is articulated and how external actors can impact on firms' change processes in which their knowledge is internalized following a process of deliberate learning.

## Dynamic Capability Perspective on Innovation:

George Tovstiga, *University of Reading*

This paper discusses exploratory research that probes the dynamic capability dimension of innovation. An outcomes-based conceptual model is proposed. Empirical quantitative research based on a survey questionnaire applied with two R&D/technology research groups (Vodafone R&D/Technology Group (UK, Germany and Spain) and IBM Research Lab (Zurich) is described. Preliminary statistical analysis (factor analysis) suggests some determining factors of a dynamic innovative capability consistent with current thinking that links innovation with organisational knowledge, practices and culture. Further analysis to be done includes correlation and regression on the basis of the factors emerging from the preliminary findings.

## Routinized Knowledge Combination

Seungho Choi, *Michigan State University*

Kent Miller, *Michigan State University*

This paper extends our understanding of knowledge combination in organizations. Often knowledge combination has been viewed as an intrapersonal phenomenon and there has been an associated emphasis on knowledge transfer as its key mechanism. This paper argues that knowledge combination can be conceptualized at a collective level and collective knowledge combination carries implications for knowledge transfer, the role of artifacts, and the importance of coordination. Central to this paper is a conceptualization of collective knowledge combination as a capability expressed in ongoing organizational routines. We explain how ostensive and performative aspects of collective knowledge combination routines produce endogenous change and stability. Ongoing innovation occurs both as a direct output of knowledge combination routines and as such routines themselves undergo change.



## The Dynamics of Coordination Regimes: Implications for Organization Design

Michael G. Jacobides, *London Business School*

This paper examines the dynamics of coordination, looking at the evolution of coordination by rules, norms or standards (which we term “structured coordination”) and by direct interaction (mutual observation and explicit co-adaptation ad hoc which we term “unstructured coordination”). Our model of how coordination costs change over time posits that as organizations build up competence in unstructured coordination, they also obtain knowledge of task at hand, facilitating better modes of structured coordination. We obtain several implications for organizational design, showing e.g. that (especially early) reliance on structured coordination mechanisms dynamically suppresses the build-up of coordination competence, or that total costs of coordination can be higher in a structured coordination regime, and that our choice of coordination regime is affected by the inter-temporal discount rate.

### SESSION 252

## BUILDING DYNAMIC CAPABILITIES

<b>TRACK I</b>	<b>Date</b>	Tuesday, Nov 8
	<b>Time</b>	08:00 – 09:15 h
<b>Paper</b>	<b>Room</b>	Poinciana Salon 2

**Session Chair** William Bogner, *Georgia State University*

## Acquiring Capabilities and the Importance of Routines: An Exploratory Case Study

Nima Amiryany, *VU University Amsterdam*  
Mario Schijven, *Texas A&M University*

In high-velocity environments such as high-tech industries, many firms engage in acquisitions aimed at getting access to new capabilities, in order to create competitive advantage. Research on acquisitions, however, has shown that acquiring a firm is not always a successful strategy, since most acquisitions fail to meet expectations. Based on a case study, this paper argues that the acquiring firm can enhance post-acquisition capability transfer by taking into account the cluster of routines that function as the microfoundations of the capability in question. More specifically, it is proposed that the acquiring firm must have an external absorptive capacity capability which recognizes the importance of these routines’ ostensive aspects and enables the existence of an organizational learning loop that enhances the creation of such ostensive aspects.

## Building Dynamic Capabilities for Service Innovation

Andreas von Vangerow, *Swiss Federal Institute of Technology Lausanne*

Previous empirical research on dynamic capabilities was mainly addressing high-velocity environments and environments with relatively clear and addressable governance structures such as Alliances, M&A, or CVC. Research applying the framework to less structured and slower evolving environments is currently missing. This proposal aims to close this research gap by testing the dynamic capability framework in the context of service innovation. Service companies do not follow formal product-life-cycles and services are usually not periodically renewed. This gives managers less guidance to plan ahead for organizational change than in the case of technological product trajectories. This article tests whether the concept of dynamic capabilities – the planned creation and modification of a companies’ resource base – could offer guidance for service companies to strategically plan for innovation and change.

## Building Dynamic Capabilities through Organizational Design

Chahira Mehrouachi, *Paris-Dauphine University*  
Patrick Cohendet, *HEC-Montréal*

The present paper examines the nature of dynamic capabilities, how they unfold, and their origins at multiple levels of analysis through a qualitative investigation of twenty one case studies of firms operating in the video

game industry. Our results show that the origins of dynamic capabilities are not only limited to learning and knowledge management activities but incorporate also different processes of organizational design. We explain how these processes by endowing a firm with a relevant structure and culture would allow the efficient accomplishment of different meta-activities of sensing, seizing and reconfiguring and ultimately the achievement of an internal evolutionary fitness.

## Shall We Dance? Multilevel Perspective on Development of Dynamic Capabilities

Olga Petricevic, *Georgia State University*  
William Bogner, *Georgia State University*

This theoretical paper examines the linkages among a firm’s distinctive dynamic capability sets in the management of a firm’s inter-organizational relationships. The model presented in this paper sets out theoretical linkages underlying four distinct but related sets of dynamic capabilities that firms can develop to manage network-level and alliance-level relationships. The formal model developed in this paper accommodates a multi-level analysis of the capability sets that are deployed at the network-level and the alliance-level to explain firm-level innovation outcomes. We conceptualize alliance skills and network skills as multi-dimensional constructs consisting of capabilities for opportunity-sensing and capabilities for opportunity-seizing, and argue that these different capabilities in isolation and in interaction contribute to the effectiveness of firm-level outcomes.

### SESSION 264

## STRATEGIC THINKING AND DECISION MAKING

<b>TRACK I</b>	<b>Date</b>	Tuesday, Nov 8
	<b>Time</b>	08:00 – 09:15 h
<b>Paper</b>	<b>Room</b>	Venus

**Session Chair** John Pisapia, *Florida Atlantic University*

## An Ambidextrous Personality: Persistence Positively Affects Ambidextrous Decision-Making

Daniella Laureiro-Martinez, *Swiss Federal Institute of Technology Zurich*

This ongoing study aims at finding some antecedents of exploration, exploitation and ambidexterity in biologically founded measures of personality –temperament and character- of single individuals. A group of 36 expert decision-makers participated in the solution of a complex problem. Using Verbal Protocol Analysis, a narrative was generated in order to build a database of textual data capable of revealing information on participants’ decision making process and style. Data on their personality and decision making process was collected through an acknowledged personality test (TCI). The results support the hypotheses on the relevance of specific characteristics of personality as predictors of explorative and exploitative behavior and identify in Persistence a critical factor for ambidextrous behavior.

## Analogy-Based Strategic Decision Making in Disruptive Environments

June-Young Kim, *Marquette University*  
Edward Inderrieden, *Marquette University*

How do firms make strategic decisions in disruptive environments? Conventional models of organizational adaptation are not well equipped to explain how firms handle novelty such as disruptive changes. By incorporating the notion of analogy, we aim to build plausible theories of organizational decision-making and learning for novel strategic problems. Through an inductive study of a U.S. media firm facing severe threats to its survival, we seek to understand if and how managers use analogies in strategic decision making. In particular, we explore the potential impact of organizational structure and culture on the way managers retrieve past experience from source analogs and map them to the current problems. We also examine how analogy operates in tandem with other decision processes.

## How Executive Overconfidence Affects Firm Innovation

Yi Tang, *Hong Kong Polytechnic University*  
 Jiatao Li, *Hong Kong University of Science & Technology*  
 Hongyan Yang, *Hong Kong Polytechnic University*

Researchers affiliated with the Upper Echelons Theory have paid increasing attention to how executive overconfidence, defined as corporate executives' exaggerated self-confidence or pride, may significantly affect firm decisions and outcomes, but have not explicitly examined its effect on firm innovation. We extend the idea of executive overconfidence to the context of firm innovation. Built on the literature of executive overconfidence and firm innovation, we propose that executive overconfidence may actually benefit a firm's innovative performance, and this relationship can be contingent on both internal and external conditions determining executive job demands. We test our propositions using a longitudinal sample of U.S. high-tech public firms, from 1995 to 2005.

## Strategic Thinking Skills: Validation and Confirmation of Constructs

John Pisapia, *Florida Atlantic University*  
 Linda Ellington, *Palm Beach Atlantic University*  
 Gesulla Cavanaugh, *Florida Atlantic University*

The purpose in this study was to confirm the constructs of strategic thinking skills as proposed by Pisapia, Reyes-Guerra & Coukos Semmel (2005). The study reviewed the development of the STQ, and employed item analysis, exploratory and confirmatory analysis to confirm the constructs. Factor analysis revealed four factors. The original three factor structure (systems thinking – reflection – reframing) posited in 2005 by Pisapia and his colleagues was confirmed and a fourth strategic thinking skill adaptive reflection was identified. Results from confirmatory analysis suggested that the four subscale solution provides a better fit to the data compared to the original three subscale model. Internal consistency of the subscales was adequate in three of the four subscales and moderate in one subscale. Subscale correlations indicate good divergent properties

### SESSION 198

## STRATEGIZING FROM MULTIPLE STAKEHOLDERS

<b>TRACK J</b>	<b>Date</b>	Tuesday, Nov 8
	<b>Time</b>	08:00 – 09:15 h
<b>Paper</b>	<b>Room</b>	Neptune

### Session Chair

Lena Elisabeth Bygballe, *BI Norwegian School of Management*

### Discussant

Ivano Cardinale, *University of Cambridge*

## Changing Work Praxis in Project-Based Organizations: The Role of Internal and External Relationships

Anna Swärd, *BI Norwegian School of Management*  
 Lena Elisabeth Bygballe, *BI Norwegian School of Management*

This study give insight into how the introduction of new work praxis in a project based organization is influenced by external practitioners and of how company strategy is affected by the interplay between praxis and practitioners. The findings suggest that the new praxis changes the internal relationships between the overall organization and the project-organization and the relationships between the company and external actors from loose to more tight couplings. We discuss how these changes, in turn, might unintentionally change the company strategy. This study contributes to the field of strategy as practice as we give insight into how external actors play a role in the development of praxis that shape project-based firm strategy.

## Co-creation and the Role of the Customer in Strategizing

Sebastiano Lombardo, *BI Norwegian School of Management*  
 Ragnhild Kvålshaugen, *BI Norwegian School of Management*

This article addresses the role of the customer in strategizing. We address a micro level of praxis in strategizing and observe customers as an aggregate actor. Building on the concept of strategic episodes (Hendry & Seidl, 2003) and on recent studies of the role of meetings in strategizing (e.g. Jarzabkowski & Seidl, 2008) we analyze the micro practices managers, engineers and their customers draw upon as they interact during creative engineering workshops, and what implications this customer interaction has for strategizing at the business unit level in a knowledge-intensive business service firm.

## Inter-Organizational Strategizing: Process Patterns in the Relation Between Inter- and Intra-Organizational Strategizing

Felix Werle, *University of Zurich*  
 David Seidl, *University of Zurich*

Strategy research has increasingly recognized that strategizing is a phenomenon that is not exclusively happening within but also beyond organizational boundaries. Empirically, one can observe inter-organizational strategizing processes, where organizations get involved in multi-sector strategizing initiatives not in order to achieve a common aim or collective way forward for the group but rather to develop a shared understanding on the importance and different dimensions of a set of issues to inform the strategizing process within individual participating organizations. These cases are particularly interesting as they resemble two parallel processes, both on the inter-organizational as well as the intra-organizational level. Our empirical case study research identifies different process patterns and practices from 12 multinational companies of how inter- and intra-organizational strategizing are mutually affecting each other.

## The Voice of Sub-Organizational Identities in the Strategy Making of Firm

Sebastien Picard, *ESCP Europe*

If strategy as to be a theory of action and a social activity, it is important to uncover how multi sub-organizational identities are reflected in the firm's strategy making, how these multi sub-organizational identities are intertwined in daily strategizing, and if firms actually benefit of this diversity in term of performance. In addressing these questions, we took a micro-perspective through an inductive and qualitative research to observe the unfolding of a complex and impacting strategic project in a biotechnology firm. Then we build on assumptions and intellectual foundations of the strategy-as-practice perspective and some of the latest insights in the capability literature to argue that the TMT's ability to design a strategy architecture that enhance cohesiveness over conflicts of interest.



## SESSION 177

**ENTREPRENEURIAL GROWTH STRATEGIES**

<b>TRACK K</b>	<b>Date</b>	Tuesday, Nov 8
	<b>Time</b>	08:00 – 09:15 h
<b>Paper</b>	<b>Room</b>	Poinciana Salon 3

**Session Chair** Robert Burgelman, *Stanford University*

**Integrating Entrepreneurial Behavior and Strategic Resource Allocation – An Exploratory Analysis**

Taina Tukiainen, *Helsinki Metropolia University of Applied Sciences*  
Robert Burgelman, *Stanford University*

In this paper, we examine the balancing of top management's intent and entrepreneurial activities of lower-level managers to generate corporate growth. We study how entrepreneurial activities evolve, and how learning takes place in several dimensions of their life cycle. We examine initial conditions, the definition of emerging entrepreneurial initiatives, their gaining of impetus, the role of strategic and structural contexts in shaping their further development and final outcomes in a portfolio of 37 ventures and a couple of mainstream business cases at Nokia from 1998 to 2008. We study the competitive dynamics of the wireless communications industry, which require continuous exploration and exploitation of new opportunities to succeed; and we report how entrepreneurial behavior and strategic resource allocation processes work together to generate corporate growth. We also identify a corporate 'success syndrome' and associated critical factors that make it difficult to achieve breakthrough innovations.

**Is Franchising a Financially Performance Enhancing Strategy?**

Melih Madanoglu, *Florida Atlantic University*  
Kyuhoo Lee, *Sonoma State University*  
Gary Castrogiovanni, *Florida Atlantic University*

Franchising emerged as an important growth strategy in numerous industries. While antecedents of franchising are well researched, the findings about firm financial performance are mixed and inconclusive. We set out to address this deficiency by comparing firm financial performance of franchising and non-franchising restaurant firms industry. We use five different performance measures: the Sharpe Ratio, the Treynor Ratio, the Jensen Index, the Sortino Ratio, and the Upside Potential Ratio. After controlling for market and firm-specific factors, we find that franchising restaurant firms outperformed their non-franchising counterparts in all cases. Simply stated, franchising pays! That is, we obtained evidence that publicly-held restaurant firms during our study interval on average performed better if they franchised than if they did not.

**The Sustainability of the Bricolage – Firm Growth Relationship**

Pia Arenius, *Turku University*  
Mikko Rönkkö, *Aalto University*  
Juhana Peltonen, *Aalto University*

Entrepreneurial bricolage may enable resource-constrained firms to develop resources from seemingly nothing. However, only a few empirical study the relationship between bricolage and firm growth. Furthermore, it has been suggested that bricolage can hinder growth if the practice becomes deeply institutionalized in the firm's routines. To examine these issues, we obtained survey data from 228 small Nordic software firms between 1 to 33 years of age using a novel bricolage scale. Using structural equation modeling, we find that bricolage has an inverted U-shaped relationship on growth. Furthermore, our model suggests that firm age may negatively moderate this relationship. This suggests that growth-driving effects of bricolage diminish as the firm grows older. Growth-oriented managers should therefore not be blinded by the initial successes created through bricolage.

**Venture Size and Scope Among Small Firm Startups**

Alicia Robb, *Kauffman Foundation*  
Simon Parker, *University of Western Ontario*  
Timothy Bates, *Wayne State University*

We focus on the determinants of venture growth using a framework that entails grouping applicable determinants into three overlapping categories: characteristics of the founder, traits of the firm, and strategies employed to achieve venture viability, growth, and success. Our focus is on organic firm growth as opposed to growth generated by acquisitions. Utilizing econometric models drawing upon 2004 base year variables and followup information collected annually from 2005-2008, our objective is to explain one-year growth rates as well as longer term growth rates of the young ventures. Controls for certain environmental factors -- such as macro variables capturing cyclical economic conditions -- are introduced into the econometric models explaining growth.

## SESSION 178

**GEOGRAPHIC AND LOCATIONAL INFLUENCES ON STRATEGY AND ENTREPRENEURSHIP**

<b>TRACK K</b>	<b>Date</b>	Tuesday, Nov 8
	<b>Time</b>	08:00 – 09:15 h
<b>Paper</b>	<b>Room</b>	Poinciana Salon 4

**Session Chair** Donald Hatfield, *Virginia Tech*

**Agglomeration Economies and the Isolation Costs of Lone Wolves**

Hanko K. Zeitzmann, *Virginia Tech*  
Donald Hatfield, *Virginia Tech*

Acknowledging drawbacks of industry agglomerations, this study investigates isolation costs in regards to knowledge development patterns. We argue that avoiding to locate within clusters to protect the firm's current knowledge base can result in restricting the firm's ability to extend the scope of its knowledge (explore). We find that some firms do suffer isolation costs. However, those with a strong initial knowledge base appear to have alternative knowledge strategies which enable them to conduct explorative search regardless of location decision. Lone wolves with small resource commitments appear to conduct less explorative search than organizations which make small resource allocations within dense geographic clusters. Finally, lone wolves with initial explorative organizational routines tend to conduct less explorative search than similar firms locating within dense geographic clusters.

**★ Agglomeration vs. Organizational Reproduction: The Molds Cluster in Portugal**

Carla Costa, *Carnegie Mellon University*  
Rui Baptista, *Technical University of Lisbon*

This paper examines the mechanisms that drove regional clustering of the molds industry in Portugal. Two alternative theories aiming to explain the clustering process are considered: agglomeration theory and organizational reproduction/heritage theory. Based on data for 1986 to 2008 on entrants in the molds industry, their location and performance, we find mixed support for both theories. In part this may reflect the period examined, that is well after the molds industry became geographically concentrated. All our findings, though, point to a significant influence of a firm's heritage on the rate at which spawning occurs and also on entrants' location and performance.

**Inherited Agglomeration Effects in Hedge Funds**

Rui De Figueiredo, *University of California-Berkeley*  
Philipp Meyer, *University of Pennsylvania*  
Evan Rawley, *University of Pennsylvania*

This paper studies inherited agglomeration effects, the economic benefits that accrue to managers while working at a parent firm in an industry hub that can be subsequently transferred to a spinoff, regardless of where the spinoff is located. We test the evidence for inherited



agglomeration effects in the context of the hedge fund industry and find that hedge fund managers who previously worked in New York and London outperform their peers by about 3.12% p.a. This effect is stronger if managers previously worked in a job more related to hedge fund management. The evidence suggests that managers can transfer the benefits of agglomeration from parent firms to spin-offs. We find that inherited agglomeration effects are at least as large as traditional agglomeration effects.

### The Influence of Internal and External Economies on Firm Location Strategies: Evidence From Biopharmaceuticals

Juan Alcacer, *Harvard University*  
Mercedes Delgado, *Temple University*

This paper explores the impact of internal economies (i.e., geographical co-location with same-firm establishments) and external economies of agglomeration (i.e., regional clusters) on the location of new establishments of existing firms. We examine how location strategies vary with the function of the establishment (R&D, manufacturing, or sales) and by firm type (single- or multi-establishment firm). Our analysis exploits the Census Bureau's Longitudinal Business Database and cluster definitions from the U.S. Cluster Mapping Project to study the locations of new biopharmaceutical establishments in the U.S. during 1993-2005. Our preliminary findings suggest that internal and external economies positively impact the location of new establishments, though there are relevant differences across firm functions. Most notably, the positive effect of strong clusters on location is larger for R&D establishments.

#### SESSION 226

#### STARS

<b>TRACK L</b>	<b>Date</b>	Tuesday, Nov 8
	<b>Time</b>	08:00 – 09:15 h
<b>Paper</b>	<b>Room</b>	Moon

**Session Chair** Daniel Tzabbar, *Drexel University*

### Competition for Top Talent in a Matching Market: Rethinking the “Star” Expert Model

Denisa Constanta Mindruta, *HEC-Paris*

This paper examines firms' competition for attracting “star” professionals. The paper argues that competition for stars takes place in a matching market where “stardom” status is endogenously determined by the interplay between the degree of market thickness and the “fit” between the preferences of firms and stars. This theoretical framework is able to accommodate differing empirical regularities, notably, contexts in which firms compete for a few star individuals, and contexts in which a star's skills are idiosyncratically valued by one or few firms. The paper discusses this model in relation to the resource-based view and the human capital theory and concludes by suggesting implications for empirical testing.

### Coordinating Intrafirm Knowledge Networks for Exploration, Exploitation, and Ambidexterity: The Key Role of Individual-Level Mechanisms

Konstantinos Grigoriou, *Georgia Institute of Technology*  
Frank T. Rothaermel, *Georgia Institute of Technology*

Applying knowledge- and network-based thinking, we uncover microfoundations of strategic renewal for incumbents operating in technologically dynamic environments. Conceptualizing renewal as an evolutionary process of knowledge sensing, recombination, intuition, selection, transfer, and integration, we go beyond the sole focus on individual productivity and emphasize the importance of individual relational capacities for learning outcomes. We highlight the role

of such relational stars in facilitating exploratory and exploitative learning. More importantly, we identify and compare alternative individual-level coordination mechanisms that can be used to address inherent resource or design trade-offs in the organizational pursuit for ambidexterity.

### Does Desperation Lead to Opportunity? Star Employees and the Micro-foundations of Strategic Renewal

Andrew Hess, *University of Virginia*  
Frank T. Rothaermel, *Georgia Institute of Technology*

Which organizations are the most likely to enter a radically new technological field? How do such organizations strategically renew themselves? We empirically study the global pharmaceutical industry, where we investigate which firms are the first to enter into biotechnology, and the mechanisms these firms use to facilitate strategic renewal. We analyze fine-grained publishing and patenting history of 108 incumbent pharmaceutical firms over 30 years (1974-2003). Our findings point to the importance of context in the decision making of managers and the heterogeneity among the individual knowledge workers in the organization.

### ★ Lighting the Way or Stealing the Shine? Duality in Star Scientists' Effects on Colleagues' Performance

Rebecca Kehoe, *Rutgers University*  
Daniel Tzabbar, *Drexel University*

Do stars benefit or hinder the performance of other employees in an organization? On the basis of 456 biotechnology firms between 1973 and 2003, we demonstrate that the presence of a star scientist increases non-stars' productivity but decreases non-stars' abilities to influence firm innovation. However, these effects vary with star-colleague collaboration and the technological breadth of stars' work. Specifically, we demonstrate that non-stars' productivity is greater when star-colleague collaboration is high and where stars' work covers a broader range of technologies, while the distribution of intellectual contribution of scientists is greater when collaboration is high but lower when stars' technological breadth is high. These results indicate that stars' effects differ across colleagues' performance outcomes and offer insights into contexts in which these effects may vary.

#### SESSION 151

#### STAKEHOLDERS & RELATIONSHIPS

<b>TRACK M</b>	<b>Date</b>	Tuesday, Nov 8
	<b>Time</b>	08:00 – 09:15 h
<b>Paper</b>	<b>Room</b>	Sundial

**Session Chair** Jonathan Doh, *Villanova University*

### Customers: The Forgotten Stakeholder in Mergers and Acquisitions

Junichi Kato, *Cranfield University*  
Richard Schoenberg, *Cranfield University*

While the impact of M&A on internal stakeholders has generated considerable empirical study, relatively little academic attention has been paid as to how external stakeholders are affected by, and respond to, M&A activity. This paper reports on an investigation into how customers are affected by M&A integration actions, using an explanatory case-study of a major multi-national service sector merger. The findings advance our understanding of the processes by which M&A integration actions impact the customer-supplier relationship and reinforce the need for a more holistic approach to understanding the drivers of M&A performance. The work also highlights critical customer relationship variables and integration actions that executives involved in future service sector mergers and acquisitions should focus on to minimize customer migration.





Ecosystems, Co-Specialization and Asset Orchestration in a Regional Context

Johan Wallin, Synocus Group

The emergence of global ecosystems, emphasizing co-specialization and asset orchestration poses a challenge for regional decision makers. The decision of Nokia to join Microsoft's Windows ecosystem affects the regional development at Nokia's headquarters in Finland. National and regional decision makers have to apply new frameworks and approaches to deal with this new phenomenon. Taking the dynamic capabilities view this paper develops a framework for how to build attractiveness for a region in front of a particular global ecosystem. The paper also applies the framework to analyze how the City of Espoo, where Nokia's headquarters are located, has behaved according to the framework.

Subsidiary Alliances Emergence, A Stakeholder Perspective

Tao Ma, University of Connecticut

This paper proposes a new construct --subsidiary alliances, which is defined as a focal subsidiary's three prominent concerns in forming a strategic alliance in the host country, which include 1) the locus of alliance partner's headquarters, 2) the alliance partner's social influence or institutional linkages, and 3) the alliance partner's business influence to the focal subsidiary (single business level vs. corporate level). This paper argues that the emergence of subsidiary alliances is driven by the motivation of the subsidiary to satisfy the expectations of product market stakeholders, and that such motivation is modified by the influence of host country institution conditions and the attention from the focal subsidiary's headquarters. This paper offers a theoretical model and proposes that subsidiary initiated and operated alliances will help the subsidiary grow, survive, create value, and ultimately contribute to the MNC's international business development in the dynamic global marketplaces.

Supplier Personality: Definition and Measurement of a New Construct for Assessing Buyer-Supplier Relationships

Thomas Clauss, University of Hamburg

Thorsten Teichert, University of Hamburg

Characteristics associated with a potential supplier have a direct impact on the perception of its capabilities and the supplier selection decision by a buyer. Existing literature on the measurement of the firms' subjective characteristics disregards the impact of the relationship on the personality assessment by a business buyer. Therefore we introduce the novel construct of supplier personality. By conducting interviews with purchasing managers using Repertory Grid Technique we reveal the buyers' underlying cognitive constructs regarding real suppliers personalities. We find that several personality dimensions differ substantially between types of suppliers: Suppliers who provide creative solutions show a preferred personality profile consisting of traits like helpfulness or flexibility. Frequent partners lack strategic traits as competence, responsibility or ambiguousness. To avoid falling into a group of substitutable partners, suppliers need to become supportive, exclusive and organized.

SESSION 232  
TEACHING TRACK

TRACK T	Date	Tuesday, Nov 8
	Time	08:00 – 09:15 h
Presentation	Room	Crown Conch

The Challenge of Teaching Strategy to Executives

Session Chair

Costas Markides, London Business School

Panelists

Anita McGahan, University of Toronto

Melissa Schilling, New York University

Edward Zajac, Northwestern University

Costas Markides will kick off the session with statistics on teaching executives vs. other programs from a survey of executives. The content covers what executives expect from executive education in terms of content and methodologies. Well known academics will then discuss how they teach executives, discuss war stories and tips, and share some material that they use most often.

## SESSION 294

## PLENARY TRACK

<b>TRACK P</b>	<b>Date</b>	Tuesday, Nov 8
	<b>Time</b>	09:30 – 10:45 h
<b>Plenary Panel</b>	<b>Room</b>	Americana Ballroom

### Tapping the Potential of Emerging Markets: Reverse Innovation and Strategic Approaches

#### Session Chair

Vijay Govindarajan, *Dartmouth College*

#### Panelists

Omar Ishrak, *Medtronic*

Sachin Lawande, *Harman International*

Monica Luechtefeld, *Office Depot*

Differences between the rich world and the poor world are vast, characterized by wide gaps in per-capita incomes, infrastructure, customer preferences, environmental pressures, and more. As a result, winning in emerging markets requires innovation. When such innovations are successful, they often “flow uphill” to rich countries. This phenomenon, known as reverse innovation, is rapidly gathering steam. Unfortunately, developed-world multinationals, especially historically successful ones, consistently struggle in emerging markets. The problem is that they are imprisoned by their past. Not only do they tend to see the world through the distorting lens of “dominant logic” – mindsets and assumptions that led to their historical success — but their organizations are well-oiled machines for moving innovations from home to abroad and not the other way around. In this Plenary Session, senior leaders from Office Depot, Harman International, and Medtronic will discuss best practices for innovating to achieve full potential in emerging markets and how to bring such innovations into their traditional markets.



**Vijay Govindarajan** is widely regarded as one of the world's leading experts on strategy and innovation. He is the Earl C. Daum 1924 Professor of International Business at the Tuck School of Business at Dartmouth College. He was the first Professor in Residence and Chief Innovation Consultant at General Electric. He worked with GE's CEO Jeff Immelt to write *How GE Is Disrupting Itself*, the Harvard Business Review article that pioneered the concept of reverse innovation, any innovation that is adopted first in the developing world. Harvard Business Review rated reverse innovation as one of the ten big ideas of the past decade. Vijay Govindarajan has worked with CEOs and top management teams in more than 25% of the Fortune 500 firms to discuss, challenge, and escalate their thinking about strategy.



**Omar Ishrak** was appointed Chairman and CEO of Medtronic, Inc, the world's largest medical device maker, effective June 2011. Previously, he served as President & CEO of GE Healthcare Systems, a \$12 billion division of GE Healthcare with a mission to deliver better healthcare through innovation and technology that will improve cost, quality and access, and help enhance lives around the world. Healthcare Systems, the largest division of GE Healthcare, consists of a broad portfolio of technology businesses including Computed Tomography, Magnetic Resonance, Ultrasound, Monitoring Solutions, Molecular Imaging, X-Ray, Interventional, Life Support, and Home Health. Before joining GE, Omar Ishrak served as Senior Vice President of Worldwide Marketing and Product Development for Dasonics/ Vingmed, and held various product development and engineering positions at Philips Ultrasound. He earned a Bachelor of Science Degree and Ph.D. in Electrical Engineering from the University of London, King's College.



**Sachin Lawande** is Executive Vice President and Chief Technology Officer of Harman International, where he also serves as Co-President of the Automotive Division. As the CTO, he directs Harman's global efforts in research and development in acoustics, audio signal processing, and infotainment technologies. As Co-President of the automotive division, he shares overall responsibility for the largest division that represents over 70% of Harman's annual revenues, and is the leading provider of vehicle audio and infotainment systems worldwide. Prior to joining Harman, Sachin Lawande worked for several technology companies including QNX Software Systems, 3Com Corporation, AT&T, and Meridian Technology Corporation. He has five U.S. patents for networking and communications. He earned undergraduate and graduate degrees in electrical engineering.



**Monica Luechtefeld** is Office Depot's Executive Vice President of Global E-Commerce and has been with the company for 17 years. She oversees the global E-Commerce strategies and is responsible for delivering over \$4.1 billion in online revenue for Office Depot. She was profiled in Business Week's "eBiz 25" and featured in Fast Company's "Who's Fast" as a veteran in E-Commerce. She was given the "Unstoppable Woman" award by Business Women's Network for her ability and insight in breaking down business barriers. Monica Luechtefeld is a Board Member for The Institute for Economic Empowerment of Women (IEEW.org), a member of the Global Security and Technology Committee of the Business Roundtable, a member of Florida International University's College of Business Advisory Board, a Trustee of the Boca Chamber of Commerce, and a Trustee of Mount St. Mary's College.

10:45 – 11:15  
COFFEE BREAK



SESSION 141

MANAGING AND RESPONDING TO INSTITUTIONAL PRESSURES

TRACK A	Date	Tuesday, Nov 8
	Time	11:15 – 12:30 h
Paper	Room	NY Sands
Session Chair	Witold Henisz, <i>University of Pennsylvania</i>	

Determinants of Ownership Concentration in Latin America

Luiz Ricardo Kabbach de Castro, *University of the Balearic Islands*  
Ruth Aguilera, *University of Illinois-Urbana Champaign*  
Rafel Crespi-Cladera, *University of the Balearic Islands*

We develop a multi-dimensional framework to tie together different sources of uncertainty that largest shareholders are aware of when deciding ownership concentration level in publicly listed firms. Particularly, in emerging countries where the information asymmetry among shareholders is high and the legal protection of minority shareholders is weak. Drawing on agency and institutional theories we contribute to the strategy research to better understand the strategic behavior of the largest shareholder when making investment decisions on publicly listed firms. To do so, we build a unique dataset of 4,138 firms-year observations from seven Latin American countries for 2004-2008.

Gaining Insight Into Membership Strategy: Competitive Advantage By Shaping Institutions

Thiemo Brandt, *Free University of Berlin*  
Rudi K F Bresser, *Free University of Berlin*  
Christian Powalla, *Free University of Berlin*  
Polina Grill, *Free University of Berlin*

Institutions matter greatly in the development of competitive advantage. Different institutional strategies to manipulate and shape institutions are discussed in the literature. This paper aims at extending the existing conceptual model of membership strategy. Despite being referenced frequently, the concept of membership strategy is not well developed. This is surprising because what is referred to as membership strategy has become very popular in various industries. We propose and develop a theoretical model that explains a firm's opportunity to protect itself against dominant institutional pressures and, additionally, to create competitive advantage by implementing a consumer centric membership strategy. Practical examples are discussed to clarify theoretical interrelationships. The main illustrative case focuses on Blizzard Entertainment, an American developer and publisher of video games.

Institutional Differentiation in the Adoption of Certifiable Management Programs

Ivan Montiel, *Loyola Marymount University*  
Bryan Husted, *York University*  
Petra Christmann, *Rutgers University*

This study introduces the concept of institutional differentiation into the adoption analysis of management practices. We rely on institutional differentiation to explain the existence of diversity in organizational practices, rather than homogenization like institutional isomorphism would predict. To study the question of institutional differentiation and persistence of two management practices, we use the case of certifiable environmental programs in Mexico, where two certifiable environmental programs have become institutionalized over the last 10 years.

Institutional Embeddedness of Search Strategies and the Implications for Innovation Performance

Christoph Grimpe, *Copenhagen Business School*  
Wolfgang Sofka, *Centre for European Economic Research*

Acquiring knowledge externally is an efficient way for firms to improve their innovation performance. However, little is known about how institutional context hampers/promotes access to external knowledge. High institutional development indicates increased attention to mechanisms governing transactions between agents. Combining institutional and knowledge search theory, this study aims to investigate whether firms search more intensively in highly developed institutional contexts and when institutions change rapidly. Such settings are argued to provide opportunities to learn from and exchange with the environment. Furthermore, while firms' innovative performance may be propelled by high institutional development, rapid institutional change may hamper the innovativeness of firms since this instability disrupts the assumptions on which innovation projects are based. Empirically the research relies on European Community Innovation Survey data covering EU firms' innovation activities during the first decade of the 21st century.

