

SMS 30TH ANNUAL
INTERNATIONAL CONFERENCE



ROME

SEPTEMBER 12-15, 2010

STRATEGIC MANAGEMENT AT THE CROSSROADS



Strategic Management Society

CONFERENCE PROGRAM



in cooperation with

Università Commerciale
Luigi Bocconi

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Dear Colleagues:

Welcome to the 30th Anniversary of the Strategic Management Society! Three decades are a significant time span, during which SMS has evolved in a way that validates its position as the leading force in strategy scholarship. It is also an excellent opportunity to take a pause and reflect on what has been collectively accomplished, and on the challenges ahead of us. That is the spirit with which SMS and Bocconi University welcome you to Rome, the Eternal City and the cradle of Western civilization!

We had a strong response to our call for proposals, which received a record-breaking 1,111 submissions. We want to take this opportunity to thank the 12 Track Directors and 520 reviewers who worked hard to select proposals and create an excellent program. The quality of this conference is a testament to all of their hard work.

In addition to the parallel paper, common ground, and panel sessions, here are a few highlights of some of the plans for plenary sessions at the Rome SMS Conference:

- **Mario Monti** (Bocconi President and former EU Commissioner) will offer a keynote address on the interdependence between the industrial policy-making and firm-level strategy-making in the context of the ongoing European integration process and the complex exit strategies from the current crisis. **Emma Marcegaglia**, the President of the Italian Manufacturers' Association, will respond on the basis of her institutional role as well as on her expertise as CEO of one of the largest European producers of steel products.
- **Connie Helfat** (Dartmouth), **Kathy Eisenhardt** (Stanford), **Mike Hitt** (Texas A&M), **Margaret Peteraf** (Dartmouth), **David Teece** (Berkeley Research Group) and **Sid Winter** (University of Pennsylvania) will discuss "Microfoundations, Macrofoundations and Strategic Change in Diverse Contexts: Dynamic Capabilities at the Crossroads", where the mental "stretch" towards disciplines at different levels of analysis will be applied.
- **Timo Santalainen** (Aalto University) and **Sergio Bertolucci**, director general of CERN, the largest particle accelerator and physics experimentation facility in the world, will facilitate a session on "Big Physics, Small Particles and Bridging Communities: How does CERN Connect the Micro and Micro Worlds?", with **Gabriel Szulanski** (INSEAD) as the respondent and facilitator of the debate with the strategy scholars' and practitioners' audiences.
- **Jay Barney** (Ohio State University), **Russell Coff** (University of Wisconsin), **Edward Freeman** (University of Virginia) and

Raj Sisodia (Bentley University) will offer a plenary session where the new Strategic Human Capital and Stakeholder Strategy interest groups will be introduced to discuss new challenges to strategy research and practice and offer potential solutions for dealing with these challenges.

The 2010 conference will also feature a number of Showcase Panels, which will present excellent opportunities to explore the micro- and the macro-foundations of our field, as well as discuss the contextualization of our scholarship and practice in diverse cultural and institutional milieus. They will include contributions from thought leaders in the various areas of strategic management. Some of the panelists include: Rajshree Agarwal, Julian Birkinshaw, Julia Balogun, Giovanni Dosi, Alfonso Gambardella, Anita Mc Gahan, Steven Floyd, Rob Grant, Rebecca Henderson, Michael Jacobides, Tomi Laamanen, James Manyika, Henk Volberda, Richard Whittington, Shaker Zahra

This year's social activities program promises to be particularly memorable. We will be hosting a special event on Monday night at the Vittoriano monument, which is located in the very heart of Rome and where the most spectacular view of the Eternal City will be enjoyed by all attendants. On Tuesday evening, there will be a Sicilian style cocktail reception sponsored by the University of Catania.

Last but definitely not least, an innovative program of small, thematic mini-conferences known as the SMS Extensions will allow you to enjoy high-level interactive discussions with some of the leading experts in the field, and at the same time visit world renowned cultural spots such as Milan (Sept. 9), Venice (Sept. 10), Naples (Sept. 16) and Catania (Sept. 17).

On the 30th anniversary of the Strategic Management Society, we will go back to where it all started, from Rome's legal system to the Medici's banks, from Bologna's time-honored scholarship to Leonardo's R&D labs, where technology, arts, science and medicine were connected and integrated in ways that still awe us today.

Welcome to Rome!

Giambattista Dagnino

Giambattista Dagnino
University of Catania

Gianmario Verona

Gianmario Verona
Bocconi University

Rosario Faraci

Rosario Faraci
University of Catania

Maurizio Zollo

Maurizio Zollo
Bocconi University





Dear Conference Participant:

We bid you a warm welcome and are very happy to have you with us for the 30th Annual Meeting of the Strategic Management Society here in Rome. We believe that you will find a stimulating and enjoyable program with a broad spectrum of sessions on critically important topics in strategic management and current research. Our Interest Groups have done an excellent job of evaluating and selecting the best proposals for presentation at the conference. In addition, our Program Co-Chairs, Giovanni Battista Dagnino, Rosario Faraci, Gianmario Verona and Maurizio Zollo, have developed a set of interesting and exciting plenary sessions. They have also worked hard to develop the Rome extensions, which are separate one-day topical workshops individually organized at four academic institutions in four Italian cities, two before the SMS conference in Milan and Venice, two after the conference in Naples and Catania.

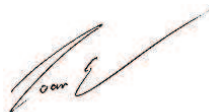
In addition to the presentations and discussion of research and current topics, we will present several awards during the conference and invite you to celebrate the winners with us during the Awards Luncheon on Tuesday. Besides recognition for outstanding submissions to this event through the SMS Best Conference Paper Prize, the SMS Best Conference Paper Prize for Practice Implications and the SMS Best Conference PhD Paper Prize, we will be honoring the recipients of the Dan and Mary Lou Schendel Best Paper Award (SMJ) and the 2010 Emerging Scholar Award during this event.

We would also like to take this opportunity to thank our event sponsors for their contributions to this conference. A special thank you is extended to Bocconi University, whose generous cooperation is making this event possible.

Of course, the Society has other exciting developments that we want to share with you as well. Our two journals, the Strategic Management Journal and the Strategic Entrepreneurship Journal, are healthy with an increasing number of submissions and the publication of significant research. We are also pleased to add a third journal to our list of publications. The Global Strategy Journal was officially launched this summer, and it is our hope that it will share the same success as our other journals.

On these and a number of other activities of the Society for which there is no room here to report, we invite you to stay informed through the SMS websites, the conference business meeting or the award lunch where I will do a short summary of the state of our Society.

We hope that you have an enlightening and enjoyable conference. Please have an excellent time in the beautiful city of Rome!



Joan E. Ricart
President



Nikolaus Pelka
Executive Director

A Professional Society for the Advancement of Strategic Management

The Strategic Management Society (SMS) is unique in bringing together the worlds of reflective practice and thoughtful scholarship. The Society consists of more than 2,500 members representing a kaleidoscope of backgrounds and perspectives from more than sixty different countries. Membership, composed of academics, business practitioners, and consultants, focuses on the development and dissemination of insights on the strategic management process, as well as on fostering contacts and interchange around the world.

As an organization that depends upon volunteer help from its members, the SMS is interested in anyone who wants to make a contribution to the field through the various activities of the SMS.

MEETINGS

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

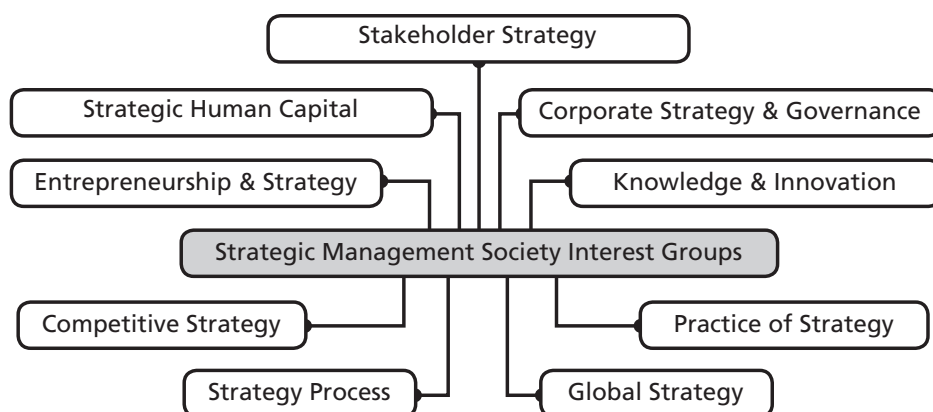
Each conference addresses a current theme, with specific tracks addressing sub-themes, and presents multiple sessions by leading experts in the field from around the world. The SMS has responded to membership interest in special topics through its introduction of a series of smaller, regionally based meetings addressing more specific industry or subject themes. Conferences have taken place in such places as Buenos Aires, Catania, Shanghai, Hyderabad, India and in March of 2009, Lapland, Finland.

HISTORY

The Strategic Management Society was founded at an initial meeting in London in 1981, founding officers were elected on a second conference held in Montreal in 1982, and the founding constitution was drawn and approved at the third meeting in Paris in 1983. There were 459 original founding members of the society. The design of the three-day conference is focused on the "tracks" or themes, which are presented concurrently on all three days of the conference as paper, common ground, or panel sessions split into overlapping clusters of topical themes:

PUBLICATIONS

The Strategic Management Society is proud to be involved with Wiley & Blackwell in the publication of leading journals and innovative books, which for more than 25 years have been vital tools for the benefit of researchers and practitioners in the field. The Strategic Management Journal (SMJ) has since its inception in 1980 been the official journal of the Strategic Management Society. This Class A journal is consistently rated one of the top publications in the management area. We also offer a quarterly journal, the Strategic Entrepreneurship Journal. The intent is for the SEJ to also soon become a Class A journal and for it to promote the development and dissemination of advances in the field by maintaining the highest standards of intellectual thought combined with practical relevance, just as its sister publication, the SMJ has done for many years. Our third journal, the Global Strategy Journal (GSJ) was officially launched in the summer of 2010, with the first issue being published in 2011. The SMS Book Series focuses on cutting edge concepts/topics in strategic management theory and practice. The books emphasize building and maintaining bridges between theory and practice. They generate and test theories of strategic management and demonstrate how to learn, understand and apply these theories in practice.



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



2010 SMS BOARD OF DIRECTORS



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University of Navarra
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Ohio State University
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Tilburg University



Margarethe Wiersema
University of California-Irvine



Irene Duhaime
Georgia State University



Robert Hoskisson
Rice University



Javier Gimeno
INSEAD



PAST CONFERENCES

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 Ballarín

1986 SINGAPORE

Cultures and Competitive Strategies

Program Chairs: Peter FitzRoy & Gordon Redding

1987 BOSTON

Strategy: Prospect and Retrospect

Program Chairs: Joseph Bower & Andrall Pearson

1988 AMSTERDAM

Winning Strategies for the 1990's

Program Chair: Jan Eppink

1989 SAN FRANCISCO

Strategies for Innovation

Program Chair: Robert Harris

1990 STOCKHOLM

Strategic Bridging: To Meet the Challenges of the Nineties

Program Chairs: Leif Melin & Hans-Olof Hagén

1991 TORONTO

The Greening of Strategy – Sustaining Performance

Program Chairs: David Hurst & Rod White

1992 LONDON

Strategic Renaissance: The Transformation of Economic Enterprise

Program Chair: James Kelly

1993 CHICAGO

Integrating Strategy

Program Chair: Edward Zajac

1994 PARIS

Strategy Styles: Management Systems, Types and Paradigms

Program Chair: Michel Ghertman

1995 MEXICO CITY

Strategic Discovery: Opening New Worlds

Program Chair: Raul Alvarado

1996 PHOENIX

Competing in the New Economy: Managing Out of Bounds

Program Chairs: Gary Hamel & C K Prahalad

1997 BARCELONA

Managing in an Interconnected World

Program Chair: Joan E Ricart

1998 ORLANDO

Tailoring Strategy – One Size Does Not Fit All

Program Chair: Kevin Coyne

1999 BERLIN

Winning Strategies in a Deconstructing World

Program Chairs: Dieter Heuskel & Rudi K F Bresser

2000 VANCOUVER

Strategy in the Entrepreneurial Millennium:

New Winners, New Business Models, New Voices

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

2001 SAN FRANCISCO

Reinventing Strategic Management –

Old Truths and New Insights

Program Co-Chairs: Richard Bettis & Derek Dean

2002 PARIS

Old Barriers Crumbling, New Barriers Rising

Program Co-Chairs: René Abate & Karel Cool

2003 BALTIMORE

Intersections: Strategy Across Conventional Boundaries

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

2004 SAN JUAN

Strategic Balance: Driving Innovation And

Maintaining Performance

Program Co-Chairs: Patricia Gorman Clifford & Steven Floyd

2005 ORLANDO

Strategic Management: Achievements And Opportunities

Program Co-Chairs: Irene Duhaime & Carl W Stern

Associate Chair: Javier Gimeno

2006 VIENNA

Strategy and Governance in a World of Institutional Change

Program Co-Chairs: Javier Gimeno & Jens Schaedler

Associate Chair: Peter Ring

2007 SAN DIEGO

The Challenges of Non-Market Influences on Market Strategies

Program Chair: Peter Ring

Associate Chair: Thomas Mellewigt

2008 COLOGNE

How Does Knowledge Matter?

Program Chairs: Thomas Mellewigt & Bolko von Oetinger

2009 WASHINGTON DC

Strategies in an Uncertain World

Program Chairs: Marjorie Lyles & Jeffrey Reuer



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

Dan and Mary Lou Schendel Best Paper Prize

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

SMS Emerging Scholar Award

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

SMS Best Conference Paper Prize

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

SMS Best Conference Paper Prize for Practice Implications

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

SMS Best Conference PhD Paper Prize

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

Friend of the SMS



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

★ SMS BEST CONFERENCE PAPER PRIZE

The following ten papers have been selected as finalists out of 45 nominated and submitted papers for this award. You will find these papers indicated throughout the program. The winning paper and four honorable mentions will be announced at the Tuesday Awards Luncheon.

MONDAY

TRACK L | SESSION 151 | 09:45-11:00

Disruption of Routines Through Employee Mobility
Benjamin Campbell — *Ohio State University*
Brian Saxton — *Ohio State University*

MONDAY

TRACK L | SESSION 157 | 11:00-12:15

Organizing for Innovation: Internal Knowledge Networks, Relational Stars, and Innovative Output
Konstantinos Grigoriou — *Georgia Institute of Technology*
Frank T. Rothaermel — *Georgia Institute of Technology*

MONDAY

TRACK G | SESSION 297 | 15:15-16:30

Why Do Firms Locate R&D Outsourcing Agreements Offshore? The Role of Ownership, Location and Externalization Advantages
Andrea Martinez-Noya — *University of Oviedo*
Esteban Garcia-Canal — *University of Oviedo*
Mauro Guillen — *University of Pennsylvania*

MONDAY

TRACK H | SESSION 264 | 15:15-16:30

Move to the Beat: Rhythm of Change, Frequency of Change, and Firm Performance
Patricia Klarner — *University of Munich*
Sebastian Raisch — *University of St. Gallen*

MONDAY

TRACK I | SESSION 186 | 15:15-16:30

Absorptive Capacity and the Temporal Dynamics of Inter-Organizational Learning in Alliances and Joint Ventures
Henri Schildt — *Imperial College*
Thomas Keil — *Aalto University*
Markku Maula — *Aalto University*

MONDAY

TRACK F | SESSION 167 | 16:45-18:00

Do CEOs Matter: The Use of Variance Decomposition in the Investigation of CEO Effects
Markus Fitza — *University of Colorado-Boulder*

MONDAY

TRACK F | SESSION 178 | 16:45-18:00

Antecedents of Interlocking Directorates within Business Groups
Fabio Zona — *Bocconi University*
Brian Boyd — *Arizona State University*
Katalin Takacs Haynes — *Texas A&M University*

TUESDAY

TRACK E | SESSION 237 | 11:00-12:15

Fast Mover Advantages: Speed Capabilities and Entry into the Emerging Subfield of Atlantic Basin LNG
Ashton Hawk — *Ohio State University*
Gonçalo Pacheco de Almeida — *New York University*
Bernard Yeung — *New York University*

TUESDAY

TRACK I | SESSION 192 | 17:00-18:15

Opening the Black Box: What Firms Explicitly Learn from Their Process Experiences
Chris Bingham — *University of North Carolina-Chapel Hill*
Kathleen Eisenhardt — *Stanford University*

WEDNESDAY

TRACK F, E | SESSION 183 | 11:00-12:15

Getting it Right and Righting it Afterwards: Experience, Ownership (Mis)Alignment and Subsidiary Dynamics
Xavier Martin — *Tilburg University*
Ilya Cuyppers — *Singapore Management University*





SMS BEST CONFERENCE PAPER FOR PRACTICE IMPLICATIONS AWARD

The following five papers have been selected as finalists out of 15 nominated and submitted papers for this award. You will find these five papers indicated throughout the program. The winning paper will be announced at the Tuesday Awards Luncheon.

MONDAY

TRACK H | SESSION 264 | 15:15-16:30

Move to the Beat: Rhythm of Change, Frequency of Change, and Firm Performance

Patricia Klarner — *University of Munich*

Sebastian Raisch — *University of St. Gallen*

WEDNESDAY

TRACK I | SESSION 196 | 8:00-9:15

In Harsh –and Slack Times: How Does Firm Performance Affect the Intensity and the Direction of External Technology Sourcing

Thomas Klueter — *University of Pennsylvania*

Felipe Monteiro — *University of Pennsylvania*

MONDAY

TRACK J | SESSION 255 | 16:45-18:00

Replication as a Social Practice: Towards a Research Agenda of Capability and Routine Replication

Martin Friesl — *Lancaster University*

Joanne Larty — *Lancaster University*

WEDNESDAY

TRACK J | SESSION 256 | 8:00-9:15

Learning in Distributed Organizations: How Subsidiary Middle Managers Do (not) Create Global Solutions

Esther Tippmann — *Dublin Institute of Technology*

Pamela Sharkey Scott — *Dublin Institute of Technology*

Vincent Mangematin — *Grenoble School of Management*

WEDNESDAY

TRACK I | SESSION 196 | 8:00-9:15

Technology Acquisition and Knowledge Integration

Seungho Choi — *Michigan State University*

Gerry McNamara — *Michigan State University*

SMS EMERGING SCHOLAR AWARD 2010

The recipient of the 2010 SMS Emerging Scholar Award presents and discusses current research.

TUESDAY

TRACK S | SESSION 329 | 17:00-18:15

Emerging Scholar Presentation: Research on Strategy and Strategic Leadership in Emerging Markets: Opportunities and Challenges

Session Chair

Yan Zhang, *Rice University*

Panelists

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

Robert Hoskisson, *Rice University*

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

Marjorie Lyles, *Indiana University*

✦ SMS BEST CONFERENCE PHD PAPER

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

MONDAY

TRACK E | SESSION 247 | 11:15-12:30

On the Growth Persistence of Winners and Losers: A Quantile Regression Approach

Hung-Yao Liu, *University of Amsterdam*
J W Stoelhorst, *University of Amsterdam*

MONDAY

TRACK A | SESSION 115 | 15:15 – 16:30

On the Role of Causal Knowledge In Organizational Learning

Natalia Vuori, *Aalto University*

MONDAY

TRACK A | SESSION 115 | 15:15 – 16:30

Balancing Exploration and Exploitation under Segregation Dynamics

Ji-hyun Kim, *New York University*

MONDAY

TRACK F | SESSION 166 | 15:15 – 16:30

Are CEOs Rent-seeking? Role of CEO Celebrity, Risk and Board Monitoring on CEO Pay

Kalin Kolev, *Michigan State University*
Robert Wiseman, *Michigan State University*
Max Belin, *Michigan State University*

TUESDAY

TRACK L | SESSION 285 | 8:00 – 9:15

Uncovering the Process of Executive Mobility

Marko Coh, *London Business School*

TUESDAY

TRACK L | SESSION 157 | 11:00 – 12:15

Organizing for Innovation: Internal Knowledge Networks, Relational Stars, and Innovative Output

Konstantinos Grigoriou, *Georgia Institute of Technology*
Frank T. Rothaermel, *Georgia Institute of Technology*

TUESDAY

TRACK G | SESSION 233 | 14:00 – 15:15

Capability Development within MNCs: Integrating Evolutionary and Dynamic Capabilities Perspectives

Paula Kilpinen, *Aalto University*

WEDNESDAY

TRACK F, I | SESSION 182 | 8:00 – 9:15

Organizing for Adaptation: Innovative Capabilities, Combinative Potential, Coordination Costs, and Boundary Choices

Konstantinos Grigoriou, *Georgia Institute of Technology*
Frank T. Rothaermel, *Georgia Institute of Technology*

WEDNESDAY

TRACK I | SESSION 196 | 8:00 – 9:15

In Harsh – and Slack Times: How Does Firm Performance Affect the Intensity and the Direction of External Technology Sourcing

Thomas Klueter, *University of Pennsylvania*
Felipe Monteiro, *University of Pennsylvania*

WEDNESDAY

TRACK I | SESSION 196 | 8:00 – 9:15

Technology Acquisition and Knowledge Integration

Seungho Choi, *Michigan State University*
Gerry McNamara, *Michigan State University*

Recommended Dress

Business casual attire is recommended for all conference sessions.

Monday Evening Event

Enjoy a piece of history during our private dinner event at the Vittoriano Monument. The monument will be open exclusively for SMS Conference attendees. You will be able to tour the Vittoriano at your leisure, and take in the amazing city view from the upper terrace of the monument in between dinner and networking with colleagues. The dress for this event is business casual & name badges are required for entrance to the monument. Please note, in order to reach the Vittoriano Monument, you will be required to walk up a large flight of stairs. If you require additional accommodations, please inform an SMS staff member at the registration desk by Monday morning.

Exchange of Handouts and Presentations

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

Name Badges

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

Name Tents

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

No Smoking Policy

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

Internet Café

An Internet Café will be available in the registration area. The Internet Café will be open from 8:00 – 18:00 on Sunday and 7:30 – 18:00 Monday and Tuesday and 7:30 – 13:00 on Wednesday. We request that you adhere to a 10 minute per person time limit.



The graphic is a 'Save the Date' announcement for the SMS 31st Annual International Conference. It features a stylized map of Miami in the background, with the city's coastline and major roads highlighted in various colors (blue, green, yellow, orange, pink, purple). The text 'SMS 31st Annual International CONFERENCE' is prominently displayed in the upper left. Below this, the dates 'November 6-9, 2011' and the word 'MIAMI' are written in large, bold, blue letters. To the right, the text 'SAVE THE DATE' is written in large, bold, blue letters, followed by 'STRATEGIES FOR A MULTI-POLAR WORLD' in a slightly smaller font. Below this, the names and titles of the Program Chair and Associate Program Chair are listed. At the bottom, the website 'miami.strategicmanagement.net' is provided, along with the SMS logo and the full name of the Strategic Management Society.

SMS 31st
Annual International
CONFERENCE

November 6-9, 2011

MIAMI

SAVE THE DATE

**STRATEGIES FOR A
MULTI-POLAR WORLD**

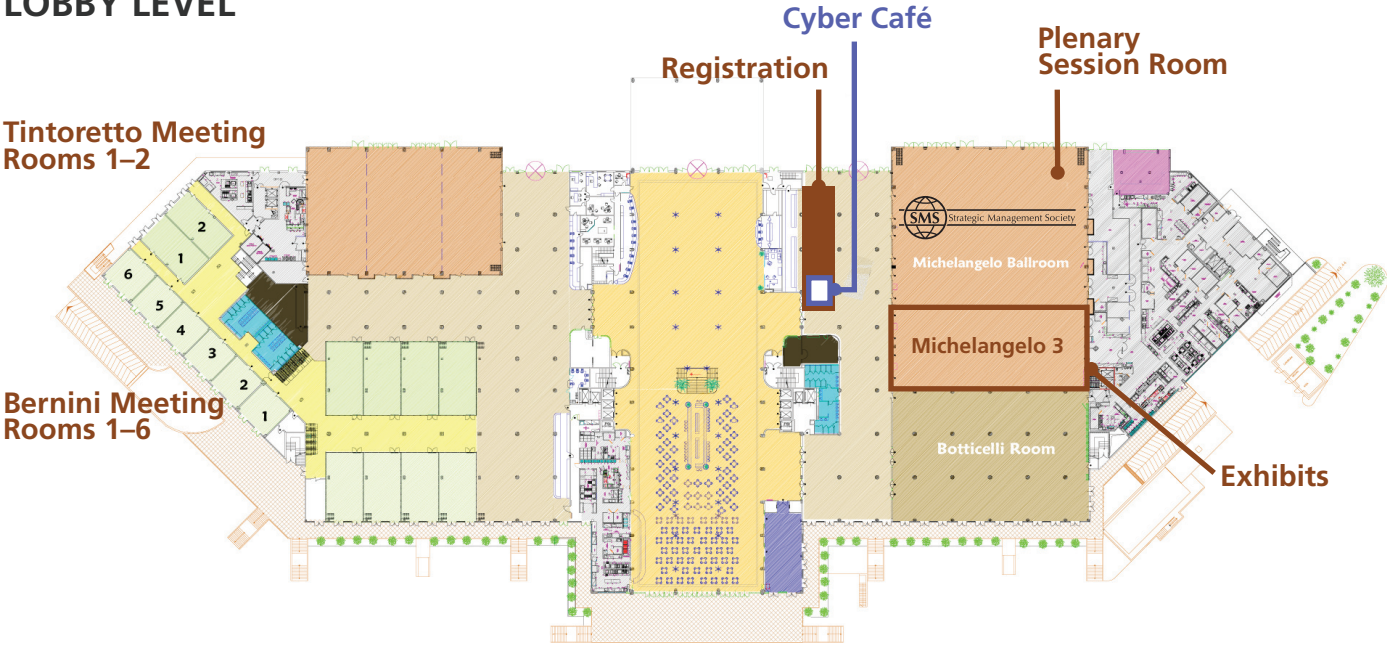
Jose de la Torre
Program Chair
*Florida International
University*

Aya Chacar
Associate Program Chair
*Florida International
University*

LEARN MORE AT
miami.strategicmanagement.net

SMS Strategic Management Society

LOBBY LEVEL



GARDEN LEVEL



2010 SMS REVIEW COMMITTEE

The individuals listed below worked with this year's Program Co-Chairs, Giambattista Dagnino, Rosario Faraci, Gianmario Verona and Maurizio Zollo, 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

Duncan Angwin	Tomi Laamanen	Sotirios Paroutis	Robert Wiseman
Pamela Barr	Michael Leiblein	Gerry Sanders	Bill Wooldridge
Charles Dhanaraj	Cathy Maritan	MB Sarkar	Robert Wright
Rodolphe Durand	Sharon Matusik	Govert Vroom	Christoph Zott
Anil Gupta	Robert Nixon	Mary-Anne Williams	

The Strategic Management Society sincerely thanks and gratefully recognizes the time and effort of the following persons who served as reviewers for the SMS 30th Annual International Conference.

Michael Abebe	Donald Bergh	Itziar Castello	Damaraju	Igor Filatotchev	Isabel Gutierrez
Tunji Adegbesan	Paulo Bermejo	Gary	Stephanie	Peer Fiss	Fredrik Hacklin
Ron Adner	Gaurab Bhardwaj	Castrogiovanni	Dameron	Markus Fitza	Jerayr Haleblan
Rajshree Agarwal	Leonard Bierman	Sokol Celso	Luis Dau	Karin M. Fladmoe-Lindquist	Benjamin Hallen
Vikas Aggarwal	Lyda Bigelow	Carmelo Cennamo	Parthiban David	Denise Fleck	Mark Hansen
Federico Aime	Daniela Blettner	Aya Chacar	Julie Davies	Steven Floyd	Gary Hansen
Mariano	Cristina Boari	Clinton Chadwick	Robert Davison	Timothy Folta	Kathryn Harrigan
Alessandro Albanese	Paolo Boccardelli	Rajeswararao Chaganti	Donna De Carolis	Daniel Forbes	Jared Harris
Todd Alessandri	William Bogner	Dominic Chai	Julio de Castro	William Forster	Jeffrey Harrison
Andreas Al-Laham	Steven Boivie	Arijit Chatterjee	Luigi Mario De Luca	Andrea Fosfuri	Donald E Hatfield
Mathew Allen	Rocio Bonet	Sayan Chatterjee	Mark de Rond	Kirsten Foss	Julia Hautz
Luís Almeida Costa	Kevin Boudreau	Pao-Lien Chen	Bob de Wit	Edward Freeman	James Hayton
Sharon Alvarez	Brian Boyd	Wei-Ru Chen	David Deeds	Yinliang Fu	Ciaran Heavey
Elisa Alvarez-Garrido	Layla Branicki	Raveendra Chittoor	Daniel Degraev	Bret Fund	Michael Heeley
Tina Claudia Ambos	Matthias Brauer	Young Rok Choi	Irem Demirkan	Marco Galvagno	Ralph Heidl
Véronique Ambrosini	Rudi K F Bresser	Seungho Choi	John Dencker	Alfonso Gambardella	Koen Heimeriks
Zoltán Antal-Mokos	Flore Bridoux	Paola Cillo	Gregory Dess	Martin Ganco	Constance Helfat
Lindy Archambeau	Philip Bromiley	Maria Cristina Cinici	Yuval Deutsch	Timothy Gardner	Thomas Hemphill
Asli Musaoglu Arikan	Joseph Broschak	Michael Ciuchta	Cynthia E Devers	Francesco Garraffo	Irene Henriques
Ilgaz Arikan	Thomas Brush	Patricia Clifford	Maria Chiara Di Guardo	Robert Garrett	Loizos Heracleous
Africa Ariño	Stefano Brusoni	Régis Coeurderoy	Francesco Di Lorenzo	Xuesong Geng	Andrew Hess
Jean-Luc Arregle	Garry Bruton	Russell Coff	Giada Di Stefano	Richard Gentry	Joris Heuven
Mathias Arrfelt	Peter Bryant	Susan Cohen	Adel Dimian	Azi Gera	Susan Hill
Birgul Arslan	Philippe Byosiére	David Cohen	Sarah Dixon	Violetta Gerasymenko	Andreas Hinterhuber
Kazuhiro Asakawa	Francesca Cabiddu	Massimo Colombo	Paul Drnevich	Martin Gersch	Volker Hoffmann
David Audretsch	Eugenia Cacciatori	Raffaele Conti	Danielle Dunne	Anindya Ghosh	Tim R. Holcomb
Daniela Baglieri	Ludovic Cailluet	Guido Corbetta	Thomas Durand	Marco Giarratana	Michael Holmes
LaKami Baker	Paula Caligiuri	Rafael Corredoira	Boris Durisin	Brett Anitra Gilbert	Jasper Hotho
Julia Balogun	Benjamin Campbell	Donal Crilly	Gary Dushnitsky	Javier Gimeno	Chihmao Hsieh
Preeti Banerjee	Joanna Tochman Campbell	Craig Crossland	Nilanjana Dutt	Alessandro Giudici	Mathew Hughes
David Bardolet	J Ignacio Canales	Claudio Cruz Cazares	Daniel Elfenbein	Antonio Giuliani	Paul Hunter
Vincent Barker	Turanay Caner	Alvaro Cuervo-Cazurra	Kimberly Ellis	Devi Gnyawali	Katja Maria Hyde
Michael Bednar	Albert Cannella Jr	Ilya Cuypers	Alan Ellstrand	Joy Godesiabo	Duane Ireland
Greg Bell	Qing Cao	Wojciech Czako	Frances Fabian	Sanjay Goel	Jennifer Irwin
Lars Bengtsson	Antonio Capaldo	Tina Dacin	Terence Fan	Brian Golden	Naveen Jain
Gabriel R G Benito	Laura Cardinal	Giorgia D'Allura	Teppo Felin	Scott Graffin	Mark James
Luca Berchicci	Mason A Carpenter	Elena Dalpiaz	Jacqueline Fendt	Alberto Grando	Paula Jarzabkowski
Janet Bercovitz	Xavier Castaner	Thomas Dalziel	Isabel Fernandez-Mateo	Konstantinos Grigoriou	Johanna Jaskari
	Francesco Castellaneta	Naga Lakshmi	Simone Ferriani	Marc Gruber	Robert Jensen
	William Castellano		Walter Ferrier	James Guthrie	Kaifeng Jiang
					Douglas Johansen
					Scott Johnson

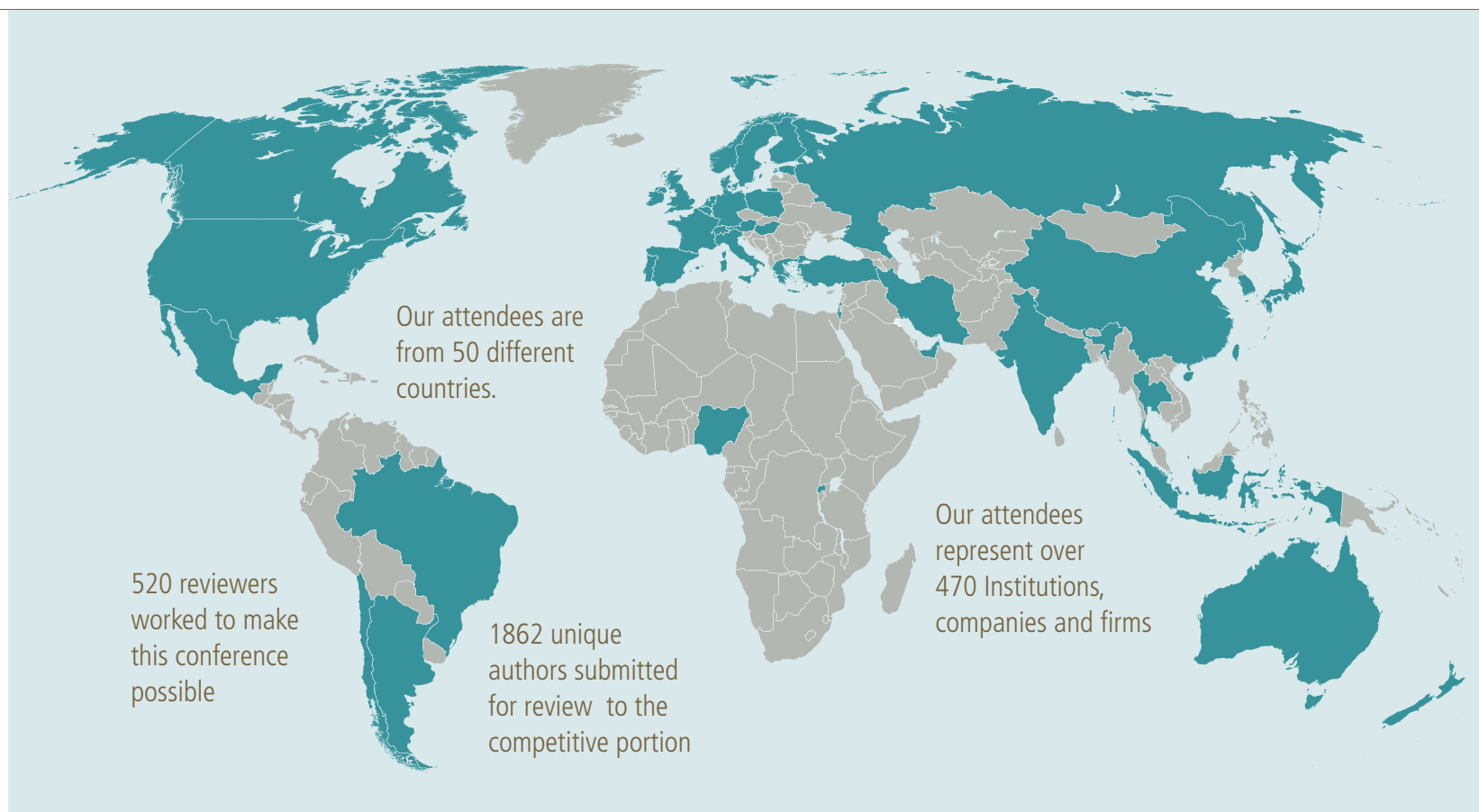
Reviewers continued

Richard Johnson	Elizabeth Lim	Yuri Mishina	Anne Plunket	Mirela Schwarz	Klaus Uhlenbruck
Amol Joshi	Stefan Linder	Arabella Mocciaro	Stefano Pogutz	Susan Segal-Horn	Annique Un
William Judge	Andrea Lipparini	Li Destri	Laura Poppo	David Seidl	Gianluca Vagnani
Ariff Kachra	Cristina M Longo	F. Xavier Molina	Joseph Porac	Anju Seth	Giovanni Valentini
Amit Karna	Céline Louche	Morales	Hart Posen	Sonali Shah	Niels Van der
Robert Kazanjian	Bente R.	Thomas P.	Thomas Powell	Jamal Shamsie	Weerdt
Rebecca Kehoe	Lowendahl	Molitero	Emanuela Prandelli	Mark Shanley	Fred van
Thomas Keil	Randi Lunnan	Janice Molloy	Christiane Prange	Wei Shen	Eenennaam
Franz Kellermanns	Dali Ma	Felipe Monteiro	Richard Priem	Peter Sherer	James Van Scotter II
David Ketchen	Jeffrey Macher	Robert Morgan	Paulo Prochno	Christine	Roberto Vassolo
Nilesh Khare	Tyson Mackey	Shad Morris	Bertrand Quelin	Shropshire	John Veiga
Apalak Khatua	Alison Mackey	Caterina Moschieri	Roberto Ragozzino	Katarina Sikavica	Krishna
Theodore Khoury	Ravi Madhavan	Indrajit Mukherjee	Vittorio Raimondi	Zeki Simsek	Venkitachalam
Andrew King	Tammy Madsen	Amit Nandkeolyar	Tazeeb Rajwani	David Sirmon	Philippe Very
Thomas Kirchmaier	Ayesha Malhotra	VK Narayanan	Miguel Ramos	Bruce Skaggs	Salvatore Vicari
Peter Klein	Daniel Malter	Ajit Nayak	Annette Ranft	Alexander Sleptsov	Ivanka Visnjic
Paul Knott	Ivan Manev	Hermann Ndofo	Andreas Rasche	Maurizio Sobrero	Henk W. Volberda
Kalin Kolev	Vincent	Atul Nerkar	Richard Reed	Abraham Soleimani	Clodia Vurro
Yasemin Kor	Mangematin	William Newbury	Rhonda Reger	Deepak Somaya	James Wade
Rajiv Krishnan	Michael Mannor	Mattias Nordqvist	Patrick Regner	Mario Sorrentino	Anu Wadhwa
Kozhikode	Lalit Manral	Patricia Norman	Greg Reilly	David Souder	Theodore Waldron
Tobias Kretschmer	Saku Mantere	Elena Novelli	Patrick Reinmoeller	Vangelis Souitaris	Jorge Walter
Markus Kreutzer	Lucia Marchegiani	Anthony Nyberg	Markus Reitzig	Christian Stadler	William Wan
Anna Krzeminska	Livia Markoczy	Jonathan O'Brien	Charlotte Ren	Sari Stenfors	Yu-Kai Wang
Shyam Kumar	Janet Marler	Jennifer Oetzel	Birgit Renzl	David Stiles	Andrew Ward
Sumit Kundu	Xavier Martin	dt ogilvie	Taco Reus	J W Stoelhorst	Carmen Weigelt
Sven Kunisch	Pablo Martin de	James Oldroyd	Joan E Ricart	Susan Storrud-	Christian Weiss
Santa La Rocca	Holan	Hugh Oneill	Christopher Rider	Barnes	Anthony Wensley
Maurizio La Rocca	Andrea Masini	Nicholas O'Regan	Jason Ridge	Venkat	Curtis Wesley
William Lamb	Silvia Massini	Timothy	Louis Rinfret	Subramanian	Margaret White
Juha-Antti	Kurt Matzler	O'Shannassy	Peter Ring	Bridgette Sullivan-	Richard
Lamberg	Markku Maula	Pinar Ozcan	Michael Roach	Taylor	Whittington
Bruce Lamont	Ralph Maurer	Giovanna Padula	Elena Rocco	Chamu	Charles Williams
Curba M Lampert	Michael Mayer	Krsto Pandza	Scott Rockart	Sundaramurthy	David Williams
Peter Lane	Brian McCann	Ronaldo Parente	Sotiris Rompas	Sujit Sur	Sheryl Winston
Ann Langley	Michael McDonald	Dennis Park	Cristina Rossi	Juani Swart	Smith
Andrea Lanza	Jean McGuire	Anne Parmigiani	Lamastra	Michele Swift	Jennifer Woolley
Martin Larraza-	Max Mckeown	Seemantini Pathak	Frank T.	Gabriel Szulanski	Mike Wright
Kintana	Gerry McNamara	John Pearce	Rothaermel	Katalin Takacs	Kehan Xu
Daniella Laureiro-	Maureen Meadows	Mike Peng	W Glenn Rowe	Haynes	Basak Yakis-
Martinez	Kamel Mellahi	Fabrizio Perretti	Raja Roy	Stephen B Tallman	Douglas
Dovev Lavie	Ehud Menipaz	Francesco Perrini	Shounak Roy	Antonio Tencati	Zeynep Yalabik
Thomas Lawton	Markus Menz	Jeffrey Petty	Chowdhury	Chatchai	Saïd Yami
Sergio Lazzarini	Luiz Mesquita	Michael Pfarrer	Vicente Salas	Thnarudee	Haibin Yang
Frédéric Le Roy	John Mezias	Corey Phelps	Robert Salomon	Laszlo Tihanyi	Emery Yao
Christian Lechner	Douglas Miller	Anupama Phene	Carlo Salvato	Esther Tippmann	Sai Yayavaram
Peggy Lee	Chet Miller	Deborah Philippe	Timo Santalainen	Salvatore Tomaselli	Michele E. Yoder
Derek Lehmberg	Kent Miller	Torsten Pieper	Grazia Santangelo	Tony Tong	Jeffrey York
Hanna Lehtimäki	Denisa Constanta	Arun Pillutla	Simone Santoni	Salvatore Torrisi	Todd Zenger
Gabriella Levanti	Mindruta	Vincenzo Pisano	George Schmilinsky	Christophe Torset	Fabrizio Zerbini
Haiyang Li	Alessandro	Lucia Piscitello	Karen Schnatterly	Christopher Tucci	Yan Zhang
Yong Li	Minichilli	Erin Pleggenkuhle-	Andreas Schotter	Chris Tuggle	Zheng Zhao
Julie Li	Mario Minoja	Miles	Thomas Schrettle	Anja Tuschke	Arvids Ziedonis
Lasse Lien	Nicola Misani	Lawrence Plummer	William Schulze	Beverly Tyler	Fabio Zona
				Daniel Tzabbar	



REGISTERED ATTENDEES DISTRIBUTION

The countries printed in blue indicate the geographical distribution of this year's conference attendees. All data as of August 26, 2010.



