

SMS 32nd ANNUAL INTERNATIONAL CONFERENCE

PRAGUE

October 6–9, 2012



STRATEGY IN TRANSITION

CONFERENCE PROGRAM



Strategic Management Society

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Dear colleagues,

A warm welcome to Prague and the 32nd Annual Meeting of the Strategic Management Society!

Few places embody the notion of our conference theme “Strategy in Transition” better than Prague, whose citizens, during the Prague Spring of 1968, triggered a chain of events that few people in business and society could have envisioned. We have designed a program that we are sure you will find intellectually stimulating and professionally rewarding. The transition theme will be reflected in three specific tracks as well as in the content of a large number of plenary and showcase panel sessions that will tackle the challenges of strategy research and teaching within the context of institutional, sectorial, and business model changes taking place in the world economy.

As this program goes to press, we have over 1,000 registered participants from more than 47 countries who will present their work or listen to other scholars’ research. With more submissions and sessions than ever before, we owe much to the 16 track directors and over 600 reviewers who worked hard to select proposals and to create an excellent program. This effort has resulted in a most impressive set of panel sessions, paper presentations, and common ground discussions which you will be able to attend over the next few days.

Let us draw your attention to some highlights of our Prague agenda:

- We will kick off the conference with an opening plenary panel discussion on the conference theme. **Andreas Treichl** (CEO, Erste Bank Group) and **Josef Waltl** (President, European Petroleum Industry Association and former EVP at Royal Dutch Shell) will discuss the transitional challenges encountered by executives of two major western companies that pioneered the way into Central Eastern Europe. This session will lay the groundwork for the discussions that will take place in many sessions over the next three days.
- In a second plenary on Monday morning, we will honor **Carlos Ghosn** (CEO, Renault-Nissan) for his lifetime achievements. Carlos needs no introductions since his work on the integration of two great companies with very different cultures has become a management textbook case study.

In addition to these plenary sessions, we compiled number of fascinating showcase panels all related and revolving around the main conference theme.

On Sunday afternoon, a panel on Business School Deans, moderated by **JT Li** (HKUST) and **Igor Filatotchev** (City University London), looks into business schools in transition. This panel will include **Leonard Cheng** (Dean, HKUST) and **Valery Katkalo** (Dean, St. Petersburg State University).

On Monday, we continue with a number of panels including Open Strategizing: Lessons From the Outliers with **Julian Birkinshaw** (London Business School), **Timo Santalainen** (Aalto University), **Markku Nordberg** (CERN), and **Richard Whittington** (Oxford University). In addition, a panel on Transitioning Towards Sustainable Enterprise Models will include **Will Mitchell** (Duke University), **Joan Eric Ricart** (IESE Business School), **Tim Devinney** (University of Technology-Sydney), and **Chris Zott** (IESE Business School). Finally, **Bala Chakravarth** (IMD), **Dorje Mundle** (Novartis), and **Allan Pamba** (GlaxoSmithKline) will look at transitions in the Pharmaceutical Industry.

On Tuesday morning, co-chair **Ondrej Landa** will moderate a session on Driving Transition Strategies: Enhancing Entrepreneurial Spirit in Large Corporations. Panelists will include **Ivan Pilný** (CZ Lion’s Den), **Jan Mühlfeit** (Chairman, Microsoft Europe), **Petr Šmida** (Chairman, Russia’s Alfa Bank), and **Jan Zadak** (President, EMEA Enterprise Services at Hewlett-Packard).

In a second showcase panel, **Michael Jacobides** (London Business School) discusses with **Tassos Giannitsis** (former Minister of the Interior and Chief Economic Advisor to the PM, as well as the Chairman of Hellenic Petroleum), **Kyriakos Mitsotakis** (MP of the ND Party), **Dionisis Spinellis** (Former Secretary General of the Ministry of Finance), and **Elias Drakopoulos** (Chief Operating Officer, OTE) the question of how to deal with the Euro-crisis.

A “Meet the Editors” session involving **Ed Zajac** (Strategic Management Journal), **Steven Tallman** (Global Strategy Journal), **Jim Robins** (Long Range Planning), and **Mike Wright** (Strategic Entrepreneurship Journal) will be moderated by **Bill Judge** (Old Dominion University) and **Igor Filatotchev** (City University London).

Our social engagements include an opening reception that will take place from 19:00 – 21:00 on Saturday evening. A spectacular gala dinner will take place on Monday evening in the historic Prague Castle, a seat of Bohemian kings and German emperors throughout the centuries. A cocktail reception at 19:00 will close our social agenda on Tuesday evening.

Finally, we would like to thank you for joining us here in Prague. Special thanks go to all the reviewers, presenters, keynote speakers, panellists, and Interest Group chairs. Again, we hope you will enjoy this conference and we bid you a hearty welcome to Prague!

Björn Ambos
Igor Filatotchev
Ondrej Landa
Program Co-Chairs



Dear Conference Participant:

It is our pleasure to welcome you to the 32nd Annual International Conference of the Strategic Management Society here in the enchanting city of Prague. Home of the "Velvet Revolution" in 1989, Prague is the perfect city to host international conversations on this year's conference theme: *Strategy in Transition*. Our four conference tracks and twelve Interest Group tracks include the best of the hundreds of proposals that were submitted for presentation at the conference. In addition, our Program Co-Chairs, Bjorn Ambos, Igor Filatotchev, and Ondrej Landa, have organized a set of exciting plenary and showcase panel sessions. Our Prague Extensions—one-day topical workshops held before and after the conference—have been organized at academic institutions in Austria, the Czech Republic, Germany, Lithuania, and The Netherlands.



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

We are pleased to announce that the SMS continues to grow. The Prague conference is our largest conference yet. We also continue to expand our list of Interest Groups to reflect the diverse interests of our members. This year, two new IGs have been added: the Cooperative Strategy Interest Group and the Teaching Community. We also continue to expand and refine our awards program, and we are happy to announce that the SMS Lifetime Achievement, SMS Emerging Scholar, and CK Prahalad Distinguished Scholar-Practitioner Awards will all be presented at this meeting.

The SMS is a growing and dynamic organization. We encourage you to stay in touch with all the latest developments by visiting the SMS website, by attending the SMS Business Meeting that will be held here at this Conference, and by coming to the Awards Luncheon where we will give a brief State of the SMS presentation.

We hope you have an enlightening and enjoyable conference, and please, experience all the delights Prague has to offer!



Jay Barney
President

Nikolaus Pelka
Executive Director



Jay Barney
University of Utah
President



Pamela Barr
Georgia State University



Margaret Peteraf
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Javier Gimeno
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Steven Floyd
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Treasurer



Africa Ariño
IESE Business School



Marjorie Lyles
Indiana University



Nikolaus Pelka
Strategic Management Society
Executive Director



Robert Burgelman
Stanford University

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 Duhaimé & Carl W Stern
Associate Chair: Javier Gimeno

2006 VIENNA

Strategy and Governance in a World of Institutional Change
Program Co-Chairs: Javier Gimeno & Jens Schaedler
Associate Chair: Peter Ring

2007 SAN DIEGO

The Challenges of Non-Market Influences on Market Strategies
Program Chair: Peter Ring
Associate Chair: Thomas Mellewigt

2008 COLOGNE

How Does Knowledge Matter?
Program Chairs: Thomas Mellewigt & Bolko von Oetinger

2009 WASHINGTON DC

Strategies in an Uncertain World
Program Chairs: Marjorie Lyles & Jeffrey Reuer

2010 ROME

Strategic Management at the Crossroads
Program Chairs: Giovanni Battista Dagnino, Rosario Faraci, Gianmario Verona, & Maurizio Zollo

2011 MIAMI

Strategies for a Multi-Polar World: National Institutions And Global Competition
Program Chair: Jose de la Torre
Associate Program Chair: Aya Chacar



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

Dan and Mary Lou Schendel Best Paper Prize

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

SMS Emerging Scholar Award

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

CK Prahalad Distinguished Scholar-Practitioner Award

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

SMS Lifetime Achievement Award

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

SMS Best Conference Paper Prize

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

SMS Best Conference Paper Prize for Practice Implications

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

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 conferences, served as a program chair of a past conference, served as a Board member of the Society, have been elected to the SMS Fellows or have served as an Editor or Co-Editor of an SMS journal. As a sign of recognition and appreciation, a golden SMS logo is added to the conference name badges of these individuals. The names of the Friends of the SMS are also displayed during the program intermissions on the projections screens of the plenary hall at the conference.

★ SMS BEST CONFERENCE PAPER PRIZE

The following ten papers have been selected as finalists out of 51 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 L | SESSION 144 | 08:00-09:15

Dancing With the Stars: How Talent Shapes Firm Performance
Bo H. Eriksen, *University of Southern Denmark*

MONDAY

TRACK A | SESSION 220 | 09:30-10:45

Dining and Drinking with Government Officials: Organizational and Environmental Determinants of Political Networking during Transition

Pei Sun, *Fudan University*
Jianjun Zhang, *Peking University*
Kamel Mellahi, *University of Warwick*

MONDAY

TRACK K | SESSION 180 | 09:30-10:45

Hocus-Pocus: The Shareholder-Value Effects of Delusive Payouts by Specialized and Diversified Firms

Guilhem Bascle, *Catholic University of Louvain*

MONDAY

TRACK L, M | SESSION 138 | 13:30-14:45

Status, Careers, and Competitive Advantage

Matthew Bidwell, *University of Pennsylvania*
Shinjae Won, *University of Pennsylvania*
Roxana Barbulescu, *McGill University*
Ethan Mollick, *University of Pennsylvania*

TUESDAY

TRACK K | SESSION 164 | 08:00-09:15

Keeping Control in Newly Public Firms: Implications on Performance, Capital Structure and Dividend Policy

Asma Fattoum, *EMLYON Business School*
Frederic Delmar, *EMLYON Business School*

TUESDAY

TRACK L | SESSION 141 | 14:15-15:30

The Influence of Consultants on Performance: Evidence from the Bordeaux Wine Industry

Jerome Barthelemy, *ESSEC Business School*

TUESDAY

TRACK E | SESSION 62 | 15:45-17:00

Do Managers Face a Uniqueness Paradox in Crafting Corporate Strategy within Strategic Factor Markets: Evidence from Mergers and Acquisitions

Lubomir Litov, *Washington University - St. Louis*
Todd Zenger, *Washington University - St. Louis*

TUESDAY

TRACK F | SESSION 253 | 15:45-17:00

When Does Related Diversification Destroy Value?

Luis Diestre, *IE University*
Juan Santalo, *IE University*

TUESDAY

TRACK G | SESSION 38 | 17:30-18:45

Board Composition in International Joint Ventures

Ilya Cuypers, *Singapore Management University*
Gokhan Ertug, *Singapore Management University*
Jeffrey Reuer, *Purdue University*
Ben M. Bensaou, *INSEAD*

TUESDAY

TRACK K | SESSION 168 | 17:30-18:45

Managing Ambiguity: Growing a New Business in a Nascent Industry

Tiona Zuzul, *Harvard University*
Amy Edmondson, *Harvard University*



SMS BEST CONFERENCE PAPER FOR PRACTICE IMPLICATIONS AWARD

The following five papers have been selected as finalists out of 31 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 J | SESSION 16 | 08:00-09:15

Breakdowns in Strategizing: Circumspective Deliberation, Discernment, and Habitual Responding

Robert Demir, *Stockholm University*
Ali Yakhlef, *Stockholm University*

TUESDAY

TRACK F | SESSION 86 | 14:15-15:30

Do Firms Really Allocate Capital So Inefficiently?

Carl Vieregger, *Washington University-St. Louis*

TUESDAY

TRACK L | SESSION 141 | 14:15-15:30

What Do I Take with Me?: Spin-out Team Characteristics and Parent and Spin-out Firm Performance

Rajshree Agarwal, *University of Maryland*
Benjamin Campbell, *Ohio State University*
April Franco, *University of Toronto*
Martin Ganco, *University of Minnesota*

TUESDAY

TRACK I | SESSION 239 | 17:30-18:45

The Paradox of Static and Dynamic Ambidexterity

Johannes Luger, *University of St. Gallen*
Sebastian Raisch, *University of Geneva*

TUESDAY

TRACK N | SESSION 47 | 17:30-18:45

Mitigating Transaction Hazards of Inter-firm Alliances: The Interplay of Governance Form and Contractual Complexity

Evila Piva, *Polytechnic University of Milan*
Massimo Colombo, *Polytechnic University of Milan*
Stephanie Schleimer, *Griffith University*

✿ SMS BEST CONFERENCE PhD PAPER PRIZE

The following 10 papers have been selected as finalists from 81 nominated papers for this award. You will find these papers indicated throughout the program. The five winning papers will be announced at the Tuesday Awards Luncheon.

SUNDAY

TRACK O | SESSION 107 | 15:15-16:30

Executive Learning in Corporate Development: Evidence from Corporate Acquisitions

Philipp Meyer-Doyle, *University of Pennsylvania*

MONDAY

TRACK N | SESSION 50 | 09:30-10:45

Should Firms Balance Arm's Length and Embedded Ties? The Role of Partner Selection Motives

Murat Tarakci, *Erasmus University - Rotterdam*

MONDAY

TRACK K | SESSION 169 | 13:30-14:45

Making Sense of Performance Heterogeneity Among Entrepreneurial Spinoffs: A Natural Experiment Involving a Complete Population

Richard Hunt, *University of Colorado-Boulder*
Daniel Lerner, *University of Colorado-Boulder*

MONDAY

TRACK K | SESSION 169 | 13:30-14:45

Failure of Competitor Firms and the Mobility and Entrepreneurship of Employees of Healthy Organizations

Seth Carnahan, *University of Maryland*

MONDAY

TRACK O | SESSION 214 | 13:30-14:45

Being Too Positive? The Effect of Positive Emotions on Stock Market Reaction

Wei Guo, *Hong Kong Polytechnic University*

TUESDAY

TRACK A | SESSION 153 | 08:00-09:15

Psychological Bases of Social Assets: Implicit Bias in Stigmatized and High Status Organizations

Marco Clemente, *HEC-Paris*

TUESDAY

TRACK K | SESSION 164 | 08:00-09:15

Keeping Control in Newly Public Firms: Implications on Performance, Capital Structure and Dividend Policy

Asma Fattoum, *EMLYON Business School*
Frederic Delmar, *EMLYON Business School*

TUESDAY

TRACK H | SESSION 93 | 17:30-18:45

Strategy Making in Unfamiliar Environments: Towards a Dual Process Theory of the Complementary Power of Pattern-Matching and Simulating

Emmanuelle Reuter, *University of St. Gallen*

TUESDAY

TRACK I | SESSION 239 | 17:30-18:45

The Paradox of Static and Dynamic Ambidexterity

Johannes Luger, *University of St. Gallen*
Sebastian Raisch, *University of Geneva*

TUESDAY

TRACK K | SESSION 168 | 17:30-18:45

Managing Ambiguity: Growing a New Business in a Nascent Industry

Tiona Zuzul, *Harvard University*
Amy Edmondson, *Harvard University*



SMS EMERGING SCHOLAR AWARD 2012

The recipient of the 2012 SMS Emerging Scholar Award presents and discusses current research.

MONDAY

TRACK S | SESSION 278 | 16:30–17:45

SMS Emerging Scholar Presentation

2012 SMS Emerging Scholar

Dovev Lavie, *Technion-Israel Institute of Technology*

Panelists

Javier Gimeno, *INSEAD*

Marjorie Lyles, *Indiana University*

Jeffrey Reuer, *Purdue University*

Harbir Singh, *University of Pennsylvania*

CK PRAHALAD DISTINGUISHED SCHOLAR-PRACTITIONER AWARD

The recipient of the 2012 CK Prahalad Award is participating in this session.

SUNDAY

TRACK T | SESSIONS 282 | 08:00–09:15

Lessons from a Life Spent in the Field of Strategy

Session Chair

Jay Dial, *Ohio State University*

Panelists

Jay Barney, *University of Utah*

Nitin Nohria, *Harvard University*

SMS LIFETIME ACHIEVEMENT AWARD

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

MONDAY

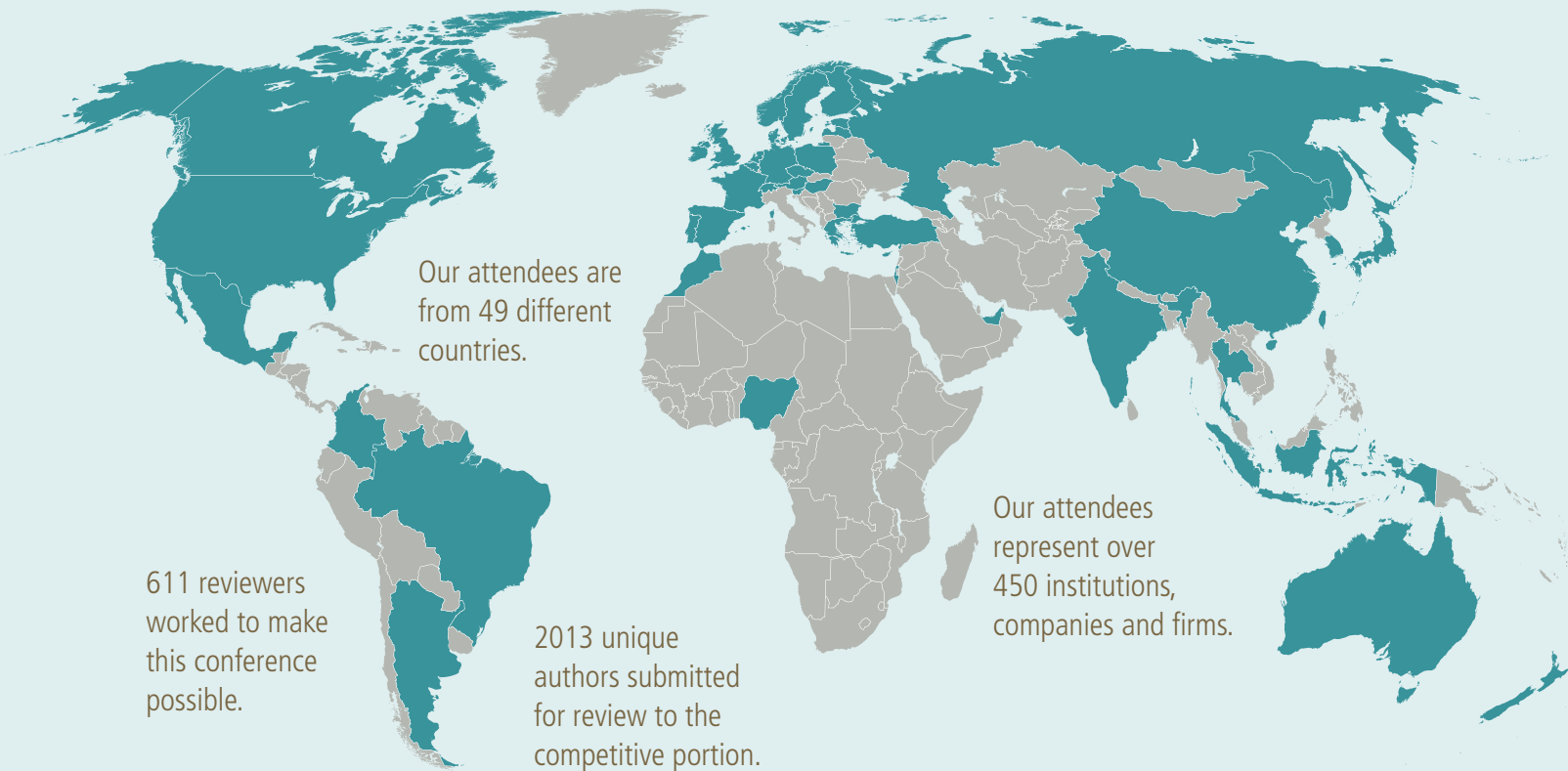
TRACK P | SESSION 69 | 11:15–12:15

SMS Lifetime Achievement Award Honoring Carlos Ghosn

Carlos Ghosn, *Renault-Nissan*

REGISTERED ATTENDEES DISTRIBUTION

The countries printed in blue indicate the geographical distribution of this year's conference attendees. All data is of September 13, 2012.



CONFERENCE STATISTICS

Total number of competitive sessions

Paper	107
Common Ground	45
Panel	7

Total number of non-competitive sessions

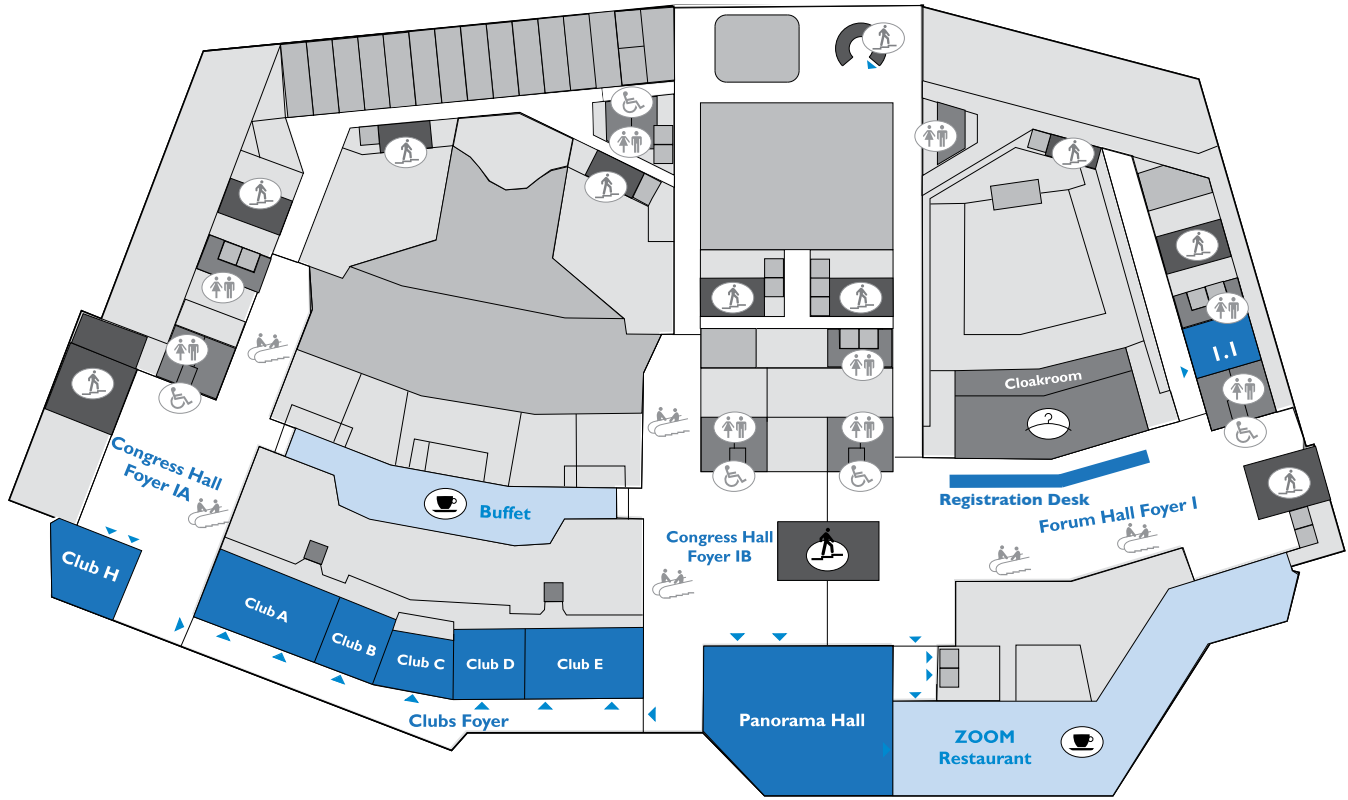
Interest Group	35
Showcase Panels	6
Plenaries and Keynotes	2
Workshops	8

ATTENDEES BY REGION

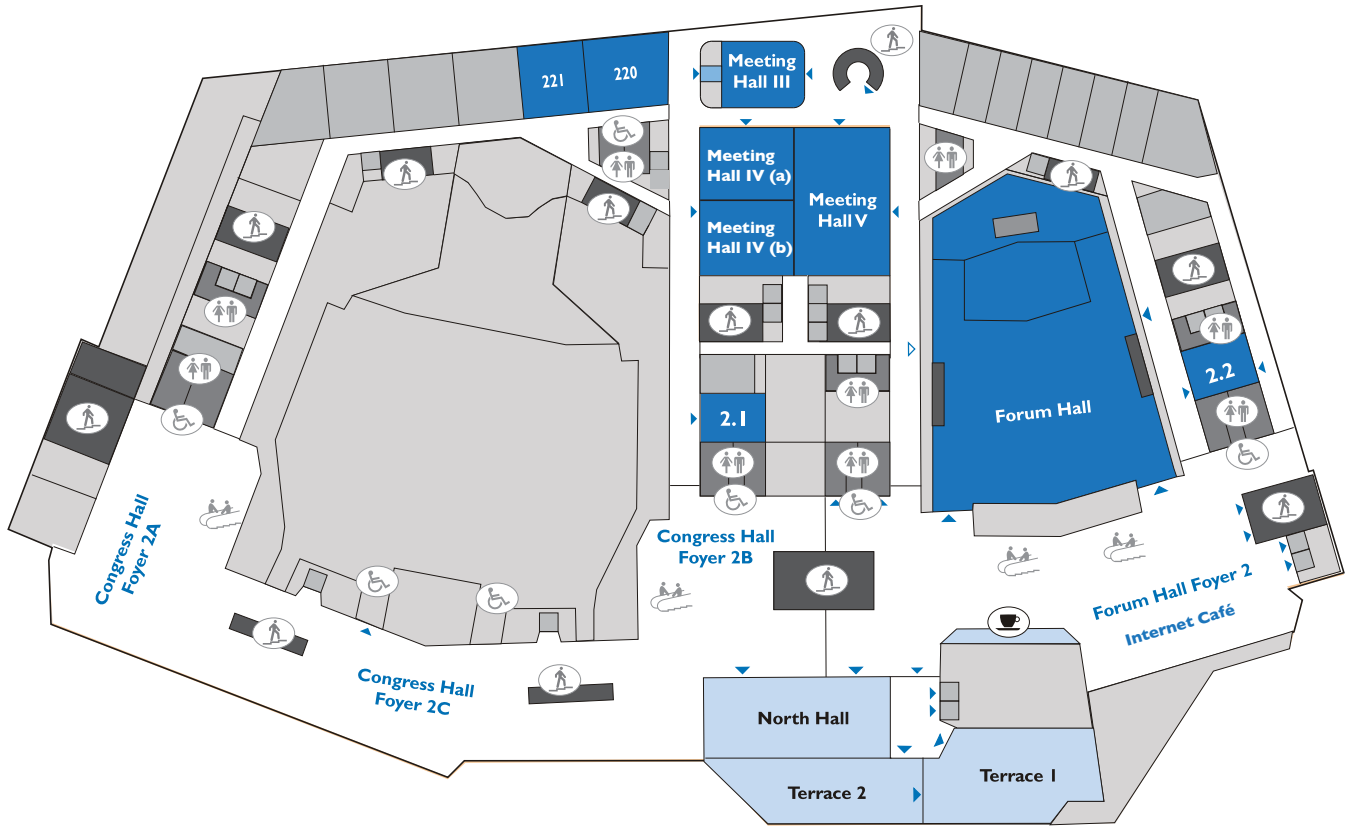
	Conference Attendees By Region		Conference Presenters By Region	
North America	35%	368	35%	293
Europe	52%	537	53%	442
Asia	8%	81	8%	64
Australia/New Zealand	2%	26	2%	14
Middle East	>1%	10	>1%	7
Latin America	1%	16	1%	14
Africa	>1%	3	>1%	1
		<u>1,041</u>		<u>835</u>



LEVEL ONE



LEVEL TWO



Recommended Dress

Business casual attire is recommended for all conference sessions.

Monday Evening Event

We hope you join us for an evening at Prague Castle! Conference attendees will enjoy a unique dining experience in the Spanish Hall, which has been the most important stateroom of the New Palace of Prague Castle since its origin at the beginning of the 17th century. Attendees will also be treated to an organ concert in St. Vitus Cathedral, which is the largest cathedral in Prague. Its spires are one of the dominant features of the city skyline. The dress for this event is business casual & conference name badges are required for entrance into the event.

Name Badges

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

Name Tents

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

Exchange of Handouts and Presentations

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

No Smoking Policy

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

Internet Café

There will be an internet café located in the Forum Hall Foyer on Level 2 of the Congress Center.



Save the Date

Strategy and Sustainability

PROGRAM CHAIRS

Pamela Barr
Georgia State University

Frank T. Rothaermel
*Georgia Institute of
Technology*

LEARN MORE AT
atlanta.strategicmanagement.net



SATURDAY, OCTOBER 6, 2012

19:00 — 21:00 Welcome Reception

SUNDAY, OCTOBER 7, 2012

08:00 — 09:15 Interest Group Sessions

09:30 — 10:45 Interest Group Sessions

10:45 — 11:15 Coffee Break

11:15 — 12:30 Interest Group Sessions

12:30 — 13:30 Luncheon

13:45 — 14:45 Plenary: Pioneering the Way
Towards the East: Early Entry and
Transition Challenges

14:45 — 15:15 Coffee Break

15:15 — 16:30 Parallel Paper/Common Ground/
Panel Sessions

16:45 — 18:00 Interest Group Business Meetings

18:15 — 19:00 SMS Business Meeting

19:00 — 21:00 Evening on Your Own

MONDAY, OCTOBER 8, 2012

08:00 — 09:15 Parallel Paper/Common Ground/
Panel Sessions

09:30 — 10:45 Parallel Paper/Common Ground/
Panel Sessions

10:45 — 11:15 Coffee Break

11:15 — 12:15 SMS Lifetime Achievement Award
Honoring Carlos Ghosn

12:15 — 13:15 Luncheon

13:30 — 14:45 Parallel Paper/Common Ground/
Panel Sessions

15:00 — 16:00 Showcase Panels

16:00 — 16:30 Coffee Break

16:30 — 17:45 Parallel Paper/Common Ground/
Panel Sessions

19:00 — 22:00 Monday Night Event

TUESDAY, OCTOBER 9, 2012

08:00 — 09:15 Parallel Paper/Common Ground/
Panel Sessions

09:30 — 10:30 Showcase Panels

10:30 — 11:00 Coffee Break

11:00 — 12:15 Parallel Paper/Common Ground/
Panel Sessions

12:15 — 14:00 Awards Luncheon

14:15 — 15:30 Parallel Paper/Common Ground/
Panel Sessions

15:45 — 17:00 Parallel Paper/Common Ground/
Panel Sessions

17:00 — 17:30 Coffee Break

17:30 — 18:45 Parallel Paper/Common Ground/
Panel Sessions

19:00 — 20:00 Closing Cocktail Reception



MY SCHEDULE OVERVIEW

SATURDAY OCTOBER 6, 2012				
19:00 – 21:00	Welcome Reception			
SUNDAY OCTOBER 7, 2012				
08:00 – 09:15	Interest Group Session I	SESSION	ROOM	PAGE #
09:30 – 10:45	Interest Group Session II	SESSION	ROOM	PAGE #
10:45 – 11:15	Coffee Break			
11:15 – 12:30	Interest Group Session III	SESSION	ROOM	PAGE #
12:30 – 13:30	Luncheon			
13:45 – 14:45	Plenary Panel I: Pioneering the Way Towards the East: Early Entry and Transition Challenges			
14:45 – 15:15	Coffee Break			
15:15 – 16:30	Parallel Paper/ Common Ground/ Panel Sessions	SESSION	ROOM	PAGE #
16:45 – 18:00	Interest Group Business Meetings			
18:15 – 19:00	SMS Business Meeting			
19:00 – 21:00	Evening on Your Own			

MONDAY, OCTOBER 8, 2012				
08:00 – 09:15	Parallel Paper/ Common Ground/ Panel Sessions	SESSION	ROOM	PAGE #
09:30 – 10:45	Parallel Paper/ Common Ground/ Panel Sessions	SESSION	ROOM	PAGE #
10:45 – 11:15	Coffee Break			
11:15 – 12:15	SMS Lifetime Achievement Award Honoring Carlos Ghosn			
12:15 – 13:15	Luncheon			
13:30 – 14:45	Parallel Paper/ Common Ground/ Panel Sessions	SESSION	ROOM	PAGE #
15:00 – 16:00	Showcase Panels	SESSION	ROOM	PAGE #
16:00 – 16:30	Coffee Break			
16:30 – 17:45	Parallel Paper/ Common Ground/ Panel Sessions	SESSION	ROOM	PAGE #
19:00 – 22:00	Monday Night Event			

MY SCHEDULE OVERVIEW

TUESDAY, OCTOBER 9, 2012				
08:00 – 09:15	Parallel Paper/ Common Ground/ Panel Sessions	SESSION	ROOM	PAGE #
09:30 – 10:30	Showcase Panels	SESSION	ROOM	PAGE #
10:30 – 11:00	Coffee Break			
11:00 – 12:15	Parallel Paper/ Common Ground/ Panel Sessions	SESSION	ROOM	PAGE #
12:15 – 14:00	Awards Luncheon			
14:15 – 15:30	Parallel Paper/ Common Ground/ Panel Sessions	SESSION	ROOM	PAGE #
15:45 – 17:00	Parallel Paper/ Common Ground/ Panel Sessions	SESSION	ROOM	PAGE #
17:00 – 17:30	Coffee Break			
17:30 – 18:45	Parallel Paper/ Common Ground/ Panel Sessions	SESSION	ROOM	PAGE #
19:00 – 20:00	Closing Cocktail Reception			



2012 REVIEW COMMITTEE

The individuals listed below worked with this year's Program Chairs, Björn Ambos, Igor Filatotchev and Ondrej Landa 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.

Asli Musaoglu Arikan	Jeffrey Harrison	Sotirios Paroutis	Gabriel Szulanski
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Margaret Cording	Tatiana Kostova	Jeffrey Reuer	Luis Vives
Giovanni Battista Dagnino	Mitchell Koza	Taco Reus	Patrick Wright
Parthiban David	Tomi Laamanen	Elizabeth Rose	Basak Yakis-Douglas
Timothy Devinney	Dovev Lavie	Frank T. Rothaermel	Todd Zenger
Jay Dial	Hanna Lehtimäki	Timo Santalainen	Maurizio Zollo
Rodolphe Durand	Hemant Merchant	MB Sarkar	
Gary Dushnitsky	Atul Nerkar	Karen Schnatterly	
Martin Friesl	Robert Nixon	Jaeyong Song	

The Strategic Management Society sincerely thanks and gratefully recognizes the time and effort of the following persons who served as reviewers for the SMS 32nd Annual International Conference.

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	Yuri Mishina	Christos Pitelis	Helder Sebastiao		
			David Seidl		



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

Conference Theme Tracks	Interest Group Tracks
A – Institutional Transitions and Business Strategy	E – Competitive Strategy
B – Sectoral Transitions and Sustainability	F – Corporate Strategy
C – Understanding Transitions in Business Models	G – Global Strategy
D – General Track	H – Strategy Process
	I – Knowledge and Innovation
	J – Strategy Practice
	K – Entrepreneurship and Strategy
	L – Strategic Human Capital
	M – Stakeholder Strategy
	N – Cooperative Strategies
	O – Strategic Leadership and Governance
	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 Prague Conference we are planning a total of 45 common ground sessions, each will be 1 hour 15 minutes.
- A common ground session is constituted of at least one author of the 5-6 proposals, a facilitator, and audience members. The facilitator is not an author on one of the proposals.
- The Common Ground sessions will be chaired and facilitated by known scholars in the session’s topic. It is the responsibility of these facilitators to allocate time among participants and lead a productive discussion.
- To ensure sufficient time for interaction, the facilitator will ask for an initial 3-4 minutes summary presentation of a presenter’s study focusing only on the main motivations and findings of each paper. We want the time to be structured as a conversation (i.e., short interventions, highly interactive), not as a sequence of monologues.
- Projectors or PowerPoint presentations will not be used. Flipcharts will be available in each room to facilitate visual discussion. Authors, however, were encouraged to make available for download or bring to the session a one-page summary.

Paper Sessions

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

- For the Prague 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.

Pre-application was required to participate in these workshops.

SESSION 280

PHD WORKSHOP

PHD WORKSHOP	Date	Saturday, Oct 6
	Time	08:30 – 18:50 h
Workshop	Room	Terrace 2

Pre-Conference Doctoral Workshop

Workshop Directors

Atul Nerkar, *University of North Carolina-Chapel Hill*
 Jaeyong Song, *Seoul National University*

Panelists

Gautam Ahuja, *University of Michigan-Ann Arbor*
 Prithwiraj Choudhury, *University of Pennsylvania*
 Gary Dushnitsky, *London Business School*
 Ram Ranganathan, *University of Texas-Austin*
 Timothy Folta, *Purdue University*
 Prashant Kale, *Rice University*
 Nandini Lahiri, *University of North Carolina-Chapel Hill*
 Xavier Martin, *Tilburg University*
 Will Mitchell, *Duke University*
 Joanne Oxley, *University of Toronto*
 Jeffrey Reuer, *Purdue University*
 Mariko Sakakibara, *University of California-Los Angeles*
 Stephen B Tallman, *University of Richmond*
 Edward Zajac, *Northwestern University*

This Pre-Conference workshop is not part of the regular conference schedule and pre-application is required. The Doctoral Workshop brings together PhD students from throughout the world with a distinguished group of strategic management scholars. The workshop will involve panels and breakout sessions to explore topics that are critical to success as a student and scholar in the area of strategy. Among the topics that we will address are: developing and defending your research proposal, planning for publication, interactive roundtables for research proposals, and job seeking and career strategies.

SESSION 177

JUNIOR FACULTY WORKSHOP

ES IG WORKSHOP	Date	Saturday, Oct 6
	Time	08:30 – 17:00 h
Junior Faculty Workshop	Room	Club A

Entrepreneurship and Strategy Junior Faculty Research Workshop

Session Co-Chairs

Thomas Keil, *Aalto University*
 MB Sarkar, *Temple University*

Panelists

Rajshree Agarwal, *University of Maryland*
 Alfonso Gambardella, *Bocconi University*
 Thomas Keil, *Aalto University*
 Rita Gunther McGrath, *Columbia University*
 MB Sarkar, *Temple University*

The Entrepreneurship and Strategy Interest Group invited authors to submit papers that related to various aspects of entrepreneurship. In order to participate, individuals must have submitted a “work-in-progress” on an entrepreneurship-related topic. The goal of this workshop is to exchange constructive criticism and feedback, extract critical themes from the working papers, identify conceptual foundations and evaluate alternative research strategies.

SESSION 262

PHD/JUNIOR FACULTY PAPER DEVELOPMENT WORKSHOP

SL & CG IG WORKSHOP	Date	Saturday, Oct 6
	Time	13:00 – 18:00 h
PhD/Junior Faculty Paper Development Workshop	Room	Club B

Strategic Leadership and Corporate Governance PhD/ Junior Faculty and Paper Development Workshop

Session Chair

Karen Schnatterly, *University of Missouri*

Panelists

Laura B. Cardinal, *University of Houston*
 Scott Johnson, *Oklahoma State University*
 Peter Klein, *University of Missouri*
 Tomi Laamanen, *University of St. Gallen*
 Bruce Lamont, *Florida State University*
 Gerry McNamara, *Michigan State University*
 William Schulze, *University of Utah*
 Ithai Stern, *Northwestern University*

This workshop will include panel discussions and a breakout session. Individuals interested in participating were asked to submit a proposal for review by August 13. Senior faculty panels will discuss non-traditional paths to happiness and success as well as their point of view as those who have seen many junior faculty make choices and what trade-offs those choices entail, and other questions of concern for junior faculty. A breakout session will provide opportunities for participants to discuss and receive feedback on their work in an informal setting.

SESSION 264

PAPER DEVELOPMENT WORKSHOP

SP IG WORKSHOP	Date	Saturday, Oct 6
	Time	10:00 – 16:00 h
Strategy Practice Paper Development Workshop	Room	Club C

Strategy Practice Paper Development Workshop

Session Co-Chairs

Martin Friesl, *Lancaster University*
 Hanna Lehtimäki, *University of Eastern Finland*
 Basak Yakis-Douglas, *University of Oxford*

Panelists

Véronique Ambrosini, *Monash University*
 Duncan Angwin, *Oxford Brookes University*
 Elena Antonacopoulou, *University of Liverpool*
 Sarah Kaplan, *University of Toronto*
 Tomi Laamanen, *University of St. Gallen*
 Maureen Meadows, *Open University*
 David Seidl, *University of Zurich*
 Robert Wright, *Hong Kong Polytechnic University*

The purpose of this workshop is to share experiences on how to publish research internationally. Individuals interested in participating were asked to submit a proposal for review by August 1st. The workshop is divided into three interactive sessions where participants will get the opportunity to give and receive feedback about manuscripts and papers. In the first session, participants will be grouped in pairs to give each other feedback about the paper. In the second session, selected Strategy-as-Practice papers that are in the revise and resubmit stage will be discussed. At the end of the day, common issues and solutions related to paper writing will be drawn together. In this session reviewers and editors of Class A journals will join us for Q&A.



SESSION 266

PAPER DEVELOPMENT WORKSHOP

CS IG WORKSHOP	Date	Saturday, Oct 6
	Time	13:00 – 18:30 h
Paper Development Workshop	Room	Club D

Competitive Strategy Interest Group Junior Faculty and Paper Development Workshop

Session Co-Chairs

Asli Musaoglu Arikan, *Ohio State University*
Giovanni Battista Dagnino, *University of Catania*

Panelists

Timothy Folta, *Purdue University*
Sarah Kaplan, *University of Toronto*
Marvin Lieberman, *University of California-Los Angeles*
Kyle J. Mayer, *University of Southern California*
Jackson Nickerson, *Washington University-St. Louis*
Henk W. Volberda, *Erasmus University - Rotterdam*

This workshop will include panel discussions and breakout sessions. Individuals interested in participating were asked to submit a proposal for review by August 13. Senior faculty panels will discuss critical aspects of the research and publication process, ways to craft a successful research program, future directions in competitive strategy research, and other questions of concern for junior faculty. A breakout session will provide opportunities for participants to discuss and receive feedback on their work in an informal setting.

SESSION 277

PAPER DEVELOPMENT WORKSHOP

SR IG WORKSHOP	Date	Saturday, Oct 6
	Time	14:00 – 18:00 h
Paper Development Workshop	Room	Club E

Strategy Research Initiative Workshop

Session Co-Chairs

Ramon Casadesus-Masanell, *Harvard University*
Witold Henisz, *University of Pennsylvania*

Participating Faculty

Ramon Casadesus-Masanell, *Harvard University*
Javier Gimeno, *INSEAD*
Witold Henisz, *University of Pennsylvania*
Anne Marie Knott, *Washington University-St. Louis*
Margaret Kyle, *Toulouse School of Economics*
Michael Lenox, *University of Virginia*
Joanne Oxley, *University of Toronto*
Anand Swaminathan, *Emory University*
Bennet Zelner, *University of Maryland*

The Strategy Research Initiative (SRI) is a cross-disciplinary group organized to coordinate activities that promote research in strategy. Individuals interested in participating were asked to submit a proposal for review by August 1. SMS explicitly seeks to promote high quality interdisciplinary theoretical and empirical work across a wide range of perspectives and styles. Thus, the SMS and the SRI are jointly sponsoring this paper development workshop. Participants will workshop their almost-journal-submission-ready working papers to strengthen their contributions by focusing and deepening the paper in a theoretical or empirical direction. SRI-affiliated faculty (that includes both theoretical and empirical specialists) will lead and facilitate the workshop. Technical assistance and practical advice will be provided to authors in small groups organized around common perspectives, methods or styles.

SESSION 279

PAPER DEVELOPMENT WORKSHOP

GS IG WORKSHOP	Date	Saturday, Oct 6
	Time	13:30 – 17:30 h
Paper Development Workshop	Room	Club H

Global Strategy Paper Development Workshop

Session Co-Chairs

Mitchell Koza, *Rutgers University*
Hemant Merchant, *University of South Florida - St. Petersburg*
Patrick Reinmoeller, *Cranfield University*
Luis Vives, *Ramon Llull University*

Participating Faculty

Tina Claudia Ambos, *Johannes Kepler University Linz*
Mitchell Koza, *Rutgers University*
Sumit Kundu, *Florida International University*
Anoop Madhok, *York University*
Hemant Merchant, *University of South Florida - St. Petersburg*
Patrick Reinmoeller, *Cranfield University*
Stephen B Tallman, *University of Richmond*
Luis Vives, *Ramon Llull University*

The purpose of this workshop is to provide junior scholars with developmental feedback on their current research projects in global strategy, as well as an opportunity to network with senior members of the profession. Individuals interested in participating were asked to submit a proposal for review by August 10. While we hope that many of these papers will be eventually submitted to SMJ, GSJ, SEJ, and the like, the purpose of this workshop is broader: to improve the quality of global strategy research and bring new scholars into the field. This workshop will be structured to provide feedback to authors with research papers, and to researchers who are designing empirical studies, on global strategy topics.

SESSION 300

JUNIOR FACULTY RESEARCH WORKSHOP

SR IG WORKSHOP	Date	Saturday, Oct 6
	Time	13:00 – 16:00 h
Teaching Workshop	Room	Meeting Room 1.1

Competitive Strategy Interest Group Teaching Workshop

Session Co-Chairs

Tunji Adegbesan, *Pan-African University*
Todd Alessandri, *Northeastern University*

Panelists

Joan Allatta, *Purdue University*
Christian Asmussen, *Copenhagen Business School*
Brian Boyd, *City University of Hong Kong*
Steven Postrel, *University of California-Irvine*

This workshop we will address competitive strategy content and pedagogical methods. Individuals interested in participating were asked to register by September 17. The content segment of the workshop for this year will focus on game theory. During the first part of the workshop three scholars will serve as panelists demonstrating their approach to teaching game theory and/or competitive rivalry. Engaging students will be the focus of the pedagogical portion of the workshop this year. Many of us face challenges in finding interesting and innovative exercises that effectively teach competitive strategy concepts.

SESSION 282

EXCELLENCE IN TEACHING

TRACK T	Date	Sunday, Oct 7
	Time	08:00 – 09:15 h
Interest Group Panel	Room	Meeting Hall V

◆ **Lessons from a Life Spent in the Field of Strategy****Session Chair**Jay Dial, *Ohio State University***Panelists**Jay Barney, *University of Utah*Nitin Nohria, *Harvard University*

Our panelists discuss life lessons that they have learned and will share with attendees from a career spent doing research in and teaching strategy.

SESSION 270

COMPETITIVE STRATEGY

TRACK E	Date	Sunday, Oct 7
	Time	08:00 – 09:15 h
Interest Group Panel	Room	North Hall

New Frontiers in the Computational Approaches to Strategy and Organization**Session Co-Chairs**Christina Fang, *New York University*Martin Ganco, *University of Minnesota***Panelists**Teppo Felin, *Brigham Young University*Michael G. Jacobides, *London Business School*Hart Posen, *University of Wisconsin*Govert Vroom, *IIESE Business School*

Theory building through computational methods has become well established within the field of strategy and organizations. Computational approaches appear to occupy a unique position on the continuum between the formal rigor of analytical approaches and empirical relevance of verbal theorizing. This makes computational models particularly appropriate for the questions examined within our field. In the session, we take an informal approach to discussing recent advances and challenges in the area of computational research. More specifically, we focus on the relevance of computational methods to a broader strategy and organizations audiences, empirical implementation challenges and future directions. The session will include panel presentations by leading scholars as well as interactive breakout groups and open-ended discussion. Within smaller groups, the participants will have an opportunity to focus on the specific modeling approaches or contexts, for instance, the NK models, organizational learning, and organizational and industry dynamics. We hope the session will not only provide a window into a cutting edge research but also stimulate further interactions among scholars in this area.

SESSION 123

CORPORATE STRATEGY

TRACK F	Date	Sunday, Oct 7
	Time	08:00 – 09:15 h
Interest Group Panel	Room	Club B

Capabilities and Corporate Strategy**Session Chair**Aseem Kaul, *University of Minnesota***Panelists**Gautam Ahuja, *University of Michigan-Ann Arbor*Russell Coff, *University of Wisconsin-Madison*Samina Karim, *Boston University*

This session explores the relationship between firm capabilities and corporate strategy, focusing on research that brings together these two

perspectives. Key questions we discuss include: what role does corporate strategy play in the acquisition and transfer of capabilities, how do firm capabilities influence the firm's horizontal and vertical boundary choices, how do firm capabilities impact the success of the firm's acquisition, divestment, and restructuring activities, what can research in this area tell us about firm innovation and organizational change. We bring together a panel of four leading scholars to shed light on these and related questions. Panelists will highlight recent advances in research on these issues, while discussing promising areas of future research.

SESSION 129

GLOBAL STRATEGY, STRATEGY PRACTICE

TRACK G, TRACK J	Date	Sunday, Oct 7
	Time	08:00 – 09:15 h
Interest Group Panel	Room	Club A

Strategy Implementation: Global Challenges**Session Co-Chairs**Hanna Lehtimäki, *University of Eastern Finland*Elizabeth Rose, *Aalto University***Panelists**Yves Doz, *INSEAD*David Seidl, *University of Zurich*Kurt Verweire, *Vlerick Business School*George Yip, *China Europe International Business School*

In this session, the panelists and the audience will engage in discussion about strategy implementation, which is one of the main items on the agenda of top managers in firms around the world. The panel, which includes a mix of academics and senior executives, will discuss both frameworks and practice related to strategy implementation in the global context. Combining the managerial perspective with both macro (global strategy) and micro (strategy practice) academic viewpoints will enable a broad-ranging discussion of the challenges associated with strategy implementation, both domestic and across national borders.

SESSION 267

STRATEGY PROCESS

TRACK H	Date	Sunday, Oct 7
	Time	08:00 – 09:15 h
Interest Group Panel	Room	Club E

Strategic Processes in Transition**Session Chair**Catherine Maritan, *Syracuse University*Taco Reus, *Erasmus University - Rotterdam***Panelists**Pamela Barr, *Georgia State University*J Ignacio Canales, *University of Glasgow*Steven Floyd, *University of Massachusetts - Amherst*William Ocasio, *Northwestern University*

This year's conference theme "Strategies in Transition" suggests strategy is in flux, established frames of reference are questioned, and new ways of doing business are emerging around the world. In this changing environment, strategy processes change as well. This session is focused on how a changing environment changes strategy processes. Financial crises, rising emerging markets, climate change, etc., challenge conventional strategy processes, and give rise to new ones. In this session, we focus on how these environmental changes influence the processes of strategic change and renewal, and consider key points on the agenda to gain understanding of strategy process in transition.



SESSION 274

KNOWLEDGE AND INNOVATION

TRACK I	Date	Sunday, Oct 7
	Time	08:00 – 09:15 h
Interest Group Presentation	Room	Terrace 1

Knowledge Foundations: A Conversation with Robert Grant about the Knowledge Based View

Session Chair

Corey Phelps, *HEC-Paris*

Panelists

Aline Gatignon, *INSEAD*
 Martin C. Goossen, *HEC-Paris*
 Robert Grant, *Bocconi University*

This session continues an emerging tradition in the K&I Interest Group to bring the K&I community closer to the ideas and to the people who wrote important, foundational papers at the intersection of strategy, knowledge and innovation. The focus of this foundational session will be on the past, present and future of the knowledge based view of the firm from the perspective of one its foundational contributors – Professor Robert Grant. The session will be conducted as an interview followed by a question and answer period. A portion of the questions will be collected in advance from the K&I community.

SESSION 126

ENTREPRENEURSHIP AND STRATEGY, STAKEHOLDER STRATEGY

TRACK K, TRACK M	Date	Sunday, Oct 7
	Time	08:00 – 09:15 h
Interest Group Panel	Room	Terrace 2

Entrepreneurship & Stakeholders - The Future Research Agenda

Session Chair

Ajai Gaur, *Rutgers University*

Panelists

Sharon Alvarez, *Ohio State University*
 Robert Hoskisson, *Rice University*
 Mike Wright, *Imperial College London*

This session is designed to explore future research directions at the intersection of entrepreneurship and stakeholder concerns. Panelists will generate discussion around their insights on the highest potential future research directions. Some of the topics we expect to be addressed are opportunity identification by stakeholders of existing firms, opportunity exploitation and the success of the nascent enterprise, how entrepreneurs' opportunity identification efforts might be improved by a deeper knowledge of stakeholders' utility and how do ideas for stakeholder research regarding firm governance relate to family firms. We also expect panelists to generate a number of undeveloped ideas.

SESSION 133

STRATEGIC HUMAN CAPITAL

TRACK L	Date	Sunday, Oct 7
	Time	08:00 – 09:15 h
Interest Group Panel	Room	Club D

Transitioning from Faculty to Administrator: Building Strategic Human Capital

Session Chair

Aya Chacar, *Florida International University*

Panelists

Irma Becerra-Fernandez, *Florida International University*
 Pierre Dussauge, *HEC-Paris*
 Javier Gimeno, *INSEAD*

Srilata Zaheer, *University of Minnesota*

Todd Zenger, *Washington University - St. Louis*

Administrators are essential to the success of academics and academic fields. Among other things, these administrators run journals, departments and colleges and they are often the same individuals that conduct top rate research in the field. Despite the importance of this aspect of the academic job, faculty get little formal training in administration and this field has a dramatic dearth of administrators prompting universities to hire non academics to these jobs with mixed success. This panel will ask a distinguished line-up of current and past administrators for their thoughts on how to build the human capital to succeed in administrative jobs and what to do about research during those times. Together, the individuals on the panel have in the past or are currently serving in most of the roles that faculty may have to serve in one day and will share their experiences, knowledge and wisdom with us.

SESSION 100

COOPERATIVE STRATEGIES

TRACK N	Date	Sunday, Oct 7
	Time	08:00 – 09:15 h
Interest Group Panel	Room	Club C

Interdisciplinary Perspectives on Cooperative Strategies

Session Chair

Tina Dacin, *Queen's University*

Panelists

Rajesh Kumar, *Nottingham University Business School*
 Joanne Oxley, *University of Toronto*
 Harbir Singh, *University of Pennsylvania*
 Edward Zajac, *Northwestern University*

Alliances and cooperation have been studied from various theoretical perspectives, anchored in economics, sociology, and psychology. These perspectives have informed strategy research on alliances, as evident, for instance, in the relational view. What are the fundamental assumptions of these disciplines? How have they shaped research on cooperative strategies? Can we integrate multiple perspectives when studying alliances? What are the remaining research gaps and directions that future research on cooperative strategies should take? A distinguished panel of scholars will discuss these questions, underscoring the influences of economics (Joanne Oxley), sociology (Ed Zajac) and psychology (Rajesh Kumar) and relating them to mainstream strategy research (Harbir Singh). The panel will offer guidance for developing theory on alliances as well as discuss the theoretical implications of cooperation.

SESSION 119

STRATEGIC LEADERSHIP AND GOVERNANCE

TRACK O	Date	Sunday, Oct 7
	Time	08:00 – 09:15 h
Interest Group Panel	Room	Club H

Strategic Leadership

Session Chair

Craig Crossland, *University of Texas-Austin*

Panelists

Brian Boyd, *City University of Hong Kong*
 Sydney Finkelstein, *Dartmouth College*
 William Judge, *Old Dominion University*
 Margarethe Wiersema, *University of California-Irvine*

This Panel will bring together a group of scholars who will discuss potential research avenues in strategic leadership. Topics will include leadership, upper echelons, managerial constraints and discretion, the need for renewal, succession, and compensation. The session will broadly explore the role of strategic leadership in different institutional environments. The session will also engage the panel and audience in identifying further research questions in these various areas.

SESSION 283

EXCELLENCE IN TEACHING

TRACK T	Date	Sunday, Oct 7
	Time	09:30 – 10:45 h
Interest Group Panel	Room	Meeting Hall V

Teaching with Business Simulations**Session Chair**

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

Panelist

Hazel S. Jourdin, *Harvard Business Publishing*

Harvard Business Publishing will offer a session focused on teaching with business simulations. We have a simulation called Strategic Management: Back Bay Battery <<http://hbsp.harvard.edu/discipline/strategy>>, co-authored by Clayton Christensen and Willy Shih. In this session, participants will become familiar with the benefits and practicalities of teaching with simulations and the range of teaching options available. We will discuss best practices for debriefing online simulations as well as evaluating student learning.

SESSION 271

COMPETITIVE STRATEGY

TRACK E	Date	Sunday, Oct 7
	Time	09:30 – 10:45 h
Interest Group Panel	Room	North Hall

Competing for Innovation**Session Chair**

Gary Dushnitsky, *London Business School*

Panelists

Mariko Sakakibara, *University of California-Los Angeles*

Simon Schneider, *InnoCentive*

Firms increasingly turn outside organizational boundaries in the pursuit of innovative opportunities. Innovation tournaments, in which external constituencies are engaged and encouraged to compete in offering an innovative idea or solution, are gaining traction. The phenomenon is studied through case studies, surveys, experiments, and large sample econometric analyses. Yet, a host of questions remain unanswered: what governs the competition for innovation? How does competing for innovation differ from what we know about firms' activity in the factor markets? To what extent do existing models and frameworks are appropriate when facing numerous innovators of heterogeneous resource and talent profiles? A panel of scholars and practitioners will take stock of existing knowledge and highlight promising areas for future work. The panelists will offer a wide array of perspectives, including insights from the CEO of a global innovation-competition company, and findings from leading scholars in the area.

SESSION 124

CORPORATE STRATEGY

TRACK F	Date	Sunday, Oct 7
	Time	09:30 – 10:45 h
Interest Group Panel	Room	Club B

Corporate Strategy and the Role of the Manager**Session Chair**

Michael Withers, *Texas A&M University*

Panelists

Xavier Castaner, *University of Lausanne*

Guoli Chen, *INSEAD*

Carla Jones, *University of Houston*

Luiz Mesquita, *Arizona State University*

Corporate strategy is inherently influenced by the motivations and characteristics of the managers formulating and implementing it. The

focus on role of the manager in corporate strategy decisions and outcomes has lead to a number of important theoretical and empirical insights. Yet, despite this progress, a number of questions remain unanswered. In this session, we will discuss recent work considering the role of the manager in corporate strategy decisions. In particular, we will examine the roles of the CEO, top management team, and board of directors on corporate strategy and what new theoretical insights might be garnered from the continued focus on the role of the manager in corporate strategy decisions. Finally, promising future research questions in this area will be explored.

SESSION 130

GLOBAL STRATEGY, STRATEGY PRACTICE, STAKEHOLDER STRATEGY

TRACK G, TRACK J, TRACK M	Date	Sunday, Oct 7
	Time	09:30 – 10:45 h
Interest Group Panel	Room	Club A

Practicing Strategy in Transition Economies: Reframing, Rethinking and Renewing**Session Chair**

Sotirios Paroutis, *University of Warwick*

Panelists

Charles Dhanaraj, *Indiana University*

Jonathan Doh, *Villanova University*

Loizos Heracleous, *University of Warwick*

Marjorie Lyles, *Indiana University*

Sybille Sachs, *University of Applied Sciences Zurich*

Richard Whittington, *University of Oxford*

This is a Joint Session with Tracks J, M and G

In this session, we will hear from a panel of distinguished scholars who will discuss approaches that can help us to better understand, explain and anticipate the complex issues that characterize strategy in transition economies. The panelists will share their views on leveraging a multi-disciplinary approach to inform and advance the agenda related to the practice of strategy in such economies. Panel members will discuss theoretical and methodological innovations in academic research from three perspectives – strategy as practice, stakeholder theory and global strategy – that pertain to strategic management in transition economies, and will share their views on how organizations can create novel and innovative ways of thinking and doing business. The session will engage participants in interactive knowledge sharing, so everyone will have the opportunity to leave the room with ideas and inspiration for opportunities and the potential for collaborative research.

SESSION 268

STRATEGY PROCESS

TRACK H	Date	Sunday, Oct 7
	Time	09:30 – 10:45 h
Interest Group Panel	Room	Club E

Capabilities that Help or Hurt Acquisition Processes**Session Chair**

Kimberly Ellis, *Florida Atlantic University*

Panelists

Sydney Finkelstein, *Dartmouth College*

Jerayr Haleblan, *University of Georgia*

Bruce Lamont, *Florida State University*

Maurizio Zollo, *Bocconi University*

Scholars have long stressed the roles of capabilities in acquisition processes such as selecting targets, implementing acquisitions, integrating units. What makes their role complex is that acquisition capabilities can have diverse functions at different levels of analysis, and their value may change over time and in different contexts. In all their variety acquisition capabilities and their effects become difficult to grasp in one all-encompassing "capability perspective" of M&As. In this session, a panel of



distinguished speakers discusses critical, contradictory, thought-provoking views on the roles of capabilities in acquisition processes.

SESSION 273

KNOWLEDGE AND INNOVATION

TRACK I	Date	Sunday, Oct 7
	Time	09:30 – 10:45 h
Interest Group Panel	Room	Terrace 1

Big Data, Knowledge and Innovation

Session Chair

Corey Phelps, *HEC-Paris*

A recent study estimated that 1.2 zettabytes (10²¹) of electronic data were generated annually over the past few years by everything from Twitter posts, Google searches and emails to personal genome mapping, retail transactions, and automatic traffic sensors. Rapid technical advances in sensors, computer networking, data storage, cluster computing, cloud computing and data analytic algorithms have improved our ability to store, relate, aggregate, combine and analyze ever-increasing quantities of data. The advent of the age of “Big Data” holds substantial promise for the creation and diffusion of knowledge, yet presents complex and novel challenges for privacy, security and ethics. This session will explore the implications of Big Data for firm value creation and capture. Why does big data matter – what makes it qualitatively different from data collected before and how can this help firms create value? How will the rise of big data affect companies’ ability to innovate - in the form of new products, services, processes and business models? How will big data affect the scale, scope and functioning of economic organization? Implications for strategy scholars will also be examined. What are the opportunities for research and can strategy scholars help inform practice in this domain?

SESSION 127

ENTREPRENEURSHIP AND STRATEGY

TRACK K	Date	Sunday, Oct 7
	Time	09:30 – 10:45 h
Interest Group Panel	Room	Terrace 2

Teaching Strategic Entrepreneurship

Session Chair

Janet Bercovitz, *University of Illinois-Urbana Champaign*

Panelists

- Maryann Feldman, *University of North Carolina-Chapel Hill*
- Peter Klein, *University of Missouri*
- Michael Lenox, *University of Virginia*

The development of the concept of strategic entrepreneurship has been a major intellectual endeavor. While the development of the intellectual capital through research in this domain has been impressive the effective translation of that intellectual capital is challenging. This session will explore how to bring this intellectual capital to students with different concentrations (strategy, public policy, economics) and at different levels (undergraduate, MBA, and PhD) in an effective and interesting manner.

SESSION 134

STRATEGIC HUMAN CAPITAL

TRACK L	Date	Sunday, Oct 7
	Time	09:30 – 10:45 h
Interest Group Presentation	Room	Club D

Management Practices across Firms and Countries

Presenter

Todd Zenger, *Washington University - St. Louis*

Discussants

- Christos Genakos, *Athens University of Economics and Business*
- David Lepak, *Rutgers University*
- Patrick Wright, *Cornell University*

For the last decade a team of scholars including Nicholas Bloom, John Van Reenan, Raffaella Sadun, and Christos Genakos have undertaken a large scale survey effort to construct management data on over 10,000 organizations across twenty countries. These published studies have generated a number of intriguing findings in analyses conducted both within and across countries. This session will present some of the high level results of this effort and their implications. The session will also include a discussion of the future potential and limitations of this work.

SESSION 101

COOPERATIVE STRATEGIES

TRACK N	Date	Sunday, Oct 7
	Time	09:30 – 10:45 h
Interest Group Panel	Room	Club C

Practicing Cooperative Strategies

Session Chair

Andrew Shipilov, *INSEAD*

Panelists

- John Bell, *Royal Philips*
- Yves Doz, *INSEAD*
- Geert Duysters, *Eindhoven University of Technology*
- Mitchell Koza, *Rutgers University*

Research on cooperative strategies has traditionally followed management practice, yet in recent years it has also offered practical implications for managing cooperative arrangements. A distinguished panel of scholars and executives will discuss some interesting cases of companies that manage alliances: STMicroelectronics (Yves Doz), Philips (Geert Dusters and John Bell), and Nexia International (Mitchell Koza). Based on their personal experiences with these companies, the panelists will consider how managers implement practices that have been advised by research on cooperative strategies and whether these practices indeed enhanced the success of their alliances. The panelists will reveal insights from these cases that can inform academic research and identify potential questions that are yet to be explored.

SESSION 120

STRATEGIC LEADERSHIP AND GOVERNANCE

TRACK O	Date	Sunday, Oct 7
	Time	09:30 – 10:45 h
Interest Group Panel	Room	Club H

Corporate Governance

Session Chair

Anja Tuschke, *University of Munich*

Panelists

- Ruth Aguilera, *University of Illinois-Urbana Champaign*
- Amy Hillman, *Arizona State University*
- Gerry Sanders, *Rice University*
- Toru Yoshikawa, *Singapore Management University*

This Panel will bring together a group of scholars who will discuss potential research avenues in governance with an emphasis on boards. Topics will address how corporations can be directed or controlled, how practices diffuse and what impedes or facilitates this process, and the impact of governance reform, stockholders and other external entities to whom the firm is responsible. The session will broadly explore what governance research entails in different institutional environments. The session will also engage the panel and audience in identifying further research questions in these areas.

10:45 – 11:15
COFFEE BREAK

SESSION 286

EXCELLENCE IN TEACHING

TRACK T	Date	Sunday, Oct 7
	Time	11:15 – 12:30 h
Interest Group Presentation	Room	Meeting Hall V

Teaching Strategy**Session Chair**Margaret Cording, *IMD*

This session will revisit some fundamental principals for teaching strategy effectively. It is designed for junior faculty and doctoral students who are working on developing this critical competency as well as for more seasoned faculty seeking an opportunity reflect anew on issues that arise in the classroom semester after semester, and year after year. Our primary emphasis will be on tools and techniques for helping students (undergraduate and graduate, but not executive) grasp the complex and interdependent concepts that underlie a core strategy curriculum.

SESSION 272

COMPETITIVE STRATEGY

TRACK E	Date	Sunday, Oct 7
	Time	11:15 – 12:30 h
Interest Group Panel	Room	North Hall

Unified Theory of Industry Evolution**Session Chair**Michael Lenox, *University of Virginia***Panelists**

Rajshree Agarwal, *University of Maryland*
 Ramon Casadesus-Masanell, *Harvard University*
 Javier Gimeno, *INSEAD*

Over the past decade, there has been increasing convergence between the literatures on strategy, innovation, entrepreneurship, and entry. In this session, we will explore whether these literatures may be unified to inform a more complete understanding of industry evolution. Central to the discussion is the question: Based on these literatures, could we craft a unifying and robust model of competition at the industry level? One of the goals is to broaden the lens of most strategy research from the firm level to the industry level. Second, and equally important, we wish to explore how our understanding of the micro-dynamics of competition can help inform public policy especially on issues of economic development. We hypothesize that industrial policy could benefit from the unique perspective brought by many in the strategy and related literatures. Rather than a traditional panel discussion, this will be a working session. We will open with brief remarks by leading scholars at the intersection of strategy, innovation, entrepreneurship, and entry. We will then form breakout groups among those in attendance tasked with generating ideas for research projects that could help advance us towards a "unified theory of industry evolution".

SESSION 125

CORPORATE STRATEGY

TRACK F	Date	Sunday, Oct 7
	Time	11:15 – 12:30 h
Interest Group Panel	Room	Club B

Publishing Strategic Management Research**Session Chair**Laszlo Tihanyi, *Texas A&M University***Panelists**

Donald Bergh, *University of Denver*
 Steven Floyd, *University of Massachusetts - Amherst*
 Robert Hoskisson, *Rice University*
 Stephen B Tallman, *University of Richmond*

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

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

SESSION 131

GLOBAL STRATEGY

TRACK G	Date	Sunday, Oct 7
	Time	11:15 – 12:30 h
Interest Group Panel	Room	Club A

Global Strategies in the Service Sector**Session Chair**Elizabeth Rose, *Aalto University***Panelists**

Pervez Ghauri, *King's College London*
 Hemant Merchant, *University of South Florida St. Petersburg*
 Hussain Rammal, *University of South Australia*
 Eleanor Westney, *York University*

Although critical to global business, research on the internationalization of services lags practice. This session will address a range of issues pertaining to how service-sector firms access foreign markets and manage across borders. We will consider the full spectrum of services, from pure and highly intangible (e.g., consulting), to hard services with manufacturing-like attributes, to product-associated services (e.g., after-sales service) provided by manufacturers. The session will be highly interactive, emphasizing the exchange of ideas among panelists and audience, addressing issues including (but not limited to) strategies for globalizing culturally-embedded services and creating quality service across borders, managing the services-product overlap, global professional mobility, and challenges associated with doing research on international service strategy. The goal is to create an environment that fosters a free-wheeling discussion that continues beyond the session and generates connections that will lead to more services-related work undertaken through the many theoretical lenses that characterize strategy research.

SESSION 269

STRATEGY PROCESS

TRACK H	Date	Sunday, Oct 7
	Time	11:15 – 12:30 h
Interest Group Panel	Room	Club E

Chief Strategy Officer's Role in Strategy Processes**Session Chair**Tomi Laamanen, *University of St. Gallen***Panelists**

Duncan Angwin, *Oxford Brookes University*
 Markus Menz, *University of St. Gallen*
 Christine Scheef, *University of St. Gallen*

Chief Strategy Officers (CSOs) have to recognize, enable, initiate and influence a firm's processes to formulate and implement strategies. These top level executives therefore take a central role in strategy processes. Their roles are complex and often deeply embedded in their firms – on the one hand, CSOs oversee and influence strategy processes to steer the internal strategic organization; on the other hand, CSOs take a leadership role in identifying opportunities and threats in the external environment. In this session, we want to consider key factors that help or hinder CSOs role in strategy processes to better understand the sources that determine a CSO's success. We do this through interviews on stage with CSOs in combination with reflections by scholars focused on the topic. As such, our most practical goal with this session is to gain and give insight in CSOs' extraordinary qualities and difficulties in performing their strategic tasks.



SESSION 275

KNOWLEDGE AND INNOVATION

TRACK I	Date	Sunday, Oct 7
	Time	11:15 – 12:30 h
Interest Group Panel	Room	Terrace 1

The Changing Nature of Innovation in Emerging Economies

Session Chair

Yves Doz, *INSEAD*

Panelists

John Bell, *Royal Philips*

Steven Veldhoen, *Booz & Company*

Companies in emerging economies are shifting from being followers and imitators to becoming leaders and innovators. The session will focus on this shift, taking South Korea and China as model economies where innovation now takes a leading role. We will also explore how Western companies active in China and India respond to this challenge. In true SMS spirit this will be an “ABC” panel.

SESSION 136

STRATEGY PRACTICE

TRACK J	Date	Sunday, Oct 7
	Time	11:15 – 12:30 h
Interest Group Panel	Room	Meeting Hall IV (a)

Challenges of Strategic Management and Leadership in Transforming Global Economy: Experiences from the Field

Session Co-Chairs

Paul Hunter, *Strategic Management Institute*

Hanna Lehtimäki, *University of Eastern Finland*

Markus Nordberg, *CERN*

What are the fundamental issues in strategy that keep company CEOs awake late in the night? In this session the participants will join in on discussing about the “unsolved strategic challenges” CEOs face while trying to cope with the ever-transforming global economy. A dialogue between three local industrial companies and the SMS audience will take place to address how to best strategize to keep pace with the rapid changes in the global business field. The companies sharing their experiences are Adamec-Jeraby Ltd, a family owned crane manufacturer, Vacuum Praha, a local medium sized specialist and a major exporter of vacuum technologies and ON Semiconductor, a manufacturer for semiconductor industry and a unit of a global conglomerate based in Arizona. The SMS audience is challenged to identify similarities and differences in the challenges the industrial companies face across the globe and provide suggestions and solutions, in the light of local experiences. The session format is interactive and engaging in discussion

SESSION 128

ENTREPRENEURSHIP AND STRATEGY

TRACK K	Date	Sunday, Oct 7
	Time	11:15 – 12:30 h
Interest Group Panel	Room	Terrace 2

Poverty, Informal Firms & Strategic Entrepreneurship

Session Chair

Curtis Moore, *Texas Tech University*

Panelists

Garry Bruton, *Texas Christian University*

Duane Ireland, *Texas A&M University*

Anita McGahan, *University of Toronto*

Issues associated with poverty and the informal economy are assuming increasing levels of interest and importance among scholars. Also of note is the fact that currently, major conference themes and the calls for several special issues of scholarly journals have been framed with these topics in mind. While these domains overlap, each simultaneously offers a rich set of unique issues for consideration. This session examines the current status of these two domains as well as questions scholars may choose to examine to enhance our understanding of them.

SESSION 135

STRATEGIC HUMAN CAPITAL

TRACK L	Date	Sunday, Oct 7
	Time	11:15 – 12:30 h
Interest Group Panel	Room	Club D

Linked Employer-Employee Data and Strategic Human Capital Research

Session Chair

Benjamin Campbell, *Ohio State University*

Panelists

Rui Baptista, *Technical University of Lisbon*

Benjamin Campbell, *Ohio State University*

Frédéric Delmar, *EMLYON Business School*

Bo H. Eriksen, *University of Southern Denmark*

This session will explore the use of linked employer-employee data in strategic human capital research. While linked employer-employee data is growing more commonplace in other disciplines and fields, it is under-utilized in strategic human capital despite providing unique opportunities to study the value of human capital using large sample data. The panel will consist of scholars who use linked employer-employee data from the U.S. and Europe and will focus on the opportunities and challenges associated with using these valuable data products. The objectives are to connect these data products to key issues in the strategic human capital literature and to reduce the barriers to entry for scholars looking to utilize these data.

SESSION 276

STAKEHOLDER STRATEGY

TRACK M	Date	Sunday, Oct 7
	Time	11:15 – 12:30 h
Interest Group Panel	Room	Meeting Hall IV (b)

Performance Measurement Tools: A Review of Progress

Session Chair

Deborah Philippe, *HEC-Lausanne*

Panelists

Mike Bourne, *Cranfield School of Management*

Graham Kenny, *Strategic Factors*

Daniel Oyon, *University of Lausanne*

Gerhard Speckbacher, *WU-Vienna*

It has been 25 years since Analog Devices developed the first Balanced Scorecard. This was subsequently adopted and commercialized by Robert Kaplan and David Norton. The Balanced Scorecard method has had a significant impact on how performance measurement is conducted in organizations. It has not of course been the only tool for measuring organizational performance developed over this period - with the Performance Prism and the Strategic Factor System, which produces a Focused Scorecard, being two others. The purpose of this workshop is to review the tools that have been developed, both before and since Analog Devices’ contribution, and consider where to from here. The workshop’s purpose is also to raise awareness of the importance of performance measurement in strategic management.

SESSION 102

COOPERATIVE STRATEGIES

TRACK N	Date	Sunday, Oct 7
	Time	11:15 – 12:30 h
Interest Group Panel	Room	Club C

Research Methods in Cooperative Strategies**Session Chair**

Kyle J. Mayer, *University of Southern California*

Panelists

Gautam Ahuja, *University of Michigan-Ann Arbor*

Africa Ariño, *IESE Business School*

Thomas Mellewigt, *Free University of Berlin*

Melissa Schilling, *New York University*

Scholars have been using various data sources and research methods for studying cooperative strategies and alliances, including case studies, surveys, archival data, and social network analysis. What are the relative advantages and limitations of these methods? What research questions can be best addressed using a particular method? What are some available data sources that scholars can use for studying cooperative strategies? What are some recent developments in using certain research methods? How can we best combine multiple methods? A distinguished panel of scholars with expertise in case studies (Africa Arino), surveys (Thomas Mellewigt), archival data (Melissa Schilling) and social network analysis (Gautam Ahuja) will address these questions and offer guidance for advanced research on cooperative strategies and alliances.

SESSION 122

STRATEGIC LEADERSHIP AND GOVERNANCE

TRACK O	Date	Sunday, Oct 7
	Time	11:15 – 12:30 h
Interest Group Panel	Room	Club H

Strategic Leadership and Corporate Governance Complementarities: Why we Are an IG**Session Chair**

Karen Schnatterly, *University of Missouri*

Panelists

Guoli Chen, *INSEAD*

Anja Tuschke, *University of Munich*

Leadership and governance research have much in common. This session will explore the commonalities and complementarities of these research streams. Topics will include the role of the CEO and board in leadership and governance, issues involving their composition, different ways these entities interact and influence each other, and how they, together influence critical firm activities. All of these activities also take place in various institutional environments, ranging from regulatory regimes within a country, to differing institutional environments across countries.

12:30 – 13:30
LUNCHEON



SESSION 67

PLENARY TRACK

TRACK P	Date	Sunday, Oct 7
	Time	13:45 – 14:45 h
Plenary Panel	Room	Forum Hall

Pioneering the Way Towards the East: Early Entry and Transition Challenges

Session Chair

Björn Ambos, *University of St. Gallen*
 Igor Filatotchev, *City University London*

Panelists

Andreas Treichl, *Erste Bank Group AG*
 Josef Waltl, *European Petroleum Industry Association*

The transition process in Central and East European (CEE) countries has been accompanied by an upsurge of entrepreneurial spirit, business acumen and managerial talent of local business leaders and professionals as well as dramatic inflow of foreign capital and know-how. It generated millions of new business ventures throughout the region and prompted restructuring of centrally planned companies into modern high performing businesses that are often integrated into global production and distribution networks.

Transitions, however, do not only occur at the country level only. The recent years have witnessed unprecedented changes at sectorial and industry levels. In this opening plenary we take a historic route through the transitions that happened throughout the CEE region. Josef Waltl, who was pioneering Shell's investments in the region during the communist era, and Andreas Treichl CEO of Erste Bank Group one of the region's largest banking networks, share their experiences. The panelists also provide their take on the contemporary challenges that both, the energy and banking sectors, face today.

The CK Prahalad Award will be presented at the end of this session.



Björn Ambos is a Chaired Professor of Strategic Management and Director at the Institute of Management of the University of St. Gallen. He previously held positions at the University of Edinburgh, the University of Hamburg and WU Vienna, as well as visiting positions at Bocconi University and Florida International University. 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, Rewe Group, SAP, Siemens and Villeroy & Boch. Björn Ambos' research interests revolve around strategy, organization and innovation in the multinational firm. He serves on the Editorial Board of several journals including the *Strategic Management Journal*, *Global Strategy Journal* and *Journal of International Business Studies*. Björn Ambos also served as an officer of the Global Strategy interest group (2008-2010), as a Member of the Board of the European International Business Academy and as an adviser to the United Arab Emirates Science Foundation. His research has been published or is forthcoming in journals such as *Strategic Management Journal*, *Organization Science*, *Journal of World Business*, *Long Range Planning*, and *Research Policy*.



Igor Filatotchev is Professor of Corporate Governance and Strategy at Cass Business School (London, UK) and Visiting Professor at Vienna University of Economics and Business (Austria). Before joining Cass he held various academic positions at Nottingham University Business School, Bradford University School of Management, King's College and Birkbeck College (University of London). He received his PhD in Economics from the Institute of World Economy and International Relations (Moscow). His research examines corporate governance and strategic decisions, and current research programmes include analysis of resource and strategy roles of corporate governance; corporate governance life-cycle; and a knowledge-based view of governance development. He has published more than 100 books and articles in leading journals including *Academy of Management Journal*, *Strategic Management Journal*, *Organization Science*, *Journal of Management* and *Journal of International Business Studies*. He is an Associate Editor of *Corporate Governance: An International Review* and *Journal of Management and Governance*.



Andreas Treichl completed several trainee programs in New York where he started his banking career in 1977 at Chase Manhattan Bank after graduating with a degree in economics. Over a period of 15 years he worked in Brussels, Athens and Vienna for Chase in various management positions – including credit and corporate clients. In 1994, he became Member of the Management Board of Erste Österreichische Sparkasse and on 1 July 1997 Chairman of the Board. He managed the bank after the merger with GiroCredit when it went public. Under his leadership, the bank, which had been a purely local savings bank up to then, expanded into a leading financial services provider in Central and Eastern Europe with a focus on retail and SME clients. Andreas Treichl is the Chairman of the Board of Curators of MAK Museum of Applied Arts, Vienna, Member of the boards of the International Monetary Conference (IMC) and of the Institute of International Finance (IIF), and also a member of the Trilateral Commission European Region.



Josef Waltl is a former Executive Vice-President of Royal Dutch Shell Plc. In 2010 he was elected President of EUROPIA, the Brussels based European Oil Industry Association and Chairman of CONCAWE, a European research institute for the oil industry. He joined Shell in 1977 and graduated from the University of Innsbruck in 1979. During his 32 years with the company he had an extensive international career in Austria, Hungary, Indonesia, Netherland, Germany and the United Kingdom and held a number of senior executive positions. From 1988 to 1991 he was the CEO of Shell-Interag Kft. in Budapest and in 1995 became CEO of Shell Austria AG. From 1997 he was Vice-President of Shell Europe Oil Products in The Hague and served as the Chairman of the Advisory Board of Shell & Turcas Petrol A.S. Turkey and various other subsidiary companies of Royal Dutch Shell Plc. In early 2001 he was appointed CEO of Shell Germany GmbH in Hamburg and from 2006 until his retirement end 2009 Josef Waltl was Executive Vice- President and a member of the Downstream Executive Committee of Royal Dutch Shell Plc. in London with responsibility for Shell's global Retail business which operates in more than 90 countries. Since 2009 he has been lecturing at WU Vienna about global Leadership, is chairing the advisory board of the University of Applied Sciences in Kufstein Tirol and serves on the management board of the United World College in Austria.

14:45 – 15:15
COFFEE BREAK

SESSION 68

PLENARY TRACK

TRACK P	Date	Sunday, Oct 7
	Time	15:15 – 16:30 h
Showcase Panel	Room	Forum Hall

Business Schools in Transition: Models of Management Education and Research

Session Co-Chairs

Igor Filatotchev, *City University London*

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

Panelists

Leonard Cheng, *Hong Kong University of Science and Technology*

Valery Katkalo, *St. Petersburg State University*

Join the Deans of leading business schools in Asia and Europe for an exciting panel examining the rise of business schools and models of business education and research in emerging and transition economies. The growth of emerging and transition economies has created a severe shortage of well trained entrepreneurs and managers to create and run companies, and the demand for business education has been exploding. Responding to this need, business schools and business education in emerging economies are booming, and are increasingly attracting Western-trained academics to join them as full-time faculty. However, there are many challenges. Should the business schools in these economies simply follow the Western model(s) of management education and research or should they develop a unique prototype? Would the typical Western style (US-based) MBA curriculum, for example, prepare graduates to meet the business challenges in emerging and transition economies? How should these new business schools position themselves? Our panel speakers will offer their perspectives on some of the most noteworthy issues the business schools emerging and transition economies must now face.



Igor Filatotchev is Professor of Corporate Governance and Strategy at Cass Business School (London, UK) and Visiting Professor at Vienna University of Economics and Business (Austria). Before joining Cass he held various academic positions at Nottingham University Business School, Bradford University School of Management, King's College and Birkbeck College (University of London). He received his PhD in Economics from the Institute of World Economy and International Relations (Moscow). His research examines corporate governance and strategic decisions, and current research programmes include analysis of resource and strategy roles of corporate governance; corporate governance life-cycle; and a knowledge-based view of governance development. He has published more than 100 books and articles in leading journals including *Academy of Management Journal*, *Strategic Management Journal*, *Organization Science*, *Journal of Management* and *Journal of International Business Studies*. He is an Associate Editor of *Corporate Governance: An International Review* and *Journal of Management and Governance*.



Jiatao (J. T.) Li is Chair Professor and Head of the Department of Management, and Associate Dean (Faculty) of the Business School, Hong Kong University of Science and Technology. He received his Ph.D. in strategy and international management from the University of Texas, and was previously with McKinsey & Company in Hong Kong. His current research interests are in the areas of strategic alliances, corporate governance, innovation, and entrepreneurship, with a focus on issues related to global firms and those from emerging economies. He is currently serving as an Associate Editor for the *Strategic Management Journal*.



Leonard K Cheng is Dean of the HKUST Business School and Chair Professor of Economics. He received his PhD in Economics from the University of California, Berkeley. His research interests include applied game theory, market structure, technological innovation and imitation, currency crisis, international trade and investment, China's inward and outward FDI, and Chinese technology firms. He is currently a non-executive director of Hong Kong's Securities and Futures Commission; a member of the Board of Directors, Hong Kong Institute for Monetary Research, Hong Kong Monetary Authority; a member of Hong Kong Port Development Council; a member of Statistics Advisory Board, Hong Kong Census and Statistics.