SESSION 212

FIRM PERFORMANCE AND INSTITUTIONAL CONTEXT

TRACK C	Date	Tuesday, Nov 8
	Time	11:15 – 12:30 h
Paper	Room	Moon
Session Chair	Laszlo Tihanyi, <i>Texas A&amp;M University</i>	

Firm Performance in Emerging Markets

Nan Zhou, *Moscow School of Management*  
Seung Ho Park, *Skolkovo Institute for Emerging Market Studies*

This paper tries to understand the appropriate performance measures for firms in emerging markets. The unique environments of emerging markets suggest firms in emerging markets may require a different set of performance measures. We derive our suggestion on the selection of performance measures according to Whitley's framework of national business system. We then compare our suggestion with the currently used performance measures. Finally, we conduct frontier analysis to identify high-performance firms in emerging markets.

How Much Does Home Country Matter? A Holistic Study on FDI by Emerging Market Multinationals

Yadong Luo, *University of Miami*  
Stephanie C. Lu, *University of Miami*

We draw on the springboard view to explore the effects of home country environment facing emerging market enterprises (EMEs) and their home country operations on the FDI strategies (scale, timing, location) they employ. We attempt to enrich existing FDI theories by offering new insights into the pushing effect of the home country environment and the stretching effect of the firm's home country operations on the firm's international investment strategies. We illustrate that EMEs tend to rely more heavily on their home base in internationalization than traditional MNEs due to their well-established strengths at home and competitive weaknesses overseas. Our survey of 152 EMEs from China shows that EMEs' overseas investment strategies are jointly determined by home country environment (economic growth, institutional hardship, competitive pressure and political support) and by home country operations (inward internationalization, innovation orientation, business development stages, and geographic diversification).

## Managerial Objectives and Strategies in a Hybrid Institutional Setting: A Model of Commercial Performance, Slack and Their Antecedents

Kehan Xu, *Sun Yat-Sen University*

Howard Davies, *Hong Kong Polytechnic University*

Laszlo Tihanyi, *Texas A&M University*

This paper investigates the strategies managers adopt to meet their objectives in a hybrid institutional setting. We study how managerial objectives are conceptualized when both command-based and market-based environmental demands are present and whether or not the strategies adopted by managers contribute to meeting the commercial objectives of their firms. Results from a survey of 179 Chinese pharmaceutical firms provide evidence that managers may increase their firms' organizational slack by making contributions to their key resource providers and by developing personal ties (guanxi). We also find that, in addition to the effects of local competition and firm capabilities, commercial performance is influenced by contributions to key resource providers, the possession of organizational slack, and guanxi.

## Pro-Market Reforms and the Value of Capabilities for Developing Country Firms

Elitsa Banalieva, *Northeastern University*

Alvaro Cuervo-Cazurra, *Northeastern University*

Ravi Sarathy, *Northeastern University*

The resource-based view (RBV) has been critiqued for being tautological. We address this critique by suggesting conditions under which one of RBV's central proposition—that capabilities create value—can be falsified. We analyze how pro-market reforms in developing countries enhance or reduce the effects of demand-side (marketing) and supply-side (operational) capabilities on firms' financial performance. We propose and find that value from the same level of capabilities depends on the degree of pro-market reforms in the firms' domestic markets: firms with stronger (weaker) capabilities enjoy superior performance only at stronger (weaker) levels of pro-market reforms.

### SESSION 288

## RESEARCH DESIGN AND METHODOLOGICAL ISSUES IN STRATEGY RESEARCH

<b>TRACK D</b>	<b>Date</b>	Tuesday, Nov 8
	<b>Time</b>	11:15 – 12:30 h
<b>Paper</b>	<b>Room</b>	Venus

**Session Chair** Donald Bergh, *University of Denver*

## Determining Contingent Role of Culture on the Effect of Cultural Distance in International Collaborations using Fuzzy Logic Systems

Masoomah Moharrer, *Ryerson University*

Hooman Tahayori, *Ryerson University*

Alireza Sadeghian, *Ryerson University*

Culture is one of the important variables in international business which differentiates the domestic and local business from international business. However, calculating the effect of culture is a critical issue in various aspects of international business and in particular in innovation. Majority of studies in international business have applied cultural distance to illustrate the effect of culture. This paper shows that the effect of culture is not solely projected by the cultural distance but also by where those countries are located in the cultural index space. In this paper, we will demonstrate the design and implementation of a fuzzy rule based function approximator for innovation in international collaborations. Investigating and comparing the intra cluster innovation shows the contingent role of cultural scores while the inter cluster investigation admits the asymmetric effect of cultural distance.

## Modeling Complex Nesting Structures in Strategy Research: Cross-nested Multilevel Analysis of the Internationalization-Performance Relationship

Bo Nielsen, *Copenhagen Business School*

Sabina Nielsen, *Copenhagen Business School*

Strategy phenomena often involve complex relationships between factors at different levels. Firm competing internationally are influenced both by different country and industry environments which may have independent as well as interactive effects on their performance. While hierarchical random coefficient models (RCM) are often used for the analysis of multilevel phenomena, international strategy issues often result in more complex nested structures. This paper illustrates how cross-nested multilevel modeling allowing for predictor variables and cross-level interactions at multiple (crossed) levels of analysis may yield novel insights to strategy research. The paper shows the importance of adequately modeling crossed-nested structures in multilevel models.

## Sources of Data for International Strategy Research: Availabilities and Implications for Researchers

Jean McGuire, *Louisiana State University*

Barclay James, *Louisiana State University*

Andrew Papadopoulos, *Quinnipiac University*

The secondary data sources of Compustat, Osiris and Worldscope have been extensively used for research in international strategic management and related fields. The comparability of data from these databases has not been systematically examined. Since much theory testing and building is based on the use of these secondary data sources, it is of paramount importance to understand how the use of these specific databases, including the selection of variables and sampling considerations, may affect or bias empirical results. Further, comparability of these databases is critical for researchers wishing to combine data from more than one data source. Our comparative analysis of these databases suggests important differences in the sample characteristics of each database, and suggests that these differences may influence empirical results.

## Using Meta-Analytic Structural Equation Modeling to Advance Strategic Management Theory

Herman Aguinis, *Indiana University*

Donald Bergh, *University of Denver*

Harry Joo, *Indiana University*

Strategic management research features numerous theories, views, perspectives and concepts which attempt to explain why some firms outperform others. The emergence of these theoretically-derived approaches has also led to a large number of alternative models. Our proposal describes the use of meta-analytic structural equation modeling (MASEM) as a methodological approach to reconcile and assess competing and supplemental frameworks of firm performance differentials. We describe MASEM and provide a step-by-step description of how to apply it. We also offer two illustrations, the resource-performance relationship and firm boundaries, as examples of how theory could benefit from MASEM approaches. Our SMS presentation will attempt to serve as a catalyst for the future use of MASEM and demonstrate how its use could lead to theoretical advancements in strategic management.





## SESSION 203

**DEALING WITH UNCERTAIN ENVIRONMENTS**

<b>TRACK E</b>	<b>Date</b>	Tuesday, Nov 8
	<b>Time</b>	11:15 – 12:30 h
<b>Paper</b>	<b>Room</b>	Americana Salon 2

**Session Chair** Fabrice Lumineau, *University of Technology-Sydney*

**Facing Uncertainty: Does Ownership of Specific Resources Impact on the Performance Level**

Bertrand Quelin, *HEC-Paris*  
Deborah Philippe, *HEC-Lausanne*

This article explores the link between resource ownership and performance and argues that this link should be considered in relation to uncertainty. We investigate which resources and articulation of resources allows for the best team performance. This article uses panel data on the FIA Formula One World Championship races from 1998 to 2009. Formula One is an organizational field that is characterized by multi-faceted and nested uncertainties (i.e., institutional, inter- and intra-organizational, and individual). In this paper, we suggest that the performance of F1 teams may be explained by the ownership of multi-level resources that can palliate these uncertainties. We further suggest that depending on the stability of the external environment, there might be an optimal configuration of the teams' portfolio of resources.

**The Role of Uncertainty in the Adoption of Real Options**

David Thornblad, *Virginia Tech*  
Anju Seth, *Virginia Tech*

Uncertainty is a core concept in both transaction cost economics and real options theory. However, the theories have contradictory predictions on how uncertainty will influence whether or not a firm will include a real option into a contract. This paper examines the role uncertainty plays in a firm's decision to incorporate a real option to purchase a capital asset in a lease. We discuss the differing theoretical perspectives on uncertainty, construct hypotheses to test the theories against one another, propose a methodology to test the hypotheses, and announce preliminary results.

**Vulnerability to the Global Financial Crisis: Re-Visiting the Risk-Return Relationship**

Geoffrey Martin, *IE University*  
Manuel Becerra, *IE University*

We explore income stream variability of firms before the 2008 crisis and their performance afterwards. Our findings suggest an additional explanation for the negative risk-return relationship undetected by extant research: performance vulnerability. We argue that income stream variability is a reflection of a firm's vulnerability to possible shocks, such as the 2008 financial crisis. Firms with greater variability in performance before the crisis indeed show greater decline in performance after the crisis, an effect that is stronger for firms with initially higher levels of performance. We show that the results are robust to different measures of vulnerability, in different time periods, controlling for possible endogeneity, and for different levels of prior performance.

**What to Do Next: Planning, Learning, and Performance in Uncertain Environments**

Riccardo Vecchiato, *Polytechnic University of Milan*

This paper explores how the practices and techniques that might be used for coping with uncertainty help strategic decision makers sustain the advantage of the firm over time. Our research is based on an inductive, multiple-case study of leading companies which recently faced major changes in their business environment. Our main contribution is a conceptual framework which sheds light on how uncertainty management practices and techniques enhance the capability of the organization to

sense, seize and adapt to emerging opportunities and threats in advance and more effectively than competitors. This capability lies in a learning process about the future which might take place notwithstanding the inaccuracies of predictions, and which allows the organization to achieve a first-mover advantage over its rivals.

## SESSION 206

**COMPETITIVE DYNAMICS**

<b>TRACK E</b>	<b>Date</b>	Tuesday, Nov 8
	<b>Time</b>	11:15 – 12:30 h
<b>Paper</b>	<b>Room</b>	Poinciana Salon 4

**Session Chair** Flore Bridoux, *University of Amsterdam*

**✿ Competition Networks: The Influence of Relational and Structural Embeddedness on Competitive Activity**

Junichi Yamanoi, *University of Connecticut*

A firm has competitive relationships with rivals and the rivals also engage in competitive relationships with other rivals. Dyadic competitive relationships between firms compose competition networks among firms. This study is purposed to explain competitive dynamics from a network viewpoint. By integrating an awareness-motivation-capability (AMC) perspective and a social network perspective, I investigate the influence of a firm's relational and structural embeddedness in competition networks on the intensity of the firm's competitive activity. A focal firm would engage in less intense competitive activity when the firm is embedded in a competition network that induces more intense rivals' competitive activities affecting the focal firm. Using a sample of petrochemical companies in Japan from 1986 to 1994, I test for the hypothesized relationships.

**How "Short-Interest Pressure" Influences Competitive Behavior**

Margaret Hughes-Morgan, *Michigan State University*  
Walter Ferrier, *University of Kentucky*

This study introduces and examines a new-to-strategy form of Wall Street pressure – "short interest pressure" or the pressure caused by short sales of the stock which is an indication by a group of investors that the firm is overvalued. Drawing from a sample of nearly 4,000 competitive actions over a seven-year time period, we empirically test whether firms under such pressure will alter strategies in an attempt to signal to the short selling community they are on a trajectory toward improving their competitive stance. We demonstrate that when faced with short interest pressure, managers increase both the number of different types of actions they implement, as well as carry out strategies deviate from industry norms.

**The Consensus Discount: How Analysts' Recommendations Influence Medical Innovation Firms' Ability to Attract Investors**

Matt Theeke, *University of Texas-Austin*  
Francisco Polidoro, *University of Texas-Austin*

Since firms' success in equity markets is enhanced by securities analysts' assessments, prior literature has emphasized how firms can influence the favorability and uniformity of analysts' recommendations. However, prior research has not fully examined how analysts' recommendations influence firms' ability to attract investors. By examining more than 25,000 investments in medical innovation firms made between 1993 and 2006, we show that firms' ability to attract investors is influenced not only by the favorability of analysts' recommendations that prior literature has emphasized, but also by the level of consensus among analysts' recommendations. Somewhat paradoxically, we find that higher levels of consensus among securities analysts can hinder firms' efforts to attract investors.

## The Impact of Rival Firms' Executive Succession on Firm Competitive Behavior

Junichi Yamanoi, *University of Connecticut*

This proposal is purposed to explain the impact of rival firms' executive succession on firms' competitive behavior. From an awareness-motivation-capability (AMC) perspective, executive succession of a firm would impair an ability of responding to competing firms' competitive activities. Therefore, the firm would regard its rival firm' executive succession as an opportunity to attack. Thus, a focal firm would engage in more intense competitive activity against its rival firm when the rival firm experiences the succession of its CEO and top management team. Besides, this relationship is moderated by the focal firm's resources advantage and market position relative to its rival firm. Using a sample of pairs of the leaders and challengers of duopolistic industries in Japan from 1990 to 1999, I test for the hypothesized relationships.

SESSION 120

## FAMILY OWNERSHIP AND STRATEGY

<b>TRACK F</b>	<b>Date</b>	Tuesday, Nov 8
	<b>Time</b>	11:15 – 12:30 h
<b>Common Ground</b>	<b>Room</b>	Cowrie 1
<b>Facilitator</b>	Franz Kellermanns, <i>University of Tennessee</i>	

## CEOs Co-leadership Influence on Performance in Family Firms: Understanding Intra- and Inter- Team Agency Relations

Alessandro Minichilli, *Bocconi University*  
Pascual Berrone, *IESE Business School*

This article investigates the impact of CEOs co-leadership on financial performance in family controlled firms. We consider the presence of family members inside the team of co-CEOs to hypothesize a U-shaped relationship with performance, due to agency costs arising when family and non-family executives coexist. We also explore relationships between the co-CEOs team and, respectively, the board of directors and ownership structures, to show how both intra- and inter- team agency relations emerge in those settings. In this way, we address the lack of consensus about which theoretical lenses are the most appropriate to investigate the family presence in business, and hence contribute to reconcile the debate among competing theoretical approaches through a multi-level application of the Principal-Agent paradigm.

## Drivers of Innovation in Family Firms: Configurations of Family Influence, Knowledge Integration and Commitment to Change

David Sirmon, *Texas A&M University*  
Francesco Chirico, *Jonkoping University*

This research contributes to our understanding of product innovation in that we identify that family influence enhances knowledge integration, but paradoxically impinges upon the potential for resulting product innovations. However, we demonstrate how coupling commitment to change with family influence can mitigate this paradox and lead to higher levels of knowledge integration and product innovation. Thus, we see that family firms, while often promoted as a homogeneous group, in fact, behave differently depending on their commitment to change and level of family influence. Commitment to change affects the family firm's ability to translate knowledge integration into product innovation. Specifically, when family influence increases along with knowledge integration, product innovation suffers; yet when commitment to change is present product innovation greatly increases.

## How do Family Ownership, Management and Control Affect R&D Investment?

Joonmahn Lee, *University of Pennsylvania*

This study analyzes the impact of family ownership, management and control on the strategic investment of the firm. We specifically look at the effect of family ownership concentration level, identity of management, and control enhancing mechanisms on R&D investments. We find that there is an inverted U shape relationship between the ownership concentration levels of family controlled firms and R&D investment. We also find that firms with family shareholder manager are more likely to have higher levels of R&D investment. Lastly, our findings reveal that firms that use pyramidal are more likely to have lower levels of R&D investment.

## Influence of Family-Control and Group Affiliation on Firm R&D Investment: Evidence from Korean Business Groups

Joonmahn Lee, *University of Pennsylvania*  
Jingoo Kang, *Nanyang Technological University*  
Jaemin Lee, *INSEAD*

We examine how family-control and business group affiliation may influence a firm's investment in R&D. We find that family control has a positive influence on R&D investment of standalone firms and a negative influence on R&D investment of firms that belong to a business group. Our findings suggest that while families may aim for long-term value creation in firms they control, business groups may induce families to appropriate firm value. Our results are consistent with the findings of both family business and business group.

## Overqualified and Disadvantaged: Why Do Second-Generation Family Business Leaders Fail?

Craig Armstrong, *University of Alabama*

According to popular perception, family-owned businesses don't grow. One explanation for this perception is that the next generation of business leadership is "weak." This explanation is both untrue and unfair. The purpose of this proposed paper is to explore the human capital factors that affect differences in generational leadership effectiveness, competitive factors that can hinder growth in family businesses, and the effects of prospect theory on the decision making of the second generation of leadership. In contrast to popular perception, I argue that the second generation of leadership is better prepared to operate – and even grow – the family business, but that the success of the first generation of leadership dramatically constrains the decision making space for the second generation.

## When do Family Members Join Boards? An Institutional Perspective

Seunghwan Jeong, *Korea University*  
Hicheon Kim, *Korea University*

As a departure from extant literature that has focused on the consequences of family management, we turn our attention to its antecedents. This study attempts to extend our understanding of when family members join boards of directors by focusing on the legitimating aspects of board membership. Drawing upon the institutional perspective, we propose that family members are appointed to boards of high-performing firms and old firms in an effort to build the legitimacy of family leadership. Furthermore, we propose that organizational efforts to legitimize leadership will be focused on first sons, according to prevailing family norms. Using panel data of 162 business group affiliated firms in South Korea, we find evidence in support of our propositions.



## SESSION 163

**R&D / NEW PRODUCT DEVELOPMENT**

<b>TRACK G</b>	<b>Date</b>	Tuesday, Nov 8
	<b>Time</b>	11:15 – 12:30 h
<b>Paper</b>	<b>Room</b>	Americana Salon 1

**Session Chair** Ronaldo Parente, *Florida International University*

### Does Internationalization Facilitate Product Innovation of Emerging Market Firms? Evidence from China

Haiyang Li, *Rice University*  
Jie Wu, *University of Macau*  
Yan (Anthea) Zhang, *Rice University*

Drawing upon the innovation search literature, we propose the relationship between the internationalization of emerging market firms and product innovation is context specific due to the cost of overseas innovation search. Internationalization will be less important to product innovation for firms with R&D collaborations and/or with high R&D expenditures. However, internationalization will be more important to product innovation for firms with exposure to foreign firms via foreign ownership and/or the presence of foreign firms within the home country market/industry. Using a sample of emerging market firms from China, we tested and found support for our hypotheses.

### Potential and Realized Absorptive Capacity and R&D Collaborations in Overseas Basic Research Subsidiaries

Kazuhiro Asakawa, *Keio University*

This paper identifies the determinants of the basic research role assigned to overseas R&D subsidiaries of multinational firms by analyzing the sample of 99 overseas R&D subsidiaries of Japanese multinational firms. While absorptive capacity and external/internal embeddedness proved to be important for determining the charter of overseas R&D centers, our findings revealed much more specific associations between different dimensions of absorptive capacity (i.e. potential and realized) and the role taken by R&D centers. Our results also offer much refined understanding of the relative impact of external and internal embeddedness on the labs' engagement in basic research. Our results suggest importance of maintaining a certain level of capability and external academic collaborations at the local R&D centers to engage in basic research abroad.

### Supply Chain and New Product Development from a Clockspeed Perspective

Ronaldo Parente, *Florida International University*  
Anna Maria da Costa, *Getulio Vargas Foundation*

We examine new product development strategy from a clockspeed perspective, where organizations' responses to ever-increasing levels of industry change and flux determine their survival. In this perspective, effectively functioning supply chains and faster organizational clockspeeds are hallmarks of firms that are better positioned to thrive in highly dynamic environments, while new product introductions are important contributors to firm viability. Our framework relating these three concepts examines the impact of supply chain integration and organizational clockspeed on the pace of new product introductions. Findings indicate that two distinctive strategies emerge among companies with higher levels of new product development and have managerial implications.

### What Drives Global Integration?

Heather Berry, *University of Pennsylvania*  
Aseem Kaul, *University of Minnesota*

In this paper, we study the factors that drive both the extent and direction of global product integration across and within manufacturing industries. We argue that market-seeking investments that exploit firm knowledge resources in foreign markets will result in increased product transfers from parents to affiliates. In contrast, efficiency-seeking investments that

tap into cheaper cost inputs in foreign countries and knowledge-seeking investments in foreign R&D are likely to increase product transfers from affiliates. Results from a longitudinal within-industry analysis of 34 US manufacturing industries from 1989 – 2004 provide support for these arguments. This paper thus sheds new light on the way in which foreign operations of multinational firms are organized, linking the nature of global product integration to the factors driving firms to go abroad.

## SESSION 241

**PERSPECTIVES ON STRATEGY MAKING AND PLANNING**

<b>TRACK H</b>	<b>Date</b>	Tuesday, Nov 8
	<b>Time</b>	11:15 – 12:30 h
<b>Paper</b>	<b>Room</b>	Sundial

**Session Chair** Torben Juul Andersen, *Copenhagen Business School*

### Navigating Through Uncertainty: Towards Design Propositions for the Strategy Process in Highly Uncertain Environments

Daniel Karrer, *ELO Group*  
Rafael Clemente, *ELO Group*  
Jaime Frenkel, *ELO Group*

There is a need for management policies and practices to adapt to the new playing field of highly dynamic environments. Our proposition is that in these situations, strategic thinking capability becomes more important than formal strategic planning. This means that the ability to think strategically and learn constantly becomes increasingly critical for sustaining competitive advantage in a world that is becoming ever more turbulent. In this article, we propose a set of design rules that are aimed at helping managers design their company's strategy process, in a way that it possess characteristic such as flexibility and openness that will in turn allow the responsiveness, adaptability and improvisation required in these environments. We ground these design propositions in the emerging methodological field of design research

### Strategic Planning Flexibility and Firm Performance: The Moderating Role of Environmental Dynamism

Ababacar Mbengue, *University of Reims*

Adaptation is a crucial challenge for organizations, and an important issue in the strategy literature. Much has been written about adaptive or flexible strategic planning processes. In this paper we focus on a basic element of the adaptation process, flexibility within the strategic planning process. Many authors have depicted strategic planning as being excessively formal and rigid, arguing some flexibility is essential in the strategic planning process. This article attempts to contribute to this debate by conducting an international quantitative study among firms from all around the world, including Western, Eastern and Central Europe, North and Latin America, Asia and the Middle-East, etc. Empirical results reveal a positive association between strategic planning process flexibility and firm performance regardless of the level of environmental dynamism.

### Strategic Thinking, Strategic Planning and Plan Integration in Universities

John Pisapia, *Florida Atlantic University*

This study explores three recent strategic planning efforts at a university in southeastern United States. Two of the efforts utilized a strategic thinking process (a department and a college), and the other (university level) followed a traditional strategic planning process. The goal of this study was to identify the elements of an effective planning process that meets the unique organizational features and complexities of a higher education institution and determine if a relationship exists with faculty and staff commitment. First the process by which strategic direction was created (e.g. strategic thinking or strategic planning) was described and

examined. Second the planning elements were examined through three case studies to gain insights to organizational member commitment as observed in their work activities and decisions.

### Strategy as Central and Peripheral Processes

Torben Juul Andersen, *Copenhagen Business School*  
Kjeld Fredens, *Virksohmheden Fredens*

In this paper, we consider the dynamic of complementary processes in natural sciences to better understand how human cognition can flourish in organizations on the interaction between conscious direction and experimentation with unexpected environmental encounters. These process characteristics coincide with the basic elements of integrative strategy making. Hence, we use those insights to develop theoretical rationales that explain how corporate entrepreneurship and strategic renewal derive from complementary central and peripheral processes in corporate strategy making. We further indicate how this process dynamic converges towards effective outcomes and discuss the implications for strategic leadership.

#### SESSION 253

### INNOVATION NETWORKS AND ALLIANCES

<b>TRACK I</b>	<b>Date</b>	Tuesday, Nov 8
	<b>Time</b>	11:15 – 12:30 h
<b>Common Ground</b>	<b>Room</b>	Triton
<b>Facilitator</b>	Michiel Tempelaar, <i>Erasmus University - Rotterdam</i>	

### Alliance Network Structure and Innovation: Role of Intra and Extra-Industry Ties in Indian Biopharmaceutical Industry

Federica Angeli, *Maastricht University*

This article argues that because intra and extra-industry inter-firm linkages give access to different kinds of knowledge, the value of network centrality and the bridging of structural holes depends on the particular network under consideration. Unique longitudinal data on the alliances and patenting activity of 101 firms in the Indian biopharmaceutical industry provides support for our arguments. We test that centrality in an intra-industry network can be detrimental to innovation; over time, the relational and cognitive constraints that firm centrality entails reduce the variety of available knowledge. We also find that the spanning of structural holes in extra-industry networks fosters innovation, arguably because it increases the heterogeneity of the knowledge available to the firm. We discuss the implications of these results for research and practice.

### Distribution of Alliance Portfolio Knowledge Resources: Evidence From the Worldwide Semiconductor Industry

Nandini Lahiri, *University of North Carolina-Chapel Hill*  
Sriram Narayanan, *Michigan State University*

In this paper we examine the consequences of alliance portfolio configuration. In particular we focus on understanding the effect of distribution of portfolio knowledge resources on the focal firm's innovation. We hypothesize boundary conditions that affect the impact of portfolio characteristics on innovation. We propose that the focal firm's vertical scope, its own geographic and technological distribution of resources moderate the impact of the portfolio distribution of knowledge resources. Using a novel dataset of 282 semiconductor firms over the years 1988-2002 collated from multiple sources including the US Patents and Trademarks Office, SDC Thomson, Compustat and other industry sources, we find broad support for our hypotheses.

### How Does the Tier Management Influence the Choice of Knowledge Exploitation and Exploration in Alliance Portfolios?

Chih-Ning Chu, *Chung Yuan Christian University*  
Grace C. Su, *University of Illinois-Urbana Champaign*  
Der-Fang Hung, *National Taiwan University*

Tier management is a common management practice adopted by the leading firm to coordinate the activities of the alliance portfolios. However, how the tier management influences the growth path of the member firms in an alliance is scarcely studied. We propose that the tier management system encourages the alliance members to leverage/exploit their current specializations. As the competition encourages the alliance member to exploit their current specialization, the focal firm tries to distribute specialization as equally as possible to the members. We use a unique data set, which includes 10-year transaction data of an alliance, to test our hypotheses and find support to the major hypotheses.

### In Search of A Prince: A Start-Up's Quest for A Strong Tie With A Prominent Player

Suresh Bhagavatula, *Indian Institute of Management - Bangalore*  
Shameen Prashantham, *University of Glasgow*  
Kothandaraman Kumar, *Indian Institute of Management - Bangalore*

Entrepreneurial ventures are known to actively seek opportunities and resources through networks. The literature has mostly examined networks as independent variables, not as a dependent variable. We ask: How do start-ups successfully forge a suitable strong tie with a prominent player? Considerable scope exists to improve extant understanding of relationships between new ventures and prominent players because prior research has not explored how entrepreneurs' agentic actions may mitigate egocentric and altercentric uncertainties over time in such ties, which in turn help startups survive and grow. The purpose of this paper is to address this gap and inductively build theory on how new ventures overcome these challenging initial conditions of uncertainty. Our theorizing from longitudinal case-study research posits that clarity of strategic intent coupled with three factors that influence uncertainty – legitimacy, technological capability and financial resources help startups identify prominent players.

### Partnering Strategies in Technology Licensing Agreements: Evidence from Biotechnology

Daniela Baglieri, *University of Messina*  
Fiorenza Belussi, *University of Padua*  
Luigi Orsi, *University of Padua*

This paper examines how partnering strategies in technology licensing agreements affect patenting activity of Dedicated Biotech Firms (DBFs). While prior work has focused largely on biotech-pharma alliances, we believe that biotech firms are also engaged in a large number of bio-bio alliances because these alliances are perceived less harmful in terms of control over intellectual property rights (IPRs). We test our hypotheses on a sample of 530 US DBFs and 3,281 technology licensing agreements. We found that: 1) the number of alliances between biotech companies is higher than that between pharmaceutical and biotech companies; 2) small DBFs that ally with pharmaceutical firms obtain fewer patents. This suggests that pharmaceutical firms are able to postpone patenting activity and to capture more value from their alliances with DBFs.





SESSION 257

ORGANIZATIONAL AND MANAGEMENT INNOVATION

TRACK I	Date	Tuesday, Nov 8
	Time	11:15 – 12:30 h
Paper	Room	Poinciana Salon 1
Session Chair	Stefan Haefliger, <i>Swiss Federal Institute of Technology Zurich</i>	

Does Software Firms’ Interaction With Open Source Communities Enable Firm Diversification?

Stefan Haefliger, *Swiss Federal Institute of Technology Zurich*  
Evila Piva, *Polytechnic University of Milan*  
Cristina Rossi Lamastra, *Polytechnic University of Milan*

This paper focuses on the effects of firm-community interaction on diversification of software firms. If scholars of collaborative innovation are correct to claim that firms gain relevant resources through the interaction with Open Source software development communities (OS communities), the effect of additional resources should be visible as firm diversification. We formulate two hypotheses linking firm-community interaction with firm diversification and test them on a sample of 365 European software firms. The econometric estimates indicate that firms diversify more if they interact with OS communities. More interestingly, active contributions to OS communities lead to higher product and service diversification. We contribute to studies on collaborative innovation and strategy by linking firm-community interaction to resource acquisition across a large sample of firms.

Multilevel Managerial Influences on Organizational Ambidexterity: Investigating the Interactions between TMT & Middle Management Heterogeneity

Mariano Heyden, *Erasmus University - Rotterdam*  
Henk W. Volberda, *Erasmus University - Rotterdam*

Building on the nascent conversation on the conjoint influence of top and middle management, we aim to take a preliminary step in extending the Upper Echelon framework to accommodate heterogeneity at middle management level. We propose that the inclusion of middle management attributes is an important extension of the Upper Echelon framework and holds promise for elucidating some of the conflicting results of prior work, as middle managers can accentuate or dampen the influence of TMT on organizational processes and outcomes. In the particular domain of organizational ambidexterity, we propose that multilevel alignment of heterogeneity in managerial attributes at top and middle management influences organizational ambidexterity and examine the multilevel heterogeneity conditions under which middle managers complement or hamper the influence of TMT on ambidexterity.

Organizational Ambidexterity and the Role of Shared Relational Schemata

Constantine Andriopoulos, *Cardiff University*  
Manto Gotsi, *Cardiff University*  
Marianne Lewis, *University of Cincinnati*  
Amy Ingram, *Clemson University*

In this paper, we propose that ambidextrous firms foster shared relational schemata – mindsets that focus actors’ interactions on both exploration and exploitation and that nurture a supportive relational context. We examine how actors in five product design firms make sense of innovation tensions. More specifically, we identify paradoxical schemata that guide interactions between executives, middle managers, and knowledge workers. Further, we theorize that these shared schemata build relational capital that sustains contextual ambidexterity.

The Impact of Post-Adoption Experience with a Management Innovation on the Variability of Learning Outcomes

Andreas Schwab, *Iowa State University*  
Anne Miner, *University of Wisconsin-Madison*

We challenge the widespread assumption that ongoing implementation learning after innovation adoption reduces variation in learning outcomes over time. We propose instead that post-adoption learning can create variation within an industry under designated learning conditions. We test our theory using panel data on the farm team system, an innovative managerial practice introduced in the U.S. baseball industry in the 1920s. Results indicate that variation in farm team network size, a key innovation feature, increased over time consistent with ongoing experimentation, multiple vicarious learners, and shifting reference points. In contrast, industry-level variation in performance decreased over time, consistent with a competitive industry structure that rewards stable performance. We advance multilevel organizational learning theories and outlines when ongoing learning increases rather than decreases variability in outcomes.

SESSION 274

ACQUISITIONS

TRACK I	Date	Tuesday, Nov 8
	Time	11:15 – 12:30 h
Paper	Room	Poinciana Salon 2
Session Chair	Thomas Keil, <i>Aalto University</i>	

Beyond the Dilemma: The Role of Market Relatedness and Alliance Experience for the Post-Acquisition Innovations

Min-Young Kim, *University of Illinois-Urbana Champaign*  
Jongkuk Lee, *Ewha Womans University*

Access to new technological knowledge is an important motive for acquisitions. Although acquiring a target firm with less related thus less redundant technological knowledge would provide higher learning potential, it would also incur greater difficulties in integrating the less related technological knowledge. We examine the role of 1) market relatedness and 2) past alliance experience between the target and the acquirer in effectively integrating unrelated technological knowledge. We suggest that the main effect of technological knowledge unrelatedness between the target and the acquirer on the post-acquisition innovation performance is contingent upon these two factors. This study provides important implications to make a better strategic decision for acquisitions with a purpose of technology acquisition.

Managerial Focus Matters: The Effect of Top Management Attention on Realizing the Benefits From Firm Acquisitions

Pasi Kuusela, *Aalto University*  
Thomas Keil, *Aalto University*  
Markku Maula, *Aalto University*

Acquisitions of technology-based firms are a frequently used instrument to enhance the knowledge base and technological capabilities of the acquiring firm. In this paper we complement prior research on technology-based acquisitions by investigating how management attention influences the relationship between firm acquisitions and subsequent innovative performance. We argue that top management focus on exploration increases innovation benefits from technology-based acquisitions whereas a focus on exploitation decreases these benefits. We further argue that these effects are stronger during periods of economic growth than during periods of decline. Drawing on a sample of the acquisitions of technology-based firms by 70 of the largest corporations in the US information and communications technology sector between 1997 and 2006, we find broad support for our predictions.

## Network Integration after a Corporate Acquisition: How Cross-cutting Circles, Reciprocity, and Managerial Dominance Shape Networks

Joan Allatta, *Purdue University*

Raghuram Iyengar, *University of Pennsylvania*

Christophe Van den Bulte, *University of Pennsylvania*

We investigate organizational and network-structural explanations for the emergence of cross-firm ties over a period of two and a half years following a corporate acquisition. There are three key findings. First, homophily in characteristics that cut across company boundaries (job group and managerial status) help overcome company-based homophily. Second, symmetric ties were valued especially at the beginning of the integration and for ties that crossed company or functional boundaries, i.e., when parties were more likely to experience uncertainty and feel vulnerable. Finally, the network evolution suggests that managers of the acquiring firm increased their dominance later in the integration process.

## The Effect of External Knowledge Acquisition Strategies on Innovative Performance

Emiel F M Wubben, *Wageningen University*

Maarten Batterink, *Wageningen University*

When a firm wants to incorporate external knowledge and capabilities for its innovation strategy, it should be explicit on the suitable degree of organizational integration and the related knowledge acquisition strategy. We analyze the impact of different governance modes on industrial firms' innovative performance, distinguishing short term from long term, and incremental from radical innovation. The sample comprises of 686 innovative firms, present in two subsequent innovation surveys. We find evidence that licensing-in has a positive impact exclusively on short-term performance, for both incremental and radical innovations. The hybrid governance mode positively affects both the short- and long-term innovative performance. Finally, our results indicate a strong positive impact of an acquisition on the long-term innovative performance, especially for radical innovations.