CONFERENCE STATISTICS

Total number of competitive sessions

Paper	108
Common Ground	35
Panel	10

Total number of non-competitive sessions

Interest Group	24
Teaching Track	6
Showcase Panels	11
Plenaries and Keynotes	4
Workshops	3

ATTENDEES BY REGION

	Conference Attendees By Region		Conference Presenters By Region	
Europe	53%	530	55%	421
North America	34%	340	34%	259
Asia	7%	71	7%	53
Australia/New Zealand	3%	30	2%	17
Middle East	1%	11	1%	8
Latin America	>1%	7	>1%	4
Africa	>1%	4	>1%	3
		993		765

CONFERENCE AT A GLANCE

SUNDAY, SEPTEMBER 12, 2010

08:00 – 20:00	Conference Registration Open
10:15 – 11:30	Interest Group Session I
11:30 – 12:45	Lunch
12:45 – 14:00	Interest Group Session II
14:00 – 14:30	Coffee Break
14:30 – 15:45	Interest Group Session III
16:00 – 17:15	Interest Group Meetings
16:00 – 18:30	Exhibits Open
17:30 – 18:30	Plenary Panel: SMS Evolving: New IGS on Strategic Human Capital and Stakeholder Strategy
18:45 – 19:30	SMS Business Meeting
19:00 – 21:00	Opening Reception

MONDAY, SEPTEMBER 13, 2010

07:30 – 18:00	Conference Registration Open
07:30 – 18:00	Exhibits Open
08:00 – 08:15	Program Chair Welcome
08:15 – 9:15	Keynote Speaker: The Future of Competition: Linking the Macro with the Micro – Emma Marcegaglia (Confindustria) and Mario Monti (European Commission)
09:15 – 09:45	Coffee Break
09:45 – 11:00	Parallel Paper/Common Ground/ Panel Sessions
11:15 – 12:30	Parallel Paper/Common Ground/ Panel Sessions
12:30 – 13:45	Luncheon
13:45 – 14:45	Plenary Panel: Dynamic Capabilities at the Crossroads
14:45 – 15:15	Coffee Break
15:15 – 16:30	Parallel Paper/Common Ground/ Panel Sessions
16:45 – 18:00	Parallel Paper/Common Ground/ Panel Sessions
19:00 – 22:00	SMS Monday Night Event at the Vittoriano Monument *Shuttles leave hotel beginning 18:30

TUESDAY, SEPTEMBER 14, 2010

07:30 – 18:00	Conference Registration Open
07:30 – 18:00	Exhibits Open
08:00 – 09:15	Parallel Paper/Common Ground/ Panel Sessions
09:30 – 10:30	Showcase Plenaries
11:00 – 12:15	Parallel Paper/Common Ground/ Panel Sessions
12:15 – 14:00	Awards Luncheon
14:00 – 15:15	Parallel Paper/Common Ground/ Panel Sessions
15:15 – 15:45	Coffee Break
15:45 – 16:45	Plenary Panel: Big Physics, Small Particles and Bridging Research Communities
17:00 – 18:15	Parallel Paper/Common Ground/ Panel Sessions
18:30 – 19:30	SMS Cocktail Reception: Sponsored by University of Catania
19:30 –	Evening on Your Own

WEDNESDAY, SEPTEMBER 15, 2010

07:30 – 11:00	Conference Registration Open
07:30 – 11:00	Exhibits
08:00 – 09:15	Parallel Paper/Common Ground/ Panel Sessions
09:30 – 10:30	Showcase Plenaries
10:30 – 11:00	Coffee Break
11:00 – 12:15	Parallel Paper/Common Ground/ Panel Sessions



MY SCHEDULE OVERVIEW

SUNDAY, SEPTEMBER 12, 2010				
10:15 – 11:30	Interest Group Session I	SESSION	ROOM	PAGE #
11:30 – 12:45	Lunch			
12:45 – 14:00	Interest Group Session II	SESSION	ROOM	PAGE #
14:00 – 14:30	Coffee Break			
14:30 – 15:45	Interest Group Session III	SESSION	ROOM	PAGE #
16:00 – 17:15	Interest Group Meetings			
17:30 – 18:30	Plenary Panel: SMS Evolving: New IGs on Strategic Human Capital and Stakeholder Strategy			
18:45 – 19:30	SMS Business Meeting			
19:00 – 21:00	Opening Reception			

MONDAY, SEPTEMBER 13, 2010				
08:00 – 08:15	Program Chair Welcome			
08:15 – 09:15	Keynote Speaker: The Future of Competition: Linking the Macro with the Micro <i>Mario Monti (European Commission) and Emma Marcegaglia (Confindustria)</i>			
09:15 – 09:45	Coffee Break			
09:45 – 11:00	Parallel Paper/ Common Ground/ Panel Sessions	SESSION	ROOM	PAGE #
11:15 – 12:30	Parallel Paper/ Common Ground/ Panel Sessions	SESSION	ROOM	PAGE #
12:30 – 13:45	Luncheon			
13:45 – 14:45	Plenary Panel: Dynamic Capabilities at the Crossroads			
14:45 – 15:15	Coffee Break			
15:15 – 16:30	Parallel Paper/ Common Ground/ Panel Sessions	SESSION	ROOM	PAGE #
16:45 – 18:00	Parallel Paper/ Common Ground/ Panel Sessions	SESSION	ROOM	PAGE #
19:00 – 22:00	SMS Monday Night Event at the Vittoriano Monument			

TUESDAY, SEPTEMBER 14, 2010				
08:00 – 09:15	Parallel Paper/ Common Ground/ Panel Sessions	SESSION	ROOM	PAGE #
09:30 – 10:30	Showcase Plenaries			
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			
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19:30 –	Evening on Your Own			

WEDNESDAY, SEPTEMBER 15, 2010				
08:00 – 09:15	Parallel Paper/ Common Ground/ Panel Sessions	SESSION	ROOM	PAGE #
09:30 – 10:30	Showcase Plenaries			
10:30 – 11:00	Coffee Break			
11:00 – 12:15	Parallel Paper/ Common Ground/ Panel Sessions	SESSION	ROOM	PAGE #



CONFERENCE TRACKS

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

Conference Theme Tracks

- A – Micro-Foundations of Strategy**
- B – Macro-Foundations of Strategy**
- C – Strategies at the Crossroads of Contexts and Cultures**
- D – Integrating Strategies at the Crossroad: General**

Interest Group Tracks

- E – Competitive Strategy**
- F – Corporate Strategy and Governance**
- G – Global Strategy**
- H – Strategy Process**
- I – Knowledge and Innovation**
- J – The Practice of Strategy**
- K – Entrepreneurship and Strategy**
- L – Strategic Human Capital**
- 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 Rome Conference we are planning a total of 35 common ground sessions, each will be 1 hour 15 minutes.
- A common ground session is constituted of at least one author of the 5-6 proposals, a facilitator, and audience members. The facilitator is not an author on one of the proposals.
- The Common Ground sessions will be chaired and facilitated by known scholars in the session’s topic. It is the responsibility of these facilitators to allocate time among participants and lead a productive discussion.
- We have integrated common ground sessions fully into the regular program, where they will run parallel with paper sessions throughout Monday, Tuesday and Wednesday.
- To ensure sufficient time for interaction, the facilitator will ask for an initial 3-4 minutes summary presentation of a presenter’s study focusing only on the main motivations and findings of each paper. We want the time to be structured as a conversation (i.e., short interventions, highly interactive), not as a sequence of monologues.
- Projectors or PowerPoint presentations will not be used. Flipcharts will be available in each room to facilitate visual discussion. Authors, however, were encouraged to make available for download or bring to the session a one-page summary.

Paper Sessions

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

- For the Rome Conference we are planning a total of 108 paper sessions, each will be 1 hour 15 minutes.
- A paper session is constituted of at least one author of 3-4 proposals, a session chair, and audience members. Often times, the session chair will be one of the presenting authors.
- Each presenting author will have 12-15 minutes for their presentation, depending on the number of presentations within the session. The remaining time will be used for discussion.
- Each session room will have a LCD projector available.
- Presenters were invited to upload their presentation handout and make it available for download to other conference attendees.

SESSION 328

COMPETITIVE STRATEGY

TRACK E	Date	Sunday, Sep 12
	Time	10:15 – 11:30 h
Interest Group Workshop	Room	Bramante 3

Competition Between For-Profit and Not-For-Profit Organizations**Session Chair**Patricia Clifford, *Clifford Strategic Services***Panelists**Bjoern Bloching, *Roland Berger Strategy Consultants*Andrew King, *Dartmouth College*Brandon Lee, *London Business School*John Prescott, *University of Pittsburgh*

The concept of business models is used frequently by entrepreneurs, top managers, and in class room settings to describe the competitive strategy a firm has chosen. A definition of business models used in the literature is “the logic of the firm, the way it operates, and how it creates value for its stakeholders”. However, there are still widespread differences in interpretation and ambiguity in the use of this term. In this panel discussion, we want to address, among others, the following questions: How is the concept of business models different from other concepts such as revenue models or generic/competitive strategies? How could competitive strategy research incorporate the ideas and findings from research in business models in their own research? We invite scholars who have written on this topic and competitive strategy scholars who did not do research on this specific topic to have a lively debate about these questions.

SESSION 330

CORPORATE STRATEGY AND GOVERNANCE

TRACK F	Date	Sunday, Sep 12
	Time	10:15 – 11:30 h
Interest Group Workshop	Room	Bramante 4

New Scholar Writing Workshop**Session Chair**Gerry Sanders, *Rice University***Facilitator**Brian Boyd, *Arizona State University*Robert Hoskisson, *Rice University*Gerry McNamara, *Michigan State University*Anja Tuschke, *University of Munich*Yan Zhang, *Rice University*

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

SESSION 333

GLOBAL STRATEGY

TRACK G	Date	Sunday, Sep 12
	Time	10:15 – 11:30 h
Interest Group Workshop	Room	Bramante 6

Globalizing “Global Strategy” Classroom: Exploring Innovative Ways to Enhance Student Learning and Experience**Session Chair**Bjorn Ambos, *WU Vienna***Panelists**Kazuhiro Asakawa, *Keio University*Charles Dhanaraj, *Indiana University*Elizabeth Rose, *Helsinki School of Economics*Ashok Som, *ESSEC Business School*Changqi Wu, *Peking University*

(Jointly sponsored with the Teaching Track) With the significant cross-border business activity, most MBA programs introduce future business leaders on the strategic aspects of doing business in international or global market place. Typically, they carry an assortment of names, such as, “Global Strategy”, “International Business”, etc. An increasing number of business schools are even establishing full time Master programs with a clear international focus, its importance underscored by the Financial Times’ Masters ranking. In the last edition of the newspaper’s “Masters in Management” ranking, about half of programs listed in the top 25 have a mandatory course in global strategic management. Given the wide range of geographies at which the course is taught, this PDW attempts to bring together academics who are teaching such courses from different countries with the following objectives: Create a network of teacher-scholars who are in the mission of teaching global strategy courses, to facilitate knowledge sharing and new discovery, explore and enable ways and means of connecting the classrooms using technology (e.g., cross-campus student networks, skype video conferences, comparative analysis of same cases from different platforms), identify and facilitate the transference of new research ideas on global strategy to classroom experience through articles, cases, and blogs. Participants were required to pre-register by September 1 to attend this session.

SESSION 335

STRATEGY PROCESS

TRACK H	Date	Sunday, Sep 12
	Time	10:15 – 11:30 h
Interest Group Workshop	Room	Bramante 7

Messiness in Our Metrics: The Good, The Bad, and The Ugly**Session Chair**Margaret White, *Oklahoma State University***Panelists**Siah Hwee Ang, *University of Auckland*Robert Duesing, *Georgia College & State University*Oliver H.M. Yau, *City University of Hong Kong*Aaron Hill, *Oklahoma State University*David Kern, *Northeastern State University*Kulwant Singh, *National University of Singapore*

This session will examine how we develop measures in strategic management research—directly and indirectly. The process of developing measures influences the accuracy of our results and the ability to replicate studies and build theory. Strategic management research has been criticized by other social scientists because of the lack of consistency in construct definitions and variable measurement and the panelists will discuss how we can address these criticisms.



SESSION 316

KNOWLEDGE AND INNOVATION

TRACK I	Date	Sunday, Sep 12
	Time	10:15 – 11:30 h
Interest Group Panel	Room	Bramante 9

Innovation in Collaborative Ecosystems

Session Chair

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

Panelists

Kevin Boudreau, *London Business School*

David Teece, *Berkeley Research Group*

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

Terhi Johanna Vapola, *Nokia*

Anu Wadhwa, *Swiss Federal Institute of Technology-Lausanne*

Sheryl Winston Smith, *Temple University*

Connecting ideas and people in new ways leads to richer and richer collaborative ecosystems. This panel assembles a group of leaders of innovation who will engage the audience in an exciting discussion around the challenges and opportunities that new collaborative ecosystems create and the impact on knowledge and innovation.

SESSION 338

THE PRACTICE OF STRATEGY

TRACK J	Date	Sunday, Sep 12
	Time	10:15 – 11:30 h
Interest Group Workshop	Room	Bramante 5

Renewing our Research Interests at the Crossroads

Session Co-Chairs

Timo Santalainen, *Aalto University*

Robert Wright, *Hong Kong Polytechnic University*

Panelists

Pamela Barr, *Georgia State University*

Sarah Kaplan, *University of Toronto*

Marjorie Lyles, *Indiana University*

Livia Markoczy, *University of Texas-Dallas*

Margaret Peteraf, *Dartmouth College*

Rhonda Reger, *University of Maryland*

Shaker Zahra, *University of Minnesota*

Edward Zajac, *Northwestern University*

What better time than now to take a step back and reflect on our research journeys. This session on renewing our research interests at the crossroads bring together a distinguished panel of seasoned researchers to share their success stories and lessons learned in staying focused about their research efforts. Key sharing will focus around what we can do when our research activity stalls; how to stay research active; critically thinking about our research; and the importance of doing novel, interesting, important and high quality work, inter alia. The session will appeal to all scholars needing inspiration, motivation and a desire to better their work. We plan to make the session highly interactive, mainly through breakout discussion groups. These discussions will be complemented with additional scholars invited to share their insights on reflecting on our research practice.

SESSION 319

ENTREPRENEURSHIP AND STRATEGY

TRACK K	Date	Sunday, Sep 12
	Time	10:15 – 11:30 h
Interest Group Panel	Room	Bramante 8

Revisiting Path Dependence and Path Creation

Session Chair

Naga Lakshmi Damaraju, *Indian School of Business*

Panelists

Sharon Alvarez, *Ohio State University*

Russell Coff, *University of Wisconsin*

Naga Lakshmi Damaraju, *Indian School of Business*

Raghuram Garud, *Penn State University*

Peter Karnoe, *Copenhagen Business School*

One of the central debates in the entrepreneurship area is about creation versus discovery processes. Discovery processes are understood as being path dependent whereas creative processes are those that create new paths. However, creation does not happen in isolation. Creative processes need not necessarily occur only with disruptions to existing systems but can also operate within existing systems in an emergent manner. This panel will explore the connections between this central debate in entrepreneurship and the broader debate on path dependence versus path creation, raise methodological issues for empirical research in this area and discuss implications for current theories in strategic management and entrepreneurship.

SESSION 295

STRATEGIC HUMAN CAPITAL

TRACK L	Date	Sunday, Sep 12
	Time	10:15 – 11:30 h
Interest Group Panel	Room	Bramante 2

Why Should We Have a Strategic Human Capital Interest Group?

Session Chair

William Hesterly, *University of Utah*

Panelists

Jay Barney, *Ohio State University*

Patrick Wright, *Cornell University*

Todd Zenger, *Washington University-St. Louis*

The panelists will discuss the fundamental connections between human capital and strategy and help us discuss the question, why should we have a Strategic Human Capital Interest Group in the Strategic Management Society?

11:30 - 12:45
LUNCHEON

SESSION 327

COMPETITIVE STRATEGY

TRACK E	Date	Sunday, Sep 12
	Time	12:45 – 14:00 h
Interest Group Workshop	Room	Bramante 3

Formal Approaches to Management Theory**Session Chair**

TBD

PanelistsRajshree Agarwal, *University of Illinois-Urbana Champaign*Russell Coff, *University of Wisconsin*Jackson Nickerson, *Washington University-St Louis*Steven Postrel, *Southern Methodist University*

The use of formal methods – mathematical models, simulation, and formal logic – for the development of management theory has been praised and criticized at the same time. In this Competitive Strategy workshop, we will discuss some of the advantages and disadvantages of the use of formal approaches to management theory. Among the panelists, we have a mixed set of management scholars who have and who have not themselves made use of formal theory.

SESSION 332

CORPORATE STRATEGY AND GOVERNANCE

TRACK F	Date	Sunday, Sep 12
	Time	12:45 – 14:00 h
Interest Group Workshop	Room	Bramante 4

Corporate Governance and Risk Taking**Session Chair**Gerry Sanders, *Rice University***Panelists**Jared Harris, *University of Virginia*Gerry McNamara, *Michigan State University*Anja Tuschke, *University of Munich*

Risk taking is a primary value creating activity of firms. This panel will discuss new directions in the relationship between governance and firm risk taking. Topics that will be covered include recent research on how board governance mitigates the risk of FDI in emerging economies, M&As, divestitures, and CEO compensation, and how “bad” risks gone wrong affect subsequent “good” risk taking.

SESSION 354

GLOBAL STRATEGY

TRACK G	Date	Sunday, Sep 12
	Time	12:45 – 14:00 h
Interest Group Panel	Room	Bramante 6

Value Dilemmas in Global Strategy: Universal Values across Dispersed Geographies (A)**Session Co-Chairs**Oana Branzei, *University of Western Ontario*Charles Dhanaraj, *Indiana University***Panelists**Mary Gentile, *Babson College*Arabella Mocchiari Li Destri, *University of Palermo*D. Shivakumar, *Nokia India*Harbir Singh, *University of Pennsylvania*

This panel brings together academics from different research traditions with leading managers and consultants to explore the key value dilemmas in global strategies and discuss how global strategy research and practice

confronts and reconciles (mis)aligned values across geographies, with a focus on the role of values on strategy formation and implementation. The goal is to develop a value-centric research agenda and to bring to the fore best practices of global leaders and consultants who have effectively dealt with such value dilemmas. The panel will be followed by a short break which will informally introduce research and teaching resources that can support a value-centric research agenda in strategic management. We invite unstructured discussions between academics and practitioners which we hope will spearhead new research collaborations. The second half of this panel (Session 343) will engage a strategy-change initiative to provide successful examples of value-centric research programs and teaching programs.

SESSION 336

STRATEGY PROCESS

TRACK H	Date	Sunday, Sep 12
	Time	12:45 – 14:00 h
Interest Group Workshop	Room	Bramante 7

First-Hand Perspectives on Strategy Process: How It Happens in Practice**Session Co-Chairs**Sarah Kaplan, *University of Toronto*Catherine Maritan, *Syracuse University***Panelists**Patricia Clifford, *Clifford Strategic Services*Annetta Hewko, *Independent Consultant*James Maritan, *CVS-Caremark*Antonio Turrone, *Boston Consulting Group*

In this session we hear from a panel of senior managers and consultants who discuss their roles and experiences with strategy-making in changing environments. Antonio Turrone is a Partner and Managing Director of The Boston Consulting Group. Based in Rome, he is a member of the Technology, Media and Telecommunications Practice, and has worked with clients in publishing, media, advertising, Internet technologies and telecommunications on a variety of strategy and organization issues. Jim Maritan is VP Medicare D and Business Development for CVS Caremark. Previously he was VP Strategy and Business Development for CVS, focusing growth strategies and M&A, and before joining CVS Caremark, was a senior manager at the Boston Consulting Group and served as VP Strategic Planning for Staples. Annetta Hewko is an independent consultant. She was previously VP Global Strategies and Programs, Susan G. Komen for the Cure and prior to that held a variety of senior management positions with PepsiCo International, including directing health and wellness-related initiatives for the company and developing marketing and consumer strategies for markets throughout Europe, Africa and the Middle East. Trish Clifford is Managing Partner of Clifford Strategic Services and has consulted to corporate and non-profit clients in a broad array of industries. She was formerly Director of Global Strategy Learning for McKinsey & Company and prior to that a Strategy Specialist and Consultant with McKinsey.



SESSION 322

KNOWLEDGE AND INNOVATION

TRACK I	Date	Sunday, Sep 12
	Time	12:45 – 14:00 h
Interest Group Panel	Room	Bramante 9

Knowledge and Innovation Town Hall Meeting**Session Chair**Gabriel Szulanski, *INSEAD***Panelists**Steve Elliot, *University of Sydney*Sharon Matusik, *University of Colorado-Boulder*Maurizio Zollo, *Bocconi University*

The Knowledge and Innovation Interest Group (IG) will run a Town Hall Meeting designed to enhance the IG by increasing the level of engagement of its members. The meeting is open and everyone is invited to speak or raise issues, we have assembled some thought leaders to kick start what promises to be an important milestone in our collaborative development. The Town Hall meeting will help to build community within the K&I IG and to identify and prioritize initiatives to explore 2010-2011. Come with new ideas and strategies!

SESSION 339

THE PRACTICE OF STRATEGY

TRACK J	Date	Sunday, Sep 12
	Time	12:45 – 14:00 h
Interest Group Workshop	Room	Bramante 5

**Strategic Issues at the Crossroads:
A Collaborative and Open Strategy at Intel Corporation****Session Co-Chairs**Timothy O'Shannassy, *RMIT University*Luciano Oviedo, *Intel Corporation*Robert Wright, *Hong Kong Polytechnic University*Basak Yakis-Douglas, *University of Oxford***Panelists**Mark Brailey, *Intel Corporation, EMEA Region*Christian Morales, *Intel Corporation, EMEA Region*

This session will form a platform for Intel Corporation to share the key strategic issues and challenges facing their business operations. Several senior executives from their Global Strategic Policy Team will form into mini-breakout groups, each with a different strategic issue / problem, and seek for an engaging discussion between audience academics, fellow business people and consultants on co-producing possible ideas and solutions in helping the company come up with new ways of thinking and new ways of doing. Participants will acquire a closer engagement with the processes and practices of strategy formulation and related framing, strategic biases, assumptions, dependencies and boundary conditions within which strategy workers find themselves in situated contexts. This type of session will help encourage more engaged scholarship.

SESSION 320

ENTREPRENEURSHIP AND STRATEGY, GLOBAL STRATEGY

TRACK K, TRACK G	Date	Sunday, Sep 12
	Time	12:45 – 14:00 h
Interest Group Panel	Room	Bramante 8

Entrepreneurship and Strategy in Emerging Economies**Session Chair**Garry Bruton, *Texas Christian University***Panelists**Jay Barney, *Ohio State University*Anita McGahan, *University of Toronto*Will Mitchell, *Duke University*Balagopal Vissa, *INSEAD*

The world is undergoing a rapid economic shift as firms in the long dominant economies of Europe and North America are increasingly being challenged by firms from emerging economies. Some scholars predict that by 2050 these nations will in fact dominate the world economy. Despite the growing importance of emerging economies, management research still focuses disproportionately on firms in mature economies of Europe and North America. What are the unique differences in emerging economy firms for relevant for entrepreneurship and strategy? What research is needed to address the new realities? This panel will highlight the current status of research in this domain, and identify research opportunities.

SESSION 296

STRATEGIC HUMAN CAPITAL

TRACK L	Date	Sunday, Sep 12
	Time	12:45 – 14:00 h
Interest Group Panel	Room	Bramante 2

Different Perspectives on Human Capital and Heterogeneity: A Future Agenda**Session Chair**Tepko Felin, *Brigham Young University***Panelists**Janice Molloy, *Michigan State University*Frank T. Rothaermel, *Georgia Institute of Technology*Raffaella Sadun, *Harvard University*

The purpose of this session is to bring together scholars to highlight how insights from these neighboring disciplines might enhance our understanding of heterogeneity and organizational strategy. Scholars in this session will address such questions as: What underlying assumptions about individuals (human nature, personality, talent) are warranted and needed in strategic management? What micro-macro links and mechanisms might be important for future research in strategy? How do we aggregate? What are central variables for understanding human and social capital at the individual and collective levels? What are the links between human capital, appropriation and competitive advantage? How does organizational structure and form mediate the emergence of talent and performance? What does a coherent, interdisciplinary agenda look like for the nexus of human capital and strategy?

14:00 - 14:30
COFFEE BREAK

SESSION 326

COMPETITIVE STRATEGY

TRACK E	Date	Sunday, Sep 12
	Time	14:30 – 15:45 h
Interest Group Panel	Room	Bramante 3

Business Models**Session Chair**Joan E Ricart, *University of Navarra***Panelists**

Jay Barney, *Ohio State University*
 Philip Bromiley, *University of California-Irvine*
 David Teece, *Berkeley Research Group*
 Christoph Zott, *University of Navarra*

In many industries, such as health care, waste management, and education, for-profit firms compete head-to-head with not-for-profit firms. The differences between these types of firms are stark in terms of their ultimate objectives, their access to resources, their corporate culture, and many other dimensions. This begs the question whether traditional competitive strategy models could and should be applied in this particular context. In this session, scholars and practitioners are invited to share their own experience and to engage in a discussion with the audience about the consequences of competition among organizations with heterogeneous objectives.

SESSION 331

CORPORATE STRATEGY AND GOVERNANCE

TRACK F	Date	Sunday, Sep 12
	Time	14:30 – 15:45 h
Interest Group Workshop	Room	Bramante 4

Corporate Strategy: Business Groups**Session Chair**Fabio Zona, *Bocconi University***Panelists**

Carmine Bianchi Consob, *Italian SEC*
 Magda Bianco, *Italian Central Bank*
 Brian Boyd, *Arizona State University*
 Francesco Chiappetta, *Pirelli Group*
 Alessandro Zattoni, *Parthenope University*

Business groups are a prominent form of organization. Group structures can be found in many countries, and these groups vary widely in their characteristics. Panelists will offer their thoughts on the pros- and cons- of existing mechanisms and rules for governing business groups, and their ideas on whether and how regulation should develop in the future. Participants may expect a discussion of significant issues related to the governance of business groups and the sharing of the insights from alternative solutions suggested by leaders active in this field.

SESSION 334

GLOBAL STRATEGY

TRACK G	Date	Sunday, Sep 12
	Time	14:30 – 15:45 h
Interest Group Workshop	Room	Bramante 6

Value Dilemmas in Global Strategy: Universal Values Across Dispersed Geographies**Session Co-Chairs**

Oana Branzei, *University of Western Ontario*
 Charles Dhanaraj, *Indiana University*

Panelists

Mary Gentile, *Babson College*
 Arabella Mocciano Li Destri, *University of Palermo*
 Michael Schneider, *Bayer CorpScience AG*
 D. Shivakumar, *Nokia India*
 Harbir Singh, *University of Pennsylvania*

In this session, leaders of Bayer and Nokia will share and dialogue with the audience about how their organizations have dealt with the diversity of value systems when the local values contradicted universal norms, and discuss the initiatives, steps, and hurdles by which (at times conflicting) universal and local values were reconciled and successfully embedded in their global strategies. The co-chairs will introduce the organizations and the case speakers by debriefing key themes from two rich case studies on Nokia and Bayer (available to participants). Each speaker will highlight the key value dilemmas faced by their organizations and then share the main learnings that resulted. Following their narratives, Arabella Mocciano Li Destri will facilitate a short Q&A about whether and how values can (re)shape global strategy. Mary C. Gentile will provoke us all, as researchers, practitioners, consultants and teachers to give voice to value in our activities. Harbir Singh will provide concluding thoughts and future directions to wrap-up the session. Part A (12:45-14:00) features a panel of academics from different research traditions, practitioners and consultants who will first discuss the main value dilemmas in global management and then jointly outline a value-centric research agenda at the intersection of research and practice. The panel will be preceded by a short break which will informally introduce research and teaching resources that can support a value-centric research agenda in strategic management. We invite unstructured discussions between academics and practitioners which we hope will spearhead new research collaborations.

SESSION 337

STRATEGY PROCESS

TRACK H	Date	Sunday, Sep 12
	Time	14:30 – 15:45 h
Interest Group Workshop	Room	Bramante 7

Process Matters: The Centrality of Strategy Process in Strategic Management Research**Session Co-Chairs**

Chris Bingham, *University of North Carolina-Chapel Hill*
 Catherine Maritan, *Syracuse University*

Panelists

Kathleen Eisenhardt, *Stanford University*
 Steven Floyd, *University of Virginia*
 Anita McGahan, *University of Toronto*
 Jackson Nickerson, *Washington University-St Louis*

This session explores the proposition that strategy process is central to strategic management and that process issues need to be considered to answer some of the most fundamental, important, and interesting questions in strategic management research. The panelists include both strategy process scholars and researchers who are not known for process research but who have more recently begun to incorporate process issues into their work. Join us for what promises to be a stimulating and spirited discussion.



SESSION 323

KNOWLEDGE AND INNOVATION

TRACK I	Date	Sunday, Sep 12
	Time	14:30 – 15:45 h
Interest Group Panel	Room	Bramante 9

Sustainability and Strategy

Session Chair

Robert Grant, *Bocconi University*

Panelists

Claudio Descalzi, *Eni S.p.A*

What are the ultimate sources of competitive advantage and sustainability? In this session, Claudio Descalzi, ENI Chief Operating Officer of the Exploration & Production Division and Rob Grant, author of *Contemporary Strategy Analysis* (6th edition) and an expert of the oil and gas industry, will discuss the changing landscape in the oil and gas industry. This is an industry that has a strong impact on the fate of our planet. The BP Deep Horizon disaster was a reminder of how easily things can go wrong and a quick look on the Fortune Global 500 list shows that three of the world's five largest companies are oil firms. From a scholarly perspective, the industry is of interest not only as a pioneer of strategy innovations, such as scenario planning but also as a fertile ground for studies as it keeps a fast amount of data on e.g. technology, strategic initiatives (e.g. allowing a measurable distinction between exploration and exploitation), or alliances. ENI is on the forefront of technology development and has an exciting history that draws our attention to the role of governments in business – an issue that currently receives much attention. By attending this session you will learn more about an exciting industry, as well as receive insight on how this industry could provide a fertile setting for some of the issues you are interested in.

SESSION 340

THE PRACTICE OF STRATEGY

TRACK J	Date	Sunday, Sep 12
	Time	14:30 – 15:45 h
Interest Group Workshop	Room	Bramante 5

Landmark Books in Strategy-as-Practice: At the Crossroads

Session Co-Chairs

Paul Knott, *University of Canterbury*

Matthias Kruehler, *Boston Consulting Group*

Robert Wright, *Hong Kong Polytechnic University*

Panelists

Leif Melin, *Jonkoping University*

Richard Whittington, *University of Oxford*

This session brings together the editors and authors of the four landmark books in the emerging area of Strategy-as-Practice. These books are: *Strategy as Practice: An activity Based Approach* (2005); *The Factory of the Strategy: A Multidimensional Perspective* (2006); *Strategy as Practice: Research Directions and Resources* (2007); and *Cambridge Handbook of Strategy as Practice* (2010). Together these paradigm crafters will address core issues of where this perspective to strategy emerged from, where we are today and where we need to go for the future advancement of the field. This will be a very interactive session bringing to the surface issues of theory, method and core research questions that have defined the boundaries and its interconnection to other fields in the organization sciences. Damon Golsorkhi, Paula Jarzabkowski, David Seidl and Eero Vaara will be featured in this session via video.

SESSION 321

ENTREPRENEURSHIP AND STRATEGY

TRACK K	Date	Sunday, Sep 12
	Time	14:30 – 15:45 h
Interest Group Panel	Room	Bramante 8

The Transformative Potential of Social Entrepreneurship: Implications for Changing the Agenda in Strategy&Entrepreneurship Research & Practice

Session Chair

Johanna Mair, *University of Navarra*

Panelists

Sharon Alvarez, *Ohio State University*

Violina Rindova, *University of Texas-Austin*

Saras Sarasvathy, *University of Washington*

Shaker Zahra, *University of Minnesota*

How would Strategy and Entrepreneurship research look like if organizations took social and environmental impacts of business as intrinsic to their value creation agenda? While this question might have been considered utopian a couple of years ago we see emerging excitement around inclusive strategies and business models not only on behalf of students but increasingly also among scholars. What does it take to move this area of research from its current state of 'being highly motivational' to a domain of scholarly inquiry that is theoretically important and meaningful for practice? What are the challenges and opportunities on this trajectory, and how can we as a community of scholars help shape the space? Our panel will reflect on these questions in order to kick off a lively and interactive discussion with the audience.

SESSION 349

STRATEGIC HUMAN CAPITAL

TRACK L	Date	Sunday, Sep 12
	Time	14:30 – 15:45 h
Interest Group Panel	Room	Bramante 2

How Does Strategic Human Capital Influence a Firm's Ability to Appropriately Rents?

Session Chair

William Hesterly, *University of Utah*

Panelists

Russell Coff, *University of Wisconsin*

David Lepak, *Rutgers University*

Panelists will address the impact of human capital on appropriation. Russ Coff will focus on appropriation from a stakeholder perspective, Bill Hesterly will talk about how human capital interacts with social capital to influence appropriation, and Dave Lepak will address how a firm's human capital policies and practices affect its ability to appropriate rents.