Valery Katkalo received undergraduate and Doctoral degrees in Economics from St. Petersburg University, and did post-doctoral program at Haas School of Business, University of California (Berkeley). He was visiting scholar at several European business schools. He was one of the organizers (1993) and Dean (1997-2007) of the School of Management at St. Petersburg University. Since 2007, he has been the Dean of the Graduate School of Management. Under his leadership St. Petersburg University GSOM became the Russian member of CEMS and PIM – global alliances of the top business schools, received AMBA and EPAS international accreditations, and by EdUniversal ranking is the most internationally recognized Russian business school. Valery Katkalo has taught at business schools in the USA, France, and Finland. He has over 100 research publications (incl. 6 books and several articles in top international journals) and is co-founder and chief editor of the *Russian Management Journal*. Valery Katkalo is the Chairman of EPAS Accreditation Board, and also member of EFMD Board of Trustees, CEMS Strategic Board, and of several Boards for the leading international and Russian Universities, business schools, and companies. He has several state medals and other awards.



SESSION 281

EXCELLENCE IN TEACHING

TRACK T	Date	Sunday, Oct 7
	Time	15:15 – 16:30 h
Interest Group Panel	Room	Meeting Hall IV (b)

Lights, Camera, Action: Using Video Clips in Teaching Strategy

Session Chair

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

Panelists

Russell Coff, *University of Wisconsin-Madison*

Today's strategy students demand much more than just traditional lecture. One area of increasing popularity is the use of video clips. While many faculty would welcome the complement of video clips, most of us don't know where to start in finding the most effective clips. Paul Friga has conducted primary and secondary research in this area and will be sharing the results in this entertaining session. In addition to sharing the lists of top strategy video clips and related teaching notes, he will present some of the most powerful videos with you live. Participants will also be asked to share their favorite videos and lessons learned related to incorporating clips into strategy curricula.

SESSION 52

NETWORKS AND COMPETITION

TRACK E	Date	Sunday, Oct 7
	Time	15:15 – 16:30 h
Paper	Room	North Hall

Session Chair Peter Galvin, *Northumbria University*

Network Dynamics for Temporary Organizations. Evidences from the Movie Industry

Paolo Boccardelli, *LUISS Guido Carli University*
 Federica Brunetta, *LUISS Guido Carli University*
 Andrea Lipparini, *University of Bologna*

Our paper examines which processes shape the evolution of network structures over time, and specifically how open and closed network structures tend to replicate themselves over time in the context of temporary organizations. We then aim to extend the investigation of effectiveness of different social network structures on a company's performance, to temporary organizations. We test the hypotheses on 1,074 feature length movies produced and distributed in Italy by Italian companies over the period 1996-2006.

The Competitive Advantage of Interconnected Firms: A Multilevel Model of Antecedents and Consequences of Buyer-Supplier Exchange Relationships

Phillip Christopher Nell, *Copenhagen Business School*
 Ulf Andersson, *Copenhagen Business School*

We model the complex interplay between firm-level variables, notably capabilities and performance, and relationship-level variables: relationship-specific assets and network context. We test how the network context of individual exchange relationships as well as firm-level capabilities jointly affect the propensity of firms to invest in relationship-specific assets. We find an inverted u-shaped relationship between network complexity and the build-up of relation-specific assets and that highly capable firms are more cautious in reacting to changes in network complexity. Furthermore, both firm-level capabilities as well as relational assets help predict firm performance yielding evidence for complex interdependencies between RBV and relational-view rent-generating processes.

The Strength of Network Effects between Standardized Products

Jan Hendrik Fisch, *University of Augsburg*

Previous research on network externalities between standards has acknowledged the positive influence of the installed base on the number of new adoptions. This paper argues that the strength of network effects depends on the interactions between users. It predicts that network effects systematically differ by the freedom of design and requirement of resources to connect to other users, the price level of the market segment, and the recentness of design. Panel data on 87 standardized boat classes support the predictions. Firms can manipulate the strength of network effects to support the adoption of their designs in favor of others.

Within and Between Network Rivalry: The US Motor Vehicle Industry 1993-2007

Peter Galvin, *Northumbria University*
 Jennifer Davies, *Curtin University of Technology*
 Prakash Singh, *University of Melbourne*

This paper seeks to further our understanding of strategic networks to the already extensive set of industry and firm-level factors that impact rivalry. We produce alternative hypotheses whereby rivalry may be greatest between networks on the basis of the characteristics of strategic networks, incentive alignment and social control. The counter hypothesis suggests that rivalry is focussed internally within a strategic network on the basis of competition occurring between strategically similar firms, the potential for co-opetition and the underlying drivers of many alliances. Using data from the US motor vehicle industry between 1993-2007, we find that co-opetition does indeed occur throughout the industry and that rivalry is strongest between members of different strategic networks.

SESSION 66

COMPETITIVE STRATEGIES IN TRANSITION

TRACK E	Date	Sunday, Oct 7
	Time	15:15 – 16:30 h
Paper	Room	Club B

Session Chair Ronaldo Parente, *Florida International University*

Firms in Hard Macroeconomic Times: A Multilevel Analysis of Performance During a Recession

Rafael Goldszmidt, *Getulio Vargas Foundation*
 Luis Enrique Urtubey De Césarís, *Getulio Vargas Foundation*
 Ronaldo Parente, *Florida International University*
 Flavio Vasconcelos, *Getulio Vargas Foundation*

This study analyzed the behavior of firms' performance during a period of economic contraction using Compustat data and a multilevel growth curve model to estimate the impact of the crisis on firms' performance. The variance decomposition of the impact of a recession on performance indicated that the variation in performance during the economic crisis seemed to be largely determined by idiosyncratic firm characteristics and not by attributes of the industries in which they operate, although durable manufacturing industries were, on average, more severely affected. The recession intensely changed the relative position of firms' performances. These results suggest that firm characteristics which offer competitive advantage in times of economic growth, do not necessarily make firms less sensitive to the effects of a recession.

Predictive Actions, Learning and Strategic Agility: Evidence from Mobile Communication

Riccardo Vecchiato, *Polytechnic University of Milan*

This paper explores how predictive actions can enhance the strategic agility of the organization and thus its performance in dynamic environments. Our research is based on a multiple-case study of the mobile communication business, where leading firms had to face a major driver of change throughout the 2000s: the convergence of digital technologies. We compare the case of Nokia, that placed great reliance on predictive actions, with the

cases of other mobile phone manufacturers that adopted instead purely reactive approaches. Our main contribution is a conceptual framework that sheds light on how predictive actions enhance the learning skills of the organization and its capabilities to sense, seize and adapt to emerging opportunities and threats sooner and more effectively than competitors.

The Nature of Resilient Organizations

Markus Venzin, *Bocconi University*

Resilience is the capacity of individuals, teams and organizations to deliver predictably strong and stable performance in the face of adversity. Resilient organizations are able to anticipate external shocks and avoid them or absorb them better than their rivals. Organizations can be intentional about resilience as managers explicitly influence the resilience of their firms. To identify the variables that enhance resilience, I first develop a measure for resilience which I label "VOLARE" as it is composed of the volatility of the long-term return on equity and the long-term return on equity itself. The measure is then used to identify and compare the most resilient to the least resilient companies of seven industries. This comparison allows me to propose a theoretical framework for organizational resilience.

When to be Copied? The Dynamics of Imitability

Peter Bryant, *IE Business School*

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

SESSION 29

STRATEGY AND OUTSOURCING

TRACK G	Date	Sunday, Oct 7
	Time	15:15 – 16:30 h
Paper	Room	Club A
Session Chair	Torben Pedersen, <i>Copenhagen Business School</i>	

Bullwhip Severity in Conditions of Uncertainty: Regional versus Global Supply Chain Strategies

Marcelo Alvarado-Vargas, *Florida International University*
Keith Kelley, *Florida International University*

In this paper the authors explore the effect of uncertainty on the phenomenon known as the Bullwhip Effect in supply chains. Using VENSIM software, the authors simulate a multi-echelon supply chain and demonstrate the bullwhip effect. The authors then simulate conditions of uncertainty and implement regional, as well as global, supply chain parameters to compare the severity of the bullwhip effect. The authors show that the bullwhip effect is a real phenomenon that is increased in intensity during conditions of uncertainty. The authors also show that regional supply chain strategies have reduced bullwhip severity in conditions of uncertainty when compared to global supply chain strategies, thus leading the authors to argue that global supply chains may be suboptimal in an uncertain world.

Offshore Outsourcing Dynamics: An Operation Mode Perspective

Gabriel R G Benito, *BI Norwegian School of Management*
Olesya Dovgan, *SimCorp AIS*
Bent Petersen, *Copenhagen Business School*
Lawrence Welch, *Melbourne Business School*

While the extant literature on offshore outsourcing basically deals with this operation mode in isolation, we address outsourcing in the context of the broader question of how companies use outsourcing as part of their foreign operation mode development. Based on a case study of the Danish company SimCorp and the development of its operations in Kiev, Ukraine, we argue that involvement in the foreign market generates learning that provides a foundation for eventual mode development or change. Restrictions on independent vendors' access to confidential client data and protection of specific investments in human assets also become drivers for mode change, to ensure more effective control. Finally, the study shows how outsourcing can be used proactively as a springboard to deeper activities in a foreign market.

The Attractiveness of a Reactive Strategy to Offshoring: A Simulation Study

Marcus Møller Larsen, *Copenhagen Business School*
Christian Asmussen, *Copenhagen Business School*
Torben Pedersen, *Copenhagen Business School*

Firms that engage in offshoring face increased coordination costs and higher uncertainty. In this regard, extant literature holds that a proactive strategy to offshoring is beneficial, in which firms prepare by articulating deliberate plans and guidelines for the prior to the implementation of offshoring. We investigate the performance implications of a proactive versus a reactive strategy to offshoring through a computational model of organizational adaptation. Our results suggest that the attractiveness of the reactive strategy to offshoring decreases with increasing coordination costs, but that it increases with higher uncertainty. Moreover, we find that uncertainty has a positive moderating effect on the relationship between international coordination costs and the attractiveness of the reactive strategy. Accordingly, we explicate important contingencies to offshoring strategies and show that a proactive approach to offshoring is not always beneficial.

The Strategic Choice between Outsourcing and FDI in Assessing the Effects of Location Characteristics on the Offshoring Performance

Stefano Elia, *Polytechnic University of Milan*
Federico Caniato, *Polytechnic University of Milan*
Davide Luzzini, *Polytechnic University of Milan*
Lucia Piscitello, *Polytechnic University of Milan*
Stefano Ronchi, *Polytechnic University of Milan*

The present paper deals with the performance implications of the offshoring of service activities. Offshoring is intended as delocalization of business services in foreign countries that may occur either through a wholly-owned company (Captive Offshoring) or by outsourcing the service activity (Offshore Outsourcing). We investigate the relationship between distinctive location specific characteristics of the host countries (cost of labor, resource availability, cultural proximity, and the presence of local interests) and performance of the offshoring firm. We extend the literature by investigating both the direct effect of the governance model and its moderating role of the locations specific characteristics on performance. Our results show that the direct effect arises only when considering operational performance, while the moderating effect is more specific of strategic performance.



SESSION 89

STRATEGIC ALIGNMENT AND STRATEGY IMPLEMENTATION

TRACK H	Date	Sunday, Oct 7
	Time	15:15 – 16:30 h
Paper	Room	Club E

Session Chair Taco Reus, *Erasmus University - Rotterdam*

Improving the Odds: The Role of Participatory Management and Strategic Planning for Managing Downside Risk

Johanna Sax, *Copenhagen Business School*
 Stefan Linder, *ESSEC Business School*

Dealing with shifts in technologies, changing market trends, and newly emerging niches and business opportunities effectively represents a fundamental strategic challenge for today's firms. Middle managers may be a valuable source of new ideas for adaptation, which firms can exploit by relying on a participatory management style. Yet, participation also has drawbacks. Strategic planning has been suggested as an integration device promising to overcome some of these drawbacks. Yet, empirical evidence investigating this matter and in particular testing the impact on firms' downside risk is largely missing. We aim at narrowing this gap by providing first empirical evidence from a sample of 181 firms. We find support for the idea that a participatory management's benefits for minimizing downside risk materialize themselves via formal strategic planning.

Informal Control Modes and Initiative Performance: The Moderating Role of Supervisors' Political Behavior

Markus Kreutzer, *University of St. Gallen*

In this paper, we focus on informal control modes (composed of certain levels of informal input, behavior, and output control) utilized by top managers to steer growth initiative teams. We propose that the informal control mode utilized interacts with the existing level of supervisor's political behavior to influence initiative performance. Survey data on strategic growth initiatives collected from 201 corporations serve to test our hypotheses. Our results of moderated regression analysis highlight the importance of adapting the control mode to the specific supervisors' political behavior.

On the Way to Strategic Alignment: The Mediating Role of Procedural Justice of the Strategy Process

Nufer Yasin Ates, *Erasmus University - Rotterdam*
 Daan van Knippenberg, *Erasmus University - Rotterdam*

This study investigates the effect of strategic involvement of managers on their commitment to organizational strategies and their strategic alignment with the CEO, through the mediating role of managers' procedural justice perceptions about the strategic decision-making process. Data from 141 managers at different hierarchical levels show the moderating role of managers' hierarchical level in this process. Although strategic involvement leads to enhanced procedural justice perceptions of the strategy formation at all hierarchical levels, its effect on strategic commitment and strategic alignment is higher for the managers at the operational levels compared to middle and upper echelon managers of the organization. This study expands the procedural justice research in strategy process to middle and lower levels of the organization while providing empirical evidence for the importance of strategic involvement in successful strategy implementation.

Role Modeling in Strategy Implementation: Do Middle Managers Imitate Top Managers' Influence Behavior?

Aischa Astou Saw, *WHU - Otto Beisheim School of Management*
 Lutz Kaufmann, *WHU - Otto Beisheim School of Management*
 Felix Reimann, *WHU - Otto Beisheim School of Management*
 Matthias Ehrigott, *WHU - Otto Beisheim School of Management*

Effective communication is critical for the successful implementation of strategies. Employees need to be motivated to carry out operational activities that contribute to strategy execution. The paper focuses on how strategic directives are communicated throughout multiple organizational levels. We analyze how top managers behave, when influencing middle managers to support a change. Further, we show how this behavior in turn determines middle managers' own influence behavior toward employees. Following Social Learning Theory, we explore whether middle managers imitate the behavior they observe top managers to use. The role of exchange relationships within this vertical communication chain is also examined. To test the hypotheses, 49 top managers, 129 middle managers, and 567 employees of an international consumer goods company were surveyed.

SESSION 225

INTELLECTUAL PROPERTY RIGHTS

TRACK I	Date	Sunday, Oct 7
	Time	15:15 – 16:30 h
Paper	Room	Club D

Session Chair Silvia Massini, *University of Manchester*

De facto and De Jure IPR Law in India: Are Multinationals Handicapped? Empirical Evidence from Indian IP litigation 1972-2010

Anand Nandkumar, *Indian School of Business*
 Mridula Anand, *Indian School of Business*
 Anusha Sirigiri, *Indian School of Business*

We seek to analyze the differences in the de facto and de jure IPR law and in particular explore its influence on litigation capabilities and incentives to seek legal IP protection. Using a novel data set comprising of all IP litigation in India from 1972-2010, and a novel identification strategy we also distinguish between differences in litigation competence from court bias. Our preliminary results suggest that, multinationals have better defense capabilities relative to Indian residents and while Indian residents have better offense capabilities relative to multinational firms. Using the TRIPS reforms in India we provide evidence how institutions affect firm innovation strategies. More specifically, our results suggest that differences between de facto de jure law influences litigation strategies of firms and consequently affects the effectiveness of IPR in stimulating innovation.

Does Competitive Strategy Protect Companies from IP Free Riding?

Theresa Veer, *Technical University Berlin*
 Knut Blind, *Technical University of Berlin*

Companies with a distinct competitive strategy are attractive targets for free riding of intellectual property (IP) as copying their products either provides high margins (differentiation) or opens large markets (cost leadership). However, a clever combination of a competitive strategy with a suitable IP strategy and management can protect a company from IP free riding. Our findings suggest that cost leaders should use legal protection methods and ensure the enforcement of these methods. Differentiators should keep their knowledge and technology secret so as to mitigate the imitation enabling effect of technical intellectual property rights (IPR). Trademarks and registered designs are effective tools for companies of both competitive strategies. Policy should improve the effectiveness of IPR regimes allowing easy and fast enforcement of patents.

Protecting Growth Options in Dynamic Markets: Using Strategic Disclosure in Integrated Intellectual Property Strategies

Tilo Peters, *Swiss Federal Institute of Technology Lausanne*
 Jana Thiel, *Ecole Polytechnique Fédérale de Lausanne - EPFL*
 Christopher Tucci, *Ecole Polytechnique Fédérale de Lausanne - EPFL*

In the context of high-velocity environments and resource-scarcity, intellectual property management in technology firms needs to provide strategic flexibility as well as efficient protection of commercialization options. In this paper we argue that an integrated IP strategy that combines patenting with strategic disclosure can efficiently secure growth options by protecting freedom to operate under technological and market uncertainty. We use case studies on new entrants as well as small and medium-sized companies to demonstrate how integrated IP strategies support strategic positioning of low-power actors and help them to tip emerging or dynamically changing markets in their favor. As a result, we advance a decision-making framework that allows technology firms identify conditions under which integrated IP strategies including strategic disclosure provide strategic benefits to the firm.

The Role of Academic Patenting in Shaping Firms' Technological Direction in a Nascent Field

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

Despite extensive research on technological behavior of firms in well-established technological fields, much less work has explored their behavior in nascent fields characterized by multiple coexisting emerging technological lines and high uncertainty surrounding their potential profitability. In this paper, we investigate the role of academic patenting as a signal of potential usefulness of emerging technological trends. We use a new tool, topic modeling, to identify emerging trends in the field of carbon nanotubes. Using the text analysis results, we study how technological direction of academic publications and patents shape the technological direction of firms active in the field of nanotubes. The results can shed more light on firms' behavior in nascent fields and the role of academic patenting in shaping their technological direction.

SESSION 229

STRUCTURE AND INNOVATION

TRACK I	Date	Sunday, Oct 7
	Time	15:15 – 16:30 h
	Room	Terrace 1

Session Chair Antonio Capaldo, *Catholic University of the Sacred Heart*

Hybrid Organizations and Pharmaceutical Innovations: Evidence from Brazil

Sandro Cabral, *Federal University of Bahia, Brazil*
 Peter Klein, *University of Missouri*
 Sergio Lazzarini, *Inspere Institute of Education and Research*
 Anita McGahan, *University of Toronto*

We provide a theoretical framework for evaluating the relative efficiency of alternative organizational modes designed to foster entrepreneurship in social goods subject to externalities. We distinguish two possible roles of public and private actors: entrepreneurs ("agents") and sponsors ("principals"); and derive a set of hypotheses about the interactions among funding sources, executor type, and other project characteristics and the effectiveness of innovation in the public interest. We then examine the nature and performance of hybrid organizational forms in addressing issues with substantial social externalities in the context of Brazil's Fundação Oswaldo Cruz (Fiocruz). The results suggest powerful mechanisms of selection, with sponsorship and execution of projects aligned ex ante in anticipation of ex post incentive mechanisms.

Structural Recombination and Innovation

Samina Karim, *Boston University*
 Aseem Kaul, *University of Minnesota*

This study examines how structural recombination of business units within firms affects firm innovation. We argue that structural change is a disruptive process harmful to innovation, but that the magnitude of this effect will depend upon the firm's pre-divestment knowledge. Where the firm has weak technological capabilities or is diversified into unrelated technological areas, structural recombination will harm innovation. In contrast, where firms have strong and coherent technological capabilities, structural recombination may benefit innovation, unlocking the potential for knowledge recombination within the firm. Results from a panel of U.S. medical sector firms show support for these arguments. The study thus provides insight into the contingent nature of structural recombination, while highlighting the role of structural change in enabling recombinant innovation within the firm.

The Impact of Governance Uncertainty on Innovation Outcomes

Bettina Bastian, *American University of Beirut*
 Marcel Bogers, *University of Southern Denmark*

We address the link between governance uncertainty and innovation output. Our research focuses on the context of the upstream oil industry, where companies source natural resources from particular geographical areas. For these companies, governance uncertainty may constitute a serious threat to the business of natural resource exploitation. Companies respond to governance uncertainties that affect short-term assets (notably, production assets) with long-term solutions (diversification into green technologies), and to uncertainties that affect long-term assets (notably, newly explored resource deposits) with short-term solutions (investments into technical fields within their current core business). Our research is supported with an analysis of 16 years of data from diverse technology and operations areas of 13 global upstream oil and gas companies.

Trapped By Your Knowledge Competencies? Impact of Alliance Portfolio Unique Patents On Firm Innovation Quality

Manish Srivastava, *Michigan Technological University*
 Devi Gnyawali, *Virginia Tech*

Do a focal firm's alliance partners' unique technologies impact the firm's innovation quality? And what type of firms would be better prepared to leverage those unique technologies? These questions are critical because unique technologies could be beneficial for generating high quality innovations. Given the high risk associated with experimenting with such technologies internally, alliances could be helpful device. However, identifying unique technologies of alliance partners could be challenging, and leveraging these technologies effectively could be even more challenging to firms with strong internal competencies. We find that unique patent of alliance partners of firms contributes to greater overall quality of their innovations. However, firms that have strong internal knowledge base or have high internal knowledge search propensities, struggle in leveraging those unique patents.



SESSION 17

INSIGHT-DRIVEN STRATEGISTS

TRACK J	Date	Sunday, Oct 7
	Time	15:15 – 16:30 h
Paper	Room	Meeting Hall IV (a)

Session Chair Veronique Ambrosini, *Monash University*

The Role of CEOs' Ambivalence for Competitive Actions

- Nils Plambeck, *HEC-Paris*
- Sucheta Nadkarni, *Drexel University*
- Tianxu Chen, *Oakland University*
- Martin C. Goossen, *HEC-Paris*

Despite the importance of ambivalent evaluations, research specifying the influence of ambivalence on firms' strategic behavior is scarce and has mostly been theoretical. To further enhance our understanding of the role of CEOs' ambivalence for firms' strategic behavior, we theorize and empirically investigate the effect of ambivalent evaluations on competitive actions of firms and how these relationships are moderated by organizational factors.

The Role of Sensegiving in Endogenous Capability Change

- Joanne Larty, *Lancaster University*
- Martin Friesl, *Lancaster University*
- Sarah Jack, *Lancaster University*

This paper contributes to the vibrant debate on the cognitive foundations of organizational capabilities. Existing research highlights the important interplay between managerial cognition and sensemaking in an external search for new opportunities. This paper focuses on the micro-foundations of endogenous change and shows that managerial cognition influences how organizational actors make sense of, and then act upon, inherently uncertain and ambiguous situations. Based on the findings of a longitudinal, in-depth case study of a large multi-unit organization, our analysis reveals how different patterns of capability development are characterized by distinct patterns of organizational sensegiving. We highlight how patterns of organizational sensegiving may actually constrain or enable the coordinated development of organizational capabilities. Our findings provide new insights into the micro-processes of endogenous capability change.

Top Management Team Hyperopia

- David Mackay, *University of Strathclyde*
- George Burt, *University of Strathclyde*
- Andrew Perchard, *University of Strathclyde*

Hyperopia – or longsightedness – describes a capacity to focus with acuity on that which is far off whilst experiencing deficiencies in interpreting and acting on that which is close at hand. This proposal seeks to surface insights into the under-researched topic of hyperopic TMT strategizing practice. We present empirical findings from a contemporary case and critically review an analogous historical case of hyperopic TMT strategizing practice in a transitional private sector - UK military partnership context. Our findings suggest that the business impacts of hyperopia might be masked by munificent institutional conditions but as these conditions evolve, damaging economic and social effects of rigid hyperopic TMT strategizing practice might be experienced.

Towards an Attentional Capacity Model of Strategic Agenda Size: A Multi-Method Study in the Private Banking Industry

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

We examine whether and when executives' attentional capacity imposes limits to the number of strategic issues on their agenda. Based on a

multi-method study of 79 private banks in Switzerland, Luxembourg, Austria, Singapore, and Hong Kong that face a broad range of issues in the regulatory, economic, and technological domains, we find that executives are able to attend to multiple issues simultaneously, but that their attentional capacity relates to the nature of the issue context. Issues tend to interact with each other and the more pervasive issues tend to consume more attentional capacity crowding out other issues. Moreover, the strategic agenda size shapes the richness of organizational change actions. Contributions are intended to be made to selective attention and strategic issue management research by theorizing the role of simultaneous issue processing and of the limits of attention.

SESSION 157

FINANCING ENTREPRENEURIAL VENTURES

TRACK K	Date	Sunday, Oct 7
	Time	15:15 – 16:30 h
Paper	Room	Terrace 2

Session Chair Elisa Alvarez-Garrido, *Georgia State University*

Differentiating Who Do You Know and Who Do You Count on in Entrepreneurs' Venture Fundraising

Han Jiang, *Arizona State University*

To date, network research has seldom attempted to differentiate two potentially distinct notions—having networks and using networks. In this research, we shed light on the differentiation between “having a tie” and “using a tie” by showing that entrepreneurs may not use all social ties they have with investors in venture fundraising and unveiling the determination mechanism of this difference drawing on expectancy theory. We find that the higher a new venture's quality, the more likely that its entrepreneurs would use their entrepreneur-investor ties in fundraising. Plus, this relationship is strengthened by the strength of entrepreneur-investor ties, such that when venture quality is low, entrepreneurs are more hesitating to use social ties to raise fund from investors with which they are strongly connected.

Effects of Uncertainty on Venture Capitalists' Investment Trajectories in the Clean Energy Sector

- Anu Wadhwa, *Swiss Federal Institute of Technology Lausanne*
- Xin Yao, *University of Colorado-Boulder*
- Sanjay Jain, *Santa Clara University*
- Antoaneta Petkova, *San Francisco State University*

This study investigates the impact of different types of uncertainties on the evolution of entrepreneurial action, using VC firms's entry into the emerging clean energy sector. Using the real options lens, we examine the effects of exogenous uncertainty and VC resources and capabilities on VC diversification in clean energy subsectors. We test our hypotheses using longitudinal data on 171 VCs that entered the clean energy sector between 1990-2008. We find that some types of environmental uncertainty are positively related with VC diversification and that the relationship between environmental uncertainty and diversification is weakened by VC capabilities. Our study contributes to entrepreneurship theory and practice by highlighting the manner in which VC firms develop industry specific capabilities in the face of uncertainty.

The Contribution of Seasoned Venture Capital Firms to Basic and Applied Science: The Role of IP Regimes

Elisa Alvarez-Garrido, *Georgia State University*

The globalization of Venture Capital (VC) investments raises the question of how VCs impact innovation in countries with weaker Intellectual Property (IP) protection. Do more seasoned VCs foster innovation in weaker IP countries? And if so, do they foster applied research equally to basic research? Using a global sample of 1,025 VC-backed biotechnology startup (575 US ventures, and 450 from 25 additional countries), I test

whether the effect of VC Experience on patents and publications changes with the strength of the IP institutions. I find that when IP protection is weak, experienced VCs (a) foster patenting outcomes more, and (b) scientific publications less, than in strong IP environments. Overall, this paper studies the contribution of VC experience to innovation across different institutional environments.

The Liability of Breadth? Biased Evaluations of Experience Breadth in Threatening vs. Opportunistic Environments for New Ventures

Emily Block, *University of Notre Dame*
Fadel Matta, *Michigan State University*
Adam Steinbach, *Michigan State University*

Although investors highly value experienced founding teams when evaluating new ventures, most research has focused on the positive influence of experience depth for such evaluations. Much less is understood about how investors evaluate the breadth of experience a founding team brings to a new venture. In this research we draw from psychological research on the effects of cognitive framing to argue that potential investors place very different values on experience breadth in different environments. Specifically, we argue that in environments that are perceived as threatening, experience breadth is viewed by investors as a liability that inhibits focus and execution. In opportunistic environments we argue that experience breadth is viewed as a valuable resource.

SESSION 161

ENTREPRENEURIAL GROWTH

TRACK K	Date	Sunday, Oct 7
	Time	15:15 – 16:30 h
Paper	Room	Club H

Session Chair Shameen Prashantham, *University of Nottingham*

Citius, Altius, Fortius? Community-enabled Bricolage and the Growth of Entrepreneurial Ventures

Oliver Alexy, *Technical University of Munich*
Evila Piva, *Polytechnic University of Milan*
Cristina Rossi Lamastra, *Polytechnic University of Milan*

In this paper we investigate the impact of incorporating the outputs of volunteer communities on sales and productivity growth of entrepreneurial ventures. In particular, we use the lens of entrepreneurial bricolage to develop two hypotheses that are tested in the empirical part of the paper. As the empirical context of the study, we select the software industry and we consider the volunteer community producing open source software.

Comparison of Social Network Influence on 3 Stages of Entrepreneurial Firm Development: Evidence from Russian GEM Data

Galina Shirokova, *St. Petersburg University*
Gina Vega, *Salem State University*
Ivan But, *St. Petersburg University*

The paper presents results from research on the influence of social networks on development of the entrepreneurial firm at different stages in the firm's life. Two hypotheses are proposed and tested with data from the Global Entrepreneurship Monitor project for Russia, 2002, 2006-2011. The logistic regression is used as an instrument for data analysis. We present evidence that the acquaintance with an entrepreneur leads to a higher chances of the population aged 18-64 being potential entrepreneurs, nascent entrepreneurs and owners of their own businesses. Comparing three stages of entrepreneurial firm development—discovery stage, birth stage and survival stage—we show that social networks have different influence at different stages of enterprise development. The highest influence is noticed at birth stage, the discovery and survival stages have lower but equal influence.

Imitative New Product-Market Entry: The Impacts of Firm Resources and Market Dynamics

Namwoon Kim, *Hong Kong Polytechnic University*
Sungwook Min, *California State University Long Beach*

Although previous studies on interfirm imitation aroused interest in the topic of imitation-based entry strategy in general, the following imperative research questions remain to be addressed: (1) How do firm resources and culture affect the firm's imitative new product-market entry decision? (2) What market/industry conditions encourage or discourage firms' imitative new market entry? (3) Does the magnitude of imitative entry vary across the different product life-cycle stages? The purpose of this study is to identify these firm-specific as well as environmental driving factors that affect firms' imitative new product-market entry decision. Based on well-established theories, we develop hypotheses regarding the effects of the identified antecedents on firms' imitative market entry and empirically test them using broad cross-sectional survey data.

New Venture Internationalization as a Rite of Passage: Unpacking the Blackbox of Transition to Foreign Markets

Shameen Prashantham, *University of Nottingham*

Making the transition to foreign markets poses a shock to international new ventures (INVs) that threatens their survival. To shed light on how some INVs manage to grow and survive, it is useful to pry open the blackbox of the "becoming" of an INV. To this end, new venture internationalization is viewed as being akin to a rite of passage i.e. a transitional process of social actors to a new status. A rite of passage entails a between-and-between "liminal" phase during which an INV experiences both ambiguity and peril as well as liberation and flexibility. Liminality is a double-edged sword and holds the potential danger of aspiring INVs overreaching. Such overreach could thwart liminal learning outcomes that are vital for the successful accomplishment of internationalization.

SESSION 46

VALUE CREATION AND CAPTURE IN ALLIANCES

TRACK N	Date	Sunday, Oct 7
	Time	15:15 – 16:30 h
Paper	Room	Club C

Session Chair Anoop Madhok, *York University*

Co-Creating Value from R&D Services - The Moderating Roles of Joint Learning and Social Capital

Marko Kohtamäki, *University of Vaasa*
Jukka Partanen, *Aalto University*

This study seeks evidence on the constructs that facilitate value co-creation from supplier R&D service offerings. This study contributes by focusing on the roles of joint learning and social capital as moderating constructs in the link between supplier R&D service offerings and supplier sales performance. The findings of a structural analysis with 91 supplier-customer relationships indicate that supplier R&D service offerings per se do not create value, but need relational mechanisms, such as joint learning and social capital, to enable value co-creation. The results demonstrate that joint learning and social capital positively moderate the link between R&D service offerings and supplier sales performance in the customer relationship. In addition, we find that social capital facilitates joint learning and consequently creates a relational capability.



Earning resource-based and relational rents: Managing the tradeoff and implications for the evolution of firm boundaries

Anoop Madhok, *York University*
 Mohammad Keyhani, *York University*
 Bart Bossink, *VU University*
 Paul Vlaar, *VU University Amsterdam*

The resource-based view and relational view respectively suggest that rents accrue to idiosyncratic, firm-specific resources and combining these with complementary resources of other organizations. However, given the well known trade-offs between specialization and coordination, it is not yet clear how firms can simultaneously generate resource based and relational rents. We contend that firms with the capability to a) better and less costly adapt their own resources to relational requirements, and b) better and less costly adapt their relationship's resources to their own advantage face less of a tradeoff between resource-based and relational rents. Since different firms in an alliance may have different levels of these capabilities, they will have asymmetric incentives to increase investment in the alliance.

Value Appropriation and Value Creation in Strategic Alliances: Competition or Collaboration?

Oleg Petrenko, *Oklahoma State University*

A broadly supported general finding from collaboration research is that organizations involved in inter-firm collaboration usually achieve above average performance and survival, although with substantial variation in outcomes. Explanations for those large variations in outcomes offer conflicting predictions and findings as to their effect on alliance performance. I identify two distinct theoretical dimensions of strategic alliances: collaboration (value creation) and competition (value appropriation). I formulate and test models for these two dimensions of performance. I test these models on a large longitudinal sample of strategic alliances. Results show that 1) the strength of the tie between the partners in the alliance positively affects the effect of their combined capabilities; 2) there is a positive relationship between the relative availability of alternative partners and value appropriation.

Value Creation and Wealth Transfer in Joint Ventures and Acquisitions

Anju Seth, *Virginia Tech*
 Olga Bruyaka, *Virginia Tech*

Joint ventures (JVs) and acquisitions are important modes of firms' growth. Do these growth modes yield the same results in terms of value creation/ destruction or wealth transfer? To what extent do different motives—synergy, managerialism and hubris—explain partners' gains in acquisitions versus JVs? We address these questions by examining the interrelationship between the values created for the acquirer and target when they announce an acquisition and for two partners when they announce a JV. Using a sample of 254 US firms involved in 582 acquisitions and 385 JVs in 1990-2003 we find that the proportion of value-creating transactions is similar for acquisitions and JVs. However, there is evidence that acquisitions are characterized by considerably larger value consequences (wider range of average gains and losses).

SESSION 107

THE BENEFITS OF EXPERIENCE: VICARIOUS AND OTHERWISE

TRACK O	Date	Sunday, Oct 7
	Time	15:15 – 16:30 h
Paper	Room	Meeting Hall V

Session Chair Yu Zhang, *University of California-Irvine*

Director Networks & Their Performance Reference Levels: An Examination of Director References & Strategic Influence

Geoffrey Martin, *Melbourne Business School*
 Remzi Gozubuyuk, *IE University*

This study examines the role of director networks in determining firm reference (or aspiration) levels of performance and ultimately firm risk behavior. We argue that the performance achieved at other firms in a director's network provides a reference level that influences strategic decisions under risk at the focal firm. We find strong support for our prediction, and that the reference level provided by a director's network is a stronger indicator of strategic behavior than an industry benchmark, which had previously been the common measure of reference levels in risk research. The reference level effect is moderated by director motivation to engage in strategic decision-making, as measured using director compensation structure.

Executive Learning in Corporate Development: Evidence from Corporate Acquisitions

Philipp Meyer-Doyle, *University of Pennsylvania*

Using micro-data on executives involved in acquisitions, this paper examines how executives' prior acquisition experience shapes the firm's future acquisition performance. I find that executives' acquisition experience positively impacts a firm's subsequent acquisition performance, even after controlling for the effect of firm experience, and for firm and individual fixed effects. This effect is largely driven by executives' firm-specific acquisition experience; however executives' outside experience becomes more valuable to the firm, if executives have worked in the firm for longer. Further, executive turnover lowers acquisition performance due to the disruption to executive team-dependent learned knowledge. I also examine the sources and manifestations of learning in acquisition. Overall, this paper contributes to the literature on learning in strategy as well as the micro-foundation literature in strategy.

Learning from Others' Small Losses and Big Failures of Acquisitions

Yan Gong, *University of California-Irvine*
 Yu Zhang, *University of California-Irvine*

We exam whether different types of director experiences shape a firm's learning from others' acquisition failures. We envisioned a conditional learning process in a focal firm's learning from failures. In learning from others' small losses, a major learning barrier lies on the causal ambiguities of information associated with small losses; in contrast, in learning from others' big failures, a major learning challenge points to the applicability of information collected on others' disastrous acquisition failures. Our findings indicate that (1) directors' generic experience of acquisition enhances a focal firm's learning from others' small losses and (2) directors' firm-specific experience of acquisition enhances a focal firm's learning from others' big acquisition failures. Others' failure events, as important inputs for a focal firm's learning process, may not necessarily automatically lead to positive learning outcome.

Well-Matched: Ownership Experience and IPO Success

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

While the ownership – performance debate has benefited from recent scholarly interest in ownership heterogeneity, this interest typically addresses heterogeneous owner interests, rather than possible differences in owner capabilities. Our study addresses the heterogeneity in experience of firms' owners. We offer a learning perspective to analyze when firms benefit from leveraging owners' prior experience, and we develop a contingency approach to make normative predictions regarding the direction and magnitude of ownership effects on firm performance. We test our hypotheses using all private firms attempting to go public between 1997 and 2004 and all venture capital firms that invested in these private firms. The supportive findings suggest that the match between the prior experience of these owners and the private firm's needs affects firm performance.

COMPETITIVE STRATEGY

TRACK E	Date	Sunday, October 7
	Time	16:45 – 18:00 h
Business Meeting	Room	North Hall

Chairperson: Govert Vroom, *IESE Business School*
Program Chair: Glenn Hoetker, *Arizona State University*
Assoc Program Chair: Gary Dushnitsky, *London Business School*

CORPORATE STRATEGY AND GOVERNANCE

TRACK E	Date	Sunday, October 7
	Time	16:45 – 18:00 h
Business Meeting	Room	Meeting Hall V

Chairperson: Gerry Sanders, *Rice University*
Program Chair: Parthiban David, *American University*
Assoc Program Chair: Donald Bergh, *University of Denver*

GLOBAL STRATEGY

TRACK E	Date	Sunday, October 7
	Time	17:00 – 19:00 h
Business Meeting	Location	Black Angels Bar

Chairperson: Charles Dhanaraj, *Indiana University*
Program Chair: Timothy Devinney, *University of Technology-Sydney*
Assoc Program Chair: Elizabeth Rose, *Aalto University School of Economics*

STRATEGY PROCESS

TRACK E	Date	Sunday, October 7
	Time	16:45 – 18:00 h
Business Meeting	Room	Club E

Chairperson: Cathy Maritan, *Syracuse University*
Program Chair: Tomi Laamanen, *University of St. Gallen*
Assoc Program Chair: Taco Reus, *Erasmus University - Rotterdam*

KNOWLEDGE AND INNOVATION

TRACK E	Date	Sunday, October 7
	Time	16:45 – 18:00 h
Business Meeting	Room	Terrace 1

Chairperson: Mary-Anne Williams, *University of Technology-Sydney*
Program Chair: Gabriel Szulanski, *INSEAD*
Assoc Program Chair: Corey Phelps, *HEC-Paris*

STRATEGY PRACTICE

TRACK E	Date	Sunday, October 7
	Time	16:45 – 18:00 h
Business Meeting	Room	Meeting Hall IV (a)

Chairperson: Robert Wright, *Hong Kong Polytechnic University*
Program Chair: Timo Santalainen, *Aalto University*
Assoc Program Chair: Hanna Lehtimäki, *University of Eastern Finland*

ENTREPRENEURSHIP AND STRATEGY

TRACK E	Date	Monday, October 8
	Time	17:50 – 18:15 h
Business Meeting	Room	Meeting Hall V

Monday, October 8: 17:50 – 18:15

Chairperson: Christoph Zott, *IESE Business School*
Program Chair: Christopher Tucci, *Swiss Federal Institute of Technology-Lausanne*
Assoc Program Chair: Garry Bruton, *Texas Christian University*

STRATEGIC HUMAN CAPITAL

TRACK E	Date	Sunday, October 7
	Time	16:45 – 18:00 h
Business Meeting	Room	Club D

Chairperson: David Lepak, *Rutgers University*
Program Chair: Pat Wright, *Cornell University*
Assoc Program Chair: Todd Zenger, *Washington University-St. Louis*

STAKEHOLDER STRATEGY

TRACK E	Date	Sunday, October 7
	Time	16:45 – 18:00 h
Business Meeting	Room	Terrace 2

Chairperson: Maurizio Zollo, *Bocconi University*
Program Chair: Jeffery Harrison, *University of Richmond*
Assoc Program Chair: Richard Priem, *Texas Christian University*

COOPERATIVE STRATEGIES

TRACK E	Date	Sunday, October 7
	Time	16:45 – 18:00 h
Business Meeting	Room	Club C

Chairperson: Peter Smith Ring, *Loyola Marymount University*
Program Chair: Jeffrey Reuer, *Purdue University*
Assoc Program Chair: Dovev Lavie, *Technion-Israel Institute of Technology*

TEACHING COMMUNITY

TRACK E	Date	Sunday, October 7
	Time	16:45 – 18:00 h
Business Meeting	Room	Meeting Hall IV (b)

Chairperson: Paul Friga, *University of North Carolina-Chapel Hill*
Program Chair: Jay Dial, *Ohio State University*
Assoc Program Chair: Margaret Cording, *IMD*

SMS BUSINESS MEETING

	Date	Sunday, October 7
	Time	18:15 – 19:00 h
Business Meeting	Room	North Hall

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



SESSION 216

CONTEMPORARY ISSUES IN TEACHING STRATEGY

TRACK T	Date	Monday, Oct 8
	Time	08:00 – 09:15 h
Paper	Room	Club D
Session Chair	Asli Arikan, <i>Ohio State University</i>	

Integrating Problem Based Learning and Computer Simulation in Enhancing Strategic Management Learning

Chatchai Chatpinyakoo, *Mahidol University*
 Awiruth Keshagupta, *Dhurakij Pundit University*

Problem based learning (PBL) represents a strategic learning method designed to enhance student learning through participating, learning, and knowledge-sharing within small groups. Students learn by analyzing, synthesizing, and solving a real-life case study, which matches the realities of an ever-changing business environment. In this paper, we share evidences of a practical implementation of problem based learning for a course at a graduate management school in Thailand. Self-directed, students learn how to implement and lead change in an organization while gaining knowledge as they solve the problem. Evidence from students reflections suggests problem based learning is effective in their learning process.

Pizza, Pizza, Pizza: A Competitive Strategy Simulator

Norman Sheehan, *University of Saskatchewan*

Students typically struggle to apply traditional, static strategy analysis tools to derive recommendations for firms operating in dynamic competitive environments. This competitive simulator employs Kim and Mauborgne's (2004, 2005) strategy canvas and value curves to help students to develop new competitive strategies for firms competing in dynamic markets. Student feedback indicates that students found the exercise useful in meeting its learning objectives of helping to understand the role and impact of competitive strategies on firm performance, while 97% of students (n=32) recommended that instructors at other universities adopt the exercise.

Teaching Corporate Governance: Agency Theory or Stewardship Theory?

Francisco Garcia-Lillo, *University of Alicante*
 Bartolomé Marco-Lajara, *University of Alicante*
 Vicente Sabater-Sempere, *University of Alicante*
 Mercedes Ubeda, *University of Alicante*

Our proposal revolves fundamentally around the need to continue rethinking the corporate governance issue. Should we still insist mainly on how to solve the "agency problems" derived from the different utility functions of shareholders and managers following the prescriptions of the Agency Theory for that purpose? Why not think better about how to develop a more pro-organizational behavior among the top management? Do Ethics and Corporate Social Responsibility exert an influence on the aforesaid issues? To what extent do our students believe that the adoption of an ethical and socially responsible behavior might eventually have an impact on firm performance? Do they perceive the manager as someone who really seeks to meet the goals of all interest groups? These and other issues are subjected to analysis and discussion in this paper.

SESSION 147

EMERGING MARKET FIRMS AND COMPLEX INSTITUTIONAL ENVIRONMENTS

TRACK A	Date	Monday, Oct 8
	Time	08:00 – 09:15 h
Common Ground	Room	Meeting Room 2.1
Facilitator	Luis Dau, <i>Northeastern University</i>	

Effect of Institutional Resources on Firm Competitive Advantage: Evidence from the Indian Textile Industry

Raveendra Chittoor, *Indian School of Business*
 Preet Aulakh, *York University*
 Oana Branzei, *University of Western Ontario*

In an era of global competition, there is a growing interest within the strategy field to study how the institutional environments influence firm strategies and competitive advantage. In this paper, we further this research by examining how access to institutional resources provided through a government program (Technology Upgradation Funds Scheme (TUFFS)) influenced firm competitive advantage within the Indian textile industry. Results from a panel of firms during the 1989-2010 period show that utilization of these institutional resources enhanced export growth of firms. Furthermore, we find that the relationship between institutional resources and export growth is moderated by two types of quasi-institutions within which individual firms are embedded, namely business groups and geographical clusters.

How to Survive in Developed Economies: An Environment Partitioning Perspective for Emerging Market MNEs

Lei Li, *University of Nottingham*
 Weilei Shi, *City University of New York*
 Li Sun, *University of Missouri-Kansas City*

How do emerging market multinational enterprises (MNEs) survive in developed economies wherein global incumbents are rooted? This paper endeavors to fill this void in the international management literature. Our case studies, in conjunction with the relevant literature reveal that emerging market MNEs need to enhance local effectiveness and legitimacy by, inter alia, leveraging both home country competitive advantages and institutional embeddedness. The long term viability of these new comers lies in (1) the co-evolving integration between host country and home country technical environments, (2) the co-evolving reconciliation between host country and home country institutional environments, and (3) the co-evolving balance between their strategic independence and home country institutional embeddedness. We elaborate on scholarly and practical implications at the end.

Institutional Complexity, Political Capital, and Corporate Diversification Strategy in China

Xiaowei Luo, *INSEAD*
 Jiyang Dong, *INSEAD*

Using a 7-year panel data of Chinese listed firms, we examine how institutional complexity influenced corporate diversification by shaping firms' perceived templates of success and their use of resources. We find that, compared with in regions with stronger market institutions, privately-owned (i.e., where the largest shareholder is not the state) firms diversify more in regions with weak market institutions, and they are more likely to use political capital for diversification. We also find important differences in diversification among private firms from different origins such as previous state ownership and family firms. Our study contributes to research on diversification, political capital, and family business by highlighting the contingencies of institutional complexity.

MONDAY 08:00 – 09:15

Rationalization and Professionalization of Emerging and Transition Economy Firms: An Institutional Approach to Absorptive Capacity

Kathleen Yi Jia Low, *WU-Vienna*
James Robins, *WU-Vienna*

Knowledge transfer from foreign partners is one of the most important ways that emerging and transition economy firms improve existing capabilities and create new ones (Hitt et al. 2004). However, knowledge transfer is challenging; it relies on absorptive capacity that emerging and transition economy organizations may lack (Zhang et al. 2010). In this paper, we explore ways that institutional theory can be used to understand processes of rationalization and professionalization that help emerging and transition economy firms achieve greater absorptive capacity. Rationalization and professionalization have key roles in making emerging and transition economy firms more like their foreign partners in structure and practices. This isomorphic change is vital to the development of absorptive capacity needed for effective knowledge transfer from foreign sources.

Strategic Choices in the Foreign Direct Investments of Polish Firms

Krzysztof Obloj, *University of Warsaw*
Aleksandra Wasowska, *University of Warsaw*

The objective of the study is twofold. First, we want to study the strategic choices of Polish firms' FDI locations to test whether the pattern of OFDI can be explained with existing typology of motives for FDI. Second, we want to test if the global crisis affected the strategic choices of Polish companies in making FDI decisions. We provide empirical support for the notion that existing theories of FDI, even if they might need refinement when applied to the specific business context, are pretty robust in explaining the logic of strategic choices for FDI from emerging economies. Also, we document that the immediate impact of the global crisis on the pattern of Polish outward FDI is limited until now, and it affects the strategic choices of the companies in a predictable way, forcing them to rethink and limit their internationalization pace.

To Expand Up Or Downmarket: That Is The Question

Luis Dau, *Northeastern University*

Building on Knowledge-Based Theory, I argue that pro-market reforms augment the profitability of firms by increasing their competitiveness and market knowledge. However, I propose that this effect is greater for firms that operate internationally; firms that operate in more advanced markets; and firms that become multinationals before reforms are implemented. This is because such firms are able to acquire market knowledge abroad that they can use when responding to reforms at home, giving them a head-start advantage over other local firms. The analyses of a panel of the largest 500 Latin American companies from 1989-2008 provide support for these arguments.

SESSION 27

COMPETITION AND SUSTAINABILITY

TRACK B

Date Monday, Oct 8

Time 08:00 – 09:15 h

Paper

Room Dressing Room 221

Session Chair

Stefan Haefliger, *Swiss Federal Institute of Technology Zurich*

Competition, Value, and Patient Quality of Life: A Social Practice Approach to Institutional Transition

Stefan Haefliger, *Swiss Federal Institute of Technology Zurich*
Fotini Pachidou, *Swiss Federal Institute of Technology Zurich*
Georg von Krogh, *Swiss Federal Institute of Technology Zurich*

Changes in the institutional context urge firms to fight change or innovate. However, established firms and experienced managers, even if they recognize early enough the need and the ways to tackle shifts in their institutional environment, often fail to respond effectively. We employ a social practice lens to study how networks of firms and their stakeholders, who are tightly linked with each other through regulation and market structure, enact institutional changes that are fundamentally threatening to the way of doing business in the pharmaceutical industry: from prescribing drugs to endorsing non-pharmaceutical treatments.

Proactive Environmental Strategy and Firm Competitiveness: A Resource-based Analysis

María Dolores López-Gamero, *University of Alicante*
José F. Molina-Azorin, *University of Alicante*
Jorge Pereira-Moliner, *University of Alicante*

The impact of proactive environmental strategy on competitiveness raises an ongoing debate in which the review of the existing literature yields no conclusive results. In this paper, we examine how firms use their complementary firm resources to develop strategies that are ecologically sustainable and profitable. We also analyse what kinds of firm resources are needed to develop sustainability business models and show that proactive environmental strategies may lead to the development of valuable organizational resources and capabilities in order to reduce environmental impacts and increase firm competitiveness. Finally, we examine whether ecologically responsible firms may differentiate themselves from competitors through proactive environmental strategies. This study develops a whole picture of this path process, which has previously only been partially discussed in the literature.

Sustainability, Stakeholder Management, and Competitive Advantage: An Integrative Framework

Richard Reed, *Cleveland State University*
Ronald Nielsen, *Cliffs Natural Resources*
Susan Storrud-Barnes, *Cleveland State University*
Jeremy Zelwin, *Cliffs Natural Resources*

The recent, rapid growth in the number of firms providing reports on sustainability, per the Global Reporting Initiative, has become a phenomenon of such proportions that it demands attention. We draw on theoretical and empirical research, and examples of what currently is happening in practice, to build an integrative framework of how firms can use sustainability to create a sustainable advantage while serving the needs of its stakeholders. At the heart of the framework are the ideas that sustainability includes managing stakeholders, that there are tangible and intangible benefits for both the firm and for primary stakeholders, and that reciprocity-driven bounded self-interest mediates the stakeholder-firm relationship in a way that is causally ambiguous.

Transitioning from Within: A Metamorphosis of Strategy

Rubina Mahsud, *Seattle University*

The remarkable growth of SMS comes with a huge responsibility. The subject of strategy is more than just a question of market competition; it touches on the essence of what it is to be human, as well as having effects that readily legitimize relations of inequality and privilege. SMS should be concerned with impact of its scholarly pursuit on a common man, women, and a child. SMS must understand its position as strategist seeing the forest instead of counting trees. This proposal offers an alternative vision of transition from within – a legacy of mitochondrial realignment that SMS members would like to be remembered for.



SESSION 2

BUSINESS MODELS: TRANSITIONING FROM RESEARCH TO PRACTICE AND BACK

TRACK C	Date	Monday, Oct 8
	Time	08:00 – 09:15 h
Panel	Room	Meeting Room 1.1

Session Chair

Charles Baden-Fuller, *City University London*

Panelists

Rita Gunther McGrath, *Columbia University*

Joan E Ricart, *IESE Business School*

Stephen B Tallman, *University of Richmond*

A strong business model is essential for organisational success. Although scholarly management research (and the business press) has done much to unpick the value creation dimensions of the business model including exploring the relationship between business model choice and creating competitive advantage; many important questions still remain unanswered for those researchers interested in building the bridge between research and practice. And this panel is not just interested in addressing researchers, it also asks what do we know and need to know for better practice. It is at moments of transition when the question of business model choice comes to the fore. One such moment comes when new products and services are being launched, and new markets are being formed: here firms compete not only on the attributes of what is being offered, but also on the business model that dictates the methods of delivery and charging. Another moment comes when markets are maturing or when boundaries are falling due to political and economic integration: at this moment established players lay them-selves open to new competition, often from other markets and other countries. Once again, it is the new business model that represents the strongest threat. So in this panel, we address both researchers and practitioners with a panel of experts who will address some key issues and engage with the audience on their concerns.



Charles Baden-Fuller



Rita Gunther McGrath



Joan E Ricart



Stephen B Tallman

SESSION 55

RISK, UNCERTAINTY AND COMPETITIVE ADVANTAGE

TRACK E	Date	Monday, Oct 8
	Time	08:00 – 09:15 h
Paper	Room	Club B

Session Chair Thomas P. Moliterno, *University of Massachusetts - Amherst*

Matching Uncertainty: The Impact of Individual and Organizational Resources on Performance Level

Bertrand Quelin, *HEC-Paris*

Deborah Philippe, *HEC-Lausanne*

A central tenet of the RBV is that firms possessing strategic resources will be able to sustain a competitive advantage. This article uses panel data on the Formula One World Championship races to investigate which resources and articulation of resources allows for the best team performance. We participate to the RBV debate on the link between resources and performance by conceptualizing resources as uncertainty-mitigators. We suggest that firm performance may be explained by the possession of multi-level resources that can mitigate different sources of uncertainty. We further propose that depending on the nature of the external environment, there might be optimal resource configurations.

On the Causality, Cause, and Consequence of Returns to Organizational Status

Daniel Malter, *Harvard Business School*

Using an exogenized signal of organizational status, I study the causal effect of organizational status on product prices, the causes for these returns, and their consequences for producers' incentives to invest in quality. Status has a causal effect on prices, primarily benefiting the highest-status producers, suggesting that organizational status leads to sustainable competitive advantage. However, contrary to theoretical claims in the organizational literature, uncertainty is not a necessary condition for returns to organizational status, suggesting that investments in status are valuable independently of residual uncertainty about producer or product quality. Finally, the status hierarchy does not enforce a separating equilibrium in producers' quality choices, suggesting that the effect of status on the maintenance of "social order" is less severe than previously thought.

Slack, Business Risk & Firm Performance

Anurag Sharma, *University of Massachusetts - Amherst*

Chetan Chawla, *University of Massachusetts - Amherst*

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

We theorize and then examine the role that business risk plays in moderating the relationship between slack and firm performance. Using a sample of large manufacturing firms during the period 2000 through 2009, we show that business risk reinforces the positive influence of available slack but it changes the impact of recoverable slack from negative to positive. Business risk also severs the link between potential slack and performance. These results contribute to a better understanding of the role of risk in understanding the relationship between slack and performance, and raise questions about how risk interacts with the organizational capabilities, including human capital. Our full model explains about 19% of the variance in firm performance.

Strategic Risk Management and Corporate Value Creation

Torben Juul Andersen, *Copenhagen Business School*

Oliviero Roggi, *University of Florence*

Corporations fail when they are unable to deal with abrupt environmental changes as observed in recent times of recession, debt crises and extreme market volatility. The ability to handle dramatic turbulence has become an important source of competitive advantage. Yet, surprisingly little

research has analyzed the presumed advantages of responding effectively to the implied strategic risks. To this end, we present a new study of effective risk management on panel data from 3,432 firms representing 33,609 annual data points over the turbulent period 1991-2010. We find significant value creation effects and find that resource availability for opportunity investment is important for effective risk handling.

SESSION 64

DIVERSE STRATEGIES: DIVERSIFICATION AND THE EVOLUTION OF COMPETITION

TRACK E	Date	Monday, Oct 8
	Time	08:00 – 09:15 h
Paper	Room	Dressing Room 220

Session Chair Lyda Bigelow, *University of Utah*

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

Bilgehan Uzunca, *IESE Business School*
Bruno Cassiman, *IESE Business School*

In this paper, we offer entry diversion as a new mechanism to explain dynamics that cannot be explained by the existing industry life cycle (ILC) theories where no shakeout occurs or where one incumbent does not become dominant after a shakeout (e.g., disruption by an entrant). Entry diversion happens when an entrant observes that expected future profits from a target submarket are decreased by the presence of a cost-efficient incumbent down to a level that the entrant chooses to enter another submarket. Contingent on where entrants are diverted submarkets might 1) reinforce incumbents' dominance, 2) grow to be disruptive leading to change in industrial leadership, or 3) result in isolation. We formulate hypotheses based on the degree of technology and market overlap between two submarkets.

Product Proliferation Strategies and Firm Performance in a Complex Product Space

Alicia Barroso, *University of Carlos III-Madrid*
Marco Giarratana, *Bocconi University*

In the Spanish automobile market between 1990 and 2000, significant reductions in tariff and nontariff protections due to the EU integration increases the complexity of product space significantly, because of the penetration of new brands and models. Given these environmental conditions, the study results detail the conditions in which across-niche (intra-industry diversification) and within-niche (product versioning) product proliferation exerts a positive impact on firm performance, as well as how the key relationships change according to the complexity of the product space.

Sources of Architectural Advantage: Platform Competition in Multi-sided Markets

Bilgehan Uzunca, *IESE Business School*
Kati Järvi, *Lappeenranta University of Technology*
Heidi Tscherning, *ESADE Business School*

Industry platforms are intermediaries between different groups of agents, and are central to the value creation and appropriation phenomena. We analyze how platform owners create and sustain architectural advantage in multi-sided markets. A platform owner is a dominating firm in a multi-sided market, which designs and decides the architecture of the platform. We posit that industry architectures provide an opportunity to capture the dynamic shift in value appropriation configurations. We conduct a literature review and identify sources of architectural advantage from various theoretical disciplines. In turn, we inform the industry architecture literature from these disciplines, especially from industrial economics. We believe that complementary fields of research can contribute to the industry architecture literature with insights into how to build and sustain architectural advantage.

Where You Go, Who You Are, Who You Know: Experience, Reputation, Networks and Investment Decisions

Lyda Bigelow, *University of Utah*

While previous studies examining the international venture capital industry have provided great insight into the framework conditions that provide the context for investment within different countries and regions across the globe, the literature currently provides few answers for how and why venture capital firms might engage in cross-border investment, or what mechanisms support their ability to do so. The purpose of this paper is to better understand why some venture capital firms internationalize, and others do not. Our study draws from the resource-based view and the capabilities literature to explain why some venture capital firms internationalize and others do not. We develop and test propositions using panel data from nearly 30 years of venture capital financing. Our results showcase the subtle interplay between venture capital firm experience, reputation, and network quality in the global market for the financing of high-growth entrepreneurial ventures.

SESSION 256

RESOURCE SOURCES AND CORPORATE STRATEGY: LOCATION, FUNDING AND ADVISORS

TRACK F	Date	Monday, Oct 8
	Time	08:00 – 09:15 h
Paper	Room	Meeting Room 2.2

Session Chair Costas Markides, *London Business School*

Acquisitions by Managers, Investment Bankers and Lawyers: A Triadic Perspective

Johannes Drees, *VU University Amsterdam*
Tom Elfring, *VU University Amsterdam*

Using a multiple-case, inductive study of six acquisitions we examine how investment bankers and legal advisors impact managers decision making during the pre-acquisition process. We find that they use three different sorts of personal and strategic arguments to influence managers' deal driven. First, at a company level we find that top management may be overwhelmed by the advisors' experience resulting in suspended animation and integration problems. Second, advisors are sometimes hired by management for legitimacy reasons, and use this to make managers pursue a transaction. Finally, we see that advisors use their network for finding the right targets, and gain knowledge about potential targets and deal prone CEOs. Overall, this offers insights into a possible agency problem as mostly advisors benefit from these transactions.

Connected with Roots, or Attracted to Competition? Strategic Drivers of Location Choices of Indian ITES-Firms

Rajesh Upadhyayula, *Indian Institute of Management - Kozhikode*
Karthik Dhandapani, *Indian Institute of Management - Ahmedabad*
Amit Karna, *EBS University*

Geographic diversification of emerging economy firms as a phenomenon has not been investigated in extant literature. Through an empirical study, we investigate the strategic drivers of multi-cluster location choice of Indian ITES firms in order to improve understanding of their spatial expansion. Using logit regression on the data of 99 firms from the Indian service offshoring sector, we find that ethnic ties and agglomeration density play a significant role in the multi-cluster location choice of firms. Our preliminary findings suggest absence of ethnic ties to be a key driver of multi-cluster presence, and that firms with low levels of competition in their primary cluster moved towards a multi-cluster presence. We also find differences in behavior of multi-locating firms in both evolved and emerging clusters.



Industry Location and Diseconomies of Scope in Multi-Business Firms

Charles Williams, *Bocconi University*
 Elena Vidal, *Duke University*

Strategy scholars have spent decades studying, and questioning, potential coordination economies in diversified firms. In this study, we turn the field’s focus on its head to examine the potential diseconomies of scope in diversified firms. We argue that agglomerated industries are more characterized by “sticky” information, so that firms will find it more costly to operate in two separately agglomerated industries. One important implication of this logic is that corporate monitoring cannot be neatly characterized as financial loss prevention because it also plays an important role in the entrepreneurial processes of a complex firm. We use data on U.S. manufacturing firms from 1972 to 1997 explore whether industry and firm level patterns are consistent with our predictions.

Is Venture Capital a Local Business? A Test of the Proximity and Local Network Hypotheses

William Schulze, *University of Utah*

Venture capital investment has long been conceptualized as a local business, consistent with this view, existing research confirms that local and geographically distant portfolio firms are sourced, syndicated, funded, and monitored differently. However, emerging research on VC investment practice within the United States finds that distant investments out-perform local investments. These findings raise important questions about the assumed benefits of local network membership and proximity. This study contrasts the deal structure of cross-border VC investment with domestic VC investment, and examines the influence of local partnership on both. Evidence from 139,892 rounds of venture capital financing in the period 1980-2009 suggests that cross-border investment practice, in terms of deal sourcing, syndication, and performance indeed change with proximity, but that monitoring practices do not. Further, we find that the inclusion of a local partner in the investment syndicate yields few benefits

Country Relatedness and International Coherence

Sokol Celso, *Suffolk University*
 Aya Chacar, *Florida International University*

International business research considers country distance as independent of firm actions. Borrowing from industry relatedness research, we propose an alternative approach computing ‘country relatedness’, the inverse of distance using ‘survivor’ data culled from the very actions of these firms. To test the predictive validity of country relatedness for investment decisions, we hypothesize that MNEs characterized by high levels of international coherence, the degree to which they operate in related countries, will have a superior performance. Our empirical work starts by computing country relatedness for 24,000 country pairs, using investment data for all public MNEs worldwide. The empirical analysis finds support for the link between international coherence and performance for a sample of 1,000 U.S. MNEs supporting the validity of the country relatedness measures proposed.

How do Inward Activities Lead to Outward Activities? Evidence from China

Haiyang Li, *Rice University*
 Xiwei Yi, *Rice University*
 Yan (Anthea) Zhang, *Rice University*
 Geng Cui, *Lingnan University*

Drawing upon both the learning perspective and the prospect theory, we examine the relationship between inward and outward activities in the context of Chinese firms. Our results support both lines of arguments and suggest that inward gain is negatively related to outward activities but inward gain can increase outward activities through its positive effect on a firm’s resource fungibility.

Strategic Change in Emerging Economy Firm Internationalization

Vikas Kumar, *University of Sydney*
 Garry Bruton, *Texas Christian University*
 Ajai Gaur, *Rutgers University*

Emerging economy firms are becoming more prevalent on the international stage. While traditionally most emerging economy firms operate in international markets through exporting, many in the recent past have shifted their international operating strategy to include foreign direct investment (FDI). This significant strategic change we show here is dependent on learning. Such learning in fact allows younger firms to change their path dependency while older firms in the same economy find such change more difficult. The evidence for these arguments is drawn from a longitudinal examination of 28,563 firm-year observations in a major emerging economy over 1989 to 2005.

SESSION 32

THE DYNAMICS OF INTERNATIONALIZATION

TRACK G	Date	Monday, Oct 8
	Time	08:00 – 09:15 h
Paper	Room	North Hall

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

Corporate Strategic Responses to Increased Foreign Market Penetration in the United States

Thomas Hutzschenreuter, *WHU - Otto Beisheim School of Management*
 Ingo Kleindienst, *WHU - Otto Beisheim School of Management*
 Florian Groene, *WHU - Otto Beisheim School of Management*
 Alain Verbeke, *University of Calgary*

Few studies have explored domestic firms’ dynamic corporate responses to an increase in foreign market penetration in their home market. We develop a new conceptual framework, building upon elements from prospect theory and portfolio theory, to explain domestic firms changing their product and geographic scope when facing increased market penetration by foreign MNEs. We hypothesize that the corporate strategic response selected by domestic incumbents will depend on these incumbents’ framing of the challenge posed by the increased foreign market penetration. We find that domestic incumbents reduce their product and geographic diversification when facing increased import penetration. However, facing FDI, the corporate response appears to be an increase in product and geographic diversification. Combining insights from prospect theory and portfolio theory explains this unexpected outcome.

SESSION 99

AMBIDEXTERITY AND INNOVATIVENESS

TRACK H	Date	Monday, Oct 8
	Time	08:00 – 09:15 h
Common Ground	Room	Terrace 2

Facilitator Henk W. Volberda, *Erasmus University - Rotterdam*

Exploring Linkages between Strategy Formation and Organizational Innovativeness in Economies under Transition

Safal Batra, *Indian Institute of Management - Ahmedabad*
 Sunil Sharma, *Indian Institute of Management - Ahmedabad*

In a highly dynamic environment, strategy is synonymous with innovation. However, research on the linkages between the process of strategy formation and innovation is sparse. Data from fifty middle and top level managers at the business unit level reveal that planned approach towards strategy formation helps organizations innovate better as compared to the emergent approach. Further, this relationship

MONDAY 08:00 – 09:15

is strengthened when organizations exhibit higher market orientation, higher learning orientation and greater willingness to take risk. The ability to predict customer's expressed and latent needs and to assimilate such information in organization's strategic plan provides organizations a distinctive capability to respond to such needs. This translates into higher innovativeness for the organization. The findings identify strategy process as an important determinant for organizational innovation in transition economies.

How Established Organizations Manage Radical Exploration: From Early Engagement to Strategic Realization

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

This paper examines how established organizations can engage and sustain exploratory efforts leading to successful radical innovation. In particular, we investigate how an organization can initiate exploration and overcome internal and external resistance to implement an unusual experimentation and then capitalize on its early success. The paper's focus is on the pattern of managerial actions across levels and functions of the organization that unfolds overtime and how it sustains the change momentum. The innovation being observed is new to both the organization and to the field in which an established nonprofit organization redefined the way the industry and itself used to deal with homelessness.

How to Leverage Technological Knowledge on Product and Service innovations: The Complementary Effect of Management Innovation

Cornelis Vincent Heij, *Erasmus University - Rotterdam*
Frans A.J. Van Den Bosch, *Erasmus University - Rotterdam*

Although the co-existence of both technological and non-technological adjustments is required for successful introduction of new products, the important question remains how management innovation (e.g., new managerial practice, process, structure, or technique) complements new technological knowledge to realize product and service innovations. Our results indicate that new technological knowledge has an inverted U-shaped effect on exploratory product and service innovation and on exploitative product and service innovation. Surprisingly, we find that management innovation has a J-shaped interaction effect with new technological knowledge to realize product and service innovations. Higher levels of management innovation enable firms to leverage new technological knowledge into new products and services. These findings contribute to an increased understanding how management innovation leverages technological knowledge to realize product and service innovations.

Strategic Agility and Organizational Ambidexterity: Corporate Strategy in Transition

Seppo Laukkanen, *Hanken School of Economics*
Yves Doz, *INSEAD*

Modalities and processes of corporate renewal provide an ever-present debate in strategic management. In this paper we contribute to the debate by comparing and contrasting two approaches to corporate renewal that have been developed over the past few years: organizational ambidexterity and strategic agility. Whilst their starting points are different, we argue they can be seen as complementary and contingent, given the radicalness of the renewal being sought and the extent of business model transformation it requires. Our argument is based on an in-depth corporative analysis of four innovation processes in a major multinational in the communication technology industry.

Transformation and Transition: A Process Perspective for Radical Innovation Strategies

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

Radical innovations have the potential to make markets but their failure rate is also very high. To enhance comprehension of success and failure of radical innovations, we introduce a strategy process perspective on buyer-seller relationships that is grounded in weakening assumptions of power symmetry and drawing on research in transformational leadership and organizational change. Demand-side resistance to change requires organizations to 'unfreeze' and 'move' prospective buyers. By illustratively comparing two cases of innovations, we highlight three consumer dimensions, which are to be influenced in order to create demand for product novelties. However, targeted radical shifts may only be realized by evoking incremental changes to bridge large gaps. In other words, consumers might be guided 'from A to B' to make markets successfully.

Transition Through Turnaround Strategies: A Special Case Of Ambidexterity

Cliff Bowman, *Cranfield University*
Nardine Collier, *Cranfield University*
Richard Schoenberg, *Cranfield University*

In this paper we view turnaround as a special case of ambidexterity and suggest how different causes of declining performance require differing emphases on exploration and exploitation. We begin with brief syntheses of the ambidexterity and turnaround literatures. We then identify four contexts that can cause declining firm performance. We argue that the exploration and exploitation capabilities required to arrest decline will vary across these different contexts and examine the implications for appropriate turnaround strategies in each situation. This approach provides a new perspective for understanding turnaround; one that is sensitive to the causes of performance decline and which recognizes that effective transition requires firms to enact ambidextrous strategies in crisis circumstances.

SESSION 242 R&D

TRACK I	Date	Monday, Oct 8
	Time	08:00 – 09:15 h
Common Ground	Room	Terrace 1
Facilitator	Anniqe Un, <i>University of South Carolina</i>	

Environmental Scanning as an Element of Innovation Process Planning: Context of Management Horizons

Magdalena Jurczyk-Bunkowska, *Opole University of Technology*
The article presents an original approach to innovation process planning which involves identification of expected effects before the idea generation stage. Those effects are related to the company's goals in short, medium and long-term perspective. Division of innovation processes into corresponding categories was introduced. Different management methods and tools are applied within particular category in every stage of the innovation process. Therefore, the offered classification is essential to design knowledge management systems. The paper shows the previously mentioned differences in the perspective of applied methods and scope of environmental scanning which has to be conducted in order to identify the innovation process goals. All the notions are basing on observations made during research of several Polish enterprises- innovation leaders.

Forgetting and the Sustainability of Firm R&D Productivity

Amit Jain, *National University of Singapore*
Organizational memory scholarship has shown that experience often accumulates in operations, affecting firm performance over time. Most



research in this field has focused on organizational learning, finding that the rate at which firms learn from their experience varies across industries and even across firms within an industry. In comparison to learning, little organizational memory research has examined rates of organizational forgetting, which reflect the erosion of knowledge stocks over time. This paper argues that the rate of forgetting will tend to vary across firms, which will cause differences in the level of knowledge stock that firms retain and of the performance that follows. Consequently, firms with greater forgetting rates will find it more difficult to sustain a competitive advantage over time.

How Does Regional R&D Decentralization Shape the Invention Value Distribution?

Raffaele Conti, *Catolica Lisbon School of Business and Economics*

This study explores the relationship between regional R&D decentralization and the invention value distribution. Specifically, decentralization might affect the tails of such distribution in two distinct ways. First, through a stochastic parallel R&D path effect, which increases the likelihood of both extremely good and extremely poor inventions. Second, through complementarities between R&D paths, which increase the likelihood of extremely good inventions, while decreasing even more the likelihood of extremely poor inventions. This paper aims at understanding which mechanism, if any, is the most important. Estimations accounting for endogeneity show that decentralization affects the invention value distribution through a complementarity mechanism.

R&D Choice and Subsequent Optimal Entry Strategies: Time-To-Market and Product Innovativeness

Yeolan Lee, *Ohio State University*

Scholars have debated over the existence of first-mover advantages. Some scholars have found the advantages of early time-to-market (e.g. Robinson, 1988; Agarwal, Sarkar, & Echambadi, 2002; Lieberman & Montgomery, 1988, 1998), while other scholars have found the advantages of late time-to-market (e.g. Golder & Tellis, 1993; Lilien & Yoon, 1990). In this paper, we build theoretical and mathematical models to understand how the R&D mode of a firm affects its time-to-market and product innovativeness decisions simultaneously, and consequently determines entry performance. Through simulation modeling, we found that an early time-to-market decision with a relatively low innovative product is optimal for licensing R&D mode, and a late time to-market decision with a relatively high innovative product is optimal for in-house R&D mode.

Task Experience, Past Experience Diversity and R&D Performance

Antonio Garzon Vico, *University College Dublin*

Patrick Gibbons, *University College Dublin*

Peter McNamara, *University College Dublin*

Even though one tenet in the R&D development literature is that organisations performance benefits from experience in prior projects, we posit that any potential benefit depends on how this experience is contextualised. This article seeks to address the conditions under which R&D firm's experience might have stronger or weaker effects on performance outcomes. In particular, we look at how past experience diversity and task experience affect R&D project performance. We further propose that in order to better understand how firms can correctly leverage their experience they need to consider the effects that the interactions of both factors have on performance. To test this model, we draw on a data set of 3,034 drug development projects undertaken by 30 large pharmaceutical companies between 1980 and 2008. Using a competing risk event history model predicting drug approval versus project termination, we find support for our model.

The Effect of R&D Intensity on Employee Downsizing: An U-Shaped Relationship

José David Vicente-Lorente, *University of Salamanca*

José Angel Zuñiga-Vicente, *King Juan Carlos University*

This study examines the effect of R&D intensity (representing the level of firm specific technological knowledge) on employee downsizing. Prior research in the field of management has been focused on the impact of employee downsizing on innovation activities but not in the relationship explored in our study. In developing a theoretical foundation for explaining the potential link between the level of R&D intensity of a firm and downsizing, we draw primarily from Transaction Cost Economics, the Knowledge-Based View, the Resource-Based View, and Relational View. The empirical setting is a sample of Spanish manufacturing firms from 1994 to 2006. The results provide strong support for an U-shaped relationship between the level of R&D intensity and the propensity of firms to carry out important reductions in workforce.

SESSION 223

INDIVIDUALS, TEAMS AND INNOVATION

TRACK I

Date Monday, Oct 8

Time 08:00 – 09:15 h

Paper

Room Club A

Session Chair

Anu Wadhwa, *Swiss Federal Institute of Technology Lausanne*

Innovation and Firm Discretion: Do CEOs Matter?

Mengge Li, *University of Houston*

Laura B. Cardinal, *University of Houston*

Drawing upon upper echelons theory, we investigated how CEO tenure influences invention and innovation in the pharmaceutical industry. Further, we also explore how managerial discretion moderates the relationship between CEO tenure and invention, and the relationship between CEO tenure and innovation. Based on a sample of 58 pharmaceutical firms from 1980-2000, we show that CEO tenure has an inverted-U shaped relationship with firm invention, and managerial discretion moderates the relationship. Further, managerial discretion also has a direct negative relationship with invention. However, we did not find support for the hypothesized relationship between CEO tenure and firm innovation.

Moving Between Contexts: Balancing Mobile Individuals and Firm Capabilities in Creative Production

Allya Koesoema, *Bocconi University*

This paper investigates the effect of mobile talents in project-based industries. Focusing on the contrast between large, commercial-market oriented firms and smaller, creativity oriented firms in the US comic book industry, Mobile talents are most useful when they bring in experiences novel to the focal firm, but taking a specialist from a distant field may not work well because of contextual mismatch. We propose and find that context mobile individuals, i.e. individuals who spend their career balanced between firms with different types of orientation, is more effective in boosting performance in fields outside of the firms' realm of expertise, but may actually be detrimental when put in a project within the firms' core expertise.

Team Composition and Innovation Quality in High-tech Firms: Evidence from the Semiconductor Industry

Sunkee Lee, *Seoul National University*

Jaeyong Song, *Seoul National University*

This paper examines the relationship between inventor team composition and innovation quality in the semiconductor industry. Our main argument is that team composition affects team innovation quality because the diversity of knowledge that can be utilized by the team changes according

to team members' prior experience. Through an analysis of U.S. patent data filed by 3,802 inventor teams in 8 global semiconductor firms, we find that the diversity of team member's prior technological experience has an inverted-U shape relationship with innovation quality and the number of repeated collaborators within a team has a negative effect on innovation quality. This study contributes to existing management literature by providing insight into how teams should be assembled in high-tech firms to improve innovation quality.

The Impact of CEO Tenure and BOD Conflict on Incremental and Radical Innovation

Jennifer Sexton, *Florida State University*
B. Parker Ellen III, *Florida State University*

A chief executive officer's (CEO's) tenure in office is marked by distinct stages with patterns of executive attention, behavior, and firm performance. CEOs along with boards of directors (BODs) play an important role in the process of innovation. Research has yet to address how conflict between these two groups affects incremental and radical innovation. In this paper, we propose a model examining the effects of CEO tenure on innovation output and the moderating effects of conflict between the CEO and BOD.

SESSION 16

THE IMPACT OF STRATEGIZING: LEARNING FROM BEST AND WORST PRACTICES

TRACK J	Date	Monday, Oct 8
	Time	08:00 – 09:15 h
Paper	Room	Meeting Hall IV (a)

Session Chair Richard Whittington, *University of Oxford*

★ Breakdowns in Strategizing: Circumspective Deliberation, Discernment, and Habitual Responding

Robert Demir, *Stockholm University*
Ali Yakhlef, *Stockholm University*

Learning from failures is an emergent perspective in the fields of strategy and management. This paper draws on the concept of breakdowns, to understand how failures or disruptions in strategists' everyday practices, including their assisting technologies may help the emergence of new practices, or to reshape, modify, or abandon old practices. Previous literature has made significant contributions but still remains unexamined as to the implications of enterprise systems disruptions on strategy practices. Failures have typically been treated as all-or-nothing phenomena without any considerations of their characteristics. Findings are based on interviews, diary records, and observations of two banks in Sweden. The paper concludes with a number of implications on theory and practice, and suggests possible future research areas.

Rethinking the Role of Performance in Strategic Management Research

Stéphane Guérard, *University of Zurich*
Ann Langley, *HEC-Montréal*
David Seidl, *University of Zurich*

Articulating a radical critique of the role of performance in strategic management scholarship, this paper questions the almost exclusive focus on organizational performance as an aggregate organizational-level dependent variable, and review three ways in which its role might be fruitfully reconsidered: by broadening consideration of performance to more disaggregated levels of analysis, by orienting research around the idea of performance as an input rather than or in addition to an outcome, and finally by reconsidering the ontological status of the performance concept as a "variable" rather than as an ongoing "process". For each of these alternatives, we provide examples that have adopted this approach, and examine the contributions and drawbacks of each perspective, before proposing an agenda for future research.

Strategic Impact: How Corporate Strategists Create Value

Luzia Stähli, *University of St. Gallen*
Thomas Schlenzig, *University of St. Gallen*
Guenter Mueller-Stewens, *University of St. Gallen*

Value creation through the corporate strategy function (CSF) and its measurement has received little attention in strategic management research. This article should fill this gap by starting to develop the Strategic Impact Measure (SIM). Applying the strategy as practice perspective and drawing on an in depth case study of a global multi-business automotive company (AutoCorp) with empirical evidence of 43 interviews, we find that strategic impact is a collective and multidimensional construct consisting of a relational, cognitive and functional dimension. The extent of these dimensions is reflected in the four strategic impact levels 'power', 'rush', 'poor', and 'routine'. After having inductively developed the construct strategic impact from the data, we pilot measured the SIM at AutoCorp and validated the results in an exploratory factor analysis.

Strategizing in a Messy Context: A Study of Academic Medical Centers

Adriana Allocato, *Aston University*
Corrado Cuccurullo, *Second University of Naples*

This paper explores the role of multiple actors in strategizing in a professionalised public service organization. Drawing on the practice perspective of strategizing, we conceptualize the strategy formulation as a process stemming from the repetition and the continuity of day-to-day individuals' communicative interactions and in which the meaning attributed to these interactions increasingly converges within a final agreed plan. Based on an in-depth case study, our findings show how multiple actors inscribe power relationships and social order within organizations. The results suggest that how and why actors enact power is shaped by especially three interrelated processes: channelling their interests through formal intentions and vision, through informal interactions and through symbolic embodiment in the strategic everyday work. These findings contribute to the literature on strategy process.

SESSION 175

AUSTRIAN ECONOMICS & CREATIVE DESTRUCTION

TRACK K	Date	Monday, Oct 8
	Time	08:00 – 09:15 h
Common Ground	Room	Club E

Facilitator Peter Klein, *University of Missouri*

Austrian Economics in Organization Studies: How Austrian Ideas Contribute to Strategy, Entrepreneurship, and Related Areas

Todd Chiles, *University of Missouri-Columbia*
Sara Soares Traquina Alves Elias, *University of Missouri-Columbia*
Mark Packard, *University of Missouri-Columbia*

The field of organization studies has been profoundly influenced by Austrian economics over the years. However, no one has conducted a systematic review of Austrian ideas in organization studies. In this research, we review the last 23 years of organizational literature to examine how Austrian ideas have been used and the theoretical conversations to which these ideas have contributed. We develop a new typology based on the core Austrian concepts of knowledge and change to make sense of the numerous strands of Austrian economics, and we use this typology to structure our review. We employ a mix of quantitative and qualitative content analyses to help us interpret the literature, which is dominated by the strategy and entrepreneurship subfields. We conclude with directions for future research.



Dominant Designs and New Firms

Tianxu Chen, *Oakland University*
VK Narayanan, *Drexel University*

How will dominant designs be influenced by firms' competitive strategy and how will competitive dynamics in the dominance battle influence the exit of new firms that compete by creating original designs? To investigate these research questions, we develop a framework linking three factors to a design-based entrepreneur's likelihood to exit: technological variation in the product class, the emergence of de facto standard(s), and the design-based entrepreneur's concentration in competitive actions. We find strong empirical support for our theoretical framework based on panel data of 188 design-based entrepreneurial ventures in the period from 1980 through 2006.

Exploring the Effect of Entrepreneurial Autonomy on Managerial Participation in Knowledge Networks

Michael Strenge, *University of Freiburg*
Olaf Rank, *University of Freiburg*

Our study builds on the integration of entrepreneurship and social networks research in investigating the conditions that promote or hinder managers to engage in knowledge networks. We present a theoretical model and an empirical analysis of the relationship between entrepreneurial autonomy and knowledge sharing. Drawing on contingency and configurational perspective, we analyze the strength of the relationship in light of possible moderating effects of structural organicity and competitive intensity. Data were gathered from a setting where the importance of entrepreneurship, knowledge, and networks is often claimed but rarely tested – in a cluster of high-technology firms. We empirically test and find support for our model by using social network analysis.

Revisiting Market-Level Competition: The Perspective from Low-Cost Entrants

Terence Fan, *Singapore Management University*

In view of the persistently high failure rate of new entrants, this paper proposes a 'survival-first, profit-second' market entry strategy for young, de novo low-cost entrants in an industry dominated by higher-cost and higher-quality incumbents. Aimed at minimizing retaliation from incumbents, this strategy advises low-cost entrants to aim at customers not already served by the incumbents, and to adopt Cournot-type behavior when encountering fellow low-cost competitors. Several hypotheses developed from a formal model were tested using data from the intra-European airline industry, and were broadly supported. Contrary to intuition, the presence of many high-quality incumbents significantly reduced the profit for low-cost entrants, as witnessed by the increased the probability of market exit by a focal low-cost entrant.

The Slow Death of Old Media: Examining Social Networking and the Competitive Terrain of News

Layla Branicki, *University of Warwick*
Doreen Agyei, *Warwick Business School*

Social media as a phenomenon is changing the ways in which individuals interact online. Its growing prevalence is also having a profound impact on the underlying structure of news, its consumption and the practices of news organizations. By exploring current trends this proposal aims to investigate social media's influence on the strategy of news corporations. It provides a unique perspective by examining the commercial impacts of social media on suppliers of news and associated to this the potential change from few powerful media players to multiple agents. Primary data is collected from journalists and senior management executives within news media and social media technology companies. The analysis develops five overarching key themes which capture potential influences of social media on news companies in coming years.

SESSION 158

CORPORATE VENTURE CAPITAL

TRACK K	Date	Monday, Oct 8
Paper	Time	08:00 – 09:15 h
	Room	Meeting Hall V

Session Chair Manuela Hoehn-Weiss, *University of Washington*

Complementarity between Corporate Venture Capital and Research & Development: Impact in Value Creation

Felix Cardenas, *University of Lausanne*
Daniel Oyon, *University of Lausanne*
Antonio Davila, *IESE Business School*

R&D and CVC are important to firms for growth and value creation. R&D and CVC are also attractive to shareholders that anticipate a positive profitable effect. Interestingly, the interaction between CVC and R&D has generated much debate. Some researchers see them as substitutes while others consider them complementary. Our current research state presents evidence that CVC investment, R&D expenditure, and the CVC X R&D interaction are associated with the creation of firm value. In this research proposal we take a qualitative and quantitative approach to disentangle the interaction between CVC and R&D.