### SESSION 197

## UNIQUE PERSPECTIVES TO STRATEGY PRACTICE RESEARCH

<b>TRACK J</b>	<b>Date</b>	Tuesday, Nov 8
	<b>Time</b>	11:15 – 12:30 h
<b>Paper</b>	<b>Room</b>	Crown Conch

### Session Chair

Andreas Raharso, *Hay Group Global Research Centre for Strategy*

### Discussant

Brian Boyd, *Arizona State University*

## Between Work and Play: A Recontextualization Perspective on Strategy Processes in Online Gaming Communities

Mikko Vesa, *Hanken School of Economics*

Eric Breit, *Hanken School of Economics*

Today, strategy has diffused widely into society. In this paper we examine how strategy is impacting virtual gaming organizations. By studying strategy work inside the massive multiplayer game World of Warcraft, we adapt a discursive recontextualization perspective to examine how strategy transfers from working life into the sphere of games; creating a hybrid practice which gamers use to make sense of their environment. Our contribution is threefold. Firstly, we present the first systematic exploration of strategy practice in virtual organizations. Secondly, we show what happens to strategy when it is adapted into an entirely new environment; the computer game. Thirdly, we argue that the computer game as a medium of socialization into strategy has profound impacts for the future of strategy in work-life organizations.

## Extending the Reach of SaP Through Dynamic Capabilities

David Mackay, *University of Strathclyde*

Fran Ackermann, *University of Strathclyde*

Strategy as practice research studies might benefit from augmentation by alternative theoretical perspectives as a means to generate more focussed empirical findings and also deepen explanatory potential by linking into broader strategic management literature (Jarzabkowski and Spee, 2009). We propose that the Dynamic Capabilities perspective – which addresses organizational capacity for achieving intermediate resource base outcomes – might be appropriately leveraged to extend the Strategy as Practice perspective. We explicate a selection of focal concepts from literature where the two perspectives arguably align and through an example, show how workable conceptual overlaps with a DC perspective can be used to direct SaP empirical research and provide fertile ground for generating deep, practitioner relevant insights.

## The Role of Effective Email in Strategy Execution

Andreas Raharso, *Hay Group Global Research Centre for Strategy*

Within the last decade, email has been increasingly adopted as the most commonly used communication tool in the corporate workplace. However, its role in strategy execution has not been clearly explored. Through this paper, we urge business leaders to review the importance of email in strategy executions. We will discuss how business leaders can make use of email with appropriate face-to-face communication to persuade their people in accepting novel ideas. We advance the current literature by highlighting that emails with elements of logic, engagement, clarity and familiarity can build trust and identifying email as a form of tool that is not only crucial in the communications but, if successful, ultimately accounts for an affordable, effective and convenient way of implementing strategies for the business leaders.

## Towards a Video-Based Analysis of Conversation in Strategy Workshops

Maureen Meadows, *Open University*

Frances O'Brien, *Warwick University*

This paper explores video data of strategy workshops using scenario planning in a major organisation in the transport sector. The strategy literature contains calls for greater access to the strategising process and to conversations about strategy between senior managers. There is also a need for further research into how strategy tools such as scenario planning are used. In this paper the authors describe the use of conversation analysis and video analysis to explore key fragments of discourse, to reveal how strategic recommendations emerge. Further research into the use of conversation analysis and video analysis to study strategy workshops is called for.



## SESSION 192

**SOCIAL AND GLOBAL ENTREPRENEURSHIP**

<b>TRACK K</b>	<b>Date</b>	Tuesday, Nov 8
	<b>Time</b>	11:15 – 12:30 h
<b>Common Ground</b>	<b>Room</b>	Periwinkle

**Facilitator** Garry Bruton, *Texas Christian University*

**Corporate Social Responsibility, Entrepreneurship, Innovativeness, and Business Performance**

Kamel Mellahi, *University of Warwick*

Anis Ben Briq, *Canadian University of Dubai*

Mathew Hughes, *University of Nottingham*

This study examines interlinks between corporate social responsibility (CSR) and firm entrepreneurship, innovativeness, and business performance in the context of a small emerging economy. The results from a sample of firms that operate in Dubai indicate that CSR when bundled with entrepreneurship and innovativeness enhances business performance. The results of this study are discussed, and implications for practitioners and researchers are presented.

**Entrepreneurship in Conditions of Extreme Poverty: Shedding Light into the Heart of Darkness**

Federica Foce Massa Saluzzo, *IESE Business School*

This research investigates how entrepreneurial processes develop in contexts of deep poverty. This issue has been understudied by mainstream literature despite its criticality as driver of economic development. Moreover, assuming that entrepreneurial processes in absence of basic resources mirror those in rich contexts is not only misleading but may also limit the power of entrepreneurial literature to satisfactorily describe entrepreneurial processes in a multi-polar world. This study investigates such processes through a grounded theory research. Living with catholic missionaries operating in northeastern India I will observe local entrepreneurs in one of the poorest regions of the world. This research contributes to theory development observing whether the entrepreneurial process is really globally uniform as conventionally thought or extreme conditions such as poverty could determine significant deviations.

**Finding Guardian Angels for Social Entrepreneurs: The Role of Social Business Angels**

Bertrand Moingeon, *HEC-Paris*

Laurence Lehmann-Ortega, *HEC-Paris*

Thierry Amslem, *ESCP Europe*

Social entrepreneurship is something of a craze in the management literature, but little research is focused on the mode of financing for these social projects. We propose the concept of a social business angel (SBA), whose role would be to both finance and bring expertise to the social entrepreneur. The aim of this paper is to define the SBA and to propose a model based on the previous social experience of the investor and the entrepreneur launching the project. The SBA can be considered as a key tool to exploit the great potential of emerging countries in our multi-polar world.

**Global Technology Diffusion and Industry Emergence: Diffusion of Wind Power Technology**

Gregory Theyel, *University of Cambridge*

Global technology diffusion is influenced by policy, social, and economic factors, but little is understood about how the influence of these factors changes during the emergence of an industry. This research uses historical and regression analysis to analyze five sets of installed wind power capacity and country context data for 65 countries in five-year intervals to test a set of hypotheses explaining the country adoption of wind power technology between 1990 and 2010. The industry passes through different regimes of influence that affect the diffusion of wind power technology

as the industry evolves from emergence to maturity. This research has implications for market entry strategies, policy-making, and theoretical understanding of the global diffusion of technology.

**Social Entrepreneurs in Markets: Social Value Creation and Competitive Advantage**

Shoko Kato, *Syracuse University*

Catherine Maritan, *Syracuse University*

The concept of social entrepreneurship is often treated as a challenge to existing theories of management, strategy, and entrepreneurship. By definition, social entrepreneurs prioritize social value creation, thus scholars have tried to create a new theoretical lens to explain the phenomena. We contend that most aspects of social value creation can be theoretically captured as market transactions and apply an RBV lens to the sources of created values, both social and economic. This paper presents the potential sources of competitive advantages for social entrepreneurs and sets up a framework for analyzing competition in the context of social entrepreneurship.

**Sourcing Entrepreneurial Ideas Internationally: Simulating Opportunity Recognition in a Global Knowledge Economy**

Martin Ihrig, *University of Pennsylvania*

Ian MacMillan, *University of Pennsylvania*

Dodo zu Knyphausen-Aufsess, *Technical University of Berlin*

In seeking to better understand strategic entrepreneurship in the 21st Century, this paper uses an agent-based simulation to model the opportunity recognition process and competitive agent behavior in a global world with international knowledge spillovers, and the respective financial payoffs associated with different entrepreneurial strategies. We find that all types of entrepreneurs benefit from access to knowledge about opportunities from abroad, as does society as a whole. In a globalized knowledge economy, the entrepreneurial strategy of creative imitation can be a superior alternative to pure innovation for entrepreneurs who source their ideas internationally.

## SESSION 183

**SIGNALING AND DISCOURSE: HOW ENTREPRENEURIAL FIRMS SELL THEMSELVES**

<b>TRACK K</b>	<b>Date</b>	Tuesday, Nov 8
	<b>Time</b>	11:15 – 12:30 h
<b>Paper</b>	<b>Room</b>	Poinciana Salon 3

**Session Chair** Samina Karim, *Boston University*

**Communicating with Angel Investors: Signaling Quality and Intent**

Linda Edelman, *Bentley University*

Tatiana Manolova, *Bentley University*

Candida Brush, *Babson College*

Drawing on signaling theory, we examine how new ventures communicate their underlying quality and behavioral intent, using a unique dataset of 531 new ventures that sought investment from a prominent angel group located in the greater Boston, MA area during 2007-2010. Findings suggest that signals of quality are important throughout the entire decision-making process, whereas signals of entrepreneurs' intent become critical in the later stages. In addition, the signals used by investors in the decision making process change, suggesting the dynamic nature of signaling. Implications are discussed.

## Examining the Direct and Mediating Effects of Market Discourse on Performance

R. Scott Livengood, *University of Florida*  
Ken Smith, *University of Rhode Island*  
Curtis Grimm, *University of Maryland*  
Wei Guo, *University of Maryland*

Novel products can disrupt the market, moving it away from existing market conditions by causing uncertainty for market participants, who engage in discourse as a sensemaking mechanism to reduce this uncertainty. Market discourse – the objective information and subjective opinion exchanged in the marketplace – is central to this process. However, little is known regarding the impact of discourse on market performance. Using a dataset created from the U.S. wireless telephone industry, we explore how discourse impacts sales of cellular handsets. Results suggest the volume of discourse positively influence sales, but this effect diminishes over time. In addition, findings indicate discourse acts to fully mediate the relationship between phone novelty and sales, highlighting the importance of studying discourse when examining the relationship between novelty and performance.

## ★ The Economic Value of Memorable Language: Stock Market Reaction to Executives' Use of Memorable Language in Presentations

Wei Guo, *University of Maryland*

Organizations and entrepreneurs can influence shareholders and investors with not only what they say in their presentation but also how they say it is hardly surprising to any executive or investor. But underlying this phenomenon, a number of important questions remain unexamined, such as what specific types of language are influential, why and how shareholders get influenced, what types of organizations would benefit more from the use of a certain type of language than others, and under what conditions will language be more impactful. This research proposal plans to examine how different forms of language affects shareholder perception of organizations. This study has the potential reveal insights to not only help organizations and entrepreneurs to acquire shareholder support, but also inform investors about their decision-making biases.

## Unpacking Alliance Portfolios: How Signals of Venture Viability Affect New-Venture Outcomes

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

This study investigates how alliance portfolio compositions of new ventures as well as their capital raised can act as signals that affect new-venture outcomes of U.S.-based, VC-backed ventures during the period of 1990-2002. We examine how alliance portfolio compositions—including portfolio structure and heterogeneity (in quantity, types, timing)—affect a new venture's likelihood of achieving a successful liquidity event (i.e. IPO or acquisition). By studying ten industry sectors, we also explore the moderating effects of environmental turbulence on the relationship between alliance portfolio composition and venture outcome. Initial results demonstrate that alliance portfolios structured along functional lines—including R&D, manufacturing, and marketing—influence a firm's likelihood of achieving a successful IPO liquidity event.

## SESSION 233

### TEACHING TRACK

<b>TRACK T</b>	<b>Date</b>	Tuesday, Nov 8
	<b>Time</b>	11:15 – 12:30 h
<b>Presentation</b>	<b>Room</b>	Cowrie 2

## Gender Dynamics in Teaching Strategy – Challenges for Female Faculty

### Session Chair

Margaret Cording, *IMD*

### Panelists

Dawn Harris, *Loyola University - Chicago*  
Rita Gunther McGrath, *Columbia University*  
Margarethe Wiersema, *University of California-Irvine*

This session is designed particularly for female faculty members seeking to improve their effectiveness in the classroom. Panelists will discuss the unique challenges faced by female faculty in the classroom, focusing especially on such issues as gaining credibility, dealing with the emotional side of stereotypes, and communication skills to effectively cross gender barriers. An open discussion will enable participants to learn and share best practices.

12:30 – 14:15

## AWARDS LUNCHEON





## SESSION 217

**COMPETITIVE HETEROGENEITY**

<b>TRACK E</b>	<b>Date</b>	Tuesday, Nov 8
	<b>Time</b>	14:15 – 15:30 h
<b>Common Ground</b>	<b>Room</b>	Cowrie 1

**Facilitator** Catherine Maritan, *Syracuse University*

**Being Held Back By The Old: Technology Adoption in the Energy Industry**

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

Today 29 U.S. states have renewable portfolio standards (RPS) aimed at increasing utilities' adoption of renewable energy technology. We study the role of firm capability endowments in conventional technology and institutional policy, specifically RPSs, in influencing firms' technology adoption decisions in the energy industry between 1995 and 2010. While some utility companies have made strong forays into providing electricity from renewable energy technologies, others are clear laggards. We argue that stronger capabilities in conventional technology turn into rigidities pushing these firms to further exploit the 'old technology' rather than investing in the 'new'. Findings indicate limits to the effectiveness of current energy policies at the state level and that often capability endowment effects on firms' investment decisions outweigh positive legitimacy effects associated with 'becoming greener'.

**Demand-Side Levers of Value Creation**

Jens Schmidt, *Aalto University*

Strategic management has looked for explanations of firm performance differences mostly in supply-side factors, such as firm endowments with resources and capabilities. Arguing that value creation is the key antecedent of value capture and performance, I examine how firms create value by strategically influencing customer preferences. Applying an inductive, multiple-case study with seven firms in business-to-business markets, I find that firms use three strategic levers to influence customer preferences: manipulating meaning, exploiting social capital and affecting demand-side distribution of knowledge. The data also suggest that there are systematic differences between firms in their ability to use these levers. These findings contribute to an emerging perspective within strategic management that examines the role of demand-side factors in firm heterogeneity.

**Determinants of Organizational Performance: A Meta-Analysis of One Decade of Research**

Armin Wiedenegger, *WU-Vienna*

Although the determinants that influence organizational performance are a central goal of strategy, researchers review the literature mostly in a qualitative way. This work aims to fill this gap and conducts a quantitative review in the way that it summarizes a meta-analysis of the statistical results in the general management literature on organizational performance. 387 primary studies are analyzed for relationships of a strategic, environmental, formal or informal organizational independent variable on a dependent variable measuring organizational performance. Furthermore, a broad holistic systematic overview of the last decade of strategy research is given and possible under examined topics will be shown. Preliminary results shows accumulated effect sizes for 99 metavariables, which are refined out of 586 variables of the primary studies.

**Examining Competitive Heterogeneity Using the VPC Framework**

Paul Mudde, *Grand Valley State University*  
Thomas Brush, *Purdue University*

This paper applies the value, price, cost (VPC) framework to explore how VPC relationships explain competitive heterogeneity. We examine predictions from generic strategies, blue ocean strategies, disruptive technologies, and other perspectives. Do costs, prices, and value follow

the positive, linear relationship proposed by Porter or are costs, prices, and value independent strategic decisions that break the value-cost trade-off? The findings support elements of both generic and blue ocean strategy theory and demonstrate the importance of the VPC framework for research in strategic management.

**Fragmentation in Heterogeneity-based Research: What Do We Deal With When We Deal With Heterogeneity?**

Andrea Lanza, *University of Calabria*  
Antonella Pellegrino, *University of Calabria*  
Simone Giuseppina, *University of Calabria*

A main assumption of the research in management is the existence of heterogeneity among firms. However, since the first adoption of heterogeneity concept, it has been applied in several managerial fields with different meanings and definitions. This study adopts the co-citation technique to identify the relevant streams of research on Firm Heterogeneity. Results show the areas of research on the topic and a visual representation of the main articles dealing with heterogeneity. Our findings point out the existence of a multifaceted conceptual structure of heterogeneity and provide the interpretative dimensions on which the research on the topic has been carried out.

**Heterogeneity and Change in Goal Configurations: A Study of the German Magazine Industry**

Daniela Blettner, *Tilburg University*  
Zi-Lin He, *Tilburg University*  
Songcui Hu, *University of North Carolina-Chapel Hill*  
Richard Bettis, *University of North Carolina-Chapel Hill*

Goal setting is central to strategy. Despite voluminous literature on the topic in strategic management, some critical issues on goal setting or adaptive aspirations remain unaddressed. This paper's objective is to illustrate two problem areas of current studies on adaptive aspirations. First, we show that goal configurations are much more heterogeneous than acknowledged in the literature. Second, we analyze change of goal configurations and the shift of managerial attention in the face of external shocks such as technological discontinuities. Based on data from the German magazine industry (1972-2009), we explore these two important problem areas and examine predictors for changes in goal configurations. The present study contributes to our understanding of adaptive aspirations and is suggestive for the design of studies with improved external validity.

## SESSION 221

**LEGAL ASPECTS OF COMPETITIVE STRATEGY**

<b>TRACK E</b>	<b>Date</b>	Tuesday, Nov 8
	<b>Time</b>	14:15 – 15:30 h
<b>Paper</b>	<b>Room</b>	Americana Salon 2

**Session Chair** Giovanni Valentini, *Bocconi University*

**Antecedents and Consequences of Competitive Arousal in Business Disputes**

Deepak Malhotra, *Harvard University*  
Fabrice Lumineau, *University of Technology-Sydney*

This paper examines the antecedents and consequences of a desire to "win at any cost" among parties in a business dispute. Leveraging a longitudinal dataset concerning 102 inter-firm disputes, we demonstrate that a desire to win at any cost is more likely when there are few (vs. many) individuals involved in the dispute, when the firms have a short (vs. lengthy) prior history of collaborative interaction, when the firms are evenly matched in their ability to withstand a costly dispute, for the firm that is relatively stronger, and (e) when lawyers are hired relatively late (vs. early) in the dispute. We also find that the desire to win predicts actual costs incurred by parties in litigation.

## Strategic Incentives for Restructuring in Chapter 11 Bankruptcy

Sharon James, *Ohio State University*

While prior research has acknowledged that bankruptcy can be a deliberate strategy, conventional wisdom is Chapter 11 bankruptcy should be pursued only as a last resort. Little is known about the conditions under which firms have strategic incentives to proactively file for Chapter 11. This paper takes the view that bankruptcy is a mechanism through which a firm in decline can proactively implement a strategic reorientation to achieve competitive parity or competitive advantage. Theoretical predictions are developed to identify conditions under which firms have strategic incentives to restructure in bankruptcy. Cash position and the potential to reject unfavorable contracts and achieve asset sales at higher values in bankruptcy are factors that increase a firm's incentives to file and the likelihood of a successful post-bankruptcy re-organization.

## Uncovering the Strategic Intents of Vertical and Horizontal Patent Litigations

Yu-Shu Peng, *National Dong Hwa University*

I-Chung Liang, *National Dong Hwa University*

Most studies in the patent litigation war assumed that competitors are in the same product market, overlook potential rivals who hide in the value chain of the industry. This study explores the possible motives for initiating patent litigation by firms, which are in different positions in a value chain. We posit that a supplier may initiate a patent litigation for the right of supply or for preventing an upward integration by downstream firms. In addition, when a competitor initiates a patent litigation, it may be done for the purposes of deterring rivals from developing a similar product. The propositions raised in this study may be useful references for firms when developing patent portfolio strategies. They contribute to the theory of competitive strategy on patent policy.

### SESSION 122

#### CEO COMPENSATION

<b>TRACK F</b>	<b>Date</b>	Tuesday, Nov 8
	<b>Time</b>	14:15 – 15:30 h
<b>Paper</b>	<b>Room</b>	Cowrie 2

**Session Chair** David Souder, *University of Connecticut*

## CEO Bargaining Power versus Firm Bargaining Power: The Missing Links in the CEO Compensation Debate

Kalin Kolev, *Michigan State University*

Daniel Gamache, *Michigan State University*

Robert Wiseman, *Michigan State University*

In this paper we introduce the concepts of CEO bargaining power and firm bargaining power and argue that they play a key role in the process of setting executive compensation. More specifically, we present CEO pay as the outcome of a negotiation process between the firm and the CEO. That is, whether CEOs are able to capture more beneficial pay packages is conditioned on the relative bargaining strength each party brings to the negotiation table. Which side's bargaining power prevails in these negotiations is dependent on a multitude of factors, including labor market, firm, and individual level factors.

## CEO Stock Options, Slack, and Strategic Risk-Taking: Do Reference Points Matter?

Elizabeth Lim, *University of Texas-Dallas*

Livia Markoczy, *University of Texas-Dallas*

Rachel Croson, *University of Texas-Dallas*

Agency theory assumes that stock options facilitate risk-taking. However, unique options elements have different risk properties and their accumulated values are likely to differentially affect risk-taking. We draw from behavioral agency theory and investigate the direct effect of the accumulated wealth of stock options relative to the reference points on strategic risk-taking and the moderating effect of slack on this relationship. Our results show that risk-taking increases as values of exercisable stock options fall below or rise above the reference point, although the reference point does not play a significant role for unexercisable options. Furthermore, we find that under conditions of increasing slack, rising unexercisable options values above the reference point further weaken risk-taking, but rising exercisable options values above the reference point intensify risk-taking.

## Does Temporal Myopia Hurt Firm Performance? An Empirical Test

David Souder, *University of Connecticut*

Philip Bromiley, *University of California-Irvine*

This paper investigates the common but unproven claim that firm performance suffers because managers are myopic about long-term investments. We use accounting data on the expected life of equipment purchases to measure temporal orientation for over 600 publicly-traded US manufacturing firms, and find a positive relation between temporal orientation and financial returns. As predicted, however, we also find diminishing marginal returns for temporal orientation. Our results therefore confirm the intuition that myopia hurts performance, while also identifying important limits to the value of lengthening a firm's temporal orientation.

## Executive Compensation and Acquisition Target Characteristics

William Kline, *Temple University*

Richard Brown, *Temple University*

We utilize an agency theory perspective to examine the relationship between executive compensation and the characteristics of target firms in acquisitions. We hypothesize that pay schemes which are heavily weighted in salary will encourage the purchase of less risky (larger, older, and more established firms) targets, while heavy weightings of option-based pay will encourage the acquisition of riskier (smaller, younger, and less established) targets.

### SESSION 131

#### ALLIANCES AND COOPERATIVE STRATEGIES

<b>TRACK F</b>	<b>Date</b>	Tuesday, Nov 8
	<b>Time</b>	14:15 – 15:30 h
<b>Paper</b>	<b>Room</b>	Moon

**Session Chair** Tina Dacin, *Queen's University*

## Alliance Portfolio Diversity, Strategic Positions, and Performance

Seong Young Kim, *EMLYON Business School*

This study develops and tests theoretical propositions that seek to clarify relationship between alliance portfolio diversity (APD) and firm performance. Drawing upon strategic choice theory, ecological theory, and alliance network theory, I identify three attributes of APD and two strategic positions of focal firms. I propose that firms can improve their performance when specific attribute of APD matches to their strategic positions. I examine this idea in a sample of the U.S semiconductor industry.



## Aspiration, Performances and Changes in Partnering Behavior: Evidence from Pharmaceutical Industry 1990-2006

Francesco Di Lorenzo, *Ramon Llull University*  
Paul Almeida, *Georgetown University*

Building on the prior research on aspiration levels, managerial decision making and partnering routines, we examine the conditions under which pharmaceutical firms change their partnering behavior across time. Using insights drawn from behavioral theory and evolutionary theory of the firm, we suggest that any change in partnering behavior is considered risky, and is triggered by the gap between actual performance (financial and innovative) and aspirational performance (developed on the basis of historical and social comparisons). Testing a sample of 988 pharmaceutical firms from 1990 to 2006, our results suggest that the change partnering behavior depends on the performance type: firms are more likely to change when financial performance equals aspiration, while innovative performance predicts opposite results on the performance discrepancy-change in partnering behavior relationship.

## Comparing Theoretical Explanations of Interorganizational Cooperation: A Meta-Analysis

Johannes Drees, *VU University Amsterdam*

Using meta-analytical techniques, we synthesize 192 studies on resource dependence theory, transaction cost theory and resource based view and corroborate their main predictions: organizations reduce environmental dependencies, minimize costs of cooperation, and improve their competitive edge by absorbing sources of external constraint, so as to improve their performance. Building on our results we extend current theorizing in three ways. First, we show that not all interorganizational arrangements are equally suited for the management of interdependencies. Second, we show that the adoption of interorganizational arrangements has a larger positive effect on organizations' symbolic performance than on their substantive performance. Third, we demonstrate that experience with alliances and mergers does not contribute to their subsequent performance.

## What Complements Complementarity: Performance Differences between Generalist and Specialist Alliance Partners

Wooseok Jung, *Northwestern University*  
Edward Zajac, *Northwestern University*

This study theoretically and empirically focuses on how a partner's niche width (i.e., its generalist vs. specialist strategy) affects the value of complementarity in enhancing collaboration performance. We suggest that generalist and specialist firms are exposed to different expectations from their respective audiences, and that these differences impact the collaboration outcomes it will realize when linked with complementary partners. We posit four hypotheses predicting possible performance outcomes from different combinations between niche width and niche complementarity of two partner firms, and we use the Korean film industry as our empirical context, we will analyze collaboration ties between film producers and film distributors from 2000 to 2010. In doing so, we hope to add clarity to the process by which complementarity between partners enhances inter-organizational performance.

### SESSION 165

## INSTITUTIONS AND STRATEGY

<b>TRACK G</b>	<b>Date</b>	Tuesday, Nov 8
	<b>Time</b>	14:15 – 15:30 h
<b>Paper</b>	<b>Room</b>	Americana Salon 1
<b>Session Chair</b>	Charles Dhanaraj, <i>Indiana University</i>	

## National Animosity and Cross-Border Alliances

Ilgaz Arikan, *Georgia State University*  
Oded Shenkar, *Ohio State University*

History matters in the formation of cross-border strategic alliances because the frequency and magnitude of national conflicts creates hostility which nontrivially impacts the context in which firms make alliance decisions. We find that in national dyads with a history of conflict and unobservable dyadic characteristics that contribute to conflict, the probability of entering into cooperative agreements decreases; in dyads with current conflict, firms prefer governance choices that highlight mutual hostages and credible commitments, i.e., joint ventures, a result of increase in costs and hazards; under imbalanced dyadic conflict, the likelihood of entering joint venture agreements compared to alliances increases.

## Patently Different: How MNC Manage R&D in Weak IP Regimes

Anand Nandkumar, *Indian School of Business*  
Kannan Srikanth, *Indian School of Business*

The location of R&D activities by multi-national enterprises (MNE) in countries with weak IP protection regimes is one of the significant new trends in international business. We empirically how an MNE manages the threat of IP leakage on R&D performed in a location with weak IPR. Using a unique natural experiment that relates to the recently enacted patent reforms in India, we show that: stronger patent regimes increase the involvement of Indian scientists on a MNE R&D project, conditional on the R&D project being off-shored to an Indian R&D subsidiary. However, strengthening patent protection has differential effects on different types of R&D. These results suggest that MNEs use a variety of different project selection strategies to counter weak legal IP protection.

## Toward a Global Theory of Corporate Governance: The Promise of National Governance Bundles

William Judge, *Old Dominion University*  
J. Lee Brown III, *Old Dominion University*

If we seek to advance a global theory governance research, national economies must be grouped according to similarities of corporate governance mechanisms. The term that we advance and develop in this study is "national governance bundle." By identifying common national governance bundles, mid-range theories of comparative corporate governance can be developed. This study examines eight major internal and external dimensions of corporate governance across the G20 economies. Using cluster analysis, we find four primary clusters of national governance bundles which we label as "family", "relations," "society", and "market". These four configurations of governance bundles can be used to refine and extend future corporate governance research so that the complementarities and substitutability of corporate governance mechanisms can be considered within a specific national or regional context.

## Variation in Appropriability Regimes Across and Within Countries: MNC Entry and Investment in Innovations

Douglas Miller, *University of Illinois-Urbana Champaign*  
Lihong Qian, *Portland State University*

Previous research on the innovative activities of MNCs has usually described the appropriability regime for each country as a whole. However, appropriability regimes can also vary across industries within a country, and most MNCs are multiproduct companies. We use the example of the global market for genetically-modified (GM) seed to extend existing models, derive propositions, and illustrate how variance in appropriability regimes across and within countries affects how MNCs invest in R&D and enter specific markets. Besides formal protection of intellectual property, factors such as enforcement of laws, a reputation for corruption, concentration of the host country market, demand in other countries, and the value created through differentiation influence MNC behavior, especially when barriers to imitation of a product are low.

## SESSION 246

**PROCESSES OF RESOURCE MANAGEMENT**

<b>TRACK H</b>	<b>Date</b>	Tuesday, Nov 8
	<b>Time</b>	14:15 – 15:30 h
<b>Paper</b>	<b>Room</b>	Sundial

**Session Chair** Annette Ranft, *University of Tennessee*

**Implementing Turnaround Strategies: An Empirical Analysis of the Turnaround Process**

Achim Schmitt, *Audencia Nantes School of Management*  
Sebastian Raisch, *University of Geneva*

Existing literature on the corporate turnaround process has been contradictory. Some scholars argue in favor of a sequential attention to retrenchment and recovery, whereas others advocate a simultaneous focus on these activities. In this study, we draw on resource-based arguments to develop a new conception of the turnaround process: the shifting balance perspective. Based on an empirical analysis of Central European turnaround initiatives, we find that firms can manage the sequential and simultaneous perspectives' inherent tradeoffs by pursuing a gradually shifting balance between retrenchment and recovery activities throughout the turnaround process.

**Learning Through Acquisitions: The Role of Sequence, Nesting and Acquired Managers**

Michelle Zorn, *Florida State University*  
Annette Ranft, *University of Tennessee*  
Jennifer Sexton, *Florida State University*

Using a learning perspective, we attempt to increase understanding of acquisition performance by investigating the relationship between the sequence of acquisitions, nesting of acquisitions and the retention of target firm managers. Nested acquisitions occur when the target firm has itself previously made one or more acquisitions. Specifically, we propose that the sequence and nesting of acquisitions affects the retention of acquired firm employees and that retention, in turn, affects resource transfer and acquired firm momentum. Ultimately, we assert that resource transfer and acquired firm momentum affect acquisition performance. A model and propositions are developed to help stimulate discussion surrounding these linkages.

**The Natural Environment as a Source of Competitive Advantage**

Lynn Bakstran, *Western New England University*  
Linda Edelman, *Bentley University*  
Kenneth Hatten, *Boston University*

This study investigates if strategy formation in the U.S. Brewing Industry was related to access to resources in the natural environment. After prohibition, some brewers pursued strategies based on aggressive geographic expansion, while others focused on local markets. Furthermore, some brewers pursued low-cost strategies by maximizing economies of scale, while other brewers focused on brewing quality in relatively small plants. Resource, capability, economic geography and founding conditions theories are applied to understand if access to natural resources such as caves for year round manufacturing and ice for distribution is related to strategy formulation. Initial analysis of data for 2676 brewers, spanning 90 years indicates that access to natural resources is related to the development of strategy and the effects are extremely long lasting.

**Unbundling the Bundling Process: SME Response to Environmental Context**

William Worthington, *Baylor University*  
Michael A. Hitt, *Texas A&M University*  
Duane Ireland, *Texas A&M University*  
Lorraine Eden, *Texas A&M University*

Managers acquire their collection of resources, bundle those resources into capabilities, and then leverage those capabilities in the market place

to gain competitive advantage. The resource orchestration argument identifies acquiring, bundling, and leveraging as critical processes within the firm, yet little is understood about their underlying sub-processes. In this paper we focus on bundling resources into capabilities. We examine top level managers of small and medium size firms, using policy capturing and hierarchical linear modeling methodology, to yield greater insight into the underlying mechanisms of the bundling process. We find empirical support that within the bundling process, managers implement stabilizing, enriching, and pioneering sub-processes consistent with the 2x2 offered; however, the relative importance of each sub-process adjusts with changing environmental conditions.

## SESSION 263

**ENABLING COLLABORATION**

<b>TRACK I</b>	<b>Date</b>	Tuesday, Nov 8
	<b>Time</b>	14:15 – 15:30 h
<b>Common Ground</b>	<b>Room</b>	Triton

**Facilitator** Charles Baden-Fuller, *City University London*

**Firm Knowledge Structure and Strategic Alliances: The Role of Market Identity**

Angeloantonio Russo, *LUM Jean Monnet University*  
Rajiv Nag, *Georgia State University*

In this study we explore the influence of a firm's knowledge structure, in particular its depth and scope, on a firm's choice of explorative or exploitative alliances. We then introduce a hitherto understudied factor, a firm's market identity, and study its moderating affect on the influence of its knowledge structure on alliance choice and performance outcomes. Our findings suggest a more complex understanding of the relationship between a firm's knowledge-based resources and its alliancing behavior than previously explored.

**Projects, Project Capabilities and Project Organizations**

Charles Baden-Fuller, *City University London*  
Paul Nightingale, *University of Sussex*

This paper clarifies our understanding of the project based firm (PBF) by sharpening the theoretical foundations of project capabilities. It emphasizes the differences between project capabilities that eliminate variance in project outcomes (to control costs and add value), and economies of scale that reduce costs across multiple projects. It also highlights how the different ways in which value is captured by project based firms can feedback to influence how these capabilities and scale economies are generated. This opens up new typologies of project based firms, with implications for theory, policy and practice.

**Scientific Linkage Determines the Propensity to Cooperate on R&D: Empirical Study from an Absorptive Capacity Perspective**

Markus Ringhofer, *Graz University of Technology*  
Markus Kohlbacher, *Graz University of Technology*  
Bernd M. Zunk, *Graz University of Technology*

Firms conducting R&D in cooperations gain access to external knowledge. In order to successfully explore and exploit external knowledge, absorptive capacity is considered to be an essential factor. Previous studies operationalized the concept of absorptive capacity mainly with financial measures; however, there are only few studies which operationalize absorptive capacity as capability. This study aims at closing this gap and focuses on the aspect of formation and initiation of R&D cooperations. The results show that firms with a higher scientific linkage have a higher propensity to be engaged in R&D cooperations. This study was conducted by means of a standardized online questionnaire. The results were obtained through a regression analysis including the responses of 81 R&D managers from Austrian, German and Swiss high-technology firms.





## The Role of Corporate Political Strategy in the Network Structure and Innovation Relation

Mine Ozer, *SUNY-Oneonta*

Irem Demirkan, *Northeastern University*

Omer Gokalp, *University of Texas-Dallas*

This study investigates how corporate political strategy affects the relationship between collaboration networks and innovation. We incorporate insights from the corporate political strategy perspective into social network research to examine how firms utilize non-market mechanisms as a way to manage uncertainty. In particular, using data from 291 U.S. pharmaceutical firms, we study the moderating effects of corporate political strategy on the relationship between collaboration networks and firm innovativeness. Our results show that corporate political strategy moderates the relationship between network centrality, structural holes, and network size, and firm innovativeness.