SESSION 341

COMPETITIVE STRATEGY

TRACK E	Date	Sunday, Sep 12
	Time	16:00 – 17:15 h
Business Meeting	Room	Bramante 3

Chairperson	Gianmario Verona, <i>Bocconi University</i>
Program Chair	Michael Leiblein, <i>Ohio State University</i>
Assoc Program Chair	Govert Vroom, <i>University of Navarra</i>

SESSION 342

CORPORATE STRATEGY AND GOVERNANCE

TRACK F	Date	Sunday, Sep 12
	Time	16:00 – 17:15 h
Business Meeting	Room	Bramante 4

Assoc Program Chair	Gerry Sanders, <i>Rice University</i>
Program Chair	Robert Wiseman, <i>Michigan State University</i>

SESSION 343

GLOBAL STRATEGY

TRACK G	Date	Sunday, Sep 12
	Time	16:00 – 17:15 h
Business Meeting	Room	Bramante 6

Chairperson	Bjorn Ambos, <i>WU Vienna</i>
Assoc Program Chair	Charles Dhanaraj, <i>Indiana University</i>

SESSION 344

STRATEGY PROCESS

TRACK H	Date	Sunday, Sep 12
	Time	16:00 – 17:15 h
Business Meeting	Room	Bramante 7

Program Chair	Bill Wooldridge, <i>University of Massachusetts</i>
Assoc Program Chair	Catherine Maritan, <i>Syracuse University</i>

SESSION 345

KNOWLEDGE AND INNOVATION

TRACK I	Date	Sunday, Sep 12
	Time	16:00 – 17:15 h
Business Meeting	Room	Bramante 9

Chairperson	Maurizio Zollo, <i>Bocconi University</i>
Program Chair	Sharon Matusik, <i>University of Colorado-Boulder</i>
Assoc Program Chair	Mary-Anne Williams, <i>University of Technology-Sydney</i>

SESSION 346

THE PRACTICE OF STRATEGY

TRACK J	Date	Sunday, Sep 12
	Time	16:00 – 17:15 h
Business Meeting	Room	Bramante 5

Chairperson	Véronique Ambrosini, <i>University of Birmingham</i>
Program Chair	Sotirios Paroutis, <i>University of Warwick</i>
Assoc Program Chair	Robert Wright, <i>Hong Kong Polytechnic University</i>

SESSION 347

ENTREPRENEURSHIP AND STRATEGY

TRACK K	Date	Sunday, Sep 12
	Time	16:00 – 17:15 h
Business Meeting	Room	Bramante 8

Chairperson	David Deeds, <i>University of St. Thomas</i>
Program Chair	MB Sarkar, <i>Temple University</i>
Assoc Program Chair	Christoph Zott, <i>University of Navarra</i>

SESSION 348

STRATEGIC HUMAN CAPITAL

TRACK L	Date	Sunday, Sep 12
	Time	16:00 – 17:15 h
Business Meeting	Room	Bramante 2

Chairperson	Russell Coff, <i>University of Wisconsin</i>
Program Chair	William Hesterly, <i>University of Utah</i>
Assoc Program Chair	David Lepak, <i>Rutgers University</i>

SMS BUSINESS MEETING

	Date	Sunday, Sep 12
	Time	16:00 – 17:15 h
Business Meeting	Room	Bramante 8

Joan Enric Ricart, *President*
 Jay Barney, *President-Elect*
 Mike Hitt, *Past-President*
 Dan Schendel, *Treasurer*
 Nikolaus Pelka, *Executive Director*



SESSION 137

PLENARY TRACK

TRACK P	Date	Sunday, Sep 12
	Time	17:30 – 18:30 h
Plenary Panel	Room	Michelangelo BR 1 & 2

SMS Evolving: New IGs on Strategic Human Capital and Stakeholder Strategy

Session Chair

Maurizio Zollo, *Bocconi University*

Panelists

Jay Barney, *Ohio State University*

Russell Coff, *University of Wisconsin*

Edward Freeman, *University of Virginia*

Rajendra Sisodia, *Bentley University*

This plenary session will introduce the new Interest Groups created by the Strategic Management Society, but it will do so with the explicit intent to launch novel and fruitful debates among our broader community from the perspectives of the two new IGs. Ed Freeman and Russ Coff will offer their view about how some of the tenets in strategic management theory could be revisited, and propose novel scientific quests on the basis of their IGs' theoretical positions. Jay Barney will then provide a commentary from an "internal" strategic management perspective, whereas Raj Sisodia, the founder of the Conscious Capitalism Institute and professor of Marketing at Bentley College, will provide an "external" view on the ideas proposed.



Maurizio Zollo holds a Ph.D. degree in management from the Wharton School of the University of Pennsylvania and a laurea degree in monetary economics from Bocconi University. He is currently the Director of the Center for Research in Organization and Management and the Bocconi Dean's Chaired Professor in Strategy and Corporate Responsibility at Bocconi University. Maurizio Zollo serves on the Executive Committee of the European Academy of Management and of the European Academy of Business in Society, of which he is one of the co-founders. Before joining Bocconi University in September 2007, he served for 10 years on the faculty of INSEAD in the strategy department.



Jay Barney is a Professor of Management and holds the Chase Chair for Excellence in Corporate Strategy at the Max M. Fisher College of Business, The Ohio State University. His research focuses on the relationship between costly-to-copy firm skills and capabilities and sustained competitive advantage. In addition to his teaching and research, he presents executive training programs throughout the US and Europe. His consulting work focuses on large-scale organizational change and strategic analysis. Jay Barney is an SMS Fellow as well as a fellow of the Academy of Management.



Russell Coff, Russell Coff, Professor of Strategic Management at the University of Wisconsin-Madison, explores the role of knowledge-based assets in creating and sustaining competitive advantage. Russell Coff received his Ph.D. from UCLA and has previously been a faculty member at Emory and Washington Universities. He currently serves as the chair of the Strategic Human Capital Interest Group of the Strategic Management Society.



R. Edward Freeman is University Professor and Olsson Professor at the Darden School, University of Virginia. He is also Academic Director of the Business Roundtable Institute for Corporate Ethics, housed at Darden. His latest book, *Stakeholder Theory: The State of the Art* was published in 2010 by Cambridge University Press. *Managing for Stakeholders* was published by Yale University Press in 2007. Freeman's *Strategic Management: A Stakeholder Approach* in 1984 traced the genesis of the stakeholder idea and offered a new way to conceptualize business and business strategy.



Rajendra Sisodia is Professor of Marketing at Bentley University and co-founder and Chairman of the Conscious Capitalism Institute. He has a Ph.D. in Marketing & Business Policy from Columbia University. In 2003, Rajendra Sisodia was cited as one of "50 Leading Marketing Thinkers" by the Chartered Institute of Marketing. His work has been featured in the *Wall Street Journal*, *The New York Times*, *Fortune*, *Financial Times*, *The Washington Post*, *The Boston Globe*, *CNBC* and numerous other media outlets. He has consulted and taught executive programs for numerous companies, including AT&T, Nokia, Ericsson, Siemens, Sprint, Volvo, IBM, Price Waterhouse, Ernst & Young, and Southern California Edison.

SESSION 138

PLENARY TRACK

TRACK P

Date Monday, Sep 13

Time 08:15 – 09:15 h

Plenary Panel

Room Michelangelo BR 1 & 2

Keynote: The Future of Competition: Linking the Macro with the Micro**Keynote Speaker**Mario Monti, *Bocconi University***Respondent**Emma Marcegaglia, *Confindustria*

The opening plenary session will be dedicated to the interdependence between the policy and the firm-level dimensions of competitive and corporate strategy-making. Mario Monti will address this key question from his long experience as former EU Commissioner in charge of competition policy and of market integration. Based on his recent report – following which the EU institutions are currently defining a new strategy of a single market - he will offer his view on the key lessons for both policy-makers and firm strategists from the crisis and the complex exit strategies that are being followed. Emma Marcegaglia will provide a response from the perspective of both the President of the Italian Manufacturers' Association (Confindustria) as well as the perspective of the CEO of one of the leading European manufacturers of steel products. The overarching goal of session will be to stimulate the debate in our profession about the influence of regulatory and industrial dynamics on firm strategy and competitive advantage, as well as the impacts of firm level competitive and growth strategies, at varying degrees of sectoral or regional coordination, on the development of the regulatory framework.



Mario Monti was a member of the European Commission in charge of Competition from 1999 to 2005. From 1995 - 1999 he was in charge of the Single Market, Financial Services and Tax Policy of the previous Commission. He received a degree in Economics from Bocconi University and pursued graduate studies at Yale University; in 1994, he was appointed President of Bocconi University. He also taught at the Universities of Trento and Turin before returning to his alma mater. At Bocconi, Mario Monti was also a professor of Economics and Director of the Institute of Economics. He has been a member of the board of directors of several companies and is the author of many publications, in particular on monetary and financial economics, fiscal policy and European integration.



Emma Marcegaglia is the President of Confindustria, the Association of Italian Manufacturers, the first woman and the youngest person to be elected to this high-level institutional role in Italy. In addition, she is Board member and co-CEO (with her brother Antonio) of Marcegaglia S.p.A., one of the leading manufacturers of steel products in Europe. Before her current role at Confindustria, she was Vice-President in charge of the Association's energy and industrial policy. Earlier roles include serving as President for the Young Entrepreneurs for Europe (YES) and as President of the Italian Association of Young Entrepreneurs. She holds a Laurea degree in Management from Bocconi University and completed MBA studies at the New York University's Stern Business School.

09:15 - 09:45
COFFEE BREAK



SESSION 288

TEACHING TRACK

TRACK T	Date	Monday, Sep 13
	Time	09:45 – 11:00 h
Special Panel	Room	Tintoretto 2

The Core Strategy Course: Is There a Dominant Design?

Session Chair

Robert Grant, *Bocconi University*

Rob Grant will leverage many years of experience teaching strategy as well as research into the field of strategy as he leads a session dedicated to addressing the ever important question: “what should we teach in our core strategy course?” Professor Grant, the author of one of the best selling strategy textbooks, “Contemporary Strategy Analysis”, will share insights from a research project he recently completed that analyzed the content of the core strategy courses across many leading business schools today. After sharing the similarities and differences in what is taught, he will lead a debate around what should be taught, what types of cases should be used (are many outdated and irrelevant?), and what kinds of recent research should be integrated into our teaching? Finally, the session will include an update from the SMS Strategy Certification Task Force that is looking into a potential strategy certification program and they will share findings around research on the strategy “Common Body of Knowledge.”

SESSION 113

EMERGING METHODS FOR MICROFOUNDATION RESEARCH

TRACK A	Date	Monday, Sep 13
	Time	09:45 – 11:00 h
Paper	Room	Bramante 2

Session Chair Alfonso Gambardella, *Bocconi University*

Bridging Micro and Macro Through Experimental Information Acceleration

Pierre Richard, *University of Wollongong*

Tim Colman, *University of Wollongong*

Among leading organizations in all sectors there is evidence that successful managers possess the capability to deal with contradictory tensions within their “macro” competitive and institutional environments. Furthermore, the strategic thinking and decision-making capabilities expected of managers highlight the importance of “micro” processes within organizations. Although macro and micro perspectives are intuitively linked, the empirical literature often separates these two perspectives into either strategy content or process. This paper demonstrates how an experimental method based on “discrete choice analysis” and “information acceleration” can be used to bridge the divide between “micro” managerial processes and the “macro” environmental contexts framing them. This method is behaviorally sound and provides greater control over alternate explanations. Practically, we unpack the role managers play as orchestrators of exploitation and exploration.

Do Stories Shape Strategy? The Influence of Narratives on Strategic Decision Making

Philip Roundy, *University of Texas-Austin*

Despite the “narrative turn” said to be taking place in the social sciences, there have been few, if any, studies examining narratives’ influence on strategic decision making. This paper draws on narrative theory, as well as on work in several micro-level disciplines, to examine the influence of narrative forms of information on strategic decision making. The author proposes that a particular property of narratives – vividness – causes

narrative information to be more likely to be selected, retained, and recalled and, hence, to be more likely to influence strategic decisions. In addition, the author identifies a potential moderator of the relationship between narratives and strategic decision making: environmental stability. It is argued that in unstable environments, narratives’ influence increases; whereas in stable environments narratives’ influence decreases.

Innovative and Managerial Brains Facing the Exploration-Exploitation Dilemma

Daniella Laureiro-Martínez, *Bocconi University*

Nicola Canessa, *San Raffaele Scientific Institute*

Using functional magnetic resonance imaging (fMRI) we studied differences in the behavior and brain activations between a group of managers and a group of innovators. We found differences in the activations associated with explorative and exploitative decisions and also in the way each group faced those decisions. For decision-making resulting in exploitation, ventromedial and dorsomedial-prefrontal regions were more active. Instead for explorative behavior the activation mainly involved lateral-fronto-parietal areas associated with attention control. Besides, when compared to managers, innovators activate brain areas in charge for broader attention. Our results indicate that different groups of individuals process choices under uncertainty in different ways. These findings may give rise to an explanation of a newly identified and quantifiable source of managerial inertia regarding innovative and strategic decision-making.

Studying Micro-level Phenomena in Strategic Management: How Ecologically Valid are Findings from Vignette Studies?

Stefan Linder, *Copenhagen Business School*

Much research in strategic management crucially depends on our ability to make robust statements about causal relationships. Vignette studies are one method to gather evidence for such relationships. Surprisingly, however, they have been largely absent from strategic management research so far. One likely reason for this is the unclear ecological validity of findings generated by means of a vignette study. Given the method’s somewhat laboratory nature, doubts about the ecological validity seem warranted. The present paper aims at addressing this gap in research by providing and comparing results for a micro-level phenomenon within strategic management by means of a vignette study and a cross-sectional field survey. The findings suggest that both methods yield similar results, i.e. that results from vignette studies are ecologically valid.

SESSION 277

REPUTATION AND LEGITIMACY

TRACK B	Date	Monday, Sep 13
	Time	09:45 – 11:00 h
Paper	Room	Tintoretto 1

Session Chair Andrew Shipilov, *INSEAD*

Organizational Legitimacy, Efficiency, and Survival

Xuguang Guo, *University of Wisconsin*

The article examines the relationships among organizational legitimacy, efficiency, and survival. I argue that legitimacy is an intermediate goal for organizational isomorphism. It either enhances efficiency or depresses the probability of default. When survival is the ultimate goal of adopting decisions, maintaining legitimacy can be at the expense of efficiency. By investigating the impacts of employer-provided health insurance (EPHI) in the United States, this article provides empirical evidence that costly isomorphic conformity can enhance the probability of organizational survival.

Risk Preferences and Learning from Sanctions: The Case of Banks

Ji-Yub Kim, *INSEAD*

Paul Adler, *University of Southern California*

If we think of regulatory sanctions as a form of teaching, we are led to ask whether firms as students learn from their experience of sanctions to avoid future violations and sanctions. We hypothesize that firms respond differently to sanctions depending on their risk propensities and risk perceptions. Building on the behavioral theory of the firm, we develop a model that accounts for differences in learning dynamics based on these risk-related factors. We find evidence that firms with lower risk propensities and higher risk perceptions are more likely to learn the lessons that regulators aim to teach.

The Prince and the Pauper: Search and Brokerage in the Initiation of Status Heterophilous Ties

Andrew Shipilov, *INSEAD*

Xiao Li, *York University*

Henrich R. Greve, *INSEAD*

We combine structural hole theory with performance-feedback theory to identify determinants of partner selection in networks. Specifically, we examine how a brokerage position coupled with aspiration-performance gaps affect organizations' propensity to initiate ties to partners of different status. We find that organizations in brokerage positions are more likely to initiate such ties than non-brokers. However, when the performance of an organization in a brokerage position deviates from its aspiration level, it is more likely to initiate ties to partners of similar status. Our results also suggest that organizations in brokerage positions set social and historical aspiration levels differently from non-brokers, which in turn affect their propensity to initiate ties to partners of different status.

The Role of Firm Reputation in Shareholder reactions to financial restatements

Donald Lange, *Arizona State University*

Peggy Lee, *University of Texas-Austin*

Ye Dai, *University of Texas-Austin*

In this study, we address a puzzle that has started to become evident across a small group of studies considering the moderating effect of good firm reputation on firm outcomes when the firm faces a controversy. Some have found that a good firm reputation has a buffering effect against negative constituent reactions, while others have found that a good firm reputation aggravates those negative reactions. We offer a multidimensional conceptualization of firm reputation and explore how the distinct effects of the different dimensions of firm reputation can help explain why firm reputation may both aggravate and alleviate negative stakeholder reactions to firm controversy. We examine our predictions among the sample of firms that were sanctioned by the SEC in the 2002 to 2006 timeframe.

SESSION 100

COOPETITION TENSION: EMERGING CONCEPTUAL ISSUES

TRACK C	Date	Monday, Sep 13
	Time	09:45 – 11:00 h
Panel	Room	Bramante 1

Session Chair

Elena Rocco, *University Ca' Foscari Venice*

Panelists

Ravi Madhavan, *University of Pittsburgh*

Rhonda Reger, *University of Maryland*

Manish Srivastava, *Michigan Technological University*

Coopetition is extremely challenging due to diametrically opposing forces: value creation vs. appropriation, creation of common benefits vs.

getting the larger proportion of the benefits, collaboration for common goal vs "race" to learn, and so on. These opposing forces create a lot of tension in coopetition relationships. This panel discussion will engage researchers from around the world to explore and understand coopetition tensions and will identify directions for future research. The panel consists of scholars with research expertise in coopetition, strategic alliances, competitive dynamics, and other related areas as well as an executive with experience in managing coopetition. The presentations will address issues from individual, group, organizational, and inter-organizational levels of analysis and will share and explore various conceptual perspectives on the topic.

SESSION 235

NETWORKS AND ALLIANCES

TRACK E	Date	Monday, Sep 13
	Time	09:45 – 11:00 h
Common Ground	Room	Bernini 3
Facilitator	Corey Phelps, <i>HEC-Paris</i>	

Are the Industrial Districts Still Attractive: An Empirical Analysis in Italy

Nunzia Carbonara, *Polytechnic University of Bari*

Ilaria Giannocco, *Polytechnic University of Bari*

This paper explores the attractiveness of economic areas at a cluster level in terms of their capacity to attract the location of MNCs. In particular, we are interested to investigate what are the agglomerative forces that drive the location choice of MNCs toward Industrial Districts (IDs). To this aim, we consider two streams of studies: the first regards the location decisions of MNCs and the second the new theories on the ID competitive advantage. Based on these studies, we formulate four hypotheses concerning the knowledge-based conditions driving the location choice of MNCs in IDs. By developing a OLS regression model, we find that MNCs will prefer IDs with a high level of R&D activities and professional workforce.

Can Coopetition be Source of Competitive Advantage for Strategic Networks?

Valentina Della Corte, *University of Naples Federico II*

Mauro Sciarelli, *University of Naples Federico II*

Contributions on competitive strategy and advantage have been long concentrated on the single firm. In Europe small and medium enterprises still prevail, business districts are widespread and rivals are called to cooperate, in order to face the global context. Inter-firm collaboration seems to be the main path to survive and compete. Literature has more concentrated on the reasons for success of strategic alliances and networks even if many of them fail or do not take off. In the light of relational view and the absorptive capacity approach, the paper tries to verify whether coopetition, can be, through the relations that generates, source of competitive advantage or rather of disadvantage. Theoretical hints are tested empirically on a sample of firms in Italy operating in tourism industry.

Framing the Strategic Peripheries: A Novel Typology of Suppliers

Paolo Aversa, *University of Bologna*

Magdalena Abt, *University of Bamberg*

This paper contributes to the emerging theoretical perspective named the "peripheral-view of the network", by proposing an innovative typology of strategic suppliers. The data collected through a multiple in-depth case study of 18 successful firms in the Italian motorcycle industry have presented a four-type classification of suppliers, based on two scales concerning their external relations (asset specificity intensity and strategic focus): Niche suppliers (low asset specificity – narrow strategic focus); flexible suppliers (low asset specificity – wide strategic focus);



committed suppliers (high asset specificity – low strategic focus); multi-purposes suppliers (high asset specificity – wide strategic focus). The results suggest that different levels of relational capabilities correspond to diverse positionings in the industry, and therefore different types of competitive advantages towards other firms.

Network Resource Accumulation Strategies, Environmental Uncertainty, and Performance: Evidence from the Global Air Transportation Industry

Ulrich Wassmer, *Concordia University*
Anoop Madhok, *York University*
Sali Li, *University of Wisconsin-Milwaukee*

How does variation in firms' network resource accumulation strategies explain performance differentials under different environmental conditions? This paper examines the performance effect of broad and intensifying network resource accumulation strategies by taking environmental uncertainty into account. More specifically, we focus on alliance portfolio configuration as an important strategic device to obtain preferential access to strategically critical network resources. We develop hypotheses that are tested using data from the global air transportation industry over the time period 1994 to 2000. The results show that the performance effect of the number of specialist partners, i.e. firms with a low resources breadth, in a focal firm's alliance portfolio and the number of generalist partners, i.e. firms with a high resource breadth, is conditioned by environmental uncertainty.

Network Resources and Competitive Action: The Awareness-Motivation-Capability Perspective

Goce Andrevski, *Queen's University*
Daniel Brass, *University of Kentucky*
Walter Ferrier, *University of Kentucky*

We explore how the structure of a firm's alliance network impacts its awareness, motivation, and capability to carry out competitive actions. More specifically, we argue that when a firm is embedded in network rich in structural holes, it has a greater awareness of network-born opportunities to pursue via competitive actions. However, whether it will pursue and capitalize on those opportunities will depend on both its motivation and capability to do so. We tested our hypotheses on a longitudinal sample of competitive actions and alliances in the U.S. auto industry. We find a three-way interaction among firms' awareness, motivation and capabilities in predicting the number of competitive actions.

The Effect of Alliance Portfolio Diversification on Firm Performance

Olga Bruyaka, *Virginia Tech*
Turanay Caner, *North Carolina State University*

Drawing on the relational resource-based perspective and the transaction cost theory we examine how different dimensions of alliance portfolio diversity (APD) – alliance ties diversity and alliance partners' diversity – differentially contribute to firms' performance. Focal firms' organizational scope is predicted to moderate APD-performance relationship. The empirical study of 201 US biopharmaceutical companies (1995-2007) shows APD's positive effect on firms' performance. This effect was primarily driven by diversity in ties content and was positively moderated by knowledge breadth. Partners' diversity had U-shaped relationship with firms' performance. Implications for theory and practice are discussed.

SESSION 304 REAL OPTIONS

TRACK E	Date	Monday, Sep 13
	Time	09:45 – 11:00 h
Paper	Room	Bramante 3
Session Chair	William Bogner, <i>Georgia State University</i>	

Disentangling the Value of Product Release: A Conceptual Model of Network Effects and Real Options

David McIntyre, *Providence College*
Asda Chintakananda, *Nanyang Technological University*

A substantial literature has emerged in recent years around the unique dynamics of network industries, where consumers derive value from interacting with a network of other users. Yet strategy implications have been constrained by assumptions about the seemingly uncertain and volatile processes which drive these industries. Concurrently, real options theory holds that such industry dynamics can offer substantial value to firms which can identify the optimal times to embark or defer strategic actions. Integrating these two perspectives, this paper presents a conceptual framework for applying real options logic to product releases in network industries and discusses several potential contributions to theory and practice.

Lucky or Smart? Display Technology Investments under Uncertainty in the Flat Panel Television Set Industry

Derek Lehmberg, *North Dakota State University*
Roderick White, *University of Western Ontario*

A major question of strategic management is how firms should manage uncertainty. Literature on strategic commitment and real options logic offer contradictory prescriptions; the former suggests firms make commitments under uncertainty, while the latter prescribes firms keep options open. This research studies firms' investment behavior and documents performance outcomes in the Japanese TV set industry. This industry was selected for its high levels of technological uncertainty due simultaneous development of alternative flat panel display technologies combined with low market needs uncertainty. Evidence of investments made by focal firms was consistent with real options logic. Observed performance outcomes illustrate the potential downside extreme of strategic commitment, but failed to identify firms that improved their position in the industry through following investment paradigm.

Real Option Reasoning in Exit Decisions

Pingping Song, *Georgia Gwinnett College*
William Bogner, *Georgia State University*

Exit decisions are a key to firms' effective adaptation and strategic renewal. Yet how firms make exit decisions remains largely unexplored in the strategy literature. The behavioral theory of the firm suggests that firms' exit decisions subject to three types of cognitive or behavioral biases: framing errors, escalation of commitment and uncertainty avoidance. The widely used NPV model has its own fault and may lead to ineffective exit decisions. We propose that managers should move toward real option reasoning, which can improve the effectiveness in decision making by reducing the biases and overcoming the weaknesses of the NPV perspective. This paper contributes broadly to the strategic decision making literature by developing a more complete model of decision making.

Rushing out of Business: The Impact of Strategic Firm Purpose on Business Exit Decisions

Klaus Meyer, *University of Paris II*

Strategic management's fundamental question "What business are we in?" not only defines firm vision and purpose, it also shapes the firm's activity portfolio and capability base. Organizational decisions abandoning established business activities will then have an immediate impact on firm purpose. The paper assesses the characteristics of strategic options in the decision process leading to a business exit decision (divestiture, downsizing or outsourcing). It is argued that management perceives business exit strategies as having superior short-term characteristics as compared to more complex strategies guided by business purpose. A research agenda is formulated which aims to identify the role of firm purpose in the strategic decision process.

SESSION 171

MERGERS AND ACQUISITIONS RECONSIDERED

TRACK F	Date	Monday, Sep 13
	Time	09:45 – 11:00 h
Common Ground	Room	Bernini 2

Facilitator Jay Anand, *Ohio State University*

Antecedents and Consequences of Acquisitions Involving High-Technology Firms

Douglas Miller, *University of Illinois-Urbana Champaign*
Anju Seth, *Virginia Tech*
Sai Lan, *University of Illinois-Urbana Champaign*

Using a sample of firms in high-technology industries, we investigate the nature of their acquisitions over a 14-year window. Rather than focusing only on a particular kind of acquisition, we identify different purposes, such as acquisitions to access new markets or to integrate new technology. After describing the distribution of these events, we test hypotheses about the effect of acquisition on innovation, and how that relates to financial outcomes (i.e., the market's reaction). Through this study, we hope to understand how high-tech firms create value through acquisitions, and how acquisitions impact innovation across several industries. This proposal summarizes our research questions, methods, and preliminary results.

Consistency Between Espoused and Realized Values During Merger Integration: Influence on Productivity and Performance

Margaret Cording, *Rice University*
Jeffrey Harrison, *University of Richmond*
Robert Hoskisson, *Rice University*

We explore a novel mechanism that links human capital to firm performance. Building on the psychological contract, reciprocity, and trust literatures, we hypothesize that organizational authenticity - defined as consistency between the values a firm espouses and those that drive its decisions - will be positively related to employee productivity during post-merger integration. We explore authenticity vis-à-vis values oriented to two stakeholders: employees and customers, arguing the employees will have negative reactions to perceptions of a lack authenticity with customers. We further hypothesize that employee productivity will be related to long-term shareholder returns. We test our hypotheses with a sample of 129 mergers, using polynomial regression and ordinary least squares analyses.

Down and Up and Down Again: The S-Curve Relationship between Acquisition Experience and Performance

Thomas Hutzschenreuter, *WHU - Otto Beisheim School of Management*
Ingo Kleindienst, *WHU - Otto Beisheim School of Management*
Michael Schmitt, *WHU - Otto Beisheim School of Management*

Early research on a company's acquisition experience and acquisition performance has adopted a learning-curve perspective, assuming positive returns to experience. More recent research, however, has questioned the basic assumption that experience is always positive. In the present paper, this critical view of experience is further extended. Taking a behavioral learning perspective, it is argued for a sigmoid relationship between a company's early acquisition experience and acquisition performance, which is based on three arguments. First, consistent with prior research we argue that novice acquirers are likely to make inappropriate generalizations. Second, losses encountered through inappropriate generalization will stimulate the mindfulness of subsequent acquisitions leading to better performance. Third, over time success will breed renewed failure as mindfulness decreases and inappropriate generalization are used again.

Second-Order Fit In Mergers And Acquisitions: The Contingent Relationship Between Resource Similarity, Complementarity and Managerial Compatibility

David Sirmon, *Texas A&M University*
Mario Schijven, *Texas A&M University*
Rhett Brymer, *Texas A&M University*
Joseph Coombs, *Texas A&M University*

Strategic and organizational 'fit' are important drivers of M&A performance. However, their empirical record is inconclusive. And while it is expected that both are needed, research seldom integrates them. Herein we theoretically and empirically integrate strategic and organizational fit to enhance our understanding of M&A performance. Beyond arguing that both are needed, we draw on advances regarding resource orchestration to theorize a contingent relationship. Because resource similarity and complementary offer different advantages, we argue that different types of managerial compatibility are needed to realize these benefits. Results show that increased managerial compatibility between firms unlocks the synergistic potential offered by geographic and product complementarities, while low compatibility, with the acquirer being more efficient, unlocks the value of geographic and product similarities.

Sub-Additivity in Resource Combinations: Implications for M&A

Jay Anand, *Ohio State University*
Sungho Kim, *Ohio State University*

Empirical research on mergers and acquisitions (M&A) has shown that acquiring firms rarely benefit financially from such transactions. Previous explanations of the performance of M&A focus on the new value potentially created through synergies, but generally assume that the value of the original firms stay intact. We argue that the value of the firm can diminish substantially due to irrecoverable overlaps between the combining firms' resource bases. Using an agent based model and simulation, we identify fungibility and non-tradability of firm resources as key conditions under which M&A can destroy value. This is counter-intuitive since these conditions have been previously argued as drivers of good M&A performance. We examine conceptual and managerial implications of our propositions.

SESSION 172

DIVERSIFICATION AND DIVESTITURES

TRACK F	Date	Monday, Sep 13
	Time	09:45 – 11:00 h
Paper	Room	Bramante 4
Session Chair	Marvin Lieberman, <i>University of California-Los Angeles</i>	

Consequences and Antecedents of Corporate Divestitures: A Meta-Analysis

Kalin Kolev, *Michigan State University*
Yuan Tao, *Michigan State University*
Max Belin, *Michigan State University*

Research focusing on corporate divestitures has provided mixed results regarding their underlying antecedents and consequences. In response to this inconclusive evidence, we conduct a meta-analysis and find a nonzero, positive relationship between divestitures and subsequent performance ($r=0.21$). Regarding antecedents, we identify corporate governance and managerial variables as the major driving factors of divestitures. In addition, we are able to outline particular moderators, such as types of divestiture and performance measures, that offer a more nuanced picture of the antecedents-divestiture and divestiture-performance relationships.

Sunk Costs, Resource Redeployment, and Corporate Diversification

Gwendolyn Lee, *University of Florida*
Timothy Folta, *Purdue University*
Marvin Lieberman, *University of California-Los Angeles*

Economies of scope form the justification for the existence of diversified firms. According to the resource-based view, entries made by a firm into businesses that are closely related to the firm's existing businesses should have higher survival rates than entries by the firm into unrelated businesses. In contrast to this traditional view, we offer a perspective based on sunk costs and resource redeployment. Firms entering related markets encounter low sunk costs, because upon exit they can redeploy those resources to their other businesses. We argue that relatedness should increase a firm's likelihood of abandoning new businesses. Using a sample of more than 1,200 market entries in the U.S. telecommunications sector during 1989-2003, we show that the rate of market exit increased with the relatedness of the new business to the firm's existing businesses.

The Influence of CEOs on Corporate Divestiture Intensity

Shih-chi Chiu, *Nanyang Technological University*
Richard Johnson, *University of Missouri*
Seemantini Pathak, *University of Houston*

We use resource dependence theory and upper echelon theory to examine the impact of CEO factors on corporate portfolio restructuring between 1986 and 2004. Our results from 167 divestiture programs show that CEO experience (industry, firm and functional background) and CEO involvement in interlocking directorates have important associations with a firm's divestiture intensity. Additionally, firms that have CEO succession during restructuring sold more business assets than those without a CEO change. We also found that the pre-restructuring diversification level moderates the relationship between CEO factors and subsequent divestiture intensity. This study contributes to the corporate governance and restructuring literatures by focusing on the effects of less-explored CEO characteristics and experiences on the magnitude of corporate divestiture.

Which is Best as Performance-Enhanced Strategy: The Role of Related and Unrelated Diversification

Maurizio La Rocca, *University of Calabria*
Rosario Faraci, *University of Catania*

This paper provides evidences on the effect of product diversification on firm performance. Using a unique panel of hand-collected data for Italian firms (listed and unlisted) for the period 1980-2006, our results reveal, as a net effect, that diversification has a negative effect on performance. However, different is the effect concerning related and unrelated diversification. Related diversification seems to destroy value, while the unrelated diversification is positive connected with the firm performance. Robustness test, applying a variety of diversification index and performance ratio seems to support these results.

SESSION 226

STRATEGIC OFFSHORING: MOTIVATIONS AND PERFORMANCE DRIVERS

TRACK G	Date	Monday, Sep 13
	Time	09:45 – 11:00 h
Paper	Room	Bramante 6
Session Chair	Arie Lewin, <i>Duke University</i>	

Is Offshoring Decision a Strategic Orientation for Growth or a Strategic Response to Declining Firm Performance?

Hassan Kharroubi, *Macquarie University*
Stephen Chen, *Macquarie University*

Despite the growing importance of offshore sourcing, there is relatively little academic research to understand the phenomenon. In this study, using the path dependency theory, contingency theory and strategic change literature, offshore sourcing decision is conceptualized as a strategic orientation for growth or as a strategic response to declining firm performance. Next, using primary data, we empirically test the proposed model to study the role of the 'strategic orientation' and 'strategic response' in explaining the degree of offshoring. The present study is a quantitative empirical investigation of the underlying decision process to offshoring projects. The study is based on an on-line survey to small to medium size companies. The paper concludes with a discussion of the implications of the results for research and practice.

Shifting Firm Boundaries in Global Services Sourcing: Transaction Costs, Emerging Capabilities and Experience-based Learning

Arie Lewin, *Duke University*
Stephan Manning, *Duke University*
Silvia Massini, *University of Manchester*
Carine Peeters, *Free University Brussels*

Sourcing business services globally either through captive or outsourced delivery models changes the vertical scope of firms. Extant research builds mainly on transaction cost economics and the capabilities view of the firm arguments to explain global sourcing decisions. Based on longitudinal project-level data from the Offshoring Research Network, this paper tests the explanatory scope of these theories and explores alternative firm and industry level explanations as well as the role of time. Findings suggest that offshore governance model choices are barely influenced by task and transaction characteristics. Rather, they can be explained by the national origin of the firm, firm-specific learning effects as the extent of offshoring increases, prior experiments with captive and outsourced models, and the increasing availability of specialized service providers over time.

Underlying Offshoring Motives: Deliberate or Emergent Strategies and Their Impact on Firms' Performance

Yvonne Borkelmann, *Copenhagen Business School*

Based on a recent Scandinavian survey of companies currently actively offshoring, this paper examines the underlying main strategic drivers and antecedents to the decision to offshore, namely cost-driven motivations and motivations based on domestic shortage of qualified personnel. I develop and tests hypotheses as to whether the different drivers are deliberately executed by top-management or rather emergent strategies and, which effect the deliberate implementation of these strategies has on firms' performance. The results confirm that still both drivers play an important role and their deliberate formation significantly increases reported firm performance as an outcome of the decision to offshore.

When Does Offshoring Pay Off? Firms' Financial Performance Before and After Offshoring

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

Despite much ado about the nature and consequences of offshoring there is only very limited knowledge about the financial performance effects on firms engaging in offshoring. We focus on the pre-offshoring performance as an antecedent of successful implementation of offshoring strategies rather on the strategies as such. We develop and test two competing hypotheses and draw on a unique data set which combines a large-scale survey with detailed time series data of financial performance of Danish firms. Findings suggest that offshoring only improves the financial performance for firms that are underperforming prior to offshoring. Apparently, for offshoring operations to succeed a sense of urgency has to permeate the organization, and this sense more than offsets negative effects of time pressure and lack of resources.

SESSION 231

OUTSOURCING, DYNAMIC CAPABILITIES, AND THE CHANGING NATURE OF FIRM BOUNDARIES

TRACK G	Date	Monday, Sep 13
	Time	09:45 – 11:00 h
Panel	Room	Michelangelo BR 1 & 2

Session Chair

Saikat Chaudhuri, *University of Pennsylvania*

Panelists

Joydeep Chatterjee, *University of Pennsylvania*
Saikat Chaudhuri, *University of Pennsylvania*
Sendil Ethiraj, *University of Michigan*
Natalia Levina, *New York University*
Harbir Singh, *University of Pennsylvania*

Research on outsourcing and offshoring among scholars of strategy, organizations, and innovation is on the rise. While the study of motivations, processes, and outcomes surrounding outsourcing and offshoring may be interesting in its own right, research on these transactions also provides important insights on the fundamental organizational phenomena underlying them. This Panel will examine work on outsourcing and offshoring which contributes to our understanding of organization design – in particular the location of firm boundaries, dynamic capability building, task delineation, knowledge transfer, coordination, and incentives. The goal of the Panel is to enlighten scholars who are beginning, or are currently involved in, such research by familiarizing them with the theoretical and analytical issues they will confront, identifying promising lines of inquiry, and fostering a scholarly community to cohesively advance knowledge on the topic.

SESSION 263

KNOWLEDGE AND GOALS IN DECISION MAKING

TRACK H	Date	Monday, Sep 13
	Time	09:45 – 11:00 h
Paper	Room	Bramante 7

Session Chair Xavier Castaner, *University of Lausanne*

Experience, Superstition and the Weight of Cognitive Load: Evidence from the Private Equity Sector

Francesco Castellaneta, *Bocconi University*

The attention based view of the firm proposed that, due to bounded rationality, organizations do not take decisions evaluating the full range of strategic options available but are selective in the issues and answers they attend to. The cognitive load, defined as the number of strategic activities simultaneously carried out by the firm, negatively impacts on performance. The paper shows that the stock of prior experience, contributing to the formation of routines, positively moderates the relationship between cognitive load and performance. On the contrary, past performance, increasing overconfidence that results in superstitious learning, negatively moderates the impact of cognitive load on performance. Theoretical propositions have been tested on a worldwide sample of 7.267 acquisitions realized by 257 private equity funds.