Fostering Research in the US and Abroad: A Global Analysis of CVCs and Startup Innovation

Elisa Alvarez-Garrido, *Georgia State University*
Gary Dushnitsky, *London Business School*

Over the last decade, corporations became an increasingly important source of financing for innovative startups across a wide array of industries, in the US but also abroad. This paper investigates the consequences of Corporate Venture Capital (CVC) investments: Do strategically-oriented CVCs affect startups' research productivity? Do CVC-backed startups affect innovative outcomes differently in the US and abroad? We study these questions using a longitudinal sample of 1,065 biotechnology ventures, founded from 1990 to 2003; 591 are US ventures and 474 from abroad. We find that CVC investing has a greater effect on publications in the US than abroad, and partial evidence of a greater effect on patents for US firms as well. In summary, our findings highlight the innovation implications of CVC investors across countries.

The Interplay of Legal, Temporal, and Social Defenses in Corporate Venture Capital Relationship Formation

Benjamin Hallen, *London Business School*
Riitta Katila, *Stanford University*

While inter-organizational relationships offer many benefits, they may also expose firms to dangers such as misappropriation and exploitation by partners. However, when protected by particular defense mechanisms, firms may be able to lower the risk of "dangerous relations", i.e. attractive ties that nevertheless expose them to dangers. Yet the interplay and the relative strengths of the main defense mechanisms remain unclear. In a longitudinal study of over 1,200 inter-organizational equity investment relationships between young firms and established corporations and the related qualitative interviews, we identify and examine three key defenses for young firms: legal, temporal, and social. We find that different types of social defenses can both amplify and diminish a young firm's reliance on legal and temporal defenses.

Too Much of a Good Thing?: How Alliances and Corporate VC Affect New-Venture Internationalization

Manuela Hoehn-Weiss, *University of Washington*
Joseph LiPuma, *EMLYON Business School*

Drawing on insights from the resource-based view and institutional theory, we examine how functional-type alliances, alliances with large industry partners, CVC, and interactions between alliances and CVC influence international intensity. Initial results support the notion that

alliances and CVC appear to be supplements, rather than complements, which has important implications for resource-constrained new ventures evaluating different types of partnerships. We extend research on the identification of resources relating to and the effect of different types of partnerships on new-venture internationalization behavior, and we provide insights for entrepreneurs evaluating international strategies.

SESSION 144

STARS AND HUMAN CAPITAL FLOWS

TRACK L	Date	Monday, Oct 8
	Time	08:00 – 09:15 h
Common Ground	Room	Club H

Facilitator Todd Zenger, *Washington University - St. Louis*

★ Dancing With the Stars: How Talent Shapes Firm Performance

Bo H. Eriksen, *University of Southern Denmark*

The pundits declare that the war for talent is raging and that firms must respond proactively to the fundamental scarcity of talent. In spite of the attention that attracting and retaining talent receives, yet little is known about how firms should manage their portfolios of talent. Should firms focus on the few highly talented people – the stars – that make the less talented shine or should they try to maintain an overall high talent quality? Our paper addresses these questions empirically in study of how management and worker talents influence financial performance in a panel of Danish firms and their employees. The results indicate that manager and worker talent are substitutes, hence increasing manager talent adds more value in those organizations where workers have less average talent.

Firms as Catalyst of Within Country Migration: Evidence from Randomized Intra-firm Experiment in India

Prithwiraj Choudhury, *University of Pennsylvania*

Tarun Khanna, *Harvard University*

In the face of rapid growth in many emerging markets, technology firms face severe labor shortages. Yet there is often simultaneously a large under-utilized base of talent, disenfranchised from the mainstream for physical, social or informational reasons. We study the effort of one major information technology multinational, "INDTECH", with its production centers in India, to bridge the barriers that normally prevent hiring from remote areas and from disadvantaged social groups. We also exploit the pre-existence of a randomized talent allocation protocol at INDTECH. Using hand collected data on personnel records and migration patterns for entry level employees recruited by INDTECH in 2007 from over 250 educational institutions all across India, we find that employees from remote locations outperform talent sourced from mainstream locations provided the distance of migration is less than 500 miles. Also, talent from underrepresented social strata outperforms that hired from mainstream social communities

Stargazing Under a Single Sky: A Review, Integration, and Agenda for Research on Star Employees

Rebecca Kehoe, *Rutgers University*

Matthew Call, *University of South Carolina*

Anthony Nyberg, *University of South Carolina*

David Lepak, *Rutgers University*

In an effort to integrate and form a coherent foundation of knowledge on star employees, we propose to review current research on stars and their effects on colleague, firm, and industry outcomes. We contend that a multidisciplinary examination of the star literature will help integrate disparate perspectives and yield new insights for future inquiry. We begin by briefly describing the design of our review and data collection effort. Next, we provide a broad typology of existing research on stars,

summarizing major issues covered in extant work on this topic. Finally, we propose a series of questions which represent an integration of the multidisciplinary inquiry which characterizes the star literature and which we will seek to address in our recommendations for future inquiry on stars.

The Dynamic Roles of Human, Social, and Intellectual Capital by Organizational Life Cycle Stage

Candace TenBrink, *University of Houston*

Strategic human resource management has evolved from a nascent state in the 1980s to an established field a few decades later. While most firms and academics believe that acquiring the right mix of human capital can help achieve and sustain a firm's competitive advantage, little attention has been paid to a firm's organizational life cycle position and the human capital needs at each stage. The proposed model indicates that diverse capital selections are needed at different times to enhance a firm's competitive position in relation to the firm's organizational stage. I use RBV coupled with an organizational life cycle overlay to characterize the combination of human, social, and intellectual capital that a firm must balance as it strives to achieve or sustain a competitive position.

What Shapes Young Elite Athletes' Perception of Success in an Environment of High Uncertainty?

Verena Jung, *EBS University*

Sascha Schmidt, *EBS University*

Unrealistic optimism is a commonly observed perception bias. We examine whether the bias is also present among young elite soccer players (aged between 10 and 23 years old) who are subject to frequent external assessment, thus receiving regular objective feedback. Utilising a large unique data set of more than 1300 individuals allows empirical tests of previously underexplored theories such as the ipsative possibility set. Moreover, we explore how factors such as age or experience, education, team characteristics, cultural origin and the level of integration into culture exert influence over players' perceived chance of advancing to professional standing. Working with a homogeneous dataset of individuals who possess similar characteristics and professional goals allows us to control and isolate for (unobserved) factors that may shape perceptions.

SESSION 44

NETWORK CONTINGENCIES AND ALLIANCE PERFORMANCE

TRACK N	Date	Monday, Oct 8
	Time	08:00 – 09:15 h
Paper	Room	Meeting Hall IV (b)

Session Chair Zhiang Lin, *University of Texas-Dallas*

Advantage-Creating Frequency and Firm Profitability: The Moderating Role of Alliance Network Density

Goce Andrevski, *Queen's University*

This research explores how firms can earn superior profits in hypercompetitive environments. I argue that firms that frequently launch advantage-creating actions can gain above-average profits despite acceleration-cost tradeoffs. The results indicate that both disruptive and incremental advantage-creating frequency positively affect firm profitability, but the effect is curvilinear; as advantage-creating frequency increases, the profitability increases at a decelerated rate. Firms can weaken the acceleration-cost tradeoffs and enhance profitability through designing an appropriate alliance network structure. For firms pursuing moderate levels of ACF, dense alliance networks maximize profitability. For firms pursuing ACF at very low or very high levels, sparse networks are more advantageous. Hypotheses are tested on a sample of 113 firms from the personal computer and consumer electronics industry operating from 1995 to 1999.



Partner Selection and Technology Adoption during Technological Transition

Franky Supriyadi, *University of Pittsburgh*

The transition of technology to the advanced generation creates new industry's value networks and competition between rival technologies. Given the complexity and the uncertainty during this period, firms that seek to promote a certain technology platform may be motivated to engage in strategic alliances. This study explores how firms establish alliances to improve the chance of winning the technology battle. Specifically we examine how firms select their partners, and then given those partner characteristics predict the likelihood of specific technology adoption. We argue that firms promoting a standard tend to select familiar partners, highly competent complementary technology providers, and the ones with wider connections. The comprehensiveness of their alliances portfolio and their position in the networks increases the likelihood of the technology adoption.

Rent Appropriation under Social Constraints: Do High-status Firms Always Benefit from Alliance Relations?

Zhiang Lin, *University of Texas-Dallas*

Despite the common perception that a high-status firm should reap more rents from alliance relations, we question whether there are alternative forms of rent appropriation and whether such alliance-level rent appropriation will always lead to firm-level performance, particularly when a firm has multiple alliances of different purposes and is embedded within a broad social context. Our initial results from an agent-based model show that positive rent appropriation (based on high status) is not a sufficient condition for improved firm performance, and that neutral rent appropriation (based on equality) may be more beneficial when firms have large resource capacities, face high industry growth, or are in later network stages. Our findings suggest a need to rethink rent appropriation in alliance relations, with alternative theoretical directions.

The Performance Impact of Alliance Portfolio Network Resource Intensity and Scope

Ulrich Wassmer, *Concordia University*

Sali Li, *University of Wisconsin-Milwaukee*

How do alliance portfolio network resource intensity and scope affect firm performance? This paper intends to shed further light on how the configuration of alliance portfolios affect the benefit and cost side of the alliance value equation. More specifically, we link alliance portfolio related benefits and cost factors to firm performance and develop hypotheses that are tested by using data from the global airline industry over the time period 1994 to 2008. Our results support the hypotheses that alliance portfolio network resource intensity and scope matter in explaining firm performance differentials.

SESSION 106

WHY DO FIRMS DO BAD THINGS AND WHAT DO WE KNOW ABOUT IT?

TRACK O, TRACK M

Date Monday, Oct 8

Time 08:00 – 09:15 h

Paper

Room Club C

Session Chair

Tammy E Beck, *University of North Carolina-Charlotte*

Corporate Governance and Corporate Financial Fraud of Chinese Listed Firms

Daphne Yiu, *Chinese University of Hong Kong*

William Wan, *City University of Hong Kong*

We posit that alternative governance mechanisms exist or emerge to guard against corporate financial fraud in transition economies where market-based formal institutions for an efficient corporate governance

system are lacking or underdeveloped. In this proposed study, we identify three types of alternative governance mechanisms – relational governance, administrative governance, and foreign governance. We contend that although they may not be as efficient as formal corporate governance mechanisms available in some developed economies, they are complementary to the prevailing institutional framework of transition economies, thus representing useful deterrents of corporate financial fraud during institutional transition. We test the hypotheses using a sample of Chinese listed firms during 2000 to 2005.

Desirable Attributes and Undesirable Outcomes: An Examination of Executive Cognitive Structure and Social Irresponsibility

K. Ashley Gangloff, *Auburn University*

LaKami Baker, *Auburn University*

Tammy E Beck, *University of North Carolina-Charlotte*

John Fleenor, *Center for Creative Leadership*

This study explores the influence of executive cognitive structures on the firm's engagement in socially irresponsible corporate behavior. Drawing from upper echelons theory and concepts rooted in criminology, we advance a multi-level model including individual, organizational, and industry level predictors of social irresponsibility. In the proposed study we examine the relationship between executives' results orientation and ambitiousness and their firms' engagement in socially irresponsible corporate behavior. Further, we propose the role of pressure and opportunity as moderators of these relationships. The proposed study makes contributions to the upper echelons literature as well as social responsibility and decision making streams.

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

Michelle Zorn, *Florida State University*

Annette Ranft, *University of Tennessee*

Kaitlyn DeGhetto, *Florida State University*

An important pursuit is to understand more about the strategic decision-making of the firm's board of directors. Theoretically, board members are viewed as rational actors that act in the shareholders' best interests. This view does not recognize that board members are subject to the same rational limits and cognitive biases as all decision makers. We extend prior escalation of commitment literature to examine the relationship between the board of directors and the CEO. This provides a platform to investigate important factors that may unintentionally influence board members' ability to act rationally and in the best interest of shareholders. In doing so, we integrate justification arguments and prospect theory to develop a model and propositions to help stimulate discussion and future empirical work surrounding this relationship.

Locked in Time: The Temporal Inertia of Traditional Governance Research

Brian Boyd, *City University of Hong Kong*

Marta Geletkanycz, *Boston College*

The mainstays of corporate governance research – among them, agency, managerialist, and resource dependence theories – were formulated decades ago, and in an era of vastly different political, social, and regulatory constraints. Nevertheless, these theories provide the lens through which many scholars (even in 2012) continue to explore governance, if not advance prescriptive wisdom. In this study, we examine the role of transitions in governance. Our setting is not an emergent economy and/or industries in upheaval. Rather, our focus is on traditional governance research, and scholars' attendance to critical transitions in related practice. We find that over a thirty-year evolution, governance reforms have largely gone unaddressed in top-tier research. Implications for governance understanding, as well as adaptive remedies are discussed.

SESSION 220

POLITICAL STRATEGIES IN TRANSITION CONTEXTS

TRACK A	Date	Monday, Oct 8
	Time	09:30 – 10:45 h
Paper	Room	Meeting Hall IV (b)

Session Chair Witold Henisz, *University of Pennsylvania*

★ **Dining and Drinking with Government Officials: Organizational and Environmental Determinants of Political Networking during Transition**

Pei Sun, *Fudan University*
Jianjun Zhang, *Peking University*
Kamel Mellahi, *University of Warwick*

Drawing upon resource dependence theory and new institutionalism literature, this paper develops hypotheses on how corporate political networking varies with organizational size and the quality of firms' local business and institutional environments alongside the deepening of institutional transition in emerging economies. These hypotheses are tested through a unique survey dataset containing the percentage of business entertainment expenses spent on government officials in two groups of Chinese private enterprises in years 2004 and 2009. The results suggest that, in the course of transition, strong isomorphic pressures of networking with government officials implied by new institutionalism in organization theory are increasingly giving way to behavioral patterns dictated by the logics of resource dependence and the rational choice variant of new institutionalism.

Does Grease Money Buy Influence Rent? Bribery and Firm Performance in Africa and Latin America

Addis Gedefaw Birhanu, *Bocconi University*

Firm short term performance in developed economies, little is known about the mechanisms firms employ in developing economies to influence corrupt governments. Specifically, firms' political activity to manipulate or bend existing rules and its implication on firm performances is virtually unexplored. By using theoretical insights from political strategy literature, we investigate the determinants and consequences of bribery on firms' long and short term performances in countries where corruption is pervasive. We find that bribery increases firms' likelihood of accessing resources from governments but deters firms' long term growth and investment. The negative effect of bribe on growth is more severe in countries where the rule of law and administration is less efficient.

Effect of Government Legitimacy on MNE – Host Country Government Political Strategies in Transitional Contexts

Izzet Sidki Darendeli, *Temple University*
TL Hill, *Temple University*

This paper investigates the effect of government legitimacy on MNEs' choices about how to interact with a host-country government, especially in transitional contexts. We use Libya, Turkey and Greece as study contexts because in these cases, regime/government change or a financial crisis created a natural experiment that offers insight into the effectiveness of various kinds of political strategies in times of transition. In particular, we explore the impact on performance, license to operate and license to stay of both government relations and broader attempts to foster legitimacy in the eyes of citizens.

Gaming the Rules and Ruling the Game: Strategic Innovativeness in the Field of Haute Cuisine

Jochen Koch, *European University Viadrina*
Wasko Rothmann, *European University Viadrina*
Natalie Senf, *European University Viadrina*

Strategic innovativeness, which has become a key factor of long-term success in many industries, requires space for creative action. This space however is dependent upon the institutional context in which the firms are

embedded. The question is to what extent firms themselves (can) shape the background against which they are evaluated as in gaming the rules before they are ruled by the game. This paper investigates this by looking at strategic innovativeness and its evaluation in the field of haute cuisine. We will show that the rules are not as concise as one would expect and are individually rather shaped in an interactive context of profiling.

SESSION 26

TRANSITIONS TOWARDS ENVIRONMENTALLY SUSTAINABLE MODELS

TRACK B	Date	Monday, Oct 8
	Time	09:30 – 10:45 h
Paper	Room	Dressing Room 221

Session Chair Pascual Berrone, *IESE Business School*

Building Green Industries: Exploring the Socio-Cultural Determinants of De Novo vs. De Alio Entry

Jeffrey York, *University of Colorado-Boulder*
Michael Lenox, *University of Virginia*

The question of factors that encourage the founding of new firms has received a great deal of attention. Yet, we know little about how the socio-cultural environment, defined as the unwritten "rules of the game", influences founding rates. We know even less about how these non-economic factors differentially influence entry by new (de novo) firms versus diversifying (de alio) incumbent firms. Utilizing a unique dataset on entry in the green building industry we theorize and test the influence the economic, political and socio-cultural environment exerts on entry by de novo firms versus de alio firms. Our findings suggest that that while economic and policy factors are highly correlated with de alio entry, the socio-cultural environment exerts a greater influence on de novo firms.

Competitive Dynamics of Technology and Industry Emergence: Insights from the Fuel Cell Industry

Brett Anitra Gilbert, *Rutgers University*
Joanna Tochman Campbell, *University of Arkansas*
Li Dai, *Loyola Marymount University*

Emerging technologies have potential to bring discontinuous technological change to industries. The competitive dynamics that affect firms are likely to differ from those that occur between a focal incumbent and other well-established competitors. However, despite general knowledge that discontinuous technological change occurs, very little is known about how this process unfolds or the nature of competitive dynamics that influence technologies and firms. This research illuminates the competitive dynamics that occur within and across industries during new technology and industry emergence. We draw from the context of clean technology for power generation. The findings provide insights that help entrepreneurs prepare to enter a market, consider potential allies, and develop marketplace strategies that move a discontinuous technology towards widespread adoption.

Environmental Performance: Monitoring or Incentive Mechanisms?

Patricia Kanashiro, *George Washington University*
Jorge Rivera, *George Washington University*

Under which conditions corporate governance mechanisms influence a management's choice of environmental strategy? This study argues that monitoring and incentives mechanisms work as substitute for each other and their adoption is contingent on the firm's specific circumstances. While previous research has found either a positive or a negative linear relationship between corporate governance and environmental performance, we suggest that this association is contingent on the firm's environmental risk and the relationship is more accurately represented by a U-curve. This proposal employs a novel database comprising the high polluting firms that are part of the S&P 500 index for the period between 2006 and 2011.



Institutional Isomorphism in Response to Environmentalism: Modeling the Adoption of Environmental Practice

Peter Gallo, *Creighton University*

This study investigates how organizations implement the content of a change process focused on addressing firms' ecological impacts. In particular, it tests if institutional pressures influence the diffusion of a specific environmental management practice. Changes in environmental management practice may be suboptimal if the choice of change is driven by these institutional pressures rather than by firm specific contingencies. Therefore, this essay examines one mechanism by which action towards organizational change can fail to attain beneficial results for the organization. The study finds that institutional pressures do impact the adoption of environmental practices; however the direction of impact for mimetic pressures is in the opposite direction of that theorized. These results reveal some interesting differences between mimetic pressures for market versus non-market driven corporate objectives.

SESSION 3

STRATEGIC CHANGE, RESOURCES, AND BUSINESS MODEL TRANSITIONS

TRACK C	Date	Monday, Oct 8
	Time	09:30 – 10:45 h
Common Ground	Room	Meeting Room 2.1
Facilitator	Charles Baden-Fuller, <i>City University London</i>	

Business Model Equilibrium: Delivering Value through Strategic Congruence

Brian Philip Massey, *Trinity College Dublin*
James Quinn, *Trinity College Dublin*

The recent explosion of interest in business models is self-evident and much work is now focusing on business model innovation. However, work seems at an impasse due to a lack of workable definition. In response to this we propose a framework connecting the core aspects of a business model to its value based activity. We link the strategy, resources and capabilities of the firm with the external opportunity. We then set the value activity at the centre of these elements and express their interrelation as an equilibrium state. The nature of the changing model equilibrium is then explored. We propose this framework believing that it will contribute to discourses on model innovation, competition and evolution and aid the advancement of further research as a result.

Competing Beyond the Network Effects: A Business Model Perspective on Competitive Dynamics in Platform Markets

Carmelo Cennamo, *Bocconi University*
Ivanka Visnjic, *Ramon Llull University*

The economics literature extensively focused on network effects as main instrument of platforms in two-sided markets to win over direct competitors. We use the lens of the business model construct and argue that platform competition unfolds in two distinct, though interdependent stages. At first, platform owners make business model choices aimed at attainment of network effects and enhanced user experience. At the second stage, platforms expand from their core by venturing into adjacent platform markets seeking to further enhance user-experience through cross-platform complementarities. Cross-platform competition leads to convergence of different markets and emergence of the dual and parallel competitive behavior characterized by pure competition with competitors from 'core' platform market and quasi-competition that contains elements of both competition and collaboration with cross-platform competitors.

Contingency Business Model of Using External Slack Resources for Competitive Advantage

Torsten Klein, *ThyssenKrupp Steel AG*

Modern economic markets are often characterized by high volatility. Therefore companies are looking for efficient solutions to manage dynamic challenges and to defend or increase competitive advantages. They try to dynamize internal processes and competencies. If we analyze organizational behavior we can note, that the resource base of a company is eminently important for gaining more flexibility. The specific resource availability is the foundation of energetic activities and generating competitive advantages. Additionally, we have to go adrift from the traditional perspective of resource theory. Instead, we have to be aware of the tremendous potential of external slack resources and of inactive resource functions. Thus this approach identifies four business models in an empirical study and describes the inherent relevancy of specific resource availability.

Productization - The Transition from Services to Product Service Systems

Ruediger Klein, *International Graduate School Zittau*
Peter E. Harland, *International Graduate School Zittau*

Focusing on the main research question: 'How does productization differ from servitization?', the aim is to analyze productization in the context of product service systems (PSS) and the applicability of the motivational drivers for servitization to productization. A literature search was carried out in order to identify expected effects from servitization. The analysis shows that the expected effects from servitization efforts can largely be expected to result from productization efforts as well. Service providers considering to add products to their offering will gain an understanding of the main factors contributing to the decision. The article contributes to the literature on product and service transition by showing that the expected effects from a productization strategy are similar to the expected effects from a servitization strategy.

The Effects of Business Model Innovation: Remaining Strategically Flexible When It Is Needed Most?

Sabrina Schneider, *EBS University*
Patrick Spieth, *EBS University*

Meanwhile strategic flexibility is argued to be indispensable for any firm operating in a volatile environment, only a vague understanding of how the conduction of business model innovation affects a firm's strategic flexibility exists. Business model innovation particularly addresses firms in need to anticipate or respond to environmental dynamics. As these firms are likely to be continuously exposed to turbulence within their environment, the urgent need to gain a deeper understanding of this relationship emerges. An experimental research design was chosen to allow isolating distinct forms of business model innovation's specific effects on a firm's strategic flexibility. Theoretically developed hypotheses drawing from entrepreneurship and strategic management theories are tested and evaluated using analysis of variance.

Value Creation in the Home-automation Industry: The Nice Case

Diego Campagnolo, *University of Padova*
Martina Gianecchini, *University of Padova*
Paolo Gubitta, *University of Padova*

In this paper we apply the construct of business model to understand the sources of value creation in the Nice case. Nice is an Italian firm operating in the home-automation industry. It was established in 1993 and in less than 20 years it has gained a remarkable position worldwide through a deep innovation in the business model that was common industry-wise. Our analysis reveals that the sources of value creation in the business model of Nice are rooted on several interdependent value drivers including novelty at the customer value proposition level, lock-in at the supply-relationships, intermediate and end-customers level, complementarities at the product level and among internally performed activities and efficiency at the operations management level.

MONDAY 09:30 – 10:45

SESSION 23

BIBLIOMETRIC APPROACHES FOR UNDERSTANDING STRATEGIC MANAGEMENT IN TRANSITION

TRACK D	Date	Monday, Oct 8
	Time	09:30 – 10:45 h
Panel	Room	Meeting Room 1.1

Session Co-Chairs

Brian Boyd, *City University of Hong Kong*
Steve Gove, *Virginia Tech*

Panelists

Donald Bergh, *University of Denver*
Abdul Rasheed, *University of Texas-Arlington*
Katalin Takacs Haynes, *University of Delaware*

Strategic management is relatively young in comparison to other disciplines – both in the context of business schools as well as in the broader domains of hard and soft sciences. How well has strategic management made the transition to a more mature field? What adaptation opportunities are there for scholars to improve both the rigor and relevance of their research and teaching? This panel discussion will focus on four papers using bibliometric approaches to identify both strengths of the field, as well as opportunities for advancement. The panel will include presentations on four topics, each based on bibliometric analysis. Two use bibliometric data as dependent variables, two as independent variables. Discussion will focus on the papers and on the use of bibliometric approaches within strategic management.

SESSION 65

RESOURCEFUL COMPETITORS: COMPETITIVE STRATEGIES AND THE RESOURCE BASED VIEW

TRACK E	Date	Monday, Oct 8
	Time	09:30 – 10:45 h
Paper	Room	North Hall

Session Chair Joydeep Chatterjee, *University of Pennsylvania*

Is The Price Right?: The Impact of Pricing Resources, Routines, and Skills on Firm Profitability

Gavin Beckford, *IE University*

This study quantitatively tests and expands upon the work of Dutta et al (2003), which proposes that the effective price-setting capability of managers can be considered a strategic resource. Pricing resources, routines, and skills can aid or cripple a firm's ability to set the optimal price in the market, affecting its ability to appropriate the value created and limit the value ceded to the consumer. The discussion is enhanced through the application of the Institutional Isomorphism perspective, which addresses the widespread application of Cost-Plus pricing by firms in order to avoid complexity. The superiority of investing in pricing capabilities over Cost-Plus pricing is illustrated through panel regression analysis applied to a sample of 2126 Spanish industrial firms.

Performance Implications of Industry and Firm-Level Strategic Rent Creation Foci

Dominic S. K. Lim, *Brock University*
Chang Hoon Oh, *Simon Fraser University*

This paper examines the competing hypotheses about strategic purity vs. strategic balance. We focus on two distinct mechanisms of rent creation—Ricardian rent creation based on the exploitation of resources and Schumpeterian rent creation based on explorative capabilities—and investigate whether pursuing both of these orthogonally conceptualized strategic rent creation foci leads to superior performance. We further examine the effect of alignment (or misalignment) between firm-level and industry-level strategic rent creation foci on financial performance.

We test our hypotheses by employing a multilevel modeling technique on a sample of non-diversified public European firms.

Service Diversity, Offshore Leverage, Vendor Reputation, and Performance of Customer Accounts in Software Outsourcing

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

This paper studies the impact of delivering widely diverse services, managing dispersed teams across time zones, and building vendor reputation for quality services, on performance at the customer account level and shows how firms can sustain competitive advantage. We provide quantitative measures for these capabilities using detailed pre-sales data from a leading global IT services firm and examine their impact on business performance. We find that increasing service diversity decreases account profitability at a decreasing rate and increasing the ability to manage dispersed teams increases profitability at an increasing rate and reputation enhances performance. These findings are applicable to a wide variety of businesses engaged in knowledge intensive services domain. Theoretical and practical implications of these capabilities are discussed.

Strategic, Ordinary and Junk Resources: Considering the Complete Range of Resources

Xavier Weppe, *University of Lille*
Vanessa Warnier, *University of Lille*
Xavier Lecocq, *University of Lille*

Resources of the firm are the particular focus of Resource-Based Theory (RBT). However, studies adopting this approach tend to concentrate on "strategic" resources, i.e. those with VRIN attributes (Valuable, Rare, Inimitable and Non-substitutable) and therefore those resources offering a sustainable competitive advantage. While recognizing the importance of strategic resources in constructing and sustaining a competitive advantage, we defend the idea in this article that a symmetric analysis of other resources can shed new light on the sources and mechanisms of superior performance. Alongside strategic resources, we introduce the concepts of "ordinary resources" and "junk resources", showing how they may contribute to performance. We suggest some consequences for RBT and resources management.

SESSION 79

DIVERSIFICATION STRATEGY AND FIRM PERFORMANCE

TRACK F	Date	Monday, Oct 8
	Time	09:30 – 10:45 h
Paper	Room	Club B

Session Chair Heli Wang, *Singapore Management University*

Diversification and Firm Performance: The Role of the Firm's Dynamic Capabilities and Absorptive Capacity

Pavlos Symeou, *Cyprus University of Technology*
Tobias Kretschmer, *University of Munich*

Competing theories of the firm's diversification behavior have been less than clear in projecting its effects on performance. We propose that diversification performance can be mediated by organizational mechanisms that can increase the efficiency of internal markets in allocating resources and maximize the uses of resource bundles. We argue that these mechanisms are embodied in the firm's absorptive capacity and dynamic capabilities. The mediating impact of these mechanisms on the effects of related and unrelated diversifications on firm performance is examined based on a sample of 150 large ICT firms traded in the USA between 1975 – 2010. On average, the sample firms benefit from dynamic capabilities and absorptive capacity. Dynamic capabilities moderate the negative impact of unrelated diversification and absorptive capacity strengthens the positive impact of related diversification.



Do Market and Technical Assets Influence Entry into a Converging Industry? U.S. Banks' Diversification into Investment Banking (1987-2010)

Ayesha Malhotra, *University of Calgary*

Industry convergence is a type of industry transition in which the boundaries between two or more industries dissolve. The academic research on industry convergence is limited (Benner and Tripsas, 2012). In this paper, we look at resource determinants of a firm's penetration into an adjacent, converging industry. By using a 24 year panel dataset on 95 U.S. commercial banks' entry into the U.S. securities underwriting market, we make two unique contributions: (a) we examine simultaneous effects of market and technical resources on a bank's securities activity; and (b) we allow for the possibility that these resources are endogenously determined. We find that market relationships with clients strongly predict the extent of a bank's entry into investment banking but technical assets do not drive their entry.

Understanding Intra-Industry-Diversification: Related Product Diversification in the German Automotive Industry

Christiane Zorn, *University of Erlangen-Nuremberg*

Stefan Weih, *University of Erlangen-Nuremberg*

Harald Hungenberg, *University of Erlangen-Nuremberg*

The empirical study responds to the question of Stern & Henderson (2004): 'How does diversifying within and across product lines affect business-level outcomes?' The study focuses on the effect of related product diversification on market-based performance in the German automotive market analyzing 10-year sales data. Related product diversification is analyzed not only within one specific industry but also by differentiating two perspectives: a group perspective including all brands of one automotive group and a brand perspective analyzing only one specific brand. The latter is further separated into volume and premium brands to disclose differences between different types of brands. We find that related product diversification has a negative impact on performance from a brand perspective, but a positive impact in the group perspective.

Within Industry Diversification and Performance – An S-shaped Hypothesis

Niron Hashai, *Hebrew University*

This study predicts an S-shaped relationship between within industry diversification and performance in single business firms. Initial increases in product scope impose complexities of shifting from a single product focus to simultaneously managing more than one product category, hence hampering performance. Once firms develop the capability to offset the costs of such complexities, synergies between related product categories lead to performance increase. Yet, extensive within industry diversification gives rise to coordination costs increase and reduces performance once again. Furthermore, greater pace of within industry diversification increases the costs and moderates the benefits of within industry diversification, while higher levels of intangible technological assets intensify both the costs and benefits of within industry diversification.

SESSION 34

EMERGING MARKET/ADVANCED MARKET STRATEGIC INTERACTIONS

TRACK G	Date	Monday, Oct 8
Paper	Time	09:30 – 10:45 h
	Room	Meeting Hall V

Session Chair Ajai Gaur, *Rutgers University*

Breaking Out of the Cage? How Institution-Based Critical Resources Prevent Emerging-Economy Firms to Expand into Advanced Economies

Kiattichai Kalasin, *Mahidol University*

Pierre Dussauge, *HEC-Paris*

This study investigates the impact of critical resources on the international expansion of emerging market firms (EM firms). We argue that institution-based critical resources prevent EM firms from expanding into advanced economies. Institution-based critical resources are resources that firms develop to respond to a country's institutional environment. EM firms develop this type of resource to fill institutional voids in a country. The differences in the environmental conditions and institutional frameworks between emerging markets and advanced economies raise significant difficulties for EM firms to transfer their institution-based critical resources to advanced economies, and in turn, encourage firms to improve their current paths and remain in their domestic markets or expand into other developing countries, where the institutional environments are similar to those of their home markets.

Home Country Resource Munificence and Firm Internationalization: A Multilevel Analysis of MNEs from Emerging and Developed Economies

Bo Nielsen, *Copenhagen Business School*

Sabina Nielsen, *Copenhagen Business School*

Saul Estrin, *London School of Economics*

Klaus Meyer, *China Europe International Business School*

We investigate how the determinants of internationalization differ between multinational enterprises (MNEs) from emerging and developed economies. Extending the resource based view, we develop two arguments. Emerging economies have weaker resource munificence, which reduces emerging economy firms' ability to develop internationally competitive bundles of resources. This has two consequences: First, firm-level resources are even more important for emerging than for developed economy MNEs in explaining internationalization. Second, emerging economy firms are most likely to internationalize further in industries where they face less intensive global competition. We test these arguments in a multilevel analysis of the internationalization patterns of 1741 firms from both emerging and developed economies. Our evidence shows country-level effects to moderate the firm and industry-level effects consistent with the predictions of our theory.

Innovation Blowback: How Competition Between Advanced Economy MNEs Raises Competitors From Emerging Markets

Martin Ihrig, *University of Pennsylvania*

Philip Kappen, *Uppsala University*

Ram Mudambi, *Temple University*

This paper provides an evolutionary explanation to the rise of the emerging market MNE. It does so by presenting the innovation blowback framework which describes how competition between traditional advanced economy MNEs raises tomorrow's new competitors from emerging markets. In particular, the paper provides a formal model of trade-offs that the advanced economy MNE faces when organizing its R&D activities either concentrated at home or geographically dispersed. Using an agent-based simulation approach, the model is subsequently evaluated in the SimISpace environment. The initial simulations lend

support for the innovation blowback framework and the findings provide insights into the evolution of new competition and firm performance.

R&D Internationalization of Emerging-Market Firms: The Influence of the Foreign Managers and Foreign Board Members

Kiattichai Kalasin, *Mahidol University*

Existing literature suggests that the international exposure of managers frequently influence top management team (TMT) to lead firms to source technological knowledge in foreign countries. Extant research, however, has not examined the role of foreign managers and foreign board members, whose knowledge can influence the TMT decision to setup international R&D units. However, because of the liability of foreignness and the insufficiency of local knowledge, foreign managers and foreign board members may find it difficult to integrate themselves into the institution-void business environments, resulting in a distortion in the individual cognitive structure and in risk perceptivity. Therefore, I argue that the ratio of foreign managers and ratio of foreign board member negatively correlates to the probability to invest in international R&D units by emerging-market firms.

SESSION 91

CONSENSUS AND COMMITMENT

TRACK H	Date	Monday, Oct 8
Paper	Time	09:30 – 10:45 h
Session Chair	Room	Club A

Robert MacIntosh, *University of Glasgow*

Expanding Internal Organizational Legitimacy: Implications for Profitability and Corporate Strategy

Margaret Roberts, *University of Bath*
Jonathan Raelin, *University of Bath*

While widely applied in strategy, the construct of legitimacy is heavily oriented to an external focus. As an internal strategic variable, legitimacy remains underdeveloped given a lack of consensus about its conceptual foundations and level-of-analysis. Our first contribution is therefore formally defining internal organizational legitimacy, consisting of how a firm strategically presents itself to entities working directly within it (i.e. subsidiaries, divisions, employees). Suchman's pragmatic, moral, and cognitive legitimacies are then incorporated to increase robustness. Finally, in an empirical test, one form of internal organizational legitimacy (organizational-individual) is found to significantly impact firm profitability, with moral legitimacy leading to the highest and cognitive legitimacy leading to the lowest profitability. A second contribution is thus providing empirical evidence that corporate strategy must account for internal legitimacy.

Implementing Normative Integration in MNEs: The Impact of Organizational Identity

Birgitte Groggaard, *University of Calgary*
Helene Loe Colman, *BI Norwegian School of Management*

In this study, we examine how multinationals achieve normative integration by incorporating the concept of organizational identity. Through interviews of 56 employees in a Norwegian multinational, we identify how the values communicated by headquarters are interpreted in the foreign subsidiaries, illustrating that perceptions of 'who we are' in the foreign subsidiaries affect 'how we do things'. Our findings suggest that the development of a global organizational identity enhances the ability to achieve normative integration across organizational and national borders. This implies that managers must go beyond merely communicating values and goals to actively engaging in developing a shared organizational identity across host markets where local differences may result in varied identity claims.

Strategic Consensus Between Groups: The Role of Within-Group Consensus and Strategic Congruence with Top Management

Jeanine Porck, *Erasmus University - Rotterdam*
Daan van Knippenberg, *Erasmus University - Rotterdam*

Strategic consensus is a prominent concept in management research, driven by the idea that it improves coordination and cooperation. Despite the obvious task interdependence between teams within the organization, strategic consensus between groups has received very little attention. Integrating strategic management and network theory, this field study proposes a new and easy-to-grasp method to study between-group strategic consensus. Using data from 3828 dyads of teams we found that dyads of groups with higher within-group consensus had higher between-group consensus. Additionally, we demonstrated that strategic congruence between the top management team and the dyad of groups mediates the relationship between within-group strategic consensus and between-group strategic consensus. Contrary to our expectations, dyads of groups with a higher degree of reflexivity did not have higher between-group consensus.

Strategic Consensus: Going Back to Move Forward

Graham McFarlane, *Linde LLC*
Robert MacIntosh, *University of Glasgow*

The literature shows that, despite many years of investigation, the strategic consensus-performance link remains confounding. We propose that this link may be made clearer through a better understanding of consensus formation. Hence, this paper goes back to study consensus formation in the hope of moving research in the field forward. We frame consensus in the practice sense - as an activity of strategy-making and as a measure of the performance of a strategic initiative. Specifically, this study aims to gain an understanding of consensus formation in an incremental setting by developing dynamic network models of consensus building and by considering the social and strategic contexts of strategic initiatives from data gathered from an SBU in a global company serving the microelectronics industry.

SESSION 235

LEARNING

TRACK I	Date	Monday, Oct 8
Common Ground	Time	09:30 – 10:45 h
Facilitator	Room	Terrace 2

Maurizio Zollo, *Bocconi University*

Does Experience Help or Hinder Performance?: A Study of Hollywood Film Producers

Jamal Shamsie, *Michigan State University*
Donald Conlon, *Michigan State University*

Research on the resource-based perspective has begun to focus on the ability of managers to extract greater value from the resources that they work with. Empirical studies have tied this ability, above all, to the experience that managers have accumulated. In this paper, we show that experience can both help and hinder managerial teams in their ability to work with different resources. Experience can allow managers to develop routines which provide them with better coordination, greater control and less cognitive effort. However, experience can also make it harder for them to adjust to the specific needs of each assignment or project. We draw on Hollywood producers to show that more experience does not necessarily allow them to obtain better performance from various resources.



Does Size Matter? Organizational Size and the Efficacy of Experiential Learning

Hart Posen, *University of Wisconsin*
 Dirk Martignoni, *University of St. Gallen*
 Daniel Levinthal, *University of Pennsylvania*

Boundedly rational organizations that engage in experiential learning must allocate scarce resources to both exploitation and exploration. Moreover, benefits from experiential learning are known to come at the cost of myopia. We consider the implications of relaxing an organization’s resource constraint – by increasing the number of agents in the organization to make possible parallel learning. Employing a computational model, we find three stylized facts about larger, less constrained, organizations: they explore less than smaller organizations, they are less likely to discover the very best alternative, and they exhibit superior performance on average, even though their chosen alternatives may not be the very best. Thus, parallel search in larger organizations may amplify myopia, and on some metrics, reduces the efficacy of experiential learning.

Learning from Failure: An Empirical Examination in the Pharmaceutical Industry

Rajat Khanna, *University of North Carolina-Chapel Hill*
 Atul Nerkar, *University of North Carolina-Chapel Hill*

The pursuit of competitive advantage has been the focus of most if not all strategy scholars. Patents have been considered a key resource that at a minimum deter if not prevent competition from entering technological areas. That said recent research has shown that many firms give up patents. We use a behavioral approach to strategy to explain this anomaly in firm behavior. We suggest that firms learn from the patents that they give up which in turn contributes to improving their productivity and performance. We test the presence of this learning from failure in pharmaceutical industry. Our results support a behavioral approach to decision making in the R&D strategy of firms.

Routines or Rules-of-Thumb: The role of Adaptive Learning in the Evolution of Organizational Knowledge

Maciej Workiewicz, *INSEAD*
 Vikas Aggarwal, *INSEAD*

Routines, rules of thumb and heuristics have been points of focus in the organizational literature, particularly as determinants of organizational performance. We know very little, however, about what drives the evolution of organizational knowledge, and what may cause different forms of knowledge to coexist. We utilize a simulation model to explore how a simple adaptive learning process leads to the evolution of different types of knowledge as a function of the organization’s task environment. We then test how different types of learning heuristics impact organizational knowledge and fit.

The Influence of Capital City Clusters on Knowledge Acquisition and Transfer

Aldas Kriauciunas, *Purdue University*
 Will Mitchell, *Duke University*

Within the agglomeration literature, an overlooked question relates to the benefits and drawbacks of locating within the capital city of a country. Using a unique data set, we address that issue by comparing firms within the capital city and outside the capital city for four Central and East European countries regarding their ability to acquire and transfer knowledge. Our findings indicate that while firms in capital cities are more effective in acquiring knowledge, they are less adept at transferring knowledge within the firm. These results shed light on an overlooked cluster type and also contribute to the knowledge-based view by better understanding knowledge management routines.

The Power and Limits of Modularity: A Simulation Model

Christina Fang, *New York University*
 Ji-hyun Kim, *Yonsei University*

Recent advances in research on modularity have emphasized the power of modularity. In this paper, we ask: what are the possible contingency factors and under what conditions (when and how) will the modularity argument hold or break down? To study the power and limits of modularity, we build a simulation model that standardizes the key building blocks of modularity, incorporating alternative decision making structures, attention allocation routines, possibility of mismatch between reality and representation, different payoff conditions, evaluation errors and alternative search rules. We find that the power of modularity thesis is quite robust to several alternative specifications. To our surprise, we also find that the effects of some mechanisms are more nuanced than previously believed.

SESSION 226 TECHNOLOGY

TRACK I	Date	Monday, Oct 8
	Time	09:30 – 10:45 h
Paper	Room	Club C

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

A Behavioral Theory of Technological Entry: Performance Feedback, Uncertainty and Firms’ Entry in Emerging Fields

Elisa Operti, *ESSEC Business School*
 Gianluca Carnabuci, *University of Lugano*
 Balazs Kovacs, *Stanford University*

We build on the behavioral theory of the firm to shed light on the conditions under which incumbents are more likely to invest in an emerging technological field. Drawing on performance feedback models, we contend that an established firm is more likely to invest in emerging (and riskier) technologies when its performance falls below its aspiration level. However, augmenting received research in this area, we argue that firms’ assessment of performance attainment is based on the interpretation of unclear, sometimes contrasting, internal and external signals. Accordingly, we posit that the extent to which incumbent firms respond to performance feedback varies with two types of uncertainty impacting their ability to assess performance-aspiration gaps. We plan to test our theoretical predictions on a panel dataset describing the activities of established semiconductor designers and manufacturers in the emerging field of nanotechnology field between 1980 and 2002.

Buyer Behavior in Markets for Technology: Technology Proximity between Firm Portfolio and In-Licensed Patents

Ayfer Ali, *Harvard University*
 Iain Cockburn, *Boston University*

Research on demand in markets for technology is limited. We address this gap by using a new dataset of patents available for licensing from a large, innovative academic medical center (AMC). We observe all firms that showed interest in these patents by signing a confidentiality agreement and later decided to license or not license the technology. We hypothesize that demand is influenced by complementary technologies in the licensing firm. We measure technology proximity using overlap of nested International Patent Classes between the AMC patent and the firm’s own technology. We find firms are more likely to license technologies that are close to their own at the broadest proximity measure level but higher proximity at the granular level, conditional on high-level proximity, inhibits licensing.

MONDAY 09:30 – 10:45

Patterns of Convergence between Technological Fields

Fredrik Hacklin, *Swiss Federal Institute of Technology Zurich*
Martin Wallin, *Swiss Federal Institute of Technology Zurich*

This paper contributes to understanding the phenomenon of technological convergence. We define and measure convergence as the convolution of two processes: the reuse of technical knowledge across technological fields and individual-level boundary-spanning activities between these fields. The construct is applied to investigate the patterns of blending between the fields of information technology and telecommunications, which jointly have shaped today's information and communication technology (ICT) industry. Using a bibliometric dataset of 400'000 papers in 124 journals published between 1954–2009 we find that: (i) the reuse of technological knowledge across technological fields precedes individual-level boundary spanning activities, but is subsequently overtaken by the latter; (ii) the crossing of technological boundaries initially occurs at the organizational level but is subsequently shifted towards the individual agent.

Technological Resources Reconfiguration and Organizational Scope: A Longitudinal Analysis

Jean-Michel Viola, *ESC Rennes School of Business*
Jean-Philippe Timsit, *ESC Rennes School of Business*
Desislava Yankova, *Strafitech*

This paper explores the evolution of the technological resource portfolio of Technicolor, formerly known as Thompson, a global leader in entertainment services and digital delivery. We investigate the effect of technological resources recombination on the scope of the firm. We analyze the firm's 9,413 patents and their 60,000 citations over a thirty-one years period from 1980 to 2010. We apply co-citation analysis to track technological roots over time. We show that the evolution of the technological portfolio is not additive or hierarchical, but combinatorial through the implementation of technological resources; the firms evolves its technological resources profile according to its technological strategy following three phases: emergence-dissemination-reconfiguration; and the evolution of the technological portfolio is founded on specific technological resources which are the pivots of the evolution of the firm.

SESSION 18

AN EXPLORATIVE JOURNEY TO STRATEGY PRACTICE

TRACK J	Date	Monday, Oct 8
	Time	09:30 – 10:45 h
Paper	Room	Meeting Hall IV (a)

Session Chair Gerry Johnson, *University of Lancaster*

Configuration of Practices of the Strategic Process and Content with the Sustainable Creation of Value

Sergio Bulgacov, *Federal University of Parana*
Marcia Gomel, *Federal University of Parana*

This essay suggests a framework of alternative references for integrated investigation between the configuration of strategic process and content practices with the sustainable creation of value, as a process creating sustainable conditions of value. This work's primary contribution comes from the adoption of an organizational perspective for approaching sustainable creation of value based upon strategic practices in constant pursuit of dynamic value for stakeholders. It looks for conjuncture of different traditional approaches in the area with more social approaches from organizational strategy. Included in the framework are proposals for future investigations concerning the configuration of strategic practices. A visualization of the configuration of content and process is represented by an analytical framework which can be applied using cross-sectional and multilevel methods on strategic practices.

Revealing the Internal Logic of Strategy as Practice

Robert Wright, *Hong Kong Polytechnic University*
Daniela Blettner, *Simon Fraser University*
Richard Soparnot, *ESCEM - School of Business and Management*

We investigate an under-researched praxis of driving innovation and change to help improve the business and the bundle of practices that managers must work through to perform this strategic work. Using Personal Construct Theory and Repertory Grids, we develop an integrated cognitive model which generated two sets of opposing factors that paradoxically helped and hindered the effective performance of strategic work. On one hand, key practice elements caused managers to struggle with cognitive disorder, complacent thinking and cognitive inertia. On the other hand, issues of thinking and acting strategically, having a sense of urgency and the need for constant reflection were seen as key to strategic work. Our findings discuss the thinking that goes on behind important strategic work.

The Implications of Information Power in the Practice of Strategy

Christina Cataldo, *George Washington University*

While strategy-as-practice (S-as-P) has increasingly raised awareness of the process underlying strategy, the impact of micro-practices on this process remains at a relatively nascent stage. Accordingly, seminal micro-foundations of strategy remain under explored in S-as-P. One element that is of critical importance to strategizing is the individual leveraging of information power. This area is particularly ripe for theoretical exploration as information power underlies much of S-as-P. In other words, if individuals are inclined to retain their information to bolster personal power they can undercut the strategizing process. This paper therefore strives to unite the seminal S-as-P and information power literatures, deriving several researchable propositions to help firms leverage information power as a resource rather than as a hindrance.

What Are Today's Strategies Made Of?

Mikko Luoma, *JTO School of Management*

This study examines the content side of strategic management, i.e. the elements that companies use as ingredients of their business strategies. Although heterogeneous as textual presentations, strategies of different companies in different industries seem to share a limited number of common elements which can be grouped and interpreted meaningfully. The study employs both qualitative and quantitative methods in a sample of written strategy documents collected from altogether 74 Finnish large companies. As a result, a framework of "six baskets" of strategy ingredients is presented. In so doing, the study adds to our current understanding of strategy formulation in the context of today's turbulent business environments.

SESSION 180

PUSHING THE BOUNDS OF AGENCY THEORY

TRACK K	Date	Monday, Oct 8
	Time	09:30 – 10:45 h
Common Ground	Room	Terrace 1

Facilitator Lynn Stout, *Cornell University*

Does Acquiring Venture Capital Pay Off for the Funded Firms? A Meta-Analysis

Jan Brinckmann, *Ramon Llull University*
Nina Rosenbusch, *Friedrich-Schiller-University Jena*
Verena Müller, *Jacobs University Bremen*

Researchers and practitioners frequently propose that venture capital (VC) is an important resource to increase the performance of funded firms, especially in environments of uncertainty. In this paper we scrutinize these theoretical propositions, following an evidence-based research approach. We synthesize 76 empirical samples on 36,567 firms. We find a small positive performance effect of VC investment on funded



firm performance; however, the effect vanishes if researchers control for industry selection effects. Furthermore, we find that the performance effect mainly relates to firm growth while profitability is unaffected. We also uncover that performance effects are reduced when the funded firms are very young or very mature. In addition, studies focusing on IPO events, which constitute the majority of studies, determine a substantially smaller performance effect.

Family Ownership and Innovativeness in Small Firms

Salvatore Sciascia, *IULM University - Milan*
 Mattias Nordqvist, *Jönköping University*
 Pietro Mazzola, *Iulm University*

Only a few scholars have explored the effects of family ownership (FO) on innovativeness in small firms and their arguments are conflicting. Combining agency theory and the socioemotional wealth perspective, we contend that the relationship between FO and innovativeness depends on the way the family has invested its wealth. More specifically, we argue that (1) FO has a general negative effect on innovativeness in small firms, (2) a large amount of the total family wealth invested in the firm makes this negative effect stronger, while (3) the negative between FO and innovativeness can be positive if the family's wealth is less focalized in one firm. We test and confirm our hypotheses a lagged data-set of 240 small family firms based in Italy.

Franchising: Taking Stock and Looking Ahead

Grace C. Su, *University of Illinois-Urbana Champaign*
 Janet Bercovitz, *University of Illinois-Urbana Champaign*
 Joseph Mahoney, *University of Illinois-Urbana Champaign*

Considering a set of four key organizational questions, this paper reviews the economic-based literature on franchising. While offering significant contributions, we note that extant research studies are limited due to a static perspective and a narrow focus on governance costs issues. We draw attention to the dynamics of chain organizations highlighting the importance of adaptation for value-creation to generate future research questions. We suggest that the codifiability of knowledge that is to be replicated across outlets may be under-emphasized by current chain studies. Furthermore, we propose that the governance choice of a chain may be related to the inseparability of franchise contracts and subsequent value creation challenges.

★ Hocus-Pocus: The Shareholder-Value Effects of Delusive Payouts by Specialized and Diversified Firms

Guilhem Bascle, *Catholic University of Louvain*

Payouts, i.e. dividends and share buybacks, are generally seen as mechanisms that help reduce agency problems. We build on this and past research, which showed that share buyback plans can be purely ceremonial acts, to develop a sociopolitical framework that examines how high business diversification, as a pre-existing sign of agency problems, can influence the reactions of shareholders to payouts (real or not). We test our arguments using data from a sample of large U.S. publicly traded firms. We find that highly diversified firms are more likely to ceremonially pay out cash to shareholders and that payouts (real or not) lead to differentiated stock market reactions depending on whether focused or highly diversified firms make them.

Situational Agency and the Relationship Between Entrepreneurs and Their Sources of Financing

Christopher Reutzel, *Utah State University*
 James Davis, *Utah State University*
 Mathew Allen, *Babson College*

This paper develops a typology of situational agency which addresses the governance roles and relationships of entrepreneurs and investors. Utilizing a multi-theoretical approach we create a model which suggests when entrepreneurs will act as principals, agents or stewards. Preliminary partial tests of the model developed in this study lend support to our arguments.

Who Are You Promoting? Voluntary Public Disclosure and Executive Turnover

Sharon James, *Ohio State University*

This study examines the tension between a publicly traded firm's incentives to voluntarily and publicly disclose proprietary information and top managers' incentives to promote their career interests by disclosing such information. We hypothesize that as disclosures signal a firm's superior investment opportunities and performance, they also send positive signals to managerial labor markets regarding executives' opportunity recognition and exploitation capabilities. Accordingly, we predict that disclosures will have a positive association with voluntary executive turnover and a negative association with involuntary turnover. We test these predictions on a sample of pharmaceutical and communications equipment firms from 1990-2004. The results are consistent with our theoretical arguments and suggest the need for corporate governance of a firm's disclosure strategy to mitigate any detrimental effects of unplanned executive departures.

SESSION 178

INSTITUTIONAL THEORY & NEW VENTURES

TRACK K	Date	Monday, Oct 8
	Time	09:30 – 10:45 h
Paper	Room	Club D

Session Chair Florian Ueberbacher, *University of St. Gallen*

Corruption and Nascent Ventures' Resource Acquisitions in a Transition Economy

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

Building on the institutional theory and resources dependency theory perspective, this study examines the impact of corruption on nascent ventures' resource acquisition and its boundary conditions in China's transition economy. We argue that two dimensions of corruption, pervasiveness and arbitrariness, independently and interactively constrain nascent ventures' resources acquisition. The relationships between levels of corruption pervasiveness and arbitrariness and resource acquisition are further moderated by ventures' legal identity and community support to entrepreneurship. An empirical study of 160 nascent ventures in China provides support for the hypotheses.

Institutional Pluralism and New Venture Legitimation Strategies: A Study of Linguistic Identity Choices of Indian Newspapers, 1948-2008

Rajiv Krishnan Kozhikode, *University of Groningen*
 Andreea Kiss, *University of Groningen*

To what extent do new ventures behave strategically in their quest for legitimacy? This study highlights institutional pluralism as a mechanism that influences the extent to which new ventures engage in identity choices that conform or deviate from dominant ideological prescriptions. The study of the language identity choices of newspaper organizations founded in India from 1948 until 2008 confirms that new ventures were less likely to switch their language of publication when their founding identity was in alignment with the linguistic ideology of the incumbent government and when social movements challenged their founding identity. Social movements also weakened the negative effect of founding identity alignment with incumbent government's linguistic ideology on the likelihood of identity switching behavior of new ventures.

Institutions, Public Policy Strategy, and the Entrepreneurship Process

Jeffrey Petty, *University of Lausanne*
 Jean-Philippe Bonardi, *University of Lausanne*

Owing to the recent economic crisis an increasing number of countries have

initiated policies designed to promote entrepreneurship. Unfortunately, based upon past evidence, not all of these policies will achieve the desired effects within the respective economies. Efforts focused on the promotion of firm formation may increase entrepreneurial activity but policy makers who fail to consider the interconnectedness of the institutional environment and policies run the risk of creating unintended negative consequences, including unproductive entrepreneurship, investment gaps, misallocation of resources, and market bubbles. In this study we adopt an evolutionary perspective in order to evaluate more comprehensive policy frameworks that impact the creation, performance, and survival of start-up firms and develop a typology of entrepreneurial ecosystems that will inform future research, entrepreneurs, and policy makers.

The Relevance Of Cultural Knowledge For Strategic Legitimation: How A New Venture's Legitimation Practices Evolve

Florian Ueberbacher, *University of St. Gallen*

Claus Jacobs, *University of St. Gallen*

A number of studies characterize new ventures as capable of acquiring legitimacy and resources strategically. Yet, prior research remains inconclusive as to whether and when they reach such capacity. To explore this ambiguity, we conducted a longitudinal case study on how legitimation practices of a new venture evolved. The new venture under study was only able to engage in strategic legitimation practices after years in the market. Conversely, at the time of foundation, it had to resort to compensatory legitimation and thus to mobilizing substantive resources to counterbalance its lacking ability to mobilize evocative symbols. Revealing how the venture's evolving cultural knowledge structured its legitimation repertoire, our study informs scholarship on new ventures, legitimation, and on the role of cultural repertoires for strategic action. (Keywords: New ventures, Legitimacy, Strategic Entrepreneurship, Resource Acquisition, Case Study)

SESSION 140

KNOWLEDGE MANAGEMENT & KNOWLEDGE STRUCTURES: WHO KNOWS?

TRACK L, TRACK I

Date Monday, Oct 8

Time 09:30 – 10:45 h

Paper

Room Dressing Room 220

Session Chair

Shad Morris, *Ohio State University*

How Effectively Do You Leverage Your Knowledge? Searching for the Optimal Leverage Ratio in Professional Service Firms

Anna Littmann, *EBS University*

Ansgar Richter, *EBS University*

This paper provides an analysis of the relationship between the leverage and the performance of Professional Service Firms (PSFs). Drawing on the emerging theory of PSFs, we argue that leverage is an important organizational element both driving and limiting organizational performance of PSFs, thus proposing an inverted u-shaped relationship between leverage and performance. We further argue that the optimal leverage ratio is influenced by strategic decisions and resources. We test our arguments using a sample of 308 firm-year observations of 52 large and medium-size PSFs active in Germany. Our results confirm an inverted u-shaped relationship between a firm's leverage and its performance.

How Individuals' Knowledge Structures Influence their Strategic Orientation

Karynne Turner, *University of South Carolina*

Mona Makhija, *Ohio State University*

Organizational members employ knowledge structures to help make sense of their environment and to consider various strategic choices. We argue that the organizational context is an essential determinant of

how knowledge structures develop, by encouraging the development of more specialized knowledge in some cases and facilitating common understandings in others. In light of this, the purpose of this research is to understand how organizational processes influence the important features of individuals' knowledge structures, and how these in turn influence their strategic orientations relating to productivity and quality. Using a quasi-experimental design, our findings indicate that variations in knowledge specialization and interpretation characterizing knowledge structures give rise to very different strategic orientations in individuals.

Micro-Foundations of Continuous Improvement within Organizations

Gerry Keim, *Arizona State University*

suzanne peterson, *Arizona State University*

Zhen Zhang, *Arizona State University*

Gerhard Reber, *Johannes Kepler University*

Organizational environments evolve continuously and often in unpredictable ways. Employees interfacing with customers, suppliers, rivals and regulators often acquire the first clues about new opportunities and threats for their organization. Transmitting such new knowledge to managers is often inhibited by managers' beliefs and decision-making style thus preventing the organization from responding in a timely way. We explore how managers can encourage positive voice from employees with new knowledge about evolving threats and opportunities and thereby continuously improve their organization's performance.

Proactive Knowledge Replication: The Role of Human Capital in Driving the Use of Principles vs Templates

James Oldroyd, *Ohio State University*

Shad Morris, *Ohio State University*

We seek to identify the human capital antecedents and performance consequences of using two different forms of knowledge replication: principles and templates. We predict that project leaders with strong local human capital or strong international human capital are likely to differentially use knowledge. Moreover, we hypothesize that the use of knowledge principles is likely to increase responsiveness, while templates are likely to increase project efficiency. Analyzing 267 globally dispersed consulting projects, we find support for our hypotheses. In general, this research highlights the importance of human capital in the proactive replication process and the performance effects of utilizing different knowledge replication forms.

SESSION 15

HUMAN FACTORS IN STAKEHOLDER STRATEGY

TRACK M

Date Monday, Oct 8

Time 09:30 – 10:45 h

Paper

Room Meeting Room 2.2

Session Chair

Jared Harris, *University of Virginia*

Commitment To and From Stakeholders

Doug Bosse, *University of Richmond*

Richard Coughlan, *University of Richmond*

This paper argues commitment is an important feature in the nature of – and the value created through – the relationships among firms and their stakeholders. The commitment construct, well established in psychology, organizational behavior, and marketing, includes normative obligation as well as binding choice. Building from this research foundation, we will develop reasoning to explain (1) how commitment helps further articulate the process of managing for stakeholders, (2) how commitments from internal and external stakeholders likely differ, and (3) how a firm's commitments towards its stakeholders – internal and external – are likely characterized. The answers to these questions have the potential to contribute meaningful insights into the nature of economic organization and the theory of the firm.



Stakeholder Engagement: Unbundling the Capability and the Factors that Explain its Appearance

Luis Fernando Escobar, *University of Lethbridge*
 Harrie Vredenburg, *University of Calgary*

This study is concerned with unbundling a capability, stakeholder engagement, and then identifying the factors that lead to its development at the business unit level within a multinational corporation. We argue that stakeholder engagement is an organizational capability or bundle of practices that is developed locally by the business unit to govern its relationships with stakeholder—a location-bound firm specific advantage. We argue that the appearance of the capability for stakeholder engagement is conditioned by local factors (intermediary organizations, organized communities), subsidiary factors (presence of a champion for social issues, accountability and clear business case for stakeholder engagement) and corporate factors (level of autonomy and parent company involvement on social issues).

Stakeholders' Attitudes, Media Accounts, and Stakeholder Trust in Business: An Empirical Study

Jared Harris, *University of Virginia*
 Adrian Keevil, *University of Virginia*
 Andrew Wicks, *University of Virginia*

Recent populist sentiment suggests a crisis of goodwill-based trust in business as an institution. This study will explore the connection between different stakeholder perspectives and trust in the institution of business; in addition, the study will analyze the role of media accounts in shaping trusting attitudes. Using a randomly assigned sample of international participants and a 5X5 between subjects design, we will empirically explore the connection between stakeholder role, media accounts, and goodwill-based trust in the institution of business. Preliminary results suggest that media accounts have an appreciable effect on trusting attitudes, yet potentially impact various stakeholder perspectives (e.g. customer, employee, investor) differently.

Understanding Anticipatory Impression Management by Organizations

Kevin Cain, *University of Georgia*
 Scott Graffin, *University of Georgia*
 Donald Lange, *Arizona State University*

In this conceptual paper, we direct attention to a relatively understudied type of organizational impression management—that which occurs before the event expected to trigger negative reactions has been revealed to stakeholders. We build on the idea that, in this anticipatory period, stakeholders are not yet biased by the triggering event or by organizational attempts to manipulate their reactions. Further, we describe how this period is characterized by certain unknowns relevant to impression management, since an organization's leaders must estimate whether stakeholders will become aware of the trigger, whether the organization will be blamed, and how negative the reactions will be. Our theory provides a systematic approach to understanding how characteristics of the anticipatory period can affect how an organization's leaders approach anticipatory impression management.

SESSION 50

TRUST AND RELATIONAL GOVERNANCE

TRACK N	Date	Monday, Oct 8
	Time	09:30 – 10:45 h
Common Ground	Room	Club E

Facilitator Africa Ariño, *IESE Business School*

How to Gain Trustworthiness in an Asymmetric Relationship: Lessons from Selling Assets

Miriam Flickinger, *University of Passau*

This study uses a qualitative analysis of multiple firms' asset selling processes to explore and understand how trustworthiness can be demonstrated and therefore gained by an organization. Also, it seeks to gain knowledge on what the benefit of this trustworthiness can be in an asymmetric relationship. I accentuate sellers' ambitions to manifest themselves as a trustworthy party so that buyers will find this behavior credible and respond to it by giving trust. The results suggest that effective sellers develop interpretive schemes to make sense of the asset for buyers in order to achieve a favorable result of the asset sale for themselves. The study sheds some light on the sources of trust in an asymmetric interorganizational relationship.

Managing R&D Alliances: Individual Relations and their Impact on Performance and Reformation

Alba Sanchez Navas, *University of Barcelona*
 Martin Rahe, *EADA Business School*
 Xavier Ferras Hernandez, *ACC10 - Catalonia Competitiveness Agency*

Our research creates and tests a model to explain the effect of individuals' relationship on performance, satisfaction and reformation in R&D alliances. Tests of our hypotheses using data on 261 individuals that participate in R&D alliances showed that trust, conflict, commitment and communication are positively related to alliance performance, although trust and communication are the characteristics with the strongest fit. In addition, successful alliances influence positively on individual satisfaction and raise the willingness to reform the alliance with the existing alliance members, which also increases alliance performance due to the experience accumulation of partners involved.

Relational Signaling, Informal Norms and Formalization in Multifirm Projects

Marco Furlotti, *Tilburg University*

In response to the dearth of systematic study of interorganizational projects we focus on the use of informal relational norms in this type of interfirm collaboration. We argue that relational signaling theory enables solving certain empirical and theoretical puzzles better than extant accounts of relational governance and that it sheds light on the interdependence between formality and informality. It suggests that due to its signaling value, non-contractual formalization is complementary to informal norms, while contracts, though necessary, serve different objectives and are rather orthogonal to informal governance. Relational signaling also helps predicting the effect of a number of other contingencies. We test our hypotheses on a large sample of multifirm projects, and we find broadly supportive results that are robust to a number of controls.

♣ Should Firms Balance Arm's Length and Embedded Ties? The Role of Partner Selection Motives

Murat Tarakci, *Erasmus University - Rotterdam*

Should firms have weak arm's length or strong embedded ties with their network partners? Network embeddedness theory has so far recommended that firms should have a mix of arm's length and embedded relationships. The present study introduces firm's network orientation, i.e. firms' motives for choosing network partners, as a stable behavioral characteristic of firms.

MONDAY 09:30 – 10:45

Our results show that recommendation of embeddedness theory holds only for firms selecting their network partners with calculative motives. However, for relationally motivated firms such a strategy is detrimental. This study extends dominant structuralist view of social network theory by considering firms' behavioral orientation, and contributes to embeddedness theory by reformulating it along the behavioral lines.

The Effects of Trust and Trust Expectations on Satisfaction in International Joint Ventures

Gokhan Ertug, *Singapore Management University*
Ben M. Bensaou, *INSEAD*
Ilya Cuypers, *Singapore Management University*

This paper studies the effects of trust and trust expectations on satisfaction in international joint ventures. Consistent with previous literature on trust, we argue that a focal joint venture partner's trust in the other party will have a positive effect on the focal partner's satisfaction. However, we also study the effects of the focal partner's trust expectations in the other party and argue that, controlling for the actual level of trust, these expectations will have a negative effect on the focal partner's satisfaction. Our empirical support comes from data on 134 international joint ventures operating in Asia.

The Influence of Trust on Alliance Performance: The Mediating Roles of Governance Mechanisms

Yang Fan, *Erasmus University - Rotterdam*

We investigate how trust affects alliance performance through formal governance and informal information exchange. Based on a survey of Dutch IT industry, we found that trust has a direct positive impact on alliance performance. This relationship is negatively mediated by formal governance, and positively mediated by informal information exchange. The results suggest under lower levels of trust, firms are more likely to use formal governance mechanisms and less likely to use informal information exchange, which would further dampen alliance performance. It is worthwhile noticing that although trust may compensate for the lack of formal governance (Gulati & Nickerson, 2008), formal governance cannot compensate for the lack of trust on alliance performance. The findings seem to suggest that contracts (or other formal governance mechanisms) are not sufficient to maintain a smooth and productive relationship, with trust being a necessary condition.

SESSION 103

REPUTATION: ORGANIZATIONAL AND INDIVIDUAL DIMENSIONS

TRACK O	Date	Monday, Oct 8
	Time	09:30 – 10:45 h
Common Ground	Room	Club H

Facilitator Robert Wiseman, *Michigan State University*

All Risk-Taking is Not the Same: Examining Competing Effects on Firm Risk and Performance with Meta-Analysis

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

Although researchers have vigorously studied organizational risk-taking for over 35 years, little effort has been made to theoretically differentiate the unique relationships between different risk-taking choices and firm risk or firm performance. In this research we propose a new framework that builds from March's exploration-exploitation work to argue that different risk-taking choices have distinct influences on firm outcomes. We then use the power of meta-analysis to examine the unique and competing effects of four of the most commonly studied risk-taking choices on firm risk and firm performance. Results from a meta-analysis

of 161 unique studies (N = 251,569; overall k=170) demonstrate support for our framework and cast significant doubt on the idea that commonly studied firm risk-taking choices theoretically aggregate into one overarching risk-taking construct.

CEO Appointments: How Investment Analyst Recommendations Influence the Board's Choice of the Replacement CEO after Dismissal

Joshua Hertsberger, *University of California-Irvine*
Margarethe Wiersema, *University of California-Irvine*

While the appointment of a new CEO after CEO dismissal is probably the single most important decision that a Board of Directors can make, we know little about the contextual factors that are likely to influence the board's decision. In this study, we propose that investment analyst recommendations provide the board with information that may influence the selection of a replacement CEO after dismissal. Using panel data on firms listed in the S&P 500 for the 2000-2005 period that have experienced a CEO dismissal, we find that more positive analyst recommendations prior to dismissal result in the appointment of replacement CEOs with extensive top management team experience at the firm, while more negative recommendations result in the appointment of CEOs with high status.

False Precision? Organizational Antecedents and Implications of Earnings Guidance Precision

Mathew Hayward, *University of Colorado-Boulder*
Markus Fitza, *Texas A&M University*
Don Moore, *University of California-Berkeley*

In this article we contribute to the literatures on impression management by examining how the use of corporate earnings forecast precision serves as a means of communication with firm outsiders and as a means of persuasion that can positively influence the perceptions of stakeholders. We explore two major impression management motives that could influence earnings guidance precision: convincing stakeholders that performance will improve; and, shoring up the credibility of the organization and its leaders. Our findings strongly support these perspectives, pointing to the conditions in which organizations use precision as an impression management tool. Our results also suggest that greater precision in earnings guidance is more persuasive for stakeholders such as security analysts.

Governance and Long-Run Performance of IPO Firms: The Impact of Prestigious-Affiliated Venture Capital

Thomas Steinberger, *University of California-Irvine*
Libby Weber, *University of California-Irvine*

Susceptibility to governance problems arising from information asymmetries has made initial public offerings (IPOs) an attractive context for exploring how mechanisms such as venture capital (VC) backing mitigate agency costs under high uncertainty. The literature on VC backing of IPOs has long been driven by agency theoretic arguments that effective governance relies on contractually enforced ownership rights. Recent work, however, suggests that reputational incentives may also serve as effective mechanisms. It thus remains unclear whether information asymmetry in IPO transactions is eased primarily by contractual or reputational means. Using data on the long-run performance of IPOs backed by VC firms with prestigious affiliations, we find evidence that reputational characteristics serve as effective governance mechanisms, and that the emphasis on contractual mechanisms may be overstated.



How Executive Hubris Affects Corporate Social Performance: Resource Dependence and Corporate Governance Perspectives

Yi Tang, *Hong Kong Polytechnic University*

Cuili Qian, *City University of Hong Kong*

Catherine Lam, *City University of Hong Kong*

This study links executive hubris to corporate social performance (CSP). Grounded in the upper echelons perspective, resource dependence theory, and agency theory, hypotheses were developed and tested using a longitudinal archival data of the U.S. publicly listed firms from multiple industries, spanning from 1993-2010. The results render support to our main theoretical prediction: executive hubris has a negative relationship with a firm's CSP. This negative relationship is weakened when the firm has a higher dependence on stakeholders for resources and when the interests of top executives are aligned with those of shareholders enabled by both the monitoring- and incentive-based corporate governance mechanisms. Implications for the upper echelons theory, the CSP research, and the corporate governance research were discussed.

Repairing a Reputation: Firms' Actions to Recover a Threatened Loss in Reputation

David Gomulya, *Nanyang Technological University*

Warren Boeker, *University of Washington*

Karen Wang, *University of Washington*

Firm reputation has been the subject of a great deal of theorizing and research in organization studies. However, there is much less work on what actions firms may take to reestablish their reputation once they lose it, which can happen when firms commit deeply discrediting or stigmatizing acts. Our study examines firm responses that focus on the top management team: to what extent do the top executives of the organization change, what are the characteristics of these successors, and whether such characteristics can help repair a firm reputation? Our specific research setting is SEC-mandated restatements by publicly held firms.

10:45 – 11:15
COFFEE BREAK

SESSION 69

PLENARY TRACK

TRACK P	Date	Monday, Oct 8
	Time	11:15 – 12:15 h
Presentation	Room	Forum Hall

☀ **SMS Lifetime Achievement Award Honoring Carlos Ghosn**

Carlos Ghosn will be presented with the SMS Lifetime Achievement Award in this session. He will speak briefly and then will take questions from the audience.



Carlos Ghosn is the chairman and chief executive officer of Nissan Motor Co., Ltd. He joined the company as its chief operating officer in June 1999, became its president in June 2000 and was named chief executive officer in June 2001. Carlos Ghosn was named president and chief executive officer of Renault in May 2005 in addition to his current responsibilities at Nissan. In May 2009 he was appointed Chairman and Chief Executive

Officer of Renault. As head of the Renault-Nissan Alliance, he is responsible for two separate companies with a combined annual global sales of 7.2 million vehicles. Prior to joining Nissan, Carlos Ghosn served as executive vice president of the Renault Group, a position he had held since December 1996. In addition to supervising Renault activities in the Mercosur, he was responsible for advanced research, car engineering and development, car manufacturing, powertrain operations and purchasing. Before he joined Renault, Carlos Ghosn had worked with Michelin for 18 years. As chairman and chief executive officer of Michelin North America, he presided over the restructuring of the company after its acquisition of the Uniroyal Goodrich Tire Company in 1990. Previously, Carlos Ghosn had worked as the chief operating officer of Michelin's South American activities based in Brazil; as head of research and development for industrial tires in Ladoux, France; and as plant manager in Le Puy, France.

12:15 – 13:15
LUNCHEON



SESSION 221

NATIONAL INSTITUTIONS AND FIRM BEHAVIOR

TRACK A	Date	Monday, Oct 8
	Time	13:30 – 14:45 h
Common Ground	Room	Meeting Room 2.1

Facilitator Bennet Zelner, *University of Maryland*

Foreign Ownership and Corporate Governance Patterns: The Board-Auditor Relationship in Japan

Kurt Desender, *University Carlos III*

Rafel Crespi-Cladera, *University of the Balearic Islands*

Research studying board characteristics typically invokes an agency approach, which assumes that the board's main function is monitoring. We draw on the configurational approach which conceptualizes corporate governance as a system of interrelated elements having strategic or institutional complementarities and claims that particular governance practices will only be effective in certain combinations which may lead to different corporate governance patterns. We claim that the relationship between boards and auditors is contingent on the ownership of the firm, and in particular on the degree of foreign ownership. To test this logic, we focus on the relationship between board characteristics and audit fees in Japan—an institutional setting which differs substantially from the U.S., and has witnessed a high increase in Anglo-American institutional investors.

How Inter- and Intra-organisational Regulatory Forces Influence Exploitative Behaviour within Multi-unit Firms

Marten Stienstra, *Erasmus University - Rotterdam*

Although deregulation programmes have been introduced in many industries to keep pace with shifting macro environmental developments, regulation continues to remain an important tool for governmental policy. In this study, we apply a neo institutional theory perspective to investigate how inter- and intra-organisational regulatory forces, both separately and jointly influence exploitative behaviour. Exploitative behaviour is defined as those activities that continue, strengthen, or optimise current organisational practices. We empirically probe our theoretical relationships using survey data of 111 organisational units from two Dutch multi-unit energy firms. Combined, our preliminary findings show that the degree of inter-organisational regulatory forces positively moderates the relationship between intra-organisational regulatory forces and exploitative behavior, which contributes to a deeper understanding of how institutional processes at various levels are linked.

Institutional Environment and Entrepreneurial Orientation in Emerging Markets

Liubov Sokolova, *St. Petersburg University*

Galina Shirokova, *St. Petersburg University*

This research proposal presents the major aspects of the research devoted to the influence of institutional environment on entrepreneurial orientation of small and medium sized companies in emerging markets. As a basis the authors took the model of Covin and Slevin (1989) of entrepreneurial orientation. The institutional factors analyzed in the research include dynamism, hostility and heterogeneity of government behavior, protection of companies by property rights and contract law, dependence on personal contacts, compliance with administrative norms and tax law. The results of regression analysis on 500 Russian SMEs showed that dynamism, property rights protection, compliance with administrative norms and dependence on personal contacts has positive influence on entrepreneurial orientation, while contract law protection and compliance with tax law have negative relation to entrepreneurial orientation.

Institutions and Persistence of First Mover Advantages

Jaime Gomez, *University of La Rioja*

Gianvito Lanzolla, *City University London*

Juan Maicas, *University of Zaragoza*

We advance FMA literature by bringing in the institutional context, a hitherto missing dimension. We identify two components of the institutional context - a country's market orientation and a country's cultural orientation towards uncertainty - which can help capturing its interplay with the FMA isolating mechanisms which protect first mover's performance. We argue that market supporting institutions are detrimental for first mover's performance and that uncertainty avoiding societies tend to favour first's mover performance. We test our hypotheses in the context of the world telecommunication industry (40 countries, 136 firms, 20 years of data) and we find strong support for our hypotheses. We also draw empirical implications on the relative importance of a country's market orientation and a country's cultural orientation towards uncertainty in first mover's performance.

Once Learned, Not Forgotten? Institutional Imprint Persistence in Transition Economies

Aldas Kriauciunas, *Purdue University*

George Shinkle, *University of New South Wales*

Imprinting theory is generally utilized to explain how founding conditions constrain the ability of firms to adapt to new conditions. In contrast, we argue imprinted capabilities may lie dormant for decades and then aid firms in adapting to new conditions. We also consider how such imprints may differentially influence the functions of the firm through segmentation imprinting. We test our predictions using the natural experiment created by the shift from market-oriented to controlled and back to market-oriented economies in former Communist countries. We find institutional imprinting is a persistent force on firm performance. However, this force exhibits different levels of influence depending on the level of internal control of specific organizational functions. In this, we inform the relationship between structure and agency regarding organization-level outcomes.

The National Entrepreneurship Infrastructure as Catalyst for Domestic Business Creation in Transition Environments

David Major, *Indiana University*

This cross-national study investigates the factors that encourage the development of homegrown businesses in emerging and transitional nations. Local factors contributing both to recognition of entrepreneurial opportunities and abundance of opportunities together constitute the nation's entrepreneurship infrastructure. The condition of this infrastructure is predictive of the nation's success at encouraging the creation of local businesses. Others have already shown that urban policies play some role in constructing supportive infrastructures for business creation. This study makes contribution by examining the relationship between national institutional dynamics and the rate of domestic business creation. The proposed methodology includes both statistical and qualitative examination and the final results should yield prescriptions that leverage factors of the national entrepreneurship infrastructure to encourage local business creation.

SESSION 4

MANAGERIAL BEHAVIOR AND BUSINESS MODEL TRANSITIONS

TRACK C	Date	Monday, Oct 8
	Time	13:30 – 14:45 h
Paper	Room	Dressing Room 221

Session Chair Henk W. Volberda, *Erasmus University - Rotterdam*

Business Model Change in Early-Stage Entrepreneurial Firms Facing High Uncertainty

Sergio Costa, *University of Strathclyde*

Jonathan Levie, *University of Strathclyde*

Changing business models is inevitable for early-stage entrepreneurial firms striving to survive in transitional and high uncertainty environments. This inductive study explores how business models change in entrepreneurial firms, and how this process links to performance, by following changes in elements of business models in a set of eight early-stage university spin-offs. Findings suggest that highly committed management teams change their business models faster. Teams with higher market, entrepreneurial, and managerial knowledge change their business models less often, and rarely change their customer-related elements. Restructuring activities such as mergers or acquisitions prompt business model changes. Higher business model imagining activity leads to more actual changes. Current data collection will establish links with performance.

Driving Management Innovation from Within: Interactive Effects of Top Management, Middle Management and Shared Vision

Mariano L.M. Heyden, *University of Newcastle, Australia*

Jatinder Sidhu, *Erasmus University - Rotterdam*

Henk W. Volberda, *Erasmus University - Rotterdam*

This paper argues that a firm's top-management-team (TMT) as well as its middle management (MM) matter for management innovation. It also argues that a shared organizational vision can help navigate uncertainty in the face of irreversible changes in managerial work. We empirically test our hypotheses using a unique panel (2000-2008) longitudinal dataset of Dutch firms. The multilevel data at firm, TMT, and MM level includes over 8,000 manager-years of observations. Findings suggest that whereas both TMT and MM background diversity exert a positive influence on management innovation, the interaction between greater TMT and MM background diversity has a negative effect. However, we find that commonality of aspirations embodied in a shared organizational vision helps counterbalance the negative effect of TMT-MM interaction.

Generating Early Signals of Strategy in Transition: A Key Role of Internal Corporate Venturing

Taina Tukiainen, *Hanken Swedish School of Economics*

Robert Burgelman, *Stanford University*

To elucidate the challenges of strategy in transition at the corporate level, we examine the role of internal corporate venturing (ICV) in providing early signals - true and false ones - of impending strategic transitions based on studying 13 ventures out of the portfolio of 37 internal corporate ventures at Nokia in the period late 1990s-early 2000s. We develop a conceptual framework of top management responses to venture signaling and examine the 13 signal-carrying Nokia ventures in light of it. Our findings help elucidate further the difficulties top management faces in overcoming the inertia of co-evolutionary lock-in associated with extremely successful strategy vectors, as well as the difficulties in dealing with the rule-changing strategies of cross-boundary disruptors, such as Apple and Google.

Modeling Transition towards the Lean Enterprise: The Role of Management Behaviors

Arnaldo Camuffo, *Bocconi University*

Fabrizio Gerli, *Ca' Foscari University of Venice*

This study investigates the management behaviors and competencies associated with successful processes of lean transformation applying statistical analysis to an original dataset coming from field research on 26 processes of Lean transformation in North Italian SMEs. We test if a repertoire of lean management behaviors drawn from the literature captures the essence of management in lean production environments, and find that these behaviors actually correlate with the degree of advancement of the lean transformation process. We also find that managers of lean firms are focused on the development of standards, have wider responsibilities, act more responsibly, pay more attention to the horizontal flow of value, evaluate performance referring to the state of the organizational processes, and conceive their role as that of a teacher.

SESSION 25

METHODOLOGICAL MYTHS AND NEW INSIGHTS IN STRATEGIC MANAGEMENT RESEARCH

TRACK D	Date	Monday, Oct 8
	Time	13:30 – 14:45 h
Paper	Room	Meeting Hall IV (b)

Session Chair Donald Bergh, *University of Denver*

Coverage of Competitive Actions in Business News and Its Implications for Competitive Dynamics Research

Tomi Nokelainen, *Tampere University of Technology*

Prior competitive dynamics research has, over the past two decades, relied in most cases on the business news media as its sole source for empirical data, companies' competitive actions. For such a sourcing strategy to be methodologically valid, these media must comprehensively report companies' competitive actions as they actually unfold. In this study I investigate whether the general business media, in this case in Finland, operate in such a documentary manner or not. My findings suggest that the general business press is highly selective in what it chooses to report and therefore it is methodologically problematic – unless complemented with other sources – for empirical competitive dynamics research. The results also qualitatively outline the nature of the central selection mechanisms at play.

Prevalence and Contributions of Mixed Methods to Strategy: An Analysis of the Strategic Management Journal

José F. Molina-Azorin, *University of Alicante*

María Dolores López-Gamero, *University of Alicante*

Jorge Pereira-Moliner, *University of Alicante*

Eva M. Pertusa-Ortega, *University of Alicante*

Mixed methods research has developed rapidly in the last few years, emerging as a methodology with a recognized name and identity. The central premise of mixed methods is that the use of quantitative and qualitative approaches in combination may provide a better understanding of research problems than either approach alone. The purpose of this paper is to examine the application of mixed methods research in strategic management, emphasizing two aspects. Firstly, the prevalence of this methodological approach in relation to other methods is determined in the *Strategic Management Journal* from 1980 to 2010. Secondly, taking as exemplars some mixed methods articles, we examine important and specific research issues in strategy that can be addressed by the application of a mixed methods approach.



Statistical and Methodological Myths and Urban Legends in Strategic Management Research: The Cases of Moderation and Mediation

Donald Bergh, *University of Denver*
 Robert Vandenberg, *University of Georgia*
 Ming Li, *ESC Rennes School of Business*
 Barton Sharp, *Northern Illinois University*

Statistical and methodological myths and urban legends (SMMULs) are perpetuated truisms which in reality are not true. An initial analytical practice may have been based on a methodological truth, but its application subsequently can become distorted and exaggerated over time to such an extent that the intended meaning was lost along the way. SMMULs can perpetuate incorrect methodological decisions, lead to misapplications of analyses, produce inaccurate inferences and provide errant guidelines for reviewers and editors who decide on the merit of manuscripts. In this study, we evaluate articles appearing in the *Strategic Management Journal* that report the testing of moderation and mediation, as these two approaches are especially popular in strategic management. A content analysis of 56 SMJ articles that test moderation and 21 that test mediation reveals that some SMMULs appear to have become institutionalized methodological practices.