## Using Social Media Technologies for Innovation: What Matters?

Tammy Madsen, *Santa Clara University*

Kumar Sarangee, *Santa Clara University*

Jennifer Woolley, *Santa Clara University*

The recent development of internet-based technologies has provided organizations with new ways to interact with employees, customers (users), suppliers, and other stakeholders. One such technology, social media, specifically facilitates the creation and exchange of ideas. Bilateral social media technologies enabling cross-talk, instead of one way communications, are especially useful for co-creation and co-innovation projects. However, little is known about how bilateral social media tools influence the innovation process and its outcomes. Leveraging work on open innovation, user innovation, new product development and value creation, this paper develops theory and propositions regarding the use of social media technologies for product innovation. The study is informed by interviews with, and examples of, firms engaged in using social media in the innovation process.

## What Doesn't Kill You Makes You Stronger: General Technologies, Supporting Assets and Firm Survival

Gautam Ahuja, *University of Michigan-Ann Arbor*

Alfonso Gambardella, *Bocconi University*

Elena Novelli, *University of Bath*

Technology based firms make important decisions regarding what types of technologies to develop and how much to invest in developing the supporting assets to commercialize those technologies. For instance, firms can invest in general technologies (that solve broad classes of problems) or specific technologies; firms can choose to invest heavily in the supporting assets required to commercialize their technology or keep their investments in supporting assets low. In this study we examine these two features of firms' technological investments and study their direct and interactive effects on firm survival. We theorize that even though generality itself reduces the likelihood of business unit survival as does investment in supporting assets, jointly they have a positive effect. The empirical test in the photonics industry supports these predictions.

### SESSION 267

## PRODUCT DEVELOPMENT AND MANAGEMENT

<b>TRACK I</b>	<b>Date</b>	Tuesday, Nov 8
	<b>Time</b>	14:15 – 15:30 h
<b>Paper</b>	<b>Room</b>	Poinciana Salon 1

**Session Chair** Aleksandra Rebeka, *University of North Carolina-Chapel Hill*

## How the Patentability of Algorithms Affects Product Replication and Imitation by Firms

Amol Joshi, *University of Hawaii-Manoa*

The extension of intellectual property protection to support the patentability of algorithms is a highly controversial innovation policy issue with broad implications for technology diffusion and economic growth in knowledge-intensive industries. Little empirical research exists on the effect of strengthening or weakening the patentability of algorithms on the innovation activities of firms. Using a unique historical dataset of 853 algorithm-based products introduced by 91 firms in the digital signal processing industry from 1973-2009, I analyze the effect of a policy shift on the likelihood that a product is subsequently replicated, imitated, or both. I find that a legal precedent strengthening the patentability of algorithms significantly increases the likelihood that such products are replicated, but does not significantly decrease the likelihood that these products are imitated.

## New Product Announcements and Shareholder Value in a Multi-Polar World

Alberto Pezzi, *Roma Tre University*

This study provides evidence of the value creation of new product announcements. The survey focuses on a sample of 100 new product announcements performed by high-tech multinational firms listed on the NYSE and NASDAQ in the period 2000-2010. By applying the event study methodology, the research shows a positive and significant market reaction to new product announcements. The results are largely affected by the abnormal returns of announcements that provide specific information on a new product in terms of markets served, timing, pricing and versions. The level of information asymmetry between the managers and outside investors strictly influences the market performance. The evidence suggests that investors seem to appreciate the new products after having accumulated information about commercial and financial results.

## Price, Features, and Order of Entry as Drivers of New Product Success in Pharmaceutical Industry

Aleksandra Rebeka, *University of North Carolina-Chapel Hill*

Atul Nerkar, *University of North Carolina-Chapel Hill*

Diffusion rates of innovative products in the first year are important to firms in knowledge-based industries as initial success drives future success. We state it is especially critical to pharmaceutical firms due to unique decision making process in the industry and due to the fact that the market size for each drug is limited by patient population, drug profile and specifics of FDA approval. Our analysis suggests that features of the product, price, and order of entry are important but generally overlooked drivers of new drug diffusion. We develop hypotheses to test main and interaction effects for these drivers and find initial support for our theory. This indicates that product characteristics, firm actions and market conditions do matter for the initial success of innovative products.

## Understanding Product Phase Outs: The Effects of Learning from Performance Feedback

John Joseph, *Duke University*

Ronald Klingebiel, *University of Warwick*

Alex Wilson, *Duke University*

How do firms learn to phase out products? The management of the potential gains and losses of product phase-outs is a critical issue the organization faces, as the upside potential for greater revenue is pit against the downside risk of funding unattractive products beyond their time. In this study, we examine the effects of performance feedback on phase-out decisions in a data set of mobile devices sold in Germany from 2004-2009. Surprisingly, initial results reveal that positive performance feedback leads to earlier phase-out for subsequent products and negative performance feedback leads to delayed phase-out for subsequent products. Our findings suggest that performance feedback may reinforce a vicious learning cycle which tolerates downside risk but deprives managers of the opportunity to learn from successful products.

## SESSION 275

**ORGANIZATIONAL LEARNING**

<b>TRACK I</b>	<b>Date</b>	Tuesday, Nov 8
	<b>Time</b>	14:15 – 15:30 h
<b>Paper</b>	<b>Room</b>	Poinciana Salon 2

**Session Chair** Svetlana Khapova, *VU University Amsterdam*

**A Career Perspective on Organizational Learning**

Chen Fleisher, *VU University Amsterdam*  
 Svetlana Khapova, *VU University Amsterdam*  
 Paul Jansen, *VU University Amsterdam*  
 Marleen Huysman, *VU University Amsterdam*

This paper draws upon the idea that individual's repositories of knowledge represent a fundamental building block of organizational learning, and thus are vital in creating sustainable value for an organization. By adopting a career perspective, we examine how these individual resources change over time and how these processes affect organizational learning. In particular, we employ the 4I organizational learning framework to organize key career concepts, which enable us to explain how the content of learning moves from individuals to organizations. We suggest that our theoretical analysis further extends and contributes to our understanding of the organizational learning process.

**Boundary Conditions to Experiential Learning in Internal Growth, Collaboration, and Market Transactions**

Louis Mulotte, *Tilburg University*

Organizational research suggests that firms benefit generally from accumulated organizational-mode experience when they expand via internal growth, collaborative endeavors, or market transactions. This study examines boundary conditions to such experiential benefits. We analyze the extent to which performance feedback and similarity between successive endeavors impact the levels of the benefits from organizational-mode experience. We test our hypotheses on 278 introductions of aircraft projects undertaken between 1948 and 2000 via internal development, joint development, or licensing. Empirical findings allow us to verify that the impact of performance feedback and similarity on the benefits from organizational-mode experience varies in direction and magnitude across NPI modes. We then assess the implications of our findings for understanding experiential learning processes in activities involving varying levels of causal ambiguity.

**Calculative Learning from Informal Networks and its Effects on Explorative and Exploitative Strategic Activities**

Robert Demir, *Stockholm University*  
 Ali Yakhlef, *Stockholm University*

The modes and reasons of learning from networks, particularly in international settings have been vividly discussed among researchers of strategic management in pursuit of determining whether such learning yields explorative or exploitative strategies. Yet, there is scarce knowledge about the outcome of such learning when social relationships are informal but somewhat organized and calculative. Thus, we aim to analyse the form of learning that expatriates acquire from such informal networks and its repercussions on their international strategic activities. We focus on a network of Swedish expatriates whose aim it is to help members solve strategic problems facing them while operating in China. We build our arguments on the basis of a ten year-long study of this network and suggest implications for theory and practice.

**Modes of Organizational Learning and Creativity in Chinese High-Technology Ventures: The Differential Learning Hypothesis**

Robert Morgan, *Cardiff University*  
 Fu-Mei Chuang, *Loughborough University*  
 Matthew Robson, *University of Leeds*

We contend that market-based learning is a form of adaptive learning arguing that this form of recursive, cyclic process should be complemented with a deeper form of learning to derive generative outcomes. We characterize this latter component as generative learning. We examine both modes of learning and their differential impact upon dimensions of creativity within a 'differential learning' framework. We present six hypotheses and empirically test our assertions using a sample of 187 high-technology new product ventures in China. This study makes a series of distinctive contributions to the literatures devoted to organizational learning, innovation processes, and new product performance.

## SESSION 199

**STRATEGIC PLANNING AND ORGANIZATIONAL PERFORMANCE**

<b>TRACK J</b>	<b>Date</b>	Tuesday, Nov 8
	<b>Time</b>	14:15 – 15:30 h
<b>Common Ground</b>	<b>Room</b>	Periwinkle

**Facilitator** Sarah Kaplan, *University of Toronto*

**Institutional Entrepreneurship Strategies and New Practice Creation: The Case of ITRI and Advanced Research Program in Taiwan**

Min-Fen Tu, *Tamkang University*  
 Shih-Chang Hung, *National Tsing Hua University*

This paper analyzes the micro processes by which actors transcend established macro-institutional structures in order to create new ones. We draw on the concept of institutional entrepreneurship to address the issue of institutional change and innovation. We examine the creation of a new institutional practice, Advanced Research Program (ARP), in the Taiwanese government supported R&D system between 1987 and 2009. The Industrial Technology Research Institute (ITRI) is a pioneering institutional entrepreneur. We show how ITRI used bricolage, brokerage, and pedagogy (B.B.P.) strategies to reuse its internal resources, to bridge and network with third parties, and to convey the positive meaning of the new institutional practice. Our longitudinal account of this case shows how each of these strategies evolved over time, from closedness towards openness.

**★ Interaction Dynamics of Strategic Planning Within M-form Based Firms: A Practice View**

Paul Knott, *University of Canterbury*  
 Chatchai Thnarudee, *University of Canterbury*

In practice, strategic planning in complex multi-business corporations has evolved into a network of multi-level and multi-unit strategic planning processes. This makes it challenging for managers and strategists to undertake the activities needed to run those strategic planning systems effectively. The interactions between strategy practitioners as they enact those planning processes play a crucial role in determining effectiveness of the planning process as a whole. In this paper, we present a qualitative study that articulates the dynamics of their interactions in a series of generic interaction patterns. Our analysis sheds light on the extended roles of strategic planning within a multi-level and multi-unit environment, and on how different actors contribute to the vertical and horizontal aspects of strategic planning.



## Market Reactions to Strategy Announcements

Richard Whittington, *University of Oxford*

Basak Yakis-Douglas, *University of Oxford*

Kwangwon Ahn, *University of Oxford*

This paper analyses market reactions to public strategic plan announcements by NYSE and NASDAQ companies. Contrary to the low expectations set by 'cheap talk' and 'soft talk' perspectives, we find that a substantial minority of such strategic plans elicit significant cumulative abnormal returns, either in a positive or a negative direction. We also find that new chief executives are likely to increase the effects of positively-evaluated strategic plans. We propose that research on strategic planning and performance should discriminate more between the quality of plans rather than whether companies have plans or not.

## Strategy-Making and Organization Performance: Exploring Long Run Financial Performance Implications

Timothy O'Shannassy, *Royal Melbourne Institute of Technology University*

Working with the strategy-making construct is a challenging task with only very limited quantitative empirical work to use for guidance and a recent emphasis on qualitative research methods in the strategy-as-practice and strategy process research groups. The availability of strategy-making survey research data plus five years longitudinal return on equity financial data for this study provides a useful research opportunity. Using rigorous methods the study finds partial support for strong strategy-making as a predictor of long run return on equity. There is also support for perceived organization performance positively moderating the relationship between strategy-making and long run return on equity.

## The Relation of Key Performance Indicators and Strategy Development Revisited

Paul Spee, *University of Sydney*

Efstathios Tapinos, *Aston University*

Management Control Systems (MCS) are considered as integral parts of strategy development and implementation. Previous research has determined that MCS, apart from monitoring organizational performance, can influence the development of the strategy. The dominant view is that the design of MCS follows the strategic orientation of the organization. In this paper, we have adopted a Strategy as Practice approach to investigate how the design of Key Performance Indicators, an element of MCS, influence the main manifestation of the organizational strategy, the strategic plan. Drawing on a longitudinal in-depth case study we analyze strategic conversations in a British Higher Education institution during a period of 12-months. Our findings challenge the dominant view on MCS, highlighting that the development of the strategic plan and KPIs is interwoven, shaping both the strategic direction and KPIs.

## Transnational Collaboration in IPSFs: Strategic Practices in Space

Katja Maria Hydle, *BI Norwegian School of Management*

This paper discusses activity configurations found in international professional service firms (IPSFs) as they provide and deliver services. For IPSFs, the service process may involve multiple experts from different locations, both in emerging and developing markets. Through the use of the strategy-as-practice perspective, six different types of transnational activity configurations were identified, namely bilateral, trilateral, chain, star, network and co-location configurations. When analyzing the activity configurations along with spatial dimensions, three types of activity spaces were revealed, in particular, activities took place in one of structured, supervised or social spaces. This paper demonstrates that based on the particular activity space, different organisational initiatives, managerial attention and employee actions are required.

## SESSION 184

## THE ROLE OF LEARNING FOR ENTREPRENEURSHIP IN UNCERTAIN AND DYNAMIC ENVIRONMENTS

### TRACK K

Date Tuesday, Nov 8

Time 14:15 – 15:30 h

### Paper

Room Poinciana Salon 3

### Session Chair

Sheryl Winston Smith, *Temple University*

## Entrepreneurial Origins: Assessing the Impact of Diverse Knowledge Sources in the Medical Device Industry

Sonali Shah, *University of Washington*

Sheryl Winston Smith, *Temple University*

Entrepreneurs in high technology industries come from varied backgrounds—some are employees of established firms, some are academic scientists, and others are users of products and services. These three distinctive backgrounds shape the technical and market knowledge and experiences possessed by the entrepreneur. We expect that systematic differences in entrepreneurs' technological and market knowledge will, in turn, lead to systematic differences in the characteristics of the innovations created by their start-ups. How does a founder's background—as an employee, an academic scientist, or a user—influence a start-up firm's innovation outcomes, financing practices, and the product portfolios of their corporate venture capital investors? The answer to this question informs corporate and public policy, and enriches theory by expanding our conceptualization of the nature of entrepreneurship, organizations, and innovation.

## Serial Entrepreneurs: Learning From the Sequence of Success and Failure

Jeffrey Martin, *University of Alabama*

Melissa Graebner, *University of Texas-Austin*

This in-depth inductive study of 20 serial entrepreneurs systematically examines how or what serial entrepreneurs learn (or don't learn) from their multiple venture experiences, and how that learning affects the success of subsequent enterprises. Specifically, we focus on how the sequence of success or failure over multiple new ventures affects learning, innovation, and venture outcomes. Our primary result is a theoretical framework that explains factors that promote or inhibit learning and likewise explains differences in learning rates across different organizational settings. In particular, this study shows that failure can be learned from but only under certain conditions. This study promises to contribute new understanding to theories of learning and the micro-foundations of dynamic managerial capabilities.

## The Role of Entrepreneurial Commitment in the Management of Uncertainty in Nascent Markets

Philippe Silberzahn, *EMLYON Business School*

An approach to deal with the uncertainty of nascent markets is for entrepreneurs to adopt a progressive definition of their venture. Researchers, however, have contradicting views on the role that commitment plays in this approach. One view is that a progressive definition requires flexibility, which is achieved through reduced commitments. The other view is that making commitments is the key to progression. As a result, the underlying phenomenon remains inadequately described and findings are conflicting. The purpose of this research is to investigate this contradiction. Using an inductive, multiple-case research design of four new ventures, we reconceptualize the different forms of progressive definition on the basis of commitment and propose an integrative model of entrepreneurial action that contributes to the resolution of the contradiction.

## What is Market Dynamism? Why We Care and How We Can Model It

Jeffrey Martin, *University of Alabama*  
Constance Helfat, *Dartmouth College*

This analysis sheds light on the question of how market dynamism affects organization and strategy. First, we argue that despite the importance of market dynamism to theories of strategy and organization, the literature has failed to converge on a consistent definition or characterization of market dynamism. Second, we address these issues by developing a typology and mathematical formulation that characterizes market dynamism in terms of two key underlying dimensions: the probability of change and the magnitude of change of market components. We show how a typology based on these dimensions can incorporate other elements used to describe market dynamism in the literature, including the frequency, size, complexity, and variability of market changes. Finally, we draw implications for empirical research on firm strategy and organization.

### SESSION 186

## CREATIVITY, INNOVATION AND ENTREPRENEURSHIP

<b>TRACK K</b>	<b>Date</b>	Tuesday, Nov 8
	<b>Time</b>	14:15 – 15:30 h
<b>Paper</b>	<b>Room</b>	NY Sands

**Session Chair** dt ogilvie, *Rutgers University*

## Closing the Distance between Academia and Market: Academic Entrepreneurs as Lead Users

Daniela Baglieri, *University of Messina*  
Gianni Lorenzoni, *University of Bologna*

This paper explores inductively how academic entrepreneurs' prior knowledge helps turning general purpose technology into market driven application. Our idea is that academic scientists, when developing their projects, encounter technical problems that anticipate what markets will experience in the next future. Therefore, they first innovate in response to their needs and, then, become entrepreneurs. Overall, academic entrepreneurs, who are simultaneously lead users, are in the better position to understand which market-specific R&D activities are essential to further technology viability, and provide roadmaps that shape market size and customer needs. As a result, they close the distance between academia and market, and reconcile the tensions inherently related to science commercialization. Over time, academic entrepreneurs nurture their creativity getting involved in new research projects and new ventures

## Navigating the Innovation Process: Do Seasoned Venture Capitalists Foster Entrepreneurial Patents in Uncertain Environments?

Elisa Alvarez-Garrido, *Georgia State University*

I analyze the extent to which experienced venture capitalists foster the innovative outcomes of entrepreneurial firms, and how that effect varies with the uncertainty in the environment. I argue that in more uncertain environments, venture capitalists bring useful resources to the ventures that are useful to navigate innovation and patenting processes. Using an international sample of 631 biotechnology entrepreneurs, founded between 1990 and 2002 in 30 different countries, I analyze the effect of experienced VCs on patents, patent citations, and publications. I find that this effect is positive and significant. Moreover, when the regulatory environment is more uncertain, venture capital firms foster the patenting process; as expected, I don't find an effect for publications, which are less subject to the regulatory uncertainty.

## Resource-Based Decision Making in Small Entrepreneurial Firms: Creativity as a Critical Resource and Capability

dt ogilvie, *Rutgers University*

The resource-based approach (RBV) views firms as unique bundles of resources and resource stocks that result from the historical development of the firm. Penrose (1959) explicitly discusses the entrepreneur as a firm resource. However, the RBV was developed and is consistently theoretically extended and empirically tested in the context of the large economic organization. The research on small business decision making has largely concentrated on the entrepreneurial decisions related to the founding and start-up of the firm. This proposal is concerned with the relationship of firm resources to the decision making process in small entrepreneurial firms and views creative action-based decision making as both a capability and a resource that enables entrepreneurs to be effective in resource-constrained environments.

## Taking The Perspective of the User: Untangling The Role of Empathy and User Knowledge in Entrepreneurship Research

Martina Pasquini, *Bocconi University*  
Emanuela Prandelli, *Bocconi University*  
Gianmario Verona, *Bocconi University*

In this paper, we show how perspective-taking can impact the intrinsic motivation, creativity and self-efficacy of entrepreneurs. Since PT requires a target, i.e., the one whose perspective is taken, we selected the user as a crucial entrepreneurial target. Users can in fact be a target of innovations introduced by entrepreneurs. In order to test our intuition we set up an experimental design with MBA students. Main results confirm a positive effect of User PT on intrinsic motivations and creativity. We conclude our work by suggesting promising venues for future research in the fields of entrepreneurship and user innovation.

### SESSION 223

## HR SYSTEMS AND COMPETITIVE ADVANTAGE

<b>TRACK L</b>	<b>Date</b>	Tuesday, Nov 8
	<b>Time</b>	14:15 – 15:30 h
<b>Paper</b>	<b>Room</b>	Venus

**Session Chair** Mathew Allen, *Babson College*

## Does a Differentiated HR Architecture Increase Organizational Performance?

Chiara Paolino, *Bocconi University*  
Silvia Bagdadli, *Bocconi University*  
James Hayton, *Bocconi University*

In the current study we investigate the relationship between a differentiated human resource architecture and organizational performance, by using longitudinal, multi-level, multi-source data on 83 Italian museums. This study offers a first complete test of the impact of a differentiated use of the High Involvement HR architecture (HIA) across core and support employees on performance, by considering the multiple components of the HR architecture and analyzing the use of a differentiated HIA within the same organization. Results from this study illustrate that the more organizations differentiate the use of the HIA across the two employee groups, by providing core employees with an higher exposure to HIA, the higher the various museum performance indicators.





## Employment Relationships and Intellectual Capital: Their Effects on Firm Innovation

Alvaro Lopez-Cabrales, *Pablo de Olavide University*  
Mar Bornay-Barrachina, *Pablo de Olavide University*  
Ramon Valle, *Pablo de Olavide University*

This paper examined how employment relationships and intellectual capital influence innovation in a sample of Spanish firms. We tested our hypotheses using a sample of 150 innovative Spanish firms and confirmed that, while human and social capital favour innovations, employment relationships are not directly associated with innovation unless they take intellectual capital into account. Specifically, our analyses suggest that human and social capital mediates the relationship between a mutual investment employment relationship and innovation, which is characterised by high levels of incentives and expectations. By the other hand, organizational capital lacks of any effect on innovation. We also discuss the theoretical and practical implications of these results.

## HR Strategies For Organizational Ambidexterity

Andrea Kim, *Rutgers University*  
Kyongji Han, *Rutgers University*

This study proposes a theoretical framework pertaining to HR strategies for organizational ambidexterity. Based on ambidexterity literature, both exploitation and exploration are regarded as innovation outcomes for a sustainable competitive advantage of an organization, and along with structural ambidexterity perspective, this study suggests separation of teams for each of innovation outcome. In addition, this study delineates inputs and processes for exploitation and exploration effectiveness at the team-level. Finally, it is proposed that short-term and long-term oriented HR strategies foster exploitation and exploration, respectively. This theoretical framework contributes to understanding individual- and team-level origin for organizational ambidexterity and a way of enhancing the ambidexterity capability.

## The Role of Leadership in the Relationship Between Human Resource Management and Firm Performance

Mathew Allen, *Babson College*  
David Sikora, *Florida State University*  
Christopher Collins, *Cornell University*

An abundance of evidence supports a relationship between strategic human resource management (SHRM) and firm level performance outcomes. More recently, researchers have pointed to social exchange relationships to explain the process through which SHRM leads to performance. While some evidence exists to support the connection between SHRM, exchange relationships and firm performance, little is known about how human resource management interacts with other important variables in the exchange process such as managerial leadership. Using data from 253 offices with a combination of manager and employee responses and time lagged performance; we demonstrate that both SHRM and leadership are important in establishing exchange relationships. More importantly, it appears that effective leadership enhances the impact of SHRM in the formation of exchange relationships and in turn performance.

### SESSION 235

### SPECIAL TRACK

#### TRACK 5

Date Tuesday, Nov 8  
Time 14:15 – 15:30 h  
Room Poinciana Salon 4

#### Presentation

### \* SMS Emerging Scholar Presentation

#### 2011 SMS Emerging Scholar

David Sirmon, *Texas A&M University*

#### Panelists

Ming-Jer Chen, *University of Virginia*  
Russell Coff, *University of Wisconsin-Madison*  
Michael A. Hitt, *Texas A&M University*  
Joseph Mahoney, *University of Illinois-Urbana Champaign*

Panelists, Joe Mahoney, Mike Hitt, Ming-Jer Chen and Russ Coff, will present their ideas related to extensions of resource orchestration and firm governance via consideration of phenomena; these include institutional environments, human capital, competitive dynamics, and concerns for methodology and related theories. An open discussion between these scholars will follow that encourages the formation of creative new ideas for future research.

## SESSION 156

**STAKEHOLDERS: VALUE CREATION & DISTRIBUTION**

<b>TRACK M</b>	<b>Date</b>	Tuesday, Nov 8
	<b>Time</b>	14:15 – 15:30 h
<b>Paper</b>	<b>Room</b>	Crown Conch

**Session Chair** Joan E Ricart, *IESE Business School*

**Externalities and Control Mechanisms in Business Ecosystems**

Brice Dattee, *EMLYON Business School*  
Erkko Autio, *Imperial College London*

In distributed contexts, firms face a dilemma between value creation through leveraging externalities and value appropriation through maintaining “control”. This paper proposes that, within a future contingent, five types of externalities (network effects, complementary products, horizontalization, complementary assets, interconnect coupling) contribute to value creation in distributed contexts. Externalities leverage expectations of value creation through non-linear mechanisms which lie outside direct organizational control. To overcome this open-control dilemma, control must be reconceptualized for distributed contexts. Excludability of others granted by ownership rights; influencing through tactics not necessarily co-extensive with ownership; and monitoring of dynamics are the three immanent modalities of an integrative view of control. Based on these five types of externalities and three modalities of control propositions are made to successfully play the ecosystem game.

**Instrumental Multi-Stakeholder Theory as a New Paradigm for Value Creation Strategy: Complementing Relationship Marketing**

Wouter Van Bockhaven, *University of Antwerp*  
Paul Matthyssens, *University of Antwerp*

This paper approaches stakeholder theory from an instrumental perspective. The dominating stream in stakeholder management literature considers stakeholder management as a hygiene factor, as weak Corporate Social Performance has been shown to have a detrimental impact on firm performance. By combining stakeholder theory with state-of-the-art insights from relationship marketing, however, the current paper subscribes a vision on stakeholder management as an instrument for positive value creation rather than defensive avoidance of value destruction. Findings are reported from a multiple case-study on the Belgian healthcare market. The results suggest that stakeholder interests get in the way of optimal stakeholder value creation and that aligning stakeholder groups to a point where relationships become co-creative has a profound effect on venture performance.

**Managing For Stakeholders While Not “Giving Away the Store”**

Jeffrey Harrison, *University of Richmond*  
Doug Bosse, *University of Richmond*

A core argument of stakeholder theory is that firms should be generous in their allocations of value to stakeholders in the form of tangible or economic benefits as well as thoughtful and morally virtuous treatment. Although upper bounds obviously exist with regard to how much value should be distributed to stakeholders, this issue has not been adequately addressed in the literature, which leaves stakeholder theory open to the criticism that it advocates for a position in which firms “give away the store” to stakeholders. This paper uses the concepts of organizational justice (distributive, procedural and interactional) and reciprocity to examine the upper and lower bounds and the optimal position with regard to firm allocations of value to stakeholders. Scholarly and practitioner implications are addressed.

**★ Value Creation and Stakeholder Theory**

Andrew Wicks, *University of Virginia*  
Jeffrey Harrison, *University of Richmond*

Value, what it means, how it is created and how we measure it cuts to the core of our understanding of organizations. Value pertains to much more than just increased economic welfare. After establishing a foundation based on the basic principles of capitalism, and how they relate to stakeholder theory, this paper examines the extent to which value is complex and multifaceted for stakeholders, how value creation for one stakeholder is connected to value created for other stakeholders in a value creation system, and how the value creation process should influence the metrics used to measure firm performance.

15:30 – 16:00  
**COFFEE BREAK**



## SESSION 296

## PLENARY TRACK

<b>TRACK P</b>	<b>Date</b>	Tuesday, Nov 8
	<b>Time</b>	16:00 – 17:15 h
<b>Showcase Panel</b>	<b>Room</b>	Americana Ballroom

## Social Responsibility and Entrepreneurship

### Session Chair

Bruce Kogut, *Columbia University*

### Panelists

Pamela Hartigan, *University of Oxford*

Randall Kempner, *Aspen Network of Development Entrepreneurs*

Diana Wells, *Ashoka*

Social enterprises are revenue generating organizations that earn blended returns of social benefit and financial profit from their entrepreneurial activities. This form of organization has blossomed in recent years, receiving highly publicized support from the World Economic Forum, the Skoll Centre at Oxford, Ashoka, the Aspen Institute, and the new office of Social Innovation started by the Obama administration. There remain many controversies. Should social enterprises pursue competitive strategies, even if they hurt the chances of social competitors? Or are there new rules of competition? Are the conventional or the new social capital markets willing to finance them? What are these new social capital markets? Does the frequent unwillingness of foundations to finance the business education of social enterprises managers reflect the irrelevance of business school pedagogy or the short-sightedness of benefactors? This panel of leaders and experts from the social entrepreneurship world will tackle these and other related questions.



**Pamela Hartigan** is Director of the Skoll Centre for Social Entrepreneurship at Oxford University's Said Business School and Founding Partner of Volans launched in 2008 to support innovative scalable solutions to global challenges. From 2000-2008, she was the first Managing Director of the Schwab Foundation for Social Entrepreneurship. She has held leadership positions in multilateral organizations, educational institutions and entrepreneurial ventures, conceptualizing and creating new organizations, departments or programs. A graduate of Georgetown University's School of Foreign Service, she also holds Masters' degrees in Economics and Public Health and a Ph.D. in Cognitive Psychology. Pamela Hartigan is on numerous Boards of entrepreneurial ventures around the world and is a frequent lecturer on social entrepreneurship and innovation at graduate schools of business around the world. In addition to her position at Oxford, she is an Adjunct Professor at the Columbia Business School. Her latest book, co-authored with John Elkington and published by Harvard University Press, is entitled *The Power of Unreasonable People: How Entrepreneurs Create Markets to Change the World*.



**Randall Kempner** came onboard as ANDE's first Executive Director in January 2009. In this role, Randall Kempner oversees the implementation of ANDE's extensive program and policy agenda, including efforts to develop standardized social and environmental metrics for impact investment, training seminars on supporting and investing in emerging-market entrepreneurs and the ANDE Capacity Development Fund, a \$1m facility which supports capacity building and innovation within the SGB sector. Randall Kempner has nearly twenty years of experience in the field of national and international economic development. Prior to joining ANDE, he served as Vice President for Regional Innovation at the U.S. Council on Competitiveness. Randall Kempner graduated from the University of Texas with an M.B.A and an M.P.A. He earned his bachelor's degree in Government from Harvard University.



**Diana Wells**, President of Ashoka, joined the organization in the 1980s after graduating from Brown University with a degree in South Asian Studies. As an undergraduate, her year-long study abroad in Varanasi, India led her to see the need for local solutions to solve global problems. This insight brought her to Ashoka and inspired her to create one of Ashoka's core programs, Fellowship Support Services, (now Fellowship) which not only supplied Ashoka's social entrepreneurs with a wide array of information, resources and services, but at the same time connected them to one another and their ideas in a globally expansive context. Taking a leave to pursue a Ph.D. in anthropology, she was named both a Fulbright and Woodrow Wilson scholar. Diana Wells returned to Ashoka after receiving her PhD to provide leadership for the worldwide process of sourcing and selecting leading social entrepreneurs as Ashoka Fellows. In addition she was given strategic and operational responsibility for Ashoka's geographic expansion and the significant increase of Fellow elections. She has contributed to the field of social entrepreneurship by implementing a widely respected tool for "Measuring Effectiveness", which is one of the first standard tools to measure the impact of social entrepreneurship.



**Bruce Kogut** is the Sanford C. Bernstein & Co. Professor at Columbia Business School, Columbia University and previously held chairs at the Wharton School and INSEAD. Bruce Kogut has degrees from the University of California, Berkeley; Columbia University, and MIT, and was awarded an honorary doctorate from the Stockholm School of Economics. He was an early contributor to the domain of global strategy, to which he contributed

formally and empirically the idea that multinational firm networks provide valuable real options on the higher volatility arising from cross-border investments. His articles on joint ventures, culture and direct investment, and knowledge were recognized by journal prizes, including one from the Strategic Management Journal. He is currently working on governance and global networks, as well as public economic policies and ideologies. Pedagogically, he led the emerging markets program at Wharton and founded the social entrepreneurship program at INSEAD.

## SESSION 147

**CRIME, CRISIS, AND THE 'DARK SIDE'**

<b>TRACK A</b>	<b>Date</b>	Tuesday, Nov 8
	<b>Time</b>	16:00 – 17:15 h
<b>Paper</b>	<b>Room</b>	NY Sands

**Session Chair** Jennifer Oetzel, *American University*

**Contagion and Risk Management Strategy: Firm-Specific Political Resources and Capabilities**

Cameron Verhaal, *University of Utah*

Karin M. Fladmoe-Lindquist, *University of Utah*

This paper discusses the issue of risk management and the threat of contagion across national borders, within the context of institutional variation between countries and survival of multinational corporations (MNCs). Representing a well-developed stream of research within the finance and political economy literature, contagion constitutes an understudied phenomenon within the domain of strategic management. Contagion occurs when financial, political or social unrest in one country leads to subsequent crises in another country. Building on the literature related to cross-national distance, we suggest a set of propositions that argue for firm-specific political resources as a dynamic capability, which allow firms to survive and even succeed in the high velocity environment of crises attributed to contagion.

**Institutional Failure, Organized Crime and Firm Heterogeneity: Evidence from FDI in Mexico**

Miguel Ramos, *University of Texas-El Paso*

Nathan Ashby, *University of Texas-El Paso*

This paper examines the impact of organized criminal activity on the flow of FDI. We predict organized crime to negatively impact FDI in general. However, we argue that the negative effect of organized crime in FDI is moderated by investor's home-country experience. We predict that entrants' home-country experience with organized crime dampens the negative impact of regional organized crime. We test these predictions by analyzing FDI net flows into Mexican states from 2001-2008. Preliminary findings do not support our predictions.

**Strategy During A Change in Financial Landscape: Impact of Myopia, Inertia, and Combinations of Biases**

James Costantini, *INSEAD*

During a financial crisis or major change in financial institutions key strategic challenges are exacerbated, the balancing of: commitment versus flexibility in investment, and of short versus long term priorities. I consider the combined effect of a bias in addressing these challenges, such as excessive myopia or inertia, when a firm responds to a financial shock. I develop a model to compare different combinations of bias across diverse types of financial shocks: temporary crises and booms, and long-term changes to financial institutions. I find that myopia is best coupled with inertia during a short term crisis, but with flexibility during a long term change in financial institutions. That is, the least worst combination of biases depends on the type of change in financial landscape.

**★ The Dark Side of Alternative Asset Markets: Networks, Performance and Risk Taking**

Simone Ferriani, *University of Bologna*

Charles Baden-Fuller, *City University London*

In many financial markets actors have invested in making strong network ties that have been shown to potentially influence behavior and subsequent financial performance. Using original fine-grained data that documents, we probe how the social topology of Hedge Fund to Hedge Fund relationships shapes this alternative asset market in terms of performance and risk dynamics; where we probe various different measures of both performance and risk recommended by the latest work

in the finance journals. Contrasting much recent research that tends to stress the positive effects, we find that investing in network relationships in this industry appears to have a "dark side" in terms of performance and risk taking. We discuss the implications of our work for theory building and investor policy.