Experiential Knowledge as Exemplars: A Multi-Case Analysis of Performance Feedback and Acquisition Decision Making

Steven Dionne, *University of Alabama*
Duncan Angwin, *University of Warwick*

This study utilizes forty-four case studies to examine the specific activities surrounding the accumulation and application of experience in acquisition decision-making. The analysis focuses on understanding how managers draw inferences from prior experiences to make acquisition decisions, thereby explicating the role of performance feedback in learning. Previous research has largely inferred the nature of experiential knowledge through an examination of outcomes. However, an improved understanding of managerial action in decision-making will provide insight into how inferences are accumulated from prior acquisition experiences and subsequently applied. The results suggest that prior experiences provide exemplars upon which subsequent decisions are made. Historical successes and failures create rules, concepts and procedures that direct decision-makers into specific choices.

Sequential Attention to Goals of Different Hierarchical Levels: Evidence from Chinese Listed Firms

Man Zhang, *INSEAD*

In an organization that is seen as a goal-directed system with multiple goals (Cyert & March, 1963), a sequential attention to goals model has come to explain how organizations pursue one goal at a time in which high performance relative to aspiration on one goal shifts attention towards the next (Greve, 2008). However, the model seems only comparing the order of managerial attention to the similar level of goals, leaving the hierarchy nature of organizational goals in managers' decision making process unexplored. In this study, we attempt to investigate the sequential attention to goals of different hierarchical levels in determining firms' future strategic actions. In particular, we propose a study using data of Chinese public listed firms to examine the interplay between firms' short-term performance feedback goal and long-term corporate ownership structure change goal in influencing firms' merger and acquisition (M&A) decisions.



Synergy Management on Business Group: The Contingencies of Cross-Subsidiary Transaction

Yu Shih Lee, *Chung Yuan Christian University*
Dah-Hsian Seetoo, *National Chengchi University*
Chwo-Ming Yu, *National Chengchi University*

This study aims to how headquarters manages cross-subsidiary transaction to create group synergy. Qualitative research method is adopted and 11 cases are collected. It is found that the contingencies of cross-subsidiary transaction consist of "level of input measurability", "level of input cost", "level of market failure" and "level of outcome reciprocity". The mechanisms for cross-subsidiary transaction include "goal alignment", "transfer-pricing" and "market mechanism (market price)". In this paper, a fitting model is proposed for managing cross-subsidiary transaction and for achieving group synergy.

SESSION 187

OPEN INNOVATION

TRACK I	Date	Monday, Sep 13
	Time	09:45 – 11:00 h
Common Ground	Room	Bernini 4
Facilitator	Gabriel Szulanski, <i>INSEAD</i>	

Competitive Advantage from Knowledge Brokering in Distributed Innovation

Juan Andrei Villarroel, *Catholic University of Portugal*
John Taylor, *Columbia University*
Christopher Tucci, *Swiss Federal Institute of Technology-Lausanne*

This article sheds light regarding the effects of open sourcing and knowledge-brokering behavior on the learning performance of competing Communities of Practice (CoPs). Informed by empirical evidence drawn from the Netflix Prize case, we developed an agent-based simulation model that explores the effects of varying levels of open sourcing and knowledge brokering on learning performance across CoPs. It builds upon a simple learning model of CoP rooted in situated learning theory, whereby competing communities emerge as individual contributors work together. The results of the simulation yield four propositions. The findings of this research yield insights into the choice of, and tradeoffs involved in, corporations' combining different levels of open sourcing and knowledge brokering to achieve desired learning outcomes in online distributed innovation initiatives.

Open Innovation in the Creation of a New Industry: The Case of Bandit Cell Phones

Shih-Chang Hung, *National Tsing Hua University*
Yu-Chun Chen, *National Tsing Hua University*

This paper adopts the open innovation perspective to study the emergence of Chinese bandit cell phones since the early 2000s. Using an in-depth case study approach, we examine how entrepreneurial actors in the industry managed to overcome institutional constraints and achieve market dominance. We highlight three particular groups of actors that are important to open innovation in the creation of this industry. These groups include: lead users, foreign suppliers, and ethnic groups.

Opening Up Innovation Processes: Managerial Challenges and Practices Implementing Web Innovation Tools

Lars Bengtsson, *Lund University*
Natalia Ryzhkova, *Blekinge Institute of Technology*

Open innovation have been advocated as an efficient way to accelerate innovation processes and expanding the markets for innovations in turbulent times. One specific way of practicing open innovation is use of web-based innovation tools. While previous research has focused the

opportunities these tools may provide, the managerial competences needed to implement and operate these tools have received less attention. The aim of the paper is to develop a framework of managerial challenges and practices related to different managerial competences and modes of web innovation tools based on previous research and a case study of a telecom company's web innovation site and management of the web site. The research reported here intends to contribute to the research on open innovation and web innovation tools.

The Economic and Organizational Underpinnings of Open Innovation Strategies

Gary Dushnitsky, *London Business School*

The past decade has witnessed an increased emphasis on Open Innovation strategy, where firms proactively seek to leverage external knowledge. Following this strategy, however, a firm is only as innovative as its partners are. Accordingly, this paper investigates the factors that drive a firm's ability to access innovative partners. We focus on economic and organizational factors that shape the partnering process, as well as the subtle interactions among these factors. To that end, we develop a formal theoretical model of the venture capital setting where established firms, as part of their open innovation strategy, pursue corporate venture capital (CVC) in innovative ventures. The predications are tested using a unique sample of 157 startup-stage CVC-entrepreneurial investments and a matched-sample of possible investments that did not materialize.

The Influence of Openness in Innovation Performance: The Eclipse Case

Helena Garriga, *ETH Zurich*
Sebastian Spaeth, *ETH Zurich*
Georg Von Krogh, *ETH Zurich*

This paper presents an empirical examination on the impact of firms' and communities' participation in knowledge creation in a multiple-firm collaboration environment. Open Innovation (OI) and Open Source Software (OSS), provides an environment where firms collaborate with each other to enable and boost knowledge creation (Chesbrough 2003), and where community participation have an impact on its development and it is critical to its success. We find that knowledge creation is not plainly linked to the resources involved in a project and firms' participation impacts the virtual communities' contribution. We conclude that alliances are benefited by larger community participation, but also face development constraints based on resources stability. This paper contributes to understand how firms can benefit from synergies coming from open innovation and virtual communities participation.

The Paradox of Being Open: External Technology Sourcing and Knowledge Protection

Anu Wadhwa, *Swiss Federal Institute of Technology-Lausanne*
Isabel Maria Bodas Freitas, *Grenoble Graduate School of Business*
MB Sarkar, *Temple University*

This paper explores how a firm's openness in its technology sourcing interplays with its simultaneous pursuit of knowledge protection strategies to enhance innovative performance. We argue that organizational knowledge protection mechanisms such as restricting employee mobility, secrecy and knowledge complexity influence the inverted-U relationship between a firm's external technology sourcing and its innovative performance. We test our hypotheses on a sample of 2576 French manufacturing firms during 2002-2004 and find that employee retention facilitates firm efforts at capturing value from external technology sourcing, but secrecy and knowledge complexity attenuate those efforts.

SESSION 189

KNOWLEDGE SHARING AND INTEGRATION

TRACK I	Date	Monday, Sep 13
	Time	09:45 – 11:00 h
Paper	Room	Bramante 9

Session Chair Fredrik Hacklin, *ETH Zurich*

Exploring the Micro-Foundations of Tacit and Explicit Knowledge Integration

Fredrik Hacklin, *ETH Zurich*
Martin Wallin, *ETH Zurich*

The ability to integrate knowledge is a primary function of the firm. While firms are often believed to have an advantage in integrating tacit knowledge, individuals in firms have networks extending beyond the firm. Recent theorizing stresses the importance of these networks. However, the function of individuals in integrating external knowledge is not well understood. Two modes of knowledge integration at the level of the individual can be distinguished: tacit integration and explicit integration. In this paper we explore the relationship between these two modes of knowledge integration on the one hand and the body of integrated knowledge on the other. We develop a model of knowledge integration and assess the two modes of knowledge integration on a longitudinal bibliometric dataset. The results are important for firms to understand the strategic role of individuals in gaining access to and integrating new knowledge into the firm.

Kitchen Confidential? Knowledge Transfer and Social Norms in Gourmand Cuisine

Giada Di Stefano, *Bocconi University*
Gianmario Verona, *Bocconi University*

In this paper, we explore the conditions for know-how transfer in gourmand cuisine, an industry characterized by rapid innovation and weak protection of intellectual property. We focus on bi-lateral sharing between competitors – i.e. the transfer of sensitive information about cuisine elements, such as recipes and cooking techniques, between chefs. By looking at this flow of information, we aim to understand: under which conditions firms will voluntarily release sensitive information to their competitors as well as the characteristics that this flow has. Within Italy and U.S., we use a mixed-method approach to examine knowledge sharing among chefs. In particular, through qualitative analysis we explore the conditions under which chefs share their knowledge with chefs at other restaurants. We test the emerging model using a scenario-based experiment.

Managing the Quality of Knowledge Use in Firms: A Simulation Approach

Abhijit Mandal, *Middlesex University*
Rajiv Nag, *Georgia State University*

The knowledge based view (KBV), that holds knowledge as the primary competitive resource for firms, has extended our understanding of the origins of competitive advantage. However, the objective treatment of knowledge in these approaches has unwittingly downplayed the fundamental role played by organizational leaders and members in using knowledge. In this paper we formulate a process framework of managerial engagement that offers a potentially novel way for understanding the managerial bases of knowledge-based advantage. We propose the use of a systems dynamics approach to model the relationships between managerial engagement and the quality of knowledge use in the context of varying levels of environmental volatility. Model simulations point to counter-intuitive effects arising from the interaction of volatility and other factors that influence the quality of knowledge use.

Performance Enhancement: The Practice of Organizational Knowledge Sharing

Taman Powell, *Cardiff University*

An organization's capacity to share knowledge among its individuals and apply that shared knowledge to enhance performance is seen as a vital source of competitive advantage. A growing body of research, under the knowledge-based view banner, has begun to examine knowledge as a key organizational resource. While this research has examined forms of knowledge sharing, it has generally done so via focussing on a single approach. In contrast the research presented in this paper, based on 42 interviews across 5 management consultancies, develops a typology of knowledge sharing and analyses the performance of each from a practice perspective. Findings indicate distinct performance profiles for each knowledge sharing approach. Performance trade-offs made by practitioners highlight the value placed on different performance characteristics as well as highlight scope for improving knowledge sharing overall.

SESSION 198

INTRAORGANIZATIONAL KNOWLEDGE FLOWS

TRACK I	Date	Monday, Sep 13
	Time	09:45 – 11:00 h
Paper	Room	Bramante 5

Session Chair Elisa Operti, *University of Lugano*

Cultural Characteristics Fostering Knowledge Sharing across Boundaries – A Multiple-Case Study

Julia Mueller, *University of Innsbruck*
Hans Hinterhuber, *University of Innsbruck*

Companies have introduced various knowledge management initiatives to fully derive business value from their employees' knowledge. However, the main focus still lies on individual or organizational knowledge sharing processes leaving out the team focus. As many companies organize their processes around projects, knowledge sharing between teams becomes vital to ensure organization-wide learning. This study focuses on cultural elements that ensure that knowledge is shared across project boundaries. Therefore, a qualitative study has been conducted in four project-based companies. The results provided by the analysis technique of GABEK® indicate that there are several cultural elements that foster knowledge sharing across boundaries regardless the specific company setting. The study shows new cultural elements that are important for cross-boundary knowledge sharing and thus starting points for future research.

Firm Knowledge and Innovation: The Role of Transactive Memory Systems

Anthony Hood, *University of Alabama*
Carl Tolbert, *University of Alabama*
Louis Marino, *University of Alabama*

This article explores the role of transactive memory systems as a knowledge combinative capability of teams. This paper addresses calls for research exploring the ways in which individuals' behaviors and cognitions affect firm knowledge and innovation processes. We describe the conditions through which TMS is likely to have the largest impact on firm innovations—through constructive conflict, psychological safety, and team learning behaviors.

Intra-Organizational Collaboration, Knowledge, And Firms' Innovative Performance

Elisa Operti, *University of Lugano*
Gianluca Carnabuci, *University of Lugano*

This paper investigates the link between intra-organizational collaboration networks and firms' innovative performance. We consider the benefits and costs of intra-organizational collaboration to determine to what



extent should individuals collaborate in a firm's intra-organizational network to increase a firm's innovative performance? what structure of the intra-organizational network enhances innovation? Our arguments posit that the ultimate effects of both the extent and the structure of intra-organizational collaboration networks on firms' innovative performance depend crucially on the degree of heterogeneity of a firm's knowledge base. We test our hypotheses, using a newly constructed dataset describing the internal collaboration networks of a sample of firms in the global semiconductor industry between 1986 and 2003.

Successful Diffusion of Local Strategic Practices within Multinational Enterprises

Ali Taleb, *HEC-Montreal*

Louis Hébert, *HEC-Montreal*

This qualitative study investigates how subsidiary strategic practices diffuse to sister organizational units within multinational enterprises (MNEs) and how such transfers may shape corporate global strategies. Specifically, we use a case-based approach to explore multiple instances where strategic practices developed by the Canadian subsidiary of a large MNE travelled across the organization. Based on the results of a fine-grained analysis, this study makes three major contributions. First, the phenomenon of practice diffusion is examined from a subsidiary perspective and thus complements the existing works which dealt essentially with top-down transfers of knowledge. Second, diffusion mechanisms are explained using intra-organizational institutional isomorphism forces. Finally, successful transfers are linked to subsidiary global mandates and corporate strategy evolution. These findings have important research as well as practical implications.

SESSION 250

STRATEGISTS DEALING WITH CHANGE

TRACK J	Date	Monday, Sep 13
	Time	09:45 – 11:00 h
Paper	Room	Bramante 8

Session Chair Véronique Ambrosini, *University of Birmingham*

Dynamic Capabilities through an Anthropological Lens: NATO's Defining Moment

John Tull, *University of Sydney*

The interpretive capacity of the strategist can be enhanced through new perspectives gained with the use of non-traditional tools. Deconstructing the strategic failure of a major multinational alliance to exercise the necessary dynamic capabilities to grapple with the total loss of its traditional 'market' is instructive. We conclude that the strategist's interpretive repertoire can be augmented by an analysis that goes beyond structural and functional principles to examine the symbolic dynamics between agents, their epistemic frameworks, value structures and socio-political allegiances that combine to animate these agents. It necessarily includes within dynamic capabilities those discursive practices employed to mobilize support by framing issues in terms that create social and cultural legitimation. One source of such additional tools is the field of anthropology.

John Reed, Citibank and the Commercial Real Estate Crisis of the 1990s: A Case Study

Sarah Kaplan, *University of Toronto*

In September 1990, the commercial real estate market experienced a sudden, dramatic drop in prices. This event threatened the survival of Citibank, one of the major money center lenders. CEO John Reed almost lost his job, but, today, we know that he successfully navigated Citibank through this period and defended his own job as CEO. This study uses data from the private archives of the CEO plus present-day interviews to understand how this crisis came about and what Reed did about it. The study sheds light on the question that has perennially plagued executives and intrigued scholars: How do organizations survive in the face of change? And, more specifically, what is the role of the CEO in this process?

Middle Manager Organisational Change Cynicism and Product Market Strategy Implementation Effectiveness

Lisa Barton, *La Rochelle Business School*

Véronique Ambrosini, *University of Birmingham*

In this paper we explore some of the barriers to effective product-market strategy implementation. We report on an empirical study which focuses on the middle manager as strategic actor in product-market strategy implementation. Specifically we examine how organizational change cynicism and two of its antecedents (senior management support for the organization's strategy and middle manager perceptions of procedural justice) have a negative effect on product-market strategy implementation performance. Our research provides a deeper understanding of the potential reasons for strategy implementation failure and allows us to make some suggestions how failure might be reduced. The study responds to the call within the Strategy as Practice (SaP) literature for an exploration of the activities of strategists and the link between these activities and strategic outcomes.

The Communication Advantage: Investigating Impacts of Strategy Announcements

Basak Yakis-Douglas, *University of Oxford*

Richard Whittington, *University of Oxford*

We focus on corporate communications related to firms' strategy using event-study methodology to analyse the impact of strategy communications on share-prices. We then construct an explanatory model which estimates cumulative abnormal returns using the variables shareprice shock new CEO, shareprice deviation, size, and regular announcements. Our findings illustrate that not only are strategy announcements sources of cumulative abnormal returns, but also as important as earnings announcements. We suggest that firms carrying out strategy announcements regularly have a higher chance of perfecting these communications and therefore have an increased chance of controlling the direction and scale of investors' reactions. Investors, on the other hand, through these announcements, can form their own benchmarks for evaluating firms and ultimately become more immune to other factors that cause reactions.

SESSION 136

DIVERSE STRATEGIC PERSPECTIVES: AN ENTREPRENEURIAL ENSEMBLE

TRACK K	Date	Monday, Sep 13
	Time	09:45 – 11:00 h
Common Ground	Room	Bernini 5

Facilitator Naga Lakshmi Damaraju, *Indian School of Business*

Entrepreneurship as Protest: The Case of Bengal Chemical and Pharmaceutical Works in Colonial India

Arijit Chatterjee, *ESSEC Business School*

Scholarly research on entrepreneurship includes a plethora of approaches – locational, psychological, social, cultural, and economic – to understand the founding of new organizations. Missing in these approaches, however, is the fundamental process that urges individuals to change the status quo and build something new. In this paper, I offer a fresh perspective by developing a theory of entrepreneurship as a form of protest. I use historical data from late nineteenth century colonial India (1876–1892) to explore the reasons for the birth of three new organizations: the Indian National Congress, Indian Association for the Cultivation of Science, and Bengal Chemicals and Pharmaceutical Works. Comparing and contrasting these three responses to discrimination, I generate a new theoretical perspective and contribute new evidence regarding the antecedents of entrepreneurship.

Hubris, Rapid Capacity Expansions and the Competition in De Novo Ventures

Terence Fan, *Singapore Management University*
Mathew Hayward, *University of Colorado-Boulder*

This study develops and tests the hubris theory of entrepreneurship as a means to explain the variation in failure rates amongst de novo ventures, complementing escalation and other behavioral explanations. It uses rapid increases in production capacity as a proxy for overconfidence, and firm failure to demonstrate hubris. In contrast to previous studies, we reason that overconfidence is more likely in situations where there is no dominant arch competitor for the focal de novo venture (i.e., low arch incumbency). Using data from the European passenger airline industry, we find empirical support that that overconfidence provides an adequate explanation for rapid increases in production capacity in de novo ventures, which in turn, provides a mediating (suppressing) pathway linking arch incumbency to firm failure.

Implementing an Entrepreneurial Orientation: Evidence From SMEs

Artur Baldauf, *University of Bern*
Simone Schweiger, *University of Bern*

To follow up on a recent meta-analysis addressing the relationship between entrepreneurial orientation and performance, we want to respond to the request for examining additional moderating variables in this context (Rauch et al. 2009). In extant research, mainly constructs referring to macro (e.g., dynamism) and micro (e.g., competitive intensity) environmental aspects affecting the firm have been studied. Extending prior research, we apply intra-organizational moderators, namely organizational structure (centralization and formalization issues) and control (behavior vs. output control), to a more fine-grained study of the entrepreneurial orientation-performance relationship. We posit that centralization as well as behavior control will strengthen this relationship, while a high degree of formalization and an output control strategy are unfavorable in this context.

IPOs at the Crossroads: What is Important For Survival?

Fariss Mousa, *James Madison University*
Richard Reed, *Cleveland State University*

The resource-based view holds that spare capacity in and accumulations of resources are important for establishing a competitive advantage. We equate advantage with the ability of new firms (IPOs) to survive, and explore the impact that slack resources have on survival. For a sample of high-tech firms, we find that resource flows in the form of above-industry average working capital and above average R&D spending are important. Stocks of resources in the form of cash, patents, and managerial expertise are not. We also find that firm age, risk factors, and the involvement of venture capitalists have a positive effect on survival, but other factors important for IPO value have a negative effect. In addition, acquisitions, post IPO, have a negative effect on survival.

Revisiting “Untangling the Origins of Competitive Advantage”: A Group Based Trajectory Modeling Approach

Anand Nandkumar, *Indian School of Business*

In our proposed paper, we attempt to distinguish between initial endowments such as technical or marketing capability that enable firms acquire a head start from capabilities that enable firms to adapt to unforeseen changes in the business environment. Using a group based trajectory modeling methodology (GBT) on a sample comprising of 286 Information Security Market startups that entered the industry between 1989 to 2004, we explicitly identify factors that enable startups in a new industry to gain competitive advantage versus those factors that enable them sustain the advantages.

The Health Insurance Decision for New Businesses

Alicia Robb, *Kauffman Foundation*
Scott Shane, *Case Western Reserve University*

In this paper we examine the relationship between characteristics of new businesses and the decision to provide employee health insurance. Previous research has made only limited progress in explaining why some businesses provide employee health insurance. They have found that both company size and employee wages are correlated with the provision of employee health insurance. We use the Kauffman Firm Survey, a nationally representative survey of the cohort of businesses that started operations in 2004, over the 2004 to 2008 period, to examine the statistical association between the decision to provide health insurance to full time employees and owners and a variety of new business characteristics including: the other benefits provided to employees; the number of employees working at the firm; the legal form of organization; the business's allocation of staff to the human resource function; and its financial performance.

SESSION 151

EMPLOYEE MOBILITY

TRACK L	Date	Monday, Sep 13
	Time	09:45 – 11:00 h
Paper	Room	Bernini 6

Session Chair Daniel Tzabbar, *Drexel University*

Ability Sorting: Evidence From PhDs in Engineering and Science

Daniel Elfenbein, *Washington University-St. Louis*
Barton Hamilton, *Washington University-St. Louis*
Todd Zenger, *Washington University-St. Louis*

A firm's capacity to attract talent plays a vital role in determining performance. Small firms may be particularly effective in luring talent through pay that is closely linked to performance. Yet, empirical evidence suggests that pay on average is lower in small firms, rather inconsistent with a hypothesis of superior talent. One suggestion is that small firms attract the tails of the ability distribution. However, a small firm employing both tails of the ability distribution seems quite unlikely. In this paper, we hypothesize that different small firms employ rather homogeneous bundles of either high or low ability employees. More specifically, we propose that new small firms attract higher ability, while old small firms attract lower ability. We test for empirical support using panel data from 1993-2003 on PhD scientists and engineers.

★ Disruption of Routines Through Employee Mobility

Benjamin Campbell, *Ohio State University*
Brian Saxton, *Ohio State University*

This study investigates how the addition of human capital disrupts organizations' existing routines. As routines are partially embedded in organizations' human capital, any shock to the stock of human capital will decrease the value of existing routines and trigger development of new routines. We argue that the costs of integrating new human capital may be sufficiently large to erode any benefits of the influx of human capital. We examine data from the National Basketball Association from 1999-2009 to analyze the effects of human capital introduction on routine disruption and subsequent evolution. By understanding how individuals and firms adapt to human capital shocks, we can identify how routines are developed, where they reside, and their implications on performance.



Promote or Hire? Analyzing the Make or Buy Decision for Skills

Matthew Bidwell, *University of Pennsylvania*

Joseph Keller, *University of Pennsylvania*

A central decision in firm's HR strategies is whether to acquire skills by promoting workers into higher level positions internally or by hiring experienced workers externally. External workers lack firm specific skills and are often more expensive; yet they may also bring new capabilities, and offer the prospect of a more flexible staffing strategy. We draw on broader theories of the make-or-buy decision to develop detailed theory on the job-level determinants of decisions to staff jobs using promotions or external hiring. In particular, we explore the effects of capabilities, specialization, uncertainty, and information impactedness on decisions to promote versus hire. Those hypotheses are tested using detailed personnel data from a financial services institution.

The Effect of Compensation Structures on Employee Mobility and Employee Entrepreneurship of Extreme Performers

Seth Carnahan, *University of Illinois-Urbana Champaign*

Rajshree Agarwal, *University of Illinois-Urbana Champaign*

April Franco, *University of Toronto*

This study investigates how the firm's compensation structure affects the mobility and entrepreneurship decisions of its employees at the extreme ends of the performance distribution. Using a comprehensive U.S. Census data of the legal services industry, we find that high performing employees are less likely to leave firms with highly disperse compensation structures. However, if high performers do leave firms that offer highly disperse compensation structures, they are more likely to join new firms rather than established ones. Less talented employees, on the other hand, are more likely to leave firms with greater compensation dispersion. Unlike high performers, we find that low performers are less likely to move to new ventures even when departing firms with highly disperse compensation structures.

MONDAY 09:45 – 11:00

SESSION 120

MICROFOUNDATIONS OF GOVERNANCE: UPPER ECHELONS AND LEADERSHIP

TRACK A	Date	Monday, Sep 13
	Time	11:15 – 12:30 h
Common Ground	Room	Bernini 2

Facilitator Joan E Ricart, *University of Navarra*

Emotional Knowledge Transfer

Petra Nylund, *University of Navarra*

Jonathan Raelin, *University of Bath*

This paper contributes to extant theory about emotional displays, knowledge transfer, and firm performance by exploring the linkages between the three concepts. We ask if and how knowledge transfer in the form of emotional displays affects firm performance. The concept of emotional knowledge transfer is introduced, capturing the impact that individuals' emotional displays have on the marketplace. Testable hypotheses are derived that explore the relationship between emotional and explicit knowledge transfer and the effects they have on firm performance. We use a combinatory methodology to explore the impact of emotional knowledge transfer by analyzing a sample of recorded CEO interviews. Emotional knowledge transfer affects firm performance even in the presence of contradictory explicit knowledge transfer. In other words, emotionally transferred knowledge takes precedence over explicit knowledge.

Leadership Changes in the Turnaround Process

Conor O'Kane, *National University of Ireland-Galway*

James Cunningham, *National University of Ireland-Galway*

This paper investigates how leadership changes, the timing of such changes, or indeed leadership stability, influence a company's recovery throughout the turnaround process. In purposefully selecting four case studies at different stages of the turnaround process, the research offers in-depth and important comparative insights into the leadership approaches adopted, and nature of leadership demonstrated, by top management leaders who have either remained in position, or been newly appointed, following a turnaround situation. The findings reveal the rationale for and against leadership changes, how both types of leaders manage the retrenchment phase of turnaround, and how they go about managing the expectations and perceptions of key stakeholders. In so doing, this research serves to improve our understanding of the turnaround concept, and how leaders can execute turnarounds more effectively.

Leadership, Social Influence and Network Dynamics: Lessons from the Dance Floor

Gianna Giudicati, *University of Trento*

Massimo Riccaboni, *University of Trento*

Anna Romiti, *University of Florence*

Social influence is a key factor in strategic decision making to explain how beliefs, innovations and social norms diffuse and sustain the evolution of organizational forms. We study the network of co-presences and social ties to control for the effect of social influence on contract renewal decisions in a dance club. We monitor the attendance behavior of dance club members over four years by means of RFID and analyze it through a methodology currently applied in ethology. We find that central nodes are highly stable in the network and the level of commitment of the reference group of co-members significantly impacts on renewal decisions. We discuss how our results can be used to improve customer retention and firm performance in the service sector.

The Role of Personality and Anger in Executive Decision Making: Empirical Evidence

Rebekka Sputtek, *University of St. Gallen*

Upper echelons theory describes that top executives are influenced by their personalities in decision making. However, so far top executives' personalities have been approximated measuring objectively observable characteristics, and then making inferences about underlying personalities. Due to problems associated with this imprecision, there has been a call for more direct measures of top executives' personalities. First, this paper aims at answering this request by assembling core self evaluation, narcissism, stability of self esteem and sensitivity to criticism as personality profile for executive decision makers. Second, we develop a model which explains how this profile relates to individual decision making comprehensiveness. Third, we introduce anger as a mechanism mediating this relationship. Finally we report the empirical setup to test our model.

Understanding Oneself as a Strategist: The Role of Strategic Management Orientation

Mikko Luoma, *JTO School of Management*

Introduces the concept of strategic management orientation which refers to an individual's or Top Management Team's (TMT) characteristic way of seeing and making sense of the versatile field of strategic management. Organizes the various approaches to strategic management developed during the last decades into an integrated whole. Argues that strategists are typically restricted in their views of strategic management, which is likely to affect their selection of available managerial options. Presents empirical data collected from the members of six TMT's and discusses appropriate directions for future research.

What I See, What I Do: How CEO Hubris Affects Firm Innovation

Yi Tang, *Hong Kong Polytechnic University*

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

This research links CEO hubris to firm innovation and examines the mediating role of a CEO's attention on key relevant issues. Drawing on theoretical perspectives from the upper echelons theory and the attention-based view of the firm, we propose that CEO hubris has an inverted U-shaped relationship with firm innovation, through the mediating effect of CEO attention on innovation-related issues. Such a curvilinear effect is moderated by a few attention-focusing/distracting factors from multiple levels: the relationship will be strengthened for firms managed by CEOs with an R&D functional background, or for firms performing below their aspiration levels, or for firms with more routines, while it will be weakened if firms are state-owned, are managed by politically-appointed CEOs, and are facing complex environments. This research plans to test these hypotheses using original survey data from a large sample of CEOs from a diverse range of manufacturing firms in China.

SESSION 279

INSTITUTIONAL LOGICS AND MARKET STRATEGIES

TRACK B	Date	Monday, Sep 13
	Time	11:15 – 12:30 h
Paper	Room	Tintoretto 1

Session Chair Duane Ireland, *Texas A&M University*

Institutional Logics, Power Battles and Emergence of Markets: The Case of Mobile Payment Services

Pinar Ozcan, *University of Navarra*

Filipe Santos, *INSEAD*

Studies illustrate that new market development is a complex process where not only product characteristics, but also social and political factors



matter. In this paper, we ask, how do market players settle on a business model from which they create a new market? Through a multiple-case inductive study of a new service market, mobile payments, we empirically show the process of market formation and how markets can stall or come to suboptimal solutions due to competing logics by firms from traditionally separate industries. We further strengthen this finding comparing our multiple cases where in environments with one of the large players with a dominance logic is missing, the new market develops much more quickly due to lack of competing logics.

Relationship Between Capital Endowment and Strategic Responses to Institutional Demands: A Dynamic Capabilities Approach

Stephen Ko, *Hong Kong Polytechnic University*
John Butler, *University of Hawaii-Manoa*

Using a dynamic capabilities approach, this research advances propositions that reflect why and how social, political and reputational capital relates to organizational responses to institutional demands in a curvilinear manner. It suggests that there is an optimum threshold of social, political and reputational capital. Organizations equipped with capital levels below this optimum point may either conform to institutional demands using an acquiescence strategy, or engage in more active resistance by implementing defiance and manipulation strategies. Organizations endowed with optimum level of capital are likely to exhibit moderate resistance in the form of compromise and avoidance strategies. Implications for theory and practice are also discussed.

Rules and Norms Governing Business: Exploring the Boundaries of the Formal and Alternate Economies

Katalin Takacs Haynes, *Texas A&M University*
Duane Ireland, *Texas A&M University*
Tina Dacin, *Queen's University*
Justin Webb, *Oklahoma State University*

We examine the nature of the boundaries between formal and informal economies as they are shaped by institutional constraints and deviance from prevailing norms and expectations. We highlight the strategic importance of understanding the alternate economy and the dynamics of boundaries that distinguish it from the formal economy. Our theorizing leads us to develop four quadrants (formal, informal, marginal, and renegade) of economic activity on the basis of two sets (formal and informal) of institutional constraints and opportunity sets that impact the legality and legitimacy of economic activity. By focusing on the intersection of these two dimensions we develop propositions that allow for a better understanding of movement across the boundaries dividing these economies as well as movement of the location of the boundaries.

The Institutional Antecedents of Coopetition

Luiz Mesquita, *Arizona State University*
Laura Poppo, *University of Kansas*

Coopetition represents a key ingredient behind the competitiveness of clusters. While competition impels individuals to outdo opponents through innovation and productivity increases, cooperation allows interconnections in a 'flexibly-specialized' network and other collective efficiencies. Little do we however know about the institutional settings that bring coopetition to exist. We study such antecedents by joining institutional economics, game theory and behavioral economics. We examine the broad realms of external and internal institutions, and conjecture about the interaction of institutional elements as diverse as the broad legal system to the role of behavioral norms among players as these shape the boundaries of coopetition. We discuss implications for theory, practice, and public policy.

SESSION 107

POWER AND POLITICAL FACTORS AT THE CROSSROADS OF CONTEXTS AND CULTURES

TRACK C	Date	Monday, Sep 13
	Time	11:15 – 12:30 h
Paper	Room	Tintoretto 2

Session Chair Johanna Mair, *University of Navarra*

Exporting and Bargaining Power over Corruption: A Multilevel Study on Bribery Requirement in Transition Economies

Sungjin Hong, *University of Texas-Dallas*
Seung-Hyun Lee, *University of Texas-Dallas*

This paper examines firm-level and country-level determinants on bribery requirements that perceived by firms in transition economies. Drawing upon resource dependence perspective and institutional economics, we argue that domestic firms in transition economies can gain bargaining power over government corruption through exporting because higher foreign market dependence can provide the firms with less dependence upon political institutions of home country. In addition, we argue that the relationship between export intensity and perceived bribery requirement would be moderated by the level of government policy credibility and institutional renting opportunities that transition economies can rely on better formal institutions via EU accession. Using BEEPS panel dataset compiled by World Bank, we test our cross-level interaction hypotheses by employing multilevel modeling.

Learning and Lobbying: The Evolution of Corporate Political Activity by Emerging Market Firms

Steven McGuire, *Aberystwyth University*
Johan Lindeque, *Queen's University Belfast*
Gabriele Suder, *SKEMA Business School*

The participation of firms in the policy process is neither unknown nor controversial, but how firms acquire the particular set of resources and skills to participate – corporate political capabilities – remains unclear. This study addresses how newcomer firms 'learn' about the policy environment as part of their international expansion. Specifically the study addresses the 'Europeanization' of emerging market MNEs' (EM-MNE) corporate political activity (CPA) as part of their entry into the European Union (EU) single market. The study draws on and extends the established International Business (IB) constructs of distance and liability of foreignness by applying them to understudied EM-MNE in the context of the EU and the engagement of these firms with the EU institutions in Brussels.

Organizational Mechanisms of Inclusive Growth: A Critical Realist Perspective on Scaling

Christian Seelos, *University of Navarra*
Johanna Mair, *University of Navarra*

We investigate the challenge how the outcomes of innovation for inclusive growth, the novel organizational recipes, can be scaled to match the dimension of poverty. We conceptualize scaling as sustained event regularities between doing A and expected outcomes B. Building on a critical realist perspective, we develop an analytical framework of organizational closure and apply it to an extreme case, an organization with an inclusive growth model that has sustained event regularities for more than two decades. Our analysis reveals closure as an organizational competence with important implications for achieving scale in the context of poverty. We develop a number of propositions for the link of organizational closure and scaling with implications for practice and further academic research.

SESSION 300

ANTECEDENTS OF ENTREPRENEURIAL GOVERNANCE

TRACK D	Date	Monday, Sep 13
	Time	11:15 – 12:30 h
Panel	Room	Michelangelo BR 1 & 2

Session ChairRoberto Di Pietra, *University of Siena***Panelists**Roberto Cafferata, *University of Rome "Tor Vergata"*Stefano Caselli, *Bocconi University*Gianni Lorenzoni, *University of Bologna*

The panel proposed by the Accademia Italiana di Economia Aziendale (AIDEA) and the Journal of Management and Governance (JMG) fits the aims and the scope of the 30th Annual International Conference of the Strategic Management Society, that is devoted to offer an overview of the "state of the art" of the strategy studies, thirty years after the transition from the business policy to the strategic management. The panel is dedicated to explore some antecedents of the strategic management studies coming from the Italian literature on management.

SESSION 238

INTEGRATING THEORIES OF THE FIRM

TRACK E	Date	Monday, Sep 13
	Time	11:15 – 12:30 h
Paper	Room	Bramante 3

Session Chair Lihong Qian, *University of Illinois-Urbana Champaign***Creating Value by Combining Two Weak Firms: The Role of Routine Disruption in Mergers and Acquisitions**Youngeun Chu, *University of Minnesota*

This study examines the conditions under which the combination of two poor performers can create value. I conceptualize a merger as the combination of two firms' routines and propose that such a combination can provide the impetus necessary to break from the past by disrupting existing routines. While the prior literature on post-merger integration sees disruption as harmful, I suggest that in mergers between weak performers, disruption may actually be beneficial and desirable. Building on this logic, I propose that the influx of outsiders into the top management team of the new entity; the power balance between the two merging parties; and resource differences between the two firms facilitate the disruption of existing routines and are thus, beneficial in the case of a merger involving two weak parties.

Explaining Efficient Boundary Shifts: Integration of Organizational Economics and CapabilitiesArun Rai, *Georgia State University*Ilgaz Arikan, *Georgia State University*Maurice McNaughton, *University of the West Indies*Jonathan Wareham, *ESADE*

A growing body of literature suggests that Transaction Costs Economics (TCE) and Resource Based Theory (RBT) of the firm are distinct, yet complementary, in their ability to explain firm boundary decisions. We suggest that an increased integration of their theoretical logic warrants consideration and thus develop a theoretical argument and hypotheses that focus on the interaction between TCE and RBT. We test our hypotheses with firm-level panel data from 155 IOU electric utility firms over nine years. Controlling for traditional TCE variables, we find a significant amount of variance in vertical disintegration is explained

by firm-level characteristics; specifically, dynamic capabilities related to managing firm-specific uncertainties, and those harvested from firm-specific IT investments. Our study is unique in corroborating mechanisms where TCE and RBT interact.

Explaining Firm-Boundary Choice: When Capabilities Meet TransactionsJoseph Mahoney, *University of Illinois-Urbana Champaign*Lihong Qian, *University of Illinois-Urbana Champaign*

This paper identifies inconsistencies in empirical findings of recent research examining firm-boundary choice, which joins the capability approach with transaction costs theory, and develops theory to better explain the firm-boundary choice. We first critique the extant research literature, and propose a more complete theoretical framework in which the capability approach complements transaction costs theory. We then describe a typology of firm capabilities (productive, transactional, and integrative) related to (production, transaction, and organization) cost reductions in a firm's integration decision. Finally, the paper offers some suggestions on further empirical studies and theory development regarding the firm-boundary choice.