SESSION 54

THE DYNAMICS OF DYNAMIC CAPABILITIES

TRACK E	Date	Monday, Oct 8
	Time	13:30 – 14:45 h
Common Ground	Room	Terrace 1

Facilitator Benjamin Campbell, *Ohio State University*

An Evolutionary View Of Dynamic Capabilities: The Case of Schelde Naval Shipbuilding

J W Stoelhorst, *University of Amsterdam*
 Iulia Dobrea, *University of Amsterdam*

The dynamic capabilities view (DCV) has arguably become the theoretical centerpiece of efforts to understand how firms can successfully compete in changing environments. However, recent reviews of the dynamic capabilities literature have raised concerns about the conceptual foundations of the DCV. In particular, doubts have been raised about the explanatory framework that links dynamic capabilities to performance outcomes. In this paper, we present a case study of a firm that successfully adapted to a major change in its competitive environment. In analyzing this case, we adopt an evolutionary view of dynamic capabilities and we show how this view sheds light on the nature of dynamic capabilities and their link to performance outcomes.

Dynamic Capabilities and Performance: Investigating the Roles of Competitive Intensity & Firm Structure

Ralf Wilden, *University of Technology-Sydney*
 Sigg Gudergan, *University of Newcastle*
 Bo Nielsen, *Copenhagen Business School*
 Ian Lings, *Queensland University of Technology*

Processes relating to sensing and seizing opportunities and reconfiguring the organizational resource base are often invoked to explain heterogeneity in performance among business firms. However, despite decades of theoretical and empirical studies, our understanding of the conditions under which these so-called dynamic capabilities enhance firm performance is limited. We propose and test a contingency model of the dynamic capability – performance relationship. The results obtained from partial least squares (PLS) path modeling analyses demonstrate how firm performance arises from the fit (i.e., interaction) of organizational structure with dynamic capabilities and of dynamic capabilities with competitive intensity. Together, the results point to the importance of internal alignment between organizational structure and dynamic capabilities and external alignment between dynamic capabilities and competitive intensity in improving organizational performance.

Dynamic Capability Deployment among U.S. Defense Systems Integrators as a Response to Environmental Change

Colette Depeyre, *University of Paris-Dauphine*
 Jean-Philippe Vergne, *University of Western Ontario*

We conduct a longitudinal case study of the top five U.S. defense systems integrators between 1998 and 2007 to examine their response to the massive environmental change triggered by the 9/11 attacks. We collected and organized data around a set of fine-grained measures to analyze, over time and across firms, top management attention to change in the environment, discourse about firm-level change as well as how firms actually renew their assets at multiple levels. We find that the process of dynamic capability (DC) deployment unfolds in three steps, from the recognition that the environment has changed (monitoring and sensing), to the decision to deploy DC (analyzing and deciding) and to the implementation of asset re-orchestration (implementing). Methodological, theoretical and practical implications are discussed.

On Microfoundations of Dynamic Capabilities

Wein-hong Chen, *National Dong Hwa University*

This proposed research seeks to explore critical aspects pertaining microfoundations of dynamic capabilities. In this research, two stages of research work will be involved. The first stage is an inductive case study. The purpose of the inductive case study is to explore distinctive roles of managers and organizational routines as well as investigate whether managerial roles and organizational routines complement to or substitute for each other in dynamic environments. The second stage involves a measure development process. Integrating inductive case study findings and literatures, a micro-foundation measure of dynamic capabilities will be constructed. The proposed research will not only contribute to the theoretical development of the dynamic capabilities perspective but also provide insights for practitioners striving for retaining competitive advantages in dynamic global battles.

Ordinary and Dynamic Capabilities: Longitudinal Effects on Firm Performance in Changing Times

Eberhard Riesenkampff, *EBS University*
 Amit Karna, *EBS University*
 Ansgar Richter, *EBS University*

The capabilities literature differentiates between dynamic and ordinary capabilities. While ordinary capabilities seem to have an immediate effect on performance as they enable firms to make a living, dynamic capabilities are associated with upgrading ordinary capabilities in a changing environment. With the help of a unique and extensive data set of 726 firms spread across 22 years, we attempt to investigate the relative role of dynamic and ordinary capabilities in sustaining competitive advantage over time. Our preliminary findings indicate that, although ordinary capabilities are positively associated with immediate performance, dynamic capabilities are not found to play a major role in long term performance. However, some dynamic capabilities strongly enhance the effect of ordinary capabilities on firm performance in the long term.

Unblocking the Conceptual Log Jam: Using a Rules Perspective to Make Sense of Dynamic Capability

Kate Buell-Armstrong, *University of Glasgow*
 Robert MacIntosh, *University of Glasgow*
 Donald Maclean, *University of Glasgow*

During the last two decades, research in dynamic capabilities has promised to unlock understanding of how competitive advantage arises in dynamic markets. However to date, empirical work has by and large focused on what dynamic capabilities are. There has been little work demonstrating how they actually operate and contribute to competitive advantage other than at the conceptual level. There is a 'log jam' of research in this field which we argue can be addressed by using a rules perspective: an insight

obtained from an inductive case-study of a successful UK financial services firm. We contend that a hierarchy of dynamic capability exists within a firm and at its nth level this capability expresses itself in the generative rules within the deep structure of the firm.

SESSION 88

MANAGING FIRM BOUNDARIES: GROWTH, DIVESTITURES AND NETWORKS

TRACK F	Date	Monday, Oct 8
	Time	13:30 – 14:45 h
Common Ground	Room	Terrace 2

Facilitator Richard Johnson, *University of Missouri*

A Case of Stock Market Prejudice? Reverse Mergers in the Chinese Bubble

Ivana Naumovska, *Erasmus University - Rotterdam*

Edward Zajac, *Northwestern University*

Peggy Lee, *Arizona State University*

This study analyzes the factors that drive negative spillover effects to an organizational population. Specifically, we examine the role of population susceptibility to deviance, organizational membership in multiple categories, and the role of media and regulatory bodies. We test our hypotheses using the empirical context of Chinese firms that acquired public status in the US from 2004 to 2011, and in so doing, seek to contribute to our understanding of crisis management, category membership, and organizational ecology

Cannot Study One without the Others: An Examination of the Interdependencies among Strategic Means

Ithai Stern, *Northwestern University*

Razvan Lungeanu, *Northwestern University*

This paper demonstrates the importance of accounting for interdependencies among strategic means. We analyze acquisition, alliance and in-house R&D data from 30 pharmaceutical firms over the period 1992 – 2006. Our findings reveal that (a) firms pursue their goals using a multiplicity of R&D means simultaneously and that (b) firms' experience with one strategic means decreases its likelihood of using alternative means. The results show that a firm's choice of means depends on its relative experience with each alternative means.

Magnifying Offending Initiative and Minifying Vulnerability: Leveraging Internal and External Resources

Wan-Ting Su, *National Tsing Hua University*

Bou-Wen Lin, *National Tsing Hua University*

The competition is becoming increasingly fierce today, and accelerates the engagement among firm's strategic actions, resulting both positive and negative impacts on firm performance. While a firm enjoys the benefits through taking the offending initiative, it does also encounter the risks of vulnerability. In this light, this paper aims to analyze how firms utilize the characteristics of internal resources and leverage external resources to strengthen the effectiveness of competitive actions as well as to mitigate the threats of attacks. Based on 20 years of data collected in the communication equipment industry, our results show that a lower crowding technological network and diversify technological portfolios magnify the strength of firms' offending initiative, whereas inbound open innovation plays a critical role in minifying the threats of vulnerability.

Seeking Uniqueness through Divestments: CEO Succession and the Effect of Demographic Similarity on the Divestment of Predecessor's Investments

Thomas Hutzschenreuter, *WHU - Otto Beisheim School of Management*

Ingo Kleindienst, *WHU - Otto Beisheim School of Management*

Claas Greger, *WHU - Otto Beisheim School of Management*

This study introduces individuals' need for uniqueness to explain CEO behavior after succession events. We argue that as a reaction to high demographic similarity to their predecessors, successors will take actions to establish a sense of uniqueness. In particular, they do so by means of easily observable actions that do not put their own reputation at risk and at the same time demonstrate dissimilarity to their predecessors: the divestment of subsidiaries their predecessors had invested in. We test our hypotheses on a sample of 108 CEO successions in 65 German diversified companies. Our findings reveal that functional and industry similarity significantly increase the probability of successors to divest subsidiaries their predecessor had invested in.

Short-term Performance Outcomes of International Divestment Decisions

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

Goal of this study is to examine the short-term performance effects of a multinational corporation's decision to divest foreign affiliates that are part of an integrated international production network. Building on the concept of operational flexibility, we expect that the benefits of divesting unprofitable production locations will not suffice to outweigh the costs that arise from withdrawal in the short-run. Divestiture, therefore, leads to an immediate decline in performance of the remaining network. If divestments, however, cause efficiency gains due to more favorable average labor cost conditions and a higher potential to exploit cost differentials across the remaining locations, negative performance effects are less pronounced. The panel analysis of 631 foreign production networks maintained by German manufacturing firms supports our hypotheses.

The Role of Resource Complementarity and Co-specialization in Explaining Firm Boundary Choices: A Mediation Model

Werner Hoffmann, *WU-Vienna*

Gerhard Speckbacher, *WU-Vienna*

This paper combines resource based arguments with transaction cost reasoning to explain the choice between entering a new business segment by internal business development or by collaborative arrangement with an external partner. We argue and find evidence that firms who expect high and sustainable synergies from combining their established resource base with the resources and capabilities needed in the new business segment are more likely to choose internal business development instead of collaborative entry. In part, this association is explained by rent appropriation concerns resulting from the need for inter-connecting and co-specializing resources when exploiting synergies from complementary resources. However, we argue and find evidence that there is also a direct effect of resource complementarity on integration which is not explained by appropriation concerns.



SESSION 33

INTERNATIONALIZATION, DIVERSIFICATION & PERFORMANCE

TRACK G	Date	Monday, Oct 8
	Time	13:30 – 14:45 h
Paper	Room	North Hall

Session Chair Joseph Clougherty, *University of Illinois-Urbana Champaign*

Drivers of International Growth: An Analysis of U.S. Franchisors' Strategic Decisions in Expanding across Borders

Bart Devoldere, *Vlerick Leuven Gent Management School*
Venkatesh Shankar, *Texas A&M University*

Firms are increasingly going global to achieve high growth rates. Global growth is particularly important in the franchising context. This study investigates franchisors' strategic decisions driving international performance. We collect data on overseas operations and strategic decisions of 50 U.S. franchisors across seven industries and 77 countries for the period 1994-2010. We account for firm unobserved heterogeneity by using random effects estimation. We find that a franchisor's international system size is especially driven by cultural distance and speed of internationalization through a U-shaped respectively inverted U-shaped form. Also, with increasing demographic attractiveness a firm's cultural distance has a less negative influence on international system size. And as cultural distance increases, the relationship between international franchise system size and proportion of company-owned outlets becomes more negative.

Dynamic Performance Effects of Diversification into Emerging Markets: Evidence from the Retailing Industry

Timo Sohl, *IESE Business School*
Govert Vroom, *IESE Business School*
Thomas Rudolph, *University of St. Gallen*

Drawing on the resource-based view and transaction cost economics, this study investigates the benefits and costs that might drive the dynamic relationship between an established multinational enterprise's (MNE) diversification into emerging markets and its firm performance. Using an unique dataset of the leading MNEs from the global retailing industry over thirteen years (from 1997 to 2009), we find a persistent inverted U-shaped relationship between diversification into emerging markets and profits. Thus, established MNEs that focus more intensively on a few emerging markets are able to outperform rivals that either decided not to diversify into emerging markets, were reluctant to commit sufficient resources to emerging markets, or diversified intensively into many emerging markets. However, when MNEs market a focused product portfolio, they are able to benefit by diversifying more intensively into various emerging markets. The study concludes with a discussion of established theoretical arguments in the context of emerging markets.

Effects of International Diversification on the Relationship between Prior Product Diversification and Firm Performance

Diana Benito-Osorio, *King Juan Carlos University*
José Angel Zuñiga-Vicente, *King Juan Carlos University*
Alberto Colino, *King Juan Carlos University*
Luis Angel Guerras-Martin, *King Juan Carlos University*

This study explores empirical individual effects of product diversification on performance and joint effects of international diversification and a product diversification strategy implemented in the recent past on performance. Unlike prior research we posit that firm managers can implement one strategy before the other. We use a sample of Spanish manufacturing firms from 1994 to 2008. The results suggest an inverted-U

relationship between product diversification and performance. We also show partial support for two essential assumptions: 1) international diversification can moderate the performance of firms that have implemented in the recent past a product diversification strategy; and 2) the moderating effect on firm performance of international diversification will be distinct in firms that have implemented different product diversification strategies in the recent past.

International Intensity, Diversity, and Distance: The Performance Implications of Multinationality

Stewart Miller, *University of Texas-San Antonio*
Dovev Lavie, *Technion-Israel Institute of Technology*
Andrew Delios, *National University of Singapore*

Despite extensive research, evidence on the performance implications of multinationality has been inconclusive. We seek to develop theory and reconcile the mixed evidence in prior research by unbundling three distinctive facets of multinationality, namely intensity, diversity and distance. We explain the causal mechanisms and contingencies that underlie the performance implications of these three facets of multinationality. Using data on the foreign subsidiaries of Japanese firms during 1985-2003, we confirm that international intensity and distance produce sigmoid effects on firm performance, yet for different reasons. Meanwhile, international diversity generates a U-shaped performance effect. A firm's international experience enhances the performance effects of international diversity, while peer international experience improves the performance effects of international diversity and intensity. Neither type of experience improves the performance effect of international distance.

SESSION 92

ATTENTION, GOALS AND RENEWAL

TRACK H	Date	Monday, Oct 8
	Time	13:30 – 14:45 h
Paper	Room	Club A

Session Chair Sarah Kaplan, *University of Toronto*

Aspire to Innovate: How a Firm's Technological and Financial Aspiration Levels Affect its Technology Deployment Decision

I-Chen Wang, *Suffolk University*
Lihong Qian, *Portland State University*

How a firm's technological and financial aspiration levels affect its technology deployment decision? This study focuses on using firm performance and return on investment to explain and predict a firm's innovation activities. We hypothesize that performance below technological or financial aspiration level encourages a firm to adopt an average return technology. Furthermore, when technological and financial performance aggravates, the effect of below-technological-aspiration performance on a firm's likelihood of deploying an average return technology is likely to be greater. Most of our hypotheses receive support from data in the flat panel display industry. Our study contributes to the extant literature by connecting the aspiration theory with technology management literature, and simultaneously considering the effect of technological and financial aspiration levels on a firm's technology deployment decision.

Attention to Multiple Goals in Strategic Decision Making: An Inductive Analysis of Technology Commercialization at Motorola

John Joseph, *Duke University*
William Ocasio, *Northwestern University*

To develop theory on how attention is allocated to multiple organizational goals and how goal attention affects strategic decision making, we use a case study and qualitative comparative analysis of 20 technology projects in Motorola's new ventures group. We inductively develop a process

MONDAY 13:30 – 14:45

model of goal matching based on three mechanisms: goal awareness, matching, and primacy. We propose that although managers are broadly aware of multiple goals, only a subset are matched with new initiatives. We propose that both active and inactive organizational goals may affect technology commercialization contingent on their primacy: operationality and constituency support. Overall our theory—that decision makers may choose among which of multiple constraints they may satisfy—stands in contrast to past accounts which either posit that goals serve as hard constraints on organizational decision making, or alternatively that goals are inconsequential.

Beyond Motivation: A Theory of Firm Level Goal Setting Strategy

Greg Reilly, *University of Connecticut*
Mark Maltarich, *Saint Ambrose University*
Anthony Nyberg, *University of South Carolina*

Organizational goals impact internal and external stakeholders in very different ways. Goals that are easily attainable can build credibility and a track record of success, but are less effective motivators for employees. We explain why organizations will set different goals based on the need for coordination or signaling. We test our theory with a data set of goals for compound development set by biotechnology firms. Our data support the prediction that firms will be relatively consistent in their goal setting strategies, but will respond to the environmental context. Recognizing the signaling and coordinative aspects of goal setting adds to the rich literature of individual goal setting that has focused on its motivational consequences.

Exploring and Reconfiguring a Firm's Competence Base: A Process Model of Strategic Renewal

Gianmario Verona, *Bocconi University*
Andrea Lipparini, *University of Bologna*
Emanuela Prandelli, *Bocconi University*

The processes of organizational and strategic renewal are essential for the long-term survival of the firm. To disentangle the ability of senior managers to run a process of renewal, we provide an in-depth longitudinal evidence of Ducati Motor Holding (1996-2007). Our findings highlight how the creation of a new competence that drew an analogy with the entertainment business enabled Ducati to overcome, in the short run, the critical financial situation that had almost brought it on the verge of bankruptcy. At the same time, it set in motion a series of contradictions that jeopardized the overall renewal process. We note that such contradictions do not only have a technical and rational nature, but also a normative nature. Overcoming these contradictions implies starting up a process of reconfiguration based on integrating the newly emerged capabilities with the original competence base.

SESSION 227

KNOWLEDGE TRANSFER AND REPLICATION

TRACK I	Date	Monday, Oct 8
	Time	13:30 – 14:45 h
Paper	Room	Meeting Hall IV (a)

Session Chair Amit Jain, *National University of Singapore*

Co-evolution of Knowledge Transfer and Absorptive Capacities in Emerging Market Acquisitions

Ieva Martinkenaite, *BI Norwegian School of Management*
Randi Lunnan, *BI Norwegian School of Management*

This paper finds that the post-acquisition knowledge transfer debate underestimates the micro-level foundations of knowledge transfer and absorptive capacities of acquiring and target firms and ignores the existence of a continual dynamic interaction between these two organizational learning capabilities. We propose a co-evolutionary framework of knowledge transfer capacity and absorptive capacity

where a three-way interaction of ability, motivation and opportunity to 'teach' and 'learn' explains how learning capabilities of acquisition partners interact and change and what knowledge outcomes this dynamic interaction generates. The paper builds on a longitudinal, exploratory case study analysis of knowledge transfer processes in emerging market acquisitions in the Baltic States.

Knowledge as Ambidextrous Performance: A Critical Case Study of Strategic Transition

John Tull, *University of Sydney*

This paper uses narrative analysis of two 'strategic episodes' of KM-based organizational renewal to explore strategy transition within a global consultancy. Insights gained into the resulting conflicts and contradictions highlight some of the limitations of conventional KM approaches. I adopt Boisot and MacMillan's (2004) constructs of 'managerial mindset' and 'entrepreneurial mindset' to evaluate the phenomena in terms of there being two types of knowledge that those authors argue represent fundamental differences in epistemology. Critical analysis of a longitudinal case study suggests the need to go beyond those authors' exhortation to 'counterbalance and complement' with an ambidextrous framework that identifies opportunities to create a synthetic dynamic from otherwise coexisting but separate approaches, allowing actors to more flexibly engage with value-creating action through KM.

Knowledge Replication without Imitation: An Empirical Study on the Characteristics of Knowledge

Bongsun Kim, *University of Illinois-Urbana Champaign*
Min-Young Kim, *University of Kansas*
Eonsoo Kim, *Korea University*

Can a firm enhance internal knowledge replication while minimizing imitation by outsiders? This question represents an important dilemma, since knowledge that is easily replicated within the firm may also be easily imitated by competitors. While this subject has been mentioned in several studies, it has received limited research attention. This study empirically investigates which characteristics of knowledge increase the replication-imitation speed differentials. We consider replication and imitation as knowledge search process with which replicators have inherent advantage over imitators due to reduced physical and psychological distance and sharing of common code. Our main thesis is that certain knowledge characteristics, when combined with organizational advantage, can drive a wedge and enlarge the gap between replication and imitation. The preliminary empirical results support our prediction.

Lost and Gone Forever? The Retrieval of Complex Knowledge after Spillovers

Tufool Alnuaimi, *Imperial College London*
Gerard George, *Imperial College London*

This study examines two aspects of knowledge spillovers: how they can be mitigated and, if they do occur, how lost knowledge can be retrieved. Firms deploy certain strategies to prevent knowledge from spilling over. We show that some strategies – although they can be successful at curbing spillovers – can also make it increasingly more difficult for firms to retrieve knowledge after spillovers. Moderate levels of knowledge complexity coupled with wide dispersion of its underlying elements can maximize the gap between internal and external appropriation. However, we also find that the interaction between the two is delicate, as minor variations could increase the rates of spillovers and decrease the rates of knowledge retrieval. We test our arguments using patents issued to emerging and advanced economy subsidiaries of 238 U.S. semiconductor firms during the 1980-2005 time-period.



SESSION 222

INTEGRATING KNOWLEDGE ABOUT KNOWLEDGE INTEGRATION

TRACK I	Date	Monday, Oct 8
	Time	13:30 – 14:45 h
Panel	Room	Meeting Room 1.1

Session Chair

Fredrik Tell, *Linköping University*

Panelists

Stefano Brusoni, *Swiss Federal Institute of Technology Zurich*

Robert Grant, *Bocconi University*

Anja Schulze, *ETH Zürich*

Since Robert Grant’s seminal contribution (SMJ, 1996), several streams of research on the strategic implications of knowledge integration have emerged (Brusoni et al, 2009; Tell, 2011). Underlying the theme of this panel is the observation that the basis for knowledge integration and innovation in organizations is changing under the influence of three major trends in the global business landscape: (1) globalization of R&D, markets and manufacturing; (2) transformation of markets; and (3) changes in the character and production of scientific and technological knowledge. The aim of this panel is reconnect different streams of research on knowledge integration and innovation and refocus the discussion to meet the challenges posed by the transition towards a global economy.

SESSION 19

PLANNED CHANGE, AMBIDEXTROUS STRATEGIZING, AND SYSTEMIC TRANSFORMATION

TRACK J	Date	Monday, Oct 8
	Time	13:30 – 14:45 h
Paper	Room	Club C

Session Chair Julian Birkinshaw, *London Business School*

Ambidextrous Strategic Action and Change in the Context of Media Convergence

Rita Järventie-Thesleff, *Aalto University*

Johanna Moisander, *Aalto University*

Mikko Villi, *Aalto University*

In this study we set out to explore the strategic challenges that arise from the need for ambidexterity in the contemporary media business by analytically juxtaposing change management practices in the traditional print publishing and in online publishing. In particular, we focus on internal tensions, conflicts and possible paradoxes that the companies need to take into consideration in order to become truly ambidextrous. Our empirical research is based on two case studies carried out in Nordic media companies. We take a practice-based approach and consider change as a normal condition of organizational life. Based on our analysis, it seemed to be challenging to balance between the print and the online operations and to foster ambidexterity. Our results suggest that there were divergent views whether the structural separation or ambidextrous mentality among employees was of greater importance.

Dynamic Capabilities, Decision-Making Patterns, and Organizational Change

Wolfgang H Guettel, *Johannes Kepler University Linz*

Stefan Konlechner, *Johannes Kepler University Linz*

Barbara Mueller, *Johannes Kepler University Linz*

The dynamic capabilities approach has emerged as the central approach to explain firm adaptation. However, research on dynamic capabilities is multi-faceted. In this paper, we reveal two central streams in dynamic capability research. We distinguish between operational and strategic components of dynamic capabilities. Thus, we argue that strategic

components of dynamic capabilities are rooted in strategic decision-making whether or not to initiate change. On contrary, operational components of dynamic capabilities are based on detailed change routines to govern change projects in organizations. By doing so, we highlight the critical overlaps between the hitherto separately discussed literature-streams on change management and on dynamic capabilities and integrate the phenomenon of resistance to change into the dynamic capabilities approach.

Exploration, Exploitation, and the Organizing of a Participatory Strategy Process

Pekka Helkiö, *Aalto University*

Virpi Turkulainen, *Aalto University*

In this paper we study how the organizing of a participatory strategy process influences the participant’s engagement in local or boundary-spanning search. Our findings highlight the significance of definition of strategy creation teams’ topics and the knowledge and experience introduced through team composition. We contribute to the research on exploration and exploitation by extending the inquiry to the bottom-up aspects of participatory strategy processes.

Outlier Organizations and Systemic Transitions: Towards a Research Agenda

Markus Paukku, *Aalto University*

Liisa Valikangas, *Aalto University*

Outliers have not been treated well by the management literature, much to its own detriment. Our review of the leading journals finds that 74 percent of articles in our sample simply control for or eliminate the presence of outlier data. We argue that outliers may add explanatory power to comprehensive management research. This additional insight is well worth any possible detractions from research rigor, the usual excuse for eliminating outliers. To overcome methodological concerns and to make learning from outliers systematic, we develop a conceptualization of outliers particularly applicable in studies of dynamic phenomena such as systems in transition. Finally, the theoretical development also leads to managerial implications.

SESSION 169

SPINOFFS, SPINOUTS, AND LABOR MOBILITY

TRACK K	Date	Monday, Oct 8
	Time	13:30 – 14:45 h
Common Ground	Room	Club E

Facilitator Martin Ganco, *University of Minnesota*

Boundary-Crossing Job Mobility, New Product Area Entry and the Performance of Entrepreneurial Ventures

Gina Dokko, *University of California-Davis*

Geraldine Wu, *New York University*

How does moving across career boundaries affect an entrepreneur’s new venture? An entrepreneur’s career experience is a critical resource for a startup, so when entrepreneurs cross industry or functional boundaries to lead startups, they may lack specific human capital that they need for performance. At the same time, the diverse experience they carry can enhance innovation in the startup. We highlight consequences for startups when their leader crosses career boundaries, using a multi-industry longitudinal sample of high-technology firms. We find that entrepreneurs who cross functional boundaries to lead startups are more likely to enter into new product areas. We also find that an entrepreneur’s industry boundary-crossing increases the probability of a failure for the startup, but that it also increases the probability of an IPO.

MONDAY 13:30 – 14:45

❖ Failure of Competitor Firms and the Mobility and Entrepreneurship of Employees of Healthy Organizations

Seth Carnahan, *University of Maryland*

I show how an important change in the competitive environment – the unexpected failure of competitor firms – increases the likelihood that the employees of healthy organizations leave their jobs to create startups while decreasing the likelihood that they leave their jobs to join other established organizations. The paper underscores important differences in the labor markets for established firms and startup firms while providing evidence of creative construction: the death of one firm appears to provide the composite resources for the birth of others. To address endogeneity concerns, I instrument for the death of competitor firms with the unexpected death of their upper-level managers. I analyze confidential microdata on the legal services industry from the US Census Bureau.

❖ Making Sense of Performance Heterogeneity Among Entrepreneurial Spinoffs: A Natural Experiment Involving a Complete Population

Richard Hunt, *University of Colorado-Boulder*

Daniel Lerner, *University of Colorado-Boulder*

Through the discovery and explication of a natural experiment comprised of a complete industry population, this paper presents empirical evidence challenging widely held beliefs related to intra-industry entrepreneurial spinoffs. Extant spinoff theory is heavily invested in the view that knowledge and capabilities are transferred from high-performing parent-firms to high-performing spinoffs in hereditary fashion, endowing spinoffs with a performance advantage over de novo entrants. Our analysis of all 612 firms in the Colorado asbestos abatement industry, including 448 spinoffs, paints a dramatically different picture. In the context of a complete population, we find that de novo entrants actually outperform spinoffs; parent-firm quality exerts no discernible influence on spinoff quality; and, founder capabilities, not parental lineage, are the primary driver of spinoff performance heterogeneity.

The “Spin-out Entrepreneur”: Employees’ Knowledge Flow and Entrepreneurial Opportunities

Matteo Landoni, *University of Milan*

dt ogilvie, *Rutgers University*

An employee has the incentive to quit a company and start a new business venture when a discovery allows her to pursue an entrepreneurial opportunity. The discovery is the result of the employee’s knowledge accumulation made within the firm. We call the new venture started autonomously by a former employee a “spin-out.” While most studies analyze the nature of the spin-out at the firm level, we argue that the success of a spin-out can be better understood by analyzing the prior experience—in terms of knowledge accumulation—of the entrepreneur. The analysis of several spin-out companies in the IT and bio-tech industries helps to confirm some hypotheses built on the theory of spin-outs, contradict others, and give more insight on employees’ knowledge mobility.

The Effect of Organizational Prominence on Employee Mobility and Employee Entrepreneurship

Navid Bazzazian, *HEC-Paris*

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

The Evolution of Israel Telecommunication Industry During Two Different Economic Regimes

Zur Shapira, *New York University*

Shmuel Ellis, *Tel Aviv University*

Israel Drori, *Tel Aviv University*

We analyze the Israeli Telecommunication Industry growth patterns over two economic periods: A centralized institutional period (1932-1977) and a competitive economic era (1977-2005). The 1977 political change led to a market economic regime and firms found themselves in a different economic environment, requiring new strategies to compete. We employ a genealogical approach to compare the growth potency across the two periods. We find that parents firms born in the competitive economic era developed into genealogies that grew much faster and larger than the genealogies of parent firms born in the institutional economic era. Entrepreneurial strategies of the genealogies are discussed.

SESSION 159

EXPLORATION, EXPLOITATION, AND AMBIDEXTERITY

TRACK K

Date Monday, Oct 8

Time 13:30 – 14:45 h

Paper

Room Club D

Session Chair

Suleika Bort, *University of Mannheim*

Beyond Market Choice: Performance Implications of Entering Product or Technology Markets

Johan Bruneel, *Imperial College London*

Bart Clarysse, *Imperial College London*

Mike Wright, *Imperial College London*

Extant literature suggests young, technology-based firms cooperate with incumbents in the downstream industry or compete in the industry on their own. The literature does not distinguish between the performance implications of adopting a particular market entry strategy. We find that firms adopting a strategy to compete in the product market achieve lower revenue growth unless they have enough resources to balance their exploitative and explorative activities. Paradoxically, firms operating in the technology market enjoy higher revenue performance as they focus on exploration only. Further, we find that only explorative alliances contribute to performance in technology markets. We contribute to the strategic entrepreneurship literature by showing how market entry strategies have an immediate impact on the value creation and capturing process.

Managing Ambidexterity in Start-up Firms: Balancing Mechanisms and Role of Top Management Team

Sabyasachi Sinha, *Indian Institute of Management - Ahmedabad*

Start-up firms need to be ambidextrous for survival and growth in long term. We focus here on identifying how ambidexterity is managed in growth phase of start-up firms and how TMT enables the process. To empirically investigate this phenomenon, four cases following an inductive logic based multiple case research method is used. Findings are identified based on coding of data using Atlas.ti6.2, followed by within and cross-case analysis. We find that founder’s ambidexterity, his/her network, and TMT integration affects TMT ambidexterity; which further influences organizational ambidexterity through balancing at multiple levels. TMT characteristics, actions and behaviours influence creation of some of the mechanisms of balancing which lead to linking exploration and exploitation activities. These mechanisms enable organizational ambidexterity through mutually influencing exploration and exploitation activities.



Mechanisms of Managing Ambidexterity in Growth Phase of Start-Up Firms

Sabyasachi Sinha, *Indian Institute of Management - Ahmedabad*
 Sankaran Manikutty, *Indian Institute of Management - Ahmedabad*

Start-up firms need to balance their exploration and exploitation for survival and growth in long term. We focus on identifying how ambidexterity is managed in growth phase of start-up firms. To empirically investigate this phenomenon, four cases following an inductive logic based multiple case research method is used. Mechanisms used by start-ups to manage ambidexterity is then identified based on within and cross-case analysis of these cases. We find that divergent and convergent decision making, adopting a domain based approach, allowing independent ventures within organization, and having exploration and exploitation champions at different levels leads to linking exploration and exploitation activities. Top management team (TMT) characteristics, TMT capabilities, and TMT actions and behaviours influences creation of these mechanisms as a means of managing organizational ambidexterity.

Performance Consequences of Early Internationalization - Network Embeddedness as a Driver of Commercialization Success in Biotech

Marie Oehme, *University of Mannheim*
 Suleika Bort, *University of Mannheim*

This paper examines the performance implications of new ventures' early internationalization. More specifically we investigate how interorganizational relationships and network embeddedness resulting from the formation of national and especially international research and development alliances lay the foundation for international commercialization success in terms of the subsequent formation of international marketing and distribution agreements. In doing so, we focus on the effects of international research and development network embeddedness at different levels of analysis, i.e. the effects of dyadic relationships, alliance portfolio configurations, and global network embeddedness. We test our hypotheses on the complete population of German biotechnology firms from 1996-2008. The findings of our longitudinal event history analysis shed especially new light on the relevance of global network embeddedness as a main enabling driver of international commercialization success.

SESSION 138

VALUE CREATION & APPROPRIATION: TAKE THE MONEY AND RUN

TRACK L, TRACK M	Date	Monday, Oct 8
	Time	13:30 – 14:45 h
Paper	Room	Club B
Session Chair	Valentina Della Corte, <i>University of Naples Federico II</i>	

Human Resources' Value Creation and Value Capturing: A Literature Review

Valentina Della Corte, *University of Naples Federico II*
 Del Gaudio Giovanna, *University of Naples Federico II*

The purpose of the paper is to carry out a literature review of studies on value creation and value capture, in order to find possible gaps that represent still unexplored fields in strategic management. A systematic approach allows a better understanding through an overview of current debate and the identification of research gaps concerning human resources' value creation and value capturing. Literature review is central since it plays two basic roles: exploratory and confirmatory. In the exploratory role, literature is used to show the current debate on value creation and capturing and to underline the main research streams, while the confirmatory approach allows scholars and practitioners to identify the research gaps and to verify if the current research has achieved satisfactory and/or contradictory results

★ Status, Careers, and Competitive Advantage

Matthew Bidwell, *University of Pennsylvania*
 Shinjae Won, *University of Pennsylvania*
 Roxana Barbulescu, *McGill University*
 Ethan Mollick, *University of Pennsylvania*

We explore whether having high status in the labor market might be a source of competitive advantage for firms. We argue that working for a high status employer helps workers to secure better jobs in the future. High status employers are able to capture some of those benefits by paying workers less in return. We also suggest that employers will benefit more from their status when those workers are early in their careers, and value the benefit of high status affiliation more. We will test these arguments using data on investment banking jobs taken from a survey of MBA alumni, and employer prestige measures taken from Vault.com's annual surveys.

Value Creation and Appropriation Within the Firm and the Strategic Management of Human Capital

Claudio Panico, *Bocconi University*

By combining the literature on rent appropriation and on exploitation/exploration with the formal literature on contracting and negotiating, I set up a simple model to study the relationship between a firm and a knowledgeable individual. The key managerial ingredients are embedded in the (incomplete) employment contract offered by the firm to the individual. I show how the level of the firm's technological capability affects the allocation of the individual's time between exploitative and explorative activities, and the distribution of the value created. This provides micro foundations for a theory of the strategic management of human capital rooted in the employment of talented individuals.

What Determines Tasks Content of a Job? Job Design, Skill Formation and Bargaining Power inside a Firm

Seongwuk Moon, *KDI School of Public Policy and Management*

This article examines how to bundle tasks into jobs within a firm. The novelty of this study is to consider how job design is related to relative bargaining power within a firm through skill formation. By using the property rights theory and bargaining perspective, this paper argues (a) that bundling tasks into a job narrowly (specialization) or broadly (multitasking) is decided by both productivity and bargaining power consideration, (b) that adaptability of workers in skill formation is critical to the job design and (c) that the bargaining power consideration can lead a firm to design tasks content of its jobs inefficiently. The framework suggested by this study also provides insights into when it is appropriate to perform jobs as a team for value creation instead of individual performance.

SESSION 12

EFFECTIVE STAKEHOLDER MANAGEMENT

TRACK M	Date	Monday, Oct 8
	Time	13:30 – 14:45 h
Paper	Room	Meeting Room 2.2
Session Chair	Wen Feng, <i>MIT</i>	

An Examination of the Impact of Executive Compensation Disparity on Stakeholder Management

Timothy Hart, *Oklahoma State University*
 Parthiban David, *American University*
 Michelle Westermann-Behaylo, *American University*
 Corey Fox, *Oklahoma State University*

We investigate the relationship between compensation disparity within top management teams (TMT) and stakeholder management (SM). We argue that a large pay disparity between the CEO and the rest of the TMT undermines teamwork and cooperation amongst the TMT, which

MONDAY 13:30 – 14:45

ultimately undermines SM. Initial findings from a sample of 938 firms from 1996-2005 show that compensation disparity is negatively associated with SM. However, we also find that this relationship is moderated by the visibility of firms. The negative association between pay disparity and SM is mitigated in larger firms, but heightened in smaller firms, suggesting that increased visibility and concomitant scrutiny from stakeholders in larger firms is beneficial for SM.

Strategy and Supply Chain Sustainability: A Stakeholder Perspective

Patrice Luoma, *Quinnipiac University*
Mary Meixell, *Quinnipiac University*

Supply chain management has emerged as a focal point for firms to incorporate sustainability and triple bottom line performance into their decision making processes. It is becoming increasingly evident that supply chain management initiatives are most effective when integrated with the firm's strategy, and receive careful scrutiny from top level managers. The firm's stakeholders play an important role in either facilitating or hindering this aspect of effective supply chain management. This research investigates the degree to which stakeholder theory helps to explain and to predict the implementation of sustainability practices in managing the supply chain. This research will make an important contribution to the strategic management literature by developing insight into the processes by which stakeholders are integrated into strategic supply chain decision making.

The Attention-Based View of Stakeholder Theory: Integrating Automatic Processing to the Asset Allocation Process

Jonathan Raelin, *University of Bath*
Richard Klimoski, *George Mason University*

This paper explains why asset allocation often differs from stakeholder theory's quasi-rational predictions. While we agree that managers lack time to rationally assess all stakeholders' demands, stakeholder interests are also not met due to "attentional forces". Consequently, incorporating ideas from an attention-based view of the firm (ABV) has great merit. Our first contribution is to integrate key aspects of both literatures. We then explain why an augmented quasi-rational approach may not be sufficient for a robust stakeholder theory. Our second contribution is to add automatic information processing to the ABV of stakeholder theory. We propose an ABV of stakeholder theory informed by micro-foundations of automatic decision-making. Sunk-cost bias is then used to exemplify counter-rational managerial tendencies when making asset allocation decisions in a multi-stakeholder context.

Understanding the Impacts of Indirect Stakeholder Relationships: Stakeholder Value Network Analysis and Its Application to Large Engineering Projects

Wen Feng, *MIT*
Edward Crawley, *MIT*
Olivier de Weck, *MIT*
Donald Lessard, *MIT*

In order to understand the strategic implications of indirect stakeholder relationships on large engineering projects, this research develops a qualitative/quantitative network approach, namely the Stakeholder Value Network analysis, to model the multiple relationships between stakeholders as value exchanges. With the theoretical support from Social Exchange Theory, this approach unifies both social and economic relationships into a common framework and also defines network statistics to effectively measure indirect stakeholder influence in a "Network" model as against a more traditional "Hub-and-Spoke" model. The usefulness of this approach and the strategic implications of those network statistics are then demonstrated by a retrospective case study for a real large engineering project, with improved understandings of relationships management for various stakeholders.

SESSION 45

NEW PERSPECTIVES ON ALLIANCE TERMINATION

TRACK N	Date	Monday, Oct 8
	Time	13:30 – 14:45 h
Paper	Room	Dressing Room 220

Session Chair Beverly Tyler, *North Carolina State University*

It Takes Two to Continue to Tango: A Two-Sided View on Post-M&A Supplier-Buyer Tie Continuation

Youtha Cuypers, *University of Hong Kong*
Xavier Martin, *Tilburg University*

We examine the effect of buyer-side M&As on the continuation of buyer-supplier ties from both the buyer's and the supplier's perspective. We focus on post-M&A changes in competitive overlap between the merged company and the other buyers in the focal supplier's customer base. We test our hypotheses on a sample of 798 advertising agency-client ties, for which the client was involved in an acquisition. Our results suggest that buyers are concerned about sharing a supplier with competitors, but these fears are mitigated when they are in a better bargaining position. Our findings suggest that suppliers also exhibit concerns about competitive overlap, but they are less likely to terminate a focal relationship to avoid conflicts with other buyers when the focal buyer is an important buyer.

Joint Venture Instability and Termination Outcomes: The Role of the Interpartner Distribution of JV-related Gains

Birgul Arslan, *HEC-Paris*
Ulrich Wassmer, *Concordia University*
Pierre Dussauge, *HEC-Paris*

This study examines the impact of interpartner distribution of JV-specific gains on JV termination decisions. Using insights from social exchange theory, we suggest that equity considerations play a significant role in the satisfaction derived from a JV, and in turn, in decisions to terminate the JV. We also suggest that while both efficiency and equity considerations determine termination decisions, they have different implications for the type of termination (termination by acquisition vs. dissolution). We develop hypotheses that we test by using data on 286 joint ventures among U.S. public firms formed over the period 1996 to 2010.

Organizational Stigma and Alliance Termination

Olga Bruyaka, *Virginia Tech*
Deborah Philippe, *HEC-Lausanne*

Break-ups and member withdrawals are very common in strategic alliances, and may run as high as 50 percent in some industries. Existing research has mainly explained alliance instability through the prism of internal tensions. In this paper, we provide a complementary explanation of alliance termination as the result of unexpected external contingencies (i.e., adverse events). Drawing on the organizational stigma, organizational status, social network, and resource dependence literatures, we develop theoretical predictions about the conditions under which adverse events that are experienced at the firm level will be likely to represent disruptive factors at the alliance level and subsequently lead to premature alliance termination.

The Impact of Alliance Termination on Organizational Reputation

Ehsan Fakhharizadi, *Drexel University*
Azi Gera, *Drexel University*

Strategic alliances discourse has put significant attention on the formation, duration and stability of alliances. However, there is no research on the consequences of alliance termination. We study the impact of alliance termination on organizational reputation. Building on social economics and organizational theory, we argue that a firm's visibility, capabilities and its partners' prominence influence the impact of alliance dissolution



on reputation. We test our hypotheses by identifying terminations of VC syndications in the VentureXpert database. Results indicate that visibility and resource availability significantly impact post alliance termination reputation loss. Moreover, terminated partners suffer more reputation loss when compared to terminating partners. However, former partners' characteristics do not impact the focal firm's post alliance termination reputation.

SESSION 214

CEOS AND LEADERSHIP

TRACK O	Date	Monday, Oct 8
	Time	13:30 – 14:45 h
Common Ground	Room	Club H

Facilitator Craig Crossland, *University of Texas-Austin*

♣ **Being Too Positive? The Effect of Positive Emotions on Stock Market Reaction**

Wei Guo, *Hong Kong Polytechnic University*

I measure positive emotions expressed by executives during their presentations at conferences by analyzing the verbatim transcripts of their presentations. I hypothesize and find that the use of more positive emotion words by executives to express positive emotions is positively related to contemporaneous stock returns. In addition, the positive stock reaction to the use of positive emotion words is stronger when it is used following a negative earnings surprise and weaker when it is used following a positive earnings surprise. This study provides new and important insights into the contingencies that influence the effect of managerial language on investors, thereby contributing to the emerging literature on stakeholder management and language effect.

Can't Buy Me Love? How Charismatic CEOs Curry Favor with Firm Stakeholders

Adam Wowak, *University of Notre Dame*
Mathias Arrfelt, *Arizona State University*

Charismatic CEOs are thought to raise the performance of those around them, in particular by engendering excitement and motivation among followers. Yet much remains unknown about how charismatic CEOs are able to build their influence over stakeholders inside and outside the firm. We propose that charismatic CEOs supplement their charms with instrumental behaviors that help reinforce their personas. Specifically, we argue that charismatic CEOs engage in certain behaviors that serve to bolster the influence they hold with stakeholders both inside and outside the firm. To test our theory, we employ a novel historiometric approach in which several hundred trained coders use publicly available information to assess CEO charisma. Preliminary results support several of our hypotheses.

Façades of Rigor? The Spillover of Top Executive Insecurity into Team Construction, Decision-Making Process, and Strategic Conformity

Michael Mannor, *University of Notre Dame*
Viva Bartkus, *University of Notre Dame*

Despite advances, a lingering criticism of work on top executives has been that we often study easily observable characteristics rather than deeper psychological differences that drive behavior. In this research we focus our attention on a rarely studied dimension of executive character that may provide insight into the deeper motivations of leaders. Specifically, we study how top executive insecurity can spill over into how executives build their teams and structure decision processes. To test our ideas, we conducted an empirical study of 180 decision processes used by 107 top executives in medium to large organizations. Our research was conducted in three phases: an in-person interview with each top executive, surveys for their spouse and assistant, and an online survey for members of their decision-making team.

Narcissists Can Save the World: CEO Characteristics and Corporate Social Responsibility

Federico Aime, *Oklahoma State University*
Oleg Petrenko, *Oklahoma State University*
Aaron Hill, *Oklahoma State University*
Jason Ridge, *Clemson University*

We advance an agency argument that conceptualizes corporate social responsibility (CSR) at least partially as directed to advancing and reinforcing a CEOs own image and visibility. We hypothesize that CEO narcissism will be positively related to CSR because narcissistic CEOs will be more attracted to the attention in the media and positive praise from employees and the community associated with CSR. Also, we argue that a CEO's core self-evaluation negatively moderates that relationship. We test our hypotheses on a sample of Fortune 500 CEOs. Our results show that narcissistic CEOs support higher levels of CSR in their organizations and that CEO core self-evaluations negatively moderates the relationship between CEO narcissism and CSR.

Rhetorical Boomerangs: CEOs, Metaphors, and Analysts' Evaluations

Alexander C. Wessels, *University of Erlangen-Nuremberg*
Andreas König, *University of Erlangen-Nuremberg*
Jan Mammen, *University of Erlangen-Nuremberg*
Joanna Walton, *University of Erlangen-Nuremberg*

We investigate how variance in CEOs' metaphorical communication behavior (CMCB) – i.e., CEOs' individual tendency to verbally convey thoughts and feelings by employing expressions that view or express one object, idea, or issue in terms of another object, idea, or issue – affects two focal dimensions of securities analysts' evaluations: favorability of analyst recommendations and analyst forecast tendency. We analyze conference calls of 58 CEOs in the U.S. pharmaceutical industry between 2002 and 2010 and find that firms led by CEOs scoring high in CMCB receive significantly less favorable analyst recommendations than firms with CEOs scoring low in CMCB. Moreover, CMCB is associated with analysts' tendency to underestimate firm earnings. As such, our study adds to ongoing conversations in the strategic management literature and executive communication studies.

The Double-Edged Sword of Top Executive Self-Awareness: Purposeful vs. Paralyzed Decision-Making Processes

Viva Bartkus, *University of Notre Dame*

Although self-awareness is typically described as a virtue, in this work we highlight a set of tensions through which top executive self-awareness can have both positive and negative influences on organizational decision-making. We first focus on how self-awareness impacts information search, the rigor of internal debate, and the tendency to break free of the status quo. However, increasingly self-aware executives may also foist dysfunction onto their teams and delay critical decision-making. To test our ideas, we conducted an empirical study of 180 decision processes used by 107 top executives in medium to large organizations. Our research was conducted in three phases: an in-person interview with each top executive, surveys for their spouse and assistant, and an online survey for members of their decision-making team.

SESSION 112

CEO AND TMT TURNOVER: FIRM IMPLICATIONS

TRACK O, TRACK L	Date	Monday, Oct 8
	Time	13:30 – 14:45 h
Paper	Room	Meeting Hall V

Session Chair Paul Ferreira, *University of Geneva*

CEO Career Horizon and Firm Diversification

Chittima Silberzahn, *EMLYON Business School*

Zied Guedri, *EMLYON Business School*

The CEO career horizon is one of important factors influencing their strategic decision making for the firm. Building upon prospect theory and agency theory, we posit that CEOs approaching retirement will be reluctant to engage in increased diversification and more likely to initiate refocusing strategies. Moreover, we suggest that structure of control, displayed by the ratio of independent directors and CEO duality, moderates the impact of CEO career horizon such that the stronger the structure of control the lower the effect of career horizon on diversification and refocusing strategies. We test our hypotheses using a sample of firms belonging to the FTSE 100 during 1997-2010. Our findings lend support to our theses.

Firm Performance Consequences of Top Executive Turnover: A Meta-Analysis

Stephanie Mankel, *EBS University*

Stefan Hilger, *EBS University*

Corporate governance literature suggests that the dismissal of top executives may lead to subsequent firm performance improvements. We provide a meta-analytical assessment of the empirical evidence of 14 studies on the firm performance consequences of top executive turnover. Our overall results suggest that top executive dismissal seems to work reasonably well as a means to enhance firm performance. A comparison of mean effect sizes reveals that performance increases more subsequent to dismissal than to ordinary turnover. Additionally, we find that although turnover announcements lead to positive abnormal stock market returns, accounting data reflect the positive effect to a lesser degree. We argue that stakeholders should not be placated by the event of the turnover, but keep their attention level as the new executive assumes office.

Staying Agile In The Saddle: CEO Tenure, TMT Change, and Organizational Ambidexterity

Paul Ferreira, *University of Geneva*

Sebastian Raisch, *University of Geneva*

This study examines how interrelated CEO and TMT changes affect an organization's ability to simultaneously explore and exploit. Drawing upon the upper echelons perspective, we argue for a curvilinear CEO tenure-ambidexterity relationship. We then propose that the timing of TMT change critically affects this relationship. While TMT change negatively impacts ambidexterity in the early stages of CEO tenure, it has a positive relationship to ambidexterity in the later stages of CEO tenure. We test our arguments based on a longitudinal sample of 91 European finance companies between 2000 and 2010. Our main contribution to the ambidexterity literature is the development of a dynamical model revealing the interrelated effects on CEO and TMT changes on ambidexterity.

Strategic Coherence: The Impact of CEO Succession and Personality

Xena Welch Guerra, *University of St. Gallen*

Rebekka Skubinn, *University of St. Gallen*

Strategic coherence positively impacts firm performance. However, we still lack an understanding of its antecedents. In this paper, we introduce a comprehensive model combining CEO succession events and predecessor retention as well as CEO personality and managerial discretion as

determinants of firm strategic coherence. Succession events negatively impact strategic coherence, while this relationship is negatively moderated by predecessor retention. Once appointed, a CEO's personality impacts the level of a firms' strategic coherence. More specifically, CEO narcissism decreases and core self evaluation increases strategic coherence. The degree to which these aspects of CEO personality manifest in strategic coherence is positively moderated by CEO discretion. Finally, we suggest a panel regression to test the hypothesized relationships in a sample of the top 31 Swiss acquirers.



SESSION 260

PLENARY TRACK

TRACK P	Date	Monday, Oct 8
	Time	15:00 – 16:00 h
Showcase Panel	Room	Meeting Hall V

Transitioning Towards the Sustainable Enterprise

Session Chair and Panelist

Maurizio Zollo, *Bocconi University*

Panelists

Arnaldo Camuffo, *Bocconi University*

Timothy Devinney, *University of Technology-Sydney*

Will Mitchell, *Duke University*

Joan E Ricart, *IESE Business School*

Recent work shows that sustainable enterprises outperform in the long-term comparable (less sustainable) firms. Whereas the performance implications of sustainable enterprise models become clearer to executives and academics, it is still debatable whether firms are capable of undertaking the profound transformational processes necessary to develop a sustainable enterprise model and what the characteristics of these innovation processes might be. Furthermore, we lack a common understanding of what dimensions distinguish sustainable enterprises from others and what factors facilitate/hinder the process of transitioning towards sustainable enterprise models. The Panel is centered on three questions: 1) What dimensions of strategic relevance distinguish the sustainable enterprise(s) from others? 2) How do firms transition towards sustainable enterprise models? 3) How do we study these learning and change processes in firms?

MONDAY PLENARY



Timothy Devinney (BSc CMU; MA, MBA, PhD Chicago) is Professor of Strategy at the University of Technology, Sydney. He has held positions at the University of Chicago, Vanderbilt, UCLA and Australian Graduate School of Management and been a visitor at many other universities (CBS, Humboldt, Hamburg, Trier, Konstanz, Ulm, Frankfurt, HKUST & City University). He has published six books and more than seventy articles in leading journals including *Management Science*, *The Academy of Management Review*, *Journal of International Business Studies*, *Organization Science* and the *Strategic Management Journal*. He is a fellow of the Academy of International Business, a recipient of an Alexander von Humboldt Research Award and a Rockefeller Foundation Bellagio Fellow. He is Past-Chair of the International Management Division of the AOM and Associate Editor of *AOM Perspectives*. He currently on the editorial board of over 10 of the leading journals, Director of the SSRN international management network and co-editor of the *Advances in International Management Series (Emerald)*.



Will Mitchell is Professor of Business Administration in Strategy and the J. Rex Fuqua Professor of International Management at Duke University's Fuqua School of Business. He is a faculty associate of Duke's Center for Entrepreneurship and Innovation, Health Sector Management Program, and Global Health Initiative. Will Mitchell teaches corporate strategy, business dynamics, and health sector strategy in the MBA, MMS, Ph.D., and Executive Education programs at Duke, as well as in partnership programs in Africa and elsewhere. He studies business dynamics, focusing on how businesses in developed and emerging markets change as the competitive environments change and, in turn, how the business changes contribute to ongoing corporate success or failure. Will Mitchell is a former SMS board member, a member of the SMS Fellows Group, a co-editor of *SMJ*, an editorial board member of several strategy-related journals in North America, Asia, and Europe, and a board member of Neuland Laboratories, Ltd.



Joan E. Ricart, Past President of the SMS, is the Carl Schröder Professor of Strategic Management and Chairman of the Strategic Management Department at the IESE Business School, University of Navarra. He is the Associate Director for Faculty and Research, and has been the Director of the Doctoral Program (1995-2006) and Associate Dean for Research and the Doctoral Program (2001-2006). He is also Director of the scientific committee of EIASM and Vice-president of the Iberoamerican Academy of Management. He was the Founding President of the European Academy of Management (2001-6). Joan E. Ricart has published several books and articles in leading journals. His current areas of interest in strategic management are business models and offshoring. He received doctoral degrees in industrial engineering (1982 from the Universidad Politécnica de Catalunya), managerial economics (1984 from Northwestern University) and economics (1985 from the Universidad Autónoma de Barcelona).



Maurizio Zollo is the Dean's Chaired Professor in Strategy and Sustainability at the Management and Technology department of Bocconi University, and director of the Center for Research in Organization and Management (CROMA). He also has a part-time chair appointment at the Vienna School of Economics and Business (WU) and a visiting professorship at the Sloan School of Management of the M.I.T.. He is currently the president of the

European Academy of Management (EURAM), after having served as editor of the *European Management Review*, EURAM's official journal. His current research activity focuses on directing the Global Organizational Learning and Development Network (GOLDEN) for Sustainability and on applying neuroscience to study the micro-foundations of strategic decisions related to innovation and sustainability. At SMS, he chaired the Innovation and Knowledge Interest Group, was one of the co-chairs of the 2010 annual conference in Rome, and co-founded the Stakeholder Strategy Interest Group.



Arnaldo Camuffo is a Professor of Business Organization at Bocconi University. He has served as a visiting professor at a number of universities around the world including Industrial Performance Center of MIT, at the School of Management of the University of Michigan, Dearborn. His research interests include Strategic innovation, organizational forms and boundaries, strategic management of human resources.

Arnaldo Camuffo holds his PhD in Business Administration from University Ca Foscari of Venice.

SESSION 261

PLENARY TRACK

TRACK P	Date	Monday, Oct 8
	Time	15:00 – 16:00 h
Showcase Panel	Room	North Hall

Opening Strategy: Creating More Transparent and Inclusive Strategy Processes at CERN , Intel and Atlassian

Session Chair

Timo Santalainen, *Aalto University*

Panelists

Julian Birkinshaw, *London Business School*

Markus Nordberg, *CERN*

Luciano Oviedo, *Intel Corporation*

Richard Whittington, *University of Oxford*

This panel will bring together practitioners and scholars to discuss the current trend towards more 'open strategy'. Open strategy involves the creation of more inclusive and transparent strategy processes, internally and externally. After introducing the concept, strategists from two leading-edge organizations will demonstrate the role of openness in their strategy-making. First, an open strategy approach has shaped scientific strategy content at CERN, the European Organization for Nuclear Research. Second, an open strategy approach has led to new strategy processes at Intel, the world's leading microprocessor company. Third, an open strategy approach has been an important driver of growth for Australian software company, Atlassian. The presentations will be followed by a commentary and extended discussion.



Timo J. Santalainen's career concept is a combination of academia, business and consulting. His previous academic positions include professorships at Thunderbird Graduate School of Global Management, Texas Tech University and Management Centre Europe. He has held senior executive positions in retailing, banking and world sports organizations. Currently he is President of STRATNET, a Geneva-based network of strategy advisors, and Adjunct Professor of Strategy and International Management at Aalto University Business School and at Lappeenranta University of Technology. His most recent field of interest is strategic management and thinking in transformational and parastatal organizations such as telecommunications, energy, sports, public service and research. He has been a strategy adviser and Board member for many of these organizations throughout the world. Timo Santalainen is Founding Member of Strategic Management Society. He is the author or co-author of ten books, numerous chapters in books and articles in leading international publications.



Julian Birkinshaw is Professor and Chair of Strategy and Entrepreneurship at the London Business School. He has PhD and MBA degrees in Business from the Richard Ivey School of Business, University of Western Ontario, and a BSc (Hons) from the University of Durham. He is a Fellow of the British Academy (FBA) and the Academy of International Business. In addition to London Business School, he has worked at the University of Toronto, the Stockholm School of Economics, Price Waterhouse and ICI. Julian Birkinshaw's main area of expertise is in the strategy and management of large multinational corporations, and on such specific issues as corporate entrepreneurship, innovation, subsidiary-headquarters relationship,

knowledge management, network organisations, and global customer management. He is the author of eleven books and over eighty articles. Julian Birkinshaw is active as a consultant and executive educator to many large companies, including Rio Tinto, GSK, ABB, Diageo, SAP, Ericsson, Kone, Bombardier, Sara Lee, HSBC, Akzo Nobel, Roche, Unilever, Hess Oil, Toshiba, and Novo Nordisk. He speaks regularly at business conferences in the UK, Europe, North America and Australia.



Markus Nordberg has a degree both in Physics and in Business Administration and is the Resources Coordinator of the ATLAS project at CERN, Switzerland, where his responsibilities include budget planning, reporting and resources allocation for the ATLAS project. He has a background in project management, technology transfer and corporate strategy. He has published articles and books in the domains of innovation, strategy and project management and technology transfer. Markus Nordberg has also served as Visiting Senior Research Fellow at the Centrum voor Bedrijfseconomie, Faculty ESP-Solvay Business School, University of Brussels, and is a member of SMS, AOM and the Association of Finnish Parliament Members and Scientists, TUTKAS.



Luciano Oviedo lives at the intersection of Art, Science, Technology, Engineering and Strategy. He is currently in Strategy & Planning for the Visual & Parallel Computing Group, Intel Corporation, specializing in digital Media markets and technologies. He has been a member of SMS since 2009.



Richard Whittington is Professor of Strategic Management at the Saïd Business School and Millman Fellow at New College, University of Oxford. He has held visiting positions at Harvard Business School, HEC Paris, the University of Toulouse and the University of Technology Sydney. He has been a member of the Strategic Management Society since 1992, and co-founded the Strategy Practice Interest Group. He has served as co-chair for the first SMS pre-conference doctoral workshop. He was also a co-chair for the 2010 SMS Special Conference in Finland an event coordinated with the Strategy Process and Strategy Practice Interest Groups. He currently co-chairs the Body of Knowledge working group for the Society's professional certification initiative. He was a co-founder of the Academy of Management SAP Interest Group, of which he is currently chair-elect. His main current research area is 'strategy as practice', investigating strategy as a kind of work and as an industry. He has published singly or jointly nine books, including 'What is Strategy - and Does it Matter?' and 'Exploring Strategy'. He is on the editorial boards of Long Range Planning, the Strategic Management Journal and Strategic Organization.



SESSION 218

RETOOLING THE CORE STRATEGY COURSE

TRACK T	Date	Monday, Oct 8
	Time	16:30 – 17:45 h
Panel	Room	Meeting Room 1.1

Session Chair

Robert Grant, *Bocconi University*

Panelists

Stephen Cummings, *Victoria University of Wellington*

The core strategy courses of leading MBA programs have converged around a similar content that has changed little over the past decade. This paper assesses the need for restructuring core strategic management courses in terms of: the need to drop concepts and frameworks that have become outmoded or obsolete; introduce concepts and theories that have appeared in strategic management research in recent years; take important changes in the business environment.

SESSION 154

EMBEDDEDNESS, NETWORKS AND NON-MARKET STRATEGIES

TRACK A	Date	Monday, Oct 8
	Time	16:30 – 17:45 h
Paper	Room	Meeting Hall IV (b)

Session Chair

Jonathan Doh, *Villanova University*

New Directions in Nonmarket Strategy: Institutional Perspectives in a Multi-Polar World

Thomas Lawton, *EMLYON Business School*
Jonathan Doh, *Villanova University*

In this paper we review the dominant paradigms in nonmarket strategy research and report on the key insights and findings from each perspective. We suggest that the integration of institutional and strategic perspectives provides a logical path for the continued development of this research domain. Looking ahead, we argue that institutional perspectives will have greater importance in nonmarket literature due the rise of BRIC economies. As companies internationalize and of necessity invest more time and resource in developing and deploying nonmarket processes and practices, we anticipate that institutional concepts will cross-fertilize further with nonmarket strategy and general management theories.

Strategic Alliances and Environmental Performance

Thomas Graf, *IE University*
Carl Joachim Kock, *IE University*
Luis Diestre, *IE University*

Why do some firms pollute heavily while others reduce their pollution, sometimes even beyond minimum requirements? We argue that strategic alliances with “green” or “black” firms influence the assessment of such strategies by the focal firm. Alliances with environmentally strong partners may provide valuable knowledge on how to reduce pollution efficiently. Alliances with polluting firms on the other hand may provide information on how “to get away with that” - for example, by a more symbolic stakeholder management. Drawing on facility-level pollution data from the EPA Toxic Release Inventory (TRI) we built a sample of 216 firms from the US manufacturing industries and found support for our arguments.

The Impact of Practice-breaking and Practice-building Tactics on Firms’ Resource Commitment in the Solar Photovoltaic Industry

Panayiotis Georgallis, *HEC-Paris*

In this study we attempt to disentangle the mechanisms of influence by which social movements shape firm strategy. We define and discriminate between practice-breaking and practice-building tactics undertaken

by social movements, and compare their differential effects on firms’ propensity to commit resources to the solar photovoltaic (PV) industry, one of the industries most favored by the environmental movement. Moreover, we examine how these two different types of influence tactics interact to shape firms’ commitment in solar PV. Contributions for research investigating social movements’ impact on organizations as well as for the strategy literature are outlined.

Unintended Consequences of Political Endorsement: The Effect of Government Endorsement on Firms’ Social Responsiveness in a Transitional Economy

Xiaowei Luo, *INSEAD*
Danqing Wang, *INSEAD*

Research on business-government relationship has documented its benefits for firms but has paid less attention to the costs. We investigate why politically endorsed firms by the government are vulnerable to heightened expectations from the government as well as how they respond strategically by complying with expectations that constrain discretion the least. We test this framework in China in the early 2000s. We find that political endorsement has a strong effect on firms’ engagement in philanthropy but not on protecting the environment, and that the effect of endorsement on philanthropy is stronger for private firms than for state-owned firms. This study contributes to resource dependence theory, and enhances our understanding of the consequences of political endorsement and of the antecedents of CSR in transitional economies.

SESSION 57

FINDING YOUR NICHE: NICHE STRATEGIES AND COMPETITIVE ADVANTAGE

TRACK E	Date	Monday, Oct 8
	Time	16:30 – 17:45 h
Common Ground	Room	Terrace 1

Facilitator

Jeffrey Martin, *University of Alabama*

Capability Portfolio of Formula One teams

Sarah Park, *EMLYON Business School*

This article develops a theoretical underpinning for the concept of capability portfolio. We introduce the idea of capability portfolio effect and explain how capability portfolios are reconfigured. We also offer a methodological tool for identifying different capability portfolios in the context of formula one racing over the period 1981 through 2011.

In the Right Place at the Right Time: Submarkets and Entry Timing Advantages in the US Comic Books Industry

Gianluca Capone, *Bocconi University*
Allya Koesoema, *Bocconi University*

In this work, we investigate the role that submarkets play in the emergence of early movers and later entrants survival advantages in the US Comic Book industry from its inception in 1935 through 2005. Consistent with the past literature, we find evidence of survival advantages for early movers that are driven by density delay effects. Moreover, within each cohort of entrants, a fundamental determinant of survival is the focus on submarkets that dominate the industry in the same period. The same effect does not hold for incumbents competing in the same period neither for all the submarkets irrespectively of the industry era.

Shooting in the Dark or Strategically Positioning? On the Performance Consequences of a Firm’s Niche Width

Yi Tang, *Hong Kong Polytechnic University*
Filippo Carlo Wezel, *University of Lugano*

The existing findings on the performance implications of a firm’s niche width appear inconclusive. This inconclusive evidence, we argue, is partly

due to the lack of acknowledgment of market positioning as a strategic matter. A model in which the antecedents of a firm's niche width are taken into account is therefore proposed. We test our arguments in the Hong Kong film industry during the years 1975-1997. The results obtained suggest that, after correcting for endogeneity, a firm's niche width appears to be positively related to market performance.

Technological Niche Strategies: An Illustrative Study of the Gaming Industry

Ozgur Dedehayir, *Tampere University of Technology*
Martin Steinert, *Stanford University*
Saku Mäkinen, *Tampere University of Technology*

We develop a method for analyzing the interaction of firms within an ecosystem by studying their strategic positioning in technological space, defined as the scope of technological performance levels lying between the highest and lowest levels of an industry. We propose that a firm's technological niche strategy determines the scope of performance levels possessed by the product portfolio, and the positioning of its niche with respect to the industry's spectrum of performance levels. To demonstrate the analysis of strategic positioning we undertake an empirical study of the computer gaming industry. Our results show strategic maneuvering as the analyzed firms alter their niche width over time. The overlap between the firms' technological niche strategies additionally suggests that these firms compete for resources in the ecosystem.

The Plight of Tier 2 Western Universities: Failure is an Option

Jim Dewald, *University of Calgary*
Loren Falkenberg, *University of Calgary*
Leighton Wilks, *University of Calgary*
Hossein MahdaviMazdeh, *University of Calgary*

Universities have operated in relatively stable environments for centuries. More recently, disruptive forces such as significant demographic shifts, new institutional forms, technological advances, and economic crises are creating a more turbulent than stable environment. In contrast to a policy-centric heritage, universities must shift to market-centric strategies. We consider the impact of these new challenges on tier 2 western universities, focusing on the propensity of universities to seek legitimacy by pursuing objective global rankings. Such actions represent an appropriation of the strategic management responsibilities. We develop a market-centric strategic management model, grounded in resources dependence, institutional, and resource allocation theories, and propose alternatives to facilitate strategic choices in contrast to the sameness and mediocrity that is emerging as a dominant response.

SESSION 245

COMPETITORS, STRATEGY, AND COMPETITIVE DYNAMICS

TRACK E	Date	Monday, Oct 8
	Time	16:30 – 17:45 h
Paper	Room	North Hall

Session Chair PuayKhoon Toh, *University of Minnesota*

Asymmetric Rivalry within and Between Strategic Groups

Felipe Ruiz-Moreno, *University of Alicante*
Francisco José Mas-Ruiz, *University of Alicante*
Antonio Ladrón de Guevara-Martínez, *Pompeu Fabra University*

We examine rivalry within and between strategic groups defined according to the size of their members. We hypothesize that the degree of rivalry will depend on whether the competitor is within the same group as the competing firm or in a different group. We estimate the effect of group-level strategic interactions on firm performance. Our empirical analysis reveals that the rivalry behavior within and between

strategic groups is asymmetric, which supports the dominant-fringe relation between firms, wherein large firms expect to experience strong intra-group rivalry and no reaction from smaller firms. Moreover, smaller firms expect to experience no intra-group rivalry and a small amount of retaliation from large firms. Therefore, it is important to consider the size of firms that constitute the relevant strategic groups.

Competition and Illicit Quality

Lamar Pierce, *Washington University - St. Louis*
Jason Snyder, *UCLA*
Victor Bennett, *University of Southern California*
Michael Toffel, *Harvard University*

In this paper, we argue that competition can lead organizations to provide illicit quality that satisfies customer demand but violates laws and regulations and that this outcome is particularly likely when price competition is restricted. Using 28 million vehicle emissions tests from more than 11,000 facilities, we show that increased competition is associated with greater inspection leniency, a form of illicit quality that customers value but is illegal and socially costly. Firms with greater numbers of local competitors pass customers at considerably higher rates and are more likely to lose customers they fail to pass, suggesting that the alternatives that competition provides to customers intensify pressure to illegally provide leniency.

Pushed by Rivals into Alternative Technological Domains: The Effects of Imitation Deterrence on Resource Reallocation

Francisco Polidoro, *University of Texas-Austin*
PuayKhoon Toh, *University of Minnesota*

Prior research has established imitation deterrence as a key building block of sustainable competitive advantage. By deterring a firm from building similar resources, rivals can protect their resources' value and uniqueness and better leverage them to create a sustainable competitive advantage. Yet, prior research has largely overlooked the question of what type of resources a firm builds upon being deterred. This study investigates how rivals' imitation deterrence in a technological domain induces a firm to reallocate resources from that domain into another. By examining the effects of imitation deterrence on resource reallocation, this study suggests that deterrence, while pushing other firms out of a domain, also produces a potentially insidious effect, in that it pushes these firms into alternative domains, which heightens substitution threats.

Sequences of Competitive Moves and Effects on Firm Performance

Sruthi Thatchenkery, *Stanford University*
Riitta Katila, *Stanford University*
Eric Chen, *Onyx Pharmaceuticals*

In this paper, we argue that firm performance depends not only on the aggregate characteristics of competitive move repertoires, as is typically examined in studies of competitive dynamics, but also on the time-paced pattern in which moves are made. Using sequence analysis on an experiential simulation dataset, we find that firms carry out time-paced competitive sequences that adhere to three archetypal patterns. We also identify which patterns are most performance-enhancing. Our findings show that firms whose sequences follow regular (i.e. continuous or periodic) patterns and whose sequences do not conform to their competitors perform well. We contribute to the competitive dynamics literature by integrating concepts from organizational learning to analyze the rhythm and pacing of competitive behavior.



SESSION 77

TRANSFORMATION, RENEWAL AND CORPORATE STRATEGY

TRACK F	Date	Monday, Oct 8
	Time	16:30 – 17:45 h
Paper	Room	Club B

Session Chair Hicheon Kim, *Korea University*

An Examination Of The Performance Of Firms Undertaking Discontinuous Strategic Renewal

Anu Wadhwa, *Swiss Federal Institute of Technology Lausanne*
 Sandip Basu, *California State University-East Bay*

We examine whether undertaking discontinuous strategic renewal affects a firm's subsequent performance. Discontinuous strategic renewal involves major shifts by firms away from existing core businesses into new ones. Although there are significant risks involved in discontinuous renewal, it could have long-term benefits such as an improved post-renewal competitive position. We propose competing hypotheses regarding whether undertaking discontinuous renewal affects firms' post-renewal performance as compared to firms that do not undertake such renewal. Drawing from diverse literatures, we also predict that both the structural conditions of the new industry that a firm shifts to as well as the firm's own capabilities enhance its post-renewal performance. We test our predictions using longitudinal data on 461 Fortune 500 firms for the period 1990-2000.

Firm Performance and the Rate of Change in Capabilities

David Bryce, *Brigham Young University*

This paper connects firm performance to the rate and direction of the evolving capabilities portfolio of the firm. Theory development in the resource-based view, capabilities, and dynamic capabilities has supplied important foundations for understanding the development of capabilities and firm growth. We suggest that too rapid or too slow evolution of capabilities results in performance declines, while intermediate rates of capability evolution provide both new knowledge absorption and exploitation opportunities. We identify longitudinal patterns of expansion based on a knowledge and capabilities logic and show the implications that these patterns have for firm performance.

How Do Firms Transform Their Business Portfolios? An Explorative Analysis of Transformation Processes of Multi-business Firms

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

Research on business portfolio restructuring has largely focused on antecedents and outcomes of single events such as acquisitions and divestitures, and on performance implications of diversification or refocusing strategies. Yet, longitudinal studies that investigate the transformation of a portfolio over time and its underlying strategic decision processes are rare. Using a longitudinal and explorative study design we improve the understanding of such transformation processes by developing a transformation metric that allows us to measure and describe the magnitude and time period of a transformation and derive different transformation patterns and characteristics. We apply this metric to a preliminary sample of the 50 largest European firms and further illustrate our approach with an in-depth analysis of Vivendi's portfolio transformation from a construction to a media conglomerate.

Technological Progress via Outward-Bound Experiences: M&As as Responses to a Sustained Lack of Productivity Growth

Lorenzo Ciari, *European Bank of Reconstruction and Development*
 Joseph Clougherty, *University of Illinois-Urbana Champaign*
 Tomaso Duso, *Düsseldorf Institute for Competition Economics*
 Jo Seldeslachts, *University of Amsterdam*

We find that firms based in industries experiencing sustained low productivity growth tend to respond by acquiring targets based in other industries; i.e., they engage in outward M&As. This outward M&A activity, in turn, increases the productivity of the acquiring industry in subsequent years. Moreover, horizontal M&A activity and inward M&A activity do not generate an equivalent increase in home industry productivity. Thus, it appears that outward M&As (i.e., diversification) represent unique learning events that allow for the revitalization of an industry. Interestingly, cross-industry mergers indicate unidirectional learning, as the productivity of the acquiring industry is enhanced, but the productivity of the target industry is not affected.

SESSION 39

GLOBAL STRATEGIES

TRACK G	Date	Monday, Oct 8
	Time	16:30 – 17:45 h
Common Ground	Room	Meeting Room 2.1

Facilitator TBD

Consistency of International Strategy

Anders Pehrsson, *Linneaus University*

An industrial firm's implementation of international strategy can be hampered where there is limited consistency between the strategy, the firm's international experience, and the value-adding roles of its foreign subsidiaries. This paper develops a conceptual framework outlining consistent relationships between an international strategy of differentiation, international experience, and decisions on foreign subsidiaries' value-adding roles. The framework is illustrated with reference to Swedish firms and their subsidiaries in the US market. The paper contributes to strategy consistency theory and puts forward propositions that highlight consistent roles of foreign subsidiaries in relation to international differentiation strategy and international experience.

Institutional Theory and Foreign Ownership Decisions: New Insights from Chinese Firms

Diego Quer Ramón, *University of Alicante*
 Enrique Claver Cortés, *University of Alicante*
 Laura Rienda García, *University of Alicante*

Institutional theory suggests that each organization is embedded in two types of environment which influence its activities: its own internal institutional environment, including structures, systems and practices established in the past, and the external institutional environment, which it shares with other organizations. This paper examines the importance of both environments for Chinese multinationals (MNEs) foreign ownership structure decisions. Further, we investigate the potential moderating effects of cultural distance and firm's experience in the environment. We find that Chinese MNEs tend to select ownership structures based on their experience with similar ownership structures in the past. Moreover, later Chinese entrants tend to follow the entry mode patterns established by earlier Chinese entrants.

Local Power in a Global Business

Wim Van Lent, *ESSEC Business School*
 Stoyan Sgourev, *ESSEC Business School*

One of the most enduring questions in organizational research is how corporate economic decisions come into being. This paper addresses the role played by corporate power configurations, challenging the notion of agency-centric power that is common in recent institutionalist work. The focus is on a question fundamental to capitalism – the distribution of economic rents. A longitudinal study of the Dutch East India Company's dividend payout decisions sheds light on how locally rooted interests shaped the Company's dividend policy, resulting in considerable fluctuations in dividend rates over the course of the 17-th century. Dividends payouts reflected the interplay of collective interests rather than economic reasoning.

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Strategy in Transition: Examining the Nature of Emerging Market Firms' Global M&A

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

The past decade has witnessed a surge of cross-border mergers and acquisitions by emerging market firms as they seek to become global players. By investigating the nature of these takeovers, we highlight their unique features and pinpoint questions which have not been adequately addressed by extant theory. We suggest that the distinctive characteristics of emerging market firms create differences in their target selection, acquisition strategy, inherent challenges in deal implementation, and post-deal value creation, compared to acquirers from developed economies. Based on insights from extant literature on both cross-border M&A and emerging market firms, as well as an examination of several illustrative cases, we develop testable propositions for future empirical studies, to enrich our understanding of such growth strategies and the approaches in implementing them.

The Paradox of Good Parenting: A Game-Theoretical Model of Procedural Justice and Headquarters Intervention

Christian Asmussen, *Copenhagen Business School*
Nicolai Foss, *Copenhagen Business School*
Phillip Christopher Nell, *Copenhagen Business School*

We build a model that shows when it is in the interest of the firm to have a "fairness culture", i.e. a preference among the subunits for punishing the HQ whenever the HQ intervenes in their work in a way that is perceived as unfair. Our study contrasts with previous procedural justice literature by showing that such a system can also be detrimental as it builds a culture that prevents HQ from making necessary and value-increasing interventions. Thus, we create transparency regarding the conditions under which and mechanism that explains how procedural justice functions. We also argue that parenting is more complex than previously conceptualized. We show that parenting often profits from procedurally just decision-making but that the resulting fairness expectations also constrain management substantially. Thus, paradoxically, good parenting practices might lead to situations in which valuable parenting is not possible.

The Role of Manager's Entrepreneurial Leadership, Subsidiary Autonomy, and Age on Performance: Evidence from Korea

Daniel Han Ming Chng, *China Europe International Business School*
Fabian Froese, *Korea University*

Drawing on research on global and entrepreneurial strategy, we develop and test theory regarding the role of foreign subsidiary manager on performance. Combining archival data on foreign subsidiaries and survey data of subsidiary managers in Korea, we will test hypotheses about the effect of subsidiary manager's entrepreneurial leadership on subsidiary performance and the moderating influence of subsidiary autonomy and age. We argue that subsidiary manager's entrepreneurial leadership is positively related to subsidiary performance. Further, we argue that subsidiary autonomy and age will moderate this relationship, such that the relationship is stronger for subsidiary with greater autonomy and that are younger.

SESSION 35

ENTRY MODES, EXIT AND OUTCOMES

TRACK G	Date	Monday, Oct 8
Paper	Time	16:30 – 17:45 h
	Room	Meeting Room 2.2

Session Chair Asli Musaoglu Arikan, *Ohio State University*

Agglomeration, Entry and the Liability of Foreignness

Anna Lamin, *Northeastern University*
Grigorios Livanis, *Northeastern University*

Foreign entrants suffer from a liability of foreignness, influencing their location choices and leading them to prefer clusters with other firms. However, prior research only examines foreign entrants, while the liability of foreignness implies that these entrants would be more strongly attracted to clusters of firms than domestic firms. We compare the location choices of 437 foreign and domestic entrants in India during 2005-2009 and find that domestic firms exhibit a stronger preference than foreign ones for these city clusters. This suggests that foreign entrants may not suffer from a liability of foreignness, anymore so than domestic entrants.

Beyond Entry: The Diffusion of Multilocal Firms

Ariel Casarin, *Austral University*
Maria Eugenia Delfino, *IAE Business School*

This paper examines alternative experiential knowledge factors that determine the geographic and temporal diffusion of a multilocal firm once it has entered a new foreign market. To that aim it uses survival analysis techniques to examine the factors that explain where and when the firm establishes in a particular local market. Results indicate that, at initial stages, political experience and geographical aggregation drive firm expansion. They also show that, once consolidated in the host market, the diffusion of the firm is driven almost exclusively by its knowledge of the country's local markets. The findings are central to the multilocal firm, as the diversified structure of its location-specific assets becomes a source of its competitive advantage.

Foreign Knowledge Seeking and Country Exit

Aseem Kaul, *University of Minnesota*
Ram Ranganathan, *University of Texas-Austin*
Heather Berry, *George Washington University*

We extend work on multinational knowledge seeking by examining the joint effect of firm and country factors on a firm's decision to exit from a foreign country. We argue that in order to tap into foreign innovation multinationals must possess strong technological capabilities as well as the willingness and ability to maintain a long-term multinational presence. Firms with these characteristics are more likely to maintain a foreign presence, especially where there is a strong fit between firm and country knowledge. Results from a panel of US multinationals show that firms with strong technological capabilities are less likely to exit foreign countries, especially if they have strong CEO incentives and abundant financial resources. Consistent with our theory, these effects are stronger in high knowledge fit countries.

Knowing When to Leave the Party: What Factors Contribute to Market Exit

Naomi Gardberg, *City University of New York*
Mehmet Genc, *Montclair State University*
William Newbury, *Florida International University*

Market entry decisions are a central focus of the FDI literature, and studies regarding why firms enter particular markets abound in the strategy field. However, international expansion is not always successful and even may be detrimental to firm performance. Indeed, failure rates for international investments have been estimated at between 30 and 70%, depending upon the industry and other factors. Nonetheless, despite this high failure



rate, knowledge of the antecedents of market exit is relatively weak, particularly in non-manufacturing. Herein we examine the antecedents of foreign market exit among the world's largest 200 retailers from 1997-2003. Our longitudinal dataset includes retailers from 21 home countries invested in 140 host countries. Using multi-level models, we find multiple theories contribute to explaining 143 exits over 7 years.

SESSION 90

PARTICIPATION, COOPERATION AND COMMITMENT

TRACK H	Date	Monday, Oct 8
	Time	16:30 – 17:45 h
Common Ground	Room	Terrace 2
Facilitator	Steven Floyd, <i>University of Massachusetts - Amherst</i>	

Between the Top and the Middle: Strategic Leadership at the Mezzanine Level

Anurag Sharma, *University of Massachusetts - Amherst*
 Bill Wooldridge, *University of Massachusetts - Amherst*
 Steven Floyd, *University of Massachusetts - Amherst*

We propose that core leadership in large organizations is resident at the Mezzanine level – between those few top executives identified in upper echelons research and the broad group considered in the middle management literature. We assert that this structural unit is already a reality in large firms and that its existence is consistent with theoretical observations about the limits to the span of management arising from cognitive limitations of managers. A primary contribution of our proposal is to define and begin examining this heretofore neglected unit of analysis for studying strategic leadership. We end the proposal with a research agenda and questions that we are currently pursuing. We also describe research in progress.

Organizing Cooperation: The Human Towers of Catalonia

J Ignacio Canales, *University of Glasgow*

This paper suggests that generating managerial involvement in Strategy-Making is a function of the attachment these managers develop with the strategic activity. This notion builds from the study of human tower building, developed in Catalonia. This particular tradition is carried out by organizations which include anybody from all walks of life and end up achieving extraordinary outcomes. This paper investigates this practice in this specific type of organizations as a revelatory case study to elaborate theoretical implications for organizations. Enacting the notion of building up each constituent blends into the whole where merit and skill dictates the position in the tower, programmed practice prevents risks and leadership is transmitted organically as intertwined individual reach for the sky.

Participation in the Strategic Management Process and Expansiveness of the Strategy: Is There a Link?

Anna Witek-Crabb, *Wroclaw University of Economics*
 Andrzej Kaleta, *Wroclaw University of Economics*

The aim of the research was to examine the relationship between two phenomena present in strategic management: participation in the strategic management process and strategy expansiveness. Major research questions to which answers were sought were: Is there a correlation between the level of employee participation in the strategic management process and the type of selected strategy? What is the relationship between participation and various manifestations of strategy expansiveness: innovativeness, risk, ambition, and clarity of vision? The research conducted on a sample of 105 Polish enterprises showed a significant positive correlation between the level of participation and the degree of strategy expansiveness. Participation also correlated with innovativeness, ambition and clarity of vision and was independent from the riskiness of the strategy.

Participatory Strategy Process as a Facilitator of Organizational Integration

Virpi Turkulainen, *Aalto University*
 Pekka Helkiö, *Aalto University*

Despite of strong research stream on both strategy process and organizational integration, we still know little about participatory strategy process as an integrative mechanism. In this paper we address the question of how such a strategy process operates in practice and facilitates organizational integration. With data from participant observation and interviews in a multinational corporation, we examine two yearly cycles of strategy process. The strategy process involved more than one hundred people from multiple functional and regional units as well as different hierarchical levels in the firm. By analyzing activities that take place in the process, we developed understanding of mediating processes through which a participatory strategy process facilitates achieving organizational integration in a multinational corporation.

Strategic Leadership: Conflict and Managerial Authority as Drivers of Managerial Action

Chris Long, *Georgetown University*
 Sim Sitkin, *Duke University*
 Laura B. Cardinal, *University of Houston*

In a departure from the dominant emphasis in the strategic leadership literature on employee responses to managerial actions, this paper presents a theory that explains how managers develop and sustain their authority through efforts to promote trust, fairness, and control. We first describe how superior-subordinate conflicts stimulate managers to examine the composition and influence of their authority. We then outline how managers address their authority-focused concerns that are generated through these examinations using trustworthiness-promotion, fairness-promotion, and control activities. The paper concludes with a discussion about how our theory refines and extends research on organizational conflict, trust, fairness, control, and leadership.