## SESSION 214

**COOPERATIVE STRATEGY**

<b>TRACK E</b>	<b>Date</b>	Tuesday, Nov 8
	<b>Time</b>	16:00 – 17:15 h
<b>Common Ground</b>	<b>Room</b>	Cowrie 1

**Facilitator** Africa Ariño, *IESE Business School*

**A Matching Theory of Alliance Portfolio Configuration and Firm Performance**

Seong Young Kim, *EMLYON Business School*

This study investigates how firm and partners' attributes affect the configuration of alliance portfolio and firm performance. By drawing upon matching theory, I propose that compatibility in firm-partner attributes influences configuration of alliance portfolio and firm performance, but that portfolio diversity reduces the effect of compatibility on firm performance. I will test my model in the context to the U.S semiconductor industry. This study aims at enhancing our understanding of alliances portfolio by developing a theory of how match of focal firm-partners attributes determines portfolio formation and performance outcomes.

**Alliances or Mergers-Acquisitions: A Longitudinal Analysis in the Smart Card Industry**

Zouhaier M'Chirgui, *Euromed Management*

Olivier Chanel, *University of the Mediterranean Aix-Marseille II*

The paper examines the circumstances in which firms in the smart card industry choose between the two alternative organizational forms: alliances and acquisitions, from 1992 to 2008. The study intends to explore whether the social context emerging from inter-firm network attributes as well as firm's characteristics and industry context influence the strategic choice of the smart card firms between ally or acquire. The results indicate that multilevel factors in firm characteristics, dyadic differences, and network attributes affect firms' decisions on governance modes.

**Coopetition as an Emergent Construct: Identifying a Reification Process through a Bibliometric Analysis**

Anna Minà, *University of Catania*

Roger Dunbar, *New York University*

Gino Cattani, *New York University*

Given the clear interest in coopetition and the intellectual ferment it has generated, one might suppose there is at a common understanding of coopetition is developing. In fact, a shared intelligible conceptualization of coopetition is not currently available. We explore two research questions. First, what meanings of coopetition have been affirmed in the managerial studies literature so far? That is, how is coopetition constructed and defined in the papers that have been written so far? Second, to what extent is the coopetition construct being reified in this process and to what extent is it being allowed to remain open for further construction and interpretation? Through a bibliographic coupling analysis, we discover the theoretical roots and orientations of studies that have focused on coopetition and based on these foundations, suggest likely directions for future developments.





## Lion's Share from the Alliance Value: Distribution of Alliance Value between Alliance Partners

Birgül Arslan, *HEC-Paris*

How are the benefits of strategic alliances distributed among partnering firms and what are the factors that lead to asymmetric outcomes of strategic alliances? Using insights from double-sided moral hazard models in agency theory, we argue that partners' propensities towards cooperative vs. non-cooperative behavior is determined by the interdependence between the private and common benefit potential of the alliance. Partners are more likely to pursue private gains from their alliances when they are assigned smaller shares in the alliance, when the expected performance impact of the alliance is lower, and when one partner has informational advantage. In this case, the gap between partner returns widens. The hypotheses are tested in the context of 922 joint ventures among U.S. public firms using event study methodology.

## The Influences of Capital Market Munificence on New-Venture Alliance Formation in Emerging Industries

Jeffrey Barden, *University of Washington*

Manuela Hoehn-Weiss, *University of Washington*

Prior research draws on resource dependency logic to suggest that entrepreneurs form fewer alliances when public capital markets are munificent because public investors demand less management control than alliance partners. However, public capital market munificence can also motivate alliance formation because alliances can broadcast legitimating signals to potential investors and offer special opportunities. This study of new Internet ventures suggests that public capital market munificence increased marketing alliance formation, but not technical alliance formation. Moreover, initial results show that availability of other resource alternatives—venture capital and product markets—decreased the positive influence of public capital market munificence on overall alliance formation.

### SESSION 209

## TECHNOLOGY & PATENTS

<b>TRACK E</b>	<b>Date</b>	Tuesday, Nov 8
	<b>Time</b>	16:00 – 17:15 h
<b>Paper</b>	<b>Room</b>	Americana Salon 2

**Session Chair** Denisa Constanta Mindruta, *HEC-Paris*

## Customer Needs, Managerial Cognition, and the Decline of Leading Firms

Riccardo Vecchiato, *Polytechnic University of Milan*

We examine how managerial beliefs about customer needs influence organizations' responses to technological changes and thus their long term performance. We focus on a field of analysis - strategic beliefs about customer needs - that has so far remained largely unexplored. We propose that a primary reason why leading firms lose their industry dominance in the face of disruptive technological change lies in their inability to recognize the shift in the level of the customer need they serve. Our most relevant contribution is crossing the research streams on managerial cognition and on the demand side factors of innovation. We thus expand our understanding of the role of managerial cognition in technology competition and we help explicate the microfoundations of dynamic capabilities.

## ❁ Do Non-competition Agreements Lead Firms to Pursue Path-breaking Inventions?

Raffaele Conti, *Lisbon-Catholic*

Non-competition agreements are contracts signed by employees and firms that prohibit employees from joining or forming a rival company after splitting from the firm. Stricter enforcement of such contracts may induce firms to undertake riskier R&D projects, leading to technological

breakthroughs or dead ends. Specifically, non-competition agreements reduce the risk that the firm loses the fruits of inventive activity by its employees, such that when the enforcement of non-compete covenants is stricter, firms grant corporate inventors more freedom to explore risky but high-potential research paths. In order to test the theory, this study uses data about U.S. patent applications between 1990 and 2000 to identify the impact of non-competition agreements and considers both cross-state and longitudinal variation in the enforcement of non-compete clauses.

## Isolating Mechanisms and Firm Performance: Mediating/Moderating Effects of Isolating Mechanisms on Innovation and Financial Performance

Min-Young Kim, *University of Illinois-Urbana Champaign*

Extant literature has investigated the relationships between geographic scope of knowledge acquisition and firm (innovation/financial) performance. However, possible mediating and moderating effects of isolating mechanisms on these relationships have not been illuminated. Investigating the mediating and moderating effects of isolating mechanisms, this paper maintains that innovation performance created via geographic scope can be confounded without consideration of the effects of isolating mechanisms and that isolating mechanisms provide a device with which firms can appropriate the value created through the innovation and, therefore, moderate the influences of innovation performance on financial performance. The results of initial empirical analyses corroborate the main thesis of this paper that geographic scope can be a source of both value creation and value appropriation.

## R&D Investment and Industry Entry: Decomposing Incumbent's Complementary Assets

Lihong Qian, *Portland State University*

When facing an emerging and radical technology, managers are required to decide whether to invest in R&D of the new technology and when to enter the new ensuing industry early? What are the contributing factors to the observed inconsistent pattern in terms of the timing of R&D investment and industry entry by incumbent firms that possessed related experiences and capabilities? This paper takes an ex ante perspective to examine effects of heterogeneous firm attributes on managers' such decisions, highlighting the dual roles of complementary assets. By decomposing complementary assets along two dimensions, deployable versus non-deployable, and function-level versus organization-level, this paper provides empirical evidences for the differential impacts of different complementary assets on an incumbent's R&D investment and industry entry decision.

### SESSION 125

## ACQUISITIONS: CAPABILITIES AND PROCESSES

<b>TRACK F</b>	<b>Date</b>	Tuesday, Nov 8
	<b>Time</b>	16:00 – 17:15 h
<b>Common Ground</b>	<b>Room</b>	Triton

**Facilitator** Jeffrey Reuer, *Purdue University*

## Closing the Barn Door Before the Horse Bolts: The Benefits of Attention to Human Resources During the Acquisition Process

Margaret Schomaker, *Laval University*

Janice Super, *University of Kansas*

Moving beyond post-acquisition challenges of employee satisfaction and retention, this research focuses on the effects of attention to human resources during the entire acquisition process. We develop a model hypothesizing several triggers for attention to human resource management, including level of integration and organizational fit. Existing theory supports competing hypotheses with respect to whether

greater organizational fit will raise or depress attention to human resource management. Using data from 98 acquisitions, we test our model and find that, while greater integration does not precipitate greater attention to human resource management, greater organizational fit does. Results also lend strong support to the argument that greater attention to human resource management throughout the acquisition process pays off in better acquisition outcomes.

### Equity-Worthiness and Equity-Willingness at a Firm Level

Rosario Faraci, *University of Catania*  
Arturo Capasso, *University of Sannio*

The paper is aimed to understand the dynamics of negotiations during the phase that comes before the eventual closing of a deal between privately-held companies and private equity firms. Anecdotal evidence suggests that only 3% of the deals are closed. It means that 97% of the scouting process, controlled by private equity managers and consultants, is unsuccessful. Once the scouting process is initiated, several reasons can cause the breakdown of a potential deal. This paper relies on an original dataset of 224 negotiations occurred between Southern Italian privately-held companies and an Italian private equity firm. Two novel concepts are introduced in our study: the equity-worthiness and the equity-willingness at a firms level.

### ★ How Anticipated Employee Mobility Affects Acquisition Likelihood: Evidence from a Natural Experiment

Kenneth Younge, *University of Colorado-Boulder*  
Tony Tong, *University of Colorado-Boulder*  
Lee Fleming, *Harvard University*

Extant M&A research has focused on how acquiring firms may use acquisitions to source human talents. In this study, we argue that acquirers incorporate expectations about employee mobility into decisions regarding whether to bid for a firm. Using a difference-in-differences approach and a natural experiment in Michigan, we find causal evidence that constraints on employee mobility in Michigan raises the likelihood that a Michigan firm becomes an acquisition target. We also find that the effect is stronger when a firm is more exposed to the negative consequences of employee mobility and that the effect is weaker when a firm is protected by a stronger intellectual property regime.

### Resource Allocation Capability and Firm Performance: Evidence from M&A between Japanese Firms

Satoru Hiruta, *Waseda University*

This paper addresses whether firms' capability in resource allocation affects performance. I propose a concept of resource allocation capability by combining two perspectives on the firm, a governance perspective and a coordination perspective. I define a firm's capability in resource allocation as a higher-order routine by which a firm consciously, deliberately, and purposefully craft a new combination of its resource base and organization design that produces most performance improvement. I develop hypotheses concerning the capability-performance relationship and test them basing this study's experiment around M&A, an event in which firms allocate substantial resources and undergo organizational transformation. Using data from M&A between public Japanese firms, I find that firms equipped with a higher capability in resource allocation perform better than those with a lower capability.

### The Practices of Combining Two Growth Modes - Organic Growth and Acquisitions

Anders Melander, *Jonkoping University*  
Leif Melin, *Jonkoping University*

This article examines how two growth modes, organic growth and acquisition based growth, interact over time. In the literature this topic is of minor interest hitherto and research findings are missing on how and why firms combine organic growth and acquired growth.

The empirical context is an exploratory, in-depth study of a medium sized growth company. Based on a knowledge perspective on dynamic capabilities we argue that the combination of organic and acquired growth in SME companies act as a fertilizer for entrepreneurial thinking and acting, fostered by the constructive tension that develops when two logics are combined in daily operations. This tension constructs a development oriented focus in growth oriented companies that spurs management to repeatedly take on new growth challenges.

### The Pre-Formation Stages of Mergers and Acquisitions: Partner Selection, Due Diligence and Integration Planning

Johannes Drees, *VU University Amsterdam*

This study explores three different pre-formation stages of merger and acquisitions. Based on a unique dataset combining interviews of 40 managers and advising parties involved in M&A transactions we identify partner selection, due diligence and synergy estimation, and integration planning as the pre-formation stages of successful post-merger integration. Building on these findings we contribute in three ways. First, we improve understanding of the different antecedents of post-merger integration by applying a process perspective on M&As and identifying the different pre-formation stages. Second, we show how these stages are related, and demonstrate that all, and specifically, due diligence, have a large effect on the post-merger integration process. Last, we demonstrate that the M&A process is influenced by advising parties.

#### SESSION 123

#### ACQUISITION AND DIVERSITY EXPERIENCE

TRACK F	Date	Tuesday, Nov 8
	Time	16:00 – 17:15 h
Paper	Room	Cowrie 2
Session Chair	Johannes Luger, <i>University of St. Gallen</i>	

### Divestment Mode Choice of Corporate Affiliates: A Real Options Perspective

Akie Iriyama, *University of Buffalo*  
Tatsuo Ushijima, *Aoyama Gakuin University*

Based on the real options perspective, we investigate conditions in which firms prefer closure to sell-off (or vice versa) in divestment of their corporate affiliates. We argue that closure confers more flexibility than sell-off: Firms choosing sell-off may need to give up to buyers some resources attached with the sold affiliate. In contrast, firms choosing closure can retain such "potentially-valuable" resources, and thus may redeploy them if re-entering the same market or for other strategic investments. We hypothesize that under high market uncertainty or high irreversibility, firms are less likely to employ both modes, and sell-off is less likely preferred than closure. We test the hypotheses using the unique longitudinal data of 22,312 affiliates owned by 780 Japanese corporations from 1994 to 2000.

### Does Experiential Learning Impact Managerial Over-Commitment in Corporate Acquisition Bidding?

Steven Dionne, *Georgia State University*  
Duncan Angwin, *Oxford Brookes University*

The study provides an empirical test of the escalation phenomenon in corporate acquisitions by examining whether individual differences explain the sensitivity of managers to accumulating losses. Escalating commitment may not generalize across organizational contexts, given differences in experiential learning. To test our framework, the study examines a sample of 458 acquisitions, comparing acquirers completing transactions in the face of adverse market information with acquirers terminating such bids. The results support our contentions. In particular, escalating commitment is more likely when prior courses of action were successful. In addition, greater problem-specific experience tended to mitigate escalation. Furthermore, by examining post-decision returns, the results illustrate that persisting with bids, despite negative feedback, is not merely a post hoc reconstruction of events but a managerial error in judgment.



## Owners on Both Sides of the Deal: Investigating the Impact of Ownership on Divestiture Performance of European Firms

Maria Goranova, *University of Wisconsin-Milwaukee*  
 Raffaele Oriani, *LUISS Guido Carli University*  
 Enzo Peruffo, *LUISS Guido Carli University*

We investigate how overlapping ownership, i.e. instances where an owner or a part of the ownership body of the divesting firm also holds stock in the divested unit, affects divestiture performance. Prior research has tended to assume that the owners of both firms are either completely independent or completely overlapping (as in the case of spin-offs). Furthermore, prior research has focused on the performance of the divesting parent, and has failed to reconcile the uniformly positive expectations of divestiture, with the perceptions of divestiture as failure. Using a sample of divestitures of firms operating in 13 European countries, we address this gap in prior literature, and propose to examine empirically how complex ownership structures affect the performance of the divested unit.

## ❖ Sell-offs and Firm Performance: A Matter of Experience?

Johannes Luger, *University of St. Gallen*  
 Jan Mammen, *University of Erlangen-Nuremberg*  
 Matthias Brauer, *University of St. Gallen*

This paper investigates the effects of experience on the relationship between sell-off activity and firm performance. Drawing on organizational learning literature, we examine whether and how firms may learn to effectively sell their assets. Based on our longitudinal, empirical analysis, we find that firms that accumulate sell-off experience are able to improve subsequent sell-off performance. Furthermore, we find that experience heterogeneity, defined as the diversity among previous sell-offs, and experience relatedness, defined as the similarity of sell-offs to the selling firm's core business, moderate our main relationship. Finally, results highlight the important role of external knowledge in a firm's attempt to learn from previous sell-offs.

### SESSION 166

## SUBSIDIARY STRATEGY AND PERFORMANCE

TRACK G	Date	Tuesday, Nov 8
	Time	16:00 – 17:15 h
Paper	Room	Americana Salon 1
Session Chair	Torben Pedersen, <i>Copenhagen Business School</i>	

## Business Strategies of Foreign Subsidiaries: Performance Effects and Customer Access Moderations

Anders Pehrsson, *Linneaus University*

The market context of the foreign subsidiary is essential in determining an appropriate headquarter-subsidiary relationship in international strategy making. The study aims to extend the understanding of linkages between business strategy and performance of foreign subsidiaries by focusing on customer access moderations. Hypotheses were tested on 263 subsidiaries in Europe and the USA. The subsidiaries belong to Swedish manufacturing firms. The study found that the customer scope of the subsidiary positively triggers its performance if it encounters many obstacles to accessing customers. The study also found that a subsidiary emphasis on differentiation of products from those of competitors negatively triggers performance regardless of the number of obstacles, while customer responsiveness differentiation has positive effects where there are few obstacles. Contributions to literature are discussed.

## Intra-Organizational Rent Appropriation: Favorable Conditions and Human Capital Bargaining in Multinational Enterprises

Rhett Brymer, *Texas A&M University*  
 Lorraine Eden, *Texas A&M University*

While decades of empirical work on strategic management have described quite well the many ways in which firms can shape their competitive advantage, much less well understood is the question of which parties within the firm appropriate those rents as – or after – they are created. In this paper, we theorize the conditions under which internal stakeholders of MNEs are more able to manipulate the distribution of intrafirm rents. Additionally, we propose several characteristics of internal subsidiary groups that, acting in their own collective interest, lead to the realization of rent appropriation for themselves and their local external stakeholders. We will explore the transfer prices negotiated by human capital embedded in these subsidiaries as evidence of internal rent appropriation.

## Subsidiary Managers' Knowledge Search: Implications for MNC Knowledge Flow Studies

Esther Tippmann, *Dublin Institute of Technology*  
 Pamela Sharkey Scott, *Dublin Institute of Technology*  
 Vincent Mangematin, *Grenoble School of Management*

A lot of research has investigated the organizational level determinants and patterns of knowledge flows and transfers within the MNC, often describing the transfer of practices as a deliberate knowledge flow. However, little empirical attention has been paid to an examination of the actions of individuals, most critically middle managers who are at the nexus of organizational knowledge exchanges. Adopting the problemistic search perspective to uncover what knowledge middle managers in subsidiaries actually mobilize, allows developing a more fine-grained perspective of knowledge flow patterns within the MNC. Developing the notion of emergent knowledge flow, we conclude that knowledge exchanges often occur outside top management's direct visibility and that these have the important potential to introduce divergence for knowledge generation and renewal.

## Unraveling the Subsidiary Initiative Process: A Multilevel Approach

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

Strategy-making at the subsidiary level, in particular the phenomenon of subsidiary initiative, has received increasing research attention during the last years. However, it is far from clear how subsidiary initiatives can be theoretically conceptualized, as theory building has mostly remained on a rather abstract organizational level. In this paper, we present subsidiary initiative as a multilevel phenomenon by integrating different theories from the individual, team, organizational and network level, which contribute to the comprehensive understanding of the subsidiary initiative process by looking at antecedents, execution and outcomes of this multilevel course of action. The integration of different theories from adjacent research fields bridges the micro-macro divide and enables the establishment of a research agenda for the subsidiary initiative process that opens up new avenues.

## SESSION 243

**UNDERSTANDING DECISION MAKING PROCESSES**

<b>TRACK H</b>	<b>Date</b>	Tuesday, Nov 8
	<b>Time</b>	16:00 – 17:15 h
<b>Paper</b>	<b>Room</b>	Sundial

**Session Chair** Anatoly Kandel, *Caldwell College*

**Biased Agents, Unbiased Organizations: Can Organizations Mitigate Individual Biases?**

Dimo Ringov, *ESADE Law & Business School*

Can organizations mitigate the impact of individual biases on organizational decisions? This study investigates whether and how organizational structure and decision making process affect the quality of organizational decisions. Theoretical arguments about the impact of organizational structure and decision process on organizations' disposition effect - a decision bias that refers to actors' tendency to sell assets whose prices have increased since purchase, yet hold on to assets that have dropped in value since purchase - are evaluated empirically on a large sample of mutual fund portfolio decisions. The findings suggest that decision making process significantly affects the disposition bias in organizational decisions.

**Decision Comprehensiveness and the Outcomes of Firms: A Quantitative Synthesis of Several Decades of Research**

Ioannis Thanos, *Athens University of Economics and Business*

Chet Miller, *University of Houston*

Vassilis Papadakis, *Athens University of Economics and Business*

The link between decision-making comprehensiveness and the outcomes of firms has received substantial attention over the years. Even so, theoretical disagreements and empirical inconsistencies have plagued this important area of research. To help in the process of better understanding the effects of comprehensiveness, a quantitative synthesis was undertaken. The results of our meta-analytic synthesis provide a number of insights that have non-trivial implications for interpreting past work and for planning future work. Examples of key findings include 1) purposefully restricting the range of dynamism, which is a common practice, leads to weak observed relationships, 2) focusing on profitability as the outcome variable, which is also very common, leads to weak observed relationships, and 3) using archival outcome data leads to weak observed relationships.

**Managerial Decision-Making During Organizational Decline: The Moderating Role of Incentive Pay and Managers' Core-Self Evaluation**

Daniel Han Ming Chng, *Sungkyunkwan University*

Eric Shih, *Sungkyunkwan University*

Matthew Rodgers, *Ohio State University*

Xiaobing Song, *Dalian University of Technology*

We develop and test theory regarding managerial decision-making during organizational decline. Drawing on threat rigidity theory, prospect theory, and behavioral agency theory, we demonstrate that the effects of organizational decline on managers' strategic risk-taking, strategic change, and decision comprehensiveness are influenced by incentive pay as well as their core self-evaluation. Using a computerized management simulation, our results show that managers not only take more strategic risk and make more strategic changes but are also less comprehensive in their strategic decisions during decline. Further, incentive pay encourages greater strategic risk-taking, strategic change, and decision comprehensiveness during decline. These incentive effects were stronger for managers with higher rather than lower core self-evaluation. Implications for how organizations can influence managers' strategic decision-making during decline are discussed.

**Rational and Experiential Information Processing Styles and Strategic Decision Processes**

Daniela Blettner, *Tilburg University*

Zhengjun Wang, *University of Southern Mississippi*

Rational and experiential processes have interested researchers in strategic management since Barnard. However, in strategic management little empirical research on these two information processing styles exists. With a series of experiments of team-based sequential strategic decision making under uncertainty, we contribute to toward filling that gap. We examine the effect of experiential and rational information processing and moderating effects (interpersonal style, illusion of control, risk propensity) on strategic decision making and performance. Our study contributes to strategy process research by providing systematic insights into the effectiveness of rationality and intuition.

## SESSION 277

**RESEARCH AND DEVELOPMENT**

<b>TRACK I</b>	<b>Date</b>	Tuesday, Nov 8
	<b>Time</b>	16:00 – 17:15 h
<b>Paper</b>	<b>Room</b>	Poinciana Salon 1

**Session Chair** Beverly Tyler, *North Carolina State University*

**Contribution of Academic Entrepreneurship to Scientific Progress**

Yasunori Baba, *University of Tokyo*

Naohiro Shichijo, *Waseda University*

Silvia Rita Sedita, *University of Padua*

This paper aims to identify the effect of prevailing academic entrepreneurship on scientific progress, by asking whether the type of traditional academic scientists or that of entrepreneurial scientists is more likely to contribute to scientific progress. A central theme of this paper resides on the fact that search process of entrepreneurial scientists driven by non-academic incentives plays an important role in advancing the scientific frontier by formulating a new scientific agenda based on unexpected data or observation. The statistical result confirm the identification of entrepreneurial scientists in the "Pasteur's Quadrant" (Stokes, 1997) is to contribute most to scientific progress by publishing the distinguished papers in terms of number of citation counts. The "Pasteur scientists," with their ability to work as boundary spanners between science and technology, not only accumulate expertise in finding industrial applications for scientific knowledge, but, obtain strong reputations in the scientific community for their contribution to scientific progress.

**Knowledge Meshing Through Interdisciplinary R&D: The Case of the U.S. NIH Nanomedicine Development Centers**

Melissa Appleyard, *Portland State University*

Beverly Tyler, *North Carolina State University*

John Carruthers, *Portland State University*

As the technological underpinnings of many industries--ranging from life sciences to electronics--have matured, innovation has demanded the collaboration of scientists and engineers across multiple disciplines. This research introduces the notion of a "knowledge meshing" capability exhibited by interdisciplinary research and development (R&D) teams when they interlace knowledge from multiple disciplines. By comparing the publication and patenting records of researchers from the eight Nanomedicine Development Centers funded by the U.S. National Institutes of Health, we find evidence that the direction and impact of scientific discovery is related to the similarity of the knowledge bases of the researchers involved in the projects. Lessons from this research will contribute to the effective formation and management of interdisciplinary R&D teams.





## The Location and Organizational Determinants of R&D Lab Closure: A Study of Indian R&D Labs

Anna Lamin, *Northeastern University*  
Grigorios Livanis, *Northeastern University*

Focusing on R&D laboratory exit, we integrate ideas from operations research and economic geography, to posit that the propensity to close an R&D lab increases as the distance of the lab from firm headquarters increases. However, this propensity should decrease as the geographic diversity of R&D labs increases, indicating that the firm has spread its R&D activities across different locations. Drawing on Indian firms that closed at least one R&D lab in India during 2003-2008, we use a sample of 193 R&D labs and 74 closure events to find support for these predictions. We also find that inter-industry knowledge spillovers as well as the presence of foreign firms' R&D labs decrease the propensity to close an R&D lab.

## The Neglected Contribution of Creative Consumers to R&D Efficiency

Gavin Beckford, *IE University*

This proposal integrates concepts from innovation, diversification, and resource based view literature to investigate the contribution of a specific type of consumer, Creative Consumers, to firm competitive advantage. Competitive advantage is measured by R&D efficiency, with a sample of consumer electronics and household appliance manufacturers, drawn from Standard & Poors Compustat database. Largely neglected by extant literature, Creative Consumers modify products, often against the manufacturer's intent, extracting greater utility, while sharing techniques via the internet, provoking manufacturers' ire. However, Creative Consumers generate incremental and radical innovations that provide firms with diversification options that are invisible to current and future competitors due to their apparent unrelatedness, giving the firm advantages in the strategic factor market.

### SESSION 280

## LEARNING: NETWORKS AND ARCHITECTURES

<b>TRACK I</b>	<b>Date</b>	Tuesday, Nov 8
	<b>Time</b>	16:00 – 17:15 h
<b>Paper</b>	<b>Room</b>	Poinciana Salon 2

**Session Chair** Fredrik Hacklin, *Swiss Federal Institute of Technology Zurich*

## Distributed Power in TMTs, Profitability, and the Moderating Role of Innovation

Willow Sheremata, *York University*  
Thomas Medcof, *York University*

Developing a new computer system and bringing it to market is one of the most demanding tasks a top management team (TMT) can face. We investigate the relationships among distributed power in TMTs, innovation intensity, and profitability in the computer industry from 1977 - 2007. This period includes more innovative and emergent phases of this industry as well as periods of maturation. Results from analyzing 360 top management teams in 44 single-business firms does not indicate distributed power has any main effect on profitability. However, distributed power was positively associated with profitability when innovation intensity was high. Further analysis of indicators of relative power indicates that both structural and expertise power contributed to this overall effect.

## Rebuilding Learning Architectures: A Process Perspective on Ambidexterity

Wolfgang H Guettel, *Johannes Kepler University Linz*  
Christian Garaus, *Johannes Kepler University Linz*  
Stefan Konlechner, *Johannes Kepler University Linz*  
Hubert Lackner, *Johannes Kepler University Linz*  
Barbara Mueller, *Johannes Kepler University Linz*

The history of old successful firms shows that they balance the antagonistic forces of stability and change. Ambidexterity research investigates the relationship of the two underlying learning processes of exploration and exploitation. We introduce a conceptual process model of ambidextrous learning architectures based on the evolutionary development of these learning processes relative to learning results, such as innovation and efficiency. Managing coherence between processes and results complements the quest for balancing exploration and exploitation.

## Teaming Up For Changing the Field: The Impact of Scientist Team Composition on Technological Convergence

Fredrik Hacklin, *Swiss Federal Institute of Technology Zurich*  
Martin Wallin, *Swiss Federal Institute of Technology Zurich*  
Efe Aksüyek, *Swiss Federal Institute of Technology Zurich*

Technological convergence occurs as previously separate technological fields merge and create something distinctly new. In this paper we put forward the idea to treat technological convergence as a special case of knowledge integration, where previously distinct knowledge sets are integrated and over time become more and more similar. This allows us to investigate the effect of team composition as a key micro-level knowledge-based antecedent. First, we develop a novel measure of technological convergence. Second, we apply this measure on a bibliometric dataset of 145'297 scientific articles in 124 journals published between 1955-2010 to examine how author team composition contributes to technological convergence. As a result we develop four knowledge-related author team measures that explains technological convergence.

## Understanding Absorptive Capacity Through the Social Learning Cycle

Paolo Aversa, *University of Pennsylvania*

Literature showed that, among others, three of the most critical issues concerning absorptive capacity are the proliferation of inconsistent theoretical contributions; the lack of dynamic interpretations of learning processes; the lack of empirical studies testing the whole theoretical model in a dynamic perspective. After advancing a synthetic model of absorptive capacity this paper creates a theoretical bridge with the social learning cycle, to foster a critical discussion about how scholars could develop analysis of learning capabilities focusing on the recurrent processes of knowledge codification abstraction and diffusion.

## SESSION 281

**COLLABORATIVE INNOVATION**

<b>TRACK I</b>	<b>Date</b>	Tuesday, Nov 8
	<b>Time</b>	16:00 – 17:15 h
<b>Paper</b>	<b>Room</b>	Venus
<b>Session Chair</b>	Tomi Nokelainen, <i>Tampere University of Technology</i>	

### Collaborating for Knowledge Creation and Application: The Case of Nanotechnology Research Programs

Dovev Lavie, *Technion-Israel Institute of Technology*

Israel Drori, *Tel Aviv University*

We study how collaboration and internal resources drive knowledge creation and application in university research programs. A survey of 268 programs in six nanotechnology research centers reveals that academic collaboration with fellow scientists drives knowledge creation, whereas collaboration with industry partners drives knowledge application. Nevertheless, an optimal level of collaboration exists beyond which collaboration undermines both processes. Furthermore, availability of internal resources mitigates the effect of academic collaboration on knowledge creation when collaboration is moderate and complements it as collaboration becomes excessive. Thus, our study reveals the contingent value of collaboration and the interplay between internal resources and network resources. It enhances understanding of collaboration in nascent science-driven industries and advances the resource-based view and knowledge management research.

### From Complementarity to Substitutability: Disruptive Change within Value Networks

Ozgur Dedehayir, *Tampere University of Technology*

Tomi Nokelainen, *Tampere University of Technology*

In this paper we distinguish two types of disruptive change by taking a systemic view of technologies following Christensen's description of value networks. While disruptive changes are traditionally seen to be exogenous, hence, penetrating a given value network from an external value network, we propose that disruptive changes may originate also from within the focal value network. We argue that such endogenous changes occur when the disruptive technology is functionally complementary at first, but which, later, challenges for dominance in the incumbent industry. We refer to this type of disruptive change as fraternal rivalry, distinguishing it from antagonistic rivalry traditionally illustrated in the literature. We in turn discuss the implications of fraternal rivalry for firms embedded in value networks.

### Matching and Mixing Collaborative Experience: Applicability of Alliance Management Know-How

Astrid ter Wiel, *VU University Amsterdam*

Paul Vlaar, *VU University Amsterdam*

More collaborative experience results in greater alliance performance because firms learn from managing interorganizational relationships and apply previous lessons learned to the management of new alliances. Building on extant theory and the analysis of 82 interviews with relationship managers, we further develop this argument by postulating that firms match and mix collaborative experience to enhance its applicability to future alliances. Matching is needed to enhance the fit between previous lessons learned and relationships the know-how is subsequently applied to. Mixing concerns piecing together different experiences to increase the applicability of alliance management know-how. Our findings contribute to literature by unpacking the black box of how firms attempt to increase the applicability of alliance experience to future relationships.

### Task Division in Collaborative Innovation: Balancing Learning and Task Efficiency

Yang Fan, *Erasmus University - Rotterdam*

How do firms divide tasks to manage task efficiency and learning opportunities? In this paper, I examined task division in collaborative innovation based on a sample of 200 bio-pharmaceutical R&D alliances. The results suggest that consistent with the efficiency argument, small biotech firms are likely to undertake early-stage research, whereas large pharmaceutical are likely to undertake late-stage development. However, instead of focusing exclusively on their core tasks, biotech firms actively participate in joint development to learn from their partners. Such joint task implementation is more likely to occur when firms have strong intention and ability to learn, when there are less disruption on task implementation, where the coordination costs are low, and when partners are less protective against knowledge sharing.

## SESSION 200

### MANAGERIAL AND STRATEGIZING COGNITIONS OF STRATEGIC WORK

<b>TRACK J</b>	<b>Date</b>	Tuesday, Nov 8
	<b>Time</b>	16:00 – 17:15 h
<b>Common Ground</b>	<b>Room</b>	Periwinkle
<b>Facilitator</b>	Paul Spee, <i>University of Sydney</i>	

### A Framing Perspective on Strategic Change: The Role of Meaning in Mediating Between Sensemaking and Political Action

Winston Kwon, *Lancaster University*

Julia Balogun, *Lancaster University*

Strategic change is known to be a difficult process because competing interests among such diverse stakeholder groups impact transformation processes. Absent from research on strategic change is a systematic understanding of the role of power and politics in privileging the interpretations of certain organizational actors over others within the sensegiving and sensemaking processes that lead to consensus and mobilize collective action toward change. We propose that a framing can help us comprehend the process through which meanings are attributed to change initiatives, providing insight into how power and influence are dynamically used in strategy work. Furthermore a framing perspective, also offers a means of synthesizing the respective strengths of the political and sensemaking approaches to strategic change.

### CEO Cognition: Root-Metaphor, Strategic Attention and the Environment

Nicholas O'Regan, *University of the West of England*

Abby Ghobadian, *University of Reading*

Lew Perren, *University of Brighton*

This paper explores the interaction between CEO cognition, environment and strategic attentions. Root-metaphors are used to elicit the cognitive frames of CEOs that guide their awareness/interactions within the operating environment. CEOs chose journey type root-metaphors to explain their firm's relationship with its environment - here the "object" of the journey being a metaphorical incarnation of the firm vividly encapsulated through the properties of a vehicle (Mini or Porsche cars) and "time" being captured through the spatial metaphor of the "object moving" through a symbolic environment (motorway or traffic). The metaphors reveal the CEO's perception of the 'industry velocity' and how well their business is coping. Insights gained allow themes from Nadkarni and Barr's (2008) seminal paper to be fleshed-out and adapted to this new context.