Integrating TCE and RBV Explanations of Firms' Boundary Choices: Where Does It Matter?Nilesh Khare, *American University-Dubai*Michael Leiblein, *Ohio State University*Jay Barney, *Ohio State University*

This paper employs a semi-formal modeling approach to integrate transaction cost and resource-based perspectives on firms' boundary choices. In particular, the paper asks: whether and how do differences in the level of asset specificity across transaction stages and differences in the productive capabilities across potential partners affect governance mode choices? The analysis identifies the specific conditions where the application of resource-based logic may alter standard transaction cost economic (TCE) predictions.

SESSION 247

WHAT LEADS TO SUSTAINABLE ADVANTAGE & PROFIT PERSISTENCE?

TRACK E	Date	Monday, Sep 13
	Time	11:15 – 12:30 h
Paper	Room	Bramante 2

Session Co-Chairs Craig Armstrong, *University of Alabama*
Paul Drnevich, *University of Alabama***A Tsunami No One Can Predict: How Much of Firm Performance Is Not Predictable?**Manuel Becerra, *IE University*Garen Markarian, *IE University*

We draw from the literature in Strategy and Accounting to investigate the determinants of the un-forecasted component of firm performance. Although the empirical analysis of profits and the market's ability to predict them have been the topic of abundant research, the un-forecastable component of earnings has not received much attention. We explore the variables associated with actual firm performance falling outside the range of forecasts made by analysts one-year earlier. Results indicate that these surprises that no one could predict represent a substantial portion of realized firm performance (about 50%). Using multivariate analysis we show how these surprises in performance can be reasonably attributed to several factors on interest to strategy scholars, including firm complexity, external monitoring, and prior performance.



Conversations in Competitive Advantage: A Bibliographic Analysis of the Major Research Streams in SMJ

Craig Armstrong, *University of Alabama*
Paul Drnevich, *University of Alabama*
Scott Newbert, *Villanova University*

One of the central questions in strategic management involves competitive advantage. However, a variety of theoretical approaches are used in studying competitive advantage, and several unanswered questions remain regarding the future and direction of strategy as a discipline. Therefore, the purpose of this paper is to examine the major research conversations in competitive advantage. Specifically, we seek to clarify the conversations surrounding this central topic and to determine their influences on the larger field of strategy. Our preliminary results indicate that field consists not of a small set of central, directed conversations, but rather a large set of numerous, somewhat fractured, conversations. Our factor analysis of the citation patterns of articles in SMJ appearing between 2004 and 2009 produced 12 distinct conversations surrounding competitive advantage.

How Much Does Industry Matter?: Propositions From Simulation

Jean-Philippe Timsit, *Public Research Centre Henri Tudor*
Annick Castiaux, *University of Namur*

Several studies have shown that industry can explain only a small share of business performance (Durand, 2000). Thus, where Schmalensee (1985) argues that industry explains 19.5% of the variance in the performance of firms, Rumelt (1991) shows that industry accounts for only 4.03% of the variance in the performance of firms. Thus, if the effects of the industry can't explain the performance, what could? Indeed, it leads to the question of the strategic model for accessing the best performance major. It is not possible with traditional methods to compare the type of strategy that determines the firm ex ante with ex post performance, on a large number of period. So, we have chosen to lead a multi-agent simulation, in a market with two types of agents: firms pursuing an I.O strategy, and firms pursuing an RBV strategy.

♣ On the Growth Persistence of Winners and Losers: A Quantile Regression Approach

Hung-Yao Liu, *University of Amsterdam*
J W Stoelhorst, *University of Amsterdam*

Does the pattern of growth persistence vary between winners (high-growth firms) and losers (low-growth firms)? And if so, how does this variation differ across industries? We examine these core questions in competitive strategy by using a quantile regression approach to analyze growth persistence in a broad sample of firms drawn from the COMPUSTAT database for the 1950-2006 period across 40 industries. Preliminary results show that growth persistence of firms at the 75% quantile lasts longer than that of both winners (the 90% and 95% quantiles) and losers (below the 75% quantile), and that persistence patterns also vary across industries. These results are at odds with Gibrat's Law and suggest that the competitive advantage of high-growth firms can be sustained to some extent.

SESSION 164

COORDINATION AND CONTROL WITHIN AND ACROSS FIRM BOUNDARIES

TRACK F	Date	Monday, Sep 13
	Time	11:15 – 12:30 h
Paper	Room	Bramante 4

Session Chair Xavier Castaner, *University of Lausanne*

Asymmetry in Alliance Outcomes: A Double-Sided Moral Hazard Model

Birgul Arslan, *HEC-Paris*

This paper explores how the benefits of strategic alliances are distributed among partnering firms and the factors that lead to asymmetric outcomes in strategic alliances. Previous literature suggests that the tension between individual and collaborative interests is the key to understanding the distribution of gains from alliances. Yet, previous work has so far suggested a direct link between ex ante differences in firm characteristics and ex post gains. The view in this paper, on the other hand, suggests that an asymmetric outcome is in essence an agency problem under double-sided moral hazard; and the incentive structure within the alliance and the information asymmetry among partners jointly determine partners' willingness and ability to seek individual interest rather than collaborative ones.

Disentangling the Effect of Multinationality on Performance: The Role of International Coherence

Sokol Celo, *Florida International University*

Past studies observing the relationship between multinationality and performance often focus on the MNEs' degree of international diversification and the degree of internationalization. We propose that their impact is moderated by MNEs' international coherence, defined as the degree to which its network comprises countries that are related. Maintaining a high degree of internationalization and international diversification is more important for firms characterized by a low level of international coherence. Moreover, greater international coherence, in and of itself, will have a positive effect on an MNE's performance albeit this effect will be weaker at high levels of coherence due to reduced potential for learning and increased internal competition. The latter also suggests that there may be tradeoffs to be made between product diversification and international coherence.

Does Parenting Pay-off for Private Equity Firms? Evidence from a Pan-European Sample

Matthias Kruehler, *Boston Consulting Group*
Michael Nippa, *Technical University Freiberg*
Harald Hungenberg, *University of Erlangen-Nuremberg*
Mathias Schatt, *University of Erlangen-Nuremberg*

Private equity has received a great deal of public and scholarly attention lately. Research shows that private equity firms frequently create economic value through enforcing operational improvements and fueling profitable growth of their portfolio companies. Yet, our understanding of the role of private equity firms in the process of generating value remains rather limited. In order to close this gap, our paper addresses the research question how and to what degree private equity firms add value as a parent organization. Based on the parenting advantage concept, the resource-dependency perspective, and agency theory, we develop a comprehensive framework on parental contribution of private equity firms. Our final paper will highlight findings regarding parenting behavior of private equity firms derived from a broad pan-European sample.

Transfer of Tacit Knowledge, Chain Operator Legitimacy and the Price of Franchise

Jérôme Barthelemy, *ESSEC Business School*

In this study, I investigate the direct and joint impact of the transfer of tacit knowledge to franchisees and the legitimacy of the chain operator on the price of franchise. Findings suggest that the franchise fee and royalty rate increase with the transfer of tacit knowledge to franchisees. In addition, the relationship between the ongoing transfer of tacit knowledge and the ongoing royalty is moderated by the legitimacy of the chain operator. On the other hand, the legitimacy of the chain operator has no moderating impact on the relationship between the initial transfer of tacit knowledge to franchisees and the franchise fee.

SESSION 174

MANAGING STRATEGIC ALLIANCE RELATIONSHIPS

TRACK F	Date	Monday, Sep 13
	Time	11:15 – 12:30 h
Paper	Room	Bramante 5

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

Balancing Exploration and Exploitation Alliances and Performance of Bio-Medical Firms

Johannes Boshuizen, *University of Twente*

Ariane Raesfeld, *University of Twente*

Peter Geurts, *University of Twente*

This paper investigates how firms balance exploration and exploitation in alliances and how this impacts firm performance. We apply an external ambidexterity approach to a firm's alliance strategy and argue that there exists a positive relationship between the amount of exploration and exploitation alliances and firm performance and that there is an optimal balance between exploration and exploitation alliances is required in a firm's alliance portfolio. We test our hypotheses on a dataset with alliances containing 4470 life science firms with an average of 14 alliances per firm, in a 14 year period between 1995 and 2009. Findings show that firms use different alliance strategies and confirm an inverted U-shaped relationship between the relative share of explorative alliances and firm performance.

Reputation Sharing

Luis Almeida Costa, *New University of Lisbon*

Luis Vasconcelos, *New University of Lisbon*

A firm may share its reputation with other firms by engaging in joint production. We define joint production broadly as any situation where two or more firms contribute to the performance of one or more projects. In this paper, we use a game-theoretic model to analyze the reputational implications of joint production. More specifically, we discuss three reputational effects: the direct effect, i.e., the impact of joint production on the association of reputations to projects, the announcement effect, i.e., the impact of the announcement of the decision to engage in joint production on reputations, and the performance effect, i.e., the impact of the performance of the jointly implemented projects on reputations. Using these effects, we analyze how reputational considerations affect firms' decisions to engage in joint production and the choice between two common forms of joint production, mergers and strategic alliances.

Strategic Alliance Structure, Process and Performance: A Meta-analytic Approach

Iryna Barodich, *University of Navarra*

Africa Ariño, *University of Navarra*

How structural and process-related factors interrelate to contribute to alliance performance remains much of a blackbox. We employ meta-analytic techniques to empirically assess how structural factors (alliance structural feasibility, economic structure, and social structure) and process-related factors (alliance interorganizational and interpersonal processes, and emergent states) are related and influence alliance performance. Cumulating findings from 97 studies involving a collective sample size of up to 18,411 alliances, our results indicate that economic and social structural factors are consequential to alliance performance, while the effect of structural feasibility seems to depend on contextual factors; interpersonal processes make a difference in alliance performance, while interorganizational processes may or may not do so; and emergent states mediate the relationship of the other process-related factors and performance.

What Mechanisms Can Be Used to Control Opportunism in Inter-Organizational Relationships

Gilles Pache, *Aix-Marseille University*

Aline Boissinot, *Aix-Marseille University*

The subject of control is essential for understanding the issues of governance in vertical exchanges between firms, particularly within the framework of supply chain operation. The purpose of this paper is to examine the impact of formal and informal control mechanisms to reduce opportunistic behaviors, and to discuss their usefulness in relation to the costs they generate. Three case studies, conducted with third party logistics operating in the French automotive sector, have produced findings that can appear surprising. The most paradoxical finding is the tolerance shown by supply chain members to a moderate level of opportunism. The importance of interpersonal relationships that is considered to reduce opportunism is also observed and emphasizes the power of embeddedness in social networks, a standpoint rarely chosen in research on SCM.

SESSION 317

M&A AT THE CROSSROADS: CURRENT ISSUES AND NOVEL STRANDS OF DEVELOPMENT

TRACK F	Date	Monday, Sep 13
	Time	11:15 – 12:30 h
Panel	Room	Bramante 1

Session Chair

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

Panelists

Arturo Capasso, *University of Sannio*

David King, *Marquette University*

Vincenzo Pisano, *University of Catania*

Mario Schijven, *Texas A&M University*

Philippe Very, *EDHEC Business School*

Mergers and acquisitions (M&As) have long attracted interest from academics trying to explain M&A performance, producing a large amount of empirical research analyzing M&A from the perspective of different paradigms, using different methods, and investigating different units of analysis. Despite the considerable amount of research performed, we know little about the variables affecting acquisition performance and the determinants of M&As' success. M&A scholars tend to explain inconsistencies in research findings by referring to the fragmentation of M&A literature and the existence of substantive gaps in current M&A literature. This panel intends to discuss novel strands of development onto the field by exploring current substantive literature gaps. Moreover, it aims to discuss whether and how an integrative framework is feasible and suitable to rejuvenate the field.



SESSION 227

MNCS FROM EMERGING MARKETS

TRACK G	Date	Monday, Sep 13
	Time	11:15 – 12:30 h
Paper	Room	Bramante 6
Session Chair	Sumit Kundu, <i>Florida International University</i>	

Business Group Affiliation: Boon or Bane in Emerging Economy Firm Internationalization

Vikas Kumar, *University of Sydney*
 Torben Pedersen, *Copenhagen Business School*
 Sumit Kundu, *Florida International University*
 Naveen Jain, *University of Akron*

Research on emerging economies (EEs) has focused on studying developed economy firms entering EEs and on domestic competition within. Part of the latter has been dominated by research on 'business groups' as they constitute a dominant organizational form in EEs. Numerous studies have explored the performance of business groups in EEs, however, almost entirely focusing on how groups as a whole and/or firms affiliated to groups perform domestically within their home markets. In the current context of EE firm globalization, we extend this research by analyzing the effect of business group affiliation on the propensity of EE firms to expand internationally. Our findings suggest a negative effect of group affiliation on internationalization. Affiliation aids in internationalization only in combination with resources of the focal firm.

Effects of Past Experience, Learning Capabilities and Overall Motivation on the Performance of Chinese Outward FDI

Marjorie Lyles, *Indiana University*
 Dan Li, *Indiana University*
 Haifeng Yan, *East China University of Science & Technology*

Existing models of internationalization do not fully explain the international venturing of emerging economy private ventures (Oviatt & McDougall, 1994; Zahra, 2003). Using survey data of mid-sized private Chinese firms that have outward foreign direct investments (OFDI), this paper examines how international experiences, learning capabilities and overall motivations influence the OFDI performance. We hypothesize that each variable will positively affect the OFDI. We find that neither the founder's nor the firm's prior international experience has a direct impact on performance. While a direct effect of the potential absorptive capacity on performance is observed originally, we find that learning outcomes fully mediates the relationship. The firm's overall motivation has a direct effect on performance and it is partially mediated by learning outcomes from its host country.

Operational Challenges Facing Emerging Multinationals: A Study of Multinationals from China, Russia and Brazil

Dong Chen, *Loyola Marymount University*
 William Newbury, *Florida International University*
 Seung Ho Park, *China Europe International Business School*

The rise of emerging-market multinational enterprises (EM MNEs) has drawn considerable academic attention in recent years. However, prior research has mainly focused on why those companies expand internationally, but has hardly examined how well they operate internationally. Recognizing this managerial and research need and in order to gain a more complete understanding of this phenomenon, we examine the operations of EM MNEs from China, Russia and Brazil and investigate the operational challenges that facilitate their abilities to succeed or fail in international markets. After analyzing the cases of 92 Chinese, 55 Russian, and 25 Brazilian multinationals, we have identified several specific challenges, which are then integrated into a conceptual framework.

Revisiting the "Modern" Multinational Enterprise Theory: An Emerging-Market Multinational Perspective

Stéphane Girod, *Accenture*
 Joshua Bellin, *Accenture*

Using triad-based multinational enterprises as their empirical setting, influential scholars in international management analyzed the organizational characteristics needed to create globally integrated and locally responsive multinationals—what they called a "modern" theory of multinationals' organization (Hedlund, 1994). But since then, a new generation of multinationals from emerging-markets (EMNEs) has appeared. Little is known about them and some scholars even doubt that they leverage organizational capabilities altogether. Does the "modern" theory still hold in their case? Our exploratory case studies of three EMNEs disclose that for reasons related to their origin in emerging-markets and their position as late comers in the international competitive game, EMNEs approach the global and local conundrum in ways which are both similar – and vastly different—from recommendations of the "modern" theory.

SESSION 262

IMPLEMENTATION AND EXECUTION

TRACK H	Date	Monday, Sep 13
	Time	11:15 – 12:30 h
Paper	Room	Bramante 7
Session Chair	Margaret White, <i>Oklahoma State University</i>	

Becoming Aware of the Unknown: Decision-Making During Strategy Implementation

Ronald Klingebiel, *University of Warwick*
 Arnoud De Meyer, *University of Cambridge*

We examine the processes of deciding to adapt resource allocation plans during implementation of a strategic initiative. We pay particular attention to how aware and certain managers were, prior to implementation, of the circumstances that led to adaptation. We are able to demarcate a strategic decision-making (SDM) process triggered by managers' emerging awareness of the probability space of a future event when occurrence of it is still uncertain. Such SDM proves more selective, deliberate, and diligent than when managers become aware of future events that are perceived as certain. Because awareness and uncertainty vary with each decision, our findings offer an explanation for the mixed results of prior work on procedural rationality in SDM. Procedurally rational SDM intermittently punctuates the better-known adaptation dynamics of ad-hoc problem-solving.

Making Sense of Strategy Execution: The Effects of Organizational Emphasis on the Perception of Challenges

Tomi Laamanen, *Aalto University*
 Samuli Skurnik, *Aalto University*

Based on a survey on the perceptions of strategy execution challenges of 1203 managers, we find that sensemaking of strategy execution challenges differs systematically according to organizational positions. The higher managers are in an organization's hierarchy, the more positively they are likely to perceive the challenges. In addition, we find that a person's organizational emphasis is related to one's perceptions of execution challenges. While an internal emphasis on process development and an external emphasis on the globalizing business environment are both related to a more negative view of strategy execution challenges, a proactive orientation towards growth is not. Furthermore, we find that even though there are differences between the top and middle management in their organizational emphases these differences do not eliminate the different perceptions.

Senior Moment Or Vital Stimulus?: The Role of Organizational Unlearning in Post-Acquisition Integration

Sven Kunisch, *University of St. Gallen*
Carola Wolf, *University of St. Gallen*

M&A, often pursued for learning and knowledge acquisition motives, frequently fall short of delivering on their initial promises due to failures during post-acquisition integration. As yet, we still lack knowledge concerning how organizational misfit can be reconciled during integration. While learning has been considered important, in this paper, we spotlight the flipside of the coin and explore the role of organizational unlearning. We argue that organizational unlearning is essential to pave the way for new knowledge to be accumulated; especially in cases of fundamental differences in belief systems organizational unlearning fosters post-acquisition performance. To test our hypotheses, we collected data for a sample of German M&A transactions between 2005 and 2008 and conducted preliminary analyses. The study mainly contributes to research on (un-)learning in M&A.

The Key Role of Firms Implementation Capabilities for Innovative Strategy Performance

Alexander Haas, *Karl-Franzens University Graz*
Adele J. Huber, *University of Graz*

This paper conceptualizes SI capability drawing on the theory of Organizational learning. Direct effects of SI capability on SI effectiveness and firm performance are empirically tested. Using data collected among strategists and implementers (n=262) in German speaking countries and employing Structural Equation Modeling, we can show that in companies with low implementation capabilities levels, the degree of strategy innovativeness has a negative impact on strategy clarity. High levels of strategy implementation capabilities, however, mainly enhance a company's capability to quickly learn the new strategy and to successfully implement it.

SESSION 190

ALLIANCES AND INNOVATION

TRACK I	Date	Monday, Sep 13
	Time	11:15 – 12:30 h
Common Ground	Room	Bernini 4

Facilitator David Deeds, *University of St. Thomas*

Making the Most of What You Have: Impact of Alliance Portfolio Characteristics on Technological Innovations

Manish Srivastava, *Michigan Technological University*
Devi Gnyawali, *Virginia Tech*
Hung-Wen Lan, *Virginia Tech*

Building on the relational resource based view and alliance portfolio perspective, we ask the following research questions: how do characteristics of a firm's alliance portfolio impact the rates of different types of technological innovations of the firm? And how does competitive intensity in the portfolio modify the impact of alliance portfolio on the rate of technological innovations? We examine three aspects of alliance portfolios: portfolio resource potential, portfolio structure, and characteristics of portfolio resources. We focus on two key dimensions of alliance portfolio structure: relational rigidity and structural flexibility and two key dimensions of portfolio resources: the portfolio resource quality and diversity and how they impact differently the rates of incremental and breakthrough technological innovations in a longitudinal panel of US semiconductor firms.

Project-level Governance Comes at a Price in Vertical R&D Alliances

Mahmut N. Ozdemir, *Erasmus University-Rotterdam*
Jan Van den Ende, *Erasmus University-Rotterdam*

In vertical R&D alliances, upfront and milestone cash payments and equity investments made by established firms to entrepreneurial startups constitute deal sizes and they are vitally important for incentive alignment between the partners. In recent years, the deal sizes have increased unprecedentedly that led to the questions around their drivers. Yet prior research on strategic alliances has little discussed their antecedents. In this empirical research, by drawing upon agency and organization of innovation theories, we examine the endogenous and exogenous antecedents of alliance deal sizes. Our test results on 230 R&D alliances of U.S.-based biotechnology firms with global pharmaceutical firms reveal the positive feedback relationship between deal size and project-level governance. Further, results suggest that several task-related exogenous factors influence alliance deal sizes.

R&D Contractual Agreements as Enactors of Product Diversification Strategy

Maria del Henar Alcalde, *Carlos III University*

We built on Open Innovation business models to understand Product Diversification strategy. This study examines how the development of different R&D contractual agreements (strategic alliances and licensing-in agreements) can be source of product diversification. We go further in this exploration through the study of current knowledge portfolio configuration as key mediator. Our hypotheses are tested through an original panel dataset for 102 Fortune high-tech companies from 8 different industries from 1999 to 2005. We find that strategic alliances have a positive impact on product diversification. We offer empirical evidence for the role of firm's knowledge integration as positive mediator between alliances and market penetration. However, knowledge integration acts as negative moderator when we consider the use of licensing-in agreements in product diversification.

Social Capital as a Conduit for Alliance Network Diversity

Patricia Norman, *Baylor University*
Jamie Collins, *Baylor University*

External social capital can be thought of as a combination of a firm's relationships and the resources available to the firm as a result of its relationships with other companies. We examine the role of external social capital in creating alliance network diversity. Because firms benefit from interorganizational connections at both the personal and the firm level, we suggest that a firm's alliance network characteristics and the social networks of key executives should be associated with the diversity of a firm's alliance network. Our empirical findings show that firms are able to create more diverse alliance networks as the number and strength of their alliance network ties as well as the number and duration of board membership ties held by their top management teams increase.

Value Creation in International R&D Alliances: The Effects of Technological Sophistication, Distinctiveness and Experience

Anupama Phene, *George Washington University*
Stephen B Tallman, *University of Richmond*

When do international R&D alliances generate abnormal returns for focal firms? We hypothesize that partner firm technological capabilities, demonstrated in relative technological sophistication and distinctiveness, reflect the potential for the focal firm to learn from the partner, and signal to investors the likelihood of increased future cash flows, resulting in abnormal returns to the focal firm. We also propose that focal firm alliance experience in the partner country as well as with the partner demonstrate effectiveness of the focal firm in managing the alliance leading to abnormal returns for the focal firm. We posit that both



types of experience moderate the relationship between partner firm technological capabilities and focal firm abnormal returns, and enable effective utilization of the sophistication and distinctiveness of the partner firm.

SESSION 275

NETWORK STRUCTURE AND INNOVATION

TRACK I	Date	Monday, Sep 13
	Time	11:15 – 12:30 h
Paper	Room	Bramante 9
Session Chair	Paolo Boccadelli, <i>LUISS Guido Carli University</i>	

Interdependencies of Formal And Informal Structure: Technological Exploration and Dispersed Firms

Daniel Tzabbar, *Drexel University*
 Alex Vestal, *University of Central Florida*
 Robert Porter, *University of Central Florida*
 Sean McMahon, *University of Central Florida*

To resolve an inherent dilemma in extant research on geographically dispersed R&D, this study explores interdependencies between formal and informal structures. To benefit from decentralized R&D, firms must align dispersed R&D with an informal structure that enhances organizational knowledge sharing. Our study investigates 424 U.S. biotechnology firms between 1973 and 2003 and reveals the moderating effect of the firm's informal social structure on the effect that geographically dispersed R&D personnel have on the exploration of new technological opportunities. Specifically, the higher the social network density among R&D members, the more likely geographic disparity is to affect exploration; however, this likelihood decreases with an increase in power asymmetries. These results offer insights into the conditions in which the appropriate management of geographically dispersed R&D varies.

Resources and Interfirm Networks: How Networked Resource Distributions Influence Firm Innovativeness and Performance

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

Do resource distributions within interfirm networks matter? This study investigates this question by analyzing how networked knowledge distributions affect focal firm innovativeness and performance. We find that knowledge distributions within a network of interfirm ties are significantly related to focal firm innovativeness and performance, indicating that networked resource distributions in general may have significant firm performance implications. Our findings thus indicate the importance of looking beyond the structure and content of networks, and considering the complementary role of networked resource distributions, as they may constitute a significant antecedent to firm performance variance.

Structural Characteristics of Networks Embedded in Highly Regulated Settings: Evidences from Clinical Research

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

Prior research has established the importance of networking to meet changing and competitive conditions and access external knowledge and resources; network structures and their roles on performance have been overly investigated. However, institutional forces may shape the environment in which the network is embedded and be a cause of instability of the network itself, leveraging network relations and benefits. This paper aims at analyzing the effects of institutional pressures on network structure and performances in highly regulated settings,

where legal and regulatory constraints influence the behavior of agents. We present a study of 252 clinical research projects in the pharmaceutical industry, showing that the presence of opportunities provided by the institutional frameworks does moderate the effects of different network structures on the project performance.

SESSION 258

STRATEGIZING IN CHALLENGING SETTINGS

TRACK J	Date	Monday, Sep 13
	Time	11:15 – 12:30 h
Common Ground	Room	Bernini 5
Facilitator	Markus Menz, <i>University of St. Gallen</i>	

“Keep Fit to Fit”: The Dynamic Management of Strategic Complementarities in Evolving Alliances

Elena Rocco, *University Ca' Foscari Venice*
 Vittorino Filippas, *University of Trento*
 Arabella Mocchiari Li Destri, *University of Palermo*

This paper is based on a multiple-case inductive study to shed light on alliance's longevity. The study focuses on three long-lived alliances: the alliance between Hero Motors and a major Western producer of recreational products; the alliance between Hero Group and Honda Motor Corporation; the alliance between Piaggio and the Chinese ZhongShen. The results illustrate how longevity relies upon the partners' co-evolution of dynamic capabilities aimed to anticipate and proactively meet the partner's future needs. By developing strategic complementarities for the partner, each partner makes itself better fitted to fit the other in both current and new joint activities, leveraging the common knowledge developed in the past to forge “next-squeezes” agreements. The paper concludes with a general framework on the dynamic management of strategic complementarities to forge long-lived alliances.

Effective Strategizing Practices in Pluralistic Settings: The Case of Academic Medical Centers

Corrado Cuccurullo, *Second University of Naples*
 Federico Lega, *Bocconi University*

Pluralism in organizations is dramatically and progressively increasing today. It makes difficult for managers to capture a clear picture of what is really going on at the moment and to make strategic decision. How strategy is formed and implemented in pluralistic contexts has been substantially underestimated for many years. This article investigates how specific strategy processes are constructed and which practices can be successfully adopted in pluralistic contexts such as Academic Medical Center (AMC). We draw from S-as-P approach and adopted an ethnographic methodology to conduct the study. This paper demonstrates that some practices (strategy workshops and brutal facts: quantitative analysis and graphic charts) can reduce the risks of setting the strategy agenda in two pluralistic organizations. Implications for managers and scholars are discussed.

Evidence on Business Portfolio Restructuring in the Spanish Corporate Context: The Case of the Electrical Sector Industry

Miguel Blanco Callejo, *University of Rey Juan Carlos*
 Francisco Javier Forcadell, *University of Rey Juan Carlos*
 Luis Angel Guerras-Martin, *University of Rey Juan Carlos*

Despite the importance and extent of portfolio restructuring worldwide, there is a significant lack of empirical evidences outside the Anglo-Saxon context. This study aims to fill this gap providing empirical evidence based on a detailed case-study analysis of the companies that constitute 95% of the Spanish electricity sector, that have recently implemented this strategy. To do that, we propose a comprehensive theoretical framework based

on contributions from agency theory, transaction cost economics and the resource-based view of the firm. The results show that restructuring is a consequence of environmental changes, agency problems, and the introduction of unsuitable diversification strategies that lead to over-diversification, profit loss and shareholder value destruction. This situation may be corrected by implementing corporate refocusing that allows companies to improve performance and increase market value.

Managing Poorly Performing Acquired Companies: Insights into Post-Acquisition Management Practices From the Last Recession

Duncan Angwin, *University of Warwick*
Maureen Meadows, *Open University*

During this time of recession, poorly performing companies are potential acquisition targets. To improve their performance managerial actions are required but turnaround prescription focus upon standalone organizations and may not hold in other contexts such as acquisition with changes in corporate governance and organizational interdependencies. This paper focuses upon managerial turnaround change actions in that context to determine whether they are different to other acquired companies, standalone turnarounds. A traditional S-as-P approach for studying this issue would be the case method which may lack generalizability. To address this issue, a novel dual method is used, interpreting statistical analysis with case evidence. Findings indicate turnaround practices are distinct amongst all acquisition practices with two clear different approaches in use. The contribution is that generic turnaround approaches need to recognise the effects of different contexts upon managerial practices.

Strategic Leadership Practices in a Top-Rated Business School – Quo Vadis?

Julie Davies, *Association of Business Schools*

This inductive study compares how successive strategic academic leaders practise what they profess in a prestigious university-based business school. Using a strategy-as-practice lens, initial findings indicate high impact executives with longer tenures were extraverted, energising practitioner-scholars, with prodigious workloads and intellect and a keen down-to-earth interest in people. Key practices entailed collective leadership continuity, constantly communicating a discourse of personal and organisational reputational excellence in scholarship, learning, enterprise and the SBU's impact on society. Following prolonged appointment transitions, exemplary praxis included networking positively through everyday social interactions. From their middle position the more successful leaders mediated with the central university to harness talent and achieve successful reputational outcomes. The school is now at an interesting historical watershed with a leadership interregnum and changing business models.

The Resilience Gap: Strategic Thinking and Acting Under Conditions of Extreme Uncertainty

Bridgette Sullivan-Taylor, *University of Warwick*
Layla Branicki, *University of Warwick*

This paper reports on a study which investigates organizational resilience in response to conditions of extreme strategic uncertainty. Extreme events such as pandemic flu can expose organizations to high levels of risk and uncertainty which may stretch them to (and beyond) their limits. The threat or actuality of an extreme event presents managers with an acute and urgent picture of uncertainty which individuals find difficult to interpret and which renders strategic decision making problematic. Initial findings indicate that there is an implementation gap between strategic thinking and acting. Internal and external political dynamics influenced the priority given to resilience practices at the micro-level and this raises questions about the role of business continuity managers and their ability to execute espoused resilience strategies into practice.

SESSION 129

MANAGERIAL COGNITION, SENSE-MAKING AND NEW VENTURES

TRACK K	Date	Monday, Sep 13
	Time	11:15 – 12:30 h
Common Ground	Room	Bernini 3

Facilitator Chris Bingham, *University of North Carolina-Chapel Hill*

An Entrepreneur Experience Paradox: Focused Rigidity vs. Broad Information Networks in New Venture Strategy Formation

Michael Mannor, *University of Notre Dame*
Emily Block, *University of Notre Dame*
James Davis, *University of Notre Dame*

Recent advances have helped to inform a new generation of experience research in organizations. In this paper we continue this trend by examining the unique and conflicting influences of different types of entrepreneur experience on the formation of strategies and development of advice networks for new ventures. Specifically, we argue that depth of experience among new venture founding teams can foster the enactment of information rigidities that implicitly bias entrepreneurs toward more focused business strategies that utilize less information-rich advice networks. In contrast, we argue that breadth of experience has the opposite effects. The result of these two competing forces is what might be considered a paradox of entrepreneurial experience. Preliminary empirical results examining 151 business plans from 2001-2009 provide support for our ideas.

Crossing the River By Feeling For Stones: An Exploratory Study of Dominant Logic of Chinese Entrepreneurs

Krzysztof Obloj, *University of Warsaw*
Michael Pratt, *Boston College*
Shujun Zhang, *Sun Yat-Sen University*

We explore the dominant logics of Chinese entrepreneurs because it is important for integration of fields of entrepreneurship and strategic management for two reasons: it addresses central question: how do entrepreneurs think? it is an intangible resource of the firm that play a critical role in emerging economies, where tangible resources are in short supply. We used a case study method. Research revealed that dominant logic of Chinese entrepreneurs is based on closely aligned: defensive perspective of environmental trends; focused strategic decision-making process aimed at exploitation of initial choices, and full involvement of owners and top managers in daily operation that substitutes for development of routines and systems. Thus dominant logic works mostly as a blinder limiting peripheral vision and opportunity seeking.

Entrepreneurship Education and Overconfident Entrepreneurs

Brian McCann, *Vanderbilt University*
Govert Vroom, *University of Navarra*
Patricio Rojas, *University of Navarra*

While entrepreneurship is generally perceived to bring about innovation and economic growth, research suggests that the entrepreneurial creation of firms is a costly and risky process with the potential of substantial losses. However, overly optimistic beliefs on the part of prospective entrepreneurs seem to lead to continued high rates of entrepreneurial activities. We investigate the potential role of entrepreneurship education in the formation of beliefs about entrepreneurship. Drawing from the theory of planned behavior, we argue that students who receive positive information about entrepreneurship will have more positive attitudes toward entrepreneurship, perceived entrepreneurial self-efficacy, and entrepreneurial intentions. We discuss the potential consequences of our study for educators, policymakers, and entrepreneurship students.



Formative Experience and Organizational Performance: Evidence from Corporate Venture Capital

William Schulze, *University of Utah*
Robert Wuebker, *University of Utah*

We draw on insights from the literature on social cognition, corporate venturing, and organization theory along with data from 207 corporations who made corporate venture capital investments in the period 1998-2001 to explore the effects of corporate venture capital heritage on a firm's long-term behavior and performance. Our results reveal that firms that were themselves funded by corporate venture capital are two to four times more likely to establish their own corporate venturing organizations as compared to firms that did not receive such funding. Surprisingly, these firms also appear to be able to learn more from external investment than firms that did not receive such funding at a young age. Hence, formative experiences may shape the long run prospects for firm performance in profound ways.

The Meaning of Novelty: Sense-making in Strategic Entrepreneurship

Vladi Finotto, *University Ca' Foscari Venice*
Eleonora Di Maria, *University of Padova*
Marco Bettiol, *University of Padova*

We propose a conceptual framework based on sense-making as a generative moment in the entrepreneurial process. We define sense-making as the construction of an interpretive framework based on relationships between meaningful concepts. This interpretive framework assumes the form of a complex discourse, often the form of a narrative that connects previously not connected meanings, values and concepts. The distinctive idea underlying our proposal is that making sense of the environment and of original business ideas coming out of the imagination of the entrepreneur requires the construction of narratives and stories that support consumers and stakeholders in understanding and legitimizing the novel re-combinations imagined by the entrepreneur. To better specify our proposal we present results from three case studies from the textile and furniture industries.

The Virtuous Cycle: The Managerial Know-How Linking Corporate Entrepreneurship And Organizational Learning

Bill Wooldridge, *University of Massachusetts*
David Cohen, *University of Massachusetts*

In this theory building paper, we propose an inductive taxonomy of the managerial know-how underlying each of the three phases of corporate entrepreneurship: opportunity recognition, evaluation and exploitation. Managers make use of formal, tacit and experiential know-how, each with a content, analytic and social dimension. We will develop this taxonomy based upon research already in process at a division of a \$17 billion high-technology company. We expect to show a virtuous cycle in which management know-how sparks corporate entrepreneurship, which in turns leads to the creation of organizational knowledge, setting the stage for further rounds of corporate entrepreneurship. Also, we suggest a new method for studying managerial know-how based upon the original context, the actions taken by managers based and the consequences of those actions.

SESSION 132

INVESTING IN NEW VENTURES

TRACK K	Date	Monday, Sep 13
	Time	11:15 – 12:30 h
Paper	Room	Bramante 8
Session Chair	Gary Dushnitsky, <i>London Business School</i>	

Corporate Venture Capital Programs: Does Diversification Influence Growth Value?

Yi Yang, *University of Massachusetts*
Donna De Carolis, *Drexel University*
VK Narayanan, *Drexel University*

Research supports the belief corporate venture (CVC) programs expose firms to new technologies and markets. To our knowledge, prior work on CVC has not explored how portfolio diversification influences the value of an option portfolio. Using a sample of CVC investments in a variety of industries, we propose an asymmetric negative relationship between industry diversification of a CVC portfolio and value creation to its corporate investor including both strategic growth and financial returns. We also investigate moderating impacts of the value of underlying growth opportunities and the effects of financial constraints of corporate investors. Our findings may advance knowledge about CVC option portfolio management.

CVC Investment from the Start-up Perspective: A Quality or Mixed Signal?

Sharon Matusik, *University of Colorado-Boulder*
Michael Heeley, *Colorado School of Mines*
Markus Fitza, *University of Colorado-Boulder*

Research on corporate venture capital (CVC) finds that CVCs benefit the most when their investments are strategic in nature rather than purely financial. What implications does this have for the start-ups receiving CVC investments? Our research addresses this question. Drawing on the theory of information asymmetries, we find that CVC investment is positively associated with start-ups' underpricing; the nature of these investments create information asymmetries with regard to how the CVC may affect the ability of the start-up to capture value from its venture. The competitive context also affects this relationship. In contexts that further obscure whether the start-up will be able to appropriate value from its efforts (i.e., contexts of low IP protection, contexts with high concentration by incumbents), underpricing is more pronounced.

Venturing into the Unknown? A Study of U.S. Venture Capital Entry into the Alternative Energy Sector

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

This paper explores the entry of the U.S. venture capital (VC) firms into the alternative energy sector, a qualitatively different domain from traditional areas of VC investment. We analyze the effects of firm reputation and sector-level legitimacy on VC decisions to make their first investments in this sector. Our analysis shows that both VC firm reputation and the sector-level legitimacy speed up the time to invest in alternative energy. Growing sector-level legitimacy further increases the propensity of VC firms to invest faster in alternative energy startups. Theoretically, our study supports the sociology-based view of reputation, which suggests that reputable firms can afford to deviate from the established norms and behaviors in the industry.

Who Moved My Venture? The Impact of “Accidental” Diversification and Globalization on the Behavior of Venture Capital Firms

R. Scott Livengood, *University of Maryland*
David Major, *Indiana University*
David Waguespack, *University of Maryland*
Anil Gupta, *INSEAD*

Investing in new ventures is a risky endeavor. Venture capitalists typically strive to mitigate these risks by investing in ventures that are located in nearby geographic regions to improve monitoring and managing activities. Recently, however, the trend of investing in geographically distant firms is on the rise. Using a unique sample drawn from the VenturExpert database, we explore how future investment behavior of venture capital firms might change in light of new experience gained from investing in new international ventures. In particular, we hypothesize that venture capital firms will increase diversification into new industries as well as new geographic regions following an international investment event.