When Authoritarian Leaders Outperform Transformational Leaders: Firm Performance in a Harsh Economic Environment

Xu Huang, *Hong Kong Polytechnic University*
 Catherine Lam, *City University of Hong Kong*

We investigated what leadership behaviors drive firm performance in a harsh economic environment. Based on data collected from 102 subsidiaries of a telecommunication company located in 102 counties, we found that transformational leadership was not related to revenue growths four months later and a year later irrespective of levels of the county GDP. However, authoritarian leadership was positively related to revenue growths four months later and a year later when GDP was low, but negatively related to revenue growths when GDP was high.

SESSION 236

INNOVATION AND PERFORMANCE

TRACK I	Date	Monday, Oct 8
	Time	16:30 – 17:45 h
Common Ground	Room	Club E
Facilitator	Melissa Schilling, <i>New York University</i>	

Complex Links between R&D Choice and Performance

Yeolan Lee, *Ohio State University*

Traditional perspectives argue that firms determine boundary decisions in the way to minimize transaction (Williamson, 1979, 1991) or coordination costs (Kogut & Zander, 1992), or to maximize the value of heterogeneous resources through 'trust' mechanism (Barney & Hensen, 1994; Gulati, 1995). With these perspectives, however, it is difficult to understand an emerging ambidextrous R&D organizational structure that a considerable number of high-tech firms manage. In this proposal, we build a

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theoretical framework to better understand links between R&D choice and performance. Based on a sample of new drugs approved during 1990-1999, we found that a R&D choice shapes an optimal set of entry strategies regarding time-to-market and product innovativeness, which significantly determines performance. We conclude that a R&D choice itself does not become a key determinant of performance.

Innovation in the Global Pharmaceutical Industry: Breakthroughs, Knowledge Stocks and Scientific versus Market Success

Denise Dunlap, *Northeastern University*
Ram Mudambi, *Temple University*
Tim Swift, *St. Joseph's University*

Firm undertake innovative activities to generate defensible rents. These rents accrue from the market success of final outputs. Typically, R&D personal whose expertise is critical to innovative success are often focused on intermediate outputs or scientific success and furthering social welfare. However, scientific success and market success are distinct outcomes. The literature on innovation and innovative success is relatively unclear about the distinction between market and scientific success. The notion of 'architectural innovation' (Henderson and Clark, 1990) captures the idea that market and scientific success may be divorced as large commercial successes often involve relatively small scientific advances (e.g., Apple iPod, iPhone, digital cameras, Plumpy'nut, etc.). Our hypotheses suggest that sourcing external knowledge through particularly mergers or acquisitions versus joint ventures may affect a firm's ability to increase its breakthrough innovation differently when it comes to market versus scientific success.

Orchestrating Resources with Suppliers: The Nonlinear Effects of Integration, Learning Orientation and Environmental Dynamism on Product Innovation

Francesco Chirico, *Jönköping University*
Lucia Naldi, *Jönköping University*
Michael A. Hitt, *Texas A&M University*

Drawing on resource orchestration logic, we argue that resource integration with suppliers (RIS) is an important bundling mechanism in supply chain to achieve product innovation. However, while moderate levels of RIS provide the potential for product innovation, the increased rigidity and path dependency that accompany high levels of RIS may undermine this potential. Thus, we propose the existence of an inverted U-shaped relationship between RIS and product innovation. Also, we focus on two contingencies – a firm's learning orientation (internal contingency) and environmental dynamism (external contingency) – which exert positive moderating effects on the RIS / product innovation relationship. Our empirical results confirm that product innovation in supply chain is positively affected by the synchronization of RIS, learning orientation and environmental dynamism.

Strategic Innovation: Innovation Failure, Learning and Competitiveness Revisited

George Tovstiga, *University of Reading*
Henning Grossmann, *Foundation Technopark Zurich*

The basic premise underlying this empirical study is that while differentiation may be the sought innovation outcome, learning extracted from intelligent innovation failure can in fact produce returns to the organisation that are of potentially greater competitive significance. While by no means a new premise, there is little empirical evidence in the literature to help explain the linkage between failure and learning. A conceptual model linking innovation effort, outcomes and competitive impact is proposed. Empirical quantitative research data derived from field research conducted with a sampling of start-up firms hosted by a Swiss technology park forms the basis of the analysis. Preliminary statistical analysis (correlation analysis and factor analysis) provides evidence that links learning derived from failed innovation effort to differentiation.



The Antecedents and Outcomes of Environmental Innovation

Anna Grobecker, *EBS University*
Julia Wolf, *EBS University*
Richard Germain, *St. Petersburg University*

Sustainability and the preservation of the natural environment is one of the key challenges for industrial organizations in the coming years. Research still needs to further investigate the conditions under which the integration of environmental thinking into product and process innovation drives performance. The present study investigates relevant antecedents and outcomes of environmental innovation capabilities. We are interested in how a firm's level of entrepreneurial orientation supports the development of unique and difficult to imitate capabilities in integrating environmental considerations into product development and production processes and how the development of these capabilities drives firm performance.

To assess the hypotheses, empirical data will be collected from 875 manufacturing firms in Russia using the survey method and analyzed using structural equation modelling.

The Joint Effect of Innovation and Environmental Dynamism on Firms' Performance

Ana Pérez-Luño, *Pablo de Olavide University*
Shanthi Gopalakrishnan, *New Jersey Institute of Technology*

Innovations can be internally generated or can be sourced externally and adopted. Innovations also vary in terms of degree of radicalness. A sample of 381 Spanish firms was used to empirically test how organizations, in order to be competitive, need to identify the appropriate type of strategies – in terms of innovation generation versus adoption, and extent of radicalness – that are consistent with the environmental conditions that they operate in. First, we find that in dynamic environments, the more radical and internally generated the innovations, the higher the company's perceived and objective performance. Second, we find that in stable environments, the less radical and more internally generated the innovations, the higher the company's objective performance. Implications for theory and practice are discussed.

SESSION 224

ABSORPTIVE CAPACITY

TRACK I	Date	Monday, Oct 8
	Time	16:30 – 17:45 h
Paper	Room	Club A

Session Chair Justin Jansen, *Erasmus University - Rotterdam*

Absorptive Capacity, Environmental Conditions, and Successful Innovation: An Empirical Study

Josune Saenz, *University of Deusto*
Nagore Ageitos Varela, *University of Deusto*
Nekane Aramburu Goya, *University of Deusto*

Although absorptive capacity (AC) has been one of the most cited and used constructs to emerge in the management literature, a consensus has not yet been reached on the specific dimensions underlying this construct. Considering this, the aim of this paper is twofold. In the first place, we will revisit the concept of AC, trying to reconcile apparently conflicting views and proposing a new definition of the concept which is grounded on major contributions made to date. We will then report on a research in medium-high and high-technology firms from the Basque Region (Spain) that tries to analyze the influence of AC on technological innovation performance (both radical and incremental), considering the moderating effect of various contextual factors, such as environmental dynamism, rivalry, and appropriability regimes.

Clustered Firms Social Interactions and Absorptive Capacity Imbalance

Bárbara Larrañeta, *Pablo de Olavide University*
 Shaker Zahra, *University of Minnesota*
 J Luis Galán, *Pablo de Olavide University*

This study examines whether and how the intensity and type of social interactions among cluster members offer clustered firms varying learning incentives to unevenly develop their absorptive capacity dimensions. We conceptualize this crucial capability for firms to benefit from external knowledge as composed by two dimensions: potential and realized. Using a sample of 140 new ventures from 7 territorial clusters, we find that when firms are strongly integrated in the cluster the intensity of interactions between firms within the cluster encourage them to emphasize their realized over their potential absorptive capacity, and that on the contrary, the intensity of interactions between firms and cluster institutions drives their potential over realized absorptive capacity. These findings do not hold when firms are poorly integrated in the cluster.

Institutional Voids and the Development of Absorptive Capacity in Emerging Economies

Charlene Nicholls-Nixon, *UP Panamerican University*
 José Antonio Dávila, *IPADE*

This conceptual paper examines the relationship between macro-level institutional conditions and the development of firm-level absorptive capacity (ACAP). Building on the economics branch of Institutional Theory, Mexico is used as the context for examining how institutional voids influence the ability of firms to identify, assimilate, transform and exploit external knowledge. Descriptive case studies of three successful 'outlier' firms are used to illustrate strategic responses that have enabled Mexican firms to overcome the institutional constraints that create barriers to the development of absorptive capacity. The paper suggests directions for future ACAP research aimed at enriching our understanding of the antecedents and consequences of absorptive capacity in emerging economies.

National Context, Organizational Routines and Absorptive Capacity: A Latin American Perspective

Charlene Nicholls-Nixon, *UP Panamerican University*

This conceptual paper examines how national context influences the development of firm-level absorptive capacity (ACAP). It extends current research, which suggests that ACAP is a dynamic capability whose expression is determined by the organizational routines used to identify, acquire, assimilate and integrate external knowledge. Building on the premise that organizational routines and practices are contextually embedded, it draws on Latin American management research to explain how common attributes of national context (geographic, historic, economic, political, social and cultural) influence the organizational routines associated with the development of firm-level ACAP. These relationships suggest promising directions for future multi-level research aimed at explaining why firm-level ACAP varies across countries and how these differences influence innovative performance at the firm and national levels.

SESSION 246

UNBUNDLING SILOS: MANAGING INTER- AND INTRA-ORGANIZATIONAL RELATIONSHIPS

TRACK J	Date	Monday, Oct 8
	Time	16:30 – 17:45 h
Common Ground	Room	Club H

Facilitator Sotirios Paroutis, *University of Warwick*

Co-creation Practices and Creative Inputs to Strategizing

Sebastiano Lombardo, *BI Norwegian School of Management*
 Ragnhild Kvålshaugen, *BI Norwegian School of Management*

Based on a pragmatic view of human action, this article sheds light on particularly successful value co-production practices in PSF. A multidisciplinary and practice-based approach to researching creative action in transition is outlined and a model is proposed to explain what characterizes the client-consultant interaction practices in projects with outstanding value creation. In particular the proposed model explains the role and the strategic impact of creative practices in the value creation process of these projects.

Getting the Value out of Values

Grant Isaac, *Cameco Corporation*
 Norman Sheehan, *University of Saskatchewan*

Values are increasingly seen as an important management tool that can be used to enhance organizational performance. When working properly, values provide positive guidance to employees when performing the tasks leading to strategy execution. Unfortunately, despite the increased focus on values most organizations will not get the full value out of their corporate values as their corporate values are too vaguely written to provide any meaningful guidance to employees. Our work with a large mining company shows that operationalizing values into principles significantly improves the effectiveness of values. Principles are statements that clearly describe the attributes of the corporate values so that the values come alive for employees.

Network Endogeneity: Impact of Governance on Networks

Sungho Kim, *Southern Illinois University Edwardsville*

This study examines the impact of organizational governance on interfirm networks. Interfirm networks literature has exerted significant influence on organizational governance literature, by finding the roles of social mechanisms, which are embedded in the networks of interfirm relations, in economic exchanges. However, according to the network endogeneity perspective and related findings of this study, apparently significant impact of networks on governance is in fact a manifestation of the impact of governance on networks, under certain conditions. Using transaction cost economics, resource based theory, and network theory, this study identifies such boundary conditions by linking exchange conditions, which determine organizational governance choice, with network constructs.

Relational Context for Strategizing: Discourse on Intra-Firm Relationships

Hanna Lehtimäki, *University of Eastern Finland*
 Katja Karintaus, *University of Tampere*

The purpose of this study is to gain a better understanding about social embeddedness of strategic management and strategy implementation. The study is built on the widely established argument that social capital is a source of competitive advantage and value creation for organizations. The focus is on the quality of relationships within a firm. The research data were collected in three multinational companies. Discourse analysis is used to identify norms and values and actor positions as constructed in descriptions of relationships. The paper seeks two contributions. First,

the micro-level analysis on the social context of strategic management provides insight into strategizing as an emergent phenomenon. Second, discursive analysis deepens understanding about the ways by which social capital fosters value creation and competitive advantage.

Strategic Decision Making Under Uncertainty: The Case of a Global 'City Within a City'

Layla Branicki, *University of Warwick*

Bridgette Sullivan-Taylor, *University of Warwick*

Space and place has become a significant theme for strategy but as yet has been under researched and conceptualised in relation to the impact of shared physical space upon strategic decision making under conditions of extreme uncertainty. This paper offers an examination of the extent to which clustering of financial services organisations within a unique UK geographic corporate context has led to closer working and coordination in relation to resilience and subsequently asks what can be learnt about resilience from these physical industry clusters and applied to the global level of organisations and beyond.

The Role of Artefacts in the Process of Replication

Martin Friesl, *Lancaster University*

Claus Jacobs, *University of St. Gallen*

Joanne Larty, *Lancaster University*

This paper investigates the role of artefacts for the replication or routines in organizations. Drawing on data of a large franchise organization in the UK, we show that actors' engagement with a portfolio of different primary (e.g. software, tools) and secondary (e.g. manuals) artefacts that are part of the business format, gives rise to five artefact enabled practices of replication (activity scoping, time patterning, practical enquiry, use in practice and contextual enquiry). Importantly, these practices of replication enable three different types of franchisee agency (iterational, practical evaluative and projective agency) that support but partly also challenge replication in terms of the similarity of organizational routines across units. Our findings have several theoretical contributions for the growing literature on replication as well as materiality and artefacts in organizations.

SESSION 162

NEW VENTURE STRATEGY & INNOVATION

TRACK K	Date	Monday, Oct 8
Paper	Time	16:30 – 17:45 h
Session Chair	Room	Club D

Session Chair Anindya Ghosh, *IESE Business School*

A Glimpse at Persistence Without Liquidity Events: Asymmetric Effects on Success and Failure

Anindya Ghosh, *IESE Business School*

Johannes Pennings, *University of Pennsylvania*

Most studies in entrepreneurship deal with either survival or success assuming symmetrical causal effects of the mechanisms that affect performance. We model success and failure simultaneously to uncover causal asymmetry that points towards systematic forces that lead to persistence in new venture. We analyze a signal of quality—technology breadth, the applicability of inventions across domains. Analyzing a sample of VC-funded start-ups in the US wireless industry using a competing risk event history framework, we find that high knowledge diffusion, when the underlying nature of inventions of the new venture is signaled to have a very specific purpose as opposed to general purpose technology with application in many domains, both inhibits failure and success for investors.

Exploring the Diminishing Returns of Innovation Breadth on Small Firm Performance: Mediating and Moderating Mechanisms

Sarel Gronum, *University of Queensland*

Martie-Louise Verreyne, *University of Queensland*

Innovation is risky business for resource strapped small firms. Yet, researchers have rarely considered how small firms can innovate across multiple domains. While innovation breadth seems to matter to large firms, liabilities of smallness may hamper its implementation. A better understanding of how wide small firms should cast their innovation net may hold much benefit. This quantitative study uses a large scale longitudinal dataset to shed light on the linearity, directionality, temporality and contextual nature of this relationship. It finds that the innovation breadth – performance relationship is a mutually beneficial, reciprocal relationship which exhibits an inverted U-shape. However, it is context dependent. Firms in uncertain environments innovate across a smaller range of areas. Further, age and size mediates this relationship.

Strategy Formation by Russian Entrepreneurs: Hoping for the Best...Turned Out Like It Always Does

David Lingelbach, *University of Baltimore*

How do expert entrepreneurs in transition economies create strategy? This longitudinal case study of a Russian oligarch led to propositions exploring that question. Resource modesty, rather than resource scarcity, shapes the opportunity set available to these entrepreneurs at inception, causing creative friction that leads to ingenious solutions. Early uncertainty hedging, rather than risk management, allows the new firm to grow and diversify. Aloof partnering with both public and private stakeholders avoids lock in, while introducing new capabilities. Waiting for the main chance builds on these processes to create an established entrepreneurial enterprise, based on an objective analysis of "what is really going on here?" Considered together, these propositions suggest how entrepreneurs facing institutional change overcome structural constraints to create sustainable value.

Understanding the Micro-Orchestration of Resources as a Process leading to Dynamic Capabilities

Bart Clarysse, *Imperial College London*

Robin De Cock, *Ghent University*

Johan Bruneel, *Imperial College London*

The dynamic capability view has become dominant in explaining how companies can create a competitive advantage. The resource management literature has introduced the role of managers in the process of building and changing resources which lead to capabilities. However, these literature streams only consider the role of the senior management in the decision process of the firm. The capability literature has been criticized as lacking theoretical logics which explain the micro-processes of capability development. Using an inductive case study, we extend the dynamic capability perspective by describing the micro-processes of capability development and embedding them in the attention based view, the theory on cognitive dissonance and the slack literature.



SESSION 163

COGNITIVE PERSPECTIVES

TRACK K	Date	Monday, Oct 8
	Time	16:30 – 17:45 h
Paper	Room	Meeting Hall V

Session Chair José Lejarraga, *IE University*

“No VC is an Island”: Internal and External Contextual Influences on Venture Capital Decision Making

Jeffrey Petty, *University of Lausanne*
 Marc Gruber, *Swiss Federal Institute of Technology Lausanne*
 Dietmar Harhoff, *University of Munich*

Drawing on social judgment theory, this study is one of the first attempts to integrate the content and process aspects of venture capital (VC) decision making in a dynamic model. Using a longitudinal data set of 2,486 investment decisions over the life of an investment fund, we investigate how, over time, the content and process aspects of the VC's decision making are (i) increasingly constrained by factors related to the characteristics of the VC's portfolio and (ii) affected by the overall investment climate. Analyzing both the internal and external contextual influences provides new insights and allows us to propose an updated, multi-level conceptual model of VC decision making. Our findings offer important new implications for the entrepreneurship, innovation, strategic decision making and operations management literatures.

How do Different Resource-Providers Respond to Affiliation-Based Signaling?

Tom Vanacker, *Ghent University*
 Daniel Forbes, *University of Minnesota*

Drawing on signaling theory and information processing theory, we contend that a single act of affiliation will exert distinct influences on a firm's ability to attract financial and human resources. We longitudinally track the extent to which 94 venture capital-backed firms attract financial and human resources. Results indicate that investors and employees respond to distinct attributes of the lead venture capital investor, and that the signaling effect is especially strong for firms in high-technology industries. Taken together, these findings deepen and extend our understanding of affiliation-based signaling by highlighting the complexity of the environments into which firms send signals.

It's Who You Are, Rather Than What You Know: On Task Role Allocations within an Entrepreneurial Team

HeeJung Jung, *INSEAD*
 Michael Pich, *INSEAD*
 Balagopal Vissa, *INSEAD*

The current paper raises a question of how firms started by founding teams allocate the roles among founding members. Based on experimental simulation on entrepreneurial challenge and in-depth survey conducted on three hundred twenty-nine MBA and EMBA participants, our research demonstrates that founding members' social status influences decision on role allocation through status consistency motivation and this is more salient when founding team has low level of functional diversity. Particularly, previously high-ranked, white, senior, male founding members (diffuse status), founding members with startup experience (firm-relevant expertise as status), and founding members located in high network centrality (informal status) are more likely to take core roles such as CEO and CFO. However, the effect of higher social status on taking formal higher-ups is weaker when founding team members' functional backgrounds are more diverse.

Source Of Learning And Entrepreneurial Behavior: Experience-Based Vs. Description-Based Entry Decisions

José Lejarraga, *IE University*
 Maud Pindard-Lejarraga, *IE University*

We extend the emerging literature on entrepreneurial cognition by providing a framework to understand how the entry behavior of experienced and inexperienced entrepreneurs differs. Specifically, we discuss how the information source used by entrepreneurs to learn about a business opportunity (personal experience vs. descriptive sources) influences risk perception and subsequent behavior. To do so, we refer to an unexploited stream of research in behavioral decision making which explores differences in risk behavior as a function of the information source used to judge probabilities of success. Moreover, we consider the interaction between different stages of an industry life cycle and source of information as an interesting determinant of entrepreneurial behavior. We derive testable hypotheses, discuss their implications, and provide some preliminary empirical tests.

SESSION 139

IMPACT OF HUMAN CAPITAL LOSS: GOING MOBILE

TRACK L	Date	Monday, Oct 8
	Time	16:30 – 17:45 h
Paper	Room	Club C

Session Chair Ingrid Fulmer, *Rutgers University*

A Behavioral Perspective on Inventors' Mobility: The Case of Pharmaceutical Industry

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

Building on existing research on employee mobility, this paper investigates inventor's motivation to move and seeks to answer the question of which inventors move. Building on behavioral and prospect theory, we aim to explore the motivational influences on individual mobility across firms in the pharmaceutical industry - specifically how performance deviations from specific reference points (aspirations) explain the likelihood of mobility (risky action). Our results suggest that when the inventor is performing above her aspiration levels (both historical and social), she is less likely to engage in mobility. For an inventor performing below her aspiration level, we found support for risk taking actions (i.e. more mobility) only for social aspiration levels. Thus mobility is most likely when inventors perform below their social aspiration levels.

Effects on the Parent Firm of Employee Exit to Startups

Cristina Carias, *Technical University of Lisbon*
 Rui Baptista, *Technical University of Lisbon*

We identify and measure the effects of employee exit to startups on parent firms. Employee exit drives and/or forces the parent firm to i) increase its strategic definition; ii) face increased competition with startups; and iii) incur labor replacement costs. We analyze the effects of employee exit using quantile regression to take into account effects on differently sized parent firms. We find that exit of high level employees has less adverse effects on the parent firm than exit of medium level employees (specialized workers) for all firm sizes, and that exit of employees for firms in a different industry have less adverse effects than exit for firms in the same industry.

MONDAY 16:30 – 17:45

Managing Human Capital After It Walks Out the Door: Antecedents and Consequences of Post-Exit Relationship Maintenance

Ingrid Fulmer, *Rutgers University*
Donald Conlon, *Michigan State University*
Matthew Call, *University of South Carolina*

Scholarly attention to strategic human capital management has focused on building and retaining human capital within the organization, with less attention to what happens when valuable employees leave, and to how organizations and former colleagues influence and manage post-exit relationships with these departing employees (“DEs”). We develop a theoretical model that describes antecedents and four important outcomes of post-exit relationship maintenance: (1) knowledge transfers/social capital benefits for former colleagues of the DE, (2) knowledge transfers/social capital benefits for the former organization, (3) justice perceptions of “stayers” that affect relationship maintenance with the DE, and (4) the likelihood of “boomerang” reemployment of the DE in the future. Our model emphasizes the social mechanisms of this potentially important but neglected dimension of human capital management.

The Impact of Outward Personnel Mobility Networks on Organizational Creativity

Frederic Godart, *INSEAD*
Andrew Shipilov, *INSEAD*
Kim Claes, *INSEAD*

The loss of key personnel to competition can disrupt firms’ operations. However, firms can benefit from such a loss. This is because informal social relationships between the firms’ current and departed personnel enable information flows, attention focusing, and influence-enhancing channels that connect firms to their environment and facilitate their ability to produce creative output. A firm’s centrality in the network of outward personnel mobility resulting from personnel departures has an inverted curvilinear relationship with its creative performance. This relationship is moderated by the firm’s centrality in a network of inward personnel mobility, the firm’s status, as well as the accomplishments of its creative directors. Analyses of a dataset on the career mobility of designers across fashion houses and the houses’ creative performance support our predictions.

SESSION 278

SPECIAL TRACK

TRACK 5	Date	Monday, Oct 8
	Time	16:30 – 17:45 h
Presentation	Room	Meeting Hall IV (a)

* The Future Alliance of Research: SMS Emerging Scholar Presentation

2012 Emerging Scholar

Dovev Lavie, *Technion-Israel Institute of Technology*

Panelists

Javier Gimeno, *INSEAD*
Marjorie Lyles, *Indiana University*
Jeffrey Reuer, *Purdue University*
Harbir Singh, *University of Pennsylvania*

During the 1990s scholars have observed a surge in alliance formation. A decade later, this wave was followed by a surge in research on alliances. Today it is difficult to find a strategy scholar who has not studied alliances, and it seems that we already know much about why alliances are formed and how they are managed and create value. Is this research domain saturated or rather there are still open questions to explore? Following a brief presentation of his own research on alliances, Dovev Lavie will facilitate a panel of senior scholars who will discuss opportunities for future research on alliances. The panelists Harbir Singh, Javier Gimeno, Marjorie Lyles, and Jeff Reuer will share their perspectives on the future of alliance research.



SESSION 51

RESOURCE- AND KNOWLEDGE-BASED VIEWS OF COOPERATIVE STRATEGIES

TRACK N	Date	Monday, Oct 8
	Time	16:30 – 17:45 h
Paper	Room	Dressing Room 220

Session Co-Chairs Vikas Aggarwal, *INSEAD*

Alliance Activity as a Dynamic Capability for Entering Emerging Platform Technology

Subramanyam Raghunath, *Indian Institute of Management - Bangalore*

Ashish Kaul, *Indian Institute of Management - Bangalore*

This study examines how core and complementary capabilities influence the firm’s choice to enter a field of emerging technology and mode of entry in the field of platform technologies. The empirical evidence from sample of ICT firms entering the telepresence technology platform indicates that firms with capabilities in emerging technology are more likely to enter new technological fields and more likely to use alliances in doing so. However, complementary capabilities are found to be negatively related to the propensity to enter new fields and to the choice of alliance as entry mode. The results are consistent with the insights from the literature on dynamic capabilities. We examine the implication of these results for literature on strategic alliances and value networks.

Can the Knowledge Boundary of an Enterprise Permanently Exceed its Production Boundary?

Heike Proff, *University of Duisburg-Essen*

A highly controversial issue in strategic management is whether a company can permanently sustain knowledge and thereby, in a fiercely competitive environment, secure above-average returns that are not based solely on experience gained from its in-house production. This article derives hypotheses about the factors influencing the ratio of the production boundary to the knowledge boundary and tests them on the basis of 208 manufacturing companies. The results show that the ratio of the production to the knowledge boundary cannot be explained by industry membership, but by the standardizability and simplicity of the products, the production, R&D and procurement processes, and the ability to command a price premium in the market. This ratio can be explained by factors of influence which depend on in-house competencies.

Competitive Advantage from Proactive Environmental Strategies in Strategic Alliance Formation: A Theoretical and Empirical Analysis

Anne Norheim-Hansen, *SKEMA Business School*

The increased focus on environmental sustainability presents firms with constraints as well as opportunities in their quest to attain or maintain competitive advantages. This paper is the first to argue that firms’ environmental strategies have implications for the implementation of their cooperative strategies. I draw on the natural-resource-based view of the firm and find that environmental credibility, i.e. a strong environmental reputation, can serve to provide firms with a competitive advantage in the strategic alliance market. Underlying mechanisms are investigated, and the resulting hypotheses tested through a vignette experiment using a sample of Norwegian top executives. Among the paper’s contributions to theory is answering a call in recent research for more evidence on the influence of specific organizational resources in alliance formation.

Resource Orchestration in Strategic Alliance

Won Kyung Min, *Temple University*

We extend the growing stream of research in resource orchestration to the context of inter-organizational resources. Drawing on one set of processes of resource orchestration, namely leveraging, we argue that firms that effectively leverage resources acquired from strategic alliances can deliver competitive outcomes. We examine three sub-processes of leveraging, mobilizing, coordinating and deploying, in turn and argue that a firm's orchestration of resources through these three mechanisms relates to the capability to learn from prior alliance experience, to collaborate across business units and to incorporate alliances into a firm's overall strategy. Finally, we show that the interaction between alliance portfolio diversity and leveraging process captures the essence of resource orchestration in alliance and finds its significant effect on alliance performance.

Self-Regulation of Corporate Governance Practices in Russian Companies

Ilya Okhmatovskiy, *McGill University*

We consider internal corporate governance policies of large Russian companies and examine factors that account for the variation of these policies across companies. We distinguish policies regulating governance procedures from policies regulating corporate actions and demonstrate that these policies are affected differently by pressures from "high involvement" and "low involvement" shareholders. We also find that it matters whether this pressure comes from domestic or foreign shareholders. Different policies reflect different approaches to defining "good" corporate governance and this study helps us better understand the emergence and evolution of corporate governance standards in transition economies.

SESSION 113

LARGE SHAREHOLDERS ARE DOING IT FOR THEMSELVES

TRACK O, TRACK M	Date	Monday, Oct 8
	Time	16:30 – 17:45 h
Paper	Room	Dressing Room 221
Session Chair	Changhyun Kim, <i>University of North Carolina-Chapel Hill</i>	

How Much Does Ownership Type Matter? Evidence from China

Xufei Ma, *Chinese University of Hong Kong*
 Markus Fitza, *Texas A&M University*
 Tony Tong, *University of Colorado-Boulder*

This study contextualizes extant research on the sources of performance differences across firms. While most previous work in this area was conducted on publicly traded US firms, we use a large sample of Chinese firms including firms of different ownership types (government owned, collectively owned and privately held firms). We focus on how these different ownership types affect the relative importance of industry, year and firm (internal) effects on firm performance. Our findings indicate that in the transitory Chinese economy ownership types are an important explanatory factor of firm performance and that industry and firm effects vary between different ownership types.

What Determines the Severity of Large Shareholder Expropriation in Transition China?

Helen Wei Hu, *University of Melbourne*
 Pei Sun, *Fudan University*

This paper examines how firm-level corporate governance attributes and regional-level institutional environments influenced the severity of controlling shareholder expropriation in Chinese public corporations during the 2005-2010 period. The empirical analysis shows that local governments tended to expropriate more wealth than central government agencies and no less than private entities from their respective listed subsidiaries. Furthermore, the negative association between the intensity of tunneling and the quality of regional institutional environments surrounding the listed companies is only present in those controlled by private entities. Finally, the severity of expropriation is greater in companies with higher selling expenses ratios, which are an established measure of rents captured by management.

Institutional Ownership and Shareholder Wealth Destruction

Changhyun Kim, *University of North Carolina-Chapel Hill*

The cumulative increase of institutional investment reinforces maximization of shareholder value as the ultimate corporate goal. Furthermore, managerial discretion has decreased while managerial ownership has actually increased. The board of directors has become more independent than before. Despite these changes in corporate governance ostensibly directed toward shareholder value, the shareholders of acquiring firms in U.S. experienced a huge amount of wealth destruction in the recent M&A wave from the late 1990s to early 2000s. I investigate the role played by institutional investors during this wave. The preliminary results show that they acted as a catalyst of the wave rather than a protector of shareholder's value. This presents a conundrum whereby actions ostensibly to improve management focus on shareholder wealth have had the opposite effect.

MONDAY 16:30 – 17:45

19:00 – 22:00
MONDAY NIGHT EVENT

SESSION 217

INNOVATIONS IN BLENDED LEARNING

TRACK T	Date	Tuesday, Oct 9
	Time	08:00 – 09:15 h
Panel	Room	Meeting Room 1.1

Session Co-Chairs

Bettina Büchel, *IMD*
Margaret Cording, *IMD*

In our business of teaching strategy, technological advances are having a profound impact on how and where our students learn and want to learn in the future. Business schools and strategy professors should, in a very real way, follow their own advice by anticipating, understanding and adapting to the new technological landscape. The goal of this session is to share the latest thinking and developments in “blended learning” to help SMS members, particularly those teaching strategy, make sense of the rapidly changing environment and improve the delivery of their strategy content.

SESSION 153

COGNITION, BOUNDED RATIONALITY AND STRATEGY

TRACK A	Date	Tuesday, Oct 9
	Time	08:00 – 09:15 h
Paper	Room	Meeting Hall IV (b)

Session Chair Thomas P. Moliterno, *University of Massachusetts - Amherst*

Changing Strategic Patterns: An Application of the Attention-Based View to How Firms Adapt to Financial Crisis

Margaret Hughes-Morgan, *Michigan State University*
Glenn Hodges, *Walsh College*
Brandon Herring, *University of Oregon*

This paper builds on prior theory and research within the Attention-Based View and competitive dynamics fields by examining changes in the patterns of strategic actions in the context of environmental crisis. Past research has examined firm adaptation to environmental change, but only in the context of deregulation. We posit that during a recession, managers' focus of attention will shift, resulting in fundamental changes to prior patterns of strategic actions. Specifically, we expect firms to pursue less complex strategies reflected by a more limited repertoire of actions, while simultaneously engaging in an increased volume of actions. We also predict that smaller firms will more closely mirror their larger rivals' strategies. Empirical analysis provides evidence supporting that firms do indeed decrease the complexity of their repertoires, while increasing the number of moves carried out.

Nepotistic Evaluations: Social Similarity as a Driver of Accuracy and Bias of Equity Analysts' Earnings Estimates

Guoli Chen, *INSEAD*
Raveendra Chittoor, *Indian School of Business*
Balagopal Vissa, *INSEAD*

We examine how social similarity between an equity analyst and the CEOs of the Indian companies they evaluate affects the accuracy and bias of analysts' annual earnings estimates of those companies. We propose that in emerging economies such as India whose social institutions are evolving there may be different bases of social similarity – pre-modernity based as well as modernity based. We first examine the effects of social similarity along caste and language dimensions which are two traditional features of social stratification in India. We then compare and contrast these with similarity in terms of being co-alumni

of the same educational institutions – a dimension based on modernity. We find support in a dataset of 1500 annual earnings estimates by 303 equity analysts during 2002-10.

People's Voice: Defending Society against Firms

Gino Cattani, *New York University*
Marco Clemente, *HEC-Paris*
Rodolphe Durand, *HEC-Paris*

In this paper, we study how much people complain about a firm's advertising. Past studies have focused on the convergence between infomediaries' (media and legitimating agencies) and people's assessments of firms. We disentangle this effect and propose that when media agree with a legitimating agency, people complain less against firms whereas when there is a disagreement between media and the agency's judgments, people take responsibility to defend social norms and complain more. These relationships are moderated by the gravity of the norm violation contained in a firm's ad. We test and confirm empirically these predictions using data on how many complaints the UK independent advertising agency ASA receives after media have communicated positive or negative reports on ASA decisions about companies' prior advertisements.

Psychological Bases of Social Assets: Implicit Bias in Stigmatized and High Status Organizations

Marco Clemente, *HEC-Paris*

Previous studies have focused on the implications of social assets to organizations' performance. However, the mechanisms that underlie these observed effects are poorly understood. Why do social assets impact performance? Current literature has mainly argued for a rational explanation: social assets contained relevant information; stakeholders rationally process them to make decisions that eventually impact organizations' performance. Following Mentor 1968's idea, we propose that social assets have a more psychological base: this means that stakeholders' decisions are also due to implicit bias besides rational decisions. We find evidence of implicit bias towards stigmatized and high status organizations suggesting that social assets work also on an unconscious level. We discuss implications for companies and for the emerging Institution-Based View in the strategy literature.

SESSION 5

TRANSITIONS IN GOVERNANCE AND BUSINESS MODELS

TRACK C	Date	Tuesday, Oct 9
	Time	08:00 – 09:15 h
Paper	Room	Dressing Room 221

Session Chair Anoop Madhok, *York University*

Collaboration Mechanisms For Boundary-Spanning Business Models

Magnus Hellström, *Åbo Akademi University*
Anastasia Tsvetkova, *PBI Research Institute*
Magnus Gustafsson, *Åbo Akademi University*
Kim Wikström, *Åbo Akademi University*

Business models are typically studied at the level of a single firm or its business unit. Still both innovation and value creation as well as competitive advantage is often derived from the relationships between firms. Therefore we set out to study boundary-spanning business models, i.e. business models based on close cooperation, and the underlying collaboration mechanisms. We are furthermore especially interested in collaboration in temporary, project settings. Through an inductive multiple case study in the distributed energy market we explore different kinds of collaboration mechanisms. Our findings pinpoint the importance of identifying the factors driving the business models of the collaborating firms in order to make the entire business ecosystem work.



The Co-Evolution of Business Model and Organization in an Established Firm: The Case of Haier Group

Xu Han, *University of Pennsylvania*

In this study, I take on the question of how an established firm transform into new business model and examine the process of co-evolution between business model and organization. I first make a clear distinction between business model and organization and then develop a theory on business model transformation process through examining the co-evolution of business model and organization in a leading multinational firm in the home appliance industry. I posit that business model evolves in tandem with organization in established firms. It involves (1) the creation of new business model elements from organizational elements and (2) the modification of existing business model elements through adding or dropping organizational elements. Such co-evolution processes are implemented with differential levels of deliberation and manifested in different patterns.

Theorizing in Strategy: Lessons from the Historical Case of Fisher Body

Benoit Roux, *IESEG School of Management*

Xavier Lecocq, *University of Lille*

Is it possible to rely on non-stylized historical facts to apply a theoretical framework to a real life case? We review the classic case of the vertical integration of Fisher Body by General Motors in 1926. From a very simple question that is why GM decided to vertically integrate with Fisher Body in 1926, the case has been dealt with by a number of authors. We observe that the more historically thorough the explanation they give the more it lacks theoretical framing. We then observe that the reintroduction of historical details limits the potential of the case for theorization. By analyzing the issues, we provide recommendations for those that wish to propose theoretical approaches to historical cases.

Transitional Governance: Connecting Pre-Transition Alliance Collaboration

Dries Faems, *University of Groningen*

Anoop Madhok, *York University*

To cope with changing circumstances, firms frequently resort to transitional governance trajectories where they gradually shift from alliances to acquisitions. Whereas prior research has mainly focused on the initiation and the transition decision within transitional governance trajectories, we conceptually explore the underlying governance processes as well as connections between pre-transition alliance collaboration and post-transition acquisition integration. By doing so, we provide a more dynamic perspective on transitional governance, identifying specific connections between the initiation decision, pre-transition alliance governance choices, transition decision, and post-transition acquisition integration choices. In addition, we explain how and why different pre-transition alliance governance approaches (i.e. wait-and-see versus act-and-see) are likely to trigger different kinds of post-acquisition integration dilemmas.

SESSION 56

COMPETITIVE DYNAMICS MEET COMPETITIVE STRATEGY

TRACK E	Date	Tuesday, Oct 9
	Time	08:00 – 09:15 h
Common Ground	Room	Terrace 1

Facilitator Joseph Clougherty, *University of Illinois-Urbana Champaign*

Economic and Social Perspectives of Competitive Rivalry: Untangling Ceremonies, Status, and Competitive Rivalry

Curtis Moore, *Texas Tech University*

G Tyge Payne, *Texas Tech University*

Igor Filatotchev, *City University London*

We theorize and examine how participation in competitive bidding ceremonies affects firm performance directly, as well as indirectly through increased competitive rivalry. Using longitudinal data, we propose to examine the role that symbolic and substantive participation in public bidding ceremonies affects a firm's reputation, status, and financial performance. Consequently, we suggest that analyzing interfirm competition through both economic and social perspectives offers important insights into understanding interfirm competition.

Foreign Firms, Competition and Crowding Out

Evis Sinani, *Copenhagen Business School*

Bersant Hobdari, *Copenhagen Business School*

Multinational firms affect local firms and industries in multiple ways. The empirical literature has focused on technology spillovers that are reflected in increased productivity of local firms. The literature, however, points to the crowding out of local firms with only the surviving firms benefiting from productivity spillovers. Unlike previous studies we analyze the heterogeneous effect that foreign entry has on local firms, given their distance from the technological frontier. We combine the study of foreign firms' entry and local firms' productivity with the impact on the survival of local firms. To this end we have assembled a panel dataset of Czech firms in the manufacturing sector. We find that closeness to the frontier, stronger competition, higher foreign entry rate and foreign presence in the industry increase firm level productivity growth.

Reflexive and Selective Competitive Behaviors: The Socio-Cognitive Drivers of Competitive Activity and Inter-firm Rivalry

David Major, *Indiana University*

Patrick Maggitti, *Villanova University*

Ken Smith, *University of Rhode Island*

Curtis Grimm, *University of Maryland*

Pamela Derfus, *University of Maryland*

Competitive dynamics research has established the important role that the level of firm competitive activity has on rival response and firm performance. Less understood, however, are the inputs that influence firm activity, specifically, the extent to which firms reflexively repeat prior activity versus selectively taking actions. Drawing from the Awareness-Motivation-Capability framework, we develop and test theory that firm decision-makers are not only predisposed to behave reflexively, but are also influenced by contextual factors, suggesting cognitive selection. With a longitudinal sample of marketing activity of 58 firms and 2,164 firm-rival-dyads in eleven industries, we find that firms undertake both reflexive and selective competitive processes. Positive effects of prior activity are moderated by the firm's own prior performance, as well as the rivals' similarity and industry standing.

Shaping the Competitive Playing Field: Integrating Competitive Dynamics with Structuration Theory

Michael Withers, *Texas A&M University*
Hermann Ndofor, *Texas A&M University*

The competitive environment is an important consideration when examining competitive behavior and dynamics. While research has a fairly well developed understanding of how industry conditions affect competitor behavior, scant research has examined how industry conditions are influenced by competitors' actions and responses. This study sets out to empirically examine how industry competitive dynamics (firm actions and competitor reactions) influence changes in the industry structure. We integrate the competitive dynamics perspective with structuration theory to provide a dualistic perspective of agency and structure in the competitive dynamics context. In particular, we develop theory and hypotheses about how competitor actions and responses lead to changes in industry dynamism, complexity and munificence, and we examine the mediating role of changes in perceptions of industry value on these relationships.

The Effect of Strategic Heterogeneity Among Competitors on Firm Performance

Raquel Orcos, *University of Zaragoza*
Jaime Gomez, *University of La Rioja*
Sergio Palomas, *University of Zaragoza*

This paper contributes to competitor analysis literature by studying the influence of strategic heterogeneity among competitors on firm performance. We argue that diversity among rivals increases the number of strategic options that a firm can learn from, and reduces the effectiveness with which it is able to adjust its strategy to them. To develop our arguments we borrow from learning, contingency and population ecology perspectives. In addition, we explore how changes in the strategies implemented by rivals moderate the effect that the strategic heterogeneity among competitors has on performance. Consequently, our model simultaneously analyzes the effect of static heterogeneity (diversity among rivals at a point in time) and the moderating influence of dynamic heterogeneity (the strategic variety that comes from changes along time).

The Interaction Effect of Competitive Advantage and Rivalry Restraint on Prices: Evidence from the Spanish Hotel Industry

Rosario Silva, *IE University*
Manuel Becerra, *IE University*

We study the interaction effect of two important mechanisms of rivalry restraint (horizontal differentiation and multimarket contact) on the relationship between quality and prices in the Spanish hotel industry. Based on our analysis of 1,822 hotels located in 80 Spanish touristic cities, the results confirm that both rivalry restraint mechanisms and greater quality (measured by the number of stars) have a positive effect on hotel prices, as it could be expected. More important, we show that these two positive effects are substitutes such that their joint presence reduces their separate main effects.

SESSION 80

ACQUISITION EXPERIENCE, INTENSITY AND PERFORMANCE

TRACK F	Date	Tuesday, Oct 9
Paper	Time	08:00 – 09:15 h
	Room	Club B

Session Chair Jerayr Halebian, *University of Georgia*

Content Design of Acquisition Streams: Balancing Exploration and Exploitation

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

While researchers have become increasingly interested in the performance consequences and external structural characteristics of acquisition streams, we know surprisingly little about the impact of their content design. In this study, we shed light on how strategic paradoxes, such as exploration and exploitation, may be manifested in the design of acquisition streams. Based on a sample of 21,264 acquisitions of 172 active U.S. acquirers during 21 years, we find that the integration and temporal separation of conflicting strategies within and across acquisition streams is beneficial for a firm's subsequent performance. Moreover, we find, unexpectedly, that a parallel separation of paradoxical objectives yields negative performance effects. We discuss contributions for theory on acquisition streams, strategic paradoxes, and organizational ambidexterity.

Performance Feedback and Corporate Acquisition Intensity: The Direct and Moderating Effects of In-the-Money CEO Stock Options

Elizabeth Lim, *University of Texas - Dallas*

While agency theory suggests stock options grants induce risky corporate acquisitions, behavioral agency theory argues different types of stock options elicit varying risk preferences. This study contributes by developing nuanced theory predicting the differential direct and interaction effects of in-the-money unexercisable and exercisable CEO stock options with performance feedback on acquisition intensity. Controlling for endogeneity in a panel dataset, the results showed unexercisable and exercisable options values respectively have positive and negative effects on acquisitions. In the context of negative deviation from prior performance, the discounting effect of high unexercisable options values that pay off only in the future strengthens acquisition intensity, while the endowment of high exercisable options values into CEO personal wealth weakens acquisition intensity. No interaction effects were observed for positive deviation.

Sequence Patterns of Firms' Holistic Diversification Moves and Their Performance Implications

Stefan Weih, *University of Erlangen-Nuremberg*
Martin Weiss, *University of Erlangen-Nuremberg*
Harald Hungenberg, *University of Erlangen-Nuremberg*
Susanne Fleischhacker, *University of Erlangen-Nuremberg*

Diversification performance studies are at the heart of corporate strategy research. However, investigations on interaction effects of product and international diversification moves on firm performance have received little attention and yielded inconsistent empirical results. In extension of current literature, we take an evolutionary path perspective on holistic diversification – defined as the interaction of both diversification dimensions. Our approach defines sequences as a set of diversification moves along both diversification dimensions across an 11-year period from 2000 to 2010. For a global sample of 302 firms we will develop a taxonomy of sequence patterns by applying optimal matching techniques and clustering analysis. Through multivariate analysis we will unveil performance differentials across the identified diversification sequence clusters.



The Effects of Accumulated Related Industry Prior Alliance Experience on Acquisition Performance

Ian P.L. Kwan, *University of Navarra*
Shlomo Yedidia Tarba, *The Open University of Israel*

We study how accumulated related industry prior alliance (ARIPA) experience gained in a focal firm's alliance network interacts with its general alliance experience to affect acquisition performance. While most studies on this topic have investigated the effects of dyad-level or partner-specific characteristics that increase relative absorptive capacity between partner firms involved in an acquisition, this study is unique in that it studies firm-level or firm-specific characteristics, namely ARIPA and general alliance experience, which increase each focal firms' (absolute) absorptive capacity independent of other firms. We find empirical support that the interaction between ARIPA and general alliance experience positively affects acquisition performance. Our results reveal a mechanism, as yet unstudied, by which firm-level experience gained from prior alliances affects the subsequent (focal) acquisition performance.

SESSION 37

SUBSIDIARY STRATEGY

TRACK G	Date	Tuesday, Oct 9
	Time	08:00 – 09:15 h
Paper	Room	North Hall

Session Chair Andrew Delios, *National University of Singapore*

Creating Shareholder Value in MNE Subsidiaries

Nicholas O'Regan, *University of the West of England*
Abby Ghobadian, *University of Reading*
Gerhard Kling, *University of Southampton*

This paper explores how foreign subsidiaries of MNEs differ from domestic peers in R&D investment, technical efficiency and shareholder value creation. Both foreign subsidiaries and divisions of domestic firms can access resources/capabilities of their respective parent firms. We distinguish between three sub-groups of local firms: domestic MNEs, divisions of domestic firms and independent domestic firms. We quantify the transfer of resources and capabilities by exploring the parent companies' access to capital, loans provided to subsidiaries, ownership structure and similarity of operations. Our findings indicate that foreign subsidiaries do not invest more in R&D and are less cost-efficient than local peers. However, they excel in labour efficiency. The characteristics of parent companies play a major role in the contribution of subsidiaries to shareholder value creation.

Developing Strategy from the Middle: Subsidiary Strategy and the Role of the Subsidiary General Manager

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

The multinational subsidiary is a unique context to study management processes relating to strategy but so far, there has not been a coherent approach identifiable in the literature. It is recognised that subsidiaries evolve over time and through their own actions and initiatives have the potential to modify the power structures of the Multinational Enterprise (MNE) but little is known about the role of the subsidiary manager in this process. We suggest that the tensions between the headquarters perspective and the subsidiary perspective have resulted in the application of inappropriate frameworks to the study of subsidiary managers. This proposal presents an ongoing empirical study, which addresses previous issues, by testing an organising framework to study strategy development at the subsidiary level of the Multinational Enterprise (MNE).

Factors Market Concentration and Subsidiary Embeddedness

Ulf Andersson, *Copenhagen Business School*
Grazia Santangelo, *University of Catania*

Research in the resource-based view tradition has long recognized the relevance of imperfect and incomplete factors markets for firm's sustained competitive advantage. This recognition is the conceptual starting point of the external network view of the firm. Surprisingly, extant research in the external network tradition has overlooked the strategic influence of factors market conditions on firm's networking behavior. We aim to advance this stream of research, and propose a conceptual model illustrating the degree of subsidiary business embeddedness under varying levels of factors market concentration, and the moderating effects of subsidiary role and parent-subsidiary relationships. Drawing on a sample of Swedish subsidiaries in North America and Europe, we find empirical support for our conceptual argument.

Knowledge Flows from Foreign Subsidiaries: The Tension between Knowledge Creation and Knowledge Protection

Alessandra Perri, *Carlos III University of Madrid*

This paper analyzes the MNC subsidiaries' trade-off between the need for knowledge creation and the need for knowledge protection, and relates it to the extent of knowledge outflows generated within the host-location. Combining research in International Business and Strategy with Social Theory, we argue that subsidiaries that source more from the local knowledge network are also more likely to generate knowledge outflows to local firms, due to the willingness to build the trust that facilitates the establishment of reciprocal knowledge linkages. However, when subsidiaries enjoy high knowledge quality, the need for knowledge protection overweighs the need for knowledge creation, thus reversing the effects of reciprocity in knowledge exchanges, and reducing the extent of local knowledge outflows.

SESSION 94

GOING BEYOND THE CONVENTIONAL WISDOM

TRACK H	Date	Tuesday, Oct 9
	Time	08:00 – 09:15 h
Paper	Room	Club D

Session Chair Robert Grant, *Bocconi University*

Epistemic Economics, Rational Heuristics and Strategy

Anna Grandori, *Bocconi University*

The presentation builds on a long-lasting research program on the epistemological micro-foundations of economic innovative decision making. That approach has provided a wide and logically systematized portfolio of decision procedures that in the course of being 'heuristic' – in the sense of being 'logics for discovery' – are also 'rational' – in the sense of being 'logically sound' methods of discovery. This presentation, after a brief overview of those heuristics, identifies some common methodological features that make them particularly relevant for strategy in an increasingly uncertain and risky world, and provide new prescriptions relevant for both theory and practice. They are exposed under three headings: from action-based to resource-based reasoning; from single-minded to multipurposed reasoning; and from flexibility to robustness in strategies and structures.

Organizational Memory and Strategy Making: A Dynamic Memory Perspective

June-Young Kim, *Marquette University*

How do organizations use their memory when making critical strategic decision in dynamic environments? The conventional view of organizational memory describes it as physical bins and therefore cannot easily explain how past knowledge stored in memory can be recombined

to generate novel strategies. Drawing on the literature on dynamic memory, this paper conceptualizes organizational memory as dynamically adjusting its structure to reflect new experience. Through an in-depth qualitative analysis, the study explores how organizations capture their past strategic experience in the form of stories and narratives, and retrieve from organizational memory through “story-based reminding.” A dynamic memory model also addresses why organizations easily forget the past lessons. A more plausible theory of organizational memory presented here will advance the organizational learning literature.

The Influence of Postmodernism on Strategic Decision-Making Process

Dimitris Manolopoulos, *Athens University of Economics and Business*

Ioannis Thanos, *Athens University of Economics and Business*

Recent years have revealed a profusion of research on aspects of the strategic decision-making and factors that may affect this process. In addition to the well established paradigms of rationality, political behavior and intuition, philosophical considerations have also been introduced throughout organizational and strategic management studies. In the philosophical field, our society has witnessed the transition from modernity to the post-modern era which is largely defined by the imperatives of three core leitmotifs: individuality of references, linearity of time and absence of universalism. Based on a quantitative-based analysis of strategic decision-making in multinational corporations, the purpose of the current research is to identify the impact of some commonly studied demographic characteristics of strategists and the organizational context on the introduction of post modern elements in strategic decision making process.

What is Managing? Towards a View of Management as Rhetoric

Jeroen Kraaijenbrink, *University of Twente*

JC Spender, *Lund University*

Current views on management emphasize the manager’s role as decision-maker and organizer. These views are based on two of Herbert Simon’s assumptions about individuals: that they are boundedly rational decision-makers and creators of artifacts. Simon also acknowledged, though, that human beings are docile - they can be taught and teach. As this paper argues, this third assumption leads to a view of management in which rhetoric - the art of persuasion - plays a central role. Along that line, we outline a rudimentary view of management-as-rhetoric and discuss its implications for management research, practice, and teaching.

SESSION 237

OPEN INNOVATION

TRACK I	Date	Tuesday, Oct 9
	Time	08:00 – 09:15 h
Common Ground	Room	Club E
Facilitator	Sharon Belenzon, <i>Duke University</i>	

Brother From Another Mother

Matthew Semadeni, *Indiana University*

Curba M Lampert, *Zayed University*

We focus on the determinants of innovation selection and specifically investigate the impact that the source of an innovation (externally or internally developed) and the novelty of its technological domain to the firm has on the probability of the invention’s selection for commercialization. In our longitudinal study of which pharmaceutical compounds move from Preclinical to Phase I testing, we find a clear “Not-Invented-Here” bias where externally sourced innovations are less likely to be selected for further development. This effect holds even in new technological domains.

Deriving Value by Signaling Good Citizenship: The Case of Open Source Software

Dilan Aksoy, *Carlos III University of Madrid*

In this paper, an event study methodology is adopted in order to quantify the effect of firms’ software source code releases on their abnormal market returns as well as their rivals’. A sample of 87 announcements from US News and Wires that are published between 1st of January 1999 and 31st of December 2010 is studied in the empirical analysis. The results suggest that, announcements of firms’ software source code releases, on aggregate, lead to positive abnormal returns in financial markets. Interestingly enough, announcements of rivals’ software source code releases, as well, lead to positive abnormal returns for the focal firm. In line with the theoretical framework, firms that signal good open source citizenship are rewarded in financial markets.

Developing ‘Hugging’ Capabilities for Fostering Open Innovation: The Case of Sense Worldwide

Alessandro Giudici, *Cranfield University*

Patrick Reinmoeller, *Cranfield University*

Open innovation literature suggests that firms may successfully innovate by leveraging knowledge gained from external innovators through Web 2.0 platforms. Yet, most firms struggle to fully benefit from this knowledge because ensuring the continuous support of external contributors poses major challenges. Prior research argues that firms need to develop open innovation dynamic capabilities but it remains surprisingly unclear how this may happen in practice. In this paper we advance open innovation research by starting investigating how open innovation platforms may be successfully managed by developing hugging capabilities, i.e. a set of integrated physical and virtual activities aimed at orchestrating emphatic relationships with external contributors. We do so by exploring the case of an UK consultancy which strengthened its open innovation platform through these hugging capabilities.

How Firms Collaborate with Academics in Open Innovation: Using Social Capital to Bridge Cognitive Distance

Tommy Clausen, *Nordland Research Institute*

Einar Rasmussen, *Bodo Graduate School of Business*

Siri Jakobsen, *University of Nordland*

Marianne Steinmo, *University of Nordland*

This paper examines how firms are able to create value from collaborating with universities over the life course of high performing innovation projects. Based on a longitudinal study of 16 R&D projects, the paper extends research on external knowledge sourcing from university R&D alliances by pointing at the importance of social capital for open innovation. Further, it extends cognitive distance theory by suggesting that whether and to what extent a high cognitive distance between the firm and its collaborating partners will enable or inhibit successful innovation depends critically on the social capital between the firm and its partners. Our preliminary analysis revealed three strategies to develop the social capital required to engage with universities as external knowledge sources in open innovation.

The Role of the Information Environment for Firm Openness in the Pursuit of Exploratory Innovation

Alexander Alexiev, *VU University Amsterdam*

In their pursuit of exploratory innovation, firms often search for and attempt to access or acquire divergent knowledge located outside their boundaries. Yet, theory about the motivations of firms to engage in such practices is still underdeveloped. We address this gap by testing a model about the role of the organizational information environment for firm openness in the innovation process. We argue that attention focus and subjective beliefs of senior managers about the external environment can enable or inhibit a firm’s choice to engage in open collaboration in addition to its technological or market knowledge needs. We show



that strategic considerations about market turbulence and market heterogeneity are positively related to openness in innovation, while concerns about competitive intensity are negatively related with firm openness.

What is Open Innovation, Really?

Giovanni Valentini, *Bocconi University*
Bruno Cassiman, *IESE Business School*

Presented as a new ‘paradigm’, Open Innovation has increasingly attracted substantial attention from practitioners and academics. But what is innovative -and distinctive- in the Open Innovation framework, really? Some have argued that Open Innovation can be characterized as “old wine in new bottles.” We claim that the key novel theoretical insight of the Open Innovation framework is that purposive inward and outward flows of knowledge are complementary (innovation) activities, and that engaging in one activity increases the return from the other in terms of productivity of R&D. We empirically test this claim, and find that while engaging in one activity at a time might increase the productivity of R&D, engaging in both activities influences negatively firms’ R&D productivity.

SESSION 230

TIES, NETWORKS, AND INNOVATION

TRACK I	Date	Tuesday, Oct 9
	Time	08:00 – 09:15 h
Paper	Room	Club A
Session Chair	Andrew Shipilov, <i>INSEAD</i>	

Geographic Diversity and Effective Knowledge Sourcing Through Alliances and M&As: Redundancy, Sequencing and Complexity

Rene Belderbos, *University of Leuven*
Boris Lokshin, *Maastricht University*
Jojo Jacob, *UNU-MERIT*

We examine the interrelated effects on technological performance of firms’ international technology alliances and technology-based cross-border mergers and acquisitions (M&As). Although the geographic diversity of knowledge sourcing holds the promise of increasing technological performance by facilitating knowledge recombination, overlaps between the geographic spread of M&As and alliances can lead to redundancy in accessing tacit local knowledge. Engaging in diverse knowledge sourcing strategies also increases complexity, which may reduce the overall effectiveness of the knowledge sourcing portfolio. Sequential strategies, with alliance activity followed by M&As, capitalize on local experience and mitigate complexity, with positive performance consequences. We find broad support for these hypotheses in a fixed effects panel data analysis of the technological performance of 165 leading firms in a broad range of industries during the period 2001-2007.

Multiplex Ties in Business Group Innovation: Complements or Substitutes?

Shuping Li, *National University of Singapore*
Ishtiaq Mahmood, *IMD Lausanne*

This study investigates the impact of multiplex ties in business groups on group innovation in emerging markets. Drawing on network theory and business group literature, we demonstrate that multiplex ties in a business group may serve as either complements or substitutes in coordinating social capital accumulation and incentive alignment in the group’s collective problem solving process. The net effect of tie multiplexity on group innovation depends on how the social capital accumulated is utilized, and to what extent incentive alignment is valued in group innovation.

Relational Enhancement: How to Unlock the Value of Network Bridges

Daniel Levin, *Rutgers University*
Jorge Walter, *George Washington University*
Melissa Appleyard, *Portland State University*
Rob Cross, *University of Virginia*

Through two complementary studies, we propose and test a novel approach to the conundrum that the network structure most likely to provide novel knowledge may be ill-suited for a successful knowledge transfer. In Study 1, we propose that tie strength can act as a substitute for the structural benefits of network closure, and so a bridging tie will yield more value when it is also a strong tie. Analyzing the employee network in a consulting firm, we find robust support for this “relational enhancement” effect. In Study 2, we examine the relational mechanism responsible for this effect. Analyzing the employee network in an engineering firm, we find that it is benevolence-based trust that allows knowledge workers to “unlock” the value embedded in their network-bridging ties.

The Private and Common Benefits Spanning Structural Holes within the MNE Network

Lisa Gaerber, *Copenhagen Business School*
Torben Pedersen, *Copenhagen Business School*
Shalini Rogbeer, *WU-Vienna*

It is well established that spanning structural holes creates private benefits through innovation. However, the extent to which other network members profit from spanning structural holes remains unclear. This research considers how subunits that span structural holes within the MNE network reap private benefits in terms of innovation, as well as contribute to the common network benefits through knowledge outflows. We use a 3SLS model to elucidate the various individual and simultaneous links among brokerage, innovation and knowledge outflows. In this way, we decompose the ways in which brokerage simultaneously affects knowledge outflows and innovation to map out the private and common benefits of brokering within the MNE network.

SESSION 164

IPOS

TRACK K	Date	Tuesday, Oct 9
	Time	08:00 – 09:15 h
Paper	Room	Dressing Room 220
Session Chair	Shih-Chi Chiu, <i>Nanyang Technological University</i>	

★ ❀ Keeping Control in Newly Public Firms: Implications on Performance, Capital Structure and Dividend Policy

Asma Fattoum, *EMLYON Business School*
Frédéric Delmar, *EMLYON Business School*

While an IPO provides firms valuable resources, it jeopardizes incumbent shareholders’ control over the firm. To prevent loss of control, defensive mechanisms are implemented. This paper examines whether some types of controlling shareholders are more likely to use defensive mechanisms than other shareholders and assesses the implications of defensive mechanisms on firm performance, capital structure and dividend policy at the IPO and post-IPO. We suggest that firms controlled by founder-CEOs are more likely to implement defensive mechanisms at the IPO than other firms. We also suggest that founder-CEOs’ use of defensive mechanisms generates negative effects on firm valuation at the IPO (underpricing) and post-IPO and leads to lower debt and dividend payout. Our hypotheses are tested in the context of French IPOs between 1992-2010.

TUESDAY 08:00 – 09:15

Socioemotional Wealth and IPO Underpricing of Family Firms

Max Leitterstorf, *WHU - Otto Beisheim School of Management*

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

This paper compares the IPO underpricing of family and non family firms using a sample of 153 German IPOs. Based on the concept of socioemotional wealth (SEW) we argue that family firms willingly choose higher IPO underpricing than non family firms in order to preserve their SEW. The relationship between family firm status and underpricing is positively moderated by valuation uncertainty of the firm. Our empirical results support our hypothesis.

Venture Capital-Backed IPOs: Why do some Venture Capitalists Cash Out while Others Retain Their Stakes?

Maximilian Schmidt, *Technical University of Munich*

Ann-Kristin Achleitner, *Technical University of Munich*

Carolin Bock, *Technical University of Munich*

With this paper we address the phenomenon of full and partial exits of venture capital (VC)-backed IPOs. This study investigates the determinants of full and partial exits. Thereby, we hypothesize that investment characteristics, funds-related variables, and market conditions have significant influence. We use a proprietary data set including 352 venture capital-backed IPOs in the United States from 1984 to 2008. Our results approve the hypotheses insofar that VC firms tend to retain their investment to add further value to the portfolio company and wait for superior market conditions. VC firms are more likely to fully exit an investment in the aftermaths of an IPO, when their funds approach their termination date and when VCs are in the need of building a track record.

When Intent Matters: The Contingent Effects of Government Ties on IPO Performance

Asda Chintakananda, *Nanyang Technological University*

Eugene Kang, *Nanyang Technological University*

Shih-Chi Chiu, *Nanyang Technological University*

David Gomulya, *Nanyang Technological University*

This paper investigates the contingent value of ties with prominent entities at the time of a firm's initial public offering (IPO). Existing research suggests that government ties can bring about positive signals through endorsement and legitimacy resulting in a stronger IPO performance; yet empirical evidence at the IPO stage has shown otherwise. This research use signaling theory to suggest that the intent of the government in developing ties can be categorized into individual investments and collective investments which bring about positive and negative effects towards IPO performance respectively. In addition, these effects are moderated by whether government ownerships are also part of the firm directorship.

SESSION 170

EMERGING MARKETS

TRACK K	Date	Tuesday, Oct 9
Paper	Time	08:00 – 09:15 h
Session Chair	Room	Meeting Hall V

Session Chair Kimberly Eddleston, *Northeastern University*

Industry Linkages In Agglomeration: The Collocation Of The Plastics And Molds Industries In Portugal

Carla Costa, *Carnegie Mellon University*

Rui Baptista, *Technical University of Lisbon*

Two theoretical streams are examined to explain the collocation of related industries: agglomeration economies and organizational reproduction theories. The empirical analysis focuses on the molds for plastic injection, and plastics industries in Portugal. Organizational reproduction theory contributes strongly to the explanation of collocation patterns, while agglomeration economies accounts do not seem to contribute to explain

collocation. Specifically, location choices of entrants are driven by the fact that molds firms are more likely to spawn plastics firms (and vice-versa), and that entrepreneurs tend to locate in their home region, therefore leading to the collocation of suppliers and customers. Moreover, the likelihood of firm survival does not seem to improve with collocation in agglomerated regions.

Is the Redundancy in the Network Structure or in the Network Content?

Suresh Bhagavatula, *Indian Institute of Management - Bangalore*

Studies within the network perspective of entrepreneurship have enabled us to understand how networks assist entrepreneurs. But, the results of the studies on network structure are inconclusive. Some scholars have reported positive effects of structural holes on performance, some have identified detrimental effect of structural holes, whereas some others found no evidence. We argue that these conflicting finding could be that, in all these studies networks have been operationalized ignoring the tie content. By studying the interactions between network structure and network content, this study attempts to reconcile the contradictory finding. Furthermore by contextualizing this study within a low technology domain in India, supporting or extending the the network perspectives into a different cultural and technological context will be the other contribution of this study.

Leapfrogging Corporate Social Responsibility in Transitioning Economies: The Role of Entrepreneurs

Abigail McWilliams, *University of Illinois-Chicago*

Rod Shrader, *University of Illinois-Chicago*

We have seen tremendous growth in research and application of Corporate Social Responsibility as large firms in wealthy economies have embraced the concept, and many now have corporate officers of CSR and showcase CSR activities in their annual reports. Many large investment funds focus on helping investors fund socially responsible companies. However, some large firms have started to move beyond CSR and toward sustainability as more relevant for long term success. Meanwhile some entrepreneurs are putting social performance and sustainability before profits. In this study we examine CSR and sustainability to determine whether firms, especially new ventures, in transitioning economies should leapfrog the CSR model followed in wealthy economies and go directly to sustainability.

Speed of Pro-market Reforms, Family Influence, and Performance of Family Firms From Emerging Markets

Kimberly Eddleston, *Northeastern University*

Elitsa Banalieva, *Northeastern University*

Thomas Zellweger, *University of St. Gallen*

We analyze the impact of family influence through family leadership and family excess control rights on the performance of family firms from emerging markets. We suggest the institution-based view modifies the standard predictions of agency theory regarding family influence such that agency theory's assumptions are not universal but depend on the speed of pro-market reforms in the emerging market. Namely, we propose that faster speed of pro-market reforms (i.e., faster government withdrawal from areas of economic activity in favor of market forces) in the emerging market alters the family influence costs to benefits. We test our hypotheses on a sample of 254 Chinese family firms from different Chinese provinces during the 2003-2009 period and find overall support for our framework.



SESSION 137

CEO HUMAN CAPITAL: TAKE A LITTLE OFF THE TOP

TRACK L, TRACK O	Date	Tuesday, Oct 9
	Time	08:00 – 09:15 h
Paper	Room	Club C
Session Chair	Clinton Chadwick, <i>University of Kansas</i>	

Exploratory Study of Leadership Styles and Dynamic Capabilities in Sustained High Performing Small Firms

Tiffany Bussey, *Morehouse College*

Despite its significance the small firm remains one of the most poorly understood business entities surrounded by substantial myths and a certain degree of mystery (Gibb, 2000). Research literature largely ignores the issue of Small Medium Enterprises (SMEs) in terms of sources of firm specific advantages. Many strategy scholars are calling for more micro processes research and examination of the critical role of leadership with particular focus on the detail processes and practices which constitute day-to-day activities of organizational life and which relate to strategic outcomes (Miller and Sardais, 2011; Johnson et. al., 2003; Whittington 2003). The focus of this research is an explorative investigation of the complexities of leadership styles and practices and its influence on sustained high performance as a strategic outcome.

Inside/Outside CEO Selection and Organizational Complexity

Yannick Thams, *Florida International University*

Most CEO succession research suggests that poor organizational performance will prompt CEO selection committees to opt for an outside CEO since the latter is perceived to be more capable to institute organizational change than his/her inside counterpart. While a compelling proposition, empirical results have been mixed prompting scholars to think about contingencies. In this paper, we highlight an important contingency: organizational complexity. We essentially argue that firms dealing with a great deal of complexity are likely to face a tighter external market for executives so the likelihood that they will select an internal candidate will be much increased (even in the case of poor organizational performance). Preliminary results using a sample of Global 500 firms show some support for our propositions.

Insights on Chief Executive Dismissal from a Natural Experiment in the National Football League

Clinton Chadwick, *University of Kansas*

Donald Schepker, *University of Kansas*

Extant research on antecedents of executive dismissal primarily examines how organizational performance and politics affect dismissal. However, a variety of other factors are likely to also impact the evaluation of executives in organizations. Using 28 years of observations from the NFL, we examine how changes in the task environment lead to an increased emphasis on coaching impact and thus altered how NFL coaches are dismissed. Specifically, our results show that organizational performance, coach tenure, and expectations of organizational performance all significantly impact the decision to terminate coaches. With respect to changes in the task environment, our results show that dismissal of head coaches is significantly more likely post-salary cap and that greater stakeholder expectations more strongly predict coach dismissal after the institution of the cap.

Steadying the Ship vs. Charting a New Course: A Bayesian Analysis of a Change in CEO

Mark Hansen, *Brigham Young University*

Lee Perry, *Brigham Young University*

In this paper we examine differences in market performance that firms experience after a change in CEO depending on whether the new CEO

maintains or changes the strategic direction of the firm. Specifically we examine the effects of both the strategy execution abilities and the strategy formulation abilities of the new CEO. Whereas prior CEO effect research has focused on structural or CEO characteristics, this research focuses on the abilities of CEOs. Using Bayesian hierarchical modeling and a data set that spans over 20 years for each firm, we show that some CEOs have a positive effect on firm performance because of both execution and formulation skills. Some CEOs have a negative effect because of both types of skills while some have a mixture of positive and negative effects.

SESSION 11

STAKEHOLDERS AND CORPORATE SOCIAL PERFORMANCE

TRACK M	Date	Tuesday, Oct 9
	Time	08:00 – 09:15 h
Common Ground	Room	Meeting Room 2.1
Facilitator	Sybille Sachs, <i>University of Applied Sciences Zurich</i>	

Competition for Social Assets Among Firms

Cynthia Clark, *Bentley University*

Jennifer J. Griffin, *George Washington University*

Social assets are a special class of intangible assets that confer benefits on a firm especially those relating to competitive advantage and firm performance. In conveying benefits (or lack thereof) social assets are aggregations of individual perceptions. Social approval assets are a two-way street: they reflect, shape, frame and inform general public (dis) approval and in turn are shaped by the process of social judgment. We examine coalitions of stakeholders and their ability to shape approval as a social asset to firms. Coalitions having built trust-based relations with firms share sensitive information (e.g., as an early warning) that in turn may confer first mover advantage. Using interviews and 18-year shareholder resolution database of S&P 500 firms to examine the conditions under which shareholder resolutions are withdrawn.

From Personal Motives to Firm Performance and Societal Needs: Three Models for a Sustainable Transition

Hector Rocha, *Austral University*

This paper revisits the dominant paradigms for aligning personal motives, firm goals and societal needs. The search for a sustainable alignment between economic and social goals at different levels of analysis has been, and continues to be, a key task of scholars from different disciplines, including management studies. This paper contributes to the effort of these scholars by proposing three models (trade-off, instrumental, and intrinsic) to explain and prescribe the association between motives and relationships at three levels of analysis. It argues that the intrinsic alignment model provides a richer framework for a sustainable alignment between people, firms and societies in management studies and practices, given that it includes the assumption that personal motives and relationship have value in itself. This key assumption allows going beyond the trade-off logic underlying the other two models.

Stakeholder Approach to Corporate Social Performance: Some Insights from a Social Enterprise

Mauro Sciarelli, *University of Naples Federico II*

Mario Tani, *University of Naples Federico II*

In the last few years, research on corporate social responsibility has moved beyond searching for a correlation between socially responsible activities and financial performance, the so-called business case for CSR (Carroll and Shabana, 2010), to a broader vision on corporate social performance (CSP) where the effects on all the relevant actors are factored in without recurring to trade-offs between them. This has strengthened the link between stakeholder management theory and CSR. In this proposal we held that using social network analysis tools help enterprises to get a

TUESDAY 08:00 – 09:15

better view on their stakeholders' interests and of their own CSP. In order to get a first test on these concept we propose a case-study on a social enterprise and its projects' networks.

Stakeholders' Reactions to Trade-offs Between Self- and Other-oriented Corporate Social Responsibility

Flore Bridoux, *University of Amsterdam*
Nicole Stofberg, *University of Amsterdam*

The literature on stakeholder management has neglected the issue but managers often have to make trade-offs when dividing corporate resources to address stakeholders' needs. Our paper studies stakeholders' reactions when confronted with the firm's trade-offs. More specifically, we investigate customers and prospective employees' willingness to associate with a firm in reaction to the trade-off between investments in corporate social responsibility (CSR) oriented towards the own stakeholder group and the investments oriented towards another stakeholder group. We show that stakeholders' reactions are less positive in the presence than in the absence of trade-offs and that, to understand stakeholders' reactions to trade-offs, it is useful to take into account individual heterogeneity in terms of self-transcendence and support for the other-oriented CSR domain.

Studies of Corporate Social Performance and Corporate Financial Performance: The Researcher's Bias

Joao Mauricio Boaventura, *Univeristy of Sao Paulo*
Rodrigo Bandeira de Mello, *Getulio Vargas Foundation*
Ralph Silva, *Center of Information Technology Renato Archer*
Humberto Santos, *Paulist University*

There is a debate involving the Theory of the Firm and the Stakeholder Theory, such as the kind of relationship between corporate social performance – CSP and corporate financial performance - CFP. Although in current studies are prevailing a positive CSP/CFP association, one question remains unanswered: why are there conflicting empirical results? This question characterizes the research problem of this study that employed a quantitative method using statistical tools for testing hypotheses. The research hypothesis investigates whether the degree of the authors explain the differences in the results in the studies that test the CSP/CFP relationship. The results confirmed the hypothesis, concluding that there are strong evidences that the previous theoretical knowledge of the researchers (profile) is associated with the type of result that they find.

The Impact Of City Reputation on City Performance. Evidence for Spain

Juan Delgado Garcia, *University of Burgos*
Esther de Quevedo Puente, *University of Burgos*
Virginia Blanco Mazagatos, *University of Burgos*

Literature has found support for multiple benefits of corporate reputation on firm outcomes. Our research tests whether these benefits may be applied to city reputation. We use a sample of Spanish cities to analyse the effect of city reputation on city performance. We find that city reputation positively affects economic activities, touristic activities, and net migration rates, and negatively affects unemployment rates. Our results also show that city reputation is positively related to growth in the cities economic activities and net migration rates for subsequent years, and negatively related to increases in unemployment rates for subsequent years. The results of our research are of interest for local authorities and city planners, since they justify the relevance of consolidating city reputation.

SESSION 248

COOPERATION AND INDUSTRY CONTINGENCIES

TRACK N	Date	Tuesday, Oct 9
	Time	08:00 – 09:15 h
Common Ground	Room	Club H

Facilitator Dovev Lavie, *Technion-Israel Institute of Technology*

Coopetition in Precompetitive R&D: Which Determinants Of Emergence and Success? The Case of the Cluster Celtic-plus

Andre Nemeh, *University of Montpellier 1*
Saïd Yami, *University of Montpellier 1*

Several studies have indicated the importance of coopetition as a strategy for value creation. However, research on the determinants of its emergence and success are based exclusively on the traditional relational factors and do not consider specifically coopetition. Precompetitive R&D programs represent a context which is particularly favorable for this type of collaboration. Within the pan-European program Eureka, we study the case of the cluster Celtic-Plus which is specialized in wireless telecommunications. The results of this qualitative in-depth case study shows that for coopetitive projects to emerge and to succeed, a number of factors are necessary: a favorable context for collaboration, research-oriented objectives, consistence with the strategy of member firms and a portfolio of R&D projects represented in several R&D programs (European, national and regional).

Does the “Plural Form” Enhance Performance? Evidence from the U.S. Hotel Industry

Jérôme Barthelemy, *ESSEC Business School*

Most franchisors simultaneously use franchised and company-owned outlets. While the decision to expand through franchising or company ownership is often treated in either-or terms at the outlet level, franchisors may deliberately choose to use both franchised and company-owned outlets because of synergistic effects at the chain level. Using data from the U.S. hotel industry, I find evidence that franchisors using the “plural form” consistently outperform their fully-franchised competitors.

Environmental Jolts and Interorganizational Network Dynamics: Evidence from the Global Airline Industry

Leonardo Corbo, *University of Bologna*
Simone Ferriani, *University of Bologna*
Raffaele Corrado, *University of Bologna*

Partner selection is critical to network theory, as it is a fundamental driver of network stability and change. Despite the advances in our understanding of the reasons driving firms partner selection, most studies present two major weaknesses: the assumption of stability and the focus on one level of analysis. To overcome those issues we introduce the concept of environmental jolt and test how it influences well established network mechanisms at dyadic and triadic levels of analysis by using panel data social network analysis program SIENA. The empirical setting is the global airline industry, which can be regarded as a constantly changing network of alliances. Findings suggest that jolts are an important predictor of network change and should be incorporated in studies of network dynamics.

IP Licensing: How to Structure a Good Deal

Francesco Baldi, *LUISS Guido Carli University*
Lenos Trigeorgis, *University of Cyprus*

This article deals with how to best structure an IP licensing agreement taking account of embedded optionalities and other terms negotiated between licensor and licensee, presented via a case study involving a French biotech, Cerep. We present a comprehensive real options approach to: (a) appraise the IP asset capturing the value of optionality embedded in the underlying drug R&D program; (b) consider the licensor



and licensee perspectives in negotiating the terms of the IP licensing agreement providing guidelines on how to determine its optimal remuneration structure reflecting a fair sharing of project value and embedded optionality among the parties; (c) offer a tool for IP portfolio management that helps a licensor prioritize internal R&D projects accounting for managerial flexibility and optimal licensing design under uncertainty.

When Alliances Make a Difference: The Role of Strategic Group Membership

Zied Guedri, *EMLYON Business School*
 Rand Gerges Yammine, *EMLYON Business School*

This study investigates how the interaction between strategic group membership and network of alliances influences firm performance. We argue that the effects of density of ties and role equivalence on firm performance matters more for members of strategic groups protected by the highest mobility barriers in the industry than for members of strategic groups ranking lower on the mobility barriers spectrum. We test our hypotheses in the context of the international airline industry over the period 1996-2010. Our findings indicate that the network of alliances impacts the performance of strategic group members asymmetrically. The higher the mobility barriers protecting the group, the stronger the performance benefits of alliance networks.

Why Do Firms Enter Illegal Alliances? An Analysis of Cartels' Antecedents

Olivier Bertrand, *SKEMA Business School*
 Evgenia Fedorova, *McKinsey & Company*
 Fabrice Lumineau, *Purdue University*

Scholars in strategy management have devoted considerable attention to explain firms' motivations to enter an alliance with an external partner. However, this literature has traditionally focused—in an implicit way—on allowed alliances. We still do not know much about the motivations of firms to enter illegal alliances. In this study, we bring together the industrial organization literature and the literature on organizational misconduct to analyze the motivations of firms to enter illegal alliances. Using a sample of cartels in the European Union, our empirical analysis gives support to our main arguments: the propensity to enter an illegal alliance is driven by firm-level, industry-level, and environment-level factors.

SESSION 115

BOARD MEMBER CHARACTERISTICS AND BOARD DIVERSITY

TRACK O	Date	Tuesday, Oct 9
	Time	08:00 – 09:15 h
Common Ground	Room	Terrace 2
Facilitator	Katalin Takacs Haynes, <i>University of Delaware</i>	

Board Heterogeneity, Board Connectedness, and the Adoption of Innovations

W.G. Douglas Fernandez, *Florida International University*

Resource dependence perspective conceptualizes boards of directors as providers of important resources that help firms formulate and execute strategic actions. A considerable amount research is concerned with how boards provide one important resource in particular: information. The majority of these studies focus on either board heterogeneity or board network ties as the mechanisms through which this information is provided to firms. This paper integrates these two major arguments by examining the role and relative importance of board heterogeneity and board network ties in the dissemination of novel practices. Specifically, I argue that in the absence of board diversity, firms will rely more heavily on network ties to provide them with information about novel ideas and practices.

Caste in the Boardroom: The Origins of Indian CEOs

Naga Lakshmi Damaraju, *Indian School of Business*
 Anil Makhija, *Ohio State University*
 Scott Yonker, *Indiana University*

In this paper, we examine the role of Hindu castes and other religions in the appointments of 854 CEOs during the period 2001-2009 by the largest 1,000 firms listed on the Bombay and National Stock Exchanges. We document a significant preference for in-group hiring of CEOs and a large bias in non-hiring of lower castes and persons of other religions among family firms, the predominant ownership form in India. Yet, this socially troubling finding may nevertheless be economically efficient and may explain the long-term persistence of the caste system, an aspect we examine (in process) in terms of differentials in firm performance between in-group and out-group CEO hires. We also examine the selection and performance of certain out-group (professional) CEO hires from elite educational institutions to assess potential factors that may mitigate a same-caste bias.

Diversity of What? Multifaceted Boards and Directors

Amy Hillman, *Arizona State University*
 Sabina Nielsen, *Copenhagen Business School*
 Alessandro Zattoni, *Bocconi University*

Board diversity has long intrigued practitioners and scholars. Constituents encourage companies to vary of director characteristics, but companies often resist. Academics debate whether diversity is beneficial for board decision-making and the empirical evidence is mixed, partly because "diversity" is treated as a singular construct despite representing many different forms (e.g. demographic, human capital and social capital). We propose a theoretical model of board diversity at the group level and within individual directors to predict how various forms of diversity influence board monitoring and resource provision. We suggest some forms of diversity are complementary while others are substitutes when influencing these important outcomes. The implications of our model are important for further work on board diversity, board performance, and public policy aimed at diversity objectives.

Does Board Capital Always Enhance Explorative Innovation?

Nami Kim, *Korea University*

The purpose of this study is to fill up further explanations of insufficient part of a directors' influence on the firm's R&D strategy, bringing the balanced approach of directors' roles. Specifically, drawing upon resource dependence theory, this study suggests that a diverse board capital influences the explorative innovation of a firm. This study argues that an inverted U shape relation between board capital diversity and explorative innovation performance beyond a certain point. Furthermore, it scrutinizes how board capital influences the explorative innovation changes according to the decision maker's perspective, which is based on their interests. To test the hypotheses, board capital data were obtained from 108 Korean companies in the manufacturing industry that considered R&D capability to be one of their core competencies.

The Effect of Board's Human and Social Capital on Firm Performance: A Comparative Institutional Analysis

Toru Yoshikawa, *Singapore Management University*
 Anja Tuschke, *University of Munich*

This study aims at investigating how institutional logics influence the efficacy of a board's human and social capital to enhance performance measures across different institutional contexts. We theorize that human capital is more influential in a context categorized as individualistic while social capital is more effective in a collectivistic context. In addition, we expect human capital to be more closely linked with the monitoring function of boards while social capital may rather be used to address resource provision needs. We test our assumptions in a comparative study encompassing the U.S., Germany, and Singapore. Preliminary results for

the effect of board network ties (social capital) and various measures of human capital (diversity of directors' functional background, educational level, tenure) largely support our predictions.

The Influence of Board Minority Representation on Corporate Philanthropy: Juxtaposing Contrasting Explanations

Heidi Wechtler, *Sorbonne Business School*
 Stelios Zyglidopoulos, *University of Cambridge*
 Mariano L.M. Heyden, *University of Newcastle, Australia*
 Pavlos Symeou, *Cyprus University of Technology*

In this study we examine the impact of Board of Directors gender and ethnic minority representation on Corporate Philanthropy. Drawing on the corporate governance and corporate social responsibility literature, we catalog diverging views on the influence of board diversity on Corporate Philanthropy. We catalog arguments for both sides of the debate and test competing hypotheses concerning the influence of gender and minority representation on the likelihood and level of involvement in Corporate Philanthropy. The findings from our panel data analysis, comprising 3407 firm-year observations from US firms from 1998-2008, provides compelling evidence as to how board ethnic and gender representation influences the likelihood and level of firm involvement in Corporate Philanthropy.

SESSION 254

CAPITAL MARKETS AND EFFICIENCY

TRACK O, TRACK E	Date	Tuesday, Oct 9
	Time	08:00 – 09:15 h
Paper	Room	Meeting Room 2.2

Session Chair Joanna Tochman Campbell, *University of Arkansas*

Searching under Earnings Pressure: Evidence from the U.S. M&A Market

Yu Zhang, *University of California-Irvine*

This paper examines the effect of earnings pressure, or the pressure to meet or beat analysts' earnings forecast consensus, on firms' search behavior such as mergers and acquisitions. We argue that when firms face earnings pressure tend to use easier or less risky means such as guidance or accruals management, rather than more risky ones such as M&A. They tend to take less risky, more related M&As rather than more risky, unrelated ones. We also propose that these effects will be weaker when firms have met or beaten earnings forecasts for more prior periods, thus accumulating more constraints of using guidance or accruals management. Using the data from the U.S. M&A market, we found evidences supporting our predictions.

To Grow or Not to Grow: The Medium Size as Strategic Option in International Markets

Alberto Pezzi, *University of Rome III*
 Ottorino Morresi, *University of Rome III*

We study shareholder value creation in the form of stock market reaction to announcements of internationalization strategies by medium-sized firms listed on European stock exchanges. We find that medium-sized listed firms in Europe are able to create value through their global diversification. These firms appear to successfully manage the issues related to internationalization. Value creation is present in all sample countries. British, Italian, Belgian and French firms show the best performance while Dutch, German and Spanish firms show the worst results. According to international literature, the value created is dependent on some firm-specific, deal-specific, industry-specific, and country-specific determinants.