## Managerial Conceptualisations of Strategic Alliances' Performance

Louis Rinfret, *University of Quebec-Trois Rivières*

Although strategic alliances have traditionally been examined from the lenses of economics and strategy, at a managerial level, psycho-sociological factors intervene in how managers evaluate the performance of strategic alliances. Since it is managers who decide when and how to form, operate and terminate strategic alliances, it appears essential to gain a better understanding of their reasoning. This article leverages Sensemaking theory, Social Identity theory, and Commitment theory and presents a set of six propositions to guide future research into how managers conceptualise the performance of strategic alliances.

## Model of Relationships Between Evolutionary Formation and Symbolic Meaning of Strategic Initiatives

Karmen Limmer, *Tallinn University of Technology*

Marko Rillo, *Tallinn University of Technology*

Use of symbols in strategic initiatives is frequent (Gioia & Chittipeddi, 1991). However, literature has not analyzed linkages between strategic initiative management, use of symbols and micropolitical theory. Our paper contributes to existing strategy as practice stream focusing on actual practices of strategizing and mapping activities of strategists (Whittington, 2006) in large organizations by proposing a model to connect the social evolution and micropolitical theory streams focusing on impact of the use of symbols on evolutionary processes of handling autonomous or induced strategic behavior (Burgelman 1983). As an additional contribution the paper introduces a special type of strategic initiative - "hollow initiative" that provides merely symbolic value for organization. The conceptual paper identifies propositions that could be tested in subsequent research.

## Promoting Proactive Strategic Behavior Throughout the Organization – The Influence of Cognitive and Contextual Factors

Maria Strobel, *Technical University of Munich*

Andranik Tumasjan, *Technical University of Munich*

Isabell Welpe, *Technical University of Munich*

Extending the scant literature on antecedents of employee involvement in strategy making throughout the organization, we develop and test a model to explain how individual future orientation leads to proactive strategic behavior. The model specifies promotion regulatory focus at work as a self-regulatory process that links individual future orientation with proactive strategic behavior. Furthermore, work design features (i.e., social support and decision-making autonomy) were specified as boundary conditions of the mediated relationship. Results of a longitudinal survey (N = 388) indicate that future-oriented individuals are more likely to exhibit proactive strategic behavior as a result of their high promotion focus at work. This relationship was strengthened when social support was high, but was not influenced by the level of decision-making autonomy.

## Role Perception and Micro-Practices of Business Format Replication

Martin Friesl, *Lancaster University*

Joanne Larty, *Lancaster University*

This paper contributes to research on replication by using the literature on routines as a theoretical framework. Replication is traditionally conceptualized as knowledge transfer between a replicator and a replicatee. Based on an inductive study of two franchising networks we show that replication goes beyond knowledge transfer. Our data shows that franchisees' role perception (local focus vs. holistic focus) has a significant influence on business format replication as it influences the enactment of three micro-practices (sensing, practicing and sharing). Replicatees use these micro-practices to adapt routines to their local context. However, facilitated by franchisees' holistic role perception, these micro-practices bridge the gap between the franchisor and the local outlet and modify and change the formal business format for subsequent cycles of replication.

## SESSION 174

## HOW INSTITUTIONAL FORCES SHAPE STRATEGY AND ENTREPRENEURSHIP

### TRACK K

Date Tuesday, Nov 8

Time 16:00 – 17:15 h

### Paper

Room Poinciana Salon 3

### Session Chair

Dominic S. K. Lim, *Brock University*

## Culture, Institutions and Entrepreneurial Cognitions

Dominic S. K. Lim, *Brock University*

Ronald Mitchell, *Texas Tech University*

Eric Morse, *University of Western Ontario*

In this study, we investigate the relationships between the national culture, institutions, and entrepreneurial cognitions. Building on prior work on culture and institutions, we develop hypotheses capturing the interplay between a country's macro-level culture and institutions, and individuals' entrepreneurial cognitions. Specifically, we posit that national culture has a significant influence on a country's formal institutions such as the legal system and the financial system, which in turn affects individuals' entrepreneurial cognitions. We examine the relationships among constructs using a sample of 757 entrepreneurs and non-entrepreneurs from eight countries.

## Institutional Entrepreneurship in the Creation of a New Industry: The Case of Taiwanese TFT-LCDs

Shih-Chang Hung, *National Tsing Hua University*

Yu-Chuan Hsu, *National Tsing Hua University*

This paper examines the ways and processes that institutional entrepreneurs create a new industry by reaching beyond the limitations of their immediate industry system. Drawing on the concept of institutional entrepreneurship, we adopted a case study to examine the empirical context of the Taiwanese TFT-LCD industry between 1981 and 2010. We proposed that the Taiwanese TFT-LCD industry was created as a result of ongoing actions, such as framing, aggregating and networking, by institutional entrepreneurs that were breaking out the established institutional structure, building legitimacy, and mobilizing local resources. We believe this study should have important implications for research on institutional theory and institutional entrepreneurship.

## Legitimizing Institutional Entrepreneurs: How Incumbent Response Endorses Technological Discontinuities

Daniel Albert, *University of St. Gallen*

Institutional entrepreneurs that introduce a technological discontinuity to a highly institutionalized field often struggle and strive for legitimacy. While it is known that these institutional entrepreneurs need support from multiple external actors in order to succeed, it is the incumbents' response behavior to the technological discontinuity that has been neglected as an important factor of the legitimation process. In this article I describe how three different response types namely adopting, defending, and ignoring, determine the course of the legitimation. I argue that incumbent response is able not only to hinder but also to enhance the legitimation process of the institutional entrepreneur and its technological discontinuity.

## Transitioning Institutional Logics as Entrepreneurial Strategy: The Case of the Recorded Music Industry

Sanjay Jain, *Santa Clara University*

Daniel Forbes, *University of Minnesota*

An acknowledgment that technologies are embedded within institutional logics can expand our understanding of strategic entrepreneurship. Employing this premise, we develop an analytical narrative that details the strategic initiatives employed by incumbents and newcomers to shape the institutional logics of the recorded music industry after digital downloading technology emerged. Our account reveals that the various strategies employed by these actors have had minimal impact with none being able

to bring about closure around a new logic. As a consequence, the industry remains in institutional flux, where extant logics have been undermined but a new logic has not emerged. Our study contributes to the strategic entrepreneurship literature by identifying the institutional domain as a locus of industry dynamics and specifying strategies that unfold at this level.

## SESSION 311

## LINKING ORGANIZATIONAL IDENTITY TO STRATEGY AND ENTREPRENEURSHIP

<b>TRACK K</b>	<b>Date</b>	Tuesday, Nov 8
	<b>Time</b>	16:00 – 17:15 h
<b>Paper</b>	<b>Room</b>	Poinciana Salon 4

**Session Chair** Philipp Hermanns, *Free University of Berlin*

### Entrepreneurship, Hubris & Organizational Identity

Philipp Hermanns, *Free University of Berlin*

Hubris as an entrepreneurial phenomenon has attracted keen interest within recent research, but prevailing studies are lacking explanatory power: On one side existing studies are solely using quantitative methodology and thus won't be able to grasp such a deep social phenomenon in all its richness. Additionally the question how overconfident entrepreneurs affect their whole company remains unanswered. Hence hubris must also be analyzed from a collective perspective. By addressing this question it can be shown how entrepreneurs shape the destiny of their firm. In explaining these collective impacts a connection between the concepts of organizational identity and entrepreneurship will be drawn. Besides this theoretical contribution an in-depth qualitative study is presented which sheds new light on the relation between hubris, identity and entrepreneurship.

### Genesis of Organizational Identity: So Similar, Yet So Different

Yuliya Snihur, *IESE Business School*

Despite increased academic interest in organizational identity, theoretical perspectives on the genesis of identity are sorely lacking. I examine the design choices and symbolic actions entrepreneurs undertake to construct and frame their firm's identity. I discuss in detail the mechanisms of two symbolic actions - story telling and social evaluations, and how these can be combined with firm design via the business model and product choices. This proposal's main contributions include the strategic perspective on identity formation in new firms, the bridge between organizational identity, entrepreneurship, and legitimacy literatures, and a set of testable propositions exploring entrepreneur's repertoire of actions and design choices.

### The Link Between Family Firm Dynamics, Image and Firm Performance

Esra Memili, *University of North Carolina-Greensboro*

Franz Kellermanns, *University of Tennessee*

Kimberly Eddleston, *Northeastern University*

Thomas Zellweger, *University of St. Gallen*

In this study, we draw upon organizational identity theory to examine factors that lead to the creation of family firm image and investigate how a family firm image impacts firm performance. We find that family firm pride, community social ties, and long-term orientation are positively associated with the likelihood that a firm portrays itself as a family business to consumers and stakeholders. In turn, we find that a family firm image benefits firm performance. Thus, our study demonstrates that by building a family firm image the unique family influences on the firm can be leveraged to create a competitive advantage for family firms.

## SESSION 228

## MANAGING HUMAN CAPITAL

<b>TRACK L</b>	<b>Date</b>	Tuesday, Nov 8
	<b>Time</b>	16:00 – 17:15 h
<b>Paper</b>	<b>Room</b>	Moon

**Session Chair** James Downing, *University of Illinois-Chicago*

### Filling the Managerial Pipeline: Gender and Prior Relationships in the Executive Search Sector

Isabel Fernandez-Mateo, *London Business School*

Marko Coh, *London Business School*

We use proprietary pre-hire data from an executive search firm to explore the potential role of headhunters in shaping women's access to high-end managerial jobs. We study candidates' progress through the hiring pipeline and examine both supply and demand decisions on who is considered for jobs, interviewed and ultimately hired. We focus on the effect of prior relationships between candidates and the search firm on hiring outcomes, and show that this varies by gender. In particular, we find that a prior history of "rejections" from either actor has more significant consequences for women than for men, both for which vacancies candidates are considered for as well as for the probability that the two parties will accept moving forward with the hiring process.

### How Do Firms Match Their Capabilities to Projects? Evidence From M&A Legal Advisors

Philipp Meyer, *University of Pennsylvania*

Olivier Chatain, *University of Pennsylvania*

This paper examines factors that govern a firm's decision to match its individual-level capabilities to projects. We empirically study how law firms allocate their lawyers to M&A mandates. We find that more capacity constrained lawyers are significantly less likely to be deployed in new deals. However this effect is mooted by the quality and experience of the lawyer, suggesting that law firms leverage the value-added of these highly valuable resources across more deals and more experienced lawyers are also more efficient in their capacity deployment. Furthermore, consistent with assortative matching, we find that a firm's best lawyers are deployed in higher value deals; however we do not find evidence that firms match their best capabilities to projects with high future commercial relevance to the firm.

### How Do Strategic Actions Affect Employee Engagement

Margaret White, *Oklahoma State University*

M. Todd Hoffman, *PricewaterhouseCoopers*

Catherine Sleezer, *Baker Hughes*

This study examines how employee engagement changes during times of strategic actions. It is a multiple case study that examines the changes in firm, workgroup, managerial and individual work engagement. While there has been a great deal of research on how employee engagement relates to employee productivity, there has been little research on how strategic actions influence the level of employee engagement in the firm.





The Dynamic Fit of Strategic Human Capital

James Downing, *University of Illinois-Chicago*  
Mark Shanley, *University of Illinois-Chicago*

A key concept of strategic human capital is the middle manager, who uses independent judgment and manipulates environmental variables to develop firm-market fits. The middle manager uses knowledge and experience to engineer a dynamic fit between the firm and its environment to then deploy the firm’s resources and capabilities to create value. Much of the strategy literature focuses on production and marketing, with an underlying assumption that strategy concepts developed for industrial firms will transfer to service firms. This paper highlights assumptions within strategy’s foundational literature that are important for service interactions. It then develops a theoretical framework of service strategy that utilizes fundamental strategy concepts to understand the independent role of middle management in formulating, adjusting, and implementing strategy in professional services.

SESSION 155

STAKEHOLDERS: LOGICS & LEGITIMACY

TRACK M	Date	Tuesday, Nov 8
	Time	16:00 – 17:15 h
Paper	Room	Crown Conch
Session Chair	Heather Elms, <i>American University</i>	

Cross-Sector Partnerships and Social Legitimacy

Theodore Waldron, *University of Georgia*  
Patricia Norman, *Baylor University*  
Kendall Artz, *Baylor University*

Cross-sector partnerships between non-governmental organizations (NGOs) and for-profit firms are increasing in prevalence and importance. Such partnerships have been hypothesized in the literature to increase a firm’s social legitimacy, or the degree of acceptance conferred upon an organization by social (or non-market) audiences. In this study, we use a sample of firms in three industries to empirically examine the association between cross-sector partnerships and a firm’s social legitimacy. We build on institutional theory, on the conceptual work that has been done in the NGO literature, and on the strategic alliance literature. Our study attempts to answer two questions: do cross-sector partnerships affect a firm’s social legitimacy? and if so, what characteristics of a firm’s cross-sector partnerships affect legitimacy?

Logics of Action in Stakeholder Engagement: A Unified Framework

David Weitzner, *York University*  
Yuval Deutsch, *York University*

This paper seeks to provide a unified framework of stakeholder engagement through the identification of three distinct logics of action: economic, ideological and emotional. Underlying the stakeholder engagement decision is some general logic or cognitive framework that guides the behaviour of the decision-maker. While this logic is often an economic rationality, it could at times be rooted in ideological commitments or emotional impulses. Viewing stakeholder engagement through the lenses of logics of action allows for cross-paradigm insights, including the subjective interpretations of the actor alongside the positivist aim of better describing reality and improving efficiency. Our framework seeks to explain when and under what conditions an alternative logic would be embraced and the factors affecting the relative weight of a logic in a given situation.

Material Strategies of Legitimacy in Sustained Innovation

Renee Rottner, *New York University*

In a study of a sustained innovation project at NASA, I find that material objects are used to gain legitimacy by rendering the innovation project more visible to different stakeholders. These material strategies imbue the innovation with ‘undeniability’ so that its existence is not in question; ‘mobility’ so that it can be transported to the assessor’s location; ‘tangibility’ so that it stands out in sharp relief from the background; ‘locality’ so that there is a space or an opportunity for people to engage with the innovation; and ‘utility’ thereby encouraging people to assign it value according to their own criteria. I contribute to theory on the mechanisms that sustain innovation and the strategies of legitimacy.

The Mediating Role of Intangibles in Decoupling: The Relationship Between Legitimacy Perceptions, Firm Actions and Firm Performance

Olga Hawn, *Duke University*  
Ioannis Ioannou, *London Business School*

Explaining performance heterogeneity across firms, strategy scholars have argued for and demonstrated the link between corporate social responsibility (CSR) and corporate financial performance (CFP); however, only recently research has started arguing for a mediating role of intangibles in this relationship. We contribute to this body of literature by bringing insights from decoupling and legitimacy theories. We argue that strategic firm actions – substantive or symbolic – directed at addressing institutional pressures towards CSR do not fully explain the resulting legitimacy and performance; instead, the remaining gap is filled by intangible legitimacy perceptions. This has major implications for scholars and practitioners as they can help improve and explain differences in firm performance knowing when to integrate CSR in strategy or what types of CSR actions to undertake.

## SESSION 297

## PLENARY TRACK

## TRACK P

Date Tuesday, Nov 8

Time 17:30 – 18:45 h

## Plenary Panel

Room Americana Ballroom

## Good and Bad Strategies: What Are They and Can We Tell?

## Session Chair

Costas Markides, *London Business School*

## Panelists

Jay Barney, *Ohio State University*Modesto Maidique, *Florida International University*Margaret Peteraf, *Dartmouth College*Richard Rumelt, *University of California-Los Angeles*

Richard Rumelt's new book, *Good Strategy/Bad Strategy*, presents a view of strategy that strongly critiques a large range of corporate practice and, by implication, the efficacy of much of modern strategy teaching. According to Rumelt, there is more and more talk about organizations having strategies, but much of the actual content of real-world strategies is meaningless fluff, statements of wished-for goals and outcomes, and fill-in-the-blanks on vision/mission/strategy templates. A good strategy, it is argued, has an essential logical structure. Most importantly, it provides a clear statement of the nature of the challenge. Secondly, it offers a guiding policy for overcoming the challenge. Thirdly, it coordinates actions and resources on key points of leverage. This session begins with a presentation by Richard Rumelt of the book's main themes and ideas and follows with a panel discussion of these and related topics by a group of leading scholars in the field.



**Costas Markides** is a professor of Strategic and International Management and holds the Robert P. Bauman Chair of Strategic Leadership at the London Business School. He is also the Chairman of the Strategic and International Management (SIM) Department at LBS. He is the Associate Editor of the *European Management Journal* and is on the Editorial Board of the *Strategic Management Journal*, the *Academy of Management Journal*, the

*Journal of Management and Governance*, and the *Sloan Management Review*. He was a Fellow of the World Economic Forum in Davos, Switzerland during 1999-2003. His current research interests include the management of diversified firms and the use of innovation and creativity to achieve strategic breakthroughs. He received his MBA and PhD from the Harvard Business School.



**Jay Barney** is a Professor of Management and holds the Chase Chair for Excellence in Corporate Strategy at the Max M. Fisher College of Business, The Ohio State University. His research focuses on the relationship between costly-to-copy firm skills and capabilities and sustained competitive advantage. He is an associate editor for the *Journal of Management* and senior editor for *Organization Science* and has been published in

numerous leading publications. In addition to his teaching and research, he presents executive training programs throughout the US and Europe. His consulting work focuses on large-scale organizational change and strategic analysis. Jay Barney is an SMS Fellow as well as a fellow of the Academy of Management. In 1997 he was awarded an honorary doctorate degree from the University of Lund, and has honorary visiting professor positions in New Zealand and China.



**Modesto "Mitch" Maidique** is the Alvah H. Chapman, Jr., Eminent Scholar Chair in Leadership at Florida International University (FIU). He is a Professor of Management and the Executive Director of the Center for Leadership in the College of Business Administration. During the 2010-2011 academic year, Modesto Maidique is serving as a Visiting Professor in Leadership at the Harvard Business School. He has held academic

appointments at the Massachusetts Institute of Technology, Harvard and Stanford Universities. Modesto Maidique is also a contributing author of ten books; his co-authored textbook, *Strategic Management of Technology and Innovation*, has been widely used at colleges and universities. A co-founder and former CEO of Analog Devices Inc.'s, Semiconductor Division, Modesto Maidique also served as CEO of Collaborative Research, now Genome Therapeutics, and as senior partner in Hambrecht & Quist Venture Partners, at the time the world's largest venture capital firm. A past chairman of the Beacon Council, Miami's economic development authority and Board member of National Semiconductor Corporation, Professor Maidique currently serves on the board of the Carnival Corporation. Modesto Maidique has testified before Congress on the issues of energy conservation and energy financing and has served on the Educational Policy Advisory Committee for two United States Presidents. He also served on the Secretary of Energy's Advisory Board and was a member of the Commission on Presidential Scholars for eight years.



**Margaret Peteraf** is the Leon E. Williams Professor of Management at the Tuck School of Business at Dartmouth. She is a member of the SMS Fellows Group and has served as Chair of the Competitive Strategy Interest Group. She has also served on the Academy of Management's Board of Governors, is a past Chair of the BPS Division of the Academy, and is presently on 9 editorial boards, including the *Strategic Management Journal*, the *Academy*

of Management Review, and *Organization Science*. She is best known for her work on strategic group identity, the resource-based view, and dynamic capabilities. Her 1993 SMJ paper, "The Cornerstones of Competitive Advantage: A Resource-Based View", won the 1999 SMS prize for its contribution toward the development of the strategic management field.



**Richard Rumelt** is currently the Harry and Elsa Kunin Chair in Business and Society at the University of California-Los Angeles. He is also a former President of the Strategic Management Society. Richard Rumelt received his doctorate from the Harvard Business School in 1972, having previously earned a Master of Science degree in Electrical Engineering from UC Berkeley. He worked as a systems engineer at the Jet Propulsion

Laboratories and served on the faculty of the Harvard Business School. He joined the UCLA faculty in 1976. During 1993-96 he was on long-term leave from UCLA, serving on the faculty at INSEAD, France. At INSEAD, Richard Rumelt headed the Corporate Renewal Initiative, a research-intervention center devoted to the study and practice of corporate transformation. He has won teaching awards at UCLA and received a "best paper prize" in 1997 from the *Strategic Management Journal*. Richard Rumelt's research has centered on corporate diversification strategy and the sources of sustainable advantage to individual business strategies.

19:00 – 20:00

## SMS COCKTAIL RECEPTION



## SESSION 213

**UPMARKET ACQUISITIONS OF EMERGING MARKET MULTINATIONALS**

<b>TRACK C</b>	<b>Date</b>	Wednesday, Nov 9
	<b>Time</b>	08:00 – 09:15 h
<b>Paper</b>	<b>Room</b>	Venus
<b>Session Chair</b>	Alvaro Cuervo-Cazurra, <i>Northeastern University</i>	

**Does the Origin of the Firm Matter? Institutional Determinants of Acquisition Strategies**Olivier Bertrand, *SKEMA Business School*Marie-Ann Betschinger, *National Research University*Tomi Laamanen, *Aalto University*

During recent years there has been a gradual shift of focus in acquisition research from individual acquisitions to acquisition streams. We extend the existing research by providing a longitudinal analysis of 2298 medium- and large-sized firms' acquisition patterns in Russia during 2000-2008. We contribute to an improved understanding of institutional determinants of acquisition strategies and an understanding of why some firms choose to become serial acquirers. While firm specific characteristics explain most of the variance, also regional determinants, such as the economic viability of the region, international trade intensity, and the level of corruption, play a major role. Our findings add to the existing research on determinants of acquisition strategies and on the relevance of different institutional conditions for hindering or supporting firms' strategizing behaviors.

**Milking the Rich Cow Dry?: Cross-Border M&As by Developing Country Multinational Companies**Wenjie Chen, *George Washington University*Alvaro Cuervo-Cazurra, *Northeastern University*

We analyze the impact of the country of origin of the firm on its cross-border M&A performance. We build on the resource-based view to propose that the firm's country of origin induces it to develop particular resources at home that later affect its performance abroad. Specifically, we argue that developing country multinational companies (DMNCs) that buy target firms in advanced economies achieve higher performance because they obtain sophisticated capabilities that help them upgrade their home operations. Consequently, we argue that target firms acquired by DMNCs in advanced economies have lower performance because DMNCs extract capabilities from the target firms and transfer them to their home country, while in other acquisitions target firms receive capabilities from the acquirer instead.

**Risk, Experience, and Cross-Border Acquisitions: Evidence from Chinese Firms, 1996 - 2007**Grimm Noh, *University of Pennsylvania*

This paper explores the foreign location choices of Chinese multinational corporations (MNCs) between 1996 and 2007. Using an integrative framework of organizational learning, I argue that a firm's cross-border acquisition decision will be affected by the firm's own foreign experience, competitors' experience in the host country and the level of political risk in the host country. The empirical findings confirm that Chinese MNCs tend to utilize their own prior experience and peer firms' experience. However, I also find that when the host country in question presents high political risks, the tendency to follow peers decreases accordingly. Lastly, the results suggest that Chinese MNCs originating from industries with a high degree of state involvement are more likely to pursue cross-border acquisitions.

**The Evolution of a DMNC Strategy: Lessons from Tata Motors and Bajaj Auto**Stephanie Newell, *Eastern Michigan University*Kunal Banerji, *Eastern Michigan University*

In this paper we look at how two organizations made sense of a rapidly changing environment and successfully responded to those changes. This paper explores the strategies followed by Tata Motors and Bajaj Auto in defending their domestic markets and developing an international market presence. We analyze the evolution of these strategies through the concept of sense making as depicted in the narratives of Tata Motors and Bajaj Auto. Bajaj pursued a strategy of entering markets in Latin America and Africa. Tata pursued a strategy of acquisitions bringing it into direct competition with established firms. From our exploratory analysis of the letters to shareholders of these two organizations we posit a model in which successful organizations develop a multi-stage strategy in a rapidly changing environment.

## SESSION 216

**BUSINESS MODELS**

<b>TRACK E</b>	<b>Date</b>	Wednesday, Nov 9
	<b>Time</b>	08:00 – 09:15 h
<b>Common Ground</b>	<b>Room</b>	Cowrie 1
<b>Facilitator</b>	Dieter Heuskel, <i>Boston Consulting Group</i>	

**Business Model Innovation: Taxonomy and Heuristics**Sayan Chatterjee, *Case Western Reserve University*

The objective of this paper is to make the process of developing business models systematic and efficient. We propose that there are three steps to do this. The first two steps are to understand the type of business you are in and understand the dominant logic. The third step is to use certain heuristics that will allow you to identify a few and focused tactical problems that, if executable, will lead to an innovative business model.

**Disrupting the Disruptor: How to Exploit New Markets Created by Disruptive Business Models**Costas Markides, *London Business School*

This paper examines how established firms exploit the new markets created by disruptive business model innovation. We find that the probability of success is enhanced when established players develop a business model which is different from the one they currently employ in the established market and also different from the ones that disruptors use. We also find that simply separating the new business model in a new unit is not enough; the parent must also put in place mechanisms that allow the unit to exploit synergies with the parent. Finally, we find that established firms that treat the new market as something entirely different from the established market—rather than as an extension of the established market—outperform all other firms.

**Platform Competition: An Assessment of the Extant Theory and a Proposed Integrated Research Model**Carmelo Cennamo, *Bocconi University*

Platforms like Google, Facebook, iTunes or Wii have become very popular across users in the whole world. Their growth and pervasive presence in our day-to-day life, and the high rivalry across competing platforms to become the de facto industry's standard have stimulated an increasing interest from the business press, as well as among academics. A growing literature has recently emerged on the study of platforms competition. Though these studies help us understand the aggregate dynamics of these markets, little is known about the platform-level factors affecting them. We review the existing research on platforms competition and, drawing from different research areas of Strategy, we propose an integrated model with the objective of enlarging the scope of analysis and enriching our understanding of the phenomenon.

## Technology Shocks in Multi-Sided Markets: The Impact of Craigslist on Local Newspapers

Robert Seamans, *New York University*  
Feng Zhu, *University of Southern California*

We empirically examine the impact of Craigslist, a website providing classified advertising services, on local newspapers in the United States. We exploit temporal and geographic variation in Craigslist's entry and compare the pricing strategies of local newspapers for which classified ads are likely to be a significant portion of their revenue to others before and after Craigslist's entry. We find that these newspapers drop their classified ad rates more after Craigslist's entry. Relative to other newspapers, these newspapers also experience an increase in subscription price, decrease in circulation share, and decrease in display ad rates. We find no evidence that the content of these newspapers differs from other newspapers following Craigslist's entry.

## The Powerful, The Equal and The Dependent: Choice Between Battling Systems in the US Cellular Communications Industry

Kristina Dahlin, *HEC-Paris*  
Ranjita Singh, *University of Amsterdam*

Recent developments in the resource dependency theory discuss one of the central tenets of the theory, basically what comprises interdependence. It is suggested that interdependence comprises power and mutual dependency and have opposite effects on how firms try to manage the consequences of their dependence relations. We add to the above findings and suggest that while firms try to manage their bilateral dependency, they are affected by other actors that too are dependent on the resource. For firms that face double sided markets, this scenario presents critical decision making problems. Firms evaluate both their competitors' attraction to the resource and the owners of the resource. A potential adopter's likelihood of adopting a resource depends upon its evaluation of its power equation with resource owners and the mutual dependency between themselves and the owners while simultaneously evaluating the other adopters.

### SESSION 124

## ACQUISITIONS: FACTORS AFFECTING M&A PERFORMANCE

<b>TRACK F</b>	<b>Date</b>	Wednesday, Nov 9
	<b>Time</b>	08:00 – 09:15 h
<b>Paper</b>	<b>Room</b>	Cowrie 2

**Session Chair** Xavier Castaner, *University of Lausanne*

## Does Strategic Consistency Matter in M&A Series? Evidence from Europe

Kerstin Fehre, *Karlsruhe Institute of Technology*  
Daniel Kronenwett, *Karlsruhe Institute of Technology*  
Hagen Lindstädt, *Karlsruhe Institute of Technology*  
Michael Wolff, *University of Göttingen*

Within the scope of evaluating strategic management decisions, strategic consistency is an important dimension. Looking at M&A transactions as example of important strategic management decisions, the focus of most research studies is on single transactions. Analyses of M&A series are rare; effects of strategic consistency of M&A series on performance have never been researched empirically. Drawing on findings of the strategic management and corporate finance literature, we argue that strategic consistency of serial transactions leads to higher performance. Employing a sample of 379 series, comprising 1,990 serial acquisitions announced by 267 acquirors on European core markets, we find evidence for a positive relationship between strategic consistency and acquisition performance and first signs for a relativization of conglomerate discount.

## How Acquirers' Goals Affect Acquirer-Target Interactive Actions

Xavier Castaner, *University of Lausanne*  
Samina Karim, *Boston University*

Past empirical work on acquisition implementation has tended to investigate the integration and autonomy requirements of economic synergies (stemming from relatedness) in general. In contrast, building on and extending the work of Haspeslagh and Jemison (1991), we directly examine the interactive requirements of two dimensions of the synergistic acquisition goal: cost reduction and knowledge transfer/creation. More precisely, we theorize about and empirically test the links between these two economic synergy subgoals and acquirers' effort at both involving the target in the implementation decision-making process and in operational cross-fertilization. In a sample of 85 US acquisitions we find preliminary mixed support for our hypotheses. We aim to contribute to the M&A implementation literature in particular and more broadly to corporate strategy, timing and strategy implementation.

## Synergy Analysis: A Production Function Approach

Deganit Brueller, *Tel Aviv University*  
Nir Brueller, *INSEAD*  
Tali Regev, *Tel Aviv University*

This paper aims at analyzing the synergy created in high tech acquisitions by applying a production function. Empirical evidence from 104 public acquisitions conducted between 1996 and 1999 shows that: (1) high tech firms' output, be they targets or acquirers, follows a Cobb Douglas functional form with constant returns to scale in which R&D and marketing personnel are two distinct classes of production factors; (2) synergy in acquisitions emerges from post-merger cross-interaction between the acquirer's marketing capabilities and the target's R&D capacity as well as from both firms' quality factors; (3) high quality acquirers tend to acquire targets of similar quality, and the same holds for lower quality acquirers (like buys like). Taken together, our findings shed light on this poorly understood M&A scenario.

## Technological Relatedness and the Integration of R&D Functions in Biopharmaceutical Acquisitions

Panos Desyllas, *University of Manchester*  
Lori DiVito, *University of Manchester*  
Marcela Miozzo, *University of Manchester*

There is consensus in the acquisition literature that acquirers need to strike a balance between the needs for target's organizational autonomy and strategic interdependence between the merging firms. However, little is known about the integration challenges for particular functions. This paper focuses on the integration of the acquired R&D functions and suggests that an integration strategy should emphasize the relative characteristics of the technological bases of the merging firms. Drawing on case study evidence and patenting data from acquisitions of UK biopharmaceutical targets, we find that an appropriate integration approach of the R&D functions is determined by three parameters: The similarity and complementarity of the pre-acquisition technological bases of the merging firms, and the need to combine knowledge assets after the acquisition.





## SESSION 164

**INTERNATIONALIZATION AND COORDINATION**

<b>TRACK G</b>	<b>Date</b>	Wednesday, Nov 9
	<b>Time</b>	08:00 – 09:15 h
<b>Paper</b>	<b>Room</b>	Americana Salon 1

**Session Chair** Elitsa Banalieva, *Northeastern University*

**Coordinating Global Value Chains Without Formal Authority: A Network Dynamic Capability Perspective**

Randi Lunnan, *BI Norwegian School of Management*

Sara McGaughey, *University of Strathclyde*

Recognizing capabilities in the coordination of global value chains as a crucial ownership advantage for MNEs along with firm-specific assets, we ask: How can a subsidiary with no formal authority over internal or external network members in the global value chain upgrade, protect and exploit its intellectual assets in an emerging market? How can the subsidiary coordinate and influence other network actors to ensure the appropriate level of quality of the final delivery? To garner insight, we apply a dynamic capability perspective (Teece, 2007) to a case study of a European MNE and its Chinese subsidiary that offers ship design packages to the international market. Preliminary results indicate that, when applied to subsidiaries, these capabilities must include the abilities to influence, negotiate, and demonstrate unique value to other network partners.

**Coordination Mechanisms as Enablers of Knowledge Sharing in International Professional Service Firms**

Ragnhild Kvålshaugen, *BI Norwegian School of Management*

Sverre Tomassen, *BI Norwegian School of Management*

Little is known about the relationship between coordination mechanisms and knowledge sharing in the organization on a systemic level and in organizations that primarily base their value creation on knowledge. Our study investigates intra-organizational knowledge flows and explores types of coordination mechanisms that enable knowledge sharing among different units in international professional service firms (IPSFs). The study is conducted in one multinational service provider offering professional consulting services and certification services worldwide in the oil and gas industry. The results of the study indicate that both social and formal coordination mechanisms have a positive effect on knowledge sharing. We also investigated interaction effects between different coordination mechanisms on knowledge sharing and found little support for the proposed effect.

**International Diversification and Firm Performance: The Moderating Role of Ownership Structure**

Timo Sohl, *University of St. Gallen*

Govert Vroom, *IESE Business School*

Thomas Rudolph, *University of St. Gallen*

Previous research found mixed empirical results of the international diversification-performance relationship (i.e., S-shaped and inverted U-shaped). Our study develops a theoretical framework to address this inconsistency in the literature. Specifically, we propose that multinational enterprises' (MNEs) ownership structure (i.e., public vs. private) moderates the effect of international diversification on firm performance. Since previous research found that the possession of certain assets, such as financial and human capital, might be driving superior international performance, we propose that public MNEs may be able to outperform private MNEs, especially at higher levels of international diversification, because of their superior access to financial capital markets and experienced top managers.

**International Diversification and Firm Value: The Effect of Product Diversification, Legal Systems and Financial Systems**

Antonio Galvan, *Autonomous University of Tamaulipas*

Kevin Keasey, *University of Leeds*

Julio Pindado, *University of Salamanca*

Chabela de la Torre, *University of Salamanca*

This paper examines the valuation of global firms considering the moderating role of product diversification, legal systems and financial systems on the relationship between international diversification and value. By using the panel data methodology on a large set of firms across several developed countries for the period 1990 to 2003, this paper makes three main empirical contributions to the literature. First, we find that high levels of product diversification increase the value-discount of global firms. Second, globally diversified companies operating in common law countries and market oriented systems trade at a premium, whereas their civil law and bank oriented counterparts trade at a discount. Third, there is a joint impact of product diversification and legal/financial systems on the value of globally diversified firms.