SESSION 152

HUMAN CAPITAL SPECIFICITY

TRACK L	Date	Monday, Sep 13
	Time	11:15 – 12:30 h
Paper	Room	Bernini 6

Session Chair Janice Molloy, *Michigan State University*

Dancing With the Stars: How Knowledge Workers Appropriate Value From General Human Capital

Shad Morris, *Ohio State University*
Sharon Alvarez, *Ohio State University*
Janice Molloy, *Michigan State University*

Despite the importance of stars, there is little theory that addresses the management dilemmas they pose. Although stars make disproportionate contributions to the firm, it is not clear who appropriates this value: the star or the firm. Furthermore, we know little about how to retain them. We address these gaps by first examining the contribution of resource-based theory to the question of star value creation and appropriation. We then extend theory by applying incomplete contract theory to the question of renegotiation with and retention of these employees throughout the employment lifecycle. This paper suggests that extant theory on star employee retention needs to include not only employment relationship formation but also re-contracting. Through these extensions, a dynamic value-appropriation policy is specified that optimizes knowledge generation and firm performance.

Does Investment in Firm-Specific Human Capital Pay? Evidence from U.S. Management Faculty Salaries

Benjamin Campbell, *Ohio State University*
Sharon Alvarez, *Ohio State University*
Shad Morris, *Ohio State University*

A standard assumption in the human capital literature is that employees can not extract value from investments in firm specific human capital. However, if an individual's firm specific investments lead to co-development or revelation of general human capital then individuals may be able to capture the value from their firm specific investments. We develop a typology of different classes of firm-specific human capital according to the external visibility and attribution of firm-specific investments and associated outcome. We then posit when each class may affect an employee's ability to capture value. We test the implications of

our typology on employees' ability to capture value from their employer in the context of management faculty at 22 major public U.S. research institutions.

On the Hunt for Human Capital and How Firms Succeed in Capturing its Value

Sarah Horn, *Maastricht University*
Christine Nickels, *Heidrick & Struggles*
Woody Van Olffen, *Erasmus University-Rotterdam*
Marielle Heijltjes, *Maastricht University*

Intensified competition for human capital makes firms shift from hiring available job seekers to poaching experienced employees currently working for competitors. Research on human capital transfers did not yet look at the real benefits of this so-called competitor recruitment (CR). We therefore offer a conceptualization of the value and cost drivers underlying CR and an empirical exploration of these drivers through interviews with consultants of top executive search firms. We find that competitor recruits are highly beneficial since they carry valuable industry-specific human capital. Whether the hiring firm can appropriate this human capital and create value, however, depends on whether alignment between the recruit and the organizational environment is achieved through the employment of costly deployment practices.

Too Close For Comfort? The Impact of Client Interaction on Human Capital Asset Specificity

Yerodin Bermiss, *University of Texas-Austin*
Bruce Greenbaum, *University of Texas-Austin*

This paper investigates the impact of client experience on human capital assets and firm performance within the professional service sector. We examine how the nature of an employee's client experience shapes the specificity of their accumulated human capital. We argue that professionals with deep client experience among a few clients will develop relationship-specific human capital and achieve better performance than professionals with firm-specific human capital. However, firm-specific human assets may be more inclined to remain with their current firms, and will be more difficult to replace. We test our hypotheses using data from the Texas lobbying industry from 1999-2009. Our paper contributes to the field of strategic human capital by highlighting how specific aspects of human capital heterogeneity differentially affects individual and firm level performance.

12:30 - 13:45 LUNCHEON



SESSION 139

PLENARY TRACK

TRACK P	Date	Monday, Sep 13
	Time	13:45 – 14:45 h
Plenary Panel	Room	Michelangelo BR 1 & 2

Dynamic Capabilities at the Crossroads

Session Chair

Constance Helfat, Dartmouth College

Panelists

Kathleen Eisenhardt, Stanford University

Michael A. Hitt, Texas A&M University

Margaret Peteraf, Dartmouth College

David Teece, Berkeley Research Group

Sidney Winter, University of Pennsylvania

"Dynamic capabilities" has attracted an enormous amount of interest and scholarship in the past decade, and has important implications for practitioners. Much of the work has focused on conceptual issues, and researchers have begun to converge on the broad outlines of key attributes of dynamic capabilities. Empirical research on dynamic capabilities also is starting to take off. Much work remains, however. Firstly, the microfoundations of dynamic capabilities in terms of the role of individual managers, including their cognition and actions, remain relatively unexplored. Secondly, with regard to macro-organizational foundations of dynamic capabilities, we have much to learn about how the organizational routines and cognition that underpin dynamic capabilities are related to the microfoundations of these capabilities, and how these factors together facilitate strategic change. Thirdly, we do not yet understand how these factors might affect the nature of dynamic capabilities in different external environments, and how strategic outcomes might differ. This panel will bring together leading scholars of dynamic capabilities to address these challenges for both academic research and practice.



Kathleen M. Eisenhardt is the S. W. Ascherman M.D. Professor and Co-director of the Stanford Technology Ventures Program at Stanford University. She is the coauthor of *Competing on the Edge: Strategy as Structured Chaos*, which won the George R. Terry Book Award. Kathleen Eisenhardt conducts research at the nexus of strategy and organization theory with particular emphasis on entrepreneurial firms and high velocity markets.

She is a Fellow of the Strategic Management Society and Academy of Management, and has served as a Fellow of the World Economic Forum (Davos) and the Clinton Global Initiative.



Michael A. Hitt is a Distinguished Professor and holds the Joe B. Foster Chair in Business Leadership at Texas A&M University. Having served as President of the SMS, he is the current Past President of the Society. He has authored or co-authored many journal articles published in leading journals such as the *Strategic Management Journal*, *Academy of Management Journal* and *Academy of Management Review*. Mike Hitt is a current co-editor of the *Strategic Entrepreneurship Journal*, as well as a member of the SMS Fellows.

He has received awards from the American Society of Competitiveness for Outstanding Academic Contributions (1996) and Outstanding Intellectual Contributions (1999) to Competitiveness.



Margaret Peteraf is the Leon E. Williams Professor of Management at the Tuck School of Business at Dartmouth. She is a member of the SMS Fellows Group and has served as Chair of the Competitive Strategy Interest Group. She is best known for her work on strategic group identity, the resource-based view, and dynamic capabilities. Her 1993 SMJ paper, "The Cornerstones of Competitive Advantage: A Resource-Based View", won the 1999 SMS prize for its contribution toward the development of the strategic management field.



David J Teece is the Thomas W. Tusher Chair at the Haas School of Business, University of California, Berkeley. He has a Ph.D. in economics from the University of Pennsylvania, has held teaching and research positions at Stanford University and Oxford University, and has also received four honorary doctorates. He is the author of more than 200 books and articles, and is the co-editor of *Industrial & Corporate Change*. He is one of the top 10 cited scholars in economics and business for the decade, and has been recognized by Accenture as one of the world's top 50 business intellectuals.



Sidney G. Winter is the Deloitte and Touche Professor of Management, Emeritus, at The Wharton School of the University of Pennsylvania. During his career he has held regular or visiting appointments at seven universities, served on the staffs of the U.S. General Accounting Office, the RAND Corporation and the U.S. Council of Economic Advisers, been a consultant for various governmental and non-profit organizations, and appeared as an expert witness in antitrust and other litigation. His recent research focus has been on the study of management problems from the viewpoint of evolutionary economics. Sidney Winter is also a member of the SMS Fellows.



Constance E. Helfat is J. Brian Quinn Professor in Technology and Strategy at the Tuck School of Business at Dartmouth. Constance Helfat's research focuses on firm capabilities, including technological innovation and firm adaptation and change. She also has conducted research on corporate executives, including women executives. Constance Helfat has published widely in leading academic journals, and has written and edited three academic books.

14:45 - 15:15
COFFEE BREAK

SESSION 289

TEACHING TRACK

TRACK T	Date	Monday, Sep 13
	Time	15:15 – 16:30 h
Special Panel	Room	Tintoretto 2

How To Really Teach Strategy: Good, Better and Best

Session Chair

Patricia Clifford, *Clifford Strategic Services*

There are good ways to teach strategy, and there are many suggestions about best practices, but how do we (as a field and as individuals) get from Good to Best? There is no magic bullet that will allow us to leapfrog from today to our ideal future. Instead we need to understand how systems, organizations, and individuals move along a path to better teaching outcomes in strategy. This session would set up a “straw man” of best practices in teaching strategy and will include presentations by award-winning faculty who have expertise in teaching strategy at different levels (e.g. academic – undergraduate, MBA, and Executives as well as a corporate and consulting perspective). This session is perfect for new faculty who are just getting started or old timers who want to update their strategy teaching toolkit.

SESSION 318

PLENARY TRACK

TRACK P	Date	Monday, Sep 13
	Time	15:15 – 16:30 h
Parallel Panel	Room	Bernini 1

Capital Market Valuation and Corporate Value Creation Strategies: How to Specify Success Factors of Premium Conglomerates

Session Chair

Dieter Heuskel, *Boston Consulting Group*

Panelists

Philip Beckmann, *University of Dortmund*Premal Desai, *ThyssenKrupp AG*Guenter Muller-Stewens, *University of St. Gallen*Harald Rubner, *Boston Consulting Group*

Capital market discounts (or premiums) for conglomerates have not lost any relevance during the recent financial crises. In contrast, the root causes of market valuations are still highly debated across the academic landscape as well as among senior executives of multi-business companies dealing with rating agencies and/or professional investors. In a current study, The Boston Consulting Group is explicitly integrating both aspects by investigating the link between capital market valuation (financial perspective) and corporate value creation strategies (strategic perspective) of multi-business companies. We are computing conglomerate discounts (or premiums) of more than 300 European firms and are simultaneously contacting board members or senior executives of these companies to participate in a survey on sources of corporate value creation. The primary objective of the Web-based questionnaire is to analyze and systematize all relevant drivers of corporate value added and corporate value destroyed within the selected companies. The results and key findings of both analyses (financial and strategic) will be the core elements of our planned plenary session.

SESSION 115

ROUTINES, CAPABILITIES, AND LEARNING

TRACK A	Date	Monday, Sep 13
	Time	15:15 – 16:30 h
Paper	Room	Bramante 2

Session Chair Christian Stadler, *University of Bath***✿ Balancing Exploration and Exploitation under Segregation Dynamics**Ji-hyun Kim, *New York University*

Exploration vs. exploitation has emerged as an important determinant for long-term survival of organizations. Recent empirical evidence suggests that organizations indeed keep a consistent mid-range level of exploration-exploitation according to the suggested inverted U-shape relationship between the exploration-exploitation continuum and long-term performance. While organizations intend to balance exploration-exploitation and achieve optimal performance levels, empirical evidence for the inverted U-shape relationship are scant, or at least mixed. In this study, I argue and demonstrate that homogeneous belief-seeking tendency of organizational members may re-shape the inverted U-shape to a right skewed relationship. It implies that when there is homogeneous belief-seeking tendency, unlike the generally accepted relationship, high degree of exploitation is beneficial. In demonstrating my argument, I build both an analytical and a computer-based simulation model.

Cognitive Control Capabilities, Routinization and Decision-makingDaniella Laureiro-Martinez, *Bocconi University*Stefano Brusoni, *Bocconi University*Maurizio Zollo, *Bocconi University*

The link between the mindful and less-mindful perspectives is relatively underdeveloped (Levinthal & Rerup, 2006) and even less so is our understanding of the combined impact that superior cognitive abilities (i.e. mindful) and routinization (i.e. less mindful) simultaneously have on decision-making. This paper intends to fill this gap introducing the concept of cognitive control capabilities, i.e. an individual's ability to regulate one's attention modulation processes. Through an experimental study we first show that differences in individuals' cognitive control capabilities actually influence adaptive managerial decision-making. Second, better performance in a decision making task is obtained only when superior cognitive control capabilities are combined with the ability to routinize decisions. Finally, we conclude this paper exploring the implications of our results.

✿ On the Role of Causal Knowledge In Organizational LearningNatalia Vuori, *Aalto University*

Previous research argues that firms learn by reflecting on feedback produced by their actions and by storing the obtained knowledge for using them in the future. In this paper, I argue that the type of reflected and codified knowledge has a strong influence on organizational learning. My findings are based on a case study of a serial acquirer. The data shows that even if a firm has a deliberate learning focus and dedicated resources for developing its acquisition capabilities through periodical reflections, it may still fail to develop desired proficiencies from its previous experience. Thus, successful organizational learning requires explicit managerial focus on causal knowledge, which refers to understanding the deep structure of causal dynamics between actions, consequences and ultimate outcomes



Strategy as Directed Search: How Chance and Organizational Capabilities Drive Firms Growth

Enrico Zaninotto, *University of Trento*

Marco Corsino, *University of Trento*

Roberto Gabriele, *University of Trento*

The strategic management literature has rarely confronted with empirical findings in field of industrial economics which emphasize the role of stochastic components in driving industry dynamics. Our contribution tries to reconcile the apparently dominant role of chance with the notion of organizational capabilities in explaining firm growth. In the proposed framework, organizational capabilities steer the exploration of the surrounding environment and curb the ability to seize business opportunities. Thereafter, the observed patterns of firm growth can be interpreted as a result of the interaction of stochastic factors and firm competences. The latter, however, have a major bearing on firm success only when the surrounding environment is stable and the expected value of opportunities is to some extent correlated.

SESSION 101

DIVERSE PERSPECTIVES ON UNDERSTANDING AND MANAGING COOPETITION TENSION

TRACK C	Date	Monday, Sep 13
	Time	15:15 – 16:30 h
Panel	Room	Bramante 1

Session Chair

Devi Gnyawali, *Virginia Tech*

Panelists

Vittorino Filippas, *University of Trento*

Frédéric Le Roy, *University of Montpellier*

Paavo Ritala, *Lappeenranta University of Technology*

Coopetition is considered a win-win strategy as firms engaged in coopetition could build on each-other's resources, share technological and market risks, address common opportunities and challenges, and therefore create value for each other. However, managers engaged in coopetition face numerous challenges due to high tension created by opposing forces of competition and collaboration. Firms that can understand and effectively manage tension are likely to develop mutually beneficial relationships and would create value for each other and could subsequently enhance their performance. Members of this panel will share their research regarding how coopetition tension impacts managers and how managers develop and pursue various approaches to deal with such tension.

SESSION 301

THE STRATEGIC MANAGEMENT OF CITIES

TRACK D	Date	Monday, Sep 13
	Time	15:15 – 16:30 h
Panel	Room	Michelangelo BR 1 & 2

Session Chair

Philip Meissner, *HHL-Leipzig Graduate School of Management*

Panelists

Bjoern Bloching, *Roland Berger Strategy Consultants*

Andreas Mehlhorn, *Siemens AG*

Dodo zu Knyphausen-Aufsess, *Berlin Technical University*

Cities are a focal point for many of the challenges and opportunities that humanity is facing at the beginning of the 21st century. More than half of the world's population now lives in cities, and this share is expected to grow to 60% by 2025. How can we tap the intellectual and creative potential of cities? And what can be learned from exciting and well-run cities, which attract the most talented people? These are the challenging questions which call for our joint effort in developing sustainable answers

and solutions. Our panel proposal is based on the belief that future work in strategic management should contribute to the search for answers and solutions that are of vital interest to mankind. We bring together four perspectives that we consider to be important from a theoretical as well as a practical standpoint.

SESSION 239

DYNAMIC CAPABILITIES

TRACK E	Date	Monday, Sep 13
	Time	15:15 – 16:30 h
Common Ground	Room	Bernini 3

Facilitator Catherine Maritan, *Syracuse University*

Dynamic Capabilities and Uncertainty: The Missing Links of Complexity and Resource Munificence

Susan Storrud-Barnes, *Cleveland State University*

John Reece, *Cleveland State University*

Mark Dobeck, *Cleveland State University*

This work focuses on dynamic capabilities in large established organizations. Our paper argues that strategic management literature regarding dynamic capabilities has tended to focus on only a portion of the capability structure necessary to actually gain and sustain competitive advantage through the use of resources and competencies in uncertain times. The uncertainty dimensions of complexity and resource munificence have largely been ignored. We also argue that dynamic capabilities in large firms are intentional (not derived from satisficing) and are rooted in the ability to disaggregate and re-aggregate a value chain to match the changed environmental conditions reflected in resource munificence, complexity and dynamism.

Environmental Acceleration and Routine Mutation: Towards a Theory of Dynamic Capabilities

Fernando Suarez, *Boston University*

Juan S. Montes, *University of Adolfo Ibanez*

This paper contributes to the literature on dynamic capabilities by providing an in-depth ethnographic study of organizations competing in an environment that changes rapidly and unpredictably. Our contribution to existing theory is threefold. First, we argue that dynamic capabilities are needed in specific times, episodes of "environmental acceleration" that can take place in any sector. Second, we posit that the distinctive characteristics of dynamic capabilities do not reside in existing processes and routines, as currently literature suggests, but are a special form of rapid and often unprecedented recombination of routines and resources that we call "mutation." Third, we argue that normal operating routines and processes do have a role in dynamic capabilities, and our arguments help distinguish operating routines from dynamic capabilities.

The Pharmaceutical Industry Capability Lifecycle

Lisette Pregelj, *University of Queensland*

Martie-Louise Verreynne, *University of Queensland*

Damian Hine, *University of Queensland*

We extend Helfat and Peteraf's (2003) Capability Lifecycle model and apply it to the development of clinical management capabilities in the pharmaceutical industry. We argue that the duration of clinical trials is the activity conferred by clinical management capabilities and that different rates of change of trial duration over time is evidence of the development and maturation of clinical management capabilities through organizational learning mechanisms and experience by doing. We further propose a method to empirically measure the lifecycle of clinical management capabilities and argue that these capabilities are maturing and becoming more widely adopted throughout the industry. These findings have consequences for the competitiveness of pharmaceutical organisations.

The Relationship between Dynamic Capabilities and Firm Performance: Can Internal Fit Enlighten the Debate

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

The relationship between dynamic capabilities and firm performance is a current debate. Our study investigates the potential role of internal fit in this relationship. Internal fit is often linked to firm performance and is conceptually related to dynamic capabilities. We use different analysis techniques and a newly developed, cross-country longitudinal dataset on the market research industry (1990-2005). Our study uses both the traditional clustering approach and an alternative, set-theoretic method for measuring internal fit. We also test if different dynamic capabilities behave differently. The importance of our research is in providing more evidence to decide on balancing both explorative and exploitative dynamic capabilities, and internal fit.

The Rise, Diffusion and Development of Dynamic Capabilities Research: The Role of Influential Authors

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

Recent years witnessed the ascendancy of the concept of dynamic capabilities, and its diffusion across fields. The aim of this paper is to explain the reasons behind this evolutionary trajectory by examining the role of the most influential authors. Our findings suggest that the heterogeneous roots of dynamic capabilities may have encouraged the entry of a broader array of contributors to the field, allowing it to develop upon a richer, more diverse knowledge base. Authors with heterogeneous interests and expertise may have served as conduits of knowledge, bringing creative ideas into a field and diffusing the concept to a wider knowledge arena. This suggests that there may be a previously unacknowledged benefit for the development of a field that comes from heterogeneity in intellectual foundations.

Transformational Events and Dynamic Capabilities: Examining the Post-IPO Survival of Firms in the Telecommunications Industry

Berna Aksu, *St. Mary's College-Moraga*
Sandip Basu, *California State University-East Bay*

Research indicates that a high proportion of public ventures in technologically intensive industries still fail within a few years of their IPOs. The IPO event itself poses a challenge to some firms that are unable to adapt themselves to the increasing demands of new stakeholders who come on board after the IPO. We propose those firms that are able to build well-developed dynamic capabilities are better positioned than others to avoid failure. Dynamic capabilities emerge from transformational events in the evolution of young ventures. We identify four types of transformational experiences that help firms adapt to post-IPO challenges: TMT changes, partnerships, core business renewal, and technological profile changes. We expect to find significant positive effects for each of our four variables of interest on post-IPO firm survival.

SESSION 240

SIGNALING, MEDIA, AND LEARNING WITHIN AND ACROSS MARKETS

TRACK E	Date	Monday, Sep 13
	Time	15:15 – 16:30 h
	Room	Bramante 3

Session Chair Mark Kennedy, *University of Southern California*

A Meta-Analytic Review of Competitive Dynamics

Margaret Hughes, *Michigan State University*
Yuan Tao, *Michigan State University*
Gerry McNamara, *Michigan State University*

Competitive aggressiveness has been at the center of competitive dynamics literature for a decade, but there is no consensus about its content, antecedents, and performance consequences. By conducting a meta-analysis on 19 antecedents-aggressiveness and aggressiveness-consequences relationships using three aggressiveness indicators—volume, competitive, and heterogeneity—we investigate the awareness, motivation, and capability drivers of competitive aggressiveness, and its wealth effect. Results show that market concentration, firm size, diversification level, and prior performance all affect its competitive aggressiveness, which in turn influences accounting and stock performance. Findings also suggest that high performance leads firm to increased competitive volume, which further improves performance, while low performance triggers more complex competitive actions which fail to improve organizational outcomes. This reifies the “rich get richer, poor get poorer” effect of corporate risk-taking found by Bromiley (1991).

Signaling, Cheap Talk, and the Cost of Crying Wolf: How Informal Institutions Govern Publicity Activity

Mark Kennedy, *University of Southern California*
Robert Salomon, *New York University*
Edward Zajac, *Northwestern University*

Strategy research explores media influence on firm reputation and performance, but is media coverage also affected by strategic efforts firms' strategic efforts to attract it? Theory suggests competing answers. Publicity could signal that firms have stories worth covering, but its relatively low cost also makes it “cheap talk,” i.e., nonbinding, unverifiable communication usable easily and often. To reconcile this puzzle, we observe both incentives that reward publicity and informal institutions of journalism that limit its use. Thus, calling for media coverage generally attracts it until, like the boy who cried wolf, calling for attention too often leads to being ignored. Analyses of press releases and media coverage of 1980s computer workstation producers support this argument. This finding highlights the role informal institutions play in regulating information exchange.

Source Validity in Competitive Dynamics Research: Insights from Political Science and a Research Agenda

Tomi Nokelainen, *Tampere University of Technology*

With a brief review of prior literature in competitive dynamics, I demonstrate that practically all prior research in this vein has relied on news media as the data source for companies' competitive actions, the basic unit of observation in competitive dynamics research. I argue that this single sourcing strategy is methodologically potentially problematic due to the possibility of source biases, a phenomenon well documented in political science but virtually unaddressed in competitive dynamics research. Consequently, reflecting on three decades of source validity research in political science, I present the outlines of a research agenda, including some specific exemplary research questions, to investigate source validity within competitive dynamics – both in general and with regard to news media in particular.



Vicarious Learning among Multimarket Competitors

Xuesong Geng, *Singapore Management University*
 You-ta Chuang, *York University*

Past research has been relatively silent on how multimarket competition influences inter-organizational learning. When firms compete with each other in several markets, we argue, multimarket contact is a useful trait based on which a firm can learn vicariously about the value of actions of multimarket competitors. By examining branch abandonment of multi-location commercial banks in New York State between 1994 and 2007, we suggest that a bank is more (less) likely to abandon branches following another bank's abandoning (opening) branches if their multimarket contacts with other rival banks are similar across multiple locations. However, this association attenuates if the bank has higher multimarket contact or higher strategic similarity with other competitors in the same location.

SESSION 163

NEW PERSPECTIVES ON SHAREHOLDERS AND BOARDS

TRACK F	Date	Monday, Sep 13
	Time	15:15 – 16:30 h
Common Ground	Room	Bernini 2

Facilitator Jiatiao Li, *Hong Kong University of Science & Technology*

Determinants of Ownership Concentration: The Importance of Firm, Industry, and Country-Level Factors

Christian Weiss, *European Business School*
 Ansgar Richter, *European Business School*

We analyze the relative importance of firm-, industry-, and country-level factors as determinants of the level of ownership concentration of firms. Building particularly on the work of Demsetz & Lehn (1985), Thomsen & Pedersen (1999; 1997, 1998), and La Porta et al. (1998, 1999), we develop hypotheses and test them on a sample of 900 firms from nine countries, using hierarchical linear models. Our models explain up to 31% of the variance in the ownership concentration of firms. The results show that the firm- and the country-level influence ownership concentration significantly, whereas industry-level factors play an almost negligible role in this respect. Specifically, we find that the institutional context in which companies operate has a surprisingly large effect on the level of ownership concentration. Our results should spark further multi-level research on the relationship between environmental factors on the country level and the allocation of ownership rights in firms.

Effects of Board Size and Board Interlocks on International Expansion of High-Technology Ventures

Juhana Peltonen, *Aalto University*
 Mikko Rönkkö, *Aalto University*

In this paper we study how board interlocks affect the probability of international entries in small high-technology firms. By reflecting the service and resource dependence roles of boards on criteria for sustainable international new ventures, we hypothesize that both board size and board interlocks should have a positive relationship on making international entries. We test these hypotheses using a longitudinal data set comprised of survey data on the internationalization patterns of Finnish software companies combined with board interlock data from the Finnish Trade Registry. By employing a Cox proportional hazards model, we find that board interlocks increases the likelihood of making new international entries whereas board size and other board diversity metrics are not significant.

How Much Does Board Matter: The Effect of Boards of Directors in the CEO Power-Firm Performance Relationship

Alessandro Minichilli, *Bocconi University*
 Alessandro Zattoni, *Parthenope University*

Our research aims to investigate the impact of CEO power on firm financial performance in a post-SOX era. We investigate the effect of board of directors on the relationship between CEO power and firm performance. This research considers board independence, directors' incentives and board activity as potential moderators of the relationship between CEO power and firm financial performance. We tested our hypotheses using a sample of 500 large US industrial firms. Preliminary results on a cross-sectional dataset provide support for our hypotheses and indicate that CEO power has a strong positive impact on firm financial performance, and that the board of directors moderates such relationship. We are collecting additional data to build a longitudinal dataset that includes observations both pre- and post- Sarbanes Oxley Era.

Human Capital vs. Entrenchment: Market Reactions to Director Resignations and Deaths

Jill Brown, *Lehigh University*
 Andrew Ward, *Lehigh University*
 Anne Anderson, *Lehigh University*
 Jesus Salas, *Lehigh University*

Governance scholars continue to debate the value of directors as an effective governance mechanism. We contribute to the resolution of this debate by examining the value placed on directors by the shareholders as evidenced by the market reactions to director exits. We posit that market reactions to director exits under different tenure conditions reflect the value of the directors in the eye of the shareholders; thus revealing whether shareholders evaluate these departures as a true loss of human capital or a positive leadership change that may bring value to the firm. Additionally, we look at shareholder reactions to director exits under different performance conditions which may exacerbate or mitigate shareholders' views on the relationship between director tenure and entrenchment.

The Failure of Hedge Fund Activism in Japan: Lessons for Corporate Governance

Dominic Chai, *University of Manchester*
 John Buchanan, *University of Cambridge*
 Simon Deakin, *University of Cambridge*

We examine the failure of hedge fund activism in Japan during the period 2002-8, demonstrating that it predated the global financial crisis. We ascribe the diminishing influence of these activist hedge funds to the durability of the Japanese model of the "community firm". We show that Japan is less of an outlier than is generally supposed, and that its recent experience has wider resonance for the global corporate governance debate. In particular, the tendency to treat recent American corporate governance practice with its emphasis on shareholder value as the norm, and to assume that other national systems are converging on it, has become a serious barrier to understanding.

The Growing Impact of Shareholder Activist Networks in France

Stephen Gates, *Audencia Nantes School of Management*
 Girard Carine, *Audencia Nantes School of Management*

This paper makes three contributions: it is the first to analyse shareholder activists and their use of international investor networks to engage French companies. Second, it determines the roles played within shareholder activism in France. Third, it adapts the Ryan-Schneider model (2002) to the French context. We first document the functioning of three shareholder activist actors that mobilize international investor networks. Next, we then explain the changes in French legislation that

facilitated shareholder activism. We then expand the Ryan-Schneider model and present a series of propositions concerning the functioning of collaborative investor networks that may explain their effects on targeted French corporations. Finally, we illustrate the role played by these three activist professionals and international investor networks in the shareholder activism process in France.

SESSION 166

RENT-SEEKING CEOs AND EXPROPRIATING SHAREHOLDER WEALTH

TRACK F	Date	Monday, Sep 13
	Time	15:15 – 16:30 h
Paper	Room	Bramante 4

Session Chair Robert Wiseman, *Michigan State University*

A Multilevel Model of Turnover: Nature, Antecedents, and Consequences Across Levels of Analysis

Anthony Nyberg, *University of South Carolina*
Robert Ployhart, *University of South Carolina*

Through the use of multilevel theory, we develop a holistic model of turnover that generates new insights and provides a mechanism for approaching future turnover research. We review turnover research at the individual, group, and organizational levels and integrate this research using multilevel theory to analyze and reconcile the disparate nature, antecedents, and consequences of turnover across levels of analysis. Our model then describes how turnover, which can be thought of as originating at the individual level, is transformed to create aggregate group- and organizational-level phenomena. The model challenges conventional assumptions and extends turnover scholarship into multilevel directions.

❖ Are CEOs Rent-seeking? Role of CEO Celebrity, Risk and Board Monitoring on CEO Pay

Kalin Kolev, *Michigan State University*
Robert Wiseman, *Michigan State University*
Max Belin, *Michigan State University*

This study compares CEO pay returns with shareholder returns to determine if differences in their respective returns are a product of various forms of risk to the CEO, CEO celebrity status or board monitoring. CEOs may be justified in earning higher returns if they bear greater risk than shareholders, alternatively, boards may grant CEOs greater returns due to the CEO's celebrity status. Alternatively, CEOs may engage in rent-seeking due to lax board oversight. We test these arguments using secondary data that allow us to disentangle board vigilance from independence and separately compare the effects of CEO employment, compensation and performance risks. We find support for firm performance risk, CEO celebrity status, and board vigilance and independence in explaining differences between CEO returns and shareholder returns.

Does Corporate Governance Matter? Evidence of Complementarities between Incentive Alignment and Monitoring in Firm Risk Contingency

Sanjay Goel, *University of Minnesota*
Mathias Arrfelt, *Arizona State University*
Robert Wiseman, *Michigan State University*

Based on the agency-based assumption that agents are more risk-averse than investors, prescriptions for corporate governance have generally centered on incentive alignment and monitoring by board of directors. However, the assumption of universal agent risk-aversion has been challenged, and agents have been argued to exhibit risk-seeking behavior as well. We test the efficacy of internal governance mechanisms (incentive alignment and direct monitoring) under assumptions of both risk-averse and risk seeking agents in predicting risk-adjusted performance. This allows us to examine whether effective governance mechanisms are

different under conditions of high risk versus low risk. Tested on a sample of 570 US-based firms, results generally support that governance configurations differ between high risk and low risk-taking firms.

Providing CEOs Opportunities to Cheat: The Roles of Firm and Industry Information Asymmetries in Financial Reporting Fraud

Hermann Ndofo, *Texas A&M University*
Curtis Wesley, *Texas A&M University*
Richard Priem, *Texas Christian University*

This paper argues that the opportunity by managers to engage in financial reporting fraud arise because of the presence of firm level and industry level information asymmetry. We hypothesize that information asymmetry captured through structural complexity at the industry level (industry complexity) and firm level (level of diversification) will positively affect the probability of financial reporting fraud. We further propose this relationship is strengthened by compensation incentives but is mitigated by more stringent actuarial oversight by the audit committee. These hypotheses were tested on a 153 matched sample of firms with earnings restatements. Results from our analyses provide support for these arguments. Information asymmetry is found to be both a necessary and sufficient condition for financial reporting fraud.

SESSION 179

IMPORTANCE AND COMPENSATION OF ORGANIZATIONAL LEADERS

TRACK F	Date	Monday, Sep 13
	Time	15:15 – 16:30 h
Paper	Room	Bramante 5

Session Chair Anja Tuschke, *University of Munich*

Incentive Mechanisms for Managerial Compensation: A Content Analysis of Coaching Contracts In College Football

Yuhei Inoue, *Temple University*
Jose Plehn-Dujowich, *Temple University*
Aubrey Kent, *Temple University*
Steve Swanson, *Temple University*

Although substantial literature has examined incentive mechanisms for managers of public companies, relatively few studies have been conducted on incentive-based compensation adopted by other types of organizations. Given this gap, we aim to describe incentive mechanisms used for head football coaches of U.S. colleges by focusing on the following issues: prescribed criteria used for coaches' incentives, the relationship between types of incentives offered and organizational characteristics, the effect of size on the extent to which incentive-based compensation is adopted, and the strategic use of incentives. Our preliminary results reveal that prescribed criteria for coaches' incentives can be classified into four categories, including student academic performance, program on-field performance, coach performance, and revenue performance.

MNE's Institutional Complexity and Top Executive Compensation

Yu-Kai Wang, *Florida International University*

This study investigates the impact of MNE's institutional complexity, or the diversity of national institutions facing an MNE's network of subsidiaries, on the compensation of top executives of multinational enterprises (MNEs). MNEs facing greater institutional complexity need to operate in, and hence understand, the national environments of each of their subsidiaries which may be largely different from the environments of their home countries. The greater these differences are the less likely executives will be able to use already established competencies. Drawing from the information-processing demands school, this study proposes that



CEOs and top management teams of MNEs facing greater institutional complexity will be more highly compensated. Preliminary results show that the greater either of political, economic, or sociocultural complexity the greater CEO compensation.

On the Importance of the Firm's Strategically Leading Duo: Empirical Evidence from German Firms

Bjoern Six, *Darmstadt University of Technology*
Ruth Maria Stock, *Darmstadt University of Technology*
Dirk Schiereck, *Darmstadt University of Technology*

Studying strategic leaders is one of the most enduring areas in strategic management research and scholars go to great length investigating strategic leaders' impact on firm performance. This paper aims at clarifying whether and to which extent strategic leaders matter in German firms. In particular, the focus is on the strategically leading duo of the firm, consisting of its CEO and CFO. These have been identified as most important leaders in the organization in prior publications. Results from an investigation of a 20 year panel of 110 firms listed in the German bluechip or midcap index indicate that the strategically leading duo is of importance to the firm. Further, CEOs and CFOs affect different corporate policy and performance measures to a higher or lesser degree.

Performance Over the CEO Lifecycle: A Differentiated Analysis of Short and Long Tenured CEOs

Torsten Wulf, *HHL-Leipzig Graduate School of Management*
Stephan Stubner, *HHL-Leipzig Graduate School of Management*

In extending leader life cycle theory we examine the relationship between CEO tenure and company performance. Based on institutional theory and circulation of power theory, we argue that a uniform leader life cycle as proposed by previous research does not exist. Rather, we show that two distinct leader life cycles result for CEOs with long tenure and CEOs with short tenure. Specifically, for long-tenured CEOs we find a slow increase in performance during the early tenure which then increases strongly and later declines again, whereas the life cycle of short-tenured CEOs is characterized by strong performance increases during the early tenure followed by a sharp decline. Moreover we find evidence that a longer CEO tenure leads to higher overall firm performance.

SESSION 297

CHANGING INSTITUTIONAL CONTEXTS AND STRATEGIC RESPONSE

TRACK G	Date	Monday, Sep 13
	Time	15:15 – 16:30 h
Common Ground	Room	Bernini 4
Facilitator	Oana Branzei, <i>University of Western Ontario</i> Africa Ariño, <i>University of Navarra</i>	

Conceptualizing Privatization in Management Research: A Multi-level Research Agenda

Xu Han, *Peking University*
Changqi Wu, *Peking University*

We review literatures on privatization published in the top management journals in the recent years and argue that the lack of conceptualization of privatization and the monotonic use of the firm as the level of analysis result in the publication drought of studies on privatization in the top management journals. We thus propose a multi-level research agenda for addressing management issues in studies on privatization and possible ways to conceptualize the phenomenon. We hope to contribute to the existing privatization and management literature by highlighting the venues for future research on privatization and foster the publication of studies on privatization in the top management journals.

Low Cost Sourcing... or High Cost Supplying?

Valerie Moatti, *ESCP Europe*

Sourcing from low cost countries is today at the agenda of most manufacturing companies whatever their size or industry. However, traditional strategic management theories of international management –mainly based on transaction costs and resource-based theoretical backgrounds- fail at fully explaining such trend. We therefore suggest alternative explanations, specifically related to organizational isomorphism. The first results of our empirical study on the impact of sourcing manufactured products from low cost countries confirm these contradictory trends. On the one hand, companies tend to increase offshoring. On the other hand, they recognize that offshoring raises many management issues as well as additional costs across the supply chain. We therefore suggest that offshoring decision is often guided by isomorphism and try to formulate a tentative framework to help companies decide what products to offshore.

Strategic Group Membership and Foreign Direct Investment: Location Choice and Timing in Fragmented Industries

Naomi Gardberg, *City University of New York*
William Newbury, *Florida International University*
Mehmet Genc, *City University of New York*

We combine theories from the foreign direct investment domain with those of competitive dynamics to model foreign market entry decisions of firms in a fragmented industry. We propose that strategic group membership helps explain firms' market entry patterns and timing, controlling for variables such as market characteristics, psychic distance and oligopolistic reaction. We argue that firms will either tend to enter the same markets as their strategic group members, or they will avoid entering the same markets through mutual forbearance. We test these hypotheses on a longitudinal dataset of the largest 200 retailers in the world. The results support the hypothesis that strategic group membership influences FDI location timing.

Technology and International Strategies in Born Global Firms: Evidence from The Netherlands

Sumit Kundu, *Florida International University*
Hein Roelfsema, *Utrecht University of Applied Science*
Anne Van Delft, *Rotterdam University of Applied Sciences*

This paper analyzes the internationalization strategies of biotech firms in the Netherlands. We find that many of these firms are born internationals in the sense that from their inception they are actively engaged in international cooperation. However, we find that the nature of potential intellectual property and technology has a strong influence on the drivers for the internationalization process. In the theory part of the paper we connect IP strategies and technology to separate classes of business models which subsequently translate in dominant internationalization strategies. By presenting case study evidence for the Dutch biotech industry, in the empirical part of the paper we show that technological characteristics explain the variation of internationalization strategies across firms.