Who Really Matters and When: Director Attention to Stakeholder Issues

Joanna Tochman Campbell, *University of Arkansas*
 Chris Tuggle, *University of Nebraska-Lincoln*

Two prominent theories present conflicting views of whose interests should be given priority in firm-level decisions. Agency theory argues that shareholders are the legal owners of the firm and thus hold primacy over any other stakeholder in the corporation. Stakeholder theory, however, proposes that managers need to devote attention to all of firm's stakeholders, not just its shareholders. In this study, we integrate insights from the fields of management and corporate law to investigate whose issues, shareholders' or stakeholders', capture the majority of directors' attention. Moreover, we show when the majority of board attention shifts from one group to another as a result of firm, industry, and macroeconomic factors.



SESSION 73

PLENARY TRACK

TRACK P	Date	Tuesday, Oct 9
	Time	09:30 – 10:30 h
Showcase Panel	Room	Forum Hall

Driving Transition Strategies: Enhancing Entrepreneurial Spirit in Large Corporations

Session Chair

Ondrej Landa, *Czech Society for Strategic Management, Innovation & Entrepreneurship*

Panelists

Jan Muehlfeit, *Europe Microsoft Corporation*

Ivan Pilny, *Tuesday Business Network*

Petr Smida, *Alfa-Bank*

Jan Zadak, *Hewlett Packard*

The purpose of this plenary session is to explore the entrepreneurial dimension of strategy in large corporations, while paying particular attention to new emerging phenomena and disclosing the particularities of two transition decades in Central and Eastern Europe. Some of the issues that will be discussed are the bureaucratization of strategy vs. ubiquitous strategy, standard vs. non-standard approaches to strategy, and the strategic responses to regulatory & governance models.



Ondrej Landa is the founder and president of the Prague-based Inventa Group. He is an internationally known lecturer and management consultant to international companies in the Czech Republic and abroad. His activities focus on strategy development and deployment, corporate culture transformation, organizational change and innovation management, human potential development and facilitation of strategic Board meetings. His clients include Alcatel, Avon Cosmetics, Barum Continental, Cisco Systems, Goodyear Dunlop, Hewlett Packard, Holcim, Honeywell, InBev, Johnson Controls, Johnson&Johnson, Microsoft, Siemens and many others. He is a board member of EMA European Management Association, of the American Management Association's International Council, of The Conference Board's European Council on Innovation. He served on EFMD's Board from 1994 to 2000. He is the current chairman of the Czech Society for Strategic Management, Innovation and Entrepreneurship.



Jan Muehlfeit is the current Chairman of Europe Microsoft Corporation and is an ICT industry veteran. He served in a number of different positions in MS Czech/Slovak subsidiary between 1993 – 2000. He also led the CEE region from 2000 - 2005. Jan Muehlfeit is a Vice-Chair of the Academy of Business in Society (ABIS), board member of JA, Co-Chairman of the European e-Skills Association and a member of the Board of AIESEC and Ovum advisory body. He has been serving on different advisory boards of several European governments in the field of ICT, national competitiveness and education. He also represents Microsoft on the Transatlantic Business Dialogue (TABD) and is involved in an advisory capacity on different projects of WEF, OECD and European Policy Center (EPC). He is also a board member of Czech National museum and member of IBLF Leaders Council. Jan Muehlfeit graduated from Czech Technical University and later completed executive development programs at Wharton, LSE and Harvard.



Ivan Pilny graduated from the Czech Technical University in Prague; while there, he specialized in Cybernetics. From 1992-1998 he was the General Manager of Microsoft Czech and Slovak Republic. Ivan Pilny is also the founding President of ITC Association. He was Chairman of the Board of Directors of Czech Telecom from 2000-2001 and General Manager of alternative telecommunication operator eTel from 2001-2002. He currently is President of Tuesday Business Network, which is a facilitation and networking business platform. Ivan Pilny is also an independent consultant, one of the investors in Czech version of TV program Dragons Den and author of several books and articles on business, management and marketing. He is currently interested in brain training and its use in management practice.



Petr Smida has had a distinguished career in banking and financial services. After acquiring the financial services business he co-founded, GE appointed him CEO of GE Money bank Czech Republic, then he became Global Senior Vice President of Consumer Finance with responsibility for 36 countries. Petr Smida was recruited to become CEO and Chairman of Alfa Bank, which he grew five-fold and led it to what the banking industry press recognized as "The Best Bank in Russia" in 2007, 2008, and 2009. The recipient of numerous leadership and management awards, his personal success and impact as a leader have been recognized internationally in publications such as Euromoney Magazine and Global Finance Magazine. Petr Smida is a graduate of the Prague School of Economics.



Jan Zadak serves as President for the European, Middle Eastern and African divisions of HP Enterprise Services (ES) where he is responsible for business development with some of the business unit's largest clients. He leads a client-focused team delivering the combined power of HP's portfolio and people to solve their biggest IT challenges. He also leads HP's participation in worldwide strategic deals. In addition to his role in ES, Jan Zadak works with Bill Veghte and the Autonomy leadership team to build a scalable and sustainable go-to-market and operating model for HP's Information Management business. Throughout his career, Jan Zadak has been a leader in the development and implementation of HP's solution-selling capability, most recently as executive vice president of HP Global Sales. Prior to that, he served as senior vice president Enterprise Business and managing director for HP EMEA. Jan Zadak joined HP via the acquisition of Compaq Computer in 2002, where he held several senior management roles in EMEA's emerging markets, including Central & Eastern Europe, the Middle East and Africa. A native of the Czech Republic, he graduated from the Czech Technical University of Prague, Faculty of Electrical Engineering in 1988. He completed a one-year PhD study program at Universitaet Erlangen-Nuernberg in Germany in 1991, and earned a PhD from his alma mater, the Czech Technical University, in 1992.

TUESDAY PLENARY

SESSION 74

PLENARY TRACK

TRACK P

Date Tuesday, Oct 9

Time 09:30 – 10:30 h

Showcase Panel

Room Meeting Hall V

Eurozone in Crisis: The Administrative Basis of Macroeconomic Meltdowns

Session Chair

Michael G. Jacobides, *London Business School*

Panelists

Tassos Giannitsis, *University of Athens*Diomidis Spinellis, *Athens University of Economics and Business*Kyriakos Mitsotakis, *Member of Parliament: New Democracy Party*Elias Drakopoulos, *OTE*

This session will explore how Greece, the bete noire of the ongoing crisis that threatens the very existence of the Euro, went into such trouble. Through contributions by senior policy-makers, MPs, and business leaders from Greece we will explore an important, and often overlooked set of issues: How organizational and leadership challenges aggregate up to macro-economic crises. We will consider how institutional structures, but also administrative routines, entrenched habits and governance failures led a country to slip from one of Europe's fastest growing economies to a failing state. We will see how governance mechanisms in Europe, as well as a misguided response to the true underlying organizational issues, have exacerbated the problem, imperiling Europe's very future. We will also consider how successful, large firms such as OTE (the Balkans telecommunication leader) are trying to manage through both technological turmoil, but also macroeconomic instability. Ending on a bright note, we will ask how research and advice from our field can inform the debate and help avert or overcome crises such as this.



Michael Jacobides is Associate Professor of Strategic and International Management at London Business School, and Sumantra Ghoshal Fellow at the Advanced Institute for Management Research. He also holds the Sir Donald Gordon Chair of Entrepreneurship and Innovation. He studied in Athens, Cambridge, Stanford and Wharton and has visited/taught in Wharton, Harvard and Columbia. His research focuses on

industry/value chain evolution and profit migration, identifying the new strategic dynamics of changing "industry architectures": He looks at how technology, competition and de-regulation re-shape sectors, changing "who does what" and, as a result, "who takes what". He also studies strategic design, looking at how to restructure and reconfigure value propositions and value chains to cope with domestic and global forces.



Tassos Giannitsis is professor of Development and International Economics at the University of Athens. He served as Chief Economic Adviser to the Prime Minister (1994-2000), Minister of Labor and Social Affairs (2000-01), Alternate Foreign Minister (2001-2004), Foreign Minister (February-March 2004), and Chairman of the Hellenic Petroleum Co. S.A. (2009-2011). From November 2011 to May 2012 he was Minister

of the Interior of the government of Greece under Prime Minister Lucas Papademos. Tassos Giannitsis studied Law and Economic & Political Sciences at the University of Athens and obtained his PhD in economics at the Free University of Berlin. He is the author of numerous scientific publications on industrial issues, innovation policy, European integration, international competitiveness, foreign investment and on Greek economic policy issues.



Diomidis Spinellis is a Professor in the Department of Management Science and Technology at the Athens University of Economics and Business, Greece. From 2009 to 2011 he served as the Secretary General for Information Systems at the Greek Ministry of Finance. His research interests include software engineering, computer security, and programming languages. He has written two award-winning, widely-translated books: "Code

Reading" and "Code Quality: The Open Source Perspective". He is a member of the IEEE Software editorial board, authoring the regular "Tools of the Trade" column. Diomidis Spinellis has contributed code that ships with Mac OS X and BSD Unix and is the developer of UMLGraph and other open-source software packages, libraries, and tools. He holds an MEng in Software Engineering and a PhD in Computer Science, both from Imperial College London. Diomidis Spinellis is senior member of the ACM and the IEEE and a member of the Usenix association.



Kyriakos Mitsotakis holds an MA in International Relations from Stanford University, where he focused on European integration, and an MBA from Harvard Business School. In 1999 Kyriakos joined the National Bank of Greece, the largest Greek financial institution, in order to set up the bank's private equity and venture capital operation. He was the chief executive officer of NBG Venture Capital from its inception in

December 1999 and until April 2003. Under his leadership NBG Venture Capital quickly established itself as one of the leading venture capital and private equity firms in Greece and Southeastern Europe. In January 2003 he was nominated by the World Economic Forum as a Global Leader of Tomorrow (GLT) for his professional achievements. In April 2003 Kyriakos Mitsotakis resigned from NBG Venture Capital in order to pursue a career in politics. He was elected to parliament with New Democracy in 2004, 2007, 2009 and 2012 elections receiving more votes than any other New Democracy candidate. He represents the Athens B constituency which encompasses most of the city of Athens. As a representative he has submitted hundreds of parliamentary questions tackling problems facing his constituency, focusing in particular on issues related to the environment and educational policy. Kyriakos Mitsotakis served as the shadow minister for the environment and climate change for New Democracy. Between 2007 and 2009 he served as the Chairman of the Environment Committee of the Hellenic Parliament. Under his leadership, the Committee became a focal point for environmental policy by tackling complex issues ranging from adaptation to climate change to forest policy and waste management.



Elias Drakopoulos holds the position of Chief Technology & Operations Officer for OTE since February 2011. Since November 2011 he additionally has the responsibility for ICT & Cloud Services Europe for Deutsche Telekom. Prior to this he was Chief Commercial Officer for Enterprise & Business Services at OTE. From 1989 to 1998, he held various managerial positions at AT&T and Bell Laboratories in USA, while in parallel was

adjunct Professor at the Illinois Institute of Technology. He holds a BSc in electrical engineering from Aristotle University of Thessaloniki, and MSc and PhD degrees from Northwestern University, Department of Electrical Engineering & Computer Science. He has postgraduate studies in business management and strategy at INSEAD, France. He has published more than 30 papers and holds a US patent in wireless network design.



SESSION 75

PLENARY TRACK

TRACK P	Date	Tuesday, Oct 9
	Time	09:30 – 10:30 h
Showcase Panel	Room	North Hall

Editors' Perspectives on Strategy in Transition

Moderator

Igor Filatotchev, *City University London*

Panelists

William Judge, *Old Dominion University*

James Robins, *WU-Vienna*

Stephen B Tallman, *University of Richmond*

Mike Wright, *Imperial College London*

Edward Zajac, *Northwestern University*

The purpose of this session is to explore how the field of strategic management is changing from the perspective of five diverse journal editors. Listed alphabetically, the five journals represented will be: Corporate Governance: An International Review, Global Strategy Journal, Long Range Planning, Strategic Entrepreneurship Journal, and Strategic Management Journal. Igor Filatotchev will moderate the session, and each editor will open with a five minute discussion of how they perceive the field to be changing from their editorial perspective. After each editor speaks, attendees will be given an opportunity to comment on or question one or several editors in the remainder of the session. The ultimate aim of this session is to encourage new and cutting-edge research in the field of strategic management.



Igor Filatotchev is Professor of Corporate Governance and Strategy at Cass Business School (London, UK) and Visiting Professor at Vienna University of Economics and Business (Austria). Before joining Cass he held various academic positions at Nottingham University Business School, Bradford University School of Management, King's College and Birkbeck College (University of London). He received his PhD in Economics from the Institute of World Economy and International Relations (Moscow). His research examines corporate governance and strategic decisions, and current research programmes include analysis of resource and strategy roles of corporate governance; corporate governance life-cycle; and a knowledge-based view of governance development. He is an Associate Editor of *Corporate Governance: An International Review* and *Journal of Management and Governance*.

William (Bill) Judge is the E.V. Williams Chair of Strategic Leadership within the Management Department at the College of Business & Public Administration at Old Dominion University. Bill Judge's teaching, research, and consulting expertise is in the area of strategic leadership and organizational change. Bill Judge was a U.S. Fulbright scholar to MGIMO University in Moscow in 2001. He earned his M.B.A. and Ph.D. degrees at the University of North Carolina at Chapel Hill. Prior to that, he worked within the strategic planning department at Armstrong World Industries, a Fortune 200 firm in the global home furnishings industry. He has published a popular simulation on "change management" at Harvard Business Publishing, three books, and many top-tier journal articles. He currently serves as the Strategic Management Collection Editor for Business Expert Press, and the Editor-in-Chief of *Corporate Governance: An International Review*, the premiere scholarly journal in corporate governance.



James (Jim) Robins is University Professor of Business Policy at Vienna University of Economics and Business. He serves as Editor-in-Chief of *Long Range Planning* and is a member of the editorial boards of the *Strategic Management Journal* and *Global Strategy Journal*. He is a former Associate Editor of *Global Strategy Journal*. Jim Robins' academic career has spanned three continents. He has been on the faculty of Stanford University and the University of California in the United States, HKUST and City University in Hong Kong, served as Associate Dean for Faculty at Singapore Management University, and he now is at the WU-Vienna. His research deals with a variety of issues in strategic management including corporate strategy, strategy theory, research methods, international ventures, knowledge transfer, and emerging economy firms. His work has been published in journals including the *Strategic Management Journal*, *Organization Science*, and *Administrative Science Quarterly*.



Stephen Tallman is the E. Claiborne Robins Distinguished Professor of Business at the University of Richmond. He earned his Ph.D. in strategy and international business from UCLA in 1988. He has served on the editorial review boards of several journals, including *SMJ*, and became an Associate Editor of *SMJ* in 2007. He is currently co-editor of *Global Strategy Journal*. He has authored or edited three books relating to international strategy, and has published numerous book chapters and journal articles in a variety of outlets including *AMR*, *AMJ*, *SMJ*, *JMS*, *CMR*, *MIR*, *JIM*, and *JIBS*. His research interests include global outsourcing, international diversification, industry clusters, knowledge transfer in multinational firms, and international alliances and joint ventures.



Mike Wright is Professor of Entrepreneurship at Imperial College Business School and Director of the Centre for Management Buyout Research which he founded in 1986. Mike Wright is a former editor of *Journal of Management Studies* and co-editor of *Strategic Entrepreneurship Journal*. He has published many books and articles on strategy in emerging economies, venture capital, private equity, corporate governance, divestment and entrepreneurial family firms in leading international journals as well as in practitioner journals and the wider media. He has been ranked #1 worldwide for publications in academic entrepreneurship and entrepreneurship.



Ed Zajac is the James F. Beré Distinguished Professor of Management and Organizations at the Kellogg School of Management, Northwestern University. Currently, he serves as Co-Editor of the *Strategic Management Journal* and as an Editorial Board member of many other leading journals. In 1993, he was chair of the 13th Annual SMS International Conference in Chicago. His consulting experience includes work in the areas of strategy formulation, implementation, and strategic alliances with organizations such as Abbott, Baxter, Blue Cross/Blue Shield, Brunswick, Caterpillar, Commonwealth Edison, Dade Behring, R.R. Donnelly, Gemini, W.W. Grainger, Harnischfeger, Hearst, Hollister, IBM, Johnson & Johnson, Merck, Pfizer and Phillips. Ed Zajac is the current director of the Kellogg School of Management's Center for Strategic Alliance Research.

TUESDAY PLENARY

10:30 – 11:00
COFFEE BREAK

SESSION 259

THE PHARMA INDUSTRY'S NEW CONTRACT WITH SOCIETY

TRACK B	Date	Tuesday, Oct 9
	Time	09:30 – 10:30 h
Panel	Room	Meeting Room IV (a)

Session ChairBala Chakravarthy, *IMD***Panelists**Dorje Mundle, *Novartis*Allan Pamba, *Glaxo Smith Kline*

The pharma industry has witnessed dramatic changes in the past decade. There is growing pressure to offer the latest drugs (still under patent) in emerging markets at prices that are closer to that of generic drugs. There is also pressure to tackle “diseases of the poor,” with uncertain economic payouts. Issues of social performance have moved away from the narrow confines of CSR departments to mainstream business units. New business models are being experimented with to resolve the inevitable dilemmas when striving for both financial and social performance. In this panel we bring the cutting edge experiences of two world leading pharma companies: Novartis and GlaxoSmithKline, and discuss the emerging new contract between the pharma industry and society; and its consequences for firm strategy and general management behaviors.



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.



Dorje Mundle took on the global role of Head of Corporate Responsibility Management in 2008, working at the nexus between societal concerns and commercial interests to create value through responsible business. He is responsible for driving the integration of societal issues into corporate innovation, commercial and organizational development activities. His top priority is enabling business innovation to meet the needs of underserved patients in developing and developed

countries alike. Prior to joining Novartis, he spent 12 years managing Corporate Responsibility issues at Shell, PricewaterhouseCoopers and Novo Nordisk. Dorje Mundle is from the UK, where he completed his undergraduate studies at the University of Reading before taking a Masters degree at Imperial College, London.



Allan Pamba works with GlaxoSmithKline (GSK) as Director of Public Engagement & Access Initiatives for the Developing Countries & Market Access unit. He has been in this role since January 2011. His role is focused on driving sustainable delivery of medicines & vaccines to developing countries via innovative business models. He is tasked with directing GSK external engagement and set up of innovative initiatives to enhance access to

medicines and vaccines across 50 countries including the UN 48 Least Developed Countries. Prior to joining GSK, he trained as a physician in Kenya. He worked in clinical care in Kenya at various levels of health delivery including Government service, mission hospitals & research hospitals. He conducted clinical trials on management of severe Malaria in children at the Wellcome-Trust Research Unit in Kilifi Kenya and has published several papers on malaria. Allan Pamba set up one of the first HIV Comprehensive Care Clinics in government service in Kenya benefitting from PEPFAR funding. He has a special interest in equitable access to health & over-all development in the LDCs.



SESSION 151

COEVOLUTION OF INSTITUTIONS AND FIRM STRATEGY

TRACK A	Date	Tuesday, Oct 9
	Time	11:00 – 12:15 h
Paper	Room	Dressing Room 221

Session Chair Taco Reus, *Erasmus University - Rotterdam*

Architectural Resonance and Structural Absorption: Exploring the Mechanisms of Industry Transition

Brian Philip Massey, *Trinity College Dublin*
James Quinn, *Trinity College Dublin*

Change has always been linked to strategy. For the strategist, the changing conditions of context form the canvas upon which a strategy must be painted. In particular the nature of industry evolution and architectural transition has perplexed scholars. Traditional evolutionary approaches have drawn from economics and ecology, though mechanisms of change have not been forthcoming. In response to this, we develop a model of industry change using a physical theory of evolution. We identify four evolutionary mechanisms at work: resonance, shift, absorption and entropy. Refining the definition of architecture with an institutional perspective, the interaction of the mechanisms is discussed for firm and industry levels. It is hoped that this framework will allow for further work on architecture, competition and industry evolution as a result.

Becoming a Brazilian Superstar: A Process Perspective on Institutional Capability Development

Aline Gatignon, *INSEAD*
Laurence Capron, *INSEAD*

As part of a broader movement to integrate an institutional perspective to strategy research, scholars have identified a new source of competitive advantage in resources and capabilities that organizations develop in response to their institutional environment. These “institutional capabilities” comprise the organization’s ability to design and implement a coherent response to challenges arising from its institutional environment. However, we still need better answers to these questions: What do institutional capabilities consist of? How do they emerge and evolve? How do they relate to market-based capabilities and provide enduring advantage? We draw on a case study analysis of cosmetic firms and retail banks in Brazil to model institutional capability development as three intertwined stages leading to sustainable competitive advantage: institutional awareness; strategic response; and resource accumulation.

Contested Institutional Change: External Goals versus Internal Performance Feedback

Tim Rowley, *University of Toronto*
Andrew Shipilov, *INSEAD*
Henrich R. Greve, *INSEAD*

Institutional entrepreneurs often facilitate the spread of desired practices by advocating new performance goals for organizations, yet little is known about how organizations respond to these goals—especially when the institutional logic underlying the goals is contested. We combine insights from institutional logics and the behavioral theory of the firm to develop a model that addresses how organizations react to such contested goals and also to noncontested profitability goals. We show that Canadian firms either adopted or resisted practices consistent with the logic of board reform as a function of gaps between firms’ aspirations and performance. These outcomes are evaluated in terms of profitability and of a corporate governance performance score devised by institutional entrepreneurs.

Differentiation or Integration: Which Structural Mechanism Supports Which Type of Ambidexterity?

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

Prior literature emphasizes differentiation and integration as important structural antecedents to organizational ambidexterity. However, empirical research on the relationship between this trade-off and different types of ambidexterity is scarce. Using a survey of 202 top-executives in the United States, we empirically examine the relationships among structural differentiation, cross-functional integration, and different types of ambidexterity. Our structural equation model supports the trade-off between structural differentiation and cross-functional integration as well as their dissimilar influence on organizational ambidexterity. Whereas cross-functional integration facilitates both contextual and innovative ambidexterity, structural differentiation is negatively associated with contextual ambidexterity and positively associated with innovative ambidexterity. Thus, our study confirms the constituting role of structural differentiation in explicating different types of ambidexterity and the positive influence of cross-functional integration on ambidexterity.

SESSION 152

INSTITUTIONAL CHANGE AND INNOVATION

TRACK A	Date	Tuesday, Oct 9
	Time	11:00 – 12:15 h
Paper	Room	Dressing Room 220

Session Chair Torben Pedersen, *Copenhagen Business School*

Adapting to a Changing Organizational Field: The Role of Anchor Organizations

Suleika Bort, *University of Mannheim*

Based on the development of the biotechnology industry in Germany, I want to explore the role of anchor organizations and how this role changes over time. I propose that the innovation output of firms is depended on the network function of anchor organizations and contingent on the development of the organizational field. Based on an event history study of patenting activity of firms in the German biotech industry from the year 1996 until 2009, I state that the network connectivity of the anchor is more important in the earlier stage of the field formation while the brokerage activity of the anchor is more important in later stage of the field formation.

Analyzing the Impact of Innovation on Firm Growth in a High Uncertainty Environment

Xu Li, *London Business School*
Freek Vermeulen, *London Business School*

Innovation is generally portrayed as positive for firm performance, especially in uncertain environments. However, empirical evidence on the influence of innovation on performance is mixed. Using an attention-based view of firm growth, we theorize about the influence of innovation on firm growth in an environment characterized by high uncertainty, where the uncertainty is caused by sources other than innovation itself. Using longitudinal data on the population of Chinese pharmaceutical firms, our models indicate a negative effect of product innovation on firm growth. Consistent with our attention-based view, the negative influence is stronger when the firm concurrently diversifies into other product markets and operates a portfolio of ample alliances.

TUESDAY 11:00 – 12:15

Institutional Imprinting Effects for Standard-Setting Participation and Innovation Outcomes in the Mobile Handset Industry

Gunneeta Vasudeva, *University of Minnesota*
Elizabeth Alexander, *University of the West of England*
Stephen Jones, *University of Minnesota*

We apply perspectives from institutional theory to understand firms' participation in standard setting organizations and the effectiveness of these standard setting organizations in terms of the innovation outcome for focal firms. In particular, we argue that institutions imprint firms' orientation for technological consensus and technological flexibility—two key mechanisms that underpin standard setting organizations' ability to accomplish the goal of technological cooperation among competitors. We develop and test these ideas by employing the degree of corporatism and statism that shape such orientations and abilities within firms' national institutional environments. Findings from the global mobile handset industry support our key argument concerning the role of institutional imprinting in explaining both firm participation in any type of standard setting organization and the associated innovation outcomes.

Public-Private Collaboration To Build National Innovation Capability

Johan Wallin, *Synocus Group*

Innovations are increasingly emerging in ecosystems. A national innovation agency can affect the building of innovation activities by funding research activities of individual companies, fostering innovation in networks, and by contributing to the general contextual factors supporting innovative behavior. The Finnish national innovation agency, Tekes, has stated the support for the building of innovation capabilities as one of its key objectives. This paper presents how the assessment of the way Tekes has contributed to the building of innovation capabilities in Finland can inform corporate decision makers about how to better enter public-private collaboration in different types of innovation contexts.

SESSION 6

ORGANIZATIONAL LEARNING AND BUSINESS MODEL TRANSITIONS

TRACK C	Date	Tuesday, Oct 9
	Time	11:00 – 12:15 h
Paper	Room	Meeting Hall IV (b)

Session Chair Lucia Piscitello, *Polytechnic University of Milan*

Fast Track to Learning: How the Context Affects Heterogeneity in Learning

Thomas Roulet, *HEC-Paris*
Kristina Dahlin, *HEC-Paris*
Asli Kozan, *HEC-Paris*

Do some firms learn faster than others? Although traditional learning curve research has found that low-performing organizations are faster learners, some recent studies have demonstrated the opposite. Approaching learning as a stimulus-response process, we try to explain these contradictory results by looking at learning from salient stimuli: train accidents. The railroad industry meets the condition of making failure a significant event that forces an organization to react. Using a 25-year data window allows us to consider how the maturation of the industry affects the distribution of learning rates across firms and moderates the relationship between experience and learning rate. In addition, we look at the impact of market focus on learning rate in the context of learning from failure.

Learning while Configuring: Business Model Innovation Processes in Established Firms

Hans Berends, *Eindhoven University of Technology*
Armand Smits, *Eindhoven University of Technology*
Isabelle Reymen, *Eindhoven University of Technology*
Ksenia Podoyntsyna, *Eindhoven University of Technology*

In this paper we contribute to the understanding of strategic renewal by studying how conception (cognition) and execution (action) interact in the context of business model innovation. Based on a qualitative process study we investigate the development of new business model configurations in four established firms. Our preliminary analyses resulted in uncovering five modes of interaction between cognition and action: retrospective sensemaking, implementation, experimentation, experiential learning, and improvisation. Each business model innovation trajectory contained a sequence of these development modes. These sequences, in turn, contained both partial and integral changes. We find that business model development progressed most smoothly when it took place "online", i.e. in operation for clients, instead of "off-line". We discuss implications for theory on business model innovation and strategic renewal.

Organizational Learning and Business Model Innovation: Transition Towards Cloud Business Model in Telecom Sector

Saeed Khanagha, *Erasmus University - Rotterdam*
Ilan Oshri, *Loughborough School of Business and Economics*

Organizations often experience difficulty in transition from one business model to another one that is imposed by exogenous factors such as technological change. A growing body of research has examined this phenomenon from different perspectives; however the empirical findings to illustrate the micro dynamics of these challenges are scarce. In this paper we examine the process of business model innovation in established firms from an organizational learning perspective. We complement our theoretical analysis with an in-depth case study of Ericsson's experiences with Cloud Computing Technology (CCT) which drastically alters the long lasting telecom business model. The case provides a unique opportunity to explore how innovations in organizational routines and prevalent systems, structures, processes, and practices enables the firms to incrementally innovate their business model without abandoning existing business model that is still their main source of revenue. The article discusses the implications of this for competitive dynamics and firm performance.

Responding to Disruptive Business Models

Costas Markides, *London Business School*

The growing frequency with which new and disruptive business models have invaded established industries in the last twenty years has brought to the fore the critical question: "How could established firms respond successfully to these disruptions?" We provide tentative answers to this question using data from a questionnaire survey completed by 98 established firms that faced such a disruption in their markets. We show that: (a) established firms could respond either by using their existing business model or by developing a new one; and (b) depending on the response option taken, different factors determine success from failure.



SESSION 24

STRATEGY IN TRANSITION: WHAT ARE THE BIG QUESTIONS OF STRATEGY?

TRACK D	Date	Tuesday, Oct 9
	Time	11:00 – 12:15 h
Panel	Room	Meeting Room 1.1

Session Chair

Teppo Felin, *Brigham Young University*

Panelists

Russell Coff, *University of Wisconsin-Madison*

Nicolai Foss, *Copenhagen Business School*

Todd Zenger, *Washington University - St. Louis*

The purpose of this panel is to reflect on and discuss the “big” or “fundamental” questions of strategy. It has been over two decades since Rumelt, Schendel and Teece (in their book ‘Fundamental Issues in Strategy’) proposed four fundamental questions for the field of strategy. We briefly discuss these original questions (and extant answers to them) and offer some new directions given recent transitions and trends in strategy and practice.

SESSION 58

INNOVATION AND COMPETITIVE STRATEGY

TRACK E	Date	Tuesday, Oct 9
	Time	11:00 – 12:15 h
Common Ground	Room	Terrace 1

Facilitator

Lyda Bigelow, *University of Utah*

And Then There Were Three: The Impact of Multiple Corporate Investors on Innovative Outcomes

Gary Dushnitsky, *London Business School*

Sheryl Winston Smith, *Temple University*

Entrepreneurial ventures are increasingly funded by established firms who seek a ‘window on novel technologies’. As Corporate Venture Capital (CVC) investment is more prevalent the practice has given rise to ventures being backed by multiple CVC investors. Why would an established firm co-invest with a competitor and risk sharing the learning potential? We expand on existing innovation studies, and investigate learning objectives combined with product-market considerations. A sample of CVC investments in the medical device industry (1978-2007) affords a unique opportunity to test the expansive framework: in this industry one can systematically observe learning (i.e., patenting) and product-market (i.e., FDA’s Pre-Market Approvals) outcomes. We find that co-investment is mostly consistent with product-market considerations: co-investors introduce more innovative products compared to firms that forego investment, yet the benefits are eroded for a firm that joins the investment syndicate later.

Competitive Effects of Modern Patent Pools: The Effect of the MPEG-2 Pool on Outsiders’ Performance

Keyvan Vakili, *University of Toronto*

Prevailing theories generally suggest that modern patent pools are pro-competitive, yet little empirical work has been done to examine the competitive effects of these pools. I address this gap by analyzing the effect of MPEG-2 pool formation on the innovative performance of two outside groups: firms with complementary technological knowledge and firms with competing technical knowledge. The preliminary results show that MPEG-2 pool formation had a substantial negative impact on the innovation rate of these two groups using difference-in-difference methodology. The results also suggest that the innovation rate decline in both groups can be explained by a shift in firm investment from technological inventions to pool technology implementation. Increased litigation risk and increased competition intensity after pool formation are unable to explain the effect.

Diffusion of Innovation in Platform-based Markets: Role of the Platform Owner and its Competitive Consequences

Dmitry Sharapov, *Imperial College London*

A growing literature in strategic management on competitive interactions within and between platform-based markets has so far largely neglected the role of the platform owner in the diffusion of innovation in such markets. I examine the choices facing a platform owner regarding the dissemination of information about complementor performance and argue that these choices differentially affect the value appropriation potential of incumbent versus new entrant complementors, with a more active platform owner role in the dissemination of information benefiting incumbent complementors while being detrimental to new entrants. This difference in the ability to appropriate the returns to innovation will in turn affect the innovativeness of products provided by complementors to the platform, thus affecting the ability of a focal platform to compete against rival platforms.

Incubation of Innovation Ecosystems in Nascent Industries: The Role of Pre-Investment Capabilities in Value Capture

Mahka Moeen, *University of Maryland*

Rajshree Agarwal, *University of Maryland*

We focus on the incubation stage — period between introduction of a technological discovery and the first instance of its commercialization — of industry evolution, and the investments in capability development by heterogeneous firms. We examine the effect of a firm’s pre-investment capabilities on its ecosystem development and type of value capture — commercialization of product vs. support role in ecosystem. While technological capabilities and complementary assets are relevant, we highlight the importance of prior integrative capabilities in effective creation of innovation ecosystem through knowledge integration across partners and capabilities, and the likelihood of product commercialization. The empirical context is a comprehensive sample of firms that invested in plant biotechnology between 1985 and 2010.

Patent Litigation as Factor Market Rivalry

Peter Gianiodis, *Clemson University*

Gideon Markman, *Colorado State University*

Ann Buchholtz, *Rutgers University*

Most rivalry studies take a product-market view, and assume some level of symmetry in firm’s size, operational scope, and competitive contexts. This study broadens the definition of rivalry by redirecting attention to rivalry in factor markets. Using ten years of data on infringement lawsuits to operationalize factor market rivalry, we show how firm size, resource positions, and long- and short-term inter-firm partnerships affect one form of factor market rivalry, patent litigation. We also determine the extent to which firms are vulnerable to attacks (i.e. patent litigation) by unexpected rivals. Results suggest that greater attention to factor market rivalry might help firms to defend resource positions better and to lodge more effective offenses along rivals’ entire value chain - including, but not limited to, product markets.

Real Options Logic Revisited: Disentangling Sequential Investment, Low-Commitment Strategies, and Resource Re-Allocation Reality

Ronald Klingebiel, *Warwick Business School*

Ron Adner, *Dartmouth College*

Real options logic constitutes a powerful resource allocation rationale but its validation has provided a challenge. Our paper examines the performance effect of the characteristics of real options logic: sequential investment, low commitment, and resource re-allocation. Using the context of product innovation, we find that sequential resource allocation increases performance. Low commitment and re-allocation have insignificant effects, which we explain with escalating commitment and

the ramifications of project discontinuations, respectively. Appropriate fit between low-commitment and re-allocation, however, proves strongly advantageous for performance, especially for firms that invest sequentially. Our findings demonstrate that it is only the concomitance of the three features that provides sufficient evidence of real options logic. We contribute to the recent debate on the utility of options perspectives for explaining performance heterogeneity.

SESSION 257

ACQUISITION PERFORMANCE

TRACK F	Date	Tuesday, Oct 9
	Time	11:00 – 12:15 h
Common Ground	Room	Terrace 2

Facilitator Kimberly Ellis, *Florida Atlantic University*

A Behavioral Theory of Acquisition Performance: How Aspirations and Entrepreneurial Orientation Influence Value Creation Through Acquisitions

Pasi Kuusela, *Aalto University*
 Thomas Keil, *Aalto University*
 Markku Maula, *Aalto University*

The behavioral theory of the firm posits that firms are more likely to engage in risky actions such as acquisitions when their performance falls behind aspirations. One aspect that has received less attention is the performance consequences of actions that are triggered by performance shortfall. We study this in the context of acquisitions and show two important contingencies for acquisition performance. Acquisition performance depends both on the firm's deviation from the aspired performance level and top management attention categories, here operationalized through entrepreneurial orientation as these factors impact both the identification of acquisition and integration opportunities. Our research contributes to acquisitions research by improving the understanding of under what circumstances do acquisitions lead to value creation.

Buy It up, Bring the Noise!

Scott Graffin, *University of Georgia*
 Jerayr Haleblan, *University of Georgia*
 Jason Kiley, *University of Georgia*

Drawing on impression management theory, we posit that firms will use press releases around acquisition announcement dates (i.e., "strategic noise") to manage investor expectations of acquisition events. Initial results are consistent with this hypothesis. In addition, we predict that characteristics of the firm and of the acquisition will influence the likelihood of strategic noise usage. We believe results from this paper will have implications for impression management theory and will help better explain acquisition performance.

From Partnership to Acquisition: The Influence of Inter-organizational Routines and Trust on Post-acquisition Performance

Kerstin Neumann, *WU-Vienna*

This conceptual article examines experiential processes across external corporate development activities. We link alliance and M&A research by investigating how partner specific alliance experience impacts post-acquisition performance. Literature claims that inter-organizational routines and trust from prior alliance experience should have a positive performance effect. However, the specific nature of the spillover effect is yet to be studied. We argue that the nature of this performance impact depends on the combined effect of post-acquisition management decisions (integration level and top management replacement) and the value logic. We suggest that inter-organizational routines and trust positively impacts the level of integration, but negatively influences the top management replacement. Importantly, depending on the value logic, both dimensions of management decisions shift performance either away from or towards the optimum.



Similarity or Dissimilarity? Organizational Status, Integration Mode, and Acquisition Performance

Jungeun Lee, *Korea University*

Although many researchers have investigated the factors that affect the relationship between M&A and its performance, the answers remain ambiguous. This paper attempts to explain acquisition performance through status dissimilarity and integration modes between the acquiring and the acquired firms. We argue that high status acquirers will generate positive acquisition performance with their status advantages over target companies. We further suggest that the impact of integration mode – partnership or integration approach – is contingent upon the status dissimilarity between the acquired and the acquiring firms. We hypothesize that the integration approach leads to positive acquisition performance when an acquirer has a higher status than a target, whereas partnership approach is more advantageous when an acquired firm has a higher status than an acquiring firm.

Status Deference in Large M&As of Similar-sized Firms

Bruce Lamont, *Florida State University*
 Kimberly Ellis, *Florida Atlantic University*
 Sangbum Ro, *Florida State University*

Disagreements exist in M&A research as to whether post-acquisition performance is enhanced by retaining target executives. We blend status deference theory and justice theory to extend our understanding of the effects of target management retention and M&A decision-making process characteristics on acquisition performance. In the context of large, related deals involving firms of similar size, we argue that retaining target managers has detrimental effects on post-deal performance due to status deference ambiguity that complicates integration. We also argue, however, that the acquiring firm's systematic efforts to enhance procedural justice perceptions positively moderates the influence of target management retention and target board involvement on M&A performance during the integration phase. The results support our hypotheses.

The Acquisition Performance of Italian Fashion Companies: The Interacting Effects of Brands and Diversification

Nicola Misani, *Bocconi University*
 Paola Varacca Capello, *Bocconi University*

We investigate the acquisition performance of fashion companies, which have competencies that are highly abstract and intangible, and therefore difficult to transfer. Basing on the literature on the transfer of knowledge assets, we argue that there is variance among the players of this industry in terms of types of competencies (more abstract and intangible or less abstract and intangible) and that this variance explains differences in post-acquisition performance. We focus in particular on the moderating effects of the degree of diversification involved in the acquisition. Our empirical study, on a sample of 115 acquisitions made by fashion companies in Italy, brings empirical support to our hypotheses.

SESSION 41

INTERNATIONAL M&A AS AN ENTRY MODE STRATEGY

TRACK G	Date	Tuesday, Oct 9
	Time	11:00 – 12:15 h
Paper	Room	North Hall

Session Chair Luis Vives, *Ramon Llull University*

Do Genetic Biases Impact Inter-Firm Relationships? Evolutionary Perspectives on Risk Management in International Acquisitions

Steven Dionne, *Georgia State University*

The objective of this research is to examine trust in the context of mergers and acquisitions, a largely unexplored area. We posit that genetic

differences in the underlying populations of countries materially impact the strategies acquiring firms utilize to mitigate risk in international transactions. Evolutionary perspectives suggest that trust and reciprocity are directed towards individuals who share similar genes. Alternatively, a genetically polarized society may be more prone to rent-seeking behaviors. Using a sample of 1,669 transactions, the results show that genetic distance across countries decreases the use of risk-sharing mechanisms in integration, while increasing arms-length arrangements. We also find that genetic fractionalization within the target country increases the use of reciprocal, risk-sharing mechanisms, while decreasing arms-length arrangements.

Exploitation, Exploration, and Ambidexterity in Acquisitions

Paulina Junni, *Hanken School of Economics*

Riikka Sarala, *University of North Carolina-Greensboro*

Shlomo Yedidia Tarba, *The Open University of Israel*

This paper examines the outcomes and antecedents related to exploration, exploitation and ambidexterity in mergers and acquisitions (M&As). More specifically, we develop a typology of acquisition modes based on whether the focus is on exploitation, exploration, both (ambidexterity), or neither. By conducting variance analyses on data from acquisitions conducted by Finnish firms, we explore how these acquisition modes differ based on strategic acquisition dimensions identified in the previous literature (acquisition motive, knowledge characteristics, post-acquisition integration, and post-acquisition performance). The paper contributes to the literature on M&A value creation by establishing key differences in antecedents and outcomes related to acquisitions pursuing exploration, exploitation, ambidexterity or neither, and by reflect on the managerial implications of the acquisition typology.

Ownership and Premium in Foreign Acquisitions: Impact of Geographic Distance and Payment Method

Ajai Gaur, *Rutgers University*

Shavin Malhotra, *Ryerson University*

This paper examines the effect of geographic distance and payment method on equity participation and premium payment decisions in cross border acquisitions. Drawing on insights from information economics, we propose that firms seek flexible ownership arrangements by way of lower equity position, and make a premium payment when faced with a high level of information asymmetry. Further, stock-based payment method creates a bonding arrangement, minimizing the problems of adverse selection and moral hazard in high asymmetric information environments. There is, however, a significant cost of such bonding arrangements. The premium that firms pay in high asymmetric environment is significantly higher if firms use stock payments as compared to cash.

The Interaction Effects Among the Three Institutional Pillars on Cross-Border Ownership Strategies: Evidence From Emerging Economies

Mirko Benischke, *University of Auckland*

Siah Hwee Ang, *University of Auckland*

Jonathan Doh, *Villanova University*

Institutional theory has been increasingly leveraged to inform cross-border international business phenomenon. In this paper, we explore a longstanding question of whether – and how firms respond to institutional pressures in their choice of entry mode. Departing from prior research, we explicitly test for the interactions among the three institutional pillars and firms’ tendency to mimic their competitors in their choice of entry mode. We find support for the core argument that firms tend to follow the entry mode choice of their predecessor firms in the same industry and country market, and that as regulative distance between the home and host country increases, this mimicking effect is strengthened.

SESSION 95

EMOTIONS AND BEHAVIOR

TRACK H	Date	Tuesday, Oct 9
	Time	11:00 – 12:15 h
Paper	Room	Club A

Session Chair Rebekka Skubinn, *University of St. Gallen*

A Behavioral Model of Strategic Retention Decisions: Archival and Experimental Evidence

Franz Wohlgezogen, *Northwestern University*

Ithai Stern, *Northwestern University*

Adam Galinsky, *Northwestern University*

Using both archival and experimental data we examine key behavioral mechanisms that influence retention decisions, i.e. decisions to continue or abandon a previously chosen course of action. Focusing on the effects of external feedback, we integrate macro and micro literatures to theorize a non-linear, sinusoidal relationship between feedback and decision makers’ retention decisions. Specifically, we suggest that moderately negative feedback activates an ‘immune response’ in organizations, which leads decision makers to retain a course of action and exert extra effort to ensure its success. Strongly negative or moderately positive feedback, we argue, do not cause such an activating effect and thus lead to a lower likelihood of retention. Using firms’ retention decisions for R&D joint ventures as an empirical setting, we test and receive support for our hypotheses. We discuss implications of our findings for the literatures on decision-making feedback, divestment, and alliance management.

Harmonizing Habits and Self-Determination: When Personalism meets Dynamic Capabilities

Carlo Salvato, *Bocconi University*

Roberto Vassolo, *Austral University*

Research on capabilities dynamization has come to two antagonistic positions. The first one understands dynamic capabilities as higher-order collective routines, premised on a central role of individual habits. It is criticized by those scholars who see semi-automatic routines as insufficient to engender the radical regeneration in organizational capabilities (e.g., Schreyögg & Kliesch-Eberl, 2007). The second one understands capabilities dynamization as the outcome of tailored and logically-structured solutions. This position is criticized for doing away with the proven routine-based selection patterns and operating rules that allow organizations to handle environmental developments (e.g., Helfat et al., 2007). We claim that this conundrum results from somehow incomplete “models of humans” espoused by each position. We propose a new model, based on Personalism and describe the basic elements of capabilities dynamization premised on this alternative “model of humans.”

Mitigating Inertia Towards Megatrends: An Experimental Investigation of Emotional Activation

Christine Scheef, *University of St. Gallen*

Tobias Schlager, *University of St. Gallen*

The paper explores the executives’ decision-making process when facing megatrends. Thereby, we argue that executives’ are particularly prone to inertia and delayed strategic responses when confronted with megatrends. Drawing on psychology literature, we propose emotions as pivotal triggers to determine the multitude of alternatives considered and to mitigate inertia in decision-making. Further, we suggest executives’ personal involvement and experience to moderate this relationship. The study makes two important contributions. First, by providing first insights on the impact of megatrends on the decision-making process, we answer calls of scholars and practitioners. Second, our study advances cognition and emotion literature by the concept of time-coupled emotions, which benefits our understanding of executives’ behavior during the decision-making process.

Too Dear to be Too Clear: The Role of Emotional Attachment and Reappraisal in Evaluating Novel Ideas

Magdalena Cholaková, *Bocconi University*

The present paper focuses on the microfoundations of strategic decision making in novel and uncertain contexts and explores the potential interplay of cognitive and affective factors in facilitating one's ability to theorize and evaluate novel ideas. The proposed study outlines the role of emotional attachment and psychological ownership in facilitating one's ability to engage in mental simulations, and explores the impact of these factors on the decision makers' ability to structure their problem space and make effective judgments. It predicts that emotional attachment to a project will have a curvilinear effect on the structural complexity of one's problem representation, whereby low attachment will lead to effective and high attachment to ineffective judgments. This is expected to be moderated by the decision makers' emotion regulation strategy.

SESSION 228

EXPLORATION

TRACK I	Date	Tuesday, Oct 9
Paper	Time	11:00 – 12:15 h
	Room	Club C

Session Chair Peter Bryant, *IE Business School*

Global Knowledge Sourcing and Firm-University Collaborations: Balancing Conflicting Effects on Value Creation and Value Capture

Francisco Polidoro, *University of Texas-Austin*

Extant literature highlights the positive impact that collaborations between firms and universities have on firms' global knowledge sourcing strategies by facilitating value creation. Yet, the literature has not examined factors that induce such collaborations in ways that mitigate their potential detrimental effect on firms' abilities to capture value inherent in the knowledge they create. This study argues that the deterrent effects associated with internal collaborations make a firm more likely to form external collaboration linkages with a university when the innovative activities of its corresponding R&D unit exhibit a higher degree of collaborations across inventors and across geographically-dispersed units. Empirical tests using data on co-authorship linkages between firms' researchers and scientists affiliated with the top 400 global universities during a 25-year period support these propositions.

Influence of Managing Team Regulatory Focus on Business Unit Exploratory Innovation through Organizational Design Elements

Aybars Tuncdogan, *Erasmus University - Rotterdam*

Ad Boon, *Erasmus University - Rotterdam*

Tom Mom, *Erasmus University - Rotterdam*

Frans A.J. Van Den Bosch, *Erasmus University - Rotterdam*

Henk W. Volberda, *Erasmus University - Rotterdam*

Exploratory innovation is known to be a primary means of performance and survival for the business unit. Although the antecedents of exploratory innovation were previously discussed, little has been said about how the managing teams reflect their strategic inclinations on the exploratory innovation of the business unit. In this paper, we examine how the regulatory focus of the business unit's managing team exerts an influence on that unit's level of exploratory innovation through the use of organizational design elements. The survey study was conducted at a multinational semiconductor firm with the participation of 803 managers from 73 business units. Results indicate that centralization and connectedness at the business unit mediate the relationship between regulatory focus of the managing team and the level of exploratory innovation.

Lost (and Found) in Translation: Exploration into Unrelated Areas and Technology Evolution of Semiconductor Knowledge

Rafael Corredoira, *University of Maryland*

Preeta Banerjee, *Brandeis University*

This proposal investigates the structure of an industry knowledge network and how the type of innovation affects the industry level breadth (number of citations) and depth (generality). It empirically test how innovations that utilize knowledge from areas never drawn upon before (spanning) or never combined together in previous innovations (bridging), perform in terms of influence, number of citations and generality. By analyzing a universe of 8,913 patents granted to 144 semiconductor firms, preliminary results show that bridging patents citing receives larger number of citations. On the other hand, spanning patents receive fewer citations and larger generality, but have larger influence in further technology developments

Subsidiary Forays into New Technological Territory

Anupama Phene, *George Washington University*

Stephen B Tallman, *University of Richmond*

When do foreign subsidiaries venture into uncharted technological territory? Our study examines the effects of technological changes in the host country and parent firm on subsidiary entry into new technologies. We hypothesize that technological repositioning in the host country and by the parent firm, has positive implications for subsidiary entry into new technologies that are complementary to the firm. We posit that technological repositioning in the host country has a positive effect on subsidiary entry into new, unrelated technologies only in the presence of weaker subsidiary capabilities relative to local firms. We also propose that technological repositioning by the parent encourages subsidiary entry into new, unrelated technologies in the presence of weaker subsidiary capabilities relative to other subsidiaries in the same firm.

SESSION 231

ALLIANCE AND TRANSFER

TRACK I	Date	Tuesday, Oct 9
Paper	Time	11:00 – 12:15 h
	Room	Club B

Session Chair Jeffrey Reuer, *Purdue University*

A Portfolio View of New Product Development Performance: The Differentiated Influence of Collaborative Innovation

Maximilian Palmié, *University of St. Gallen*

Marcus Matthias Keupp, *University of St. Gallen*

Naomi Haefner, *University of St. Gallen*

We examine the effect of collaborative innovation with suppliers, customers, and research institutions on NPD performance (customer satisfaction and market performance) at the portfolio level. The proportions of products developed in collaboration with each of these types of external partners are operationalized as the antecedents to NPD performance. Supplier collaboration is shown to have a positive relationship with both customer satisfaction and market performance. Customer collaboration, while positively affecting customer satisfaction, lowers market performance. Research institute collaboration has no significant effect on customer satisfaction, but an inverted U-shaped relationship with market performance. These findings suggest that the costs and benefits of collaboration with specific external partners should be considered in future and that evaluating diverse performance metrics will provide a differentiated view of NPD performance.



Adding Diamonds to Gems: When Do Firms Complement Internal R&D with External Technologies?

Thomas Klueter, *University of Pennsylvania*

Despite our understanding of the importance of technology sourcing, it remains unclear if firms source technologies to complement or substitute internal R&D. In this paper, we examine this tension and identify conditions under which complementarities may be achievable. We outline that complementing internal R&D requires firms to possess social capital, as firms need broad information to make linkages between internal and external R&D. Moreover, firms require knowledge of the entrepreneurial community to effectively evaluate and negotiate access to new technologies. Finally, firms need to be sufficiently externally oriented to overcome the “not invented here” bias, which otherwise may lead firms to become overly reliant on in-house technologies. We test our hypotheses in the pharmaceutical industry using a dataset combining product development and alliances data.

Alliances in Biotech Clusters: Are Knowledge Exchanges Always Effective?

Vesna Vlaisavljevic, *Pablo de Olavide University*

Carmen Cabello-Medina, *Pablo de Olavide University*

The nature of biotechnology activity, result of cross-industrial and cross-disciplinary scientific synergies, has led biotechnology companies to an extensive reliance on external collaborations which tend to take place in regional clusters. Nevertheless, clusters produce different results since not all of them are equally effective in the realization of knowledge exchanges. We theoretically discuss how certain factors can improve the effectiveness of knowledge exchanges in alliances inside the biotechnology clusters and enhance cluster knowledge creation capability. These factors are: level of knowledge overlap, level of rejuvenating knowledge from outside entities and alliance management capabilities. Our work can contribute to the research on biotechnology clusters, regarding their knowledge creation capability, as well as to local government policies addressed to foster knowledge creation and transfer in knowledge-intensive industries.

Complementarity and Diversity of Partners: How Do They Matter for Innovation

Hamid Mazloomi Khamseh, *ESC Rennes School of Business*

Maryam Nasiriyar, *SKEMA Business School*

Corey Phelps, *HEC-Paris*

In this paper, we examine the effects of partners’ dissimilar technological resources on focal firm innovative performance. We make a clear theoretical distinction between two effects: cognitive effects and synergy based effects. Based on data from intra-industry alliances in the semiconductor industry, we empirically validate this distinction based on the diversity and complementarity of knowledge in dyadic level. We find technological knowledge complementarity in dyad increases positively the innovation outcomes of the focal firm by providing synergetic effects. However, the innovative advantages of knowledge diversity are subject to decreasing returns due to cognitive limits as partners’ knowledge profiles tend to be very diverse.

SESSION 21

CAPTURING VALUE BEYOND ORGANIZATIONAL BOUNDARIES

TRACK J

Date Tuesday, Oct 9

Time 11:00 – 12:15 h

Paper

Room Meeting Hall IV (a)

Session Chair

Ram Baliga, *Wake Forest University*

Organizational Routines as a Source of Transformation During Post-Acquisition Functional Integration: A Strategy-as-Practice Perspective

Uma Urs, *University of Warwick*

Duncan Angwin, *Oxford Brookes University*

Strategy-as-practice perspective has conceptualised the importance of linking micro and macro levels of analysis for understanding strategic outcomes. However, few studies have managed to achieve this aim empirically. This paper provides empirical investigation into the interaction between macro and micro levels of analysis by examining how chains of operations and marketing routines lead to post-acquisition integration performance. Using qualitative methodology to collect data from 12 acquisition integrations, this paper provides empirical evidence of within-function routine hierarchy and how these may aggregate into overall integration performance. This will contribute to a major gap in M&A literature which has largely ignored the importance of functional integration in post-acquisition management, and adds to strategy-as-practice school by demonstrating the relationship between micro and macro levels of strategy execution.

Sensemaking Dynamics in R&D Network Formation

Ulla Killström, *Aalto University*

Research into interfirm networks considers collaboration at industry and firm level. The strategy literature argues importance of collaborative efforts. The idea of R&D collaboration networks and how initial conditions enhance their performance is not new. The firms can not manage alone all tasks in the digital service business and partnerships may provide the capabilities needed. Collaboration happens between individuals. This paper provides new knowledge of individuals’ sensemaking dynamics. It explores how the partner organizations end up in formation of a R&D consortium.

Signaling Strategic Commitment for Organizational Transition: How to Manage Potential M&As through Voluntary Disclosures

Duncan Angwin, *Oxford Brookes University*

Maureen Meadows, *Open University*

Basak Yakis-Douglas, *University of Oxford*

Kwangwon Ahn, *University of Oxford*

To ‘transit or not’ often depends upon winning over investor opinion to large strategic initiatives. M&A is one such major realignment of an organization and yet once a bid for a company has been announced there is a period of uncertainty when the bid may not be completed. This depends on share price movements determined more by investor perceptions than fundamental values. This paper investigates whether these perceptions may be influenced by ‘voluntary’ corporate communications and so link managerial practices to strategic outcomes. Drawing upon two very large M&A data sets (USA and UK) (57,000 deals; 30,000 communications) we argue managerial practice (signaling strategic commitment) shapes market response and demonstrate communication characteristics, and the use of high-reputation intermediaries, play an important role in determining share price reaction.

The Impact of R&D Collaboration on the Effectiveness and Efficiency of R&D Projects

Jingshu Du, *Hasselt University*

Drawing on a unique panel dataset (2002-2009) that contains data on the R&D collaboration practices and the project performance of 558 R&D projects of a large European multinational firm, we examine at the project level the effect of R&D collaboration with external partners on the performance of R&D projects. We differentiate between market-based and technology-based partners, and measure R&D project performance as technological performance (patents) and project speed. The results show that firms can improve the performance of their R&D projects by collaborating with external partners. However, the effect of R&D collaboration depends strongly on the type of partners (market-based or technology-based) that firms collaborate with. While collaboration with market-based partners speeds up the execution of R&D projects and brings higher possibilities of generating something valuable, collaboration with technology-based partners have greater impact on the effectiveness of R&D projects (patents).

SESSION 160

CORPORATE VENTURING AND INTRAPRENEURSHIP

TRACK K	Date	Tuesday, Oct 9
Paper	Time	11:00 – 12:15 h
	Room	Club D

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

Entrepreneurship, Capabilities, and Value Creation in Public Organizations

Joseph Mahoney, *University of Illinois-Urbana Champaign*

Anita McGahan, *University of Toronto*

Christos Pitelis, *University of Cambridge*

In this paper, we submit that public organizations are usefully analyzed as entities that create value in both the private and public sectors, and that a capabilities lens sheds important new insights on the value creation processes. In pursuit of value creation, public organizations create bundles of capabilities and may grow and diversify. These bundles in turn shape the costs and benefits of subsequent value creation. Yet the generation of new value from publicly-owned capabilities is not assured. Capabilities acquired in the public interest may ultimately enable activities that damage the public interest. We show how a capabilities approach sheds light on the nature and governance of public organization and elucidates the processes that may lead to value creation or value destruction through their deployment.

Intrapreneurship and Strategic Renewal: Influences on the Mutability of Organizational Resources

Carla Patricia da Silva Souza, *Federal University of Paraná*

Adriana Roseli Wunsch Takahashi, *Federal University of Paraná*

This study shows the influences of intrapreneurship and strategic renewal in changes in organizational resources during the process of creating a Graduate Program, which in this case is considered as an intrapreneurial initiative. The findings point out that the intrapreneurial initiative emerged from the need for research to the development needs of the daily work of professors and the analysis of the external environment. Furthermore, it was noticed that during the creation of Graduate Program process there were a number of changes in organizational resources, which were created and recreated from the needs of day-to-day work

Rediscovering Corporate Venturing: Insights from a Survey

Boris Battistini, *ETH Zurich*

Fredrik Hacklin, *Swiss Federal Institute of Technology Zurich*

Pius Baschera, *Swiss Federal Institute of Technology Zurich*

Corporate venturing is on the rise again, which can be observed in its recently growing intensity in established firms across the globe. While corporate venturing has received considerable research attention, previous studies have often insufficiently captured the evolution of corporate venturing activities. This article presents the key insights of a global study of leading corporate venture units and offers a benchmark against which to compare or review current and future corporate venturing initiatives. Our findings suggest that corporate venturing is a strategic vehicle used to accelerate the pace of innovation, provide a window on emerging technologies and an opportunity for strategic partnerships. We discuss the state of corporate venturing activities at leading corporations, across industrial sectors, and outline the distinctive features of today's venture landscape.

Uncovering the Determinants of Initiative Survival in Corporate Venture Units: A Multistage Selection Perspective

Monica Masucci, *University of Sussex*

James Hayton, *Newcastle University*

Stefano Brusoni, *Swiss Federal Institute of Technology Zurich*

This study aims at extending research on internal venturing by providing a more nuanced approach to understanding selection decisions in the development of new corporate ventures. Through a longitudinal investigation of the selection and development process of 1,527 early-stage initiatives supported by the internal corporate venture unit of a leading energy company between 1996 and 2009, it examines how determinants of initiatives' survival vary according to their stage of development.

SESSION 179

SOCIAL NETWORKS WITHIN AND ACROSS FIRMS

TRACK K	Date	Tuesday, Oct 9
Paper	Time	11:00 – 12:15 h
	Room	Meeting Hall V

Session Chair Evgenia Dolgova, *Erasmus University - Rotterdam*

Do Regional Dealmakers Make a Difference? Evidence from the Social Capital Networks of Serial Entrepreneurs and Investors

Ted Zoller, *University of North Carolina-Chapel Hill*

Amol Joshi, *University of Hawaii-Manoa*

Frank Ethridge, *Kenan Institute of Private Enterprise*

We introduce a novel algorithm for identifying and exploring the impact of dealmakers, key social capital actors who mediate entrepreneurial and investor networks via active, concurrent ties to multiple firms. First, we posit that serial entrepreneurs and investors occupy a unique role in social capital networks and thereby shape those networks to enhance entrepreneurial activity. Next, we examine the social capital networks of 12 entrepreneurial regions in the U.S. We find that the birth rate of startups is an increasing function of the density and seriality of regional network actors with multiple firm ties. Finally, for a risk set of startups with reported venture capital funding, we propose analyzing how the presence, expertise, and connectivity of dealmakers influences the likelihood of obtaining a subsequent investment round.



Entrepreneurial Attitude Orientation as a Determinant of Managers’ Knowledge Seeking Behavior across Organizational Boundaries: An Example from Biotech

Irena Schierjott, *University of Goettingen*
 Olaf Rank, *University of Freiburg*

Although efforts have been made in investigating the influence of certain entrepreneurial attitudes on the foundation of organizations, the importance of these attitudes in the time after has not been addressed so far, even though their relevance can be assumed. For this reason, we systematically investigate the importance of managers’ entrepreneurial attitudes for their collaborative behavior across the boundaries of their own organization with respect to their embeddedness and knowledge absorption. We empirically study the instrumental knowledge network among managers of organizations that participate in a regional bio-tech cluster located in Germany. Applying a class of exponential random graph models (ERGMs), we show that actors scoring high on the entrepreneurial attitude orientation scale are embedded differently into the network than those scoring low.

Stimulating the Flow of Resources: A Test of the Role of Embeddedness

Peter Moran, *University of New South Wales*
 Salih Zeki Ozdemir, *Australian School of Business*
 Kai-Yu Hsieh, *National University of Singapore*

This paper examines how the volume of resources a manager receives from a key contact is affected by the embeddedness of her relationship with that contact. Embeddedness is considered at three levels—the dyad, the network and the organization, referred to as relational, structural and organizational embeddedness respectively. Based on a sample of 728 relationships within 10 marketing and sales company subsidiaries of a Fortune 100 pharmaceutical firm, we find that the flow of resources between two parties is enhanced by the embeddedness of their relationship and that structural embeddedness enhances resource flow through a tie more when the tie is also organizationally embedded. As the relationship spans organizational boundaries, however, structural embeddedness’ effect on resource flow weakens, while the contribution of relational embeddedness remains.

The Role of Team Members’ Proactive Personality and Advice-Seeking Behavior in the Emergence of Team Proactive Behavior

Shiko M. Ben-Menahem, *Erasmus University - Rotterdam*
 Evgenia Dolgova, *Erasmus University - Rotterdam*
 Pepijn van Neerijnen, *Erasmus University - Rotterdam*

To understand how organizations shape and influence their environments to their advantage through entrepreneurial actions, it is crucial to investigate how proactive action originates. In the past two decades, scholars have increasingly sought to understand the drivers of proactive behavior in organizations. Whereas literature on proactivity on the individual level of analysis has burgeoned, team level proactive behavior remains under-researched. This study addresses the relationship between individual and team level proactive behavior using unique sociometric and behavioral longitudinal data from 220 individuals in 44 project teams participating in an online strategy simulation game. Applying dynamic social network analysis, we illustrate how proactive personality affects advice seeking in teams. Furthermore, using a linear growth curve modeling technique, we investigate the impact of network density of advice seeking relationships in teams on proactive team performance. We thereby provide important insights into the dynamics through which individual and team level proactivity are related.

SESSION 143

THE STRATEGIC HUMAN CAPITAL PROCESS: A LOOK INSIDE THE SAUSAGE FACTORY

TRACK L	Date	Tuesday, Oct 9
	Time	11:00 – 12:15 h
Common Ground	Room	Club H

Facilitator David Lepak, *Rutgers University*

Effects of Top Management Team Human Capital on HR Strategy Formulation Process: A Theoretical Framework

Natalia Garcia, *University of Cadiz*
 Fernando Martín-Alcazar, *University of Cadiz*
 Gonzalo Sanchez-Garvey, *University of Cadiz*

Many past studies have focused on the role of top management team (TMT) composition in strategic decision making. Specifically, Upper Echelon Theory (UET) has been the most useful framework in this area. It analyzes TMT composition using demographic variables as a surrogate of cognitive attributes. However, conclusions obtained have been inconclusive, particularly to what composition effects mean. On the other hand, there is a lack of research on the effects of TMT human capital on human resources (HR) strategy formulation process. Therefore, drawing on recent literature, we propose a process model which considers explicitly human capital influence in HR strategy definition. Finally, we will also introduce “system strength” construct, proposed by Bowen and Ostroff (2004), as a result of the formulation process.

HR in the Executive Suite: The Antecedents of HR Executive Presence in IPO Firms

Christopher Reutzel, *Utah State University*
 Carrie Belsito, *Utah State University*

This study represents the first systematic examination of HR executive presence. We extend the work of Cyr and colleagues (2000) by utilizing contingency theory (Lawrence & Lorsch, 1967) to consider the role of industry, strategy, and executive level characteristics in predicting the presence of HR executives in IPO firms. Preliminary results of hypothesis tests are supportive of the model developed in this study.

Human Capital Acquisition and Establishment Performance

Clinton Chadwick, *University of Kansas*

Using a sample of 2155 private sector establishments, this paper contrasts investments in training and in-vestments in selection—two distinct ways to acquire human capital—in models predicting establishment performance. In general, establishment performance is positively related to training but negatively related to selection. To estimate these relationships while accounting for endogeneity of establishments’ training and selection choices, this paper uses two-stage least squares (2SLS) methodology. The 2SLS results differ considerably from OLS estimates of the same relationships. The analysis demonstrates that HRM practices can have markedly different relationships with establishment performance, opening the door for bringing strategic choice more strongly into HRM research.

Intellectual Capital Valuation and Relation to Profitability: A Financial Statement Approach

Renato Sydler, *ETH Zurich*
 Stefan Haefliger, *Swiss Federal Institute of Technology Zurich*
 Robert Pruksa, *ETH Zurich*

The measurement of IC is, in contrast to its definitions, a highly discussed topic within the area of intellectual capital (IC). This paper presents a way to measure IC in order to make a quantitative assessment whether IC supports the knowledge-based view, which explains the long lived difference in firm profitability, and creates a sustainable competitive

advantage. We do so by having a systematic look at the landscape of IC valuation methods applied and addressed in the literature and extending one model so that we can use monetary proxies for human, structural and relational capital. Our results show that IC creating expenses indeed create IC assets in the subsequent year and that an increase in IC is associated with a higher return on assets over time.

Qualitative Differences in Executive Risk Taking: Examining Performance Consequences of Risk Taking in Response to Equity Based Pay

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

This study examines qualitative differences in risk taking associated with executive incentive alignment systems by addressing the question: when is executive risk taking associated with equity based pay good or bad for shareholders? Extant behavioural agency research examining executive compensation has focused upon predicting risk behavior in response to equity based pay; we extend behavioral agency research to the study of financial alignment between agent and principal. Combining the behavioural agency model with theories of heed, our theory predicts that risk taking is more likely to be applied with heed when executives have more to gain (prospective wealth) or more to lose (current wealth). In doing so, we build a richer understanding of both the governance implications of equity based pay and the relationship between executive compensation and firm performance.

Real Options Framework as Strategic Human Resource Practices Application for Information Technology Industry Employees

Som Sekhar Bhattacharyya, *National Institute of Industrial Engineering*
Kartik Vyas, *Persistent Systems Ltd.*

The growth of IT firms has created a demand for quality IT industry employees in substantive quantity in India. IT firms provide Training and Development (T&D) inputs for developing better skills of employees for better employee and superior firm performance. T&D input require firm investment. It also creates enhanced market demand for the trained employee. High growth area like IT, firms not only compete for market but also for employees. A trained employee might leave the firm that provided the training to join a rival firm which offers relatively better salary, a catch -22 situation. The authors propose a conceptual real options theory framework for the firms to use options to mitigate both investment risks and retention of the trained human resources.

SESSION 247

COOPERATIVE STRATEGIES

TRACK N	Date	Tuesday, Oct 9
	Time	11:00 – 12:15 h
Common Ground	Room	Club E
Facilitator	Peter Smith Ring, <i>Loyola Marymount University</i>	

Ambidexterity in IORs Relational Outcomes: The Exploration of Mechanisms in Between

Pei-Li Yu, *National Cheng Kung University*

Achieving high interfirm adaptation and low ex-post opportunism enable superior interorganizational relational outcomes, but raises challenging tensions. Building on the organizational ambidexterity literature, I specific the nature of the tensions (between interfirm adaptation and ex-post opportunism) and how they can be resolved. I also theoretically develop the idea that ex-post opportunism complement interfirm adaptation in enhancing interorganizational collaborations ambidexterity. It explores the perspective that interfirm relationships perform better because the parties involved have developed a valuable coordination mechanism,

which may facilitate better interfirm adaptation and mitigate ex-post opportunism. While there seems to be little doubt about the positive impact of coordination mechanisms on interfirm relationships, this study posits that the direct effect is mitigated by a variable specific to the interfirm context, namely cultural difference.

Are Suppliers Really Peripheral? Toward a Peripheral View of Firm Networks

Paolo Aversa, *City University London*

In technology-based industries, alliances between assemblers (core/focal firms) and suppliers (peripheral firms) are common practice to foster innovation and relational rents. Assemblers mostly drive innovation in the early phases of an industry life cycle, but as products become more complex, the locus of innovation shifts to suppliers. Despite the increasing relevance of peripheral firms and their distinctive characteristics, to date strategic management literature has mainly focused on focal firms. This work affirms that firm networks understanding needs to be completed through a tailored theoretical perspective—the “peripheral view”—which analyses suppliers as distinct players in innovation development.

Modular Components, Integrated Practices: Managing Complexity and Interdependence in Temporary Organizations

Richard Tee, *EPFL*
Andrew Davies, *Imperial College London*

This study investigates how firms manage complexity and interdependence through an in-depth analysis of a temporary organization, Heathrow Airport's Terminal 5 (T5) project. It highlights how firms manage interdependencies by complementing modular product designs (e.g. standardized components, prefab/offsite construction, interface compliance) with integrated practices (e.g. co-located teams, strong team identities, incentive alignment). Our paper extends existing work on managing interdependence and complexity in several ways. First, our study underlines how modular designs and integrated practices might be mutually reinforcing, rather than opposites. Second, we point to the role of information transparency to aid coordination and the challenges in achieving such transparency. Third, it underlines recent work that has emphasized the importance of “tacit” coordination mechanisms for firms that integrate tasks among geographically distributed sites.

The Role of Destination Management as Cooperative Strategy of Managing Changes in Fierce Tour-istic Competition

Ivett Sziva, *Corvinus University Budapest*

The touristic sector is a rather fragmented area from the viewpoint of supply. Creating cooperative strategy, and using out synergies in mutual innovation can be the way of surviving in turbulent environment. Cooperation is needed from marketing point of view as well, as so called touristic destinations (place of the touristic activity) are the main entities in the touristic market, answering the main demand-side question “Where to go, and what to do there?”. The main focus of the paper is to summarize the theoretical approaches to destination management, and give an overview of the result of two case studies from Hungary and Austria concerning to destinations facing keen competition or escaping from decline.

When Things Go Very Wrong: The Virtue of “Balanced Strategies” For Coalition Recovery Performance

Shu-Jung Sunny Yang, *University of Essex*
Yanto Chandra, *University of Leeds*
Teng-Fong Li, *University of Essex*

This research advances competition-oriented cooperation theorizing under condition of major disaster. A complex adaptive system is developed to examine the performance of different strategic repertoires for a coalition facing disruptions. Drawing on competitive dynamics



research, in our stylized model firm micro-behaviors such as action-reaction exchange and action irreversibility are embedded in firm macro-strategy (i.e. repertoires). More specifically, we formalize firm strategy as a repertoire of micro competitive/cooperative behaviors. By considering different repertoires and resource consumptions through a computational analysis, we show a number of unique insights that contributes to and demonstrates the predictive power of competitive dynamics perspective on interfirm cooperation.

Widening Scope: Combining New Product Development with Cross-sector Partnering in Home Healthcare

Ha Hoang, *ESSEC Business School*
 Marta Elvira, *IESE Business School*
 Carlos Rodríguez-Lluesma, *IESE Business School*

We seek to shed much needed light on concurrent forms of novelty-seeking. We conduct an in-depth study of a global, diversified firm's efforts to undertake new product development in home healthcare while simultaneously engaging in novel cross-sector partnerships. By explicitly comparing two different approaches to product development and the resulting partner interactions, we shed light on the factors that facilitate organizational learning and shared value creation. In particular, we contrast the firm's use of linear and selection-based product development approaches for its implications for the extent of partner interaction, integration and learning. As the use of cross-sector partnerships grows, more fine-grained understanding of partnerships between for-profit and public and non-profit organizations is needed in order to better guide managers in their effective use.

SESSION 111

WHY BOARDS LOOK THE WAY THEY DO: DIRECTOR SELECTION

TRACK O	Date	Tuesday, Oct 9
	Time	11:00 – 12:15 h
Common Ground	Room	Meeting Room 2.1

Facilitator Scott Johnson, *Oklahoma State University*

Identifying Effective Boards: Distinguishing between Boards' Symbolic versus Psychological Independence

Dawn Harris, *Loyola University - Chicago*
 Sanjay Goel, *University of Minnesota*

In spite of decades of research and prescriptions on board independence, the empirical evidence on the existence and effect of board independence remains ambiguous. In this paper, we propose an alternative perspective on board independence, using developments in identity theory and its application. We distinguish between board's symbolic independence and its psychological independence. We provide arguments why symbolic independence of the board may be conceptually deficient in achieving board independence. We develop a conceptual framework arguing that an identity-based psychological independence of the board not only achieves a more tangible independence, but may also be linked directly to board effectiveness.

Integration Across the board: What Drives Post-Acquisition Appointments of Target Firm Directors to Acquirers' Boards?

Katalin Takacs Haynes, *University of Delaware*
 Mario Schijven, *Texas A&M University*

The literatures on boards of directors and acquisitions represent important, but distinct research domains within strategic management. A small number of studies reveals the influence boards of directors have on acquisitions but there is a dearth of information about the influence of acquisitions on board composition. This study opens a line of inquiry into the selection of directors from the target firm. We first examine

whether the nature of the acquisition determines director selection such that the economic and social perspectives that drive acquisitions are also present in director selection. After identifying board composition profiles that positively influence firm performance, we investigate the speed with which post-acquisition companies align their boards with the ideal profiles.

Internal and External Power Struggles in Board Member Selection

Alina Wilker, *University of Munich*
 Anja Tuschke, *University of Munich*
 Patricia Klarner, *University of Munich*

This paper examines how the appointment of new board directors is impacted by the power of a firm's main actors, namely the CEO, the board chairman, current directors, and shareholders. Our analysis of director selection decisions in a sample of 110 listed German firms between 2004 and 2009 shows that CEOs' influence on director selection differs by their power base (tenure, status, and ownership). Findings also reveal that CEOs' ability to influence director selection is constrained by the power of the board and large shareholders. Additionally, firm complexity decisively impairs director selection decisions. Overall, our results contribute to corporate governance research by showing that CEO power can be counterbalanced internally and externally within the context of director appointments.

Supply Side Considerations on the Market for Corporate Directors

Michael Withers, *Texas A&M University*

Understanding the determinants of board composition is a central focus of corporate governance research. While extant research offers a number of key insights into understanding board composition, it has done so often neglecting the individual-level characteristics of the potential director. This study examines the individual-level determinants of why current corporate directors receive subsequent board appointments. Integrating research on director selection and human and social capital perspectives of job mobility, I argue that certain human and social capital indicators of director's ability to perform the monitoring and resource functions should directly relate to his or her likelihood of joining a new board, with those directors with higher levels of human and social capital more likely to join new boards.

Where do Intra-Group Directors Come From? A Resource Dependence Perspective

Giin Lee, *Korea University*
 Hicheon Kim, *Korea University*

Business groups add value through resource sharing and coordination. However, operational details and an analysis of which party receives benefits have not been fully explored. Because they directly influence firms' strategies with valuable knowledge and experience from group firms, intra-group directors are proper means to examine resource sharing mechanisms among member firms. In this paper we examine how member firms' ties within a group influence the number of intra-group directors. Specifically we consider trade ties, ownership ties, and knowledge ties as an indicator of a firm's need of external links. We conclude that ownership ties and knowledge ties show a significant positive relationship with the number of intra-group directors. This study explains how business groups use human resources to facilitate group coordination and resource sharing.

Why do Outside Directors Serve on Boards? Directors' Motives and Board Effectiveness

Ying Feng, *Erasmus University - Rotterdam*
 Jatinder Sidhu, *Erasmus University - Rotterdam*

In the flourishing literature on corporate governance, the motivation of outside directors to serve on boards tends to be taken for granted. Yet, the willingness of individuals to join boards is not straightforward to

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explain. Because neither the pecuniary rewards nor the intrinsic features of the job are necessarily very attractive, directors' motives constitute an intriguing phenomenon worthy of theoretical and empirical inquiry. In this research we draw on agency, stewardship and social exchange theories to predict alternative conditions that motivate outsiders to join a board. We furthermore argue that directors' motives can be anticipated to have a bearing on board processes and board effectiveness. Our propositions are tested using data from a wide cross-section of Chinese firms.

SESSION 117

HETEROGENEOUS OWNER TYPES AND THEIR INFLUENCE

TRACK O, TRACK M	Date	Tuesday, Oct 9
	Time	11:00 – 12:15 h
Paper	Room	Meeting Room 2.2

Session Chair Arun Tripathy, *Indian Institute of Management - Lucknow*

Bank Loan Debt as a Hybrid Governance Mode for R&D Investment

Barclay James, *Louisiana State University*

Jean McGuire, *Louisiana State University*

From a transaction costs perspective, equity has been viewed as having firm-like (i.e., hierarchical) qualities and debt has been viewed as having market-like qualities. Recent research notes the heterogeneity of debt, and views bonds as transactional and bank loans as relational, where bank loan debt then serves as a more efficient governance mode for R&D investment than does bond debt. In this paper, we view equity as firm-like, bond debt as market-like, and bank loan debt as hybrid-like. We theorize and find evidence consistent with the view that bank loan debt as a hybrid is more firm-like (market-like) and thus better (worse) to govern R&D investment when firms are owned (not owned) substantially by banks, where monitoring and adaptability (via forbearance) off-set the organizational costs of bank debt relative to bonds.

Diversification and Ownership: Exploring Differences Between the Diversification Strategies of Family Versus Non-Family Firms

Kimberly Eddleston, *Northeastern University*

Todd Alessandri, *Northeastern University*

We seek to understand the factors that can influence varying diversification strategies across both product and geographic markets for family versus non-family firms. Specifically, we adopt a behavioral theory perspective to derive our hypotheses. We explore how the business risk associated with product and international diversification influences the diversification strategies of family and non-family firms. We then examine how these relationships are moderated by the firm's performance relative to target, threat of bankruptcy and organizational slack. Our preliminary findings show a marginal positive relationship between family ownership and product diversification, and a strong negative relationship between family ownership and international diversification. Furthermore, performance relative to aspirations and potential slack moderate the link between family ownership and international diversification.

Impact of Ownership Structure on Choice of Expansion Mode

Arun Tripathy, *Indian Institute of Management - Lucknow*

Reje Pallathitta, *Indian Institute of Management - Bangalore*

This study examines the impact of ownership structure on the firm's choice of its expansion mode. The expansion modes provide different options to firms and help them to build different capabilities. Prior studies have not considered the impact of ownership structure on the choice of expansion modes. Multinomial logistic regression (MLR) model have been used to test 1830 expansion mode decisions (in the period 2000 – 2007) announced by 996 firms. Empirical evidence shows strong relationship between ownership structure and the choice of expansion mode. Results show that acquisition mode of expansion is preferred by foreign owners and firms belonging to business groups. This study highlights the importance of ownership structure and brings out the need to consider this variable in future studies of expansion modes.

Portfolio Restructuring in Family and Founder-Controlled Firms

Seemantini Pathak, *University of Houston*

Francesco Chirico, *Jönköping University*

Robert Hoskisson, *Rice University*

Marianna Makri, *University of Miami*

This proposal examines how family and founder-controlled firms differ from mixed ownership firms, and from each other, in their portfolio restructuring (divestitures as well as acquisitions) behavior. Such firms face few problems arising from principal-agent opportunism. However, their concentrated ownership increases the likelihood of principal-principal opportunism. The prevalence of principal opportunism may be stronger in family firms as they also value the family's socio-economic wealth strongly. We theorize how considerations relating to socio-economic wealth would influence similarities and differences in the restructuring behavior of family and founder-controlled firms, and test our hypotheses on a sample of 246 family, founder and mixed-ownership firms.

12:15 – 14:00

AWARDS LUNCHEON

SESSION 155

INSTITUTIONAL TRANSITIONS AND INTERNATIONALIZATION STRATEGIES

TRACK A	Date	Tuesday, Oct 9
	Time	14:15 – 15:30 h
Paper	Room	Meeting Hall IV (b)

Session Chair *Aya Chacar, Florida International University*

How Institutional Transition Speed Influences Cross-Border Acquisition Performance

Yinuo Tang, *University of Pittsburgh*
Ravi Madhavan, *University of Pittsburgh*

Firms from emerging markets increasingly use cross-border acquisitions as a vehicle for international expansion. We examine how institutional distance and institutional transition speed impact value creation from such moves. Bridging heterogeneous institutional contexts through cross-border acquisitions provide acquirers with valuable opportunities to upgrade their capabilities, including the capacity to adjust strategies for different strategy contexts. Rapid changes in institutional environments will increase the value of institutional distance by further strengthening firm capability to sense and seize institutional synthesizing opportunities. Analyzing 1099 international acquisitions by BRIC-based firms between 2001 and 2011, we found that institutional distance positively influences value created through acquisition. In addition, institutional transition speed positively moderates the relationship between institutional distance and CAR.

The Internationalisation of Firms in Frontier Markets: A Structural Model of Performance

Namukale Chintu, *University of Cambridge*
Peter Williamson, *University of Cambridge*

Our paper proposes to conduct a structural model investigation into firm entrepreneurial, entry and supplier strategies associated with successful internationalisation in frontier markets. While the literature continues to develop in uncovering foreign and domestic firm strategies in transition economies, it has focussed on the well-known transition and emerging markets. Little is known about strategies in frontier markets, transition economies that are further down the spectrum of institutional transition and economic development. We propose to extend this literature through the comparison of the successful internationalisation of firms from emerging markets (EMNEs) to those from developed countries in frontier markets. This has strategy implications for firms from developed countries that have traditionally dominated these economies and for potential investors that overlook the opportunities for internationalisation.

The Internationalization of Private and State Firms Under Reforms

Luis Dau, *Northeastern University*

Building on the institution-based view of strategy, we study the impact of pro-market reforms on developing-country firm multinationality. We propose that reforms increase multinationality by reducing institutional imperfections and increasing domestic competition, thus inducing firms to expand internationally. However, we argue that the effect is higher for private firms than state firms because the former are compelled to be more responsive to institutional changes and opportunities in order to survive. The three-level RCM Poisson analyses of a panel of the largest firms in Latin America for the period 1989-2009 provide robust support for the arguments.

The Role of Distance in Status Transfer Across Borders

Isin Guler, *Sabancı University*

To what extent can benefits of social status be transferred across countries? While prior research has suggested that social status might aid market entry as a valuable asset, the contingencies under which firms

may benefit from home-country social status in other countries is little known. This study proposes to examine how geographic, institutional, and cultural distances influence the impact of status on foreign market entry. The empirical study examines the entry decisions of venture capital firms in the U.S. in other countries. Preliminary results suggest that institutional and cultural distance, but not geographic distance, reduce the impact of status on entry.

SESSION 8

BUSINESS MODEL TRANSITIONS IN TRANSITIONAL MARKET SETTINGS

TRACK C	Date	Tuesday, Oct 9
	Time	14:15 – 15:30 h
Paper	Room	Dressing Room 221

Session Chair *William Newbury, Florida International University*

Business Model Innovation at the Bottom (Base) of the Pyramid

Shahzad Ansari, *University of Cambridge*
Marloes Nijland, *Erasmus University - Rotterdam*

We address the organizational processes by which firms develop innovative business models for delivering economic and social benefits in Bottom (Base) of the Pyramid (BoP) environments. While much work has addressed the desirable outcomes from such ventures, few studies focus on the process through which businesses co-create business models with partners such as the local community and NGOs. We conduct a qualitative analysis drawing on multiple cases to make two contributions. First, we apply the lens of business model innovation in BoP environments. Second, we examine how firms establish innovation routines for developing new business models in BoP environments. The focus on innovation process rather than on innovation outcomes at the BoP allows a novel way to conceptualize innovation in BoP environments.

Internationalization Trajectories and Business Models of Emerging Market Multinationals: A Quest for Firm Performance

Margarete Kalinowski, *Ramon Llull University*
Luis Vives, *Ramon Llull University*

Despite the uptake of internationalization among firms from emerging markets, questions remain regarding their internationalization trajectories, business model management strategies and their impact on firm performance. To answer these questions, this study extends prior research on internationalization of emerging multinationals and builds on literature on business models. We propose a conceptual framework depicted by two variables: level of institutional difference, and strategic initiatives of leveraging traditional business model or developing a new one. We obtain four possible business model management trajectories. Through in-depth case studies of Latin American multinationals, we identify the various mechanisms and variables that play a role in each trajectory. We then analyze performance differences in each trajectory and discuss reasons and factors for the existence of the strategic groups.