## SESSION 304

**ALLIANCES AND COOPERATION PROCESSES**

<b>TRACK H</b>	<b>Date</b>	Wednesday, Nov 9
	<b>Time</b>	08:00 – 09:15 h
<b>Paper</b>	<b>Room</b>	Sundial

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

**Born Again? The Effect of Alliance Termination Experience on Alliance Re-formation and Firm Performance**

Darcy Fudge Kamal, *University of Minnesota*

This paper investigates the effect of alliance termination on alliance re-formation and firm performance. While the existing literature assumes an alliance forms after termination the same as its first formation, I treat termination as a beginning. I identify both the conditions, external and internal to the alliance under which the termination occurs, and the task and partnering routines firms can develop to re-form the alliance with the past partner. Specifically, I develop termination experience as a valuable capability for firm performance. I use an ideal longitudinal data set of alliances terminations and formations where partners co-own horses to sell at auction.

**Governing Bounds on Reliability: An Exploration of Failed Inter-Firm Commitments**

Nathan Greidanus, *University of Manitoba*

Alain Verbeke, *University of Calgary*

We assess the generative mechanisms underlying failed commitments to bridge the trust-opportunism debate found within Transaction Cost Economics (TCE). Our analysis of qualitative data from failed inter-firm commitments within the Canadian Petroleum industry suggests a number of mechanisms, including, but not limited to, opportunism, that underlie unfulfilled commitments. We capture these mechanisms within the envelope concept of Bounded Reliability. The data also highlight the importance of inter-firm governance mechanisms to reduce the bounds on one's reliability to fulfill commitments.

## Role of Procedural Fairness in International Strategic Alliances: Evidence from the Frontlines

Subramanyam Raghunath, *Indian Institute of Management - Bangalore*

Hema Mohan, *BMC Software*

This study applies justice theory and emphasizes how procedural fairness as perceived by boundary spanners in international strategic alliances influences cooperation outcomes. More specifically, we aimed to understand better whether procedural fairness or trust is the main reason behind the success of an alliance or if both play a pivotal role. The study based on response covering 710 non-equity alliances suggests that procedural fairness and interparty trust both play a significant role in the success of an alliance with procedural fairness taking precedence. This primarily indicates that if organizations are enacting fair procedure, then interparty trust will soon follow suit and people are ready to cooperate by investing resources, time and energy. Theoretical and Managerial implications arising from the findings are highlighted.

SESSION 258

## INNOVATION AND ENTERPRISE

TRACK I	Date	Wednesday, Nov 9
	Time	08:00 – 09:15 h
Common Ground	Room	Triton
Facilitator	Sharon Matusik, <i>University of Colorado-Boulder</i>	

### ❖ Between Creativity, Control, and Experience: Lessons in Trade-offs from the US Comic Books Industry

Allya Koesoema, *Bocconi University*

Using data from the United States comic book industry, we investigate the interplay between creative and economic outcomes as moderated by the allocation of intellectual property rights (IP) and the degree of firm specialized experience. A tradeoff between creative and economic outcome is created because while IP allocation to the firm enhances the effect of specialized experience to economic outcome, it reduces creative outcome. Further, the magnitude of this tradeoff increases as firm experience grows. This implies two possible models of operations, with firms focusing either on synergy between projects or on creative performance. Taking into account the endogeneity of IP allocation, results show general support for our propositions, and hint at possible future research on firm strategies and their dynamics.

### Boosting Pharmaceutical Firms' Innovative Capabilities: Types and Dynamics of Common Knowledge in Drug Discovery Teams

Andreas Schneider, *Swiss Federal Institute of Technology Zurich*  
Zeynep Erden, *Swiss Federal Institute of Technology Zurich*

The early phases of drug discovery projects are characterized by highly specialized, disaggregated and complex knowledge across multiple technological and scientific disciplines. For successful development of new compounds, pharmaceutical firms need to exploit complementary knowledge across different disciplines and integrate as well as coordinate specialists' knowledge in relevant manners. Prior research accepted and repeatedly emphasized that the success of communication and collaboration across scientific domains depends on overlaps between their knowledge bases. Yet, less is known on the types and temporal evolution of common knowledge across scientific disciplines. This article based on comparative case studies of drug discovery teams closes the research gaps by gaining an in-depth processual understanding on the nature and dynamics of common knowledge and its effects on pharmaceutical firms' innovation capabilities.

## Exclusivity in Biotech Licensing: What Makes Licensors Restrict Their Options?

Theodore Khoury, *Portland State University*

Jorge Walter, *George Washington University*

Erin Pleggenkuhle-Miles, *University of Nebraska-Omaha*

How do licensing transactions unfold in technological alliances? We address this research question with emphasis on understanding the impact of technology stage, previous licensing experience, verticality of partner choice, and market relevance on licensing agreement terms. In particular, we leverage transaction-cost and resource-based theories as well as a large and novel dataset comprised of 2,809 biotechnology licensing transactions to understand when these transactional features lead to non-exclusive versus exclusive licensing outcomes. Our findings contribute to fledgling research on contracts at the transaction unit of analysis and offer implications for entrepreneurial firms' options to enhance the chances of survival in highly uncertain product markets.

## Inbound Mobility, Inertia, and Obsolescence

Amit Jain, *National University of Singapore*

In this paper, I develop the argument that organizations avert obsolescence through the accumulation of small changes. Inbound mobility is a small change to an organization that affects the composition of knowledge. Through this effect, it reduces inertia in technological activities and leads to the creation of more impactful innovations, an indication of greater fit of the firm with its environment. The effect of inbound mobility on the impact of innovations is greater for older and more inert firms rather than for younger firms, supporting the thesis that mobility helps organizations to avert obsolescence. I show that biotechnology firms effectuate major changes to their niches of activity through the accumulation of small changes. To validate these claims, I study the effect of inbound mobility on patenting activities in the U.S. and Canadian biotechnology industry over a period of 38 years from 1970-2007.

## Relation-Specific Creative Performance in Facebook Applications - A Micro-Foundation of Competitive Advantage

Terence Fan, *Singapore Management University*

Duncan Robertson, *University of Warwick*

A fundamental question in the strategy literature is how sustainable competitive advantage can be generated within one firm yet difficult to copy by another. We offer one solution by way of relation-specific performance developed in creative projects – where individuals involved have significant latitude on the intended objectives as well as their collaborators. As this latitude requires higher-level cognition, there is heightened relation-specificity in their performance – measured by how widely the final products are adopted. This relation-specificity means that performance improvement due to repeated collaborations can be difficult to attain outside of the individuals involved. This simultaneously addresses several critiques of the resource-based view of firms. We rely on a novel set of data on user-written Facebook applications to demonstrate the relation-specificity of creative performance.

## Strategic Patenting and the Tragedy of Anticommons: A Closer Look at Firms' Patenting Behavior

Keyvan Vakili, *University of Toronto*

Prior research postulates an inconclusive causal effect of fragmentation of property rights on firms' patenting behavior. On the one hand, studies that emanate from concepts such as "patent thickets" and "the tragedy of anticommons" suggest that a dense overlapping set of fragmented property rights can result in technological stagnation and decline in firms' patenting rate. On the other hand, research derived from such notions as "strategic patenting" argues that firms facing a fragmented external technology market will engage in patent proliferation strategies. Using a theoretical model and an empirical analysis in the semiconductors industry, I show that both phenomena can coexist. Furthermore, preliminary results show that the negative impact of "anticommons" on patenting rate is stronger than the positive impact of "strategic patenting".



## SESSION 282

**COLLABORATIVE NETWORKS**

<b>TRACK I</b>	<b>Date</b>	Wednesday, Nov 9
	<b>Time</b>	08:00 – 09:15 h
<b>Paper</b>	<b>Room</b>	Poinciana Salon 1

**Session Chair** Ram Ranganathan, *University of Pennsylvania*

**Absorptive Capacity: Benefits and Contraindications. A Peripheral View of Manufacturing Networks**

Paolo Aversa, *University of Pennsylvania*  
 Daniela Iubatti, *University G. d'Annunzio*

Despite the great amount of literature about organizational learning and dynamic capabilities, scholars have centered their attention only on positive effects of absorptive capacity. Through data from the Italian motorcycle supply industry, this paper aims to investigate both positive and negative sides of knowledge absorption routines. Evidences show that when absorptive capacity is based on relation specific investments, innovation capabilities turn into core rigidities, which limit suppliers' flexibility toward environmental changes. However, firms moderate this negative effect leveraging on multi-purpose machineries. This study provides a critical interpretation about the "dark side" of absorptive capacity, contributing to the emerging "peripheral view of the manufacturing network", defined as the supplier-based theoretical perspective that explains the antecedents of relational rents.

**Exploring Partnerships in Emerging Markets: The Global Pharmaceuticals Industry**

Danielle Dunne, *Binghamton University*  
 Falguni Sen, *Fordham University*

Recent research highlights the importance of partnerships with organizations in emerging markets for product innovation and overall firm performance. The global pharmaceuticals industry is highly dependent on global partnerships. In addition, this industry faces numerous challenges due to its dependence on a risky and extremely complex innovation process. The purpose of this study is to identify and develop an understanding of the key challenges and opportunities of partnerships in emerging markets in the global pharmaceuticals industry.

**Once Bitten, Twice Shy? How Acquisition Abandonment Experience Influences Alliance Formation**

Ram Ranganathan, *University of Pennsylvania*  
 Anindya Ghosh, *IIESE Business School*  
 Harbir Singh, *University of Pennsylvania*

We investigate learning spillovers across corporate development activities in a high-technology environment, emphasizing how learning from abandonment experience in one corporate development activity-acquisitions- affects another corporate development activity - alliances. Using a sample of 141 software firms we show that accumulated experience from abandoned acquisitions increases a firm's alliance formation rate, but that such learning is contingent on the level of a firm's experience with completed acquisitions. Thus, firms that have developed acquisition capabilities are less likely to react to adverse acquisition outcomes by using alliances as an alternative mechanism. We also contrast the effects of a firm's own learning with learning at the field level by showing that only recent adverse outcomes of other firms' acquisitions affect alliance formation.

**When Hubs Forget, Lie and Play Favorites: Interpersonal Network Structure, Information Distortion, and Organizational Learning**

Melissa Schilling, *New York University*  
 Christina Fang, *New York University*

The interpersonal network structure of an organization directly influences the diffusion and recombination of ideas, and can thus facilitate or impede organizational learning. Most interpersonal networks have "hubs" – individuals that have significantly more connections than does the average member. This raises important questions about how hubs influence organizational learning outcomes. Do organizations that have "very hubby" interpersonal networks learn better and attain higher performance? Furthermore, what happens if hubs forget or misrepresent information that is transmitted through the network? Using simulation models, we find that moderately hubby networks outperform both very hubby (scale-free) networks and democratic networks. Also, moderate amounts of information omission or misrepresentation can be beneficial to long-run organizational performance, though the patterns of their effects are strikingly different.

## SESSION 312

**BALANCING MULTIPLE AND COMPETING INTERESTS IN STRATEGIZING**

<b>TRACK J</b>	<b>Date</b>	Wednesday, Nov 9
	<b>Time</b>	08:00 – 09:15 h
<b>Paper</b>	<b>Room</b>	Moon

**Session Chair**

Hanna Lehtimäki, *University of Tampere*

**Discussant**

Julia Balogun, *Lancaster University*

**Conflict Between Personal and Organizational Goals in Corporate Acquisitions: Alternative Forms of Quasi-Resolution**

Elie Matta, *HEC-Paris*  
 Joris Kil, *Erasmus University - Rotterdam*

The multiplicity of goals in an organization, their competing implications on firm actions, and their relative salience to decision-makers remain underexplored areas in the behavioral theory of the firm. Drawing on agency theory and the upper echelon perspective, we identify two salient personal goals for decision makers and analyze the implications of their discrepancy of attainment on firm strategic actions. We also propose a framework for resolution of potential conflict between personal and organizational goals, by recalling two conflict resolution mechanisms (attention or suppression) and drawing their correspondence to logics of action, particularly the logics of consequences or appropriateness. Hypotheses are developed and tested in the context of corporate acquisitions.

**Drop in Rankings and Stakeholders' Decision to Transact**

Anastasiya Zavyalova, *University of Maryland*

This study extends theory and research on the factors that impact stakeholders' willingness to transact with an organization, a key determinant of organizational success. Specifically, I examine the role of stakeholder identification and level of ranking in a certification contest in protecting an organization from suffering transactional losses following a drop in ranking. I test my hypothesis on a sample of 115 U.S. universities in 2006-2010. Empirical analyses suggest that organizations with lower levels of rankings or lower levels of stakeholder identification experience penalties after their rankings drop, while organizations with higher levels of either attribute do not. The study contributes to research on social approval management.

## Social Connections in Putting Strategic Initiative into Practice

Hanna Lehtimäki, *University of Tampere*  
Katja Karintaus, *University of Tampere*

The purpose of this study is to develop an understanding of what effects individuals' interactions within an organization have on implementing a strategic initiative and how the interactions construct an organization's social capital. The study examines informal communication patterns between organizational members and analyses individual expectations towards relationships both at the interpersonal and organizational levels. The study is an empirically grounded case research with two internationally operating listed manufacturing companies, one of which produces industrial equipment and the other durable goods. In both case companies, the strategic initiative is to seek ways to rebuild sales after the severe economic downturn. The study contributes to the knowledge of strategy practice by seeking to better understand how strategizing is affected by social social structure within an organization.

## Strategic Management Theories and Public Sector Organizations: Re-examining Public Institutions

Anil Patel, *US Army Corps of Engineers*  
Maheshkumar Joshi, *George Mason University*

The federal government is committed to improving congressional decision-making and public administration through strategic planning and performance management. However, the fundamental issue about what is strategy seems to be framed from a narrow perspective. By contrasting the public policy with the theoretic views of strategy, we identify three gaps that need to be addressed. For strategic management to be applied to public administration, we frame propositions that attempt to address these gaps and posit theories and frameworks.

### SESSION 173

## UNDERSTANDING INITIAL PUBLIC OFFERINGS BETTER

<b>TRACK K</b>	<b>Date</b>	Wednesday, Nov 9
	<b>Time</b>	08:00 – 09:15 h
<b>Common Ground</b>	<b>Room</b>	Periwinkle

**Facilitator** Jeffrey Reuer, *Purdue University*

## Entrepreneurial Exits and Innovation

Vikas Aggarwal, *INSEAD*  
David Hsu, *University of Pennsylvania*

While much of the literature on entrepreneurial liquidity events considers the direct financial returns to equity holders or uses exits to proxy for organizational success, we examine the role of IPOs and M&As on firm-level innovation. Such outcomes are important, particularly for technology-oriented startups. We construct a panel dataset based on a sample of all venture capital backed biotechnology firms founded between 1990 and 2000. We use two approaches to address the possibility of unobserved self-selection into exit mode: first, an instrumental variables approach based on relative financing channel liquidity at the industry level; and second, a quasi-experiment using data on firms that filed for an IPO or were in the acquisition process, but did not complete the exit for reasons unrelated to innovation.

## IPO Underpricing, Money Left on the Table or Strategic Action?

Markus Fitza, *Bentley University*

Why are initial public offerings (IPOs) underpriced? I argue that firms can have strategic reasons to underprice. Most importantly because the first trading day share price increase that is the result of underpricing enhances the public recognition of a firm and can be used to attract critical stakeholders such as skilled workers and customers. I show that firms strategically choose their underwriter to decrease underpricing. Firms that benefit from underpricing will choose low reputation underwriters which in turn will result in higher underpricing. This paper makes a contribution to our understanding of why IPOs are underpriced as well as to our understanding of underwriter choice.

## It's Who You Know: CEO Network Centrality as a Predictor of IPO Underpricing in China

John Berns, *University of Missouri*  
Robert White, *Iowa State University*  
Jing Zhang, *Iowa State University*

Despite the importance of social networks in entrepreneurial settings, researchers have yet to examine the potential effects of CEO network position on IPO underpricing, an important outcome for growing firms. This paper contributes to agency and resource dependence theories by suggesting that better information diffusion and resource allocation associated with increased network centrality can lead to reduced IPO underpricing. We also examine the moderating effects of venture capital involvement and industry competitiveness on this relationship. To accomplish this we use a dataset consisting of IPO information from over 4,000 Chinese firms.

## Navigating Under Uncertain Environments: Rent Creation Through IPOs

Asda Chintakananda, *Nanyang Technological University*  
Hugh Oneill, *University of North Carolina-Chapel Hill*

This research examines how entrepreneurial firms seek rent under uncertain environments. We model a firm's pursuit of an IPO launch as a rent creating activity that requires decision making under uncertain environments – both familiar and unfamiliar environments to the entrepreneurial firm. In particular, we use perspectives from strategy and entrepreneurship – overconfidence and time preferences to explain the timing of firms' IPO launch. We empirically test firms' IPO launch timing with regards to different conditions and levels of uncertainty and found that uncertainties in different market domains induce different responses from firms in their IPO pursuit depending on their familiarity with the environment. In addition, we found that the level of venture capitalists involvement also moderates this relationship.

## Sticky Technology: Human Capital and Founder Leadership at Initial Public Offering

Jonathan Eckhardt, *University of Wisconsin-Madison*  
Marc Junkunc, *University of Miami*  
Mingxiang Li, *University of Wisconsin-Madison*

This study that is currently underway examines factors that influence the likelihood that founders hold executive level positions in firms at the point of Initial Public Offering (IPO). This study will contribute to the growing literature on founder succession, as well as literature in technology entrepreneurship that examines factors that influence aspects of the commercialization process of high technology opportunities. Our model is broader than existing work, as we develop theory that examines founder involvement across the entire management team. In a database that contains virtually all IPOs from 1992 to 2002, our preliminary empirical evidence indicates that a surprising number of founders hold leadership positions in firms at IPO. Further, preliminary work indicates that which factors predict founder succession differs across executive positions.





## Time to IPO: Effects of Team Characteristics on Time to IPO and Venture Performance

Rajeswararao Chaganti, *Temple University*  
 Patrick Maggitti, *Villanova University*  
 Arun Kumaraswamy, *Temple University*  
 Monica Zimmerman, *West Chester University*  
 Janine Black, *Temple University*

Entrepreneurs and investors of new ventures often face a question: “how long should we wait to do an IPO?” In this study, based on 119 Internet-based ventures, we explore the antecedents and consequences of this decision (of how soon to undertake an IPO). Specifically, we draw on human capital, social capital and learning theories to more fully define and untangle the relationship among venture team characteristics and the time the venture takes from founding to undertaking an IPO. We hypothesize that ventures with younger, larger and more heterogeneous teams will tend to go public sooner and enjoy better post-IPO performance. A shorter time-to-IPO might result in lower post-IPO performance. Time-to-IPO might mediate the relationship between the venture team's characteristics and post-IPO performance.

### SESSION 193

## FINANCING ENTREPRENEURSHIP AND INNOVATION

<b>TRACK K</b>	<b>Date</b>	Wednesday, Nov 9
	<b>Time</b>	08:00 – 09:15 h
<b>Paper</b>	<b>Room</b>	Poinciana Salon 3

**Session Chair** Gary Dushnitsky, *London Business School*

## Business Angel Social Capital and New Venture Performance

Arun Pillutla, *St. Ambrose University*  
 Richard Jayne, *St. Ambrose University*

Social capital is the goodwill in social relations and that can be used to facilitate action (Adler and Kwon, 2002) and such social capital facilitates external knowledge acquisition leading to competitive advantage. Social capital is conceptualized at the individual and organizational levels. Specifically, Arregle, Hitt, Sirmon and Very (2007) differentiated between a family's and the firm's social capital in a family firm and suggested that the family's social capital would influence the firm's social capital, opening the door to investigating how certain firms acquire social capital needed to survive and thrive. We focus on another sub-set of organizations, the startups, and ask how they acquire social capital. We propose and test a model of social capital acquisition by startups. Results indicate that a business angel's social capital does have a positive association to a startup firm's performance.

## More Than Words: Is Startup's Propensity to Turn Publications into Patents Sensitive to Investor Characteristics?

Elisa Alvarez-Garrido, *Georgia State University*  
 Gary Dushnitsky, *London Business School*

Entrepreneurial ventures are a source of technological advance. Increasingly, they are funded not only by venture capitalists but also by corporate investors. We study the extent to which investors' characteristic impact ventures' innovativeness. Whereas prior work focuses on commercialize-able innovation (i.e., patents), we also consider the impact on ventures' inventiveness (i.e., publications). Using proprietary database of 393 biotechnology ventures, we find that CVC-backed venture are more inventive than their VC-backed counterparts. Importantly, investor characteristics shape the publication-patent transformation: CVC-backed ventures exhibit a lower rate of turning publications into patents. Our findings indicate that funding choices carry substantial - and distinct - consequences along different phases of the innovation process.

## The Impact of Individual- and Institutional- Investor Heterogeneity on New Venture Growth

Ikenna Uzuegbunam, *University of Kentucky*  
 Brandon Ofem, *University of Kentucky*  
 Satish Nambisan, *University of Wisconsin-Milwaukee*

Much of the extant research on new venture financing tends to focus on the contributions of specific financing sources on venture performance. The present study offers a broader perspective of new venture financing strategy by examining how heterogeneity in equity-based financing sources impacts new venture growth. We propose that heterogeneity in individual investors (e.g. angels) has a curvilinear (U-shaped) relationship with new venture growth while heterogeneity in institutional investors (e.g. government) has a negative impact on new venture growth. We also suggest that the interaction effect due to individual- and institutional-investor heterogeneity has a positive impact on venture growth. We test these ideas by tracking 4928 new firms founded in 2004 over a five-year period. The empirical results are broadly consistent with our theory.

## The Impact of the Recent Financial Crisis on Financial Covenant Restrictiveness in European LBOs

Carolyn Bock, *Technical University of Munich*  
 Ann-Kristin Achleitner, *Technical University of Munich*  
 Florian Tappeiner, *Allianz*

Financial covenants play a crucial role in mitigating agency conflicts in loan agreements of high leverage. In a European wide qualitative survey among 25 private equity experts we assessed the impact of the financial crisis on financial covenants in leveraged buyout transactions. We concentrated on the factors that drive restrictiveness by measuring the change of headroom as the most influential factor determining restrictiveness. The survey indicates that leverage, interest cover, cash flow cover, and capex constitute the most important covenants. The liquidity of debt markets, the deal pressure for mandated lead arrangers, and the private equity sponsor's history of covenant breaches represent the most important drivers for covenant restrictiveness. We find that the recent financial crisis lead to a heavy increase of these covenants' restrictiveness.

### SESSION 157

## STAKEHOLDERS & REPUTATION

<b>TRACK M</b>	<b>Date</b>	Wednesday, Nov 9
	<b>Time</b>	08:00 – 09:15 h
<b>Paper</b>	<b>Room</b>	Crown Conch

**Session Chair** Brice Dattee, *EMLYON Business School*

## Charity as a Substitute for Reputation: Theory and Evidence

Daniel Elfenbein, *Washington University-St. Louis*  
 Raymond Fisman, *Columbia University*  
 Brian McManus, *University of North Carolina*

Despite recent advances (Wang, Choi and Li 2008; Lev, Petrovits and Radhakrishnan 2010) the mechanisms through which corporate philanthropy impact corporate financial performance remain poorly understood. In this paper, we examine how charitable contributions tied to product sales impact consumer demand when the quality of the product and the seller is difficult to verify prior to trade. We generate a simple theoretical model, using similar intuition to Milgrom and Roberts (1986) to show that—even in the absence of consumer tastes for charity—charity-ties may raise consumer demand by serving as a substitute for firm reputation and raising consumers' expectations of product (or seller) quality. We test the signaling theory using a novel data set of more than 20,000 quasi-experiments conducted by eBay sellers.

## Signals and Stakeholders: The Interrelationships of Stakeholder Reputations and Firm Performance

Margaret Cording, *IMD*  
 Xueming Luo, *University of Texas-Arlington*  
 Vikas Mittal, *Rice University*

We explore the interrelationships between, and multiplicative effects of, two sub-dimensions of the firm reputation construct: reputation for customer satisfaction (RCS) and reputation with the financial community (RFC). We argue that the firm's RCS is a credible and salient signal that contains important forward-looking information about the firm's future financial performance. We hypothesize that RCS is not only an antecedent of RFC, but that the relationship between the firm's RCS and RFC is curvilinear, with an inverted U-shape. We also hypothesize that the firm's RCS moderates the relationship between RFC and financial performance. We test our hypotheses with a sample of 840 firm-year observations. Our study initiates an exploration of the interconnectedness of the firm's reputations with different stakeholder groups and their influence firm performance.

## Stakeholder Power and Corporate Reputation

Abraham Soleimani, *Florida International University*  
 William Schnepfer, *Florida International University*  
 William Newbury, *Florida International University*

We examine how societal differences in the allocation of power amongst three stakeholder groups influence the reputational assessments of firms across countries. Building on a stakeholder-power approach to corporate governance, we investigate whether the societal-level power of shareholders, creditors, and workers interacts with particular firm performance measures to influence reputation assessments of the general public. Using a sample of 746 of the largest companies in the world from 32 countries, our results show positive impacts of stock market returns, financial stability, and corporate social performance on corporate reputations. In addition, results demonstrate that in societies where shareholders have more power, the influence of stock market returns becomes even more positive. Unexpectedly, when creditors have greater power, the influence of financial stability on reputation assessment becomes weaker.

## The Value of a Corporate, Workplace & Social Reputation to Potential Executive Employees

Timothy Devinney, *University of Technology-Sydney*  
 Patrice Auger, *University of Melbourne*  
 Grahame Dowling, *University of Technology Sydney*  
 Christine Eckert, *University of Technology-Sydney*  
 Nidhida Perm-Ajcharyawong, *University of Western Sydney*

It has been readily accepted that prospective employees, including MBA students seeking jobs after graduation, put great stock in a potential employer's reputation – particularly that relating to its social responsibility and workplace practices. In the present study we use a structured experimental approach to determine the extent to which the facets of reputation – corporate, social and workplace – drive job contract choice. We discover that while some aspects of corporate and workplace reputation matter marginally, MBA job seekers appear to put little value on social reputation. Even in the specific cases where we can discern individuals who do value social reputation, this is unrelated to their stated preferences revealed using standard survey methods.

09:15 – 09:45  
**COFFEE BREAK**



## SESSION 309

**EFFECTS OF THE INSTITUTIONAL ENVIRONMENT ON FIRM STRATEGY AND PERFORMANCE**

<b>TRACK A</b>	<b>Date</b>	Wednesday, Nov 9
	<b>Time</b>	09:45 – 11:00 h
<b>Paper</b>	<b>Room</b>	NY Sands
<b>Session Chair</b>	Sinziana Dorobantu, <i>University of Pennsylvania</i>	

**Environmental Regulations and MNC Foreign Market Entry**

Jorge Rivera, *George Washington University*  
Chang Hoon Oh, *Brock University*

We hypothesize that both higher environmental regulation stringency distance and certainty distance are related to higher likelihood of multinational corporations (MNCs) entry into a country. Building on sociology's neo-institutional theory, we also argue that the level of host country democracy affects on the MNC's response to environmental regulations. From a dataset with 29,303 observations from 94 large European MNCs and their subsidiaries operating across 77 countries from 2001-2007, our initial results show that MNC entry is positively and significantly associated with environmental regulation stringency and certainty. The results also indicate statistically significant support for the hypothesized moderating effects of clean industry type and moderating effects of democracy on the relationship between environmental regulation and MNC entry.

**National Institutions and Global Competition: A Formal Rationalization**

Roland Bel, *Euromed Management*

Building on the property right theory of Grossman, Hart and Moore, hereafter GHM, this paper proposes a formal rationalization of the role of institutions in an environment of global competition and incomplete contracts. Broadening the GHM framework to allow for national institutions and different types of property rights, we show that national institutions help increasing welfare by exercising veto power on domestic firms' assets or by giving them access on complementary assets. In particular, (i) the presence of national institutions increases welfare when competition increases, (ii) alliances and joint ventures are an efficient mechanism of international cooperation when the level of foreign competition is low, but (iii) national institutions becomes prevalent again when international competition becomes stronger. This has important implications for the orientation and success of corporate strategies.

**The Effects of Institutions on Product Strategy Choices: A Study of Firms in 34 Developing Economies**

George Shinkle, *University of New South Wales*  
Brian McCann, *Vanderbilt University*

A central quest of strategic management scholars is to understand heterogeneity in the competitive behaviors of firms. Prior research recognizes both capabilities and competition as important determinants of competitive behavior heterogeneity. We extend this research by considering how variance in institutional environments influences the competitive strategy decision of new product introduction. We hypothesize that the level of market orientation of the institutional environment influences the novelty of the firm's product strategy choices. We further hypothesize that internal organizational capabilities and external competitive pressure moderate this relationship. Hypotheses will be tested with fine-grained survey data of over 14,000 firms from 34 countries. We anticipate our results will expand knowledge of the determinants of competitive strategy choices through an understanding of the influence of institutional environments.

**The Institutional Construction of First Mover Advantage**

Jaime Gomez, *University of La Rioja*  
Gianvito Lanzolla, *City University London*  
Juan Maicas, *University of Zaragoza*

We advance FMA theory and FMA empirical literature by bringing in the institutional context, a hitherto missing component. We elaborate on first mover performance in different institutional environments and we argue that a market supporting institutional environment is detrimental for FMA performance. We test our hypotheses in the context of the world telecommunication industry (53 countries, 212 firms, robust OLS estimations) and we find some support that First Movers' performance – both market share and profitability – is negatively affected by market supporting institutions.

## SESSION 205

**NETWORK THEORY**

<b>TRACK E</b>	<b>Date</b>	Wednesday, Nov 9
	<b>Time</b>	09:45 – 11:00 h
<b>Paper</b>	<b>Room</b>	Americana Salon 2
<b>Session Chair</b>	Vikas Aggarwal, <i>INSEAD</i>	

**Bridging Across Network Closure and Structural Hole: Evolution of Firms' Ego Exploratory and Exploitive Network**

Han Jiang, *Tulane University*  
Albert Cannella Jr, *Tulane University*

Different from prior studies, we differentiation two different ego networks—exploratory and exploitive network, and examine how two structural features—density and tie strength—in ego exploratory and exploitive network impact the inter-temporal density changes of each other. With the alliance information in biotechnology industry over last 25 years (1986-2010), we find that guided by the logic of structural hole, firms shape their ego exploratory network over time by keeping low density and medium tie strength, and construct dense ego exploitive network and strong ties over time under the logic of network closure. More importantly, we further suggest that firms also adjust their further ego exploratory (exploitive) network based on current exploitive (exploratory) network structure to align the benefits of network closure and structural hole.

**Competence Shifts and the Substitution of the Focal Firm in the Business Network**

Christian Lechner, *Toulouse Business School*  
Simone Guercini, *University of Florence*  
Gael Gueguen, *Toulouse Business School*

Over the last decade, an increasing number of cases emerged in which companies from traditional industrialized countries that have been holders of major brands, have been acquired by former suppliers based in new industrialized countries. With decreasing degrees of integration, we see firms as strategic networks and explore how changes in the focal firm and its network affect the position of firms. Through longitudinal case study research in the sports article industry we uncover the processes that might favor the substitution of major brands by former suppliers leading to the generation of theoretical propositions. Finally, we discuss potential counter-measures for firms to maintain its leadership position.

**Search Breadth and the Cost of Search**

Curba M Lampert, *Zayed University*  
Matthew Semadeni, *Indiana University*  
Gautam Ahuja, *University of Michigan-Ann Arbor*

We draw attention to an overlooked, yet key theoretical determinant of innovation search – the cost of search. We argue that the costs of broadening search may inhibit exploration and identify two cost-leveraging strategies: locating some of their activities in foreign countries (offshoring), and joint development with other firms (partnering). Our model takes into

account the costs of search on innovative activities and we find that by applying these cost-leveraging strategies, firms can “afford” to conduct more exploratory search than if they did not use such strategies. The main contribution of this research is to show that that firms’ search behaviors are driven not just what they can do (competencies), but also by what they can afford to do (costs).

### ✿ The Impact of Network Flexibility on Firm Performance: Environmental Jolts, Centrality, and Firm Size

Leonardo Corbo, *University of Bologna*  
Simone Ferriani, *University of Bologna*

One of the most widely accepted theoretical lenses to examine how firms can structure their network is the structural holes perspective. However, it appears that its value in a given circumstance will be contingent on several factors. This study investigates multilevel characteristics that influence the brokerage-performance relationship. We argue that firms exposed to an environmental jolt will extract higher returns from network positions rich in structural holes. Furthermore, large firms positioned in open networks will improve their performance in an unstable environment. Finally, firms with low centrality will extract performance benefits during an environmental jolt compared to firms in open networks that exhibit high centrality. We find support for these arguments in a study of networks in the global airline industry between 1998 and 2006.

#### SESSION 215

### BEHAVIORAL THEORY AND INDUSTRIAL COMPETITION

<b>TRACK E</b>	<b>Date</b>	Wednesday, Nov 9
	<b>Time</b>	09:45 – 11:00 h
<b>Paper</b>	<b>Room</b>	Poinciana Salon 4

**Session Chair** Markus Fitza, *Bentley University*

### Internal Social Performance Comparisons and Contests for Dominance: Evidence from the Mutual Fund Industry

Aleksandra Kacperczyk, *MIT*  
Christine Beckman, *University of California-Irvine*

This study theorizes about intra-organizational social performance comparisons as a source of strategic change. Using unique data on mutual funds between 1980 and 2006, we show that social performance benchmark within the firm influences managerial propensity to engage in risky change. Additionally, we find evidence for a hierarchy of socially derived performance feedback. Findings show that internal performance benchmarks are more salient to decision makers than external social benchmarks. More broadly, the study emphasizes the need to consider internal social performance feedback as an important source of strategic change.

### Interplay of Multiple Goals and Attention Allocation Patterns

Songcui Hu, *University of North Carolina-Chapel Hill*

The Carnegie School view notes, organizations simultaneously pursue multiple conflicting goals such as sales, quality, productivity and technology. These goals compete for the limited pool of organizational resources, including energy, time, and attention. The implications of goal conflict have been widely recognized, but surprisingly little is known about the flow of organizational goal-directed behavior in multiple-goal pursuit. This leaves important questions about the dynamics of multiple-goal pursuit unanswered. By analyzing panel data of light vehicle models produced by auto companies around the world and sold in the U.S, this paper shows that multiple-goal pursuit often requires a dynamic balance between opposing demands for the limited resources, and that heterogeneous patterns of organizational attention allocation among multiple goals are subject to organizational size and growth.