★ Why Do Firms Locate R&D Outsourcing Agreements Offshore? The Role of Ownership, Location and Externalization Advantages

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

We examine the decision to outsource R&D to an offshore supplier instead of a domestic one, noting that it is shaped by a different set of factors depending on whether the foreign supplier is located in a developed or in a developing country. Building on the OLI paradigm, we argue that the decision to outsource an R&D service offshore is dependent on: "ownership" advantages (governance capabilities); "location-specific"

advantages offshore; and “externalization” advantages for the activities outsourced. Our hypotheses were confirmed using original survey data from European and U.S. firms in high-tech industries. We found that firms with more governance capabilities are the ones showing a higher propensity to outsource offshore and that the specific location of the agreement is conditioned by the motivation to outsource.

SESSION 264

PATTERNS OF CHANGE

TRACK H	Date	Monday, Sep 13
	Time	15:15 – 16:30 h
Paper	Room	Bramante 7
Session Chair	Patrick Regnér, <i>Stockholm School of Economics</i>	

Big Change or Small Changes? Organizational Restructuring, Modular Reconfiguration and Economic Performance

Stéphane Girod, *Accenture*
 Hyun J. Im, *University of Oxford*
 Richard Whittington, *University of Oxford*

This paper compares the performance implications of the radical but infrequent organizational restructurings associated particularly with punctuated equilibrium theory, and the continuous, incremental modular reconfiguration associated with the dynamic capabilities tradition. Data are drawn from the top 50 publicly-listed industrial firms ranked each year from 1985 to 2004 in the U.S. Fortune 500. Consistent with the dynamic capabilities approach, we find that modular reconfigurations are associated with positive performance outcomes across environments. Although restructurings are generally associated with positive performance outcomes on one performance measure, the same measure implies negative performance outcomes in high velocity environments in particular – again consistent with dynamic capabilities reasoning. Our research is continuing with an investigation of performance implications of routinization of change and sequencing between reconfigurations and restructurings.

★ ★ Move to the Beat: Rhythm of Change, Frequency of Change, and Firm Performance

Patricia Klarner, *University of Munich*
 Sebastian Raisch, *University of St. Gallen*

This study examines how different rhythms of change relate to firm performance. An explorative analysis of 67 European insurance companies between 1995 and 2004 reveals that changes occur in four distinct rhythms, which are classified as being either regular or irregular (punctuated, temporally switching or focused). Subsequent quantitative analysis shows that companies that change regularly outperform companies that change irregularly. Moreover, we find that change frequency can be beneficial if change occurs regularly. These findings contribute to research on the change-stability paradox by showing that a regular and sequential balance between change and stability – rather than punctuated or continuous change – is associated with long-term success.

Strategic Co-Evolution of Franchise Systems: The Case of the Dutch Drugstore Industry

Evelien Croonen, *University of Groningen*
 Dany Jacobs, *University of Amsterdam*
 Maryse Brand, *University of Groningen*

Franchising research often assumes that franchise systems are static systems in which strategic changes do not occur and relationships between franchisors and their franchisees hardly change. This paper adopts a ‘co-evolutionary perspective’ by acknowledging that franchise systems can be dynamic systems of strategic adaptation in which interactions between the franchise partners influence the franchise systems’ development. The

paper aims to explore the extent and content of co-evolutionary patterns, the forces driving them, and their consequences for various stakeholders in a specific franchising context. The empirical part first summarizes the strategic developments of all franchise systems and their main interactions in the Dutch drugstore industry in 1988-2004. We then delve deeper into franchisor-initiated strategic changes at four specific drugstore franchise systems to better understand the forces behind them, the way franchisees and competing systems reacted to these changes, and the consequences of these reactions.

Supplemented, Synchronized, and Supplanted: How Varied Attributions for Surprise Influence Strategic Change

Chris Bingham, *University of North Carolina-Chapel Hill*
 Jeray Halebian, *University of California-Riverside*

This study explores how varied attributions for surprising outcomes impact strategic change. The context is new venture internationalization. Prior studies argue that strategic change is more likely when firm members adopt internal attributions for surprising negative outcomes, and less likely when firm members adopt external attributions. In contrast, we find that strategic change is affected not only by whether attributions are internal or external but also by whether attributions between the field and headquarters are convergent, divergent, or blended. More broadly, our data reveal a novel typology of attribution patterns between the field and headquarters that is characterized by synchronized, supplanted or supplemented attributions.

SESSION 193

NETWORK CHARACTERISTICS AND INNOVATION

TRACK I	Date	Monday, Sep 13
	Time	15:15 – 16:30 h
Common Ground	Room	Bernini 5
Facilitator	Corey Phelps, <i>HEC-Paris</i>	

Competing Investors’ Logics and Innovation Performance

Julien Jourdan, *HEC-Paris*
 Rodolphe Durand, *HEC-Paris*

We study how, and to what extent, a change in the financing of an industry affects new products’ performance, here called innovation performance. Using a candidate-audience framework, we argue that the entry of a new category of investors, with distinct expectations and preferences, may not only change the distribution of financial resources, but also contribute to the development of a new logic in the industry. As a result, changes introduced in the financing structure of the industry affect innovation performance via two reinforcing mechanisms: logic heritage and network centrality. We test our model using a unique dataset on the film production industry in France (1986-2006), and derive implications for research on innovation and competitive advantage.

Complementors, Suppliers and Innovation Performance: a Network Perspective

Thijs Habets, *University of Twente*
 Joris Heuven, *University of Twente*
 Ariane Raesfeld, *University of Twente*
 Aard Groen, *University of Twente*

Many successful innovations are the result of collaborative efforts. Collaborations with complementors (actors that independently provide complementary offerings directly to mutual customers) or suppliers are underexplored in current network research. The primary purpose of this article is to argue that network heterogeneity matters for innovation. We firstly explore the literature on the effect of open- and closed networks in relation to innovation, and hypothesize how this will be for complementors



and suppliers. Then, drawing on quantitative empirical evidence of the printing industry, we find that complementors are structurally less embedded but relationally more embedded than suppliers. Embedded complementors affect “the time to market” negatively and “the added value of an innovation” positively. The findings demand for more research on the heterogeneity of innovation networks.

Hierarchical Linear Modeling of Innovative Performance: An Effect of Coreness and Pioneering of Technology on its Innovative Performance

Yung-Cheng Lai, *Ching Yun University*
Jen-Jen Tseng, *Ching Yun University*

Consider amongst the perspective of social network, organizational learning, and searching, this study build the concept model for technology network structure and its innovative performance within the effects of organizational learning and searching. We are testing the concept model by the dataset which is including 625 coassignee patents panel (period 1994-2006) for the firm IBM. It is indicated that the coreness of Tech can lead to higher innovative performance, and the Firms' capacity is positively associated with innovative performance. Furthermore, the relationship between the pioneering level of Tech and its innovative performance will be moderated by cooperative firms' capacity.

Innovation at the Crossroad of Global and Local Networks: The Case of Indian Pharmaceutical Biotechnology

Federica Angeli, *Maastricht University*
Charmiarne Lemmens, *Maastricht University*
Nico Rasters, *Maastricht University*

This work investigates the effect on innovation of firms' diverse structural positions within global, country boundary-spanning, and local, within-country, networks. Global networks expose firms to heterogeneous, cognitively distant sources of knowledge, which may fruitfully increase the variety of incoming information. On the other hand, due to cognitive proximity, homophily and trust, local highly-interconnected alliance blocks may enhance knowledge assimilation and recombination. Density within the local network outside the alliance blocks, on the contrary, may hinder innovation because of an unnecessary dissipation of relational resources. Our findings support these arguments, and show highly significant interaction effects between global structural holes, local network density and local alliance-block embeddedness. Managerial implications underline the saliency of a well-crafted balance between global and local network position of the focal firm.

Knowledge Management and Relational Capital: Leveraging Value Creation

Patrocinio Zaragoza-Saez, *University of Alicante*
Enrique Claver Cortés, *University of Alicante*

Linking the knowledge-based view and the intellectual capital view of the firm, this paper has as its purpose to underline the relevance of a specific component of intellectual capital, namely relational capital, in the knowledge acquisition and transfer processes as well as its influence on a firm's value creation. We used a qualitative research based on a multiple case study, and six Spanish high tech and knowledge-intensive firms were analyzed in depth. The results show that the main relational capabilities used by firms allow them to acquire and transfer knowledge from/to the environment where they develop their activity with the aim of obtaining benefits such as innovations; customers, suppliers and stakeholders' satisfaction; an improvement in the firm's image and credibility; new knowledge; and learning.

Midway to Social Embeddedness in NPD: The Role of Contextual Mechanisms

Christian Welling, *University of St. Gallen*
Alexander Zimmermann, *University of St. Gallen*

Researchers increasingly discuss social embeddedness's role in new product development success. Recent studies provide evidence of an inverted u-shape relationship between embeddedness and initiative performance, but fail to develop a theoretical understanding of how firms can establish beneficial intermediate levels of social embeddedness. Based on an inductive study of six new product development projects at a leading German automotive manufacturer, we derive five categories of contextual mechanisms. These categories are related to different embeddedness dimensions and interact in the sense that some categories strengthen social embeddedness, while others act as a counterbalance. Accordingly, our empirical findings provide insights into how contextual categories can serve as managerial means of establishing intermediate levels of embeddedness across structural, positional, relational, and cognitive dimensions.

SESSION 186

NEW DIRECTIONS IN ABSORPTIVE CAPACITY RESEARCH

TRACK I	Date	Monday, Sep 13
	Time	15:15 – 16:30 h
Paper	Room	Bramante 9

Session Chair Bertrand Quelin, *HEC-Paris*

★ Absorptive Capacity and the Temporal Dynamics of Inter-Organizational Learning in Alliances and Joint Ventures

Henri Schildt, *Imperial College*
Thomas Keil, *Aalto University*
Markku Maula, *Aalto University*

In this paper we examine how absorptive capacity affects the temporal dynamics of knowledge transfer and learning in alliances and joint ventures. Using patent cross-citations in alliances and joint ventures of 110 leading firms in four information and communications technology industries, we show that knowledge flows follow an inverted-U-shaped pattern over time. Furthermore, we find that research and development intensity reduces initial learning yet improves knowledge transfer rates in later stages of the relationship. Technological diversity increases initial learning rates while moderate levels increase knowledge flows later in the alliance. Finally technological overlap has a relatively low effect on learning in the initial stages of the relationship while moderate levels increase knowledge flows later in the alliance.

Microfoundations of Absorptive Capacity in the Peripheries of Manufacturing Networks

Paolo Aversa, *University of Bologna*

This paper, moving from a traditional core-firm perspective, shifts the focus of analysis to the peripheral-view of the network, showing how strategic suppliers are able to develop a specific set of capabilities in order to enhance their own competitiveness and offer flexible and effective support to the core companies' value creation. It also provides a new extended model of absorptive capacity, which not only merges the main contributions that scholars have highlighted, but also includes a novel relation concerning the feedback loops within the learning process. Finally, it presents an empirical analysis of the absorptive capacity by using the lens of microfoundations of dynamic capabilities in order to avoid problems of reification, and to provide a collection of theoretical propositions.

Personal Networks, Absorptive Capacity and Knowledge Transfer in Inter-organizational Networks

Nada Khachlouf, *University of Sfax for the South*
Bertrand Quelin, *HEC-Paris*

Knowledge is now recognized like important factor for building up a competitive advantage. However, because their size and limited capacity, isolated SMEs face great difficulties to own knowledge necessary to their competitiveness. The aim of this paper is to highlight the relationship between the way firm employees manage their personnel networks on the one hand, and the transfer of knowledge between firms in an inter-organizational network context on the other hand. The paper emphasizes that this relationship is mediated by the individual's absorptive capacity of external knowledge. Our research shed light not only on absorptive capacity as a critical factor to knowledge transfer but also on external antecedent of this capacity.

The Impact of Long- Versus Short-Term Performance Feedback Gaps on Potential and Realized Absorptive Capacity

Chanan Ben Oz, *Technion-Israel Institute of Technology*
Avi Fiegenbaum, *Technion-Israel Institute of Technology*
Henrich R. Greve, *INSEAD*

Absorptive capacity (ACAP) development is triggered by organizational learning from performance feedback. It occurs at the level of boards of directors, and it can be observed through both external knowledge acquisition and assimilation (potential ACAP) and on transformation and exploitation (realized ACAP). A study of 252 board members from 129 Israeli entrepreneurial high-tech organizations shows that a board's ACAP development is affected by organizational learning from performance feedback gaps. Short-term performance feedback gaps have greater impact on realized than on potential ACAP, while long-term performance feedback gaps have greater impact on potential than on realized ACAP. Finally, environmental dynamism accelerates the impact of learning from long- and, to a lesser degree, short-term performance feedback gaps on potential, but not on realized, ACAP enhancement.

SESSION 201

KNOWLEDGE AND INNOVATION RESEARCH AT A CROSSROADS: MULTI-LEVEL PERSPECTIVES

TRACK I	Date	Monday, Sep 13
	Time	15:15 – 16:30 h
Paper	Room	Tintoretto 1

Session Chair Kristina Dahlin, *HEC-Paris*

Individual, Organizational, and Network-level Antecedents for Knowledge-sharing

Julia Mueller, *University of Innsbruck*
Dagmar Abfalter, *University of Innsbruck*
Melanie Hoppe, *University of Innsbruck*
Klaus Alber, *Ferienhotel Alber*

Engaging in networks is crucial for the business success of SMEs, especially in the tourism sector. Therefore, many touristic organizations participate in networks and share their knowledge. However, existing research has not focused on antecedents for knowledge sharing between touristic organizations. Hence, the aim of our study is to show which individual and organizational pre-requisites are (un)favorable for knowledge sharing in a network. The case context for this illustration is an Austrian touristic network (Tauernalpin). Building on a qualitative and inductive approach, interviews with network members have been analyzed with GABEK® and revealed (un)favorable pre-requisites on the individual and organizational level fostering knowledge sharing. These results provide valuable implications for the composition and management of networks and contribute to existing research on knowledge management.



The Role of Knowledge in Market Development

Roland Szabo, *Corvinus University of Budapest*
Dávid Taródy, *Corvinus University of Budapest*
Lilla Hortoványi, *Corvinus University of Budapest*
Adrienn Ferincz, *Corvinus University of Budapest*
Zsuzsa Koloszá, *Corvinus University of Budapest*
Miklos Dobak, *Corvinus University of Budapest*

The aim of the research is to address the question how do knowledge influence the innovation and marketing processes resulting in the generation of new market opportunities. Authors anticipate that managers to become more innovative when they search or create new market opportunities. The innovation and entrepreneurial orientation of SMEs is also assumed to be greater due to the widespread availability of information technologies and the Internet. As the research points out, however, firm knowledge and innovation processes are affected by the interaction of individuals' experience, cognitions, immersion and motivations for making decisions.

The Winner Does Not Take It All: Emergence and Survival of Niche Standards

Kristina Dahlin, *HEC-Paris*
Ranjita Singh, *University of Amsterdam*

We argue that outcomes of standards battles are more varied than the monopoly story usually told and that niche standards, that is, surviving standards that lost the battle to become a dominant standard, have been ignored. Even under conditions of increasing returns, more than one standard usually survives. Using firm-level, technology-level, and social factors as determinants, we generate 10 predictions concerning the emergence and survival of niche standards. We use the idea of power imbalance between standards owners and potential adopters to explain limits to single standard dominance and develop the idea of heterogeneity in adopter treatment as another factor making a dominant standard less appealing to less powerful adopters.

Towards Social Cognitive Theory of Knowledge Management: A Multi-Level Analysis

Mary Han, *Ryerson University*
Michael A. Hitt, *Texas A&M University*

This work draws on social cognitive theory to propose a knowledge creation, confirmation and transfer process model. Taking a psychological perspective, we explain the micro mechanisms-an individual's self reflection and forethoughts, behind the knowledge creation process. Further, we explain why and how these individuals transfer their developed new knowledge to the organization level resulting in positive firm performance. We propose that self efficacy belief is the enhancer and motivator for the individual to be willing and eager to communicate, revise and complete the transfer of new knowledge through a social context to the firm level. Our process model constitutes a useful advance in linking self regulated capability to firm performance and the role of individual's self efficacy in knowledge transfer and innovation.

SESSION 253

COGNITIVE ELEMENTS OF STRATEGY PRACTICE

TRACK J	Date	Monday, Sep 13
	Time	15:15 – 16:30 h
Paper	Room	Bramante 6

Session Chair Robert Wright, *Hong Kong Polytechnic University*

Cross-Cultural Cognitions of Critical Board Roles in Hong Kong and Singapore Listed Companies

Robert Wright, *Hong Kong Polytechnic University*

Building on the extant board literature, and the calls for directions for future research, I investigated cross-cultural cognitions of board process

to determine what aspect of board work directors were struggling with and which ones were being handled well by their listed boards. In so doing I focus on what strategists do when they engaged in the practice of board work as a process. This intersection between process and practice has the potential of bringing new insights to what we don't yet know about this important activity for boards.

Exploring the Role of Cognitive Style on the Structuring and Definition of Ill-structured Management Problems

Luiz Felipe Nasser-Carvalho, *University of Warwick*
Alberto Franco, *University of Warwick*

We report preliminary findings from a quasi-experimental, field study on the role of managers' Need for Cognition (Cacioppo and Petty, 1982) and Need for Closure (Webster and Kruglanski, 1994) on: properties of their causal representations of strategic problems, characteristics of their definitions for these problems, and attitudes towards their problem structuring efforts. The findings suggest that while nCognition influences positively managers' confidence in, and enjoyment of their structuring efforts (even when their outcomes are not better than those with lower nCognition), nClosure hinders managers' understanding of the intricacies inherent to strategic problems (even when their confidence and enjoyment are not lower than those with low nClosure). Implications for research and practice of Strategic Decision Support and Problem Structuring Methods are discussed.

Integrating Emotions in the Practice of Strategy: A Natural Fit?

Seraphim Voliotis, *ALBA Graduate Business School*

The strategy-as-practice agenda re-conceptualized strategy as something the members of an organization do. This shift is augmented by contextualization: micro-phenomena need to be understood within their social context. Recently, there have been efforts to integrate cognition research into the strategy-as-practice agenda. Cognition is a foundational element of decision-making and, ultimately, action. But so is emotion, whose functionality is, inter alia, to motivate action. This proposal ventures beyond what strategist do or think towards what they feel. It also ventures beyond core affect to the appraisal of emotions, a mainly cognitive process which affords emotion its phenomenological nature. This inherent property of emotion makes its study particularly fitting to the strategy-as-practice agenda, provided care is taken to ensure ontological, epistemological, and methodological fit during such integration.

Moral Agency in Strategic Management: Coping with Ethical Tensions through Humour and Irony

Henrika Franck-Möller, *Hanken School of Economics*

The discipline of strategic management is characterized by implicit behavioural assumptions such as opportunism and compliance. But many examples of alternative behaviour exist for human life, like reciprocity and solicitude. The question that this paper raises is: How can we understand managers coping with an apparent tension between strategic goal compliance and non-opportunistic sympathy and reciprocity. One response is through the concept of Moral Agency, specifically as it is developed as the bridge between the ethical notions of Sameness and Otherness. The argument is based on the philosophy of Paul Ricoeur. I construct a theoretical framework and use it on extensive empirical data gathered by observing strategy meetings a multinational corporation. I find that moral agency in strategic management is riddled with tensions, but that individuals rely on a number of tactics to navigate this tension. I discuss humour and irony as example tactics.

SESSION 225

RESOURCE ACCUMULATION IN THE EMBRYONIC FIRM

TRACK K	Date	Monday, Sep 13
	Time	15:15 – 16:30 h
Paper	Room	Bramante 8
Session Chair	Suresh Bhagavatula, <i>Indian Institute of Management-Bangalore</i>	

Built to Sell or Built to Last?

Nir Brueller, *INSEAD*
Laurence Capron, *INSEAD*

This proposal deals with a qualitative investigation of the formation and development of high-technology start-ups leading to their acquisition by technology incumbents in their domain. From an initial inductive study of four start-ups prior to their acquisition, we find commonalities across all four firms in some attributes. First, by the time they were acquired they have fine-tuned their technologies to a specific market's demands. Second, the incumbent did not acquire until the firms gauged market acceptance directly. Third, in retrospect, all the surveyed entrepreneurs unanimously ruled out the possibility of building a firm merely to be sold. Together, these findings shed light on some of the fundamental questions concerning the formation and growth of entrepreneurial firms, with implications for scholarship and practice alike.

Does The Sequence Of Resource Accumulation Matter For Entrepreneurs?

Nachiket Bhawe, *University of Minnesota*
Hans Rawhouser, *University of Minnesota*
Shaker Zahra, *University of Minnesota*

To launch their new ventures successfully, entrepreneurs have to decide the most efficient sequence of accumulating resources. While the literature highlights the importance of the early resource choices made by entrepreneurs, it provides little guidance on how entrepreneurs should accumulate these resources. In this study, we develop theory and hypotheses on efficient ordering of resource choices by identifying interdependencies among these. We test our predictions using a longitudinal sample of resource sequences of 4928 firms formed in 2004 and followed over a period of four years. Our results highlight the importance of new ventures' sequencing of resource choices and we extend literature on theory of the firm by showing how transaction interdependence may be directional.

Entrepreneurship in Creative Firms: The Case of Design Consultancies

Celine Abecassis-Moedas, *Catholic University of Portugal*
Sihem Ben Mahmoud-Jouini, *HEC-Paris*
Delphine Manceau, *ESCP Europe*

The research analyzes the specificity of entrepreneurship in creative industries, specifically Design Consultancies. It is based on 24 case studies in five countries. We analyze how design entrepreneurs solve the tension between artistic aspirations and the need to manage and grow the company. The findings are that the motivations for founding are the search for managerial and creative freedom. The performance measures are the project quality, innovativeness, diversity, awards, rather than economic metrics. The tension between creativity and management is reconciled in various ways, from a pair (manager and designer), the designer-founder taking the management role, to keeping a small size to avoid management. In DCs, the key assets and core competences are the founder(s)'s individual creativity which sometimes is transformed into collective creativity processes.

Firm-Level Entrepreneurial Outcomes: Towards a Multi-Level Framework

Jacob Lyngsie, *Copenhagen Business School*

This research builds theory on organization design for firm-level entrepreneurial outcomes, defined as firms' discovery, evaluation, and exploitation of opportunities. I argue that understanding firm-level entrepreneurship is inherently a multi-level undertaking. A framework is developed that delineates how firms can design organizations and deploy instruments of organizational control to shape the motivation, ability and opportunities of individual organization members to engage in the discovery, evaluation, and exploit of entrepreneurial opportunities.

SESSION 159

LINKING HUMAN CAPITAL AND COMPETITIVE ADVANTAGE

TRACK L	Date	Monday, Sep 13
	Time	15:15 – 16:30 h
Paper	Room	Bernini 6
Session Chair	Véronique Ambrosini, <i>University of Birmingham</i>	

Beyond Opportunity Recognition: The Effect of Task and Domain Knowledge on the Evaluation of Entrepreneurial Opportunities

Jennifer Sexton, *Florida State University*
Tim R. Holcomb, *Florida State University*
Annette Ranft, *Florida State University*

Although scholars have begun to consider the extent to which knowledge and evaluation processes influence the decision to exploit a recognized opportunity, few studies have specifically looked at opportunity evaluation and the role that knowledge plays in the decision to exploit recognized opportunities. To date, past work has also not specifically focused on what types or dimensions of knowledge are used by entrepreneurs. As a result, researchers have acknowledged the importance of knowledge in the entrepreneurial process without specifically investigating it. In developing this paper, we propose a model and propositions that describe how knowledge affects the evaluation of opportunities in an attempt to address this gap in the literature. Specifically, we describe how differences in entrepreneurial knowledge and domain knowledge affect the evaluation of recognized opportunities.

Bringing Experience to Resources: Examining the Contribution of Producers to Hollywood Film Projects

Jamal Shamsie, *Michigan State University*
Donald Conlon, *Michigan State University*
Michael Mannor, *University of Notre Dame*

A growing number of researchers are turning their attention to the value that managers are able to extract from the resources that they must work with. In spite of the growing interest in this topic, few empirical studies have actually investigated the role that managers can play. In this paper, we focus on the contribution of the production team on the deployment of two categories of resources on Hollywood motion picture projects. More specifically, we look at the role that the experience of the producers can play in the effective management of the assigned budget and the selected director on each movie project.

Strategic Human Capital, Team Composition and Project Team Performance: An Evidence From the Drama Industry

Francesca Vicentini, *University of Bologna*
Paolo Boccardelli, *LUISS Guido Carli University*

This paper seeks to explore what characteristic of human capital links to the firm performance. In particular, we are interested in the enlarging the individual flexibility construct, which has received not a deep investigation from the strategic literature. Moreover, the challenges inherent to this topic are arguably more acute in project-based organizations (PBO), where the temporary teams are strategically relevant to the success of the performance and individuals need to be more flexible in order to contribute to high level of project performance. In particular, we support the idea that the flexibility of members enrolled within teams may influence positively the PBO performance.

Strategic Human Capital: Relationships Among Human Capital, Overlapping Tenure, HR Behaviors, and Performance

Christopher Harris, *Tilburg University*
Gary McMahan, *University of Texas-Arlington*
Patrick Wright, *Cornell University*

Empirical work in strategic human resource management has tended to focus on the relationship between human resource practices and performance while paying little attention to human resource capital and human resource behaviors. This study examines relationships among human capital, relationship stability (overlapping tenure), coordination, and performance over a three year period of time. Findings indicate that human capital, overlapping tenure, and coordination each influence performance. We also found human capital and overlapping tenure positively predicted coordination. Lastly, we found coordination mediated the relationships between human capital and performance and overlapping tenure and performance.

SESSION 294

TEACHING TRACK

TRACK T	Date	Monday, Sep 13
	Time	16:45 – 18:00 h
Special Panel	Room	Tintoretto 2

The Most Popular Strategy Electives and How to Teach Them

Session Chair

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

Do you teach or would you like to teach a course in innovation, sustainability, governance, alliances, or consulting? This session will present findings on a review of the most popular strategy elective courses around the globe. We will feature experts in the field who have successfully taught the electives and they will offer tips of how to teach such courses, including the sharing of actual syllabi and course material. Participants will also be asked to network with each other to share different perspectives and establish smaller communities around teaching topics within the Strategic Management Society.

SESSION 116

AMBIDEXTERITY AND DYNAMIC CAPABILITIES

TRACK A	Date	Monday, Sep 13
	Time	16:45 – 18:00 h
Common Ground	Room	Bernini 2

Facilitator Constance Helfat, *Dartmouth College*

Cognitive Ambidexterity, Dynamic Capability and Firm Performance: Evidence from Messier Downty, Globalive and Lululemon Athletica

Mary Han, *Ryerson University*

Drawing from social cognitive theory, we develop a theoretical model to explain simultaneous use of managerial and entrepreneurial cognition for shaping firm strategy towards superior performance. Our preliminary findings from Messier Downty, Globalive, and Lululemon Athletica support our propositions that individual's self efficacy belief can help build cognitive ambidexterity capability. Further, cognitive ambidexterity capability is critical in shaping strategy and leads the firm toward superior performance. We advance cognitive ambidexterity construct and our theoretical model and preliminary findings constitutes a useful advance in linking self efficacy, cognitive ambidexterity capability, ambidextrous strategic action and superior firm performance.

Development of Dynamic Capability for Entrepreneurial Start-ups: An Inter-Organizational Network Perspective

Kaushik Roy, *Indian Institute of Management-Ahmedabad*
Sabyasachi Sinha, *Indian Institute of Management-Ahmedabad*

The role of inter-organizational networks in building higher-order capabilities is studied in this paper. The authors attempt to understand how entrepreneurial start-up organizations exploit their networks for sustainable competitive advantage. The choice is entrepreneurial start-ups is guided by the unique set of challenges that they face – resource crunch, coupled with dynamic environment. Inductive reasoning of seven such diverse start-ups, at different stages of their commercialization, suggests that there is a constant trade-off associated between direct vis-à-vis indirect ties. Also, the need for informal, previous ties of the entrepreneur is underscored. The need for access to a very strong direct tie, in the form of incubation center, is also highlighted in our work.

Dynamic Capacity: A Reconceptualization and Microfoundation of Dynamic Capabilities

Wolfgang H Guettel, *Johannes Kepler University of Linz*
Stefan Konlechner, *Johannes Kepler University of Linz*

The dynamic capabilities approach aims to explain the adaptation of a firm's resource and capability base in rapidly changing environments. However, despite two decades of research, the concept remains rather amorphous in regard to definitions, conceptualizations, and operationalizations in empirical research. Furthermore, exclusive focus on routinized activities has led to an incomplete picture of adaptation processes. In particular, in high-velocity markets, organizational adaptation relies on ad-hoc change governed by rule regimes that determine the firm's trajectory. In this paper, we introduce the concept of dynamic capacity as the firm's ability to integrate routinized and ad-hoc adaptation. Drawing on the micro-processes of sensing, seizing, and reconfiguration, we explain how the density of a firm's rule regime regulates the pace of change. Consequently, the dynamic capacity facilitates a differentiation between different modes of adaptation and, therefore, pushes the envelope of the dynamic capabilities approach.

Governance as Knowledge Structures and Dynamic Managerial Capabilities in the Global Airline Industry

Zhi Wang, *Manchester Metropolitan University*
Stuart Horsburgh, *Manchester Metropolitan University*

When environmental demands are continuously shifting and knowledge of the possibilities for configuring activities is incomplete, managers face a dilemma over the timing and form of response. This paper investigates the responses of a sample of airlines and the subsequent adjustments to their operations. A response entails a change in governance, which vary in their complexity as well as their timing. Our preliminary results show that governance complexity will generally enhance performance but the form of governance matters when making subsequent refinements. Complex structures enlarge the repertoire of revision possibilities but less complex structures afford airlines with greater internal consistency. Our findings suggest a crucial role for dynamic managerial capabilities and lend support to the view that managers and their decisions matter.

Learning to Spin-off by Learning to License: Individual Learning Processes in Capability Formation

Daniela Defazio, *Tilburg University*
Vangelis Souitaris, *City University London*

The paper investigates the learning process that enables organizations to change by expanding their organizational capabilities. Departing from the traditional organizational learning approach that locates within the organization the capabilities and routines that may support change, we explore the emergence and development of a new capability as a process originating from the individual members of the organization. To explain the evolution of a new capability we consider two contemporaneous learning processes: learning from experience in performing related tasks and learning from experience in performing the new tasks. We propose that the extent to which individuals learn from their different type of experiences is linked to the stage of development of a new capability. We test our hypotheses in the context of a technology transfer organization.

Managing Ambidextrously: A Dynamic Capabilities Perspective and Model

Ciaran Heavey, *University College Dublin*
Zeki Simsek, *University of Connecticut*
John Veiga, *University of Connecticut*

Because the ultimate responsibility for managing the combinatory tension of exploitation and exploration rests on the shoulders of the top management team, we develop a dynamic managerial view of organizational ambidexterity. In keeping with the dynamic capabilities perspective, our tested model demonstrates that three core attributes

(human capital intensity, social network intensity, and transactive memory) underlie TMTs' impact on AO. Because the pattern of effective dynamic capabilities depends upon market dynamism, we further enrich our model development by considering the pivotal role of market dynamism in conditioning the influence of TMT attributes on AO. Using multisource data from 99 small-to-medium sized firms in the high-technology sector, we find results consistent with the model and associated hypotheses.

SESSION 276

STAKEHOLDER STRATEGY

TRACK B	Date	Monday, Sep 13
	Time	16:45 – 18:00 h
Common Ground	Room	Bernini 5

Facilitator Edward Freeman, *University of Virginia*

A Resource Dependence Perspective on Firm Engagement in Social-Environmental Issues

Asli Kozan, *HEC-Paris*

In this paper, we propose a framework based on resource dependence theory (RDT) to understand why certain firms choose certain types of action with regard to social-environmental welfare issues. Drawing on RDT, we classify the behavior of firms into three broad categories that reflect different strategies: adaptation to the environment; avoidance of demands from the environment; and influencing/changing the environment. We also define three factors that moderate this choice of action towards a social-environmental issue: ambiguity on the solution to the issue; timing of the action; mutuality of dependence and imbalance of power.

Agency and Structure in Corporate Social Responsibility Initiatives: Economic and Institutional Explanations

Marc Orlitzky, *Penn State University*

Jean-Pascal Gond, *University of Nottingham*

Wendy Chapple, *University of Nottingham*

Céline Louche, *Vlerick Leuven Gent Management School*

Corporate social responsibility (CSR), which refers to organizations' actions that satisfy a wide range of stakeholder group demands and go beyond legal compliance or profit maximization, has gained prominence on corporate agendas. To address prior empirical uncertainties, this study examines, in an international context and a longitudinal, balanced panel design, national business systems, industries, and several organization-level variables as determinants of the effectiveness of large corporations' CSR strategies as assessed by independent rating agencies. The findings, which generally support our strategic contingency theory of CSR, show that the relative importance of managerial agency and institutional structure in explaining CSR varies from one stakeholder group to another as well as for various social issues.

Post-M&A Corporate Social Performance: The Influence of Contextual and Process Factors on Multiple Constituencies

Kimberly Ellis, *Florida Atlantic University*

Jill Hough, *University of Tulsa*

M&As affect all of a firm's stakeholders. Yet, few empirical studies incorporate a multidimensional view of post-deal performance that considers macro-level consequences experienced by various stakeholders. Building on general M&A literature, we examine the influence of various contextual and process factors on multiple constituencies as measured by the combined firm's corporate social performance. Our results indicate acquisitions of targets smaller in size relative to the acquirer enhance CSP. Also, unrelated deals generate increased CSP, but horizontal deals unexpectedly created higher CSP than related deals. Moreover, if target managers are retained, providing them positions among the top three

strategic leaders of the combined firm generates favorable consequences for varied stakeholders. Finally, integrating firms in a way that blends their operations leads to higher CSP.

Pride and Prejudice: Dow Jones Sustainability Index Additions and Deletions

Olga Hawn, *Duke University*

Aaron Chatterji, *Duke University*

Will Mitchell, *Duke University*

Corporations increasingly seek to be added to corporate sustainability indices such as the KLD and DJSI listings in order to signal social responsibility and potentially gain financial benefits from consumers and investors. Several studies of social indices have found modest financial benefits such as stock market gains when companies are added to an index. To date however, these studies have not addressed the potential losses that might arise when indices subsequently drop firms if they engage in activities that the index believes are inappropriate. This study examines whether firms suffer stock market losses when an index drops them and, if so, how the magnitude of the impact compares to the benefits of being added.

Stakeholder Theory and Value Creation: Managing Stakeholders with Heterogeneous Motives

Flore Bridoux, *University of Amsterdam*

J W Stoelhorst, *University of Amsterdam*

While stakeholder theory typically assumes that all stakeholders care about a fair treatment, the empirical evidence suggests that there is substantial motivational heterogeneity. We discuss how two approaches to stakeholder management (a fairness and an arms-length approach), affect individual stakeholders' contributions to value creation in function of these heterogeneous motives. We analyze how stakeholders with different motives respond to how they are treated themselves and to how the firm treats other stakeholders, whether firms should be consistent in their treatment across stakeholders, and how consistency over time affects value creation through its influence on self-selection by stakeholders. The implication of our analysis is that the cost-benefit trade off between fairness and an arms length approach is subtler than stakeholder theory typically assumes.

SESSION 284

FORESIGHT, INNOVATION, AND INDUSTRY EVOLUTION

TRACK E	Date	Monday, Sep 13
	Time	16:45 – 18:00 h
Common Ground	Room	Bernini 3

Facilitator Lyda Bigelow, *University of Utah*

Co-Innovation Enablement Platforms: Factors Accelerating Ecosystem Innovation

David Cruickshank, *Santa Clara University*

Amy Gannaway, *Santa Clara University*

Tammy Madsen, *Santa Clara University*

Alliances for co-developing technology, or co-innovation, are used intensively in innovation ecosystems. While there is a vast amount of empirical and theoretical work on alliances, less attention has been paid to new organizational forms for facilitating alliances. We introduce one alternative form, a 3rd party co-innovation enablement platform (CEP). A CEP is an independent host organization that brokers alliances among two or more firms for project-based co-innovation and provides a bundle of resources and capabilities critical to alliance formation, design, and implementation. The tangible & intangible factors provided by a CEP simplify and accelerate alliance formation, design, and implementation, and in turn, reduce an innovation's time to market. As such, a CEP may allow firms to gain a temporal advantage in an innovation ecosystem.



Foresight, Dynamic Capabilities and the Sustainability of Competitive Advantage

Riccardo Vecchiato, *Polytechnic University of Milan*
 Claudio Roveda, *Polytechnic University of Milan*

This paper explores how foresight (i.e., environmental scanning and future-oriented techniques) helps strategic decision makers sustain the advantage of the firm. Our research is based on case studies of leading firms that used foresight for handling relevant changes in their external environment. We define boundary, state, effect, and response uncertainty, and argue that the core value of foresight lies in enabling a learning process that nurtures the dynamic capabilities to sense, seize and adapt to emerging opportunities and threats. We shed light on the micro-foundations of this learning process - i.e. consistency and understanding - and bring empirical evidence that the process results not in predicting the future, but in preparing the organization to recognize and respond to future changes before and earlier than rivals.

Innovating with Friends and Foes: Evidence from the European Initiative Eurêka

Soufiane Mezzourh, *University of Toulouse*
 Maryem Cherni, *University of Toulouse*

The word coopetition still carries with it some intricacy and has not achieved the status of a universally known trademark. It is nonetheless a powerful *croisée des chemins* that rallies many fields of management studies and practices such as strategy, entrepreneurship and organizational behavior. We aim to move away from the mere conceptual and semantic debate – although can be fruitful – to offer an empirical understanding of the coopetition performance in the case of small innovative firms. Our study investigates more particularly the Resource-Coopetition-Satisfaction relationship. Data from 90 small and medium-sized firms of the European Initiative Eurêka show that, in R&D ventures, resources complementarities, experience and trust are critical, whereas financial and technological resources prove to be non significant. These results are, however, very sensitive to coopetition effect. From both common and unexpected results, we draw a series of lessons beneficial both to management theory and practice.