Navigating in the Modern MNC: The Emergence of a Pilot Subsidiary Role

Marty Reilly, *Dublin Institute of Technology*
Pamela Sharkey Scott, *Dublin Institute of Technology*
Vincent Mangematin, *Grenoble School of Management*

As multinational corporations (MNCs) shift from networks of miniature replica subsidiaries to value chains fine sliced across the globe, the impact of these changes on how subsidiaries contribute to the organization has been largely overlooked. Departing from the current perspectives of subsidiary initiative and entrepreneurship, we explore the impact of a narrow focus on subsidiary capacity to contribute to the MNC using multiple case studies within the Information Communications and

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Technology Industry. Drawing on both lead user and capability lifecycle theories, we uncover a Pilot subsidiary role, where a unit strategically positions as a test bed for capability development within its organization, engaging in the risky strategy of constantly developing and diffusing capabilities to the wider MNC. The implications of our findings for theory and practice are then discussed.

Regulatory Punctuation, State Uncertainty and Firm Strategic Behavior: Evidence from India

J. Ramachandran, *Indian Institute of Management - Bangalore*
Shaleen Gopal, *Indian Institute of Management - Indore*

We use the 1991 economic liberalization in India as a natural laboratory to understand firm behavior during discontinuities in external environment. Curiously, while discontinuous changes have received considerable scholarly attention in recent years, one aspect that remains unaddressed is the impact of widespread fear of reversal during the early years of transition on firms' adaptive response. Such an uncertainty would upset firms' efforts to reconfigure the fit with external environment disrupted due to change. The paper investigates how firms navigate this problem by examining changes in their related and unrelated product portfolio. Drawing upon prospect theory, we observe that firms explore opportunities in markets unrelated to current product portfolio even as they exhibit risk averseness by focusing on select markets in case of current portfolio.

SESSION 60

THE SUSTAINABILITY OF COMPETITIVE ADVANTAGE

TRACK E	Date	Tuesday, Oct 9
	Time	14:15 – 15:30 h
Paper	Room	Meeting Hall IV (a)

Session Chair James Wade, *Emory University*

Customer Turnover, Rivalry and Market Share Instability: An Analysis of Eight Product Markets, 2002-2010

Afonso Almeida Costa, *INSEAD*
Karel Cool, *INSEAD*

The paper examines the impact of customer turnover at the market level, i.e. the effects of the degree of customers entering and leaving the market, on the intensity of rivalry. Hypotheses are derived about the drivers and effects of customer turnover and are tested on samples from the tire, smoking, beauty and personal care, and over-the-counter drug industries over the period 2002-2010. The degree of customer turnover in a market is linked to the age (or stage) specificity, the infrequency of need, and the durability of the products. Controlling for market structure variables, the paper finds that customer turnover as driven by durability reduces rivalry (as measured by market share instability), but that customer turnover as driven by age/stage specificity and infrequency of need significantly increases the instability of market shares.

Stable Differences: International Diversity in Adaptation and Selection in the Worldwide Floppy Disk Drive Industry, 1970-1998

David McKendrick, *Australian National University*
Anand Swaminathan, *Emory University*
James Wade, *Emory University*

Data on the worldwide floppy disk drive industry from 1970 to 1998 were used to study how adaptation and selection affect global competition over time. We argue that a combination of isomorphism and selection lead to stable differences in firm behavior across countries. National firms cohere around similar product strategies and stay with them rather than adapt to changing competitive circumstances. The choice of product strategies is strongly influenced by the national selection environment

faced by early entrants: firms tend to imitate the practices and strategies of the most successful firms from their own nation rather than successful firms from elsewhere. Our findings suggest that organizations are likely to persist with national norms even in the face of global competition.

The Interrelated Impact of Sustainability Performance and Transparency on Short and Long Term Financial Performance

Samuel Touboul, *HEC-Paris*

This article studies the moderating impact of disclosure transparency on the link between sustainability and financial performance, both in the short and long run. It argues that on strategic factor markets sustainability performance only allows a better access to resources if matched with high transparency, but that low sustainability performers may still encounter high returns by limiting their disclosure. While literature still debates on whether a positive or a negative relationship exists between both constructs, this article solves the inconsistency and proves that depending on firms' transparency, and time frame, sustainability performance may both have a positive and negative impact on financial performance. Using a unique dataset (2413 international firms over 8 years), we find support for our hypotheses and discuss their implications.

When Value Sticks Around: Why Automobile OEMs Still Rule Their Sector

Michael G. Jacobides, *London Business School*
John Paul MacDuffie, *University of Pennsylvania*
Chungwon J Tae, *London Business School*

In this paper, we compare the vast value migration that happened in computers (from OEMs to software and microprocessors) to stability in automobiles, where automobile manufacturers maintained their share of profits despite substantial outsourcing. We explain these large-scale data differences by delving into the qualitative dynamics of the automobile sector, as contrasted with PC's. We offer four exploratory hypotheses that explain this difference in patterns: Difficulties in modularization; stability and the closed nature of the dominant design; OEM's role in quality certification, meeting regulatory requirements, and bearing legal liability; and the industry's continuity in terms of the nature of final customers and how products are distributed all contribute to lack of value migration in automobiles. Implications for research and practice are discussed.

SESSION 61

VALUE CREATION AND VALUE CAPTURE

TRACK E	Date	Tuesday, Oct 9
	Time	14:15 – 15:30 h
Paper	Room	North Hall

Session Chair Nile Hatch, *Brigham Young University*

Competition and Competitive Advantage

Nile Hatch, *Brigham Young University*

Competitive advantage creates superior profits after it has influenced the competitive relationship of rivals. Typically competitive advantages are studied independently of competition and its influence on profitability. We define competitive advantage in the context of general forms of competition. Then we show how these competitive advantages influence competition and profits. We find that in some situations, small competitive advantages can have a strong influence on competition and deliver greater profits. These results give us insights into the efficacy of competitive advantages and shape how firms may pursue innovation, marketing, and growth.



Competitive Advantage, Positioning, and Price Competition

Steven Postrel, *University of California-Irvine*

Competitive advantage is an important concept without a clear definition. This paper illustrates how one precise concept of competitive advantage—transaction surplus superiority—functions under a wide range of assumptions about pricing behavior. It turns out that in common analytical situations, this definition robustly but non-tautologically predicts profit differences across firms. In addition, the theory uses incentive compatibility to explore when soft versus tough price competition is likely to occur as a function of the size of competitive advantage.

Conceptualizing Coopetition as Management Innovation

Anna Minà, *University of Catania*

Giovanni Battista Dagnino, *University of Catania*

Roger Dunbar, *New York University*

Gino Cattani, *New York University*

We attempt to respond to two questions: (a) what are the drivers that support the emergence of coopetition as management innovation? What are the social and cognitive processes that unfold over time as coopetition develops? We scrutinized systematically the contributions that academic research has provided in shaping and implementing coopetition strategy. On the ground of the categorical analysis of 82 studies on coopetition published in the period 1996-2010, the study aims to clarify how coopetition involves new management practices to support organizational value creation. Drawing on Garud and Rappa's (1994) socio-cognitive model of technological evolution, we explain the emergence and affirmation of coopetition, as well as how such a process may lead to the creation of new theoretical paths in coopetition literature.

From Value Creation to Value Capture: A Review of How Firms Appropriate Returns From Innovation

Sharon James, *Ohio State University*

Michael Leiblein, *Ohio State University*

Shaohua Lu, *Ohio State University*

Technology strategy literature has examined how environmental conditions influence firms' choices about the commercialization of innovations and how mechanisms such as patents, lead time, secrecy, and complementary assets influence the extent to which firms capture value from innovation. While this literature has made notable contributions, we have yet to develop a robust theory that allows us to unbundle the factors that affect the selection and effectiveness of particular mechanisms. The purpose of this paper is to provide a foundation from which to address these gaps in the literature. Based on our review of all relevant scholarly work over the period 1980-2011, we identify research opportunities that help to clarify the conditions under which specific bundles of mechanisms will likely help firms achieve persistent superior performance.

SESSION 86

CORPORATE STRATEGY: EXPANDING UNDERSTANDING AND KNOWLEDGE

TRACK F	Date	Tuesday, Oct 9
	Time	14:15 – 15:30 h
Common Ground	Room	Terrace 2

Facilitator Laszlo Tihanyi, *Texas A&M University*

CEO Characteristics and Corporate Strategy – Does a Fit Matter?

Dirk Schneider, *University of Erlangen-Nuremberg*

Martin Weiss, *University of Erlangen-Nuremberg*

Jan Mammen, *University of Erlangen-Nuremberg*

Susanne Fleischhacker, *University of Erlangen-Nuremberg*

Within the upper echelons theory, the concept of fit assumes that a fit of top managers' characteristics and the company's strategy has a positive performance impact. While this assumption has received empirical proof for strategies on the business level, we propose that this is also true for a fit for strategies on the corporate level. We test our hypotheses on a sample of 120 CEOs from Germany, France, and Great Britain. Our findings suggest that a fit of CEO characteristics and corporate strategy leads to superior performance. We also find that the effect of a CEO-strategy fit is moderated through its situational context, for example if the dominant types of shareholders are financial investors compared to state and private investors.

Corporate Strategy at the Crossroads? Inductive Derivation of a Consensus and Comprehensive Definition

Sven Kunisch, *University of St. Gallen*

Markus Menz, *University of St. Gallen*

While research in corporate strategy has generated valuable knowledge, today this sub-field of strategic management appears to be very fragmented and lacks a coherent agenda. To counter this trend, we inductively develop a consensus and comprehensive definition based on a large-scale content analysis of the abstracts of 383 articles published in the top 50 management journals from 1955 to 2008. More precisely, drawing upon a distinctive vocabulary obtained by word frequency analysis, three renowned strategic management scholars are engaged in developing the new definition. The findings indeed confirm that existing definitions are often ambiguous and too narrow. Contributing to the sub-field's advancement, the new definition serves as a framework to guide future corporate strategy research.

Do Firms Really Allocate Capital So Inefficiently?

Carl Vieregger, *Washington University-St. Louis*

Extensive research in both finance and strategy concludes that managers allocate capital inefficiently. I argue in this paper that extant studies may suffer from a measurement problem, which does not capture the complex, value-maximizing trade-offs faced by the top management of multidivisional firms. In the first stage of the empirical analysis, I develop a new measure of strategic capital allocation to show that managers are indeed allocating capital more than twice as efficiently than prior literature suggests. The second stage validates this new measure by demonstrating the significant association between strategic capital allocation and firm-level performance. The results from this paper strongly suggest that capital allocation is, on average, efficient, and that managers can increase firm performance through strategic capital allocation.

Heavy is the Head that Wears a Crown: High Reputation Firms and their Risk Taking Behavior

Jerayr Halebian, *University of Georgia*

Michael Pfarrer, *University of Georgia*

Jason Kiley, *University of Georgia*

To meet high growth expectations under the constraints of limited strategic choice, high-reputation firms will be risk seeking. Consistent with this notion, we find high-reputation firms make more acquisitions and are more likely to make unrelated acquisitions than their counterparts. Moreover, we predict managers at high-reputation firms will leverage their firm's high standing in their strategic behaviors. We find high-reputation firms use stock more often than other firms to finance their acquisitions. Finally, we hypothesize that the market will punish the risk-seeking behavior of these firms as they attempt to meet these expectations. We find investors bid down the value of high-reputation firms' stock more than other firms' in response to acquisition announcements.

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Strategic Complexity and Normal Accidents: Strategic Sources of Accidents in the Global Airline Industry, 1978-2000

Doyoon Kim, *Yonsei University*
Dongyoub Shin, *Yonsei University*

We argue that certain strategies unintendedly raise the likelihood of accidents by increasing the level of strategic complexity at the implementation stage. This study also empirically examines the effects of following three popular strategic options on the likelihood of subsequent accidents: strategic alliances, merge and acquisitions, and niche changes. We suggest that the level of strategic complexity and its effects on the likelihood of accidents must be included as main factors in strategic decision making especially at high-reliability organizations and empirically examine the strategic sources of accidents using a data-set of the global airline industry, 1978-2000. The results of our empirical study on the global airline industry showed that the likelihood of accidents is positively affected by strategic alliances, merge and acquisitions, and niche changes.

The Impact of Management's Coordination Effort on the Relatedness-Performance Relationship

Baldauf Artur, *University of Bern*
Jonas Patrick Koenig, *University of Bern*
Karin Tremp, *University of Bern*

In this study, we argue that related diversification enhances firm performance only under circumstances of balanced coordination efforts. While the realization of synergies requires coordination of resources among different business units, a too high level of coordination effort and its corresponding costs may offset the benefits of a related diversification. Strategic relatedness and coordination effort are important theoretical constructs in strategic management. However, extant literature is characterized by both poor clarifications of the interplay between relatedness and coordination effort as well as only moderate empirical research activities. Analyzing information gathered from senior managers of stock listed companies, our findings support the moderating effect of coordination efforts on the relationship between strategic relatedness and firm performance.

SESSION 30

POLITICS, INSTITUTIONS, POLITICAL RISK & GLOBAL STRATEGY

TRACK G	Date	Tuesday, Oct 9
	Time	14:15 – 15:30 h
Common Ground	Room	Terrace 1

Facilitator Jonathan Doh, *Villanova University*

Choose Your Friends Carefully: The Influence of Home-Country Relationships on Young Firm Internationalization

Shameen Prashantham, *University of Nottingham*
Julian Birkinshaw, *London Business School*

While overseas relationships are known to help young firm internationalize, we know little about how a firm's home-country relationships affect its subsequent internationalization, and the limited extant work remains inconclusive. We develop new theoretical arguments by combining social capital theory with reference group theory. This novel theorizing suggests that the impact of local ties on international expansion will vary depending on their nature. Specifically, internationalization is adversely affected by domestic relationships of a general nature but facilitated by joining a local industry "networking" industry group. Based on an empirical study of 102 Indian software firms we find support for our arguments.

Getting by with a Little Help from My Friends: Does Political Affinity Lead to Lower M&A Premiums?

Olivier Bertrand, *SKEMA Business School*
Marie-Ann Betschinger, *National Research University*
Alexander Settles, *National Research University Higher School of Economics*

The role that foreign policy plays in M&As activity and takeover strategy is an understudied issue. Building on the fields of Strategy, International Business, and International Relations, we argue that political affinity between nation-states produces a positive environment for cross-border deals since political affinity may lead to cooperation between governments, easing the transactions of firms from each country. Using a dataset of 925 cross-border deals for the period of 1990-2008, we find that political affinity between home (acquirer) and host (target) country leads to lower bid premiums. We also show that this relationship depends on the political environment of the host country and the size of firms involved in M&As.

Mapping MNE Location Choices in Response to Drug Cartel Violence

Li Dai, *Loyola Marymount University*

Given that effectively reacting to risk is a central concern in strategic management, this study examines the effect of host country violence on MNEs. Specifically, I focus on the exit, relocation, and location search decisions in the context of drug cartel violence in Mexico. While exposure to violence may prompt an MNE to move, I argue that three types of costs – namely, sunk, maintenance, and switching costs – exert distinct and sometimes conflicting effects on the MNE's location choices. While MNEs may satisfy in deciding whether to relocate when confronted with a violent context, they may optimize in deciding where to relocate so as to capitalize on any incentives to remain in the host country.

Policy Risk, Political Capabilities, and the Survival of Foreign Direct Investment Projects

Laura Fernández-Méndez, *University of Oviedo*
Esteban García-Canal, *University of Oviedo*
Mauro Guillen, *University of Pennsylvania*

Policy risk in the host country has been considered as a deterrent both to incoming foreign direct investments and to the maintenance such investments there, as the exposure to arbitrary changes in regulations reduces the value of the investment. However, some recent studies have shown that firms in regulated sectors do not always avoid policy risk when expanding abroad, because these firms have capabilities that allow them to overcome the negative consequences of policy risk exposure. Building on these studies, this paper analyzes to what extent policy risk in the host country increases or decreases the probability of divesting. An empirical analysis based on survival models applied to a sample of foreign direct investments made by Spanish multinationals in regulated industries during the period 1986-2008 shows that, at least in the case of these firms, policy risk decreases the probability of divestiture.

Political Risk Strategies and Electoral Institutions: Managing Contagion and Corruption

Karin M. Fladmoe-Lindquist, *University of Utah*

Elevated political risk and contagion can have an impact on the operations and strategic choices of multinational firms. This environment is exacerbated can be further affected by the type of government and electoral institutions of the host country. This paper proposes that the use of proportional representation (PR) in elections creates elevated operating costs for firms. These elevated costs can take the form of corruption and information asymmetries and may also impact the ability of the local political institution to respond to political, social, or economic shocks and contagion. Contagion implies a sequence by which an initial political, economic or social crisis in one country spreads across multiple environments, thus increasing the importance of the response by both the national government and the multinational firm.



SESSION 96

COMPREHENSIVENESS AND TIME

TRACK H	Date	Tuesday, Oct 9
	Time	14:15 – 15:30 h
Paper	Room	Club A

Session Chair Weilei Shi, *City University of New York*

Managing Interdependencies Among Strategic Decisions: Learning and Implications for Performance

Aleksandra Rebeka, *University of North Carolina-Chapel Hill*
 Rajat Khanna, *University of North Carolina-Chapel Hill*

Strategic decisions are inherently interdependent, and making a strategic choice in one area without considering other areas may lead to undesired outcomes. Previous research has shown that potential for interdependency in the industry affects the mean and variance of within-industry firm performance. This implies that firms differ in their ability to manage interdependencies among strategic decisions. In this study, we intend to contribute to the literature on learning and interdependency by answering two research questions: a) do firms learn to manage interdependencies among strategic decisions over time, and b) is this ability to manage associated with higher performance? Our preliminary results show that variance in firms' ability to manage interdependencies decreases over time and that this ability to manage has a curvilinear effect on performance.

Strategic Decision Comprehensiveness: The Integration of Decision Quality

Torsten Wulf, *HHL-Leipzig Graduate School of Management*
 Philip Meissner, *Philipps-University Marburg*

On the basis of a sample of 212 top executives, we investigated the effect of decision comprehensiveness on decision quality. Our results show that decision quality is independent from the influence of environmental turbulence, a key distinguishing factor in previous studies. While we found a positive effect of comprehensiveness on performance in high turbulent environments but not in low turbulence environments, its influence was generally positive with regard to decision quality. We suggest that a comprehensiveness-decision quality-performance link may provide a more accurate description of the strategy process, which seems more complex than theorized by previous research.

Time Orientation, Strategic Decision Making and the Contingency

Weilei Shi, *City University of New York*
 John Prescott, *University of Pittsburgh*
 Haibin Yang, *City University of Hong Kong*

While time has long been perceived as an important dimension in strategy research, few studies have explored how decision makers' perception of time drives firms' strategy. We define time orientation as how individuals value and subjectively perceive time. We theoretically link and empirically examine the role of time orientation (short-term vs. long-term orientation) in affecting three key dimensions of the strategic decision making process; comprehensiveness, speed, and creativity. We also demonstrate that such relationships are constrained and facilitated by temporal era, industry context and firms' life stage of development. We test our hypotheses in semiconductor and pharmaceutical industries in China.

SESSION 240

CAPABILITIES

TRACK I	Date	Tuesday, Oct 9
	Time	14:15 – 15:30 h
Common Ground	Room	Club E

Facilitator Laura B. Cardinal, *University of Houston*

Bringing Dynamic Capabilities Inside: Evidence from Distant Takeover

Patrick Reinmoeller, *Cranfield University*

This study contributes to the debate on dynamic capabilities by investigating how acquisitions can support firms in bringing dynamic capabilities inside. Using the extended case study method, we provide a granular account of how a leading ICT player infused its organization with dynamic capabilities through acquisition of a distant firm. Findings show how acquisitions can support dynamic capability development, if companies i) develop critical awareness of self and the external environment, ii) take control and give autonomy. Implications and suggestions for further research conclude this study.

Cognition & Capabilities: A Multi-Level Perspective

J.P. Eggers, *New York University*
 Sarah Kaplan, *University of Toronto*

Research on managerial cognition and on organizational capabilities has essentially developed in two parallel tracks. We know much from behavioral theories and RBV about whether and when capabilities are a source of competitive advantage. Separately, managerial cognition scholars have shown how interpretations of the environment shape organizational responses. Only recently have scholars begun to make links between the two sets of insights, suggesting that routines and capabilities are based in particular understandings about how things should be done, that the value of these capabilities is subject to interpretation, and that even the presence of capabilities useless without managerial efforts to match these to the environment. This paper integrates these emerging insights in order to propose a multi-level cognitive model of capability development and deployment.

How Routinely Having a Look at the Jesters Mirror Introduces the Missing Dynamic Component into Organizational Capabilities

Ingo Bildstein, *University of Liechtenstein*
 Stefan Gueldenberg, *University of Liechtenstein*

The dilemma of how to integrate dynamic renewal into per se static organizational capabilities poses a fundamental challenge for strategy scholars. Capabilities can become maladaptive, when organizational action off the beaten track is needed. They then morph into rigidities, which reliably replicate anachronisms. Our paper contributes to overcoming this dark side of capabilities, by merging knowledge-managerial research findings with topical cognitive-collective insights from the realm of psychology. Sine qua non for not crossing the thin line between carving capabilities in stone, and vigilantly reacting to relevant change signals, is effective shared leadership. Pivotal here is the creation of a jester-like mindset in organizational members, which enables a culture, where it is safe to tell everybody some inconvenient truth. The resulting perpetual self-reflection resolves the capability-rigidity-paradox.

International Innovation Capability Development Strategies of World Class Emerging Market Firms from China and India

Andreas Schotter, *Thunderbird School of Global Management*
 Mary Teagarden, *Thunderbird School of Global Management*

This research examines the innovation globalization processes of world class emerging market firms from the high tech, the energy and the automotive industries. We examine five different innovation capability

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development paths used by Chinese firms or Indian firms to achieve global industry leadership positions. We address the question how different innovation and knowledge acquisition strategies impact the speed and configuration of internationalization strategies of these emerging market MNCs and what role industry and country level institutions play in improving or hindering the success rate of these activities.

Unpacking the Dynamic Managerial Capability to Align Firm Capabilities with Customer Needs

Tim Coltman, *University of Wollongong*

Timothy Devinney, *University of Technology-Sydney*

Organizations are complex systems that require mixtures of capabilities that interact in potentially quite complex ways both within and across points in time. This is particularly true of the dynamic managerial capability where managers play a central role in the service transition to sense and seize market opportunities. In this study, we use an experimental methodology to examine the way managers make decisions that line up necessary capabilities inside the firm with diverse customer types. Our results reveal that the resource allocation decisions made by managers vary in important ways. In highly commoditized markets managers rely upon the intense utilization of discrete organizational capabilities to exploit market opportunities. In highly differentiated markets these same managers depend upon interactions amongst co-specialized capabilities to explore new service offerings.

Which Competencies Matter?: How Non-Core Competencies Can Have Enduring Effects on Technology Adoption

Lyda Bigelow, *University of Utah*

Stanislav Dobrev, *University of Utah*

This paper proposes a more inclusive understanding of the role of organizational competencies and their impact on technology adoption. Analyses of 481 fertility clinics in the U.S. from 1995-2001 support predictions that a range of organizational competencies both drive technology adoption and create inertial pressures within an organization that can hinder it, even when those competencies are seldom used, declining, or not complimentary to the technology being adopted. Specifically, results show that even competencies that are utilized in less than 5 percent of a clinic's operations can impact the choice to adopt a given technology. The implications of these findings for managers are clear: non-core competencies have the ability to significantly impact both organizational innovation and success moving forward.

SESSION 234

INCUMBENT RESPONSE TO FOREIGN ENTRY AND TO DISRUPTIVE INNOVATION

TRACK I	Date	Tuesday, Oct 9
Paper	Time	14:15 – 15:30 h
	Room	Club C

Session Chair Dimo Ringov, *Ramon Llull University*

Differentiation and Compliance in Changing Institutional Contexts: Oak Barrel Diffusion in the Italian Wine Industry

Marco Bottura, *EMLYON Business School*

Bernard Forgues, *EMLYON Business School*

Raffaele Corrado, *University of Bologna*

Vincenza Odorici, *University of Bologna*

Highly institutionalized fields reduce practice variation and favor the status quo. New entrants can choose to mimic incumbents, thereby gaining legitimacy, or to differentiate in the hope of shaking out competitive positions. Performance outcomes of such decisions are moderated by the degree of institutionalization of the industry. Our analysis of the Italian wine industry highlights that the institutional transition from quantity

to quality production significantly determines new entrants' strategies. Their endorsement of a new, disruptive technology, in such a mediated market depends on the phase of institutional transition. Incumbents leverage independent winemakers knowledge to catch up and protect their advantages.

The Gates are Still Closed, but the Fences are Down

Bente R. Lowendahl, *BI Norwegian School of Management*

Øivind Revang, *BI Norwegian School of Management*

We explore the changing roles of traditional gatekeepers in the music, book publishing, and TV broadcasting industries, as the result of transformational changes in response to digitalization. We show that the first wave of effects typically introduces e-commerce, and threatens the roles of traditional distributors. The second wave of effects is much more profound, and fundamentally alters the value creation processes of entire industries. We contend that the most successful traditional actors in these industries are likely to experience the most difficulties in reacting to these changes, precisely because their core competences and other resources, their value creating processes, and their dominant logics were so well adjusted to the old competitive regimes. They protect "the Gates," and do not realize that the Fences are down.

The Impact of Inward Foreign Competition from Emerging and Developed Countries on Domestic Firms' Investment in New Product Development

Jan Hendrik Fisch, *University of Augsburg*

Emanuel Varga, *University of Augsburg*

Product innovations can be an effective means to fend off inward foreign competition. This study takes a real options view to consider the value of investment in new product development in the face of foreign competitive attacks from developed and emerging economies. Results from a sample of 803 product divisions of German manufacturing firms suggest that demand uncertainty increases the value of investment in new product development, and that this relationship is stronger in the event of foreign competitive attacks. The technological distance between attackers and incumbents as well as firm and industry factors are found to be meaningful in contextualizing this relationship.

Typologies of Incumbent Response to Disruptive Innovation: Why They Do What They Do

Oleksiy Osiyevskyy, *University of Calgary*

Jim Dewald, *University of Calgary*

Sixteen years ago, Christensen and Bower (1996) published their initial work on disruptive innovations, foreseeing the startling impact technology-based disruptions would have in a multitude of industries. Initial studies found that incumbent firms respond by pursuing incremental innovation, often at their peril. Still, there has been little advancement in addressing the options available to incumbent firms and managers facing disruptive innovations. We apply deductive reasoning to this important gap, focusing on incumbents facing business model change in response to disruptions. The research identifies factors that lead to observable behavior and provides normative recommendations for choosing the optimal strategy. Our framework applies classic strategic analysis in pursuit of fit among firm capabilities, organizational and resource slack, external customer propensity, and legitimacy of the disruption.



SESSION 166

INSTITUTIONAL ASPECTS OF ENTREPRENEURSHIP

TRACK K	Date	Tuesday, Oct 9
	Time	14:15 – 15:30 h
Common Ground	Room	Club H

Facilitator Ilgaz Arikan, *Ohio State University*

Effectiveness Under Multilevel Environmental Uncertainty: Entrepreneurial Development and Network Strategies of Young Technology-Based Firms

Wouter Van Bockhaven, *University of Antwerp*
 Johanna Vanderstraeten, *University of Antwerp*

We develop and test hypotheses regarding the interactions of different entrepreneurial decision-making and networking strategies with institutional and competitive uncertainty dimensions in a sample of Belgian and Brazilian young technology-based ventures. The model contributes to current theorizing on strategic entrepreneurship as it corresponds with recent calls for elaboration of the ‘action-interaction’ nexus and the interactions of the environment with the entrepreneurial process. We use a novel scale on effectuation and causation to establish their not yet explored contingent links with performance. Simultaneously, we also test more established strategic management theorizing on interfirm networks and explore whether the ensuing strategic fit principles also apply to the entrepreneurial context of nascent organizations.

Government Spending in a Changing Economy: Effects on Entrepreneurial Allocation

Kaitlyn DeGhetto, *Florida State University*
 Andrew Sutton, *Florida State University*

Using institutional theory, we attempt to gain a better understanding of the allocation of entrepreneurs between public and private sector opportunities. We explore the effect of government policy, rules, and rewards on entrepreneurial activity in the U.S., asking the question: Does the government’s allocative power, in the form of spending and resources, affect the distribution of entrepreneurial activity between public and private sector opportunities? We propose that financial resources set-aside for entrepreneurs, availability of training, contract complexity, the financial condition of the government, and levels of underemployment and unemployment will affect the number of entrepreneurs pursuing public sector sales. As societies undergo transition environments with fluctuating economic conditions, the role of the government in supporting entrepreneurial effort through procurement practices becomes an increasingly important force.

Herding in Peer-to-Peer Lending Networks

Michael Ciuchta, *University of Central Florida*
 Jason O’Toole, *University of Wisconsin-Madison*

What impact does investor herding behavior have on the likelihood that an entrepreneur’s ability to raise capital? In this study, we will examine the influence of investor private information in the form of borrower creditworthiness on the ability of entrepreneurs to raise capital, and whether investors engage in social learning as evidenced in less reliance on the private information in the presence of other investor decisions. We will test our hypotheses using a unique sample of business loan requests on the Prosper online peer to peer lending network.

Inside the Black Box of Strategic Entrepreneurship

David Boss, *Texas A&M University*
 Duane Ireland, *Texas A&M University*

Extant strategic entrepreneurship (SE) research focuses primarily on contextualizing and operationalizing SE (Ireland, Hitt, & Sirmon, 2003). However, questions remain regarding SE’s theoretical underpinnings and the framework that facilitates its explanation. Herein, we develop a model to describe how firms can achieve success in their efforts

to simultaneously focus on innovation-based opportunities while balancing path-dependent routines. More specifically, we propose and explain the nature of distinct relationships among two path-dependent routines (opportunity- and advantage-seeking) and two innovation foci (exploration and exploitation) and discuss the need for firms to have the ambidexterity required to engage in four combinations of activities. Institutional theory, resource dependency theory, and resource orchestration arguments inform the specification and explanation of our model to more fully explain strategic entrepreneurship.

Performance Implications of Herd Behavior in Investments: Angel Investment Groups

Supradeep Dutta, *Purdue University*
 Timothy Folta, *Purdue University*

Influence of market signals can be observed in investment decisions in the entrepreneurial finance discipline that is engulfed by information asymmetries. External investors form decision heuristics based on the signals perceived in the market. In such context, members of an investor group have a tendency to promote investment herding behavior by following investment signals of reputable investors. We build a hybrid model to analyze herding behavior in the context of angel groups by integrating the theoretical lenses of rationality and social conformity into a formal model. The model analyzes situations to discern between rational explanation and social influence of herding behavior and further examines the implications of herd behavior on investment efficiency of angel group.

The Complex Structure of Infirm Signals and the Recursive Nature of their Interpretation

Azi Gera, *Drexel University*

Signals are more complex than current research suggests. I identify two aspects of signals: the informative aspect, which relays direct information about the sender; and the institutional aspect, which conveys legitimacy. Additionally, I propose signals are multilayered and that their depth of interpretation depends on the receivers’ ability. Hence, the interpretation function is recursive in nature. I show how the interaction between the sender’s ability to generate signals and the receiver’s ability to interpret signals determines which aspect of the signal will be prominent, and, that the sender - receiver distance determines the recursion depth. Thus, independent of the sender’s underlying quality, the receiver’s capabilities to discern this quality determines the signal’s influence on the receiver’s decision. Hence, signals’ effectiveness is target specific.

SESSION 167

FIRM BOUNDARIES

TRACK K	Date	Tuesday, Oct 9
	Time	14:15 – 15:30 h
Paper	Room	Club D

Session Chair Daniela Baglieri, *University of Messina*

Entrepreneurial Integration and the Boundary of the Firm: Identifying and Evaluating Strategies for Entrepreneurship

Thomas Craig, *Temple University*

In this paper I propose that a firm’s entrepreneurial boundary, determined by the strategic decision to pursue certain types of opportunities and outsource the pursuit of others, is an important yet underexplored organizational phenomenon. Entrepreneurship is presented as a multi-stage production process of complementary venturing activities, involving distinct value-adding modes of action that move new ideas and technologies from invention through commercialization to ultimate dispersion throughout the market. Drawing on the entrepreneurship, strategic entrepreneurship, and organizational economics literatures, I develop a theory of entrepreneurial integration and argue that it

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provides a logical basis for identifying the entrepreneurial boundary and defining a firm's strategy for entrepreneurship. Performance implications of different strategies and research propositions are discussed.

Examining Firm Scope Decisions: Three Reasons Why Entrepreneurial Firms Switch Industries

Elizabeth Reusch, *Marshall University*

In contrast to previous diversification studies, this study considers entrepreneurial firms might switch industries rather than diversification. Theoretical reasons are proposed suggesting why entrepreneurial firms are significantly different from diversification. By demonstrating there are significant theoretical differences for this group of firms, this study hopes to bring this phenomenon greater recognition within organizational research and open the possibilities for further research.

Thanks, but no thanks: Examining Entrepreneurial Optimism, External Funding, and Joint Venture Partnerships

R. Scott Livengood, *University of Florida*

Entrepreneurial optimism has been explored in the context of new venture performance, with little focus on other behavioral and decision-making activities. Using a proprietary dataset of entrepreneurs receiving a government technology award, we explore how entrepreneurial optimism can impact the decision to accept external funding and to enter into joint ventures. Although prior research suggests optimism about the success of a venture will motivate entrepreneurs to seek outside funding and to enter in to joint venture partnerships, we explore how high levels of optimism would instead motivate entrepreneurs to not receive such outside help. Results suggest optimism has a non-linear relationship with accepting outside help, which leads founders to receive less external funding and instead choose to "go it alone."

When Do Alliance Partners Become Attractive Targets? Mobilizing Patents and Relational Resources

Daniela Baglieri, *University of Messina*

Fiorenza Belussi, *University of Padua*

Luigi Orsi, *University of Milan*

The core idea of this paper is that prior alliances can be used to identify attractive acquisition targets. It differs from prior work that models acquisition and alliances as essentially options and suggests that both mechanisms have to be considered related and, thus, worthy of being studied collectively. Accordingly, we ask: Under what conditions do alliance partners become attractive acquisition targets? To test our hypotheses, we selected a sample of 316 biotech firms, involved in 2,359 licensing agreements and 77 acquisitions, spanning a period of 15 years. We found that previous alliances between the target and the acquiring firm is not significant, while targeting firms with a large patent portfolio, and firms possessing relational resources, proxied by the centrality within their alliance partners network is relevant.

SESSION 141

IMPACT OF THE ACQUISITION & LOSS OF HUMAN CAPITAL: PUTTING A NEW SPIN ON THINGS

TRACK L	Date	Tuesday, Oct 9
	Time	14:15 – 15:30 h
	Room	Club B

Session Chair Benjamin Campbell, *Ohio State University*

Spinning Off Onto Shaky Ground: Executive Mobility in Uncertain Environments

Yerodin Bermis, *University of Texas-Austin*

Johann Peter Murmann, *University of New South Wales*

In the paper, we investigate how environmental uncertainty influences

the effects of executive mobility. Blending insights from the upper echelons perspective and structural contingency theory we propose that when uncertainty arises within the element of a firm's task environment, an executive whose functional background matches this component will become more valuable to that firm and thus more critical to the firm's viability in the market. We test our hypotheses by studying the impact of the mobility of media advertising executives during the introduction of radio and television as mass communication channels.

★ The Influence of Consultants on Performance: Evidence from the Bordeaux Wine Industry

Jérôme Barthelemy, *ESSEC Business School*

Despite anecdotal evidence and case studies, few large-scale studies have examined the relationship between the use of consultants and performance. In this study, I examine the influence of consultants on performance in the Bordeaux wine industry. Using a novel database, I find evidence that the influence of consultants on wine price typically occurs indirectly (through an increase in wine quality). However, the most reputable consultants also have a direct positive impact on wine price.

★ What Do I Take with Me?: Spin-out Team Characteristics and Parent and Spin-out Firm Performance

Rajshree Agarwal, *University of Maryland*

Benjamin Campbell, *Ohio State University*

April Franco, *University of Toronto*

Martin Ganco, *University of Minnesota*

Our study examines the impact of spin-out team characteristics on parent and spin-out performance. We argue that spin-out team size and spin-out team members' shared experience have important effects on firm performance above and beyond the aggregated effects of individual team members. Using linked employee-employer data from the legal services industry, we find that spin-out performance increases with the size of the spin-out team while parent performance decreases with the size of the spin-out team and that shared experience of spin-out team members positively effects spin-out performance while having no incremental effect on parent firm performance. The team size findings are consistent with a transfer of complementary human assets while the team experience finding is consistent with a replication of resources across parent and spin-out.

SESSION 182

CHALLENGES FOR STAKEHOLDER MANAGEMENT

TRACK M	Date	Tuesday, Oct 9
	Time	14:15 – 15:30 h
	Room	Meeting Room 2.1

Facilitator Abdul Rasheed, *University of Texas-Arlington*

Incentives for Giving: The Effect of Social Comparison Processes on Individual Donation Behavior

Marta Maras, *Bocconi University*

The relationship between income and charitable giving as a proportion of that income is negative and significant for the majority of population. The relatively poorest households are donating the highest percentages of their income. Empirical studies so far have not identified the reasons behind such a pattern. By manipulating the factor of social comparisons, I successfully replicate this finding in an experimental setting and expose income rank information as one of the factors causing this relationship. Only when participants earn their payoff in the difficult task and are aware of their ranking, those with lower rankings donate afterwards a higher payoff percentage to charity. Such circumstances approximate most closely real money-earning conditions. Without rank information or after an easy task this relationship does not emerge.



Link between financial performance and ESG scores: Evidence from India

Babitha Vishwanath, *Sarojini Naidu Vanita Maha Vidyalaya*

Corporate Social Responsibility (CSR) is one of the remarkable business advances of the 20th century. In India, CSR is a young subject and is evolving. This study is an attempt to explore the linkage between financial performance and CSR performance (measured by Environment, Social and Governance score). Cluster analysis is used to group the sample companies into three categories viz. poor, fair and good based on ESG scores. Based on financial performance they are grouped into low, moderate and high performing companies. Correspondence analysis is used to estimate the association among these six groups. It is noted that the association is not significant in the corresponding years as well as when lag effect is considered.

Marginalized Stakeholders in A Firm-Specific Setting: Gaining Saliency and Use of Representative Power

Rashedur Chowdhury, *University of Cambridge*

Stelios Zyglidopoulos, *University of Cambridge*

This article links stakeholder theory and the social movement approach in a process model in order to explain how marginalized stakeholders can influence multinational firms' strategies. This article argues that powerful firms usually fail to analyze marginalized stakeholders in alignment with salient stakeholders, and fail to respond to them according to societal expectations. Firms only start to respond to marginalized stakeholders when they gain salience and have started to disrupt the firms' strategies. A marginalized stakeholder group can gain salience and use representative power by manufacturing a new voice and through goal-driven unique and temporary alliances that adapt heterogeneous ideological standpoints, through protest strategies which are designed to participate in dialogues with powerful actors, and by mobilizing symbolic resources.

Shared Stakeholder Interest, Leading Performance Indicators, and Firm Value Creation

David Souder, *University of Connecticut*

Jared Harris, *University of Virginia*

Much of the existing literature analyzes the extent to which stakeholder-orientation, as an input, leads to higher output, often measured in terms of a firm's financial performance. We propose an alternate approach, based on the principle of opportunity cost, which allows outputs as well as inputs to include the full range of key stakeholders. This approach avoids treating stakeholder value as a fixed-sum resource for which different stakeholders negotiate, and instead builds on the idea that organizations can create value for multiple stakeholders simultaneously based on their shared interests. Specifically, we propose that a series of firm-specific leading indicators of competitive advantages and potential vulnerabilities can be derived by comparing inputs and outputs within each category of stakeholder rather than across categories.

The Effect of Media Portrayal of Organizations on Stakeholder Reactions to Disruptive Events

Anastasiya Zavyalova, *Rice University*

I examine the effect of media portrayal of organizations prior to a disruptive event on stakeholders' decision to transact with an organization after the event. The paper focuses on the interplay of two aspects of media portrayal of organizations: the amount and tenor of media coverage and their relation to stakeholder familiarity with and evaluation of a focal organization prior to disruptions. A description of typology of organizational archetypes generated by the media—celebrity, infamous, complex, peripheral, and unfamiliar organizations—is followed by propositions that examine how each of the five archetypes is affected by disruptions. Relying on research in mass communications and organization studies I suggest that disruptive events are not always detrimental for stakeholders' supportive transactions, and in some cases may benefit organizations.

The Role of Media, Reputation, and Organizational Identification Following Disruptions

Anastasiya Zavyalova, *Rice University*

Some organizational studies suggest that high reputation is a buffer that attenuates the negative effect of disruptions on stakeholder decisions to transact with the organization; others find that reputation is a liability that amplifies this effect. I address these inconsistencies by exploring 1) the variation in media coverage of disruptions in low and high reputation organizations and 2) stakeholders' organizational identification. The results of empirical analyses in the context of on-campus murders in U.S. universities in 2001-2009 indicate that disruptions in high-reputation organizations are more likely to be covered in the media. Disruptions are associated with fewer transactions by stakeholders with high and low levels of organizational identification. Whereas organizational reputation amplifies the negative effect for transactions by low-identification stakeholders, this asset serves as a buffer for transactions by high-identification stakeholders.

SESSION 48

MANAGING ALLIANCE DYNAMICS

TRACK N	Date	Tuesday, Oct 9
	Time	14:15 – 15:30 h
Paper	Room	Meeting Hall V

Session Chair Kyle J. Mayer, *University of Southern California*

Breaking the Letter vs. Spirit of the Law

Derek Harmon, *University of Southern California*

Peter Kim, *University of Southern California*

Kyle J. Mayer, *University of Southern California*

This paper investigates how people interpret contract violations as well as how these interpretations impact subsequent attempts to repair trust. By drawing on the distinction between violations of the letter of the law (i.e., breaches of the literal interpretation of documented terms in the contract) and violations of the spirit of the law (i.e., breaches of the assumed, undocumented intent of the contracting parties), we designed a two experiments that asked participants to write a contract that was subsequently violated in one of these two ways. We then examined the effectiveness of an apology for repairing this relationship. We develop and support a causal model that predicts that the assessment of blame and perceived intentionality sequentially mediated these results.

Contracting Capabilities & Systematic Biases in Organizational Learning: The Impact of Group-serving Bias

Libby Weber, *University of California-Irvine*

Prior work suggests that contracting capabilities develop by learning from past exchanges. This work assumes firms understand why exchanges succeed or fail and then update subsequent contracts to promote or deter that behavior in future exchanges. However, group-serving bias leads focal firm employees to make internal attributions for their firm's positive behavior and external attributions for its negative behavior, while doing the reverse for their exchange partner's behavior; taking credit for success and blaming the environment or their partner for failure. Thus, the bias often obscures the true reason for exchange success or failure, preventing the firm from accurately learning from prior exchanges and appropriately updating subsequent contracts. Thus, the firm's organizational learning is systematically biased, serving as a flawed basis for developing contracting capabilities.

Potential Milestone Payments and Incumbent Monitoring in R&D Alliances

Mahmut N. Ozdemir, *Koc University*

Jan Van den Ende, *Erasmus University - Rotterdam*

In their R&D alliances with startups, incumbents use several governance mechanisms for incentive alignment. Although potential milestone

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payments tied to the performance of startups are prevalently used governance mechanisms, we know little about their antecedents. According to agency theory, potential milestone payments and incumbent monitoring are inter-related governance mechanisms. By drawing upon the substitution and complementarities views of agency theory, we investigate if the size of potential milestone payments increases or decreases as incumbent monitoring increases. Our test on a sample of 220 R&D alliances of global pharmaceutical firms with U.S.-based biotechnology startups supports the complementarities view. We also identify several important task, alliance, and firm-related contextual variables that determine the size of potential milestone payments directly or via their effects on incumbent monitoring.

Value Creation in Uneven R&D Alliances: The Interplay between Innovative Capabilities and Governance Choice

Sascha Walter, *University of Keil*
 Won Kyung Min, *Temple University*
 MB Sarkar, *Temple University*
 Achim Walter, *University of Kiel*

This study explores how alliance governance (interorganizational contractual safeguards and intraorganizational process safeguards) influences the perceived value of an alliance and how firm heterogeneity, namely the innovative capability of a firm, operates as a boundary condition in this milieu. Findings from 130 uneven R&D alliances show that contractual safeguards increase relationship value. Innovative capabilities amplified the impact of governance: The more innovative the firm, the more they benefited from contractual safeguards, whereas the more they hurt from process safeguards. We discuss the implications of our results both in terms of contribution to the current literature and the practice of alliance management.

SESSION 108

CEOS MATTER, DON'T THEY?

TRACK O	Date	Tuesday, Oct 9
	Time	14:15 – 15:30 h
Paper	Room	Meeting Room 2.2

Session Chair Shih-Chi Chiu, *Nanyang Technological University*

CEO Human Capital, Environmental Munificence and Corporate Divestiture Intensity

Shih-Chi Chiu, *Nanyang Technological University*
 Richard Johnson, *University of Missouri*
 Robert Hoskisson, *Rice University*

This paper intends to address two key questions: how CEO human capital (industry experience and firm tenure) and social capital (board memberships) influences the magnitude of the firm's divestiture intensity, and to what extent the level of resource availability in the firm's product-market environment (i.e., munificence) moderates the CEO capital and divestiture intensity relationship. Our research findings based on the U.S. public firms that underwent divestiture activities between 1986 and 2004 demonstrate that CEO related factors have strong explanatory power with respect to how much a firm divests. This research adds value to the strategic change literature and resource dependence theory through accounting for the joint effects of management characteristics and environmental forces on a firm's efforts in configuring resources during corporate restructuring.

CEO Regulatory Focus: The Impact on Firm Acquisitions

Daniel Gamache, *Michigan State University*
 Gerry McNamara, *Michigan State University*
 Russell Johnson, *Michigan State University*

This research proposal examines how a CEO's regulatory focus impacts their willingness to make acquisitions as well as the quality and type of

the acquisitions that they do make. Regulatory focus theory demonstrates that decision making and goal pursuit are accomplished via either a promotion focus (a sensitivity to gains and a desire for advancement and growth) or a prevention focus (a sensitivity to losses and a desire for stability and security). Very little strategy research has explored the impact of a CEO's regulatory focus on strategic actions. As such we expand strategic management research by providing one of the first empirical tests of the effects of a CEO's regulatory focus on organizational outcomes.

CEO Risk-taking Propensity and the Quality of Strategic Decisions: Effects of Living on the Wild Side

Chet Miller, *University of Houston*
 Ioannis Thanos, *Athens University of Economics and Business*
 Vassilis Papadakis, *Athens University of Economics and Business*

CEOs hold positions of great responsibility, yet their effects on organizational outcomes are not well understood. In this study, we examine the effects of CEO risk-taking propensity on the quality of strategic decisions. We include as part of our work an investigation of moderation based on environmental, managerial and decision uncertainty. Despite the potentially important role of CEO risk propensity, it has been infrequently studied in organizational research. Using data from a multi-method field study of 143 strategic decisions, we find evidence for an inverted U-shaped relationship between this aspect of CEO personality and decision quality. Also, our findings indicate that decision uncertainty is an important moderator. Implications of these findings are discussed for the areas of CEO psychology, upper echelons, and managerial discretion.

The Changing Value and Impact of CEOs: Evidence from Market Reactions and Firm Performance Following Unexpected CEO Death

Timothy Quigley, *Lehigh University*

Despite the fact that CEOs have faced increased scrutiny and attention in recent years, perhaps suggesting their increasing importance, little is known about how the potential for CEO impact has shifted over time. In this study I consider if firm shareholders have evolved their view about the importance of CEOs and then test if these views are supported by subsequent results. Using a unique dataset of 193 unexpected CEO deaths, I show that the magnitude of market reaction to the loss of a CEO increased between 1950 and 2009. Further, these reactions correspond to subsequent changes in firm profitability. These results suggest that shareholders see CEOs as increasingly important determinants of firm outcomes. They further indicate that this position may be well founded.



SESSION 116

DISCRETION AND COMPENSATION

TRACK O	Date	Tuesday, Oct 9
	Time	14:15 – 15:30 h
Paper	Room	Dressing Room 220

Session Chair Elizabeth Lim, *University of Texas - Dallas*

Firm-Level Governance Discretion from a Comparative Perspective: Triggers of Transition

William Judge, *Old Dominion University*
 Ruth Aguilera, *University of Illinois-Urbana Champaign*

This paper describes and advances the notion of “governance discretion,” and explores when and how a firm can govern itself differently from its national governance environment. In so doing, we refine and extend “actor-centered institutionalism” by considering how national governance environments and firm governance arrangements co-evolve in the context of four stylized national governance bundles. Specifically, we advance five theoretical propositions that seek to identify what institutional forces within each national governance bundles must shift in order to expand or contract firm-level governance discretion. In so doing, we offer new theoretical insights into the field of comparative corporate governance, and refine and extend institutional theory.

Outside Director Stock Options and Strategic Risk-Taking: The Moderating Roles of Slack and Non-Duality

Elizabeth Lim, *University of Texas - Dallas*
 Brian McCann, *Vanderbilt University*

Prior agency work has examined effects of absolute levels of outside director stock options on risk behavior without recognizing that relative pay could differentially affect risk-taking. We contribute by examining how (positive) deviation from prior option values influences risk decisions while identifying competing behavioral causal mechanisms. According to gain framing effect, positive context creates “gain” domain facilitating anticipation of higher wealth that reduces risk-taking. But according to “house money effect,” decision-makers with prior gains are risk-seeking because they are betting with house money rather than personal capital. We develop a contingency framework arguing that saliency of each view depends on context. We found positive deviation is positively associated with risk. High slack level and non-duality enhances risk-taking when “house money effect” is most salient.

The Sweet Spot of Director Tenure and Executive Compensation

Jill Brown, *Lehigh University*
 Andrew Ward, *Lehigh University*
 Anne Anderson, *Lehigh University*
 Jesus Salas, *Lehigh University*

This study examines the role of board tenure in governance effectiveness, measured by its influence on executive compensation. We examine this under the idea that there is a sweet spot for director tenure whereby within this sweet spot, directors provide the most value to shareholders as effective monitors of shareholder interests. The idea of a sweet spot implies that there is a nonlinear relationship between director tenure and governance effectiveness, represented in this study by the relationship of director tenure to the overall level of CEO compensation and the sensitivity of CEO compensation to firm performance.

The Type of Stock Exchange and the Compensation Structure of Outside Directors: Evidence from Canada

Shamsud Chowdhury, *Dalhousie University*
 Eric Wang, *Athabasca University*

In Canada, the companies listed on the S&P /TSX Composite Index (TSX-C) are mature and large, while the companies listed on the S&P/TSX Venture Composite Index (TSX-V) are young, entrepreneurial, and medium-sized. Due to this fundamental difference, the role of boards of the companies on each of the exchanges is also likely to display significant differences. Accordingly, the question we investigate is: How is the compensation structure of the directors on the boards of companies listed on the TSX-C differ from that of the directors on the boards of the companies listed on the TSX-V? An empirical answer to the above question has important ramifications for researchers and designers of compensation packages for external directors in publicly-traded companies in Canada and the U.S.

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SESSION 219

STRATEGIC RESPONSES TO INSTITUTIONAL CHANGE

TRACK A	Date	Tuesday, Oct 9
	Time	15:45 – 17:00 h
Common Ground	Room	Meeting Room 2.1
Facilitator	Gabriel Szulanski, <i>INSEAD</i>	

A Classification of Institutional Transitions as Strategic Management PhenomenaAntonio Gelis Filho, *Getulio Vargas Foundation*

I present in this conceptual work a classification of institutional transitions. It is sustained here that from the point of view of strategic management, the significance of a process of institutional transition for a specific company is related to three variables: the expected net institutional strategic bonus (ISB) for the company, pre- and post- institutional changes; the velocity of institutional modification (VIM) in the environment and the reversibility of the institutional modifications (RIM). Those variables define eight types of institutional changes. As shown here, from a strategic management standpoint institutional transitions are heterogeneous phenomena and their classification depends as much on the relationship between a company and the institutional environment on which it is embedded as on the institutional changes per se.

Do Strong Institutions Hurt SMEs' Survival and Recovery Rates During Crises?Ilgaz Arikian, *Ohio State University*Oded Shenkar, *Ohio State University*

During times of stability, strong institutions smooth out exchange frictions, mitigate transactional hazards, and positively impact the firms. During crises which introduce uncertainties that institutions cannot handle, firms that have failed to accumulate experiences in dealing with hardship will have lower rates of survival and recovery. Using SME data on economic, financial and political crises in Europe and Latin America between 1960-2010, we find that SMEs that deal with repeated shocks, economic fluctuations and disturbances compared to their counterparts in weak institutional environments have a higher rate of survival and faster recovery compared to their counterparts in strong institutional environments during major global crises. Forming cooperative ventures increase the SME survival rates, and equity based cooperative agreements result in faster recovery compared to other forms.

How Do Firms Sense and Seize Business Opportunities Created by an Institutional Change?Elisa Vuori, *Aalto University*Inkeri Ruuska, *Helsinki University of Technology*Liisa Sallinen, *Aalto University*

Strategic change is explained to be a response to an environmental change. An environmental change does not lead deterministically to a strategic change, and managerial actions play a significant role in recognizing and reacting to the change. Environmental change may create new business opportunities, and firms may utilize these opportunities if they have suitable dynamic capabilities. We study an institutional change in Finnish nuclear industry to find out how firms recognize the business opportunity and employ their capabilities and resources to enter the large projects of nuclear power plant construction. We find out that firms whose core businesses are close to the energy industry anticipate the institutional change and develop capabilities beforehand, whereas most companies in related sectors realize the business opportunity when projects start.

Organizational Adaptation to Discontinuous Changes in Competitive Environment: MNCs vs. EMNCsZdenek Necas, *INSEAD*

Three adaptation mechanisms employed by Incumbent Multinational Corporations (MNCs) responding to the rise of Emerging Multinational

Corporations (EMNCs) are proposed. Each adaptation mechanism is related to specific market discontinuity induced by EMNCs and requires modification of various organizational elements. These adaptation mechanisms are intra-organizational decoupling in response to the shift in legitimacy patterns, inter-organizational collaboration in response to EMNCs' privileged access to firm- and country-level resources and business model redesign in response to EMNCs' elimination of global structural holes. Intervening variables moderating the adaptation outcome are outlined: framing of the rise of EMNCs, development of absorptive capacity specific to EMNCs and employment of effective organisation change intervention types. A model of MNC adaptation is proposed linking adaptation mechanisms and intervening variables to MNC adaptation outcome.

Strategic Restructuring as the Winning Competitive Weapon to Face Institutional Transitions: A Knowledge-Based Conceptual FrameworkFlorian Zock, *University of Mannheim*

In this paper I develop strategic restructuring as a conceptual framework which is best suitable to generate competitive advantage and firm performance in the face of the current transitions and market disruptions. I conceptualize strategic restructuring as a multi-dimensional construct involving the firm's engagement in alliances and networks, business model (re)design, and managing dynamic capabilities. Theoretically, I take a knowledge-based view. Hence, I argue that strategic restructuring assists firms in achieving competitive advantage and generating superior performance, by accessing external knowledge flows and building up internal learning capabilities.

The Story of Succession: Ruin & Recovery of Silicon Valley Industries following Disruption, 1990-2009Nydia MacGregor, *Santa Clara University*Tammy Madsen, *Santa Clara University*

This paper integrates work on competitive positioning, institutional theory, and ecological theory to examine succession – defined as the orderly recovery in the composition and structure of an ecological community or region after a fundamental disruption. We examine how the characteristics of industries (such as firms competing in enterprise applications), the organizational communities to which they belong (e.g., software ecosystem), and their environment (e.g., Santa Clara County as one example) affect patterns of founding and subsequent failure in areas that have experienced a significant disruption. Using data on all organizations operating in California from 1990 to 2009, we analyze the process of recovery of firms and industry sectors in the Silicon Valley following the dot com bubble burst in March of 2000.

SESSION 9

BUSINESS MODEL TRANSITIONS AS INDUSTRY SECTOR PHENOMENA

TRACK C	Date	Tuesday, Oct 9
	Time	15:45 – 17:00 h
Paper	Room	Dressing Room 221

Session Chair Joseph Lampel, *City University London*

Alternative Business Models in the Private Equity IndustryMatthias Kruehler, *Boston Consulting Group*

There is an ongoing debate whether Private Equity firms are behaving like locusts, i.e. descending on and devouring companies or may be better described as honeybees, as they add value to the majority of their portfolio firms and their shareholders. Building on a theoretically based framework of different value added activities and a corresponding empirical study of 143 global PE firms the paper provides evidence for the fact that instead of transitioning towards a superior business model



that relies mainly on imposing governance pressure on the management of their portfolio firms, the PE industry is characterized by coexistence of different business models that create economic value. The final paper compares these business models and respective strategic groups of PE firms with regard to performance, too.

New Horizons or a Strategic Mirage? Artist-led-distribution versus Alliance Strategy in the Video Game Industry

Thijs Broekhuizen, *University of Groningen*
Joseph Lampel, *City University London*
Joost Rietveld, *City University London*

In this paper we examine the debate between researchers who argue that the emergence of online distribution allows content producers in the creative industries to bypass powerful publishers and distributors, and researchers who argue that this strategy cannot succeed without the complementary assets that these intermediaries provide. We use a case study of the Dutch video games developer (DVGD) bringing to market an identical game using two different but comparable distribution channels as a quasi-experiment. We find that, while the alliance required DVGD to share with the publisher a substantial fraction of the value generated by the game, DVGD nevertheless did better in terms of profitability. We conclude that the differences in performance can be traced to ex-ante complementary assets required for successful commercialization.

The Dark Side of Public Money? Exploring the Effects of Public Sponsorship on Firm Performance

Julien Jourdan, *HEC-Paris*
Ilze Kivleniece, *HEC-Paris*

We examine the influence of public sponsorship on focal firm capabilities and performance by studying the impact of public subsidies in the French film industry. Building on insights from economic and institutional theories, we argue that a recurring engagement in public sponsorship will be associated with a gradual decline in the firm’s market-based capabilities, and as a consequence, a curvilinear effect on the focal firm’s performance. We further argue that this curvilinear relationship will be significantly attenuated by the strength of the signaling effect that the underlying sponsorship carries. Our findings illustrate the trade-offs associated with public resource commitments to private organizations, and contribute to the nascent insights on the tensions between the resource-altering and signaling effects in firm linkages to public actors.

Value Creation Innovation in Business to Business, Fast Moving Industries

Magnus Johansson, *Lund University*
Martin Zander, *Ericsson*

This article recognizes the importance of Christensen et al (2009) in the field of business model innovation by focusing on value configurations and different types of innovation. As this paper indicates, there is much to be done in developing the field of value configurations in association with innovation. This paper expands the set of value configurations (Stabell and Fjeldstad, 1998) utilized by Christensen et al (2009) with a new value configuration. It then applies this expanded set to the mobile platform industry and shows how business to business firms in fast moving industries create unique positions by innovating their value creation model.

SESSION 62

ACQUIRING COMPETITIVE SUCCESS? MERGERS AND ACQUISITIONS

TRACK E	Date	Tuesday, Oct 9
	Time	15:45 – 17:00 h
Paper	Room	North Hall
Session Chair	Shlomo Yedidia Tarba, <i>The Open University of Israel</i>	

Corporate Deal Programs of Newly IPOed Firms: Benefits of Variety in the Prior Deal Experience

Asli Musaoglu Arikan, *Ohio State University*

Are there forces that compel firms to pursue specific types of corporate strategy programs? If so, should we care? Building on the extant literature, this study empirically investigates the heterogeneity in corporate strategy programs in general and performance implications of specialization versus mixture of alliances and acquisitions in corporate deals of all firms that became public via IPOs in 1988-1999. We find that the increased probability of pursuing a mixed deal program increases performance by 15% while unobservable firm-characteristics that derive firms to specialize only on alliances or acquisitions decrease performance by 46.5%. Our findings suggest that there is a positive performance effect of pursuing mixed deal corporate programs, which signify that developing dynamic corporate capabilities through learning-by-doing both acquisitions and alliances is of value.

★ Do Managers Face a Uniqueness Paradox in Crafting Corporate Strategy within Strategic Factor Markets: Evidence from Mergers and Acquisitions

Lubomir Litov, *Washington University - St. Louis*
Todd Zenger, *Washington University - St. Louis*

Using mergers and acquisitions as a testing ground we examine whether managers face conflicting incentives in selecting the uniqueness of their corporate strategy. We argue that firms that pursue strategies which assemble commonly-bundled assets in strategic factor markets may pay more for these assets, perhaps as a reflection of the greater degree of competition among rivals for them. On the other hand, firms that pursue such common business strategies may receive more favorable stock market response to these asset acquisitions, as market participants may possess greater information about the value to assign to these asset acquisitions. We find evidence supportive of these predictions. Overall we interpret our results to suggest a paradox between the market perception for the degree of uniqueness of corporate strategy and the subsequent corporate performance in mergers & acquisitions.

Dynamic Capabilities and Merger Success: A Laboratory Experiment

Jutta Wollersheim, *University of Technology Munich*
Koen Heimeriks, *Erasmus University - Rotterdam*

This study explores the component elements of dynamic capabilities in the context of mergers. We use a laboratory experiment to study the effect of a group’s ability to adjust routines on merger success. Featuring an extended version of the Cohen and Bacdayan (1994) cardgame, the experimental design allows subjects to develop routines after which groups of subjects are “merged”. As expected, dynamic capability has a positive effect on merger success. Our results not only suggest the ability to adjust routines is crucial directly after the merging of two firms, but also shed novel light on the component elements of dynamic capabilities in the context of mergers.

Learning to do what? How Acquisition Experience Shapes Performance in the Private Equity Industry

Raffaele Conti, *Catolica Lisbon School of Business and Economics*
Francesco Castellaneta, *Bocconi University*

We study the mechanisms through which experience accumulation might enhance the performance of strategic tasks, such as the acquisitions of companies in the private equity industry. We discriminate between two distinct organizational capabilities: an ex ante capability to identify the true value of a target based on some signal, versus an ex-post capability to add value to the chosen target through managerial competences. Both these capabilities are potentially fed by experience, which can transform firms into good “scouts” or, alternatively, into good “coach”. Using a proprietary database of 6,922 buyouts realized between 1973 and 2008, we find that the prior stock of deals increases the probability of selecting

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extremely profitable new deals, reduces the future number of deals, and, at the same time, also reduces the number of business analysts. These results suggest that experience affects performance mainly by enhancing firm capability to pick ex-ante exceptionally valuable deals.

SESSION 253

NEW INSIGHTS INTO RELATEDNESS AND PERFORMANCE

TRACK F	Date	Tuesday, Oct 9
	Time	15:45 – 17:00 h
Paper	Room	Club B

Session Chair Harry Bowen, *Queens University of Charlotte*

Implementation Implications for the Strategic Fit Hypothesis in Related M&As

Kimberly Ellis, *Florida Atlantic University*
Taco Reus, *Erasmus University - Rotterdam*

Prior research has emphasized the roles of strategy content and strategy process in M&As. However, theorizing and empirical analysis on how these two areas are linked is limited. This paper argues that, in the context of related acquisitions, central strategy content factors – pre-deal product and geographic market differences – influence central strategy process dimensions of post-deal top management retention and integration speed. Moreover, we argue that fairness in making decisions affecting the acquired unit is important particularly when acquired units serve distinct markets. Procedural justice, by providing a voice, enhances retention, while informational justice, by reducing uncertainty, accelerates integration speed. Results from a sample of 233 large, related acquisitions provides overall support for hypothesized effects, and implications for post-acquisition performance.

Relatedness and Firm Performance: Strategic Interaction along the Value Chain

Harry Bowen, *Queens University of Charlotte*
Elisabeth Nocker, *University of Innsbruck*
Christian Stadler, *Warwick Business School*
Kurt Matzler, *University of Innsbruck*

This study extends the literature on relatedness and firm performance to consider both customer and technological side relatedness. Recent studies indicate the importance of each source of relatedness but yield ambiguous findings regarding their impact on performance. Conjecturing this ambiguity reflects methodological limitations related to prior studies' use of survey data to develop measures of relatedness, we instead develop a method to measure relatedness using secondary data and then use this to measure sources of relatedness for a large sample of U.S. firms from 1984 to 2004. Estimating a model in which relatedness and performance are simultaneously determined we find, unlike prior studies, each source of relatedness has a positive direct effect on performance and a positive indirect effect on performance indicating strategic complementary.

Unique Synergies in Technology Acquisitions: The Role of Patent Portfolio Relatedness

George Chondrakis, *University of Oxford*

In this paper we operationalize and test Barney's (1988) unique synergy hypothesis, suggesting that acquisitions will create value to the acquirer when the resulting synergy cannot be replicated by other bidding firms. We focus on technology acquisitions and find that patent portfolio relatedness has a positive effect on abnormal returns, but only in industries using complex technologies. These results emphasize the need to observe relatedness at a much finer level of analysis, taking the specific nature of resource complementarity into account. We also explore the determinants of patent acquisitions through corporate takeovers. We find that firms are more likely to buy targets with patents when patent litigation threat is high, when they operate across multiple complex technology areas and when their patent productivity is low.



★ When Does Related Diversification Destroy Value?

Luis Diestre, *IE University*
Juan Santalo, *IE University*

Based on a Resource Base View logic and recent literature that analyzes strategic weaknesses and liabilities we identify the contingencies under which related diversification may destroy rather than create firm value. Related diversification is associated with lower performance when sharing a common factor that has become a strategic weakness rather than a strategic resource. This destruction of value gets aggravated when firms have already mastered the capabilities needed to put the shared factors efficiently into use. We test and find empirical support for our hypotheses in the context of chemical relatedness where we are able to identify variations in the legitimacy of the distinct chemicals used across industries as an example of strategic weakness as well as firm capabilities to utilize those chemicals efficiently.

SESSION 42

GLOBAL STRATEGY

TRACK G	Date	Tuesday, Oct 9
	Time	15:45 – 17:00 h
Interest Group Panel	Room	Meeting Hall V

A Q&A with Pilsner Urquell: Strategy from a Small Nation

Session Chair Timothy Devinney, *University of Technology-Sydney*

Panelists Yves Doz, *INSEAD*
Marek Prach, *Pilsner Urquell*

This is an moderated Q&A Session with the Head of Strategy for Pilsner Urquell. Marek Prach is Business Insight and Commercial Operations Director at SAB Miller/ Plzensky Prazdroj. Prior to this he was Strategy Director and Supply Chain Director. He has an MBA from the Kellogg School at Northwestern.

SESSION 40

KNOWLEDGE, INNOVATION AND GLOBAL STRATEGY

TRACK G	Date	Tuesday, Oct 9
	Time	15:45 – 17:00 h
Common Ground	Room	Terrace 1

Facilitator Ulf Andersson, *Copenhagen Business School*

Access to Local and Global Supply Bases as a Drive of Outsourcing Strategy

Michael Mol, *University of Warwick*
Chris Brewster, *University of Reading*

There is a large literature discussing the activity, firm, and industry level determinants of outsourcing. But this literature generally takes a demand-based perspective. We argue for a complementary supply-side approach, which suggests that firms outsource more when they have easy access to both local and global supply bases, as opposed to only one or the other. We provide evidence from a large panel data study that home-based multinationals outsource more than either local firms or foreign subsidiaries. We further investigate whether distance from the home country, whether cultural or institutional, plays a role in determining outsourcing levels of foreign subsidiaries, but find no evidence this is the case.

Adoption of Strategic Initiatives: The Role of Piloting

Rhoda Davidson, *University of Geneva*
Bettina Büchel, *IMD*

We examine the role of piloting in the adoption of intended strategic initiatives within multinational firms. Drawing on knowledge transfer

and institutional theory we suggest that piloting can be used by MNCs to create templates of new global practices in selected subsidiaries before the rollout across the firm. Starting with an initial exploratory case analysis followed by quantitative analyses we found that the multi-dimensional piloting construct - pilot credibility, replicability and feasibility - influences the adoption responses of subsidiary managers. Piloting increases both affective commitment to change and implementation of new practice initiatives and there is support that affective commitment mediates the relationship between piloting and strategic initiative implementation.

Antecedents and Outcomes of Organizational Ambidexterity in Global R&D: Evidence from Western MNEs in Emerging Markets

Marco Zeschky, *University of St. Gallen*

Recently, frugal innovations, i.e. affordable, 'good-enough' product innovations, have created a huge demand in emerging markets. Frugal innovations are fundamentally different from advanced, western product innovations with respect to their architecture, development, as well as business model and organizational implementation. Due to these differences, Western MNEs struggle to design organizational structures which allow the simultaneous pursuit of both types of innovations. In this article, we empirically investigate how Western MNEs overcome this challenge. Based on multiple case studies in large Western MNEs from the medical equipment industry, our findings show that firms have designed dual R&D structures where advanced product and technology innovations are conducted in the central, Western R&D headquarters while frugal product innovations are developed in the R&D units located in emerging markets.

Behind the Link Between Crossborder Venture Capital and Foreign Direct Investment: Signals and Institutions

Curtis Moore, *Texas Tech University*

Roberto Ragozzino, *University of Texas-Dallas*

Garry Bruton, *Texas Christian University*

Mike Peng, *University of Texas-Dallas*

Drawing on signaling theory and the institution-based view, we develop a theoretical model to argue that a country's inward crossborder Venture Capital (VC) serves as a scouting function for foreign investments by MNCs (i.e., FDI). Drawing on signaling theory (Spence, 1974), we argue that VC, as an early stage investment, can be viewed as a signal to indicate the attractiveness of a country as an investment site that may pull in FDI. Furthermore, the institution-based view suggests that the more stable a host country is, the more likely it is to receive inward investment in the form of VC and/or FDI. Therefore, we argue that the relationship between VC and FDI that a country received is conditioned on a host country's level of stability—along legal, political, and economic dimensions.

Does Co-location Accelerate Knowledge Outflows from FDI? The Role of MNC Subsidiaries' Technology Sourcing Strategies

Alessandra Perri, *Carlos III University of Madrid*

Raffaele Oriani, *LUISS Guido Carli University*

Francesco Rullani, *LUISS Guido Carli University*

Despite the strategic importance of the knowledge outflows from FDI for local firms' competitiveness, no study has focused on the speed at which this phenomenon takes place. However, this issue is crucial since the speed at which firms absorb external knowledge influences the time they need to carry out subsequent innovations, their ability to adapt to external changes and enter new markets, thus ultimately affecting their chances to achieve a competitive advantage. This paper tries to fill this gap, by investigating the temporal patterns of knowledge outflows between foreign subsidiaries and firms located in host-regions. Combining International Business literature with insights on Innovation Strategy, we provide evidence on the timing of this phenomenon, and discuss the role played by multinational firms' technology sourcing strategies.

From Intergenerational Learning to Dynamic Capability: a Comparative Approach Between France and Japan

Sakura Shimada, *University of Paris-Dauphine*

In this research in progress, we analyze the relationship between intergenerational learning and organizational performance. Our proposition is that intergenerational learning can leverage dynamic capabilities of organizations, by ensuring the effective reconfiguration of organizational competences, in a dialectic between continuity and change. Looking for key factors enabling the reconfiguration of organizational competences, we analyze the influence of interpersonal characteristics, group-level characteristics, and managerial features on intergenerational learning, for three different functions of dynamic capabilities (the extension, creation and modification of competences). Considering the necessarily embedded nature of intergenerational learning mechanisms, we lead a multiple case-study across an international comparison between France and Japan.

SESSION 98

MANAGEMENT OF EMERGING STRATEGIC ISSUES

TRACK H

Date Tuesday, Oct 9

Time 15:45 – 17:00 h

Paper

Room Club A

Session Chair

Daniella Laureiro-Martinez, *Swiss Federal Institute of Technology Zurich*

Foreseeing The Dynamics of Strategy: A System Dynamics Approach to Strategic Anticipation

Rossen Kazakov, *BGPharma*

Martin Kunc, *University of Warwick*

The paper explores firms as complex anticipatory systems which construct dynamic strategy configurations based on alter-ego anticipation of future states within their competitive environment. Firms differ in their dynamic cognitive capabilities, which lead to formation of different alter-ego reflexive configurations (alternative resource configuration sets) and anticipatory search and selection of optimal (within the bounded rationality paradigm) strategic choices. To illustrate this idea, we performed a behavioral simulation experiment with a group of senior managers in a pharmaceutical firm. The experiment was based on the re-assessment of a product market strategy with and without the use of a simulation-based learning environment. The results give evidence of the existence of four key dynamic cognitive capabilities (DCC) defined as: strategic imagination, strategic conversation, strategic innovation and strategic surprise.

Market Shocks and Product Positioning in Multi-Sided Markets: The Impact of Craigslist on Local Newspapers

Robert Seamans, *New York University*

Feng Zhu, *University of Southern California*

A growing number of industries, including search engines, credit cards and media, can be characterized as two-sided, serving both advertisers and consumers. How do technology shocks to these industries affect their differentiation strategies? To better understand this question, we take advantage of geographical and temporal variation in entry by Craigslist to study how technology shocks affect differentiation between newspaper firms. We show that newspapers respond to Craigslist's entry to the classified-ad side of the market by increasing content differentiation on the subscriber side of the market. This effect is particularly pronounced in markets with readers with different tastes in news types.

The Delphi Oracle: An Information Processing Approach towards Industry Uncertainty and Ambiguity in Emerging Markets

Christian Kuklinski, *EBS University*
Roger Moser, *University of St. Gallen*
Christoph Georgi, *EBS University*

Managers in emerging markets are challenged in their strategic decision-making: Political and economic shocks as well as fast and non-linear institutional change increase not only the uncertainty of the market environment but also the ambiguity of consequences of institutional changes. We demonstrate how a Delphi study approach can be used to improve information processing activities in a dynamic institutional context inherent in most emerging markets by analyzing both quantitative data and qualitative arguments. The data was collected from 43 industry experts assessing the future of the small car automotive industry in India.

When Crisis Leads to Innovation: Moderating Effect of Perceived Urgency and Predictability Resolving Threat-Rigidity Paradox

Oleksiy Osiyevskyy, *University of Calgary*

The behavior of organizations facing severe adversity (extreme losses, risk of bankruptcy, loss of license, emerging disruptive innovation) has been contentious in the literature for the last three decades, with contradicting theoretical predictions and inconsistent empirical results. One view suggests amplified risk-taking behavior of threatened organizations, leading to innovation. The other view argues in favor of the threat-rigidity phenomenon, impeding risk-seeking behavior and discouraging any actions that differ from habitual practices. We show that both theories hold true in particular situations, and that the innovative or rigid behavior is determined by a set of moderating factors, particularly predictability of the environment and urgency. We test our unifying model in the context of the real estate brokerage industry, finding strong support for the hypothesized moderating effects.

SESSION 243

ENTREPRENEURS, VENTURES, AND INNOVATION

TRACK I	Date	Tuesday, Oct 9
	Time	15:45 – 17:00 h
Common Ground	Room	Club E

Facilitator Elisa Alvarez-Garrido, *Georgia State University*

An Innovation-Based View of Sustainable Firm Performance

Ulrich Lichtenthaler, *University of Mannheim*
Shaker Zahra, *University of Minnesota*

This paper presents an innovation-based view of firm performance. Grounded in interfirm heterogeneity in innovation, this view highlights the potential to achieve sustainable superior performance based on internal innovation activities despite the growing trend toward open innovation. A key feature of the innovation-based view is moving beyond the widespread focus on product innovation to build upon its interdependencies with other critical first-order innovations such as service, process, business model, and management innovations. The innovation-based view also considers the intertemporal transformation of innovation activities through second-order innovations, offering a more realistic and dynamic perspective on firms' innovation over time. This transformation influences a firm's boundaries as well as how and where it sustains value creation over time. As such, the proposed innovation-based perspective revises existing views about competition and organizational boundaries.

Commercialization through Organizational Learning and Identity

Michael Ciuchta, *University of Central Florida*
Anne Miner, *University of Wisconsin-Madison*

Organizational learning research has explored how varied forms of experience can generate change in knowledge and behavior. We propose that organizational identity moderates the impact of experience, and that this implies that organizations can learn differently from the same and similar experience. Specifically, we explicate how identity shapes how organizations notice, interpret and systematically respond to experience by changing aspirations and developing knowledge and the influence these processes have on an organization's time to commercialization. We test our theory on a sample of start-up organizations located around a large research university.

Contagion and Competencies: Drivers of Internationalization in Knowledge Intensive VC Firms

Sharon Matusik, *University of Colorado-Boulder*
Siddharth Vedula, *University of Colorado-Boulder*

What drives the internationalization of knowledge intensive firms? In this study, we argue that for knowledge intensive firms, contagion as well as competencies play an important role in driving internationalization behaviors. We study this relationship in the context of US Venture Capital (VC) firms. We hypothesize and find that there is an inverted U shaped relationship between contagion and internationalization. Additionally, we examine how VC prior performance and diversification moderate this relationship. In the case of high performing firms and firms with high diversification, there is an inverted U shaped relationship. In the case of low performers and firms with low diversification, internationalization increases geometrically as contagion increases. We discuss implications for theory related to internationalization of knowledge intensive firms as well as practical implications.

Innovative Entrepreneur, Innovative Enterprise?: CEO Patenting and Biotech Firm's Entrepreneurial Performance

Yuan Shi, *National University of Singapore*

This proposal aims to investigate the impact of CEO's prior patenting experience on the entrepreneurial success of the incumbent high-tech firm. We argue that the knowledge base, technological breadth obtained through the innovative process enhance the CEO's capability to seek and evaluate the opportunities. More impactful inventions in the prior experience provide the CEO with the legitimacy to exploit the opportunities with lower social cost. The collaborations with organizations and inventors formed from patenting provide CEO with the essential social capital, offering diverse source of information and resources. The study will extend the prior experience research into CEO literature and contribute to the issues of how the capability of key individuals will affect the organizational innovation performance in the general agenda of the upper-echelon theory.

Learning to Internationalize: How Learning and Knowledge Transfer impact Internationalization in Venture Capital Syndicate Networks

Cameron Verhaal, *University of Utah*
Jaime Grant, *University of Utah*
Robert Wuebker, *University of Utah*

In this study we develop theory of knowledge transfer in venture capital (VC) syndicate networks. Drawing on the theoretical underpinnings of network and organization theory, we analyze international investment activity of 2,313 VC firms over 21,605 rounds of investment from 1980-2007. We find that younger firms are more likely to internationalize following contact with syndicate partners who have experience investing internationally as compared to older firms. This suggests both an imprinting effect among the younger firms, and inertial pressures within



older firms. Furthermore, we find that firm experience, the number of VC executives, and whether the firm was lead investor also interact with the level of international experience in a focal firm's syndicate network, impacting the propensity to participate in subsequent rounds of international investment.

Private Interpretation of Public Funding of Start-ups: Evidence from the U.S. Clean Energy Sector

Mazhar Islam, *Drexel University*
 Adam Fremeth, *University of Western Ontario*
 Alfred Marcus, *University of Minnesota*

We examine how public funding influences subsequent private financing of start-ups. We argue that public funding can be seen as an indicator of questionable quality of the firm's potential. Consequently, once public funding is provided the technology will be less likely to generate interest from private financiers. However, the signal of quality may be modified by the start-up's prior success in generating private funding. We lay out the conditions under which public financing influences the subsequent private financing. We will test the prediction on a dataset from the U.S. clean energy sector. The paper will provide insights to the policymakers in formulating policies that would foster the growth of clean energy start-ups. In addition, the findings will have strategy implications for start-ups.

SESSION 233
STRUCTURE AND TRANSFER

TRACK I	Date	Tuesday, Oct 9
	Time	15:45 – 17:00 h
Paper	Room	Club C
Session Chair	Tatiana Kostova, <i>University of South Carolina</i>	

Boundary Spanning for Global Innovation: Knowledge Complementarities, Coordinative Complexity and the West to East Migration of Inventors

Prithwiraj Choudhury, *University of Pennsylvania*
 Martine Haas, *University of Pennsylvania*

In large, globally dispersed firms, collective efforts to develop innovations often involve boundary-spanning, in the form of collaboration across organizational areas or geographic locations. We study how the level of boundary-spanning required influences the likelihood of co-patenting between individuals in different organizational areas or geographic locations and explore mechanisms used by individuals to cross organizational boundaries. We introduce the concept of "coordinative complexity" to refer to the costs involved in collaborating across boundaries. Using hand collected data from a Fortune 50 technology firm we measure coordinative complexity and relate it to the probability of co-patenting. We also study whether the probability of co-patenting increases when coordinative complexity is offset by knowledge or social complementarities between potential co-patentees or in the presence of boundary spanning individuals.

High-Value Outsourcing: Impact of Team Structure and Capabilities on Complex and Uncertain Offshoring Projects

Saikat Chaudhuri, *University of Pennsylvania*
 Abhijit Mandal, *Middlesex University*

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 new product development. We hence investigate to what extent the Global Delivery Model can effectively transfer to such projects, by developing a simulation model based on field research of a sample of global software development projects conducted by a leading Indian outsourcing vendor

with its customers. We find that an offshore outsourcing approach based on distinct strategic complementarities can handle sophisticated higher-end work, by adopting a suitable team structure and capability composition. The results bear implications for traditional notions of firm boundaries and organizational forms.

Organizational Architecture and Knowledge Transfer Success in Multinational Firms: An Agency Theory Perspective

Maximilian Palmié, *University of St. Gallen*
 Marcus Matthias Keupp, *University of St. Gallen*
 Oliver Gassmann, *University of St. Gallen*

We offer a theory and empirical test of the influence of organizational architecture on inter-subsidiary knowledge transfer success within a multinational corporation (MNC). Framing our arguments in an agency theory perspective, we suggest that the parent firm, by appropriately setting the MNC's organizational architecture, can harness the subsidiaries' self-interest to make such knowledge transfers succeed. We build hypotheses on four specific aspects of formal organizational architecture (autonomy, subsidiary mandates, formal cross-unit interfaces between subsidiaries, and formal interfaces with the local environment) and test them with a unique sample of 287 subsidiaries and novel psychometric measures that provide intimate insights into an MNC's internal structure. We find broad support for the proposed theory and highlight the implications of our research for academia and management practice.

Regional Headquarters and their Impact on Knowledge Transfer Processes in Transnational Companies: A 'Small World' Network Perspective

Sven M. Laudien, *University of Bremen*
 Joerg Freiling, *University of Bremen*

What role do regional headquarters (RHQ) play in the process of spreading knowledge in the internal and external network of transnational companies (TNC)? In our paper we approach this topic based on an understanding of TNC as 'small world' networks – a concept from the field of social psychology introduced by Milgram (1967). We employ this concept to show that RHQ as knowledge hubs foster knowledge transfer and competence building within TNCs. The main contribution of our paper is that we develop a formalized approach that provides a proof that RHQ can considerably influence information and knowledge transfer processes in TNCs. By doing so, we try to reduce a gap in research on RHQ.

SESSION 22
INSTITUTIONAL EFFECTS OF BUSINESS MODEL DEVELOPMENT: THINKING STRATEGICALLY INSIDE-OUT AND OUTSIDE-IN

TRACK J	Date	Tuesday, Oct 9
	Time	15:45 – 17:00 h
Paper	Room	Meeting Hall IV (a)
Session Chair	Martin Reeves, <i>Boston Consulting Group</i>	

Business Remodelling: How Civil Society Organizations Use Mise-en-sens Tactics to Shape Companies Strategy?

Raphaël Maucuer, *University of Paris-Dauphine*
 Lionel Garreau, *University of Paris-Dauphine*

This paper examines the discursive mise-en-sens (Corvellec & Risberg, 2007) tactics civil society organizations (CSOs) use to influence strategic development of companies. Drawing on the case study of Suez-Environment, a major water distribution company in the world, we show that CSOs can play an important role in the definition of companies' business model (BM). We show 16 mise-en-sens tactics that CSOs use in order to shape strategy development, the output of which being new

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strategic segmentation. Our research provides contribution for the Strategy-as-Practice field through a) highlighting the role of CSOs as practitioners in companies BM evolution b) identification of 16 mise-en-sens tactics in strategy development c) understanding which elements of strategy are addressed by mise-en-sens tactics.

Causal Ambiguity: Helping Organisations Make Explicit the Implicit and Gain Competitive Advantage

Fran Ackermann, *University of Strathclyde*
Véronique Ambrosini, *Monash University*

By gaining an appreciation of the underlying basis for success and reducing causal ambiguity, it is argued that firm's performance can be better managed. Identifying and effectively managing resources and their associated patterns is seen as a key contributor towards handling the changing environment, and by consciously exploiting resources (particularly when in unique combinations) long term growth and superior performance can be achieved. However, there are few approaches available that support managers in this pursuit. This paper, which adopts a strategy as practice perspective, aims to rectify this by exploring the use of causal mapping to help managers reduce causal ambiguity by both identifying and understanding the patterns of resources, which should subsequently allow them to exploit the resources and enable them to garner rents.