### The Role of Purposiveness in a Strategic Theory of Organizational Capabilities

Niklas Hallberg, *Lund University*

Organizational capabilities appear in both the capability-based view and in the resource-based view. Both theories are, to a varying degree, based on notions such as bounded rationality and tacit knowledge, while paying less attention to the aspects of intentionality and purposiveness that are associated with the notion of being capable of something. Based on a case-study of pricing capability in the European packaging industry, I outline some of the central challenges to be addressed by a strategic theory of organizational capabilities and argue that a greater emphasis on purposive behavior in the study of organizational capabilities provides the foundations for directly addressing cross-sectional issues related to the differential performance of firms by highlighting the actual content of the capabilities that typical business firms rely on.

### Upward and Downward Social Comparisons: Performance Feedback in the Best and the Worst of Times

Nikolaus Beck, *University of Lugano*  
Thomas P. Moliterno, *University of Massachusetts - Amherst*  
Christine Beckman, *University of California-Irvine*

Researchers are beginning to explore the routines and processes antecedent to managerial decision-making regarding the firm’s resource base. In the behavioral tradition, organizational learning theory provides a point of entry into this question. In this paper, we draw on behavioral theory to examine the effect of socially derived performance feedback on organizational resource change. We extend performance feedback theory to argue that organizations undertake change when achieved performance is in the proximity of the extremes of their competitive group: either very high or very low performance. We find preliminary support for our arguments in an empirical analysis of German Bundesliga football (soccer) clubs. Our efforts contribute to contemporary research on dynamic capabilities, “microfoundations” of strategic management, and behavioral theory.

#### SESSION 127

### CEOS AND ISSUES AT THE TOP

<b>TRACK F</b>	<b>Date</b>	Wednesday, Nov 9
	<b>Time</b>	09:45 – 11:00 h
<b>Common Ground</b>	<b>Room</b>	Cowrie 1
<b>Facilitator</b>	Philip Bromiley, <i>University of California-Irvine</i>	

### Beyond Board Composition: Effect of Multiple Roles of Compensation Committee Chairmen on CEO Pay

James Van Scotter II, *University of Florida*

Despite a significant body of research relating board characteristics to CEO compensation, we have little understanding of how the multiple roles played by key board members affect compensation decisions. This study focuses on how the multiple roles of compensation committee chairmen affect CEO pay. I find that CEO pay is higher when the compensation committee chairman is also a CEO and when the compensation committee chairman is involved in business transactions with the firm. CEO pay tends to be lower when the compensation committee chairman has a seat on the audit committee, suggesting that reduced information asymmetry may diminish the efficacy of CEO impression management. This paper provides empirical evidence that the multiple roles played by compensation committee chairmen affect CEO compensation.





## CEO Labor Market as an External Governance Mechanism and Conditions for its Effectiveness

Choelsoon Park, *Seoul National University*  
Jeongil Seo, *Sogang University*  
M.K. Chin, *Pennsylvania State University*

Governance researchers have paid little attention to the role of CEO labor markets in controlling CEO behaviors, because the market has been described as inefficient. We argue that CEO labor markets will become more efficient as the supply of CEO candidates in the market increases and more and more firms hire external CEOs from the market. Efficient CEO labor markets will have the potential to be an external disciplining force. Using a longitudinal sample of S&P industrial firms for the years 2001 to 2004, we find that CEOs increase R&D investment if their firm operates in a more efficient CEO labor market. We also find that CEO labor markets function independently of internal governance mechanisms.

## CEO Succession Planning: Antecedents And Outcomes

Patricia Klarner, *University of Munich*  
Anja Tuschke, *University of Munich*

Why do some corporate boards actively plan the transition from one CEO to another while others do not, and in how far do firms profit from implementing a formal CEO succession plan? To answer these questions, we build on organizational learning theory and analyze the antecedents and performance consequences of board of directors' formal CEO succession planning. Results for a preliminary sample of S&P500 firms show that CEO succession planning is mostly triggered by internal disruption, especially by a decline in performance and a high turnover among corporate directors. In contrast, external disruptions in form of industry instability and frequent CEO changes within an industry seem to only play a minor role.

## Framed for Action: The Influences of Positive, Negative, and Ambivalent CEO Perceptions on Organizational Action

Michael Mannor, *University of Notre Dame*  
Gerry McNamara, *Michigan State University*  
Daniel Gamache, *Michigan State University*

In this research we examine the influence of executive framing of organizational environments as positive, negative, or ambivalent on strategic organizational action. We begin by considering how executive perceptions of a positive environment engage an approach-oriented bias to encourage the pursuit of growth-oriented firm strategies. We then consider how executive perceptions of a negative environment promote a threat-rigidity response to induce defensive-oriented firm actions. Finally, we consider how executive perceptions that are ambivalent engage several biases to promote the pursuit of a larger scope of firm strategies and superior performance. We test these hypotheses using a panel dataset of over 500 firms across a wide variety of different industries, using content-analysis of letters to shareholders and archival data on firm investments and diversification decisions.

## Hiring an Unknown God: Framing the Outsider CEO Succession

Eunice Rhee, *University of Southern California*

This study examines outsider CEO succession from the symbolic management perspective with a particular attention on how firms choose different framing strategies to legitimize new outsider CEO, and how the effectiveness of such framing strategies are determined. We build on human capital theory and framing perspective from social movements literature to propose that the difference between hiring firm's industry and the outsider CEO's previous industry background leads to different framing strategies. In addition, we focus on why some framings are effective or "resonate" while others are not by employing the notion of credibility of framing. The current study advances our understanding of how the uncertainty surrounding outsider CEO succession can be mitigated in the market by using appropriate framing strategies.

## Value Creation and Value Distribution Between the Firm and the Talented CEO

Valentina Della Corte, *University of Naples Federico II*

The paper's objective is that of analyzing the issue of value creation and value capture, that has been quite long discussed but still needs some more detailed work. The analysis regards CEOs' dynamic capabilities, value creation and its distribution between CEOs and the firms they work in. A theoretical model, developed within Resource-Based Theory, is proposed and tested on a sample of firms selected through cluster analysis in tourism industry. This, as service industry, is highly human capital intensive, also at the top level of the organization. Results show that it's necessary to distinguish among dynamic capabilities and in particular the aspects of causal ambiguity and social complexity, proposed through the VRIO framework seem to be relevant in the process of value creation and distribution.

### SESSION 169

## GLOBALIZATION, REGIONALIZATION AND AGGLOMERATION

<b>TRACK G</b>	<b>Date</b>	Wednesday, Nov 9
	<b>Time</b>	09:45 – 11:00 h
<b>Paper</b>	<b>Room</b>	Americana Salon 1

**Session Chair** Elitsa Banalieva, *Northeastern University*

## A Dynamic Perspective on International Clustering: Agglomeration versus Intercluster Cross-border Alliances

Anthony Goerzen, *Queen's University*  
Christopher Williams, *University of Western Ontario*

Economic agglomeration theory posits that physical proximity creates net benefits for firms. An alternative point of view is that close relations with geographically proximate firms limits exposure to the wealth of knowledge that circulates outside of the local cluster of firms. Recent research has suggested that interfirm alliances with distant firms can remedy this problem. This leads to local clusters establishing formal alliances with other clusters based in foreign countries. We develop a model of this emerging phenomenon based on the inherent tension that exists between firm participation in local and distant clusters and the incentives and opportunities present in these alternatives. We base our model using theory of economic agglomerations, interorganizational networks, and alliances.

## Chinese Small and Medium Enterprise Globalization

Ilan Alon, *Rollins College*  
Orly Yeheskel, *Academic College of Tel-Aviv Yaffo*  
Miri Lerner, *Academic College of Tel-Aviv Yaffo*

Recently, Chinese economic growth has been accompanied by rapid export growth. This growth has affected the Dragon multinationals and small new business enterprises that went global by using exports as their entry mode to foreign markets. China is evolving from the world's "production engine" to becoming involved in the internationalization of its companies. This paper deals with the internationalization of Chinese SMEs by comparing export trends and behavior in two different years. Comparing 2002 and 2006 GEM samples, we find an increase in global SMEs and a difference in the characteristics of the exporting companies. SMEs in 2002 are characterized by education and skills, a reduced fear of failure, and the scale of the new business, SMEs in 2006 were only characterized by education and scale of the business.

## Exploring Africa Strategies: Shadows of the Past or Hallmarks of Future Success

Patrick Reinmoeller, *Cranfield University*

After Hong Kong, Japan and South-Koreas rise, the rapid ascension of other emerging countries such as Brazil, China and India has become more prominent in the research on global strategy. Africa however has remained largely out of focus. This study contributes to the literature in strategic management and more specifically global strategy by i) presenting a review of the Africa-related literature, ii) capturing foreign direct investment (FDI) in form of more than 6500 mergers and acquisitions in Africa (1982-2010) and exploring Africa strategies as patterns that emerge on the levels of country, industry and firm. Finally, iii) this paper tests whether home country institutions are better predictors of such FDI strategies on the country, region and firm level than institutions in the target country. Results and implications for practice and research are presented.

## When Providing Incentives to Attract FDI is Unnecessary: Evidence from the Tourism Industry

Nicholas Bailey, *University of South Carolina*

This study investigates the utility in countries providing incentives in order to attract foreign direct investment (FDI). Building on resource-based theory, I argue that countries have competitive advantages in attracting industry-specific FDI when they benefit from unique resources that those firms from certain industries desire. Therefore, the need for these firms to receive incentives in order to entice them to invest will be greatly reduced. I test this argument analyzing investment by hospitality firms in 95 countries. Results indicate that countries with high levels of unique resources attract tourism FDI, regardless of the level of incentives.

### SESSION 240

## ORGANIZATIONAL STRUCTURES AND PROCESSES

<b>TRACK H</b>	<b>Date</b>	Wednesday, Nov 9
	<b>Time</b>	09:45 – 11:00 h
<b>Paper</b>	<b>Room</b>	Sundial

**Session Chair** Thomas Keil, *Aalto University*

## A Closer Look at Work Coordination: Modes and Aspects of Coordination

Swapnil Garg, *University of Florida*

This paper seeks to revisit one of the oldest concerns of organization theorist: how to organize work. The coordination perspective in the existing literature is reviewed and it is emphasized that the modes of coordination often get mixed up with aspects of coordination in the existing literature. To fill this gap, this paper identifies and distinguishes the different modes and aspects of coordination to arrive at a 3X4 matrix of how coordination is carried out in organizations. This model is then proposed to be used to throw up a preliminary set of unique propositions, which can go a long way in improving our understanding of how coordination of work is done.

## Boundaries to Complementarities in Professional Service firms

Edgar Ennen, *EBS University for Business and Law*

Ansgar Richter, *EBS University for Business and Law*

In this paper, we investigate complementarities among reputation, service specialization and leverage. We argue that an increase in any one of these factors will enhance the returns to an increase in the others. However, we question the conventional assumption that such complementarities, to the extent they exist at all, hold uniformly across all levels. We use a panel of German law firms (2003-2009) to test our arguments, employing three analytical techniques: random effects regression, a test of the supermodularity of the performance function, and graphical response

surface analysis. Our results show that reputation and specialization complement one another across all levels. In contrast, the complementarity between reputation and leverage holds only for unusually high levels of reputation, thus indicating a boundary to complementarity.

## Corporate Headquarters Change: Antecedents and Performance Implications

Sven Kunisch, *University of St. Gallen*

In his seminal study *Strategy and Structure*, Chandler (1962) turned the spotlight not only on the multi-business corporation but also on corporate headquarters. Since then scholars have explored a variety of phenomena related to this specific organizational entity. Yet, corporate headquarters change defined as changes in size and scope of corporate headquarters has received little attention thus far. This study aims at investigating antecedents and outcomes of corporate headquarters change. We argue that strategic change serves as an important antecedent to corporate headquarters change and that those corporations which adapt their corporate headquarters to changes in the business portfolio achieve superior performance. Rather counterintuitive, our findings contest previous conceptions of predominant inertial forces with respect to corporate headquarters. The study mainly contributes to corporate headquarters literature and to the classic strategy/structure debate.

## Do Corporate Initiatives Require Coordination?

Michael Boppel, *University of St. Gallen*

Thomas Keil, *Aalto University*

Christoph Lechner, *University of St. Gallen*

Strategic initiatives are frequently touted as a mechanism to overcome structural inertial and create flexibility in multi-business firms. Yet, empirical research suggests that these initiatives frequently fail to reach their goals. In this paper we identify limits to the autonomy of strategic initiatives and argue that the coordination of corporate initiatives through corporate initiative programs (outside of the operating structure) is able to provide benefits beyond the reach of alternative approaches. We further argue that coordination of initiatives along several succinct dimensions improve their impact in creating cross-business synergies. Our arguments contribute to literatures on horizontal coordination, strategic initiatives, heterogeneous goals and multi-business firms more generally.

### SESSION 285

## INNOVATION AND COLLABORATION INTERACTION

<b>TRACK I</b>	<b>Date</b>	Wednesday, Nov 9
	<b>Time</b>	09:45 – 11:00 h
<b>Common Ground</b>	<b>Room</b>	Triton

**Facilitator** Dovev Lavie, *Technion-Israel Institute of Technology*

## Diffusion Problems of Radical Sustainable Innovations in Ecosystems

Markus Seeberger, *University of St. Gallen*

This article contributes to the literature stream of diffusion theory and radical sustainable innovation management. The purpose of this article is to understand why the diffusion of radical sustainable innovations often is such a longsome and difficult process. I propose that an ecosystem perspective serves as an explanation for this phenomenon. I argue that radical sustainable innovations in ecosystems cannot be accomplished by a single organization and oftentimes require complementary innovations of other players. These interdependencies within the ecosystem mainly determine the diffusion rate of the focal innovation. Based on these considerations I then develop three propositions.



## Innovation Through Online Communities: Effects of Reward Size on Motivation and Contributions

Oguz Ali Acar, *Erasmus University - Rotterdam*

Jan Van den Ende, *Erasmus University - Rotterdam*

Scholars found that involving external sources to innovation process has significant influence on innovative performance of companies. One way of the involvement of external sources to innovation activities is opening up the innovation process to online communities. In this paper, we address the factors affecting the contributions of the members of online communities for innovation related tasks that are revealed to those members by companies. To that end, by building on recent psychology literature, a fine-grained conceptual model is developed for reward, motivation and contributions relationships in online communities for innovation related activities. In this way, this paper contributes to both innovation, online communities and psychology literatures. It also provides insights on how to effectively and efficiently obtain knowledge from online communities.

## Knowledge Ambidexterity and Performance Over Time: Local and Distant Knowledge Creation Within and Across Organizational Boundaries

Michiel Tempelaar, *Erasmus University - Rotterdam*

Vaereska Van de Vrande, *Erasmus University - Rotterdam*

Research has indicated performance benefits for firms that are able to combine local and distant knowledge types to synergetic effect. Traditionally, local and distant knowledge have been proposed similar to internal and external knowledge. We forgo this distinction and argue that such a dichotomy does not fully capture the nature of this knowledge and its sources. Building on research on ambidexterity, we propose and test a set of hypotheses that concern the long-term performance effects of combinations of internal, external and boundary-spanning local and distant knowledge types. Using a longitudinal data-set covering 23 years, we show that internal knowledge creation is detrimental for performance over time, whereas external knowledge creation and boundary spanning knowledge creation (internal local knowledge–external distant knowledge) have a positive effect on performance over time. These results have implications for research on ambidexterity and practitioners alike.

## Modeling Knowledge Sharing: Enablers of the Private-Collective Innovation Model

Helena Garriga, *Swiss Federal Institute of Technology Zurich*

Efe Aksüyek, *Swiss Federal Institute of Technology Zurich*

Knowledge sharing in conflict of interest context faces the problem of free riding and under-provision of collective goods. In such situations, inequity aversion and reciprocity may be considerations that impact actors' propensity to share knowledge. Particularly, in mixed incentive situations, such as in a model of private-collective innovation (PCI), the willingness to share knowledge needs to be further explored. We consider social preferences following the guidelines of Fehr and Schmidt (1999) using utility functions to interpret knowledge sharing. We simulate a PCI environment for knowledge sharing and compare our results with the extant results from previous studies. We investigate the role of social preferences on aversion to share, were actors' decisions are interdependent. We provide evidence that preferences matter in knowledge sharing.

## Striking Balance: Understanding Firm and User Participation in Collaborative Open Innovation

Helena Garriga, *Swiss Federal Institute of Technology Zurich*

Sebastian Spaeth, *Swiss Federal Institute of Technology Zurich*

Georg von Krogh, *Swiss Federal Institute of Technology Zurich*

This paper presents an empirical examination on the impact of firms' and communities' participation in knowledge creation in a multiple-firm open collaboration environment. Mobilization of communities is

important for innovation outcome in Collaborative Open Innovations (COI). Restrained or self-controlled behavior of firms in COI is understood as poised innovation by firms. We will show that poised innovation directly impacts innovation contributions. By self-controlling, restraining their behavior, by being poised, firms produce different effects. By resisting to fully over-take the project, they structure their collaboration with users in ways that signal to users more user utility. If they concentrate with other firms, or if they open up to others, they enable more contributions. This paper contributes to understand how firms benefit from synergies coming from COI.

### SESSION 302

## IMPACT OF DYNAMIC CAPABILITIES

### TRACK I

Date Wednesday, Nov 9

Time 09:45 – 11:00 h

### Paper

Room Poinciana Salon 1

### Session Chair

Martin Ihrig, *University of Pennsylvania*

## Buyer and Critical Supplier Capabilities Effects on Buyers' New Products: Multiple Strategies to Product Success

Beverly Tyler, *North Carolina State University*

Benn Lawson, *University of Cambridge*

Firms are relying increasingly on critical suppliers to support their product development efforts. We extend previous research by considering the effect of cooperative and technological capabilities held by buyers and their critical suppliers on buyers' new product advantage, and multiple strategies buyers can use to gain product advantage. Dynamic capability theory is combined with supply chain management and new product development literatures to propose that buyers with above average cooperative capabilities (supplier evaluation, supplier-specific absorptive capability, and supplier development) are more likely to gain new product advantage and new product success. We then theorize that critical supplier's capabilities (technical and creative problem solving) contribute to the buyer's product development project, which in turn results in greater buyer new product advantage relative to competitors' products. Finally, we theorize that under certain conditions, a buyer may substitute their capabilities and those of the supplier for a critical supplier's technical weaknesses.

## Do Spillovers or Dynamic Capabilities Drive Economic Growth? A Big Science Perspective

Max Boisot, *Ramon Llull University*

Agusti Canals, *Open University of Catalonia*

Martin Ihrig, *University of Pennsylvania*

Markus Nordberg, *CERN*

Chris Mabey, *Birmingham University*

The treatment of knowledge in endogenous growth theory appears to diverge from that put forward in the strategy literature in that it takes technological knowledge and knowledge embodied in human capital as alternatives whereas the resource-based view and the dynamic capabilities perspective each take them as complementary. In seeking to better understand the nature of the knowledge-based economy, we integrate the macro and micro perspectives using a conceptual framework, the Information-Space. We apply it in a case study of data capture and distribution in the ATLAS experiment at CERN and challenge the learning and spillover assumptions on which endogenous growth theory has built its analysis. The findings have strategy implications both for big science and knowledge-based firms.

## The Third Capability: Asset Reconfiguration, Renewal and Learning From Stakeholders in the Pharmaceutical Industry

Fotini Pachidou, *Swiss Federal Institute of Technology Zurich*  
Stefan Haeffliger, *Swiss Federal Institute of Technology Zurich*

With fundamental discoveries becoming rare in mature industries, the need to reconfigure existing assets receives more attention. The third dynamic capability focuses on the reconfiguration and renewal of existing assets and describes how such a reconfiguration may contribute to sustaining the performance of tangible and intangible assets (Teece, 2007). Sensing (exploring) and seizing (exploiting) represent the first two dynamic capabilities. The market for mature drugs offers variance in the success of asset renewal activity (the third capability) and we study the success of augmented product innovations in the treatment of Alzheimer's disease. Some of the postulated microfoundations of the third capability played a more pronounced role in the success of augmented product innovations: decentralization (open innovation) and knowledge management rather than co-specialization and governance.

### SESSION 303

## INNOVATION PERFORMANCE

<b>TRACK I</b>	<b>Date</b>	Wednesday, Nov 9
	<b>Time</b>	09:45 – 11:00 h
<b>Paper</b>	<b>Room</b>	Poinciana Salon 2
<b>Session Chair</b>	Denise Dunlap-Hinkler, <i>Northeastern University</i>	

### Breadth & Depth: How External Knowledge Sourcing Shapes Innovative Performance

Thomas Klueter, *University of Pennsylvania*  
Felipe Monteiro, *University of Pennsylvania*  
Denise Dunlap-Hinkler, *Northeastern University*

In spite of our overall understanding about the benefits associated with external knowledge sourcing, we lack an appreciation of how these external opportunities may lead to different types of innovation outcomes depending on how external knowledge is accessed. In this paper we argue that different forms of engagement among partnering firms will shape how these firms build knowledge sharing routines on both a formal and informal level and may increase a firm's innovative performance in different dimensions. We test our hypotheses in the global pharmaceutical industry using a unique database that tracks external knowledge sourcing and drugs in development by the largest pharmaceutical companies between 1997 and 2006. Our hypotheses are largely supported.

### Deviating Innovations and Evaluation Bias

Xuesong Geng, *Singapore Management University*

This paper examines the perceptual bias of securities analysts in valuating public firms' innovative activities. It suggests that the valuation is through the prism of the firms' industrial categorization, which may loosely map the technological interrelationship between firms. I argue that the reliance on categorical expectation of an industry as information cues in evaluating a firm's innovative activities may reduce the evaluators' capabilities to adequately assess the value-relevance of innovations that deviate from the technological norm in the industry. I use US patents data to test whether deviating innovations increase the absolute forecast errors in security analysts' reports. I further argue that such bias can be alleviated in diversified firms or in fast changing industries, which both reduce the reliance of evaluators on categorical information.

## Innovation Project Portfolio Management: An Inductive Study of Success Factors and Key Performance Drivers

Martin Lerch, *EBS University for Business and Law*  
Patrick Spieth, *EBS University for Business and Law*

This paper traces the key performance drivers of innovation project portfolio management (IPPM). In an inductive study of IPPM, we develop a hypotheses framework on how to increase the performance of IPPM. Performance is measured according to value maximization, balance, strategy alignment and resource fit of the innovation project portfolio. We develop the hypotheses framework based on a comprehensive literature review and interviews in 20 companies. Drawing on the theory of dynamic capabilities we identify what methods and capabilities in IPPM possibly contribute to a company's ability to evaluate, select and prioritize innovation projects and to compose an innovation project portfolio addressing the company's objectives. We aim at a company's capability to manage innovation projects effectively and efficiently according to a complex and dynamic world.

## The Relationship Between Academic Knowledge Structure, Invention Knowledge Structure, and Invention Performance: A Longitudinal Study

Fiona Xiaoying Ji, *Virginia Tech*  
Donald Hatfield, *Virginia Tech*  
William Lamb, *Ohio University*  
Linda Tegarden, *Virginia Tech*

This study builds upon recent work related to "knowledge structures" by comparing two critical elements of a technology-oriented firm's knowledge base: academic knowledge (as captured in research publications) and invention knowledge (as captured in patent activity). Using the context of the emerging fiber optics industry (1970-1982), we test the relationship between firms' knowledge structure and their invention productivity. Focusing on the 20 most research-productive organizations, we examine the role of academic knowledge structure over time, and contrast it with the often-measured, and sometimes criticized, invention knowledge structure. This research not only examines knowledge structures in an emerging industry context, but also informs the ongoing debate about the usefulness of patent-based knowledge measures.

### SESSION 191

## FIRMS, INDUSTRIES AND MARKETS: MULTI-LEVEL PERSPECTIVES ON ENTREPRENEURSHIP AND STRATEGY

<b>TRACK K</b>	<b>Date</b>	Wednesday, Nov 9
	<b>Time</b>	09:45 – 11:00 h
<b>Common Ground</b>	<b>Room</b>	Periwinkle
<b>Facilitator</b>	Michael A. Hitt, <i>Texas A&amp;M University</i>	

### All the Right Moves: How Entrepreneurs Compete Effectively in New Markets

Henning Piezunka, *Stanford University*  
Riitta Katila, *Stanford University*

We examine competitive strategies by which firms achieve superior performance. We focus on entrepreneurial firms and new markets. Based on 32 longitudinal runs of an experiential simulation and in-depth participant interviews, we find that entrepreneurial firms require different competitive strategies to be successful than established firms: In old markets, entrepreneurial firms should explore but established firms exploit. In new markets, a strategy that simultaneously explores and exploits is particularly effective for entrepreneurial firms. Moreover, we find that product R&D and market entry moves that explore the old-market landscape significantly enhance performance of entrepreneurial firms. In contrast, exploitative process R&D moves enhance performance of established firms in old markets while market exit moves hurt. Differences also emerge in new markets.





## Deciding Where to Search: The Impact of Organizational Attention on Search Space

Nilanjana Dutt, *Duke University*

Before starting a new activity, firms typically start by identifying relevant information through a search (Nelson & Winter, 1982). By drawing from evolutionary theory, scholars have demonstrated differences in search breadth and depth (Katila & Ahuja, 2002; Rosenkopf & Nerkar, 2001). However, scholars still do not understand differences in how firms identify where to search or the “search space.” This paper demonstrates differences in where firms search for solutions or the search space; and suggests that in understanding strategies for engaging in new activities, the search space is important. Furthermore, search space is shown to be predicted by organizational attention (Ocasio, 1997). These ideas are tested using a dataset of 95 North American utilities firms considering entry into the renewable electricity market.

## Do Entry Regulations Deter Entrepreneurship and Job Creation? Evidence from Recent Reforms in Portugal

Lee Branstetter, *Carnegie Mellon University*  
Francisco Lima, *Technical University of Lisbon*  
Lowell Taylor, *Carnegie Mellon University*  
Ana Venancio, *Carnegie Mellon University*

Recent research suggests that reducing entry requirements promotes firm and job creation, but little is known about the characteristics of the firms and jobs created through these reforms. We employ data from Portugal, a country which implemented one of the most dramatic deregulation reforms. We use a matched employer-employee database that provides unusually rich information on the founders and employees associated with the new firms. Our assessment indicates that the reform resulted in increased firm formation and employment, but mostly among marginal firms that would have been most readily deterred by existing entry regulations. These marginal firms were typically small, owned by relatively poorly-educated entrepreneurs, operating in the low-tech sector and less likely to survive their first two years.

## Strategy, Entrepreneurship and Industry: Towards a Co-Evolutionary Cycle

Brian Philip Massey, *Trinity College Dublin*  
James Quinn, *Trinity College Dublin*

Strategy, entrepreneurship, industry – originally viewed as discrete fields with little interaction, such isolationist perspectives have given way to renewed appreciation of the benefits of multi levelled and integrated understanding. Momentum for convergence has been growing; however progress seems at an impasse due to difficulty in creating ample dialogue between literatures. In response to this, a multi levelled combinational framework is proposed, which seeks to connect the levels of interest by overlapping them as processes. Integrating this with a co-evolutionary capability based perspective and shaping around the four central aspects of opportunity, entrepreneurial strategy, business model and industry architecture, the new framework emerges. It is hoped that this framework will provide the basis for more comprehensive dialogue and aid advancement in future research as a result.

## The Demand-Side Dynamics of Entrant Heterogeneity

Lalit Manral, *University of Central Oklahoma*

This paper reports the outcomes of a scholarly inquiry into the demand-side determinants of entrant heterogeneity along an industry's evolutionary path. The theoretical arguments contained herein – are grounded in the entry literature in Strategy/ IO and – contribute to a nascent stream within the literature of strategic entrepreneurship that focuses on the environmental determinants of entrepreneurial entry. The entry-inducing effects of increasing and fragmenting industry demand – due to the investment actions of incumbents – provides entry opportunities to firms that differ from incumbents in their strategic choices and therefore do not directly compete with the incumbents. The theoretical description of

dynamically evolving demand structure provides the context to ground our novel hypotheses concerning three types of entrant heterogeneity – wherein later entrants differ from incumbents in decisions concerning their vertical, product and geographic scope.

## Theories of the Firm and Their Value Creation Assumptions

Jeroen Kraaijenbrink, *University of Twente*  
JC Spender, *Lund University*

Strategy literature supplies over twenty different theories of the firm (ToFs). This paper asks why we need so many. Our review reveals that each ToF provides a different explanation of how firms create value. We conclude that we need various ToFs because firms in practice also differ in how they create value. This conclusion has four implications. First, it implies shifting the locus of the ToF debate towards the question of what value firms create. Second, if there were a single ToF, it is a contingency theory with value creation as contingency factor. Third, emphasizing value creation activities helps making ToF predictions more specific. Finally, since value creation involves economic and ethical aspects, it implies that ToFs also account for normative aspects of business.

### SESSION 229

## TURNOVER AND MOBILITY

### TRACK L

**Date** Wednesday, Nov 9  
**Time** 09:45 – 11:00 h  
**Room** Moon

### Paper

**Session Chair** Anthony Nyberg, *University of South Carolina*

## A Bridge to Somewhere: A Multi-level Theoretical Approach and Empirical Examination of Collective Turnover and Subsequent Group Performance

Anthony Nyberg, *University of South Carolina*  
Greg Reilly, *University of Connecticut*  
Ingo Weller, *University of Munich*

Through the use of multilevel theory, we develop a holistic model of collective turnover that generates new insights and provides a mechanism for approaching future turnover research. We adopt a meso-level approach to develop a theoretically grounded understanding of the causal mechanisms that bridge the gap in our knowledge regarding how individual turnover has collective level consequences. Our model then describes how group dynamics necessitates that individual level turnover has a multiplicative effect rather than an aggregate human capital effect. Collective level turnover, which can be thought of as originating at the individual level, is transformed to create collective phenomena. The model also furthers our understanding regarding how time alters the turnover impact. The model challenges conventional assumptions and extends turnover scholarship in multilevel directions.

## ★ ♣ Competing Over Whom Your Customers Hire: The Other Talent War

Seth Carnahan, *University of Maryland*  
Deepak Somaya, *University of Illinois-Urbana Champaign*

Research adopting human and social capital lenses has extensively studied how firms gain competitive advantages by hiring employees from other firms. By contrast, we examine the competition over hiring by partner (specifically buyer) firms. We study how a supplier is affected when buyer firms hire from the supplier and the supplier's competitors. Using data on mobility between patent law firms and their Fortune500 clients, we find that buyers' hiring from a supplier's competitors reduces the business they provide to the focal supplier. Geographic proximity and turnover in the buyer firm intensify this relationship, whereas simultaneous hiring from the focal supplier weakens it. The paper thus unpacks a key mechanism – firm alumni – through which supplier firms compete over relationships with buyer firms.

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## Structural Holes and Individual Flexibility at Work: Understanding the Strategic Human Capital in Project-Based Settings

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Paolo Boccardelli, *LUISS Guido Carli University*

This paper seeks to shed more light on the relationship between individual flexibility and the structural holes seen that both of these constructs have not received a deeply investigation in the strategic human capital literature. In detail, we will investigate these issues in the project-based organizations where the projects are based on more or less stable relational networks, which often involve the same group of individuals. In the light of this, the aim of this paper is twofold: clarifying the individual flexibility construct and the role of network structure in order to advance our knowledge in the strategic human literature.

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## The Human Side of Routines: The Role of Human Capital in the Formation of Intellectual Capital

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While the roles of social capital and knowledge in firm performance have been much investigated in recent literature, the individual level properties that underlie the development of knowledge in firms has received comparatively little attention. In this study, we examine the proposition that college education enables individuals to better form and evolve routines with others in the firm, thus leading to the formation of firm-level knowledge and increased performance. The results help to explain the willingness of employers to subsidize the acquisition of general human capital such as a college degree, in addition to clarifying the relationships between human, social, and intellectual capital.

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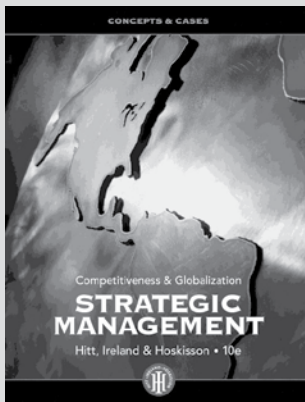
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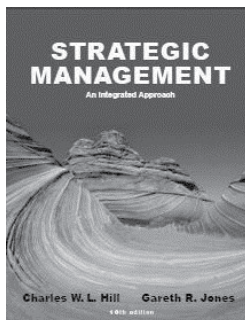
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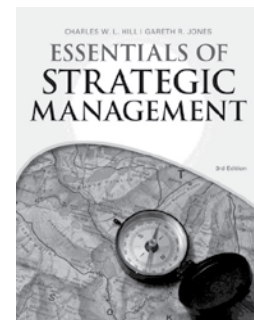
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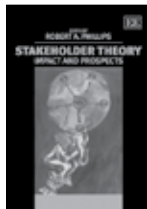
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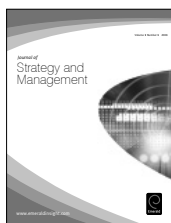
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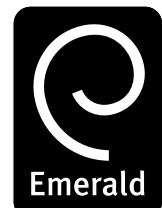
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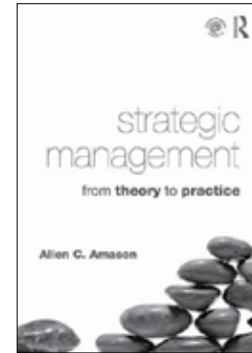
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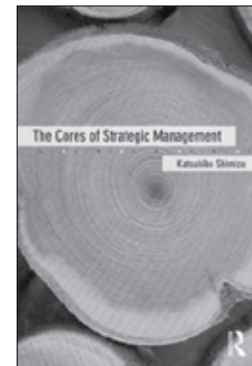


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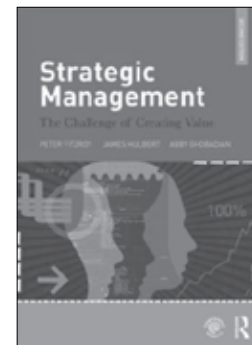


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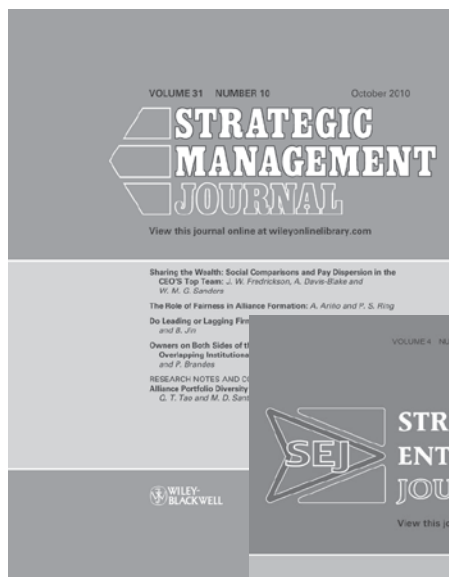
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