Institutional Effects on Developing Political Capabilities: The Case of European Airlines on the Aftermath of 9/11

Tazeeb Rajwani, *Cranfield University*
Sotirios Paroutis, *University of Warwick*

Governments and their agents can both facilitate and constrain organizational wealth creation. Whilst heterogeneously distributed valuable political resources allow a firm to develop capabilities to gain competitive advantage, less attention has been devoted to the conditions that impact the development of political capabilities in varying institutional contexts. This qualitative inductive study examines the development and application of political capabilities in European national airline carriers within an institutional context requiring reactive political strategies, i.e. avoiding security costs from 9/11. We contribute to practice studies by showing how senior management teams develop political capabilities in institutional contexts exhibiting increased uncertainty. We argue that while the senior management's attention to specific political processes can create valuable political capabilities, this value creation is moderated by the nature of the institutional environment and its barriers.

Moving Forward Amidst Uncertainty: Achieving Greater Strategic Clarity

Margaret Cording, *IMD*
Margarethe Wiersema, *University of California-Irvine*

Despite the global economic downturn, most companies are awash in cash, with large U.S. companies sitting on more than \$1.7 trillion in cash and cash equivalents. This cash reserve provides valuable strategic flexibility in times of slow global economic growth, and provides CEOs with a unique opportunity to rigorously revisit the firm's ability to compete in the future. We recommend an integrative analysis that focuses on exploring the possibilities to reposition the firm's businesses; honestly assessing the need for resource retooling and developing a strategy to do so; and exploring value creating opportunities through value chain redesign. Our research suggests that such an integrative framework can help companies emerge from the current economic environment with stronger and more robust competitive capabilities.

SESSION 174

SOCIAL NETWORKS & ENTREPRENEURSHIP

TRACK K	Date	Tuesday, Oct 9
	Time	15:45 – 17:00 h
Common Ground	Room	Club H

Facilitator Steven Floyd, *University of Massachusetts - Amherst*

“Tigerblood”: Availability Cascades, Social Media, and the Environment of the Entrepreneurial Process

Brad Greenwood, *University of Maryland*
Anand Gopal, *University of Maryland*

Availability cascades are defined as large increases in public discourse on events or topics which give rise to the ubiquitous use of the availability heuristic. We study the impact of availability cascades originating from two sources, the print and social media, in the context of IT entrepreneurship. Our results show the effect of both the social media cascade as well as the print cascade on firm founding and first-round funding. Additionally, we show that the social media cascade mediates the relationship between the print cascade and firm founding / funding. Our work here is the first to show how various media may interact in influencing entrepreneurial decisions and also provides evidence on how social media plays an increasingly important role in agenda-setting in the economy.

Advice Networks of Discovery and Creation Entrepreneurs

John Upson, *University of West Georgia*
Naga Lakshmi Damaraju, *Indian School of Business*
Jon Anderson, *University of West Georgia*
Jay Barney, *University of Utah*

Entrepreneurship research is dominated by two theories of opportunity formation: discovery and creation. The specific entrepreneurial actions leading to identification and exploitation of each likely differ. We explore entrepreneurs' alignment of human resources, and specifically advice networks. Extant research favors diversity within advice networks as a source of idea generation and pursuit. However, we argue that diversity may not always be advantageous. Drawing from literature on entrepreneurial opportunities, social network theory, and cognitive psychology, we suggest that discovery entrepreneurs seek similarity in their networks whereas creation entrepreneurs seek diversity in their advice networks.

Consolidating Views on the Ideal Social Network Structure for Innovation: Recent Advances in Entrepreneurship Literature

Mitch Angle, *Ohio State University*
Sharon Alvarez, *Ohio State University*
Jay Barney, *University of Utah*

Social network theory has divergent views on the ideal way to develop innovation. One view advocates the use of sparse networks and structural holes. In this view, innovation is viewed as the result of the combination of unique ideas. A second view advocates the use of dense or cohesive networks. In this case, repeated interaction and the exchange of ideas leads to innovation. This paper proposes that these views can be consolidated nicely into the discovery and creation views recently gaining interests in the entrepreneurship literature.

Serial Entrepreneurs: The Influence of Venture Capitalists on Organizational Learning from Experience

Jeffrey Martin, *University of Alabama*

The purpose of this paper is to advance understanding of organizational learning by exploring the antecedents, contextual, organizational, and individual level factors that affect the exploitation of learning and innovation in new ventures. Specifically, this paper explores the



affordances and constraints that venture capital funding can have on learning and innovation in new ventures. Much of the literature related to the influence of venture capital on new ventures emphasizes positive learning aspects like access to expertise and networks. However, this study finds that venture capital funding can have a negative effect on the capacity of a new venture to learn from its experience.

The More is Always The Better?: Effects of Entrepreneurial Firms' Social Relation on Performance

Yujin Back, *Korea University*
Dae-il Nam, *Korea University*

The more is the better? Or, too much is as bad as too little? Using a sample of all firms which went through an IPO during 2001-2003 in the U.S., we examine the relationship between social relations of entrepreneurial firms and IPO performance. Prior research has investigated that having relationships at the very early stage of life provides many advantages to entrepreneurial firms. To a certain point, we accept this well-known argument. However, we argue that too many relations could have detrimental consequences to new ventures. We introduce possible negative mechanisms of social relations and test the effect of immoderate social relations on their performance. We expect that social relations of entrepreneurial firms will have an inverted U-shaped relationship with performance.

VC Network Resources and Portfolio Firms' Alliance Formation

Xiaodan Wang, *Western Michigan University*
William Wan, *City University of Hong Kong*
G. T. Lumpkin, *Syracuse University*

Many startups are eager to form alliances to reduce resource constraint and increase visibility and status. Although research has suggested that affiliation with a VC firm enhances alliance formation by a portfolio firm, the primary focus centers on the role of the lead VC firm only; little attention has been paid to the informational advantages provided by VC syndication in terms of information volume, relevance and diversity. Furthermore, tie strength between VC firms and portfolio firms has not received adequate research attention in the literature. Therefore, this study examines the effects of compositional attributes of VC syndication on portfolio firms' likelihood to form alliances, and the moderating effects of tie strength on such relationships. We use a sample of VC-backed startups to test the hypotheses.

SESSION 176

VALUE CAPTURE & APPROPRIABILITY

TRACK K	Date	Tuesday, Oct 9
	Time	15:45 – 17:00 h
Paper	Room	Club D

Session Chair Niron Hashai, *Hebrew University*

Business Model Innovation and Imitation by Competitors

Yuliya Snihur, *IESE Business School*
Christoph Zott, *IESE Business School*

In this paper we explore what mechanisms are available for entrepreneurs to alleviate the likelihood of their new business models being imitated, an important challenge for any innovation. We first define business model innovation (BMI) and then apply insights anchored theoretically in the resource-based view to suggest several barriers to BMI imitation. We thus maintain that strategic design of content, structure, and governance of the new business model can limit the likelihood of its imitation by competitors through leveraging complexity, path-dependence, and incompatibility of BMI with the existing business models of competitors.

Compete or Cooperate? The role of Industry Structure in Start-up Commercialization Strategies

Niron Hashai, *Hebrew University*
Sarit Markovich, *Northwestern University*

This study demonstrates the impact of industry structure on startups' decision whether to directly compete in the market or to cooperate with industry incumbents in product distribution. We hypothesize and empirically show that startups are more likely to compete in moderately concentrated markets than in fragmented or highly concentrated ones. We further show that: 1) a tight appropriability regime encourages competition in low to medium levels of industry concentration, but encourages cooperation at medium to high levels of concentration; 2) the effect of complementary assets on the decision to compete increases with industry concentration; 3) startups producing tailor made products are more likely to compete in concentrated industries; and 4) VC backed startups are less likely to compete in concentrated industries.

Financing Entrepreneurial Firms Under Weak Appropriability Regime: Explorative Study of Financing Open Source Entrepreneurial Firms

Ali Mohammadi, *Polytechnic University of Milan*
Cristina Rossi Lamastra, *Polytechnic University of Milan*
Massimo Colombo, *Polytechnic University of Milan*
Giovanni Liotta, *Ecole Polytechnique Fédérale de Lausanne - EPFL*

This paper empirically investigates that how the financing patterns of high-tech entrepreneurial firm vary depending on the appropriability regime. Entrepreneurial firms are financially constrained and encounter problems in attracting external financing. It is expected that difficulties in attracting external financing are more severe for high-tech entrepreneurial firms, which operate under a weak appropriability regime. The research on financing of high tech entrepreneurial firms has left the issue of how start-ups finance their innovation depending on appropriability regime rather under-remarked. This paper compares VC financing patterns of open source and proprietary entrepreneurial firms. Result shows that OSS entrepreneurial firms are significantly different than proprietary ones regarding age at the first investment. But we cannot claim that there are differences in case of syndication and syndication size.

Knowledge Creation and Appropriation within Incumbent Firms and Employee Entrepreneurship

Alfonso Gambardella, *Bocconi University*
Martin Ganco, *University of Minnesota*
Florence Honore, *University of Minnesota*

Existing literature shows that knowledge acquired by employees within incumbent firms is an important driver of entrepreneurship. We ask the question of when the knowledge protected by patents affects employee's entrepreneurial decision. Using a dataset based on the European Patent Survey, we find that the likelihood of entrepreneurship increases with the perceived value of inventor's patents, and, decreases with the compensation she received for the patents. We further find that the relationship between the patent value and the entrepreneurship decision weakens when the patent is licensed out or when the patent is in a core technological domain of the firm. We show how entrepreneurship decisions depend on the unique characteristics of the patented knowledge with implications for the diffusion and exploitation of underutilized knowledge.

SESSION 145

INDIVIDUAL DIFFERENCES & HUMAN CAPITAL-BASED ADVANTAGE: VIVE LA DIFFÉRENCE

TRACK L	Date	Tuesday, Oct 9
	Time	15:45 – 17:00 h
Common Ground	Room	Terrace 2

Facilitator Russell Coff, *University of Wisconsin-Madison*

Contextual Ambidexterity as a Mediator between Business-Unit Engagement and Performance

Petra Poljsak, *University of Manchester*

Paul Jackson, *University of Manchester*

The majority of studies concerned with the strategic outcomes of employee engagement have argued for its direct positive effect on performance. Nevertheless, engagement as one of the initial drivers of the overall performance management process might influence more proximal performance outcomes, before having an impact on the ultimate objective of the process, namely superior performance. We propose the relationship between business-unit engagement and superior performance to be mediated by contextual ambidexterity. That is, highly engaged business units demonstrate collective adaptive and aligned behaviours, which stimulate the development of business-unit ambidexterity. In turn, ambidexterity positively affects business-unit performance, while the initial engagement-performance effect disappears altogether. Our hypotheses were tested on quantitative data aggregated from 3,828 individuals in 121 business units.

Ethical Culture as a Strategic Asset: A Resource-Based View of Firm Heterogeneity

Chinasa Oparaugo, *Pan-African University*

The corporate scandals and resultant negative organizational outcomes of the past decade have led to new regulatory control from governments and new rules on how business should be done. The attention of strategic management scholars and practitioners alike have also been focused on new concepts and theories to explain this phenomenon, with various researchers linking negative organizational outcome to a weak ethical culture. This position can lead one to suggest that, if a weak ethical culture can lead to organizational failure, then a strong ethical culture can also contribute to organizational success and should therefore be considered a source of competitive advantage. Consequently, this paper proposes the consideration of ethical culture as an intangible firm resource capable of functioning as a strategic asset, exploring the linkage to sustainable competitive advantage from a resource based perspective; while taking a look at the methodological challenge in actively pursuing research in this area.

Explaining Away the Paradox: How Workplace Identity Motivates Firm-specific Investments

David Kryscynski, *Brigham Young University*

Colby Green, *Brigham Young University*

The paradox of firm-specific human capital is that firms need workers to make firm-specific investments, but workers should prefer not to make them. Casual observation suggests, however, that workers frequently make such investments even when economic theory predicts that they should not. The present paper proposes one such explanation for this casual observation - workers may identify with their firms. When workers identify with their firms they may be willing to invest in those firms despite the inherent risk. Additionally, workers who identify strongly with their firms may actually increase investments in the face of increased risk, contrary to economic theory. The present paper tests the effects of worker identification on their investments in firm-specific human capital using a novel experimental approach.

Human and Social Capital Effects on Job Search Strategies and Entry Wages

Daniel Muehlbauer, *LMU Munich*

Agnes Michalik, *University of Munich*

Ingo Weller, *University of Munich*

Given the demographic challenges of today firms find it increasingly difficult to fill key employee positions. Strategic HRM scholars have identified attraction, selection, and attrition processes as a major driver of firm performance, and recruitment source use as an important component of this broader relation. We advance this stream of research by asking (a) who self-selects into particular recruitment source types; and (b) how recruitment source use (given self-selection) translates into firm entry wages. By connecting individual differences, recruitment sources, and wages we suggest novel theory and provide important evidence for both individuals and firms. Empirically, we draw on a large and representative dataset of German university graduates. Our hypotheses are widely supported by regression analyses.

Learning, Capability Development and Competitive Advantage

Kannan Srikanth, *Indian School of Business*

One of the fundamental questions in strategy is to understand how managers impact a firm's competitive advantage. We argue that managers can impact a firm's competitive advantage by enabling better learning that leads to superior capability development. Manager's can improve capability development by increasing rates of individual learning within the firm by appropriately matching employee skills to task environments. In this paper we show that individual learning curves are significantly influenced by the context of work and the nature of an individual's experience. These findings also contribute to the learning curves literature by focusing on work context, a contingency neglected by prior work. We demonstrate that work context – normal vs. heavy workload conditions – matters for rates of individual learning.

Rewards Prevalence and Effectiveness in the Life Cycle of New Ventures

Michael Koch, *EMLYON Business School*

Sarah Park, *EMLYON Business School*

This paper investigates different rewards strategies for new ventures and their respective impact on employee outcomes and firm performance. Based on a total rewards perspective that includes monetary as well as non-monetary rewards, we develop a framework that explains how the composition and effectiveness of both rewards elements change over the life cycle of a new venture. Our paper suggests that as new ventures grow and overcome their liabilities of newness and smallness, they gradually shift their emphasis from non-monetary rewards to monetary rewards elements and from incentive compensation to fixed pay.



SESSION 255

SPECIAL TRACK

TRACK 5	Date	Tuesday, Oct 9
	Time	15:45 – 17:00 h
Special Panel	Room	Meeting Room 1.1

SRF Dissertation Panel

Session Co-Chairs

Janet Bercovitz, *University of Illinois-Urbana Champaign*
 Jeffrey Reuer, *Purdue University*

Panelists

Konstantinos Grigoriou, *Georgia Tech*
 Sun Hyun Park, *University of Michigan-Ann Arbor*
 Ram Ranganathan, *University of Texas-Austin*
 Eunice Rhee, *University of Southern California*

This special session will be offered by recipients of Strategy Research Foundation (SRF) Grants for dissertation proposals. SRF Dissertation Scholars will present overviews of their dissertation research. The following papers will be presented:

“Essays on Human Capital and Innovation Strategy”
 Konstantinos Grigoriou (Georgia Tech)

“The Triad that Binds: How the Social Structure of Analyst and Journalist Performance Evaluations Influences Relations Among Corporate Leaders and Their Strategic Decision Making”
 Sun Hyun Park (University of Michigan)

“Controlling or Complying? The Opportunities and Challenges of Coordinated Technical Change”
 Ram Ranganathan (University of Pennsylvania)

“Essays on the Symbolic Management of Category Affiliations”
 Eunice Rhee (University of Southern California)

Stakeholder Capital and Performance in Tough Times

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

We argue that stakeholder capital, which we define as the level of mutual recognition, understanding and trust established by the firm with its stakeholders, mitigates the adverse financial impact of negative stakeholder events by preserving a firm’s social license to operate during times when the firm’s actions and operations are being challenged by opponents. Using a media-based measure of stakeholder capital that considers a broad range of engagements, we show that firms with higher levels of stakeholder capital are more likely to get the benefit of the doubt when they become the target of criticism and are more likely to see some of their stakeholders rise to defend their activities, thus increasing the likelihood that the companies will maintain their social license when this is being challenged. In this way, investments in stakeholder capital can, like insurance, generate benefits or payoffs after adverse events.

Taxing a Tarnished Halo: Reputable Firms are Punished More Harshly for a Social Transgression

Mary-Hunter McDonnell, *Northwestern University*
 Brayden King, *Northwestern University*

Prior research in strategic management suggests that a firm’s high reputation can be a critical asset during a crisis. The “halo effect” suggests that stakeholders are more likely to give a firm the “benefit of the doubt” in ambiguous situations, buffering the firm from reputational damage and performance declines. While firms benefit from a high reputation when they are involved in ambiguous crisis situations, we suggest in this paper that high reputations become a liability for firms that commit unambiguous acts of normative deviance. Using a unique database of over 500 employment discrimination cases brought in US courts, we show that the most reputable firms are actually punished more severely when found guilty of a normative transgression. Ultimately, our findings underscore an unrecognized source of punitive liability faced by companies that do not heed the normative expectations on which their reputation hinges.

The Performance Effects of Coupling Strategic Change with CSR During the 2008 Market Crash

Jordi Surroca Aguilar, *Carlos III University of Madrid*
 Josep Antoni Tribó, *Carlos III University of Madrid*
 Sandra Waddock, *Boston College*

This study examines the influence of corporate social responsibility (CSR) activities on firms’ propensity for strategic change and the financial performance effect of such change in turbulent environments. We propose that CSR positively affects strategic change and also contributes to implement effectively such change giving raise to improvements in financial performance. Our findings for an international sample of 725 firms from 23 countries suggest that in turbulent periods such that of the year 2008 social responsible firms have implemented radical strategic changes and these changes combined with the proactive orientation towards stakeholders contributed to enhance financial performance. Results also indicate that in firms that have not changed significantly their strategies in turbulent periods, CSR can reduce the negative financial impact of following such adaptive strategies.

SESSION 10

STAKEHOLDERS AND CRISIS PERFORMANCE

TRACK M	Date	Tuesday, Oct 9
	Time	15:45 – 17:00 h
Paper	Room	Meeting Room 2.2

Session Chair Mary-Hunter McDonnell, *Northwestern University*

A Dynamic Political Stakeholder Theory Model of Firms’ Response Strategies towards Marginalized Stakeholders

Rashedur Chowdhury, *University of Cambridge*

The traditional approach to stakeholder management research has focused on firms’ engagement with powerful stakeholders. We integrate research from social movement theory, dynamic capability perspectives on managing political environments and stakeholder theory to develop a political stakeholder theory model. We show that (1) firms’ responses to marginalized stakeholders using political strategies are essential for gaining competitive advantage and avoiding reputation loss; (2) economic gain from implementing political strategies does not need to occur at the expense of ethics. By reconfiguring organization capabilities firms can adopt ethically and economically viable engagement with marginalized stakeholders that create value for both groups.

TUESDAY 15:45 – 17:00

SESSION 49

ORGANIZATIONAL LEARNING AND ALLIANCES

TRACK N	Date	Tuesday, Oct 9
	Time	15:45 – 17:00 h
Paper	Room	Dressing Room 220

Session Chair Xavier Martin, *Tilburg University*

Contractual Learning and Completeness: The Case of Franchising

Vanesa Solis-Rodriguez, *University of Oviedo*
Manuel González Díaz, *University of Oviedo*

The aim of this paper is to analyze the effect of different dimensions of contractual learning (learning about the partner's behavior and learning about the transaction) over the use of governance mechanisms, relational mechanisms and explicit contracting, using a specific type of alliance: franchising. Our results indicate that those chains with more franchising experience, and then with a stronger knowledge about the relevant aspects of the exchange, specify their contracts in greater detail, introducing a higher number of contingencies. Moreover, we observe a higher number of contingencies concerning franchisee's obligations than franchisor's obligations. This suggests a moderating effect of the parties' knowledge about the counterpart behavior. Contrary to literature on interfirm relationships, that has emphasized the role of relational governance, our results indicate that business contracts can also be an important mechanism in governing interorganizational relationships.

Domestic Alliance Experience as an Antecedent to International Expansion

Linda Rademaker, *Tilburg University*
Xavier Martin, *Tilburg University*

This paper examines how strategic alliances with MNEs may induce knowledge spillovers that can be used as the foundation on which local firms can build their attempts to expand internationally. Using a sample of FDI in- and outflows into China and the United States in the period 1978-2011 we analyze the likelihood of international expansion of Chinese firms. We find a positive effect of joint venture experience on the propensity of Chinese firms to conduct FDI in the United States, with strong country effects. In addition, we find that domestic alliance experience influences the entry mode chosen upon internationalization.

Inter-Organizational Strategizing as Extension of Sensemaking Capacities

Felix Werle, *University of Zurich*
David Seidl, *University of Zurich*

In the wake of progressive globalization and accelerating speed of change, corporations are increasingly faced with so-called meta-problems, whose complexity outstrips their individual sensemaking capacities. As a response to that, organizations are increasingly engaging in inter-organizational sensemaking activities in order to develop a collective understanding of the meta-problems to inform their intra-organizational attempts at dealing with them. In this paper, we propose to conceptualize such inter-organizational strategizing processes as scaffolding of sensemaking capacities. Based on a longitudinal case study of a multi-sector industry initiative concerned with the meta-problem of water as an environmental resource constraint, we explore the different practices and patterns in which individual organizations extend their respective sensemaking capacities. We identify three categories of extension practices (scaffolding, conduct & transfer practices) and three patterns of extension (triggering, complementary & selective extension).

Internal Structures and Inter-Organizations Relations: Influence of a Firm's Matrix Structure on its Alliance Choices

Maxim Sytch, *Northwestern University*
Franz Wohlgezogen, *Northwestern University*

In this study we investigate how a firm's internal organizational structure influences its choices regarding interorganizational partnerships. Our specific focus in this study is on matrix organizational forms. We propose that matrix structures involve relational dynamics that are not unlike those in inter-organizational partnerships: they involve split-authority arrangements, and complex, often informal communication channels and coordination mechanisms. The internal collaborative arrangements under matrix structures may lead to organizational learning and capability development, which in turn may facilitate specific types of external interorganizational partnerships. We hypothesize and find empirical support for matrix firms' tendency to enter into more complex and more challenging alliances than non-matrix firms.

SESSION 114

ADOPTION OF A PRACTICE AND ITS IMPLICATIONS

TRACK O	Date	Tuesday, Oct 9
	Time	15:45 – 17:00 h
Paper	Room	Meeting Hall IV (b)

Session Chair Toru Yoshikawa, *Singapore Management University*

An Irony of the Shareholder-Value-Maximization Logic: The Earnings Cult and Decline of Conglomerates

Jiwook Jung, *Harvard University*
Guilhem Bascle, *Catholic University of Louvain*

This proposal reveals an irony of the institutionalization of the logic of shareholder-value-maximization. We develop and test a theoretical framework that presents how the active efforts of firms to meet a precept of this logic—performing what securities analysts forecast—can lead them to enjoy short-term benefits, but can also eventually backlash on them by forcing them to carry out substantive policy reforms such as announcing divestiture deals reinforcing their corporate focus. We test our theoretical arguments on a sample of large publicly traded U.S. firms from 1985 to 2006. Implications of our work for institutional theory and corporate strategy research are discussed.

Conformity Follows Deviation: Evidence from Board Reform in Japan

Daisuke Uchida, *Hitotsubashi University*

This study extends diffusion studies by examining how past adopters' implementation of diffusing practice influences potential adopters. An empirical analysis is performed with a sample of board reforms in Japan for the period from 1997 through 2010, in particular, the adoption and implementation of the corporate executive officer system (EOS) among large Japanese firms. Using a piecewise constant exponential model, I find that the likelihood of subsequent adoption increases when adopters in the same industry have modified the practice, adopters in the same industry implement the practice in various ways, and adopters in the same industry implement the practice but deviate from the feature intended initially.



The Impact of a Board Level Technology Committee on Technology Outcomes and Firm Performance

Brent Clark, *University of Missouri*

Karen Schnatterly, *University of Missouri*

Richard Johnson, *University of Missouri*

Scott Johnson, *Oklahoma State University*

While the relationship between board composition and firm performance is highly equivocal, we argue that there are stronger connections between board composition and other outcomes. In particular, we suggest that technology committees play a critical advisory role and are related to the technological output and performance of the firm. We hypothesize the firms that adopt technological committees will behave differently than firms that do not and that the composition of the technology committee will influence its impact on the firm. We propose to test these hypotheses with a sample of firms that have adopted a technology committee matched with similar firms that have not. Preliminary findings indicate that, within three years, adopting firms are performing significantly better than their non-adopter matches.

When Do Board Interlocks Matter? The Adoption of Shareholder-Oriented Practices in Japan

Toru Yoshikawa, *Singapore Management University*

Jungwook Shim, *National University of Singapore*

This study examines the adoption of stock buyback and executive stock option compensation in Japanese firms. We investigate whether the presence of interlocking directors who sit on boards of other firms that adopted those practices is related to the adoption of the same practices by the focal firm. We also examine whether there are any differences in the effects of such board interlocks between family-controlled firms and non family-controlled firms. Our findings show that the presence of interlocking directors is significantly related to the adoptions. We also found that while the effect of such directors on the adoption of a stock buyback plan is stronger for non family-controlled firms, the effect on the adoption of a stock option pay is stronger for family-controlled firms.

SESSION 150

LEGITIMACY, LIABILITIES AND INSTITUTIONS

TRACK A	Date	Tuesday, Oct 9
	Time	17:30 – 18:45 h
Paper	Room	Meeting Hall IV (b)

Session Chair William Newbury, *Florida International University*

A Little Birdie Told Me: Twitter and Organizational Legitimacy in Initial Public Offerings

Cameron Verhaal, *University of Utah*
Chong Oh, *University of Utah*
Leif Lundmark, *University of Utah*

Drawing on the organizational legitimacy literature, we propose and test a set of preliminary and high level hypotheses that suggest that social media, specifically Twitter, serves as a mechanism for conferring legitimacy in the market for initial public offerings (IPOs). We find broad support for our claims that simply having a Twitter account, and the extent to which a firm utilizes Twitter, will impact IPO performance. The extant literature has identified traditional media outlets as a valuable source of organizational legitimacy, however, social media and micro-blogging remain outside of our current classification of the phenomenon. Our findings, though preliminary, have significant implications for the theoretical underpinnings of legitimacy and organization theory, as well as practical implications for strategic use of an emergent technology.

Do Local Firms Incur a Liability of Localness? The Case of Emerging Country Firms' Outward FDI in Developed Countries

Fuming Jiang, *Curtin University*
Htwe Htwe Thein, *Curtin University*

Prior studies revealed that local indigenous firms in emerging developing countries suffer from a liability of localness resulting from the inward foreign direct investment, especially by developed country multinationals, and this liability and its effects on local firm performance may continue to present as long as the foreign firms exhibit a significant competitive advantage over local firms. This study joins academic debates on this frontier, yet, under-researched issue confronting international business researchers and practitioners and makes a counter-argument that the localness of developed country firms may not be a liability in the context of emerging country firms' investment in developed countries.

Too Much Love? Institutional Support and the Odious Specter of Strategic Incoherence

Richard Hunt, *University of Colorado-Boulder*

In times of transition, governmental institutions often play a lead role in facilitating the sociopolitical and cognitive legitimacy of emerging industries through regulatory policies that encourage firm formation and rapid market growth. Reasonable though this may at first seem to be, excessive munificence may invite unintended consequences. Using a dataset of six million transaction-level decisions involving all 612 companies and 56,465 permitted projects from a complete industry history, I find that firms will substitute the legitimizing effects of institutional support for strategic coherence. While institutional support does in fact generate a legitimacy dividend, the ill-effects of excessive munificence are evidenced by indiscriminate, contagion-style market entry by unfit firms that perform poorly, fail quickly, and leave a long trail of regulatory violations in their collective wake.

Trading Partner Selection in Online Marketplaces: Does it Matter Where You Are and What You Are?

Gianvito Lanzolla, *City University London*
Vanina Torlo, *University of Greenwich*

In this paper we seek to shed more light on the antecedents of seller selection in online marketplaces. We argue that when looking for trading

partners buyers are more likely to select sellers that are characterized by strong institutional signals that help reducing the uncertainty around them. We identify two such institutional signals – i.e. seller's location and seller's legal status - and we hypothesize that the higher the ranking of the seller's institutional signal, the higher the likelihood to be selected as a trading partner. Model estimations show support for our hypotheses.

SESSION 28

THE SOCIAL CONTRACT AND STRATEGY

TRACK B	Date	Tuesday, Oct 9
	Time	17:30 – 18:45 h
Paper	Room	Dressing Room 221

Session Chair Panayiotis Georgalllis, *HEC-Paris*

Gaining Environmental Legitimacy: Does Symbolism Work?

Pascual Berrone, *IESE Business School*
Andrea Fosfuri, *Carlos III University of Madrid*
Liliana Gelabert, *IE Business School*

We investigate the impact of environmental symbolism, i.e., policies or codes of conduct which might serve symbolic purposes without necessarily being applied in practice, on environmental legitimacy, i.e., the external validation of a firm's alignment with those environmental values demanded by the broader public. Drawing on institutional theory, we first argue and then empirically test the proposition that symbolic environmental actions increase a firm's environmental legitimacy only when they are coupled with evidence of the implementation of more substantive policies. Our findings suggest that symbolic environmental endeavors alone might harm a firm's environmental legitimacy.

Reputation and Transparency: Why do High Reputation Firms Send Noisy Signals about their Sustainability Actions?

Samuel Touboul, *HEC-Paris*
Anup Menon Nandialath, *HEC-Paris*

This article studies the antecedents of the transparency with which firms disclose their sustainability actions. We argue that stakeholders rely on reputation as a filter to set their expectations and that firms respond to these expectations. We find that while in general more reputable firms disclose more precisely their sustainability actions, depending on the degree of consistency of their sustainability performance, there are situations where reputable firms send noisy information. Using a unique dataset (1790 observations over 8 years), we find support for our hypotheses and discuss their implications.

Social Pressure and Innovation: Does Social Pressure Dilute the "Greenness" of Innovative Efforts of Organizations?

Yoona Youm, *George Washington University*
Joerge Rivera, *George Washington University*

This paper addresses the question of whether or not, and if so how, social pressures influence organizations' innovative activities. In examining organizations' innovative efforts, the paper examines the patenting activities of U.S. chemical manufacturers, and the relationship between various social pressures and organizations' patents in environmentally friendly ("green") technology. Also, it examines how well organizations' innovations align with the goals of external influences, and under what conditions the discrepancies increase. Following, this study gives implications on how managers and organizations can strategically comply with social pressures, and provides directions in which organizations can successfully integrate the demands of external actors.



The Impact of the Environmental Movement on Firms' Timing of Entry in the Solar Photovoltaic Industry

Panayiotis Georgallis, *HEC-Paris*
Rodolphe Durand, *HEC-Paris*

In this study we ask how characteristics of firms' socio-institutional environment influence their entry timing decisions as new industries emerge and how they interact with firm attributes to shape entry timing. Using the solar photovoltaic (PV) industry as our empirical setting we link environmental movement activity with firms' entry timing in this industry, and we further study how movement activity moderates the impact of two firm attributes, entrenchment in the energy industry and technological heritage, on firms' entry timing in solar PV. Our study aims to contribute to strategy research investigating the determinants of firms' entry timing in new industries, and complement work at the intersection of social movement and strategy research.

SESSION 59

TEMPUS FUGIT? COMPETITIVE STRATEGY OVER TIME

TRACK E	Date	Tuesday, Oct 9
	Time	17:30 – 18:45 h
Paper	Room	North Hall

Session Chair Luiz Mesquita, *Arizona State University*

First-mover IPO, Product Proliferation and Competitive Dynamics in China

Peter Gianiodis, *Clemson University*
Wuyang Zhao, *Fudan University*
Chao Chen, *Fudan University*

An industry's initial IPO can garner the IPO-firm first-mover advantage in the capital markets, which can accelerate its R&D efforts and enhance existing product offerings. In this paper, we employed signaling theory and theories of market deterrence and preemption to examine the effect of an initial IPO on an industry's competitive dynamics. Specifically, we posited that the initial IPO will negatively affect competitors' product proliferation, and this relationship is modified by industry attributes, characteristics of industry competitors, and characteristics of the IPO-firm. To test our hypotheses, we employed data from the Chinese Industrial Enterprise Database (CIED), collected by China's NBS. Findings reveal strong support for our theory and suggest that researchers should pay greater attention to the effect of IPO activity on industry competitive dynamics.

Temporal Fit and Performance of Event-Specific Product Releases

Miles Zachary, *Texas Tech University*
G Tyge Payne, *Texas Tech University*

First mover advantage theory is a dominant perspective in strategic management research through which scholars examine market timing. While first-movers can have advantages, isolating mechanisms that deliver such advantages differ across contexts, and in some situations may not apply at all. Many industries have dominant external events or seasons that create narrow opportunities and/or restrictions on market timing. Using entrainment theory, we endeavor to extend the entry timing literature by analyzing product releases in contexts driven by external events. Specifically, we examine the movie production industry to find that temporal fit with an external event (i.e., holiday) is an important factor for product success. Moreover, early evidence suggests the relationship between temporal fit and performance is curvilinear such that an optimal time of release exists.

The Evolution of Competition and First Mover Advantages in Economically Unstable Contexts

Javier Garcia-Sanchez, *Austral University*
Luiz Mesquita, *Arizona State University*
Roberto Vassolo, *Austral University*

In light of current macroeconomic instability in global markets, we examine the evolution of competitive dynamics, and first-mover-advantages (FMA) when industries are subject to economic shocks. Albeit ordinary intuition would lead most to see economic shocks as harmful, we highlight conditions under which they enhance the relative value of isolating mechanisms such as technological leadership and financial resources, thereby affording pioneers and laggards significant and sustainable market share and profit advantages depending on the resource sets they possess. Based on formal modeling and multiple simulation runs, we offer testable theoretical propositions. We discuss implications for theory and practice.

The Second Time Around: Sequential Quality Signalling and Product Re-Release in the Video Games Market

Joost Rietveld, *City University London*
Joseph Lampel, *City University London*
Cristiano Bellavitis, *City University London*

In markets for creative goods information asymmetries between buyers and sellers are often due to the difficulties of persuasively signalling to consumers how products optimally meet their quality preferences. To increase sales producers invest in as many proven quality signals prior and during product release. Extant research on this hypothesis deals primarily with the coordinated and simultaneous use of quality signalling. In this paper we look at the effectiveness of combining different quality signals when they are separated temporally. We test this using data on 'platform endorsed' re-release of video games between 2001 and 2011. We find that while the re-release reinforces revenues and unit sales, the increase is negatively moderated by the strength of the quality signals already embedded in the product.

SESSION 38

GLOBAL MANAGERS AND MANAGING GLOBALLY

TRACK G	Date	Tuesday, Oct 9
	Time	17:30 – 18:45 h
Paper	Room	Club A

Session Chair Patrick Reinmoeller, *Cranfield University*

★ Board Composition in International Joint Ventures

Ilya Cuypers, *Singapore Management University*
Gokhan Ertug, *Singapore Management University*
Jeffrey Reuer, *Purdue University*
Ben M. Bensaou, *INSEAD*

A considerable literature on the composition of corporate boards has developed in recent years. However, there has been relatively little attention paid to boards in international joint ventures (IJVs) and the composition of these boards in particular. With aim to making an advancement in these areas, we combine the corporate governance and IJV literatures to examine the determinants of foreign partners' representation on IJV boards. We hypothesize that a foreign partner's representation on the IJV board is a function of the equity distribution of the IJV. Furthermore, we argue that both environmental and behavioral uncertainty moderate this baseline prediction, albeit in different directions. We find support for our hypotheses using survey data on 109 IJVs in Asia.

Country Distance And Managers' Preferences For Entry Mode Choice

Africa Ariño, *IESE Business School*
 Xavier Sobrepere, *IESE Business School*
 Jeffrey Reuer, *Purdue University*
 Beverly Tyler, *North Carolina State University*

We investigate how managers' preferences for entering China through a JV or an acquisition are affected by different kinds of home/host country distance: psychic, cultural, geographical, economical, and political distance. We compare the effect of psychic distance -- a perceptual measure -- and that of other distance dimensions -- objective measures, -- and examine whether psychic distance moderates the relationships between objective distance dimensions and managers' preferences. Preliminary results suggest that geographical distance is most influential, and that taking into account the effect of psychic distance strengthens that of other distance dimensions. Psychic distance moderates the effect of cultural and political distance. We contribute to recover the concept of psychic distance, and to consider dimensions of country distance other than the cultural one.

Expatriate Management and Organizational Competitiveness

Kyoung Yong Kim, *University of Houston*
 Seemantini Pathak, *University of Houston*
 Roger Blakeney, *University of Houston*

In this paper, we examine how characteristics of MNC expatriate management programs may add to organizational competitiveness. We structure our arguments around the three basic questions of why, who, and how, and tested our hypotheses using a dataset of Korean firms. Our major argument is that what is important for MNCs is not the expatriate program itself, but how it is managed. Consistent to the argument, our preliminary analysis results support a majority of our hypotheses. Specifically, MNCs which have high levels of breadth and depth of the expatriate programs, the ability to exploit expatriate knowledge and common knowledge are likely to run their expatriate programs effectively so they contribute to organizational competitiveness.

New CEOs' International Profile and International Strategy

Aya Chacar, *Florida International University*
 Yannick Thams, *Florida International University*

Research has investigated CEOs' international work experience and its impact on internationalization strategy. We build on this research in two ways. We contend that in addition to international assignment experience, the foreign imprinting of foreign born executives can also provide the knowledge and relationships needed to succeed in foreign environments. Ultimately, foreign-born CEOs may be equally and perhaps even better equipped to help firms increase their internationalization. More specifically, nationality will guide the internationalization path, with individual CEOs pushing the firm to grow in the region they are more familiar with or those in which their country resides. Preliminary tests using a sample of Global 500 firms show some support for the relationships proposed.

SESSION 97

COGNITION AND CAPABILITIES

TRACK H	Date	Tuesday, Oct 9
	Time	17:30 – 18:45 h
	Room	Terrace 2
Common Ground		
Facilitator	VK Narayanan, <i>Drexel University</i>	

Barriers to Capability Imitation: A Behavioral Strategy Framework

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

Although micro-foundations of capabilities have attracted attention lately, little knowledge has accumulated outside cognitive barriers to capability imitation. Based on extant strategy process and practice research, we fill this void by identifying four categories of behavioral imitation barriers: evaluative, normative, administrative power, and administrative heritage barriers to imitation. We use the theory of planned behavior (TPB), being one of the most prominent models on the relationship between attitudes and behavior in social psychology, to build an integrated and coherent framework of behavioral imitation barriers. Our paper provides key insights for resource and capabilities research as it specifies micro-foundations of behavioral imitation barriers and for strategy process research as it details a theoretical structure of contextual and behavioral strategy process elements in an integrative framework.

Dynamic Capabilities and Reconfigurations: How Much is Too Much?

Stéphane Girod, *University of Reading*
 Richard Whittington, *University of Oxford*

We examine the performance effects of organizational reconfigurations, a key element of dynamic capabilities theory. Our data-set is over 800 reconfigurations amongst Fortune 500 firms. We find that reconfiguration performance is subject to an inverted-U relationship, with returns beginning to fall - eventually into negative territory - soon after the mean reconfiguration rate of five. This relationship does not vary between highly dynamic environments and less dynamic environments. However, we find that incumbent CEOs are more effective at reconfigurations than new CEOs. Our results reinforce the need to attend to the downsides of dynamic capabilities, while also pointing to their value in a wide range of environments and to the role of key individuals in accessing capabilities that may be seen as wholly-organizational properties.

Dynamic Capabilities between Equilibrium and Disequilibrium: Evolutionary Theory Revisited

Felix Arndt, *University of Lausanne*

Dynamic capabilities have been developed as a theory integrating perspective by emphasizing the evolutionary characteristics of dynamic capabilities. We investigate how evolutionary mechanisms can help resolving the criticism that has emerged around the concept of dynamic capabilities. We suggest a solution for the problem of infinite regression and of being intractable of how interdependencies of this multi-level construct can be structured through an evolutionary lens. Finally, we develop ideas how this structure can be used for future research.

May the Best Group Innovate: The Role of Social Interaction in the Development of Capabilities

Abdelghani Es-Sajjade, *University of Leeds*
 Krsto Pandza, *University of Leeds*

We present the findings of an inductive, multiple case study of the role of groups in the development of organizational capabilities. Building on evidence from our research we make the following contributions: First, the more favorable the perception of a capability's value on organizational level, the more likely different organizational groups will attempt claiming ownership of this capability. This relationship will



be stronger in the presence of organizational ambiguity around formal ownership of a highly valued capability. Second, the more intense intergroup competition revolving around an organizational capability, the more likely groups will create tools to influence the development of that capability. Finally, the more tools are shared and adopted across groups, the more likely they will benefit capability development.

The Role of Evolving Lower-Order Capabilities for Strategic Adaptation

Svante Schriber, *Stockholm University*
Jan Löwstedt, *Stockholm University*

Dynamic capabilities literature takes higher-order capabilities to be necessary for organizations to adapt to environmental change as firm resources and lower-order capabilities are insufficiently flexible. In this study we challenge this view, and based on a case study of a market leader firm in the paper machine industry we show how lower-order capabilities contribute to purposeful, endogenous adaptive development to environmental change. These results are important both for when dynamic capabilities are required, as well as how they can operate to influence firm performance.

Why Do Firms with Dynamic Capabilities Fail?: Exploring Capability Dynamics in MNCs

Paula Kilpinen, *Aalto University*

By taking capabilities as focus of analysis and drawing on organizational capabilities-, evolutionary-, and international business literatures, this paper investigates capability dynamics within multinational firms (MNCs) and puts forward a longitudinal case study on Nokia, the global market leader in mobile phones. During the case time (1991-2011) Nokia went through major transformations as an indication of its' dynamic capabilities. However, the firm has encountered significant difficulties in adapting itself to recent changes in the business environment. This paper illustrates how capability development within MNCs may become constrained by the complexity of the environments internal and external to the firm, and points to the challenges associated with addressing temporally asymmetric and geographically dispersed selection environments.

SESSION 93

COGNITION AND INTUITION

TRACK H	Date	Tuesday, Oct 9
	Time	17:30 – 18:45 h
Paper	Room	Meeting Room 2.2
Session Chair	Pamela Barr, <i>Georgia State University</i>	

An Examination of Intuition in Strategic Decision-Making: The Role of Context

Neil Shepherd, *Aston University*
John Rudd, *Aston University*

Intuition is a vitally important concept in strategic decision making research because it enables decision-makers to rapidly detect patterns in dynamic environments in order to cope with the time-pressured, ill-structured and non-routine nature of strategic decision-making. Despite a growing body of conceptual literature emphasising the importance of intuition in strategic decision-making; there has been very little development of theory explaining the contextual factors that cause intuition to be used in the strategic decision-making process. This paper demonstrates that by integrating different contextual variables a clear understanding of the influences on the use of intuition in strategic decision-making can be developed. This article develops an integrative theoretical model together with testable research propositions, which if empirically examined, would make a substantial contribution to knowledge.

Can Organizations Mitigate Individual Biases? Evidence from Mutual Fund Investment Decisions

Dimo Ringov, *Ramon Llull University*

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 effect in mutual fund investment decisions.

Managerial Network Cognition in the Context of 2014 Winter Olympic Games Tender Competitions

Souren Arzlanian, *VU University Amsterdam*
Wouter Stam, *Hong Kong University of Science & Technology*

Empirical studies have revealed that organizational performance is strongly dependent on accuracy of managerial perception of environmental characteristics. We examined how the personal characteristics of management team, environmental scanning, and organizational structure characteristics are related to their perceived accuracy of inter-organizational networks. Our study contributes to the prior work on managerial cognition. However, in contrast to previous research we simultaneously examine the performance effects of three prominent sets of influences of managerial perception. Furthermore, we focus on inter-organizational networks that have received relatively little attention in managerial cognition literature. As such, this study builds on recent observations that there is little empirical research systematically examining influences on environmental perceptions by assessing how different factors affect managerial perception.

❖ Strategy Making in Unfamiliar Environments: Towards a Dual Process Theory of the Complementary Power of Pattern-Matching and Simulating

Emmanuelle Reuter, *University of St. Gallen*

A recent and ongoing discussion on the type of cognitive processes involved in managers' strategy-making in unfamiliar environments has outlined an oppositional view of either strategy-as-pattern or strategy-as-construction approaches; assuming either more dominant underlying automatic, or active cognitive processes. We outline an alternative dual process theory of complementary automatic and active cognitive processes, underlying the general activity types of pattern-matching and simulating. We first derived these activities from a systematic review of prior empirical environment interpretation literature. We then theorize how environment interpretation involves a dynamic interplay between pattern-matching and simulating activities, where prior domain experience and cognitive capacity are two central elements, with which managers efficiently balance between stability and flexibility of organizational actions. Implications for environment interpretation, managerial cognition and organizational adaptation are discussed.

TUESDAY 17:30 – 18:45

SESSION 239

AMBIDEXTERITY / EXPLORATION AND EXPLOITATION

TRACK I	Date	Tuesday, Oct 9
	Time	17:30 – 18:45 h
Common Ground	Room	Club E

Facilitator Rafael Corredoira, *University of Maryland*

Developing Ambidexterity in The Purchasing Function: The Antecedent Role of Internal and External Integration

Philipp Zimmermann, *WHU - Otto Beisheim School of Management*
 Sebastian Kortmann, *University of Amsterdam*
 Lutz Kaufmann, *WHU - Otto Beisheim School of Management*
 Carsten Zimmermann, *University of San Diego*

Strategic and operations managers are often confronted with incongruent and diametrically opposing competitive performance goals, such as innovation and cost. Hence, examination of mechanisms that facilitate the simultaneous pursuit of these goals has moved to the forefront of research. We draw upon the management and organizational literatures to introduce the concept of ambidexterity to the function that is central to this debate, purchasing. Our research contribution is thus, at least, threefold. We (1) extend the conceptualization of ambidexterity to the purchasing context and introduce a measurement instrument for purchasing ambidexterity. We (2) analyze the antecedent role of internal and external integration on purchasing ambidexterity. Our structural equation model illustrates (3) how purchasing ambidexterity affects the simultaneous realization of cost- and innovation-oriented performance.

Exploration, Exploitation and Long-Run Organizational Performance: The Moderating Role of Technological Interdependence

Gianluca Vagnani, *University of Rome*
 Loredana Volpe, *University of Rome*

Theoretical studies have proposed that the contribution of balancing exploration and exploitation to long-run organizational performance might depend upon environmental conditions and, in particular, upon differences in the extent of interdependencies between firms' activities. Computer-based simulation studies have then clarified how and why interdependencies may determine the contribution of exploitation and exploration to long-run organizational performance. This paper offers a first attempt to conduct a large-scale empirical test analyzing how interdependencies, particularly those between productive activities, moderate the effects of balancing exploration and exploitation to long-run firm's performance. In industries with limited levels of interdependency balancing exploration with exploitation is more valuable for organizations. With greater interdependencies, exploration fosters profitable changes and innovation and maintains sufficient stability.

Great Minds think Alike: Isomorphic Pressures on Organizational Ambidexterity in Industry Clusters

Renato Sydler, *ETH Zurich*
 Nicole Rosenkranz, *University of Pennsylvania*
 Georg von Krogh, *Swiss Federal Institute of Technology Zurich*

Ambidexterity has developed into a ubiquitous phenomenon in management research, asserting that firms need to engage in innovations that stretch between exploitation and exploration. Extant literature has ascribed the environment large influence on a firm's decision to exploit and explore, however, limiting its focus on competitiveness and market dynamism as predominant stimuli. In taking an institutional theory lens, we propose geographical proximity as a third driver impacting a firm's innovation activities through institutional isomorphism. In analyzing industrial clusters, we find that two particular cluster characteristics, namely density and specialization, impact the firm's innovation activities.

Using panel data on clusters of the entire biopharmaceutical industry (1999–2007), we find that both specialization and concentration drive firms towards an ambidextrous balance, which is tilted towards exploration

The Effects of Process Orientation on Exploitative and Explorative Innovation

Doris Weitlaner, *CAMPUS 02 - University of Applied Sciences*
 Markus Kohlbacher, *Graz University of Technology*

Research on process management is burgeoning, yet our understanding of the impact of process management practices on innovation performance remains rather unclear. While many researchers have measured process orientation (PO) as a unidimensional construct, we incorporate the multidimensional nature of PO and examine how different process management principles affect exploitative and explorative innovation. Building on a survey-based study of Austrian manufacturing and service companies, our study reveals that the application of continuous process improvement methods and a corporate culture in line with the process approach enhance both exploitative and explorative innovation. We also find that process-based formalization is detrimental to explorative innovation.

✿ ⚙ The Paradox of Static and Dynamic Ambidexterity

Johannes Luger, *University of St. Gallen*
 Sebastian Raisch, *University of Geneva*

This paper introduces the concept of dynamic ambidexterity, which arises from a firm's ability to balance exploration and exploitation and to adapt this balance over time. Building on the strategy-environment coalignment literature, we argue that dynamic ambidexterity leads to higher firm performance than the more static forms of ambidexterity described in previous studies. While we introduce the concept of dynamic ambidexterity, we highlight a novel paradox for ambidextrous firms. We show that static ambidexterity has a self-reinforcing effect: while firms become more persistent in balancing exploitation and exploration, their ability to adapt this balance declines. Ultimately, static ambidexterity crowds out dynamic ambidexterity, which harms firm performance. Based on a longitudinal sample of insurance companies, we find empirical support for our arguments.

The Relationship of Exploration and Exploitation: Reaching Consensus on Fundamental Debates Using Meta-Analytic Techniques

Bernardo Correia-Lima, *Erasmus University - Rotterdam*
 Sebastian Fourne, *Erasmus University - Rotterdam*
 Justin Jansen, *Erasmus University - Rotterdam*

Scholars interested in the interplay of exploration and exploitation have been facing three fundamental debates since March's (1991) seminal paper. First, the relationship between exploration and exploitation – do the manifestations of these two concepts pan out as a trade-off? Second, statistical evidence on the locus of the paradox, i.e. at which level of analysis it is felt most strongly, remains elusive. Third, conceptualizations of exploration and exploitation vary substantially in existing research. We use meta-analytic techniques to aggregate and synthesize all existing empirical evidence to reach consensus on these three fundamental issues, highlighting the important implications of study design and execution in research on exploration and exploitation. We discuss the implications of our findings and outline the most promising future research avenues.



SESSION 232

INNOVATION AND TRANSFER

TRACK I	Date	Tuesday, Oct 9
	Time	17:30 – 18:45 h
Paper	Room	Club B

Session Chair Yang Fan, *Erasmus University - Rotterdam*

The Impact of Mission-Oriented Initiatives on University Research: The Case of Nanotechnology in the U.S

Hyun Ju Jung, *Georgia Institute of Technology*
Jeongsik Lee, *Georgia Institute of Technology*

We examine how the National Nanotechnology Initiative (NNI), a most recent U.S. government’s mission-oriented initiative, impacts the nature of university research in nanotechnology. We characterize the NNI as a policy intervention that targets the commercialization of technology and a focused research direction to promote national economic growth. We expect that the NNI has brought about unintended consequences in terms of the direction of university-industry knowledge flows and the characteristics of university research output in nanotechnology. Our preliminary analysis of about 4,000 U.S. nanotechnology patents provide some evidence that, for U.S. universities, the NNI has increased knowledge inflows from the industry and diminished the branching-out to novel technologies, the research scope, and the likelihood of technological breakthroughs, as compared to other U.S. and non-U.S. research institutions.

The Market Value of Knowledge Protection: Evidence from a Natural Experiment

Kenneth Younge, *University of Colorado-Boulder*
Matt Marx, *Massachusetts Institute of Technology*

For firms to invest in R&D, it is essential that they capture value from the knowledge that they create. Firms earn supranormal returns only to the extent that they can exclude other firms from obtaining and using their proprietary knowledge. Many firms use employee non-compete agreements to prevent the leakage of knowledge via interorganizational mobility. In a sample of public firms reporting R&D, we estimate the firm-level returns to non-competes using a natural experiment in Michigan during the 1980s. We find that enforceable non-compete agreements boosted Tobin’s q by 26-30% in the short run. This advantage, however, appears to be fleeting, perhaps the result of a long-run decrease in human capital investment by employees and the unavailability of talent in the local labor market.

Utilization of External Knowledge Resources: How Much Does Firm Scope Matter?

Nandini Lahiri, *University of North Carolina-Chapel Hill*
Sriram Narayanan, *Michigan State University*

In this paper we examine how well firms are able to leverage the resources that the portfolio alliances allow them access to. 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 some support for our hypotheses.

Withholding the Ace: The Performance Effects on Knowledge Hoarding

James Oldroyd, *Ohio State University*
Joel Evans, *Sungkyunkwan University*
Michael Hendron, *Brigham Young University*

This paper investigates the effects of knowledge hoarding on individual and unit performance. We predict that knowledge hoarding allows individuals to improve personal performance through arbitrage, but coworker perceptions of hoarding diminish the individual’s performance, these relationships are moderated by the individual’s level of expertise, and withholding and perceived hoarding are both detrimental to unit performance. Analyzing 297 individuals embedded in 41 units in the US Forest Service, we found that those who hoard knowledge performed better than their peers, while coworker perceptions of hoarding negatively affected this performance. We also found that expertise moderated the effects of perceived hoarding but had no effect on self-reported hoarding. Both withholding and perceived hoarding were detrimental to unit performance. Collectively, our results reveal the mixed fortunes that result from knowledge hoarding in organizations.

SESSION 244

KNOWLEDGE MANAGEMENT

TRACK I	Date	Tuesday, Oct 9
	Time	17:30 – 18:45 h
Paper	Room	Club C

Session Chair Amit Jain, *National University of Singapore*

Does External Knowledge Diversity Complement or Substitute Internal Knowledge Diversity?

Turanay Caner, *North Carolina State University*
Susan Cohen, *University of Pittsburgh*
Frits Pil, *University of Pittsburgh*

In this study, we investigate the implications of internal and external knowledge diversity for the usefulness of firms’ inventions. We propose that alliances offer managers an additional organizational tool with which to promote recombination of familiar solution elements across technology domains, and to fortify a firm’s knowledge when inventing in too many technology domains compromises its competence within them. We find that firms that maintain low or high knowledge diversity realize better inventive performance when external knowledge diversity is low. Only for firms with moderate internal diversity do the diversity of internal knowledge and the diversity of knowledge embedded in its alliance relationships complement each other to create more useful inventions, such that having more diversity in both loci results in more useful inventions.

Knowledge Investments in Recessions: The Effects of Demand and Credit

Eirik Sjaholm Knudsen, *Norwegian School of Economics & Business Administration*
Lasse Lien, *Norwegian School of Economics & Business Administration*

We examine how recessions change firms’ knowledge investments. Unlike existing work we split the effects of recessions into demand reductions, and problems with access to credit. Our main findings are that investments in R&D and innovation are more sensitive to problems with access to credit than they are to reductions in demand. For investments in human and organizational capital, the relationship is the opposite, i.e. they are more sensitive to demand reductions than access to credit. Furthermore, we hypothesize and find support for important nonlinearities in the effects of demand changes on investments in human and -organizational capital. For mild demand reductions these investments increase, but for strong demand reductions they decrease, and notably, they also decrease for firms that experience demand increases.

TUESDAY 17:30 – 18:45

Knowledge Management, Firm's Organization and Value Creation

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

How do firms extract value from their intangible assets? Appropriability and knowledge management practices are both reckoned to increase productivity of human capital and, therefore, to increase the profitability of the firms implementing them. The combined effect of a joint use is in many ways ambiguous since those practices could potentially pursue different objectives in terms of managing the flow of knowledge and information within the firm's boundaries. We investigate how different appropriation strategies affect the performance of firms in the presence or absence of knowledge management strategies that foster integration of knowledge coming from different parts of the firm's organization. Our study sheds some light on the tradeoffs and complementarities linked to appropriability and knowledge management strategies using a US firm level database on individual firm performance, matched with survey information about the organization and appropriability of R&D.

Transitioning Knowledge into Satisfaction: Comparisons between R&D and Marketing Managers

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

This paper examines how the utilization of knowledge in frontline managers is related to self and company satisfaction. Data were collected from 185 R&D managers/scientists/engineers and 122 marketing managers in a large multinational consumer goods firm. In R&D managers, the utilization of experiential knowledge and emotional knowledge are strong predictors of self-satisfaction whereas innovative knowledge is a strong predictor for company satisfaction. Innovative knowledge is a strong predictor of marketing managers' self-satisfaction, whereas experiential knowledge and innovative knowledge are strong predictors of company satisfaction.

SESSION 156

STRADDLING ON TRANSITIONS: DEVELOPING ABC SYNERGIES

TRACK J	Date	Tuesday, Oct 9
	Time	17:30 – 18:45 h
Common Ground	Room	Club H

Facilitator Robert Wright, *Hong Kong Polytechnic University*

A Review on Social Practices – Epistemological, Ontological, Ethical, and Political Cuts

Andreas Schneider, *Swiss Federal Institute of Technology Zurich*
 Zeynep Erden, *ETH Zurich*

Since Lave and Wenger's and Brown and Duguid's seminal contributions in 1991, the social practice theory has resulted in a highly vibrant yet fragmented body of literature in organization studies. This paper reviews the existing body of empirical studies on social practice view, which were published in highly ranked journals in the fields of management and organization science during 1991-2011. The objective is to show the transitions in the social practice literature. First, we identify the main literature streams that adopt social practice (SP) view. Second, we show how these literature streams evolve over time along the four main branches of philosophy: epistemology, ontology, ethics, and politics. Finally we systematically analyze several key elements characterizing the research design of the studies and derive methodological implications for future research.

Routine Transfer: A Tortuous Process of Reaching Stability

Paulo Prochno, *University of Maryland*
 Eric WK Tsang, *University of Texas-Dallas*

This study, based on a one-year ethnography of a new auto manufacturing plant in Brazil, investigated the process of simultaneously transferring an entire set of organizational routines during the critical phase when routines were enacted at the new site. We discuss how agents– workers, engineers and managers – managed the different elements of routines in their effort to achieve stability. We identify three mechanisms of the general process that led to an eventual stable state of routines: coordinating, problem solving, and formalizing.

Strategizing through Sensemaking Practices: Mapping Out a Real Estate Project

Lionel Garreau, *University of Paris-Dauphine*
 Philippe Mouricou, *ESCEM - School of Business and Management*

Sensemaking practices are a core activity for strategizing in organizations. Managers can use various types of objects to shape sense in a project. We propose an integrative framework to analyse the sensemaking practices at work in a real estate project. Our results provide a better understanding of the micro foundations of strategy and sensemaking.

Suggestion of a Framework of Dissemination of Knowledge between Research and Practice

Guillaume Carton, *University of Paris-Dauphine*
 Stephanie Dameron, *University of Paris-Dauphine*

Taking part in the debate opposing rigor and relevance in academia, and about the role of scholars in society, this article suggests a heuristic framework for possible knowledge exchange between the figures of practitioners and the figures of researchers. A taxonomy of the modes of knowledge exchange is proposed, combining both temporality, depending on the synchronic or a-synchronic diffusion and production of knowledge, and the way of interacting, whether there is a co-production or not. This framework is illustrated and discussed, particularly in its capacity to renew the relationship between researchers and practitioners and their mutual influence. This analysis questions the forms of performance that prevail in the evaluation of academics. It concludes with remarks on the social utility of research in strategic management.

Transformation of Scenario Planning into a Real Options Analysis (ROA) in Time of Economic Transition: Latvian Case

Andrejs Cirjevskis, *RISEBA*
 Edmunds Baduns, *Ernst & Young Baltic*

The value of managerial flexibility appears to play a pivotal role nowadays, given the erratic condition of Latvian economy. There are few academic works on the topic, yet none of the major companies in the Latvia have publicized ROA application. Overall aim of the research is to carry out Real Options Analysis based on Scenario Planning, thereby identifying value maximizing decisions regarding the Business Unit of the Latvian Company. Having combined Scenario planning with Monte Carlo simulation, 3D Option Space and sensitivity analysis – Risk-Neutral Probability-based real options analysis, authors provided a solution to the company's problem at hand. The flow chart of ROA application has been created which would be a useful "road map" for Latvian practitioners in time of economic uncertainties.

Why Downsizing Fails? Applying Prospective Theory in Downsizing Decision Making Process

Andreas Raharso, *Hay Group Global Research Centre for Strategy*

The normative classical economic theories that founded on rationality of people and expected utility cannot fully explain real life phenomenon. Instead, descriptive prospect theory based on psychological and behavioral studies is more helpful in understanding decision making



process of managers. It proved that the opposite is true: people are not always rational and behavior bias may lead to less-than-optimum choices. This article looks at how irrational behavior of managers can influence the downsizing decision, which is becoming increasingly relevant in today's economic climate. Further analysis on how such decision affects the company's future performance is also carried out to alert the managers on the importance of accounting for behavior bias in the downsizing decision making process and to achieve desired result from downsizing effort.

SESSION 168

UNCERTAINTY, AMBIGUITY, AND SENSE-MAKING

TRACK K	Date	Tuesday, Oct 9
	Time	17:30 – 18:45 h
Common Ground	Room	Terrace 1
Facilitator	Fredrik Tell, <i>Linköping University</i>	

Entrepreneurial Action as a 3-Legged Stool: Uncertainty, Entrepreneurship and Intersubjective Knowledge

William Forster, *Lehigh University*
 Jeffrey York, *University of Colorado-Boulder*

Uncertainty is a central construct in entrepreneurship and yet the determinants of the uncertainty an entrepreneur perceives remain largely unexplored. By leveraging the philosophical distinction between subjective, objective, and intersubjective knowledge we theorize how differing types of knowledge (or lack thereof) influence entrepreneurs' perceptions of both state and response uncertainty. We then develop and test a model showing how the relationships formed by entrepreneurs early in the new venture creation process impact the uncertainty they perceive in their environments. Our study offers one of the only empirical examinations of the perception of uncertainty in the process of new venture creation and extends our understanding of the role stakeholder interaction plays in entrepreneurship.

Entrepreneurial Choice under Ambiguity and the Impact of the Overconfidence Bias

Anisa Shyti, *HEC-Paris*

The aim of this study is to investigate entrepreneurial behavior under ambiguity and assess the impact of overconfidence. Overconfidence, as a psychological bias, may provide further explanations on entrepreneurial choice. Risk and ambiguity attitudes may also explain entrepreneurial choice. Both ambiguity and overconfidence may contribute to the probabilistic perceptions of decision makers. Through a laboratory experiment we intend to disentangle the impact of overconfidence and ambiguity preferences on probabilistic perception. Our theoretical framework builds on Prospect Theory with an additional parameter for ambiguity preferences (Kahneman & Tversky, 1979; Budescu et al.2002). We prime participants with overconfidence as in Moore & Healy (2008), before the choice task. We find a significant overconfidence effect on ambiguity attitudes. Our participants are Executive MBA students in the Entrepreneurship track.

★ ❁ **Managing Ambiguity: Growing a New Business in a Nascent Industry**

Tiona Zuzul, *Harvard University*
 Amy Edmondson, *Harvard University*

This paper reports on a field study on the growth of a new company in the nascent sustainable cities industry. We examine how the company attracted a growing number of employees, despite constrained resources and the high ambiguity inherent in very early phases of a nascent industry. Our qualitative data reveal that the company's CEO engaged in a symbolic process of ambiguity management. By signaling legitimacy, crafting aspirational stories, and communicating certainty, the CEO compelled

more than 70 individuals to join the new company. By illuminating the growth of an entrepreneurial organization in a nascent industry, we contribute to literature on symbolic entrepreneurship, entrepreneurial growth, and nascent industries.

Recursive Pluralism: A New Approach to Studying Strategic Rents

Sai Yayavaram, *National University of Singapore*

The core strategy question of "How do firms earn rents?" can be answered in many ways by using different theoretical perspectives such as the industry-structure view, the resources view, the innovation view, the relational view, the transactions view, and the institutional view. In this paper we present a recursive pluralistic approach, which is a novel way to integrate these different perspectives. The key idea is that any single way of earning rents (say, earning monopoly rents as per the industry-structure view) can in turn be analyzed by using all the other theoretical perspectives. Such a recursive approach has the potential to generate a more comprehensive view of how firms earn rents and also help us in identifying potential research opportunities.

Selling Out or Selling In? Sensemaking in the Sale of Social Ventures

Yolanda Sarason, *Colorado State University*
 Thomas Dean, *Colorado State University*
 Dawn DeTienne, *Colorado State University*

Social entrepreneurship can be distinguished from entrepreneurship by the prioritization of the generation of social wealth or value over the generation of financial gain. We have little understanding of the tension created between a company's social mission and the pressure to create financial wealth. This qualitative investigation explores how social entrepreneurs make sense of their social pursuits when their organizations are sold to multinational corporations. There is evidence that social entrepreneurs construct understandings of their social mission in the sale of their company along a continuum from abandonment (selling out), through preservation, to expansion (selling in). Our results provide evidence that social entrepreneurs enact new mental models and take actions that may expand their social missions through the sale of social ventures.

SESSION 173

NEW VENTURE CREATION

TRACK K	Date	Tuesday, Oct 9
	Time	17:30 – 18:45 h
Paper	Room	Club D
Session Chair	Michael Roach, <i>Duke University</i>	

Racial Differences in Financial Capital Injections among New Businesses

Alicia Robb, *Ewing Marion Kauffman Foundation*
 Robert Fairlie, *University of California, Santa Cruz*
 David Robinson, *Duke University*

This paper uses new panel data from the Kauffman Firm Survey to examine racial differences in the incidence and determinants of financial capital use among young firms. We find a heavy reliance on owner's equity at startup that declines substantially in subsequent years, whereas the reliance on outsider debt remains as high in subsequent years as at the point of startup. We find that black-owned businesses face persistent difficulty in accessing external capital markets. Regression analyses indicate that racial disparities in the amounts and types of early financing between blacks and whites do not entirely disappear after controlling for differences in credit quality, human capital, and firm characteristics. These findings are robust to the inclusion of owner wealth, which was added to the KFS questionnaire in 2008.

TUESDAY 17:30 – 18:45

Rationale of Original Sin: A Behavioral Model of New Ventures' Opportunism

Han Jiang, *Arizona State University*

Albert Cannella Jr, *Arizona State University*

Prior opportunism research has seldom examined opportunism determination. In this study we developed a behavioral model to unveil the determination mechanism of new ventures' opportunism. We found that entrepreneurs may use opportunism as risky yet beneficial strategic alternatives. If new ventures suffer from resource scarcity, low legitimacy and volatile environment, which lead to high mortality risk, entrepreneurs may perceive the loss of venture failure as fixed. Out of their loss aversion, they may be driven to take risk and use opportunism to avoid the fixed venture failure loss. However, if entrepreneurs largely use their managerial social capital in their new ventures, they may personally bear the costs and risks of these opportunistic behaviors, and be more concerned to use opportunism to save their new ventures.

The Influence of Founding Team and Consultant Knowledge on New Venture Launch Speed

Michael Devaughn, *University of St. Thomas*

Using a sample of start-ups in the U. S. banking industry, we hypothesize that the experience of internal founding teams and external industry consultants will increase the speed of new venture launch. Our preliminary results suggest that prior shared experience on the founding team speeds up new venture launch while the use of start-up banking consultants delays it. Finally, we contribute to both the consulting and entrepreneurship literatures by clearly and objectively defining the impact of an understudied outside actor in the new venture, the consultant, on a unique entrepreneurial event, the launch speed of a new venture.

Who Wants to be a Founder, and Who Wants to Join One? The Entrepreneurial Intentions of Science & Engineering Phds

Michael Roach, *Duke University*

Henry Saueremann, *Georgia Institute of Technology*

While founders are a cornerstone of entrepreneurial activity, startups also rely critically on "joiners", individuals drawn toward entrepreneurial ventures as employees rather than founders. Using a survey of 4,282 science and engineering PhDs, we find that 11% of respondents intend to be founders, while 45% intend to join startups but not as founders. Regression results demonstrate that founders and joiners exhibit similar "entrepreneurial" profiles compared to individuals not interested in entrepreneurship along individual characteristics such as preferences for wealth, risk, and commercialization, but differ in the influence of departmental norms and the role of possessing a technological opportunity. These findings have implications for individuals' selection into entrepreneurial careers and suggest that individual, social, and opportunity factors all play different roles in shaping entrepreneurial intentions.

SESSION 142

SOCIAL NETWORKS & HUMAN CAPITAL: TYING THINGS TOGETHER

TRACK L	Date	Tuesday, Oct 9
	Time	17:30 – 18:45 h
Paper	Room	Dressing Room 220

Session Chair Ramon Valle, *Pablo de Olavide University*

An Analysis of Individual's Position in the Social Structure and its Effect on his/her Perception about Team Performance

Maria F. Muñoz-Doyague, *University of León*

Pilar Marqués-Sánchez, *University of León*

This study aims for a better understanding about how individual's position in the social networks of his/her team affects to his/her

perception regarding the performance of his/her work team. Specifically, two hypotheses are posited which relate the worker's level of prestige in the Advice Social Network and in the Motivation Social Network with a performance variable developed for this research. We test them among 196 employees from the health care system. Results confirm the importance of the actor's position in the network when s/he assesses team performance. Moreover, the findings bring into relief the importance of similarity on employees' behaviour, as this aspect has conditioned the separate study of two sub-networks in each team, depending on the position held by the workers in it.

The Elements of Intellectual Capital: Are they Playing the Same Role for Innovation?

Mar Bornay-Barrachina, *Pablo de Olavide University*

Alvaro Lopez-Cabrales, *Pablo de Olavide University*

Ramon Valle, *Pablo de Olavide University*

Using a sample of 150 innovative Spanish firms, this paper explores the role played by the three elements of intellectual capital on innovation. Specifically, we propose that social capital directly affect to innovation outputs, human capital promotes the generation of social capital, and organizational capital plays a moderating role in the relationship between social capital and innovation. Additionally, we expect that specific HRM practices facilitate human and organizational capital in the firm. Our analyses recognize the positive effect of social capital on innovation outputs. This relationship is improved through organizational capital as a moderator of such relationship. Finally, we also identify collaborative and commitment HRM practices oriented to the development of human and organizational capital. We also discuss the main implications and conclusions.

The Interactive Human Capital Resource: Performance Gains from the Configuration and Bundling of Human Capital

Mark Maltarich, *Saint Ambrose University*

Greg Reilly, *University of Connecticut*

David Souder, *University of Connecticut*

Firms gain advantage from their resources, but the extent to which resources are complementary can increase or decrease their value. We extend this thinking to the human capital resource, and propose the existence of an interactive human capital resource. The presence of this resource explains deviations in performance from what would be predicted from the aggregate level of human capital stocks alone. We develop theory that explains how this resource is affected by turnover, configurations of interdependent work teams, and effective leadership. We test our theory using data from the National Basketball Association at the level of the team and the 5-man squad. Our data support the predicted antecedents of interactive human capital, and suggest stronger effects for units that are smaller and more interdependent.

The Temptation of Social Ties: When Interpersonal Network Transactions Hurt Firm Performance

Marc Brechot, *University of Zurich*

Leif Brandes, *University of Zurich*

Egon Franck, *University of Zurich*

We introduce agency concerns to social capital theory and predict that managers can use individual social capital to reduce personal effort costs, which is not in the best interest of the firm. To test this prediction, we collect data on all 8,019 hiring decisions from general managers in the National Basketball Association between 1981 and 2011. We find that managers have a clear preference for hiring players through social ties. To isolate the motivation for this behavior, we complement our data with information on the sporting performance of teams. In line with agency theory, we find that the hiring of players through social ties reduces organizational performance. Overall, this paper documents first empirical evidence that decision makers' use of individual social capital can lead to reduced firm performance.



SESSION 13

THE PROBLEM OF PERFORMANCE IN THE THEORY OF THE FIRM:

TRACK M	Date	Tuesday, Oct 9
	Time	17:30 – 18:45 h
Panel	Room	Meeting Room 1.1

Session Chair

Charles Williams, *Bocconi University*

Panelists

- Russell Coff, *University of Wisconsin-Madison*
- Jeffrey Harrison, *University of Richmond*
- Margit Osterloh, *Crema Vermoegensverwaltung & Research GmbH*
- Lynn Stout, *Cornell University*
- Heli Wang, *Singapore Management University*

The model of shareholder primacy in corporations is losing its overwhelming dominance in the imagination of business scholars. But the field has not yet examined the profound implications of advances in our theory of the firm for the concept of organizational performance. In this panel, scholars working on issues of joint value creation across stakeholders will explain their approaches to firm performance and discuss differences in these approaches. The panel aims to further the discussion among business scholars of how we can approach the difficulties of defining and measuring performance as we study the success, failure, and transformation of organizations in a world of shared value creation.

SESSION 47

GOVERNING AND MANAGING HIGH-TECH COLLABORATIONS

TRACK N	Date	Tuesday, Oct 9
	Time	17:30 – 18:45 h
Paper	Room	Meeting Hall V

Session Chair Hans Frankort, *Cass Business School*

Factor- and Product-market Commonality and Resource Complementarity in R&D Alliances: Evidence from Continued Co-patenting

- Douglas Miller, *University of Illinois-Urbana Champaign*
- Bongsun Kim, *University of Illinois-Urbana Champaign*
- Eonsoo Kim, *Korea University*

“Why would competitors cooperate?” is one of the fundamental questions in the strategic management field. Co-patenting, one particular form of alliance, has significantly increased in recent decades in relative and absolute terms. However, firms in general prefer standard patents to co-patenting given the possible legal complications; therefore, it is not clear why companies would want to share their patents with other companies. Furthermore, what makes firms repeatedly engage in co-patenting? Drawing upon existing theories of competitive dynamics and innovation, we move from notions of mutual forbearance to explanations for outright, ongoing cooperation. This study proposes that similarity but not complete overlap in factor markets, product markets, and technological resources creates conditions in which co-patenting goes beyond a second-best choice to become a preferred strategy.

International Collaboration and Innovation In Professional and Technological Knowledge-Intensive Services

- Alicia Rodríguez, *Carlos III University of Madrid*
- Maria Nieto, *Carlos III University of Madrid*
- Lluís Santamaria Sánchez, *Carlos III University of Madrid*

The study analyzes the differentiated role of international collaboration on innovation in technological and professional knowledge-intensive business services. We argue that key aspects of the innovation process such as the

nature of the knowledge and social embeddedness may explain different effects of international collaboration on innovation performance. The paper also proposes that the benefits of international collaboration differ depending on the sectoral context. The hypotheses are tested via a large sample of Spanish knowledge-intensive business services for the period 2004-07. The results confirm our hypotheses and show that proximity to international partners is more important for professional knowledge-intensive services, while diversity in international collaboration is more important for technological knowledge-intensive services.

Mitigating Transaction Hazards of Inter-firm Alliances: The Interplay of Governance Form and Contractual Complexity

- Evila Piva, *Polytechnic University of Milan*
- Massimo Colombo, *Polytechnic University of Milan*
- Stephanie Schleimer, *Griffith University*

This paper investigates the relationship between governance form (equity vs. non-equity) and specific contract design decisions, namely decisions regarding contractual complexity (defined as the number and stringency of alliance contract provisions). In particular, relying on TCE we study how governance form and contractual complexity mitigate two different types of transaction hazards, namely appropriability and hold-up hazards. In order to distinguish these hazards, we focus on two factors that are related to the extent of the hazards and influence alliance governance decisions: the alliance intent (i.e., pursuing exploration vs. exploitation objectives) and the similarity of partnering firms’ technological fields (technological proximity).

Understanding Product Innovation Effects of Technological Diversity in Alliance Portfolios

Hans Frankort, *Cass Business School*

This study begins to unpack the knowledge assembly process linking technological diversity within firms’ technology alliance portfolios to their product innovation. Preliminary analysis of 8,368 new product announcements by 76 U.S. firms engaged in technology alliances within the information technology industry during 1994-2000 offers three findings: (1) product innovation peaks at intermediate technological diversity; (2) the optimal technological diversity is substantially smaller for firms acquiring rather than accessing their alliance partners’ knowledge; and (3) knowledge acquisition represents one causal mechanism linking technological diversity to product innovation, though knowledge accessing appears to be the dominant mechanism by far.

SESSION 215

CEO PERSONALITY AND CHARACTERISTICS INFLUENCING DECISION MAKING

TRACK O, TRACK L	Date	Tuesday, Oct 9
	Time	17:30 – 18:45 h
Common Ground	Room	Meeting Room 2.1

Facilitator Anja Tuschke, *University of Munich*

CEO Dominance: The Low End of the Construct

Jianyun Tang, *Memorial University of Newfoundland*

The construct of CEO dominance – defined as the power of the CEO relative to other executives in the TMT – has been extensively examined for its effect on firm performance. However, research has focused on the high end of the construct where the CEO has dominant power but largely ignored the low end where the CEO has very limited power or is even not the most powerful executive in the TMT. In this study, I hypothesize and found preliminary empirical support for an inverted-U shaped relationship between CEO dominance and firm performance; specifically, firms with a CEO of modest power, on average, outperformed both those with a CEO of very dominant power and those with a CEO of very limited power.

Differentiating between Loss Aversion and the House Money Effect in CEO Reactions to Firm Performance

Yuri Mishina, *Imperial College London*
Timothy Pollock, *Penn State University*
Nathan Bragaw, *Penn State University*

This study attempts to differentiate between the influences of loss aversion and the house money effect on CEO decision making. We explore how performance relative to aspirations influences the risk that a CEO is willing to take with his/her personal compensation, as reflected in the mix between cash and incentive compensation and the number of exercisable, in the money options the CEO continues to hold. We also consider how the firm's prominence influences these decisions. We find more support for predictions based on the house money effect than those based on loss aversion. Further, firm prominence appears to increase the likelihood the CEO will maintain riskier positions when performance is below aspirations, contrary to the CEO's preferences.

Enough is Enough: Antecedents and Outcomes of CEO Portfolio Rebalancing

Jason Ridge, *Clemson University*
Federico Aime, *Oklahoma State University*

A considerable amount of compensation based research makes the assumption that CEO's are risk averse due to an inability to mitigate investment risk. However, this assumption negates a key aspect of equity based compensation – its tradability. As such, we investigate the tradability aspect of equity-based compensation and how a CEO's ability to divest previously granted stock or exercised stock options impacts the CEO's firm ownership and the amount of risk within which they are willing to engage the firm. Our findings suggest that the accruing of additional stock in a CEO's portfolio further skews the CEO's asset allocation to a single firm thereby influencing the rebalancing of the CEO's portfolio. We also provide substantial evidence that both CEO portfolio rebalancing as well as the exercising of options by the CEO have a direct impact of firm risk.

Exploring Leadership in Board Meetings: An Observation Study of Directors' Interactions During Decision-Making Processes

Pieter-Jan Bezemer, *Queensland University of Technology*
Gavin Nicholson, *Queensland University of Technology*
Amedeo Pugliese, *Queensland University of Technology*

While boards of directors have received a lot of attention from scholars and practitioners, surprisingly little is known about leadership in the boardroom and its effect on directors' participation during decision-making processes. Based on video-taped observations of six board meetings and semi-structured interviews, we show that leadership is quite often shared among directors, the most central directors significantly vary per agenda item and board members differently approach strategy related topics than operational ones. Taken together, these findings draw attention to the complex and dynamic nature of decision-making processes in the boardroom. Simultaneously, they highlight the need to study boards at a more-fine grained level of analysis and video-taped observations of boardroom interactions show a lot of potential in this area.

Hit or Miss? CEO Over and Underpayment and Earnings Management

Eric Fong, *University of Alabama-Huntsville*
Adam Wowak, *University of Notre Dame*
Vilmos Misangyi, *Penn State University*
Wafa Orman, *University of Alabama-Huntsville*

A large body of literature focuses on executive risk taking in response to compensation, yet much remains unknown about how pay influences executive behaviors. Applying a prospect theory perspective, we argue that CEOs frame their overall pay situations in terms of gains or losses relative to expected pay levels. We then argue that this framing subsequently influences the likelihood of earnings management or manipulation. Preliminary results from a sample of over 3,000 CEOs provide support for

our ideas. In arguing that CEO actions are influenced by the framing of overall pay situations as gains or losses, we contribute to the burgeoning literature that examines the effects of CEO over- and underpayment on subsequent organizational outcomes and, in particular, on actions that may be inappropriate.

Seeing the Error of One's Ways? How CEO (Over) Confidence Influences Corporate Resistance to Feedback

Craig Crossland, *University of Texas-Austin*
Guoli Chen, *INSEAD*
Shuqing Luo, *National University of Singapore*

Firms often make mistakes, ranging from simple manufacturing overruns all the way up to catastrophic blunders like the recent BP-Deepwater Horizon oil spill in the Gulf of Mexico. However, there is considerable heterogeneity in the nature of corporate responses when faced with evidence that an error has taken place, and, therefore, in the likelihood that such errors will reoccur in the future. In this paper, we explore an important but understudied influence on firms' responses to error feedback – a CEO's characteristic level of confidence. Using the empirical context of voluntary corporate earnings forecasts, and a 15-year sample of the career forecasting behavior of over 300 individual CEOs, we find strong, robust evidence that firms led by highly confident CEOs are less responsive to corrective feedback.

SESSION 118

THE TMT AS A UNIT

TRACK O	Date	Tuesday, Oct 9
Paper	Time	17:30 – 18:45 h
Session Chair	Room	Meeting Hall IV (a)
	Donald Hatfield, <i>Virginia Tech</i>	

Conceptualizing the TMT through the Lens of the CEO

Ann Mooney, *Stevens Institute of Technology*
Allen Amason, *University of Georgia*

In this paper, we examine the factors that influence whether a particular manager is included in strategic decision making. Using theory related to leader-member exchange, power, and strategic issue processing, we offer a conceptual model that includes both main effects and contingency factors. This research sheds light on how strategic decision making groups emerge and evolve, which informs the understanding of strategic decision making processes. It should improve the accuracy of the conceptualizations of the TMT, which is likely to improve research predictions. This seems especially important given the wide variation of how TMTs are conceptualized in the literature today with little theoretical rationale. Finally, in this paper we offer suggestions for future research.

Disagreement Among Upper Echelon Managers: An Assessment of Four Decades of Research

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

Common sense and existing theory suggest that disagreement among upper-echelon managers affects strategic processes and firm outcomes. Existing research, however, has been inconclusive. Although unexplored contingency factors no doubt explain some of our difficulties, more fundamental issues related to conceptualizations of disagreement also could be playing an important role. To assess these issues, an analysis of practices underlying published work was undertaken. Findings reveal 1) few attempts to formally specify the conceptualization of disagreement being used and 2) widespread within-study inconsistencies between the conceptualization implicitly used in theory building and the approach adopted for empirical analysis. Our findings have important implications for interpretations of existing research as well as the design of future studies.



Dracula's Image in the Mirror: Does Top Management Team Diversity Reflect the Organization's Demographics and Does it Matter?

Donald Hatfield, *Virginia Tech*

Mary Connerley, *University of Northern Iowa*

Traditional research argues the strategic choices made by the firm leadership impacts organizational performance. While this research has generated much insight, it has ignored those that provide information to the top decision makers, implement the firm's strategies, and do the "little things" which also play an important role in firm performance. Our research examines two key questions: 1) does the diversity of the TMT is reflected in the organization—are the TMT characteristics similar to those of the rest of the firms in terms of race and gender; and 2) is organizational performance reduced when the TMT diversity is not reflected in the organization? We use confidential data to test these two questions.

Top Management Team Transactive Memory Systems and Firm Performance: New Insights into Upper-Echelons Effects

Ciaran Heavey, *University College Dublin*

Zeki Simsek, *University of Connecticut*

Although upper-echelons theory attribute much of firm performance to top management team cognitive structures, direct insights into the specific effects of those cognitions are relatively scarce. We build a social cognitive perspective, arguing that to the extent a top team develops a shared cognitive structure, or a transactive memory system, for addressing the team's cognitive interdependency and demands, the firm's performance will be enhanced. Additionally, we argue that this influence is boosted among top teams with strong social network ties. A separate source study of SMEs confirms that the extent of development of a transactive memory system within a top team positively contributes to firm performance, but that the magnitude of this influence varies depending on the team's strength of ties in interorganizational networks.

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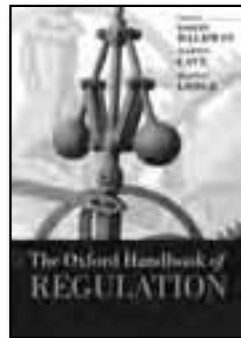
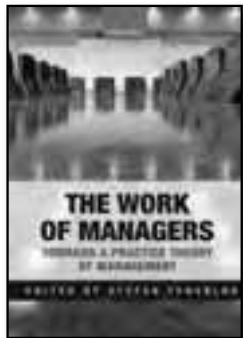
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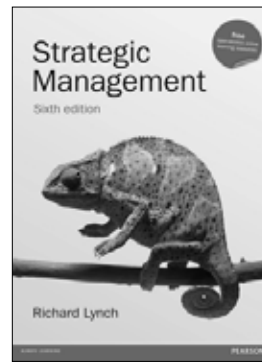
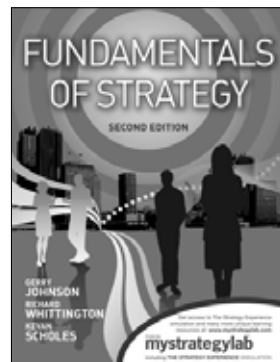
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