Product Diffusion and Time to Technology Adoption by Industry Incumbents in the Mobile Phone Industry

Claudio Giachetti, *University Ca' Foscari Venice*
 Gianvito Lanzolla, *City University London*

In this paper we shed more light on the relationship between product diffusion within a market and the time that companies take to incorporate in their products new technologies launched by their competitors. First, we hypothesize that there is a negative relationship between product diffusion in a market and a firm's time to technology adoption. Second, we hypothesize that the time to adoption of functionality-defining technologies is shorter than the time to adoption of substitute technologies. Third, we hypothesize that the time to adoption of technologies introduced by the market leader is shorter than the time to adoption of technologies introduced by other industry members. We test our hypotheses in the context of the UK mobile phone industry.

The Evolutionary Dynamics of Strategic Logics

Peter Bryant, *IE University*

My theoretical paper discusses the evolutionary dynamics of strategic resource scarcity and uncertainty within industries, and how such conditions favor different strategic logics. Underpinning the argument are fundamental insights from evolutionary biology. Namely, within environments rich in resources and information, the dominant selection process 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, these distinctions suggest four strategic logics and related mechanisms of evolutionary selection: planning logics (extinction

of the weakest); position logics (survival of the moderately fit); leverage logics (survival of the moderately fit); and opportunity logics (survival of the fittest). My paper thus examines how and why industrial conditions determine a firm's choice of strategic logic.

Time-varying Source of Competitive Advantage in Technology Domain: A Multi-level Study in DVD Patent Pools

Bongsun Kim, *Korea University*
 Eonsoo Kim, *Korea University*

In an uncertain situation surrounding the standard setting, how the source of competitive advantage in technology domain vis-à-vis product/market domain changes over the technology evolution process? Integrating the theoretical perspectives of strategy, organizational ecology, evolutionary economics, and technology management, we explore the change of the source of competitive advantage in technology domain under different level of uncertainty. Specifically, we examine the change of the relationships between organizational and environmental characteristics and innovation performance (technological applicability and royalty) surrounding multiple standard race in DVD disc patent pools. A multi-level study is conducted to understand competitive dynamics at patent and firm level separately, demonstrating the time-variant conditioning effect of order of entry, alliance involvement, and the density of competition.

SESSION 242

CONVERSATIONS IN THE RESOURCE BASED VIEW

TRACK E	Date	Monday, Sep 13
	Time	16:45 – 18:00 h
Paper	Room	Bramante 3
Session Chair	Sotiris Rompas, <i>University of Warwick</i>	

A Capacity-Flow-Stock Model of Resource Accumulation and Deployment

Dovev Lavie, *Technion-Israel Institute of Technology*
 Avi Fiegenbaum, *Technion-Israel Institute of Technology*

Resource-based theory has traditionally focused on relating the attributes of resources to a firm's ability to gain and sustain competitive advantage, with less attention paid to resource accumulation and deployment processes. Furthermore, the conceptualization of the firm as a bundle of resources has obscured the distinction between resources, capabilities, and other organizational properties that regulate these processes. Revisiting Dierickx and Cool's (1989) undervalued bathtub metaphor, we introduce the capacity-flow-stock (CFS) model to elucidate the processes of resource accumulation and deployment. We discern resource flows from stocks and distinguish elements that regulate the maximum volume of resources that can be stored or transferred, from elements which in turn describe the firm's abilities to refine, extract and assimilate resources. Our CFS model offers new insights into these processes and enhances our understanding of their interplay.

Structuring a Firm's Resource Base for Performance: Integrating Organizational Architecture and Resource-base Perspectives

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

Strategic change and adaption requires firms to invest in their resource base. We examine firm-specificity, complexity and modularity of firm's resources and their impact on performance over time. Our empirical analysis is based on stochastic frontier analysis of firm-level panel data on investments in core resources (specifically IT) by investor-owned electric utilities. We find a firm's resource base and overall modularity jointly impact performance, increased complexity decreases (increases)

change in performance in the short-run (long-run), increased modularity increases (decreases) change in performance in the short-run (long-run), and (iv) increased firm-specificity increases change in performance in the long-run. Furthermore, firm-specificity and modularity jointly affect firm performance: conditional on modularity, firm-specificity of IT resources increases change in a firm's performance over the short-run.

What Drives Valuable Resources to Lose their Value? The Concept of Value Erosion

Tazeeb Rajwani, *Cranfield University*
Sotiris Rompas, *University of Warwick*

This paper examines the concept of "value" within the premises of the resource-based view of the firm. Whilst heterogeneously distributed "valuable" resources allow a firm to gain competitive advantage, less attention has been devoted to the conditions that lead "valuable" resources to lose their value. We contribute to the resource-based view of the firm and strategy research by setting out the antecedents of value erosion and providing protecting mechanisms to manage value erosion.

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

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

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

SESSION 184

MARKET ENTRY AND COORDINATION CHALLENGES OF DIVERSIFICATION

TRACK F	Date	Monday, Sep 13
	Time	16:45 – 18:00 h
Common Ground	Room	Bernini 4

Facilitator Todd Alessandri, *Northeastern University*

A Signaling Theory of Entry Mode: Evidence from IPO Firms

Jeffrey Reuer, *Purdue University*
Roberto Ragozzino, *University of Texas-Dallas*

This paper extends information economics in corporate strategy and organizational governance research by using signaling theory to explain firms' market entry modes. We investigate how IPO signals on newly-public firms shape other companies' governance choices to form joint ventures with or acquire them. The results reveal that companies are more apt to acquire versus partner with IPO firms taken public by reputable investment banks, compared to IPO firms associated with less prominent underwriters. Venture capitalist backing also appears to be a valuable signal for prospective acquirers, particularly when the acquirer and target reside in different industries and possess dissimilar knowledge bases. We also present evidence that signals affect the target selection process and the emergence of market segmentation for joint venture partners and acquisition candidates.

Does Modularity Facilitate Entry? Evidence from the LAN Industry

Stefano Brusoni, *Bocconi University*
Roberto Fontana, *Bocconi University*

This paper focuses on niche entry patterns in the LAN equipment industry in the 1990s. We analyze an original data-set of LAN equipment consisting of more than 1,000 hubs and switches marketed between 1990 and 1999. Modularity emerged as a design strategy that supported incumbent firms' efforts to enter new product niches in the hub segment. However, after the emergence of switches as an alternative to hubs, coupled with the introduction of a new standard, incumbents relying on a modular hub strategy were overtaken by a new comer (Cisco). This paper, first, provides empirical evidence for the hypothesis that modularity facilitates entry into new product niches. Second, it investigates the impact of modularity on the probability to enter when entry design changes (incremental vs. radical) are required. Thirdly, it provides evidence of whether early mover advantages enhance firms' likelihood of survival in more sophisticated regions of a product space.

How Standardized Should It Get? Comparing Performance of Franchise Systems with Different Standardization Levels in Different Environments

Maryse Brand, *University of Groningen*
Evelien Croonen, *University of Groningen*
Charlie Carroll, *University of Groningen*

An important strategic decision for franchisors entails the level of standardization of their franchise systems. We argue that franchise systems with low standardization levels are successful in local adaptation, whereas highly standardized franchise systems are successful in exploitation and strategic adaptation. We hypothesize that franchise systems with different standardization levels perform differently in different environmental circumstances. We use quantitative data on growth, standardization levels and environmental dynamism of 53 franchise systems in the Dutch retailing industry from 1994 to 2003. In both stable and dynamic environments highly standardized franchise systems outperform franchise systems with low standardization levels, whereas in moderately dynamic environments the systems with low standardization levels outperform the highly standardized ones.

Multi-Business Organizations: Creating Value by Shaping the Parent-Unit Relationship

Caterina Moschieri, *Catholic University of Portugal*
Johanna Mair, *University of Navarra*

While current knowledge sees restructuring as a series of discrete, independent changes, evidence shows that companies may divested a unit, retain a relationship with it and eventually reacquire it. This study examines how companies divest and the relationship with their divested units - and how they decide about the reacquisition of previously divested units. The research method is inductive, with multiple-case studies over time. Our results show that divestitures where parents retains a relationship with divested units are characterized by a familial logic. The relationship-centered organization can be used as a shield from capital market pressures and to mediate or resolve tensions at unit level. Our findings allow moving beyond the traditional notions of multi-business companies as monoliths or as collections of fragmented corporate actors.

Specialize? Or Diversify? Or Both? Multidimensional Scope and Survival

Juha Mattsson, *Aalto University*
Joonas Järvinen, *Helsinki University of Technology*

We investigate how organizations' scope affects their competitive viability. Scope is an important determinant of the environmental fitness of organizations. Fitness again affects organizational performance and outcomes in the face of competitive constraints and external selection. We



argue that there are multiple core dimensions, such as product markets and technology, along which organizations may adopt different levels of scope simultaneously. Thus, in certain settings, fitness and competitive viability may be optimal for those organizations that are diverse in one dimension but approach specialism in another. Taking an evolutionary approach, we hypothesize on the effects of market and technology scope on survival in emerging, technology-based industries. Our longitudinal analysis of the modern biotechnology industry in Finland supports the hypotheses.

The Choice and Performance Consequences of Entry Mode in Institutionally Different Countries

Xavier Castaner, *University of Lausanne*

We discuss entry mode choice and its consequences when a multinational enterprise (MNE) expands into an institutionally different country, relative to MNE's overall international experience. We distinguish between informal (e.g. culture) and formal (e.g. laws) institutions. We argue that firms with experience in countries with different informal institutions will be more likely to enter via acquisitions than firms without such experience, that such experience will not matter as much for formal institutions, and that such firms will exit more quickly when they enter via equity alliances than through acquisitions. We also argue that balanced alliances will be more enduring than acquisitions and unbalanced alliances, but only when the host country is culturally (not legally) different from the other countries where the MNE has experience with.

SESSION 167

IMPORTANCE OF CEOS TO FIRM OUTCOMES

TRACK F	Date	Monday, Sep 13
	Time	16:45 – 18:00 h
Paper	Room	Bramante 4

Session Chair Alejandro Carrera, *Austral University*

A Bayesian Analysis of the CEO Effect: Are They Worth It?

Mark Hansen, *Brigham Young University*
Lee Perry, *Brigham Young University*

This paper bridges earlier work in the areas of firm and industry effects on firm performance, CEO effect on firm performance, and executive compensation. We propose a Bayesian hierarchical modeling of a unique dataset to parcel out the various effects on firm performance. Our dataset includes CEOs that had been the CEO at two different firms and the strategic actions that were taken at those firms while the CEOs were there. The corresponding financial performance of the firm and the CEOs' compensation are also included in the analysis. We develop a measure of CEO effect on firm performance that is fundamentally different from those developed in variance decomposition studies. We then examine the economic value of the CEO effect and compare it to the compensation received.

Contestants or Collaborators? How Pay Disparity and Social Comparison in the Top Management Team Influence Firm Performance

Jason Ridge, *Oklahoma State University*
Margaret White, *Oklahoma State University*

The small amount of research completed on executive pay disparity provides contradicting results in regards to firm performance. To reconcile disparate findings, I utilize behavioral and economic rationale in tandem to illuminate the conflicting incentive and collaborative components of large pay disparity between the top management team and the chief executive officer, proposing a nonlinear relationship. Additionally, I address how similarity of the top management team to the chief executive officer amplifies top management team reactions to exorbitant pay disparity, creating a more acute relationship between executive pay disparity and firm performance.

★ Do CEOs Matter: The Use of Variance Decomposition in the Investigation of CEO Effects

Markus Fitza, *University of Colorado-Boulder*

Variance decomposition analysis is often used to examine the degree to which CEOs can influence their companies' performance (the so-called CEO effect). These studies play an important role in a body of literature that investigates the effect of leadership on organizations. In this paper I argue that these previous studies have an important underlying flaw. Empirically, these studies wrongly attribute the performance effect of events that are outside of a CEO's control to the CEO. By conducting a variance decomposition analysis on a random variable I show how influences that are outside of a CEO's control can inflate the CEO effect. I further show that the real CEO effect is much smaller than previously thought – between 1.8% and 7.5%.

Short-termism, Stock Options, and Visibility in Firm Investment Behavior

David Souder, *University of Connecticut*
Philip Bromiley, *University of California-Irvine*

This paper theorizes and demonstrates that the efficacy of stock options as a remedy for short-termism depends on investment visibility, a type of information asymmetry that has behavioral implications for managers. We distinguish between two types of long-term investments that differ in investment visibility – research and development (R&D) and capital expenditures (CAPX). In a study of large U.S. corporations from 1993-2006, we find that managers shift investment resources toward the more visible category (R&D) when they hold exercisable options, and toward the less visible category (CAPX) when their options are unexercisable. Whereas prior research often treats short-termism as a general tendency and options as a universal remedy, our results suggest the effect of option grants on firm investments changes over time.

SESSION 178

UPPER ECHELONS AND BOARDS OF DIRECTORS

TRACK F	Date	Monday, Sep 13
	Time	16:45 – 18:00 h
Paper	Room	Bramante 5

Session Chair Marta Geletkanycz, *Boston College*

★ Antecedents of Interlocking Directorates within Business Groups

Fabio Zona, *Bocconi University*
Brian Boyd, *Arizona State University*
Katalin Takacs Haynes, *Texas A&M University*

This paper draws on agency and resource dependence perspectives to explain the determinants of board interlocks between members of a common group. Using a dyadic approach we analyze firm-to-firm pattern of ownership ties, exchange transactions and geographical localization, and hypothesize that these constructs are at the basis of the establishment of board interlocking between pairs of affiliated firms. We find strong support for the board's coordination and control role. This paper advances the knowledge of business groups, by showing how patterns of power imbalance between affiliated firms – as depicted by unidirectional resource exchanges – rather than mutual dependence relations – that is, reciprocal resource exchanges – lead to the establishment of board interlocks. Hence both power and coordination motives guides board interlocks among affiliated group members.

CEO Skills, Firm-Specific Knowledge and CEO Retention in Bankrupt Firms

Guoli Chen, *INSEAD*

Prior research on antecedents of CEO turnover does not address the influence of the heterogeneity of incumbents' skills, their firm-specific knowledge, and the firms' sequential attention to strategic goals. This paper attempts to consider these missing elements by investigating troubled firms' decision to replace or retain their incumbents during the pre-bankruptcy period. I find that a highly skilled incumbent is less likely to be replaced. In addition, the more complex the firm's operation, the more valuable the incumbent's firm-specific knowledge in the bankruptcy process, and the less likely he or she is replaced. Retaining the incumbent CEO may not help improve performance during the pre-bankruptcy period, but is beneficial in achieving a reorganization plan within a shorter period and emerging from bankruptcy, which is a salient organization goal for the bankrupt firm.

Examining Familiness: Exploring the Influence of Family on the Board of Directors

Albert Cannella Jr, *Tulane University*
Carla Jones, *University of Houston*
Michael Withers, *Arizona State University*

Family ownership (and control) is a complex state that encompasses both economic and non-economic benefits for family members. Family controlled firms face a host of issues that are unique to family ownership, which include but are not limited to: differing agency costs, complex family interactions, and the potential for excessive perquisites and privileges (Schulze, Lubatkin, Dino, and Buchholtz, 2001). In an attempt to balance economic and non-economic preferences, family controlled firms may seek to limit influence from non-family members. One mechanism for retaining family control is through careful selection of board members. We explore the board linkages of family controlled firms (sent, received, and neutral interlocks) to better understand how family firms use their boards both for strategic advantage and to retain family control.

Structuring Principles of the German Top Manager Network: Integrating Upper Echelons and Social Networks

Olaf Rank, *University of Goettingen*
Anja Tuschke, *University of Munich*

Corporate leaders' actions and decisions are influenced by their personal characteristics as well as by the social contacts they maintain. The present study combines upper echelons research on individual and top management team characteristics with research on the social networks of corporate leaders. We examine the joint board-membership of executive and supervisory directors of the largest German firms along with the directors' individual characteristics. The following questions are addressed: How do directors' attributes influence their position within the network and what are the underlying principles shaping the creation of ties? Applying a family of exponential random graph models (ERGM), we investigate which of two principles, homophily versus complementarity, determines the selection of directors to fill board positions and hence influences tie-creation within and between boards.

SESSION 228

EMERGENT STRATEGIES IN EMERGING MARKETS

TRACK G

Date Monday, Sep 13

Time 16:45 – 18:00 h

Paper

Room Bramante 6

Session Chair Anand Nandkumar, *Indian School of Business*

Agglomeration Externalities, Sub-national Institutional Constraints, and Foreign Firm Performance

Xiaoying Li, *University of St. Andrews*
Laixiang Sun, *School of Oriental and African Studies*

This study investigates the impact of agglomeration externality and its interaction with sub-national institutional constraints on foreign firm performance. We propose that foreign and domestic firms compete in segmented markets in an emerging economy and that the agglomeration of foreign and domestic firms has different impact on foreign firm performance. Our hypotheses are tested on a comprehensive data on foreign firms from 20 countries located in 104 cities in China from 1999-2005. Our preliminary results indicate that the degree of agglomeration with other foreign firms has negative impact on foreign firm performance. Further, sub-national institutional constraints amplify this negative relationship. By contrast, we find that the degree of agglomeration with domestic firms in the same industry is positively related to foreign firm performance.

Emergent Strategies in Emerging Economies: From Investment Motives to Subsidiary Strategy

Grazia Santangelo, *University of Catania*
Klaus Meyer, *University of Reading*

Businesses frequently reassess and modify their strategies, and in consequence, realized subsidiary strategies may deviate from the initial intended strategy. To investigate this phenomenon, we integrate the Internationalization Process model of Johanson and Vahlne with Mintzberg's emergent strategy perspective. We propose and test a conceptual framework concerning the drivers that may lead foreign investors to deviate from their entry motives, and either enhance or reduce their subsidiary scope. Drawing on a sample of 325 subsidiaries in three Central and East European (CEE) countries, we find that both strategic and institutional influences affect firm deviation from their original entry motives.

Family Trouble in India: Evidence From CEO Appointments by Family Firms

Naga Lakshmi Damaraju, *Indian School of Business*
Anil Makhija, *Ohio State University*
Francesca Silvestrini, *Ohio State University*

While prior research focused on whether family CEOs affect firm performance or not, we focus on the conditions under which family CEOs make a contribution to firm performance. We chose India as the emerging market setting to address these issues. With no prior evidence is available for emerging markets, this study is the first to document where family firms find CEO talent. It also examines the relative performance of CEOs drawn from within the family relative to that of unrelated hires. Extending the analysis to issues that have not been considered in prior studies, even in the context of developed markets, this research investigates the impact of family disagreements at the time of CEO successions.

The Role of Foreign Firms' Age and Location in Knowledge Spillovers in An Emerging Market: A Longitudinal Study

Yan Zhang, *Rice University*

Haiyang Li, *Rice University*

Yu Li, *University of International Business and Economics*

This study examines the role of foreign firms' age distribution and location in their spillovers to domestic firms in an emerging market. We argue that average age and age heterogeneity of foreign firms in an industry can affect their spillovers to domestic firms in the same industry by affecting the length of time in which the domestic firms are exposed to and learn from the foreign firms. Furthermore, we propose that co-location of foreign firms and domestic firms can amplify these effects as geographic proximity can further facilitate knowledge diffusion from foreign to domestic firms. Using panel data on Chinese manufacturing firms during the period 1998-2003, our results support these propositions.

SESSION 230

LIABILITY OF FOREIGNNESS

TRACK G	Date	Monday, Sep 13
	Time	16:45 – 18:00 h
Paper	Room	Bramante 2

Session Chair Jose Mata, *New University of Lisbon*

Do Foreign Subsidiaries Perform Better Than Domestic Firms?

Sea-Jin Chang, *National University of Singapore*

Jaiho Chung, *Korea University*

Jungbien Moon, *Korea University*

We try to answer one of the fundamental questions in global strategy: do foreign subsidiaries perform better than domestic firms? There is no consensus in theoretical predictions, and existing empirical studies also show mixed results due to two limitations: the difficulty to access detailed financial performance information, and the endogeneity problem inherent in the selection of domestic firms targeted by foreign acquirers. By using detailed plant-level financial data from China and employing propensity score matching together with the difference-in-differences method, we try to overcome these limitations and answer this question more convincingly. Then we apply the concept of resource similarity to examine the performance implications of foreign acquisition depending on the type of domestic target firms and the type of foreign acquirers.

Foreignness and Exit Over the Life Cycle of Firms

Jose Mata, *New University of Lisbon*

Ernesto Freitas, *New University of Lisbon*

We study the exit of firms over their life cycle and find that foreign are more likely to exit than comparable domestic firms. While this holds for firms of all ages, the difference between the probabilities of exit first decreases and then increases as firms age. This pattern is consistent with foreign firms being, on the one hand, subject to a specific liability and, on the other hand, more volatile than their domestic counterparts.

Growth Options in Multinational Firms: Environmental Uncertainty and Organizational Contingencies

Rene Belderbos, *Catholic University of Leuven*

Tony Tong, *University of Colorado-Boulder*

Shubin Wu, *Catholic University of Leuven*

We examine under which conditions international investments confer multinational firms significant growth options. Our study goes beyond examining the breadth of a firm's international investments (multinationality) by giving particular attention to characteristics of

the foreign affiliate portfolio and host countries. We propose that the market uncertainty surrounding the firm's host countries and factors related to the firm's internal organization (the reliance on joint ventures and the intensity of expatriates use) will shape the relationship between multinationality and growth option value. Furthermore, alignment between market uncertainty and these two organizational contingencies is expected to strengthen this relationship. We empirically test these predictions using a large panel dataset of Japanese manufacturing firms and their affiliates during 1993-2001.

Piggybacking Strategy: How MNE's Can Reduce the Liability of Foreignness?

Pascale Bueno Merino, *ESCEM School of Business and Management*

Samuel Grandval, *ESCEM School of Business and Management*

Richard Soparnot, *ESCEM School of Business and Management*

By using the example of piggyback arrangements, we focus on the strategic issues of partnerships between innovative SME's and MNE's on foreign industrial markets. Our study, conducted with French companies, includes case studies to help analyze piggyback arrangements. Piggyback arrangements are international distribution agreements concluded between exporting SMI's and the business subsidiaries of large industrial groups. They generally come about in response to new requirements expressed by the foreign clientele and identified by a distribution subsidiary of the MNE. Thanks to such agreements, the liability of foreignness that MNE's may experience during their development into a new foreign market is offset by the creation of two types of sustainable competitive advantages: the ability to manage a portfolio of external resources and the creation of an electronic distribution platform.

SESSION 267

ENVIRONMENTAL ISSUES IN THE STRATEGY PROCESS

TRACK H	Date	Monday, Sep 13
	Time	16:45 – 18:00 h
Paper	Room	Bramante 7

Session Chair Bill Wooldridge, *University of Massachusetts*

Building Green Capabilities: Technology Adoption and Collaboration as Drivers of Environmental Management

Gregory Theyel, *California State University-East Bay*

Kay Hofmann, *Zeppelin University*

Craig Wood, *University of New Hampshire*

Firms increasingly need to consider environmental issues either as a result of rising governmental regulation or because of growing pressures from society in general and customers in particular. The literature on environmental management is vast but not much is known about the preconditions for effective adoption of environmental practices and collaboration. Statistical analysis of the responses of 296 manufacturing companies in seven industries shows that technology adoption and collaboration capabilities enable and facilitate a firm's environmental efforts. Moreover, we provide evidence that these capabilities along with environmental practices may be a means to improve a company's innovation performance. Consequently, this research shows how firms can overcome path dependencies and barriers for the adoption of environmental practices and collaboration by developing certain capabilities.

Examining the Strategic CSR and Company Performance Relationship

Giovanna Michelon, *University of Padova*

Giacomo Boesso, *University of Padova*

Kamalesh Kumar, *University of Michigan-Dearborn*

The objective of this study is to empirically examine, if the companies that prioritize the stakeholder management (SM) issues that matter most to them and approach corporate social responsibility (CSR) initiatives in a strategic way--as a potential source of competitive advantage--are able to achieve a stronger impact of their CSR initiatives on corporate financial performance than companies that approach CSR based on generic rationales which are unrelated to the strategies and actions of the company. Using data collected by Kinder, Lydenberg Domini Analytics, Inc. (KLD) on stakeholder management practices of 188 companies that made the list of 100 Best Corporate Citizens during 2005, 2006, and 2007, this study examines the relationship between CSR practices towards seven different stakeholder groups and corporate financial performance.

The Bradley Effect: When Sensemaking Does Not Make Sense

Scott Benjamin, *University of Maryland*

Rhonda Reger, *University of Maryland*

Michael Pfarrer, *University of Georgia*

We theorize that in spite of the theoretical framework propagated by the process of sensegiving and sensemaking, social desirability biases and political behavior can insert misinformation which confounds the adoption of viable new technology innovations. Specifically, we report the results within the U.S. offshore wind industry to build new theory. First, we introduce the Bradley Effect into this process and argue that this modifies the sensegiving and sensemaking interaction. Second, we add the concept of narcissism and the political skillfulness in which external third parties can ingratiate themselves into the producer-consumer relationship. This research highlights the use of negatively influencing misinformation on the sensemaking process. This theoretical framework has implications for innovation adoption research and practical implications for producers seeking to decipher social desirability bias and develop sensegiving strategies.

Whether It's Green or Brown, Buy Local: Exploring the Acquisition Choice of Manufacturing Firms

Luca Berchicci, *Erasmus University-Rotterdam*

Glen Dowell, *Cornell University*

Andrew King, *Dartmouth College*

We investigate acquisitions of new facilities by manufacturing firms to understand whether green management matters. We advance evolutionary/behavioral routine-based perspective to explain firm's choice of target acquisition based on their environmental performance. Based on Toxic Research Inventory data, we find that firms search locally and choose targets that are proximate in terms of core business and environmental performance. Yet, we also find that firms engage in distant search in terms of environmental performance by selecting those facilities with unrelated routines when they are geographically proximate.

SESSION 204

INNOVATION ADOPTION AND OUTCOMES

TRACK I

Date Monday, Sep 13

Time 16:45 – 18:00 h

Paper

Room Bramante 9

Session Chair

Peiran Su, *University College Dublin*

Rural Telecenters: A Strategic and Innovation Adoption Perspective

Kamala Gollakota, *University of Redlands*

James Pick, *University of Redlands*

A majority of poor people live in rural areas. Organizations in agribusiness and information technology have been active in using technology to help alleviate poverty. The major business model to do so involves setting up a rural telecenter that provides computer and internet technology as a shared model or highly subsidized. Despite the potential and proliferation of rural telecenters, recent studies evaluating the impact and performance of telecenters suggests that telecenters have not met their potential. Building on the theories in strategic management and adoption of innovations we present a framework that seeks to explain reasons underlying low utilization of telecenters. We are in the process of collecting data from various stakeholders based on this framework.

Schools' Capabilities to Absorb Innovation in Health Promotion

Nathalie Drouin, *University of Québec-Montréal*

Marthe Deschesnes, *Montréal University*

Schools are organizational settings that can have a great impact on the health and emotional wellbeing of children and adolescents as they influence them at important stage in their lives. The Health Promoting School (HPS) concept has been advocated by the World Health Organization as an innovative approach to promote health-related behaviours among school communities. HPS approach presents a challenge with regard to its incorporation within the core business of schools. Consequently, it is crucial to better understand how to improve schools capabilities to absorb innovative intervention such as the HPS approach. Results of this paper are based on key concepts such as HPS approach, dynamic capabilities, absorptive capabilities and findings from an empirical study funded by the Canadian Research Council.

Technology-Driven Organizational Innovation at the Barcelona Subway: Efficiency, Commitment, and Firm Boundaries

Rafael Andreu, *University of Navarra*

Joan E Ricart, *University of Navarra*

Operational technical innovations at the Barcelona subway permitted not only to improve the efficiency of the transportation infrastructure, but also to organize its exploitation in a radically new way, including new work practices and deploying an organizational structure which facilitates employee development and motivation, and improves effectiveness beyond the obvious consequence of train automation. The new firm "configuration" redefines its "natural" boundaries in such a way that later, apparently unrelated decisions become counterproductive. The underlying phenomena shows how technology-based innovations can influence firm structure and boundaries while at the same time attaining counter-intuitive results in task automation that do not impoverish job content, thus avoiding decreasing employee motivation and commitment. Organizational culture can also be reinforced in the process.



The Effect of Performance on the Innovativeness of New Product Development in High Technology Firms

Peiran Su, *University College Dublin*

The aim of this empirical paper regarding new product development is to better our understanding of why and how the firm makes decisions on preferences for innovativeness of new product development over time. Path dependence fundamentally links prior innovativeness of new product development to the present degree of innovativeness of new product development and that in the future within the firm. Firm performance moderates the relationship through various ways, complementing the conceptual model. The empirical setting is 120 firms of the pharmaceutical industry in the United States over a 15-year period from 1995 to 2009.

SESSION 199

A STRATEGIC PERSPECTIVE ON NETWORK ANCHORS

TRACK I	Date	Monday, Sep 13
	Time	16:45 – 18:00 h
Panel	Room	Michelangelo BR 1 & 2

Discussant

Wojciech Czakon, *Karol Adamiecki University of Economics in Katowice*

Panelists

Andreas Al-Laham, *University of Mannheim*
 Daniela Baglieri, *University of Messina*
 Suleika Bort, *University of Mannheim*
 Gianni Lorenzoni, *University of Bologna*
 Paul Nightingale, *University of Sussex*

The focus of the panel is on anchor organizations acting as drivers for the competitive vibrancy of regional innovation systems through their ability to orchestrate interorganizational networks and promote innovation across regional boundaries. Anchor firms are known to be increasingly important to regional development as highly entrepreneurial, multinational firms restructure and relocate in response to the pressures of globalisation. However, there is currently a substantial gap in our understanding of the reasons for their qualitatively different impacts on different regions and how and especially why they assist the development of networks and capabilities in regions. The purpose of this panel is to take stock of the links between research on anchors and networks, to articulate problems and to discuss future research directions.

SESSION 255

SOCIAL AND MARKET DIMENSIONS IN STRATEGY PRACTICE

TRACK J	Date	Monday, Sep 13
	Time	16:45 – 18:00 h
Paper	Room	Tintoretto 1

Session Chair Laura Costanzo, *University of Surrey*

Broken Chains: The Insignificance of Electronic Marketplace and Spirit Misfit

Rueylin Hsiao, *National Chengchi University*
 Su-Hua Ou, *National Chengchi University*
 H.F. Chen, *National Chengchi University*

An electronic marketplace provides a viable technological platform to strengthen supply chain operations. Evidence widely suggests that unfavorable adoption conditions and the lack of online trust are the major reasons accounting for the adoption inertia. Few studies go deeper and investigate the underlying organizing principles, or technology spirit, assumed in the e-marketplace. Taken a structuration perspective, this case-

based research examines the non-adoption strategy of e-marketplace in Beijing, China. The findings suggest that the technology is rejected not simply because of poor adoption condition and the lack of trust building mechanism, but also because of the risk in disrupting the existing principles, or spirit in organizations, especially the specific supply chain mechanism in corresponding business context. Thus, this paper offers valuable implications to technology adoption strategy.

Replication as a Social Practice: Towards a Research Agenda of Capability and Routine Replication

Martin Friesl, *Lancaster University*
 Joanne Larty, *Lancaster University*

Replication of routines and capabilities has been largely neglected in recent research. This paper sketches the conceptual work in progress for an ongoing empirical longitudinal research project on the replication of routines and capabilities in franchise organizations. We build upon current theoretical and empirical research and suggest conceptualizing replication as a social practice. This goes beyond knowledge sharing activities between a replicator and a replicatee and explicitly acknowledges the role of artefacts and multiple internal and external actors in the process of replication. In this respect we differentiate replication into three interrelated sub-practices: (re-) creation of rules, translation of rules and the performance of rules. Based on this distinction we develop trajectories for further empirical research on routine and capability replication.

Service-Dominant Strategy for Customer Value Creation: Practice-Theoretical Approach

Paavo Järvensivu, *Aalto University*

Generally, firms need to create customer value in order to capture value for their owners (Lepak et al. 2007, Priem 2007). Value is created as benefits for the customer and captured in monetary forms. Recent studies in marketing have claimed that in order for firms to effectively create value for/with their customers they need to develop a service-dominant strategy (Vargo and Lusch 2004, 2008, Lusch et al. 2007), where the focus is on co-created service processes rather than goods and services in the traditional sense, i.e. offerings that are embedded with value. The purpose of this paper is to provide an improved understanding, through a focus on the social practices of strategizing, of how a service-dominant strategy can be constructed in a new business development context.

Transferring the 'War On Terror' to the Private Sector: A Practice Perspective on Organisational Tensions

Maureen Meadows, *Open University*
 Kirstie Ball, *Open University*
 Elizabeth Daniel, *Open University*
 Sally Dibb, *Open University*
 Keith Spiller, *Open University*

This study takes a strategy-as-practice perspective to investigate the organisational challenges of addressing counter-terrorism legislation by private sector firms. Programmes of activity in two key sectors of UK industry, financial services and the travel sector, are explored. Key informant interviews are used to investigate the organisational consequences of the new legislation. Theoretically, the research draws on ideas of framing management theory in relation to tensions in good management practice. Plans for future work are outlined, where in-depth case studies will be used to investigate resultant changes in the roles of key staff such as those in customer facing roles, as well as experts in marketing and customer relationship management.

SESSION 127

OPPORTUNITY RECOGNITION AND ENTREPRENEURSHIP

TRACK K	Date	Monday, Sep 13
	Time	16:45 – 18:00 h
Paper	Room	Bramante 8

Session Chair Apalak Khatua, *Indian Institute of Management-Calcutta*

Battleship Strategy: Creating Added-Value From Asymmetry Between MNCs and Start-ups in High Tech Industries

Terhi Johanna Vapola, *Nokia*

This paper explores the added-value from the use of global innovation constellations in high tech industries. Based on the evidence from mobile telecommunications and software industries, it argues that the high complementarities between the two types of firm provide a solid basis for joint value creation. Simultaneously, the unique needs between MNCs and start-up firms pose dissimilar management factors of critical importance for value capture. The empirical results indicate that start-ups emphasize partner selection, and MNCs emphasize alliance portfolio management, in their pursuit to capture the performance gains that accrue from these constellations.

Entrepreneurial Risk Recognition

Patrick Schueffel, *University of Applied Sciences Western Switzerland*

Rico Baldegger, *School of Business Administration-Fribourg*

Although it is established that uncertainty is an integral part of entrepreneurship, previous studies have generally focused on the opportunities inherent in the entrepreneurial process rather than on the risks. We analyze risk recognition aspects of international ventures by comparing the extant literature on opportunity recognition and risk recognition and investigating the behavior towards risk in empirical case studies among five international ventures. We find that both types of recognition capabilities can be explained by identical concepts and propose a model on risk recognition in international ventures. Our framework provides insights into the evolution of risk recognition capabilities in international ventures and therefore contributes to a more precise understanding of the strategic behavior of international ventures.

Knowledge-based Opportunity Recognition Strategies: A Simulation Approach

Martin Ihrig, *University of Pennsylvania*

Ian MacMillan, *University of Pennsylvania*

Dodo zu Knyphausen-Aufsess, *Berlin Technical University*

Max Boisot, *Ramon Llull University*

Taking a knowledge-based approach to entrepreneurship, we point to different entrepreneurial strategies; and we build a simulation model to dynamically study those strategies and their micro and macro effects. What would have been very difficult to do with pure empirical research, the simulation approach allows us to analyze complex micro processes of knowledge appropriation and development that underlie the process of opportunity recognition. We explore distinct opportunity recognition strategies in different environments and compare knowledge progression and financial performance profiles. This enables us to advise entrepreneurs on their paths to success and governments on the right policy actions. We find that in a global world, with rapidly expanding international travel and information and communication technologies, there seems to be a viable alternative to pure innovation: creative imitation.

The Impact of Information Complexity on Entrepreneurial Discovery by Firms in Knowledge-Intensive Industries

Amol Joshi, *University of North Carolina-Chapel Hill*

Why are some firms more able than others to discover entrepreneurial opportunities? The distribution of prior information and the capabilities to process it may only partially explain differences in the ability of startups and incumbents to identify and value such opportunities, especially in knowledge-intensive industries where information is highly complex. In this study, I examine how the inherent complexity of the prior information firms possess affects the likelihood of discovering opportunities. I introduce new measures for information complexity and a unique digital signal processing industry dataset. Preliminary analyses suggest that information complexity affects startups and incumbents differently in discovering opportunities.

SESSION 133

KNOWLEDGE-BASED CAPABILITIES AND NEW VENTURES

TRACK K	Date	Monday, Sep 13
	Time	16:45 – 18:00 h
Paper	Room	Bramante 1

Session Chair Gwendolyn Lee, *University of Florida*

Can New Firms Accurately Forecast Performance?: The Effects of Insider and Outsider Knowledge

Michael Devaughn, *University of St. Thomas*

Myleen Leary, *Montana State University*

Firms are required to regularly forecast future performance for the benefit of multiple stakeholders. While these forecasts are drawn from trends in past performance and expectations about future demand, achieving a perfect correlation between forecasted and actual results is difficult. New ventures are faced with the same forecasting requirements as established firms but have none of the past performance to draw on. Furthermore, the task may be complicated by the fact that the firm's founders may have limited experience working together as a group. In this study, we argue that forecasting accuracy in new ventures in the U.S. banking industry is dependent upon inside knowledge, embedded in founding team experience, and outside knowledge, generated by external consultants.

Digging at Discourse: Examining the Effects of Novelty, Reputation, and Competitive Intensity on Market Discourse

R. Scott Livengood, *University of Maryland*

Ken Smith, *University of Rhode Island*

Curtis Grimm, *University of Maryland*

Wei Guo, *University of Maryland*

Market discourse, or the publicly available objective information and subjective opinion exchanged by market participants, can be a key sensemaking mechanism when confronted by uncertainty surrounding new actions by firms. In this empirical paper, we explore how certain action-, firm-, and industry-level characteristics impact market discourse, with their implications on performance outcomes. We examine various aspects of the discourse created by new products introduced in the U.S. wireless telephone industry between 1998 and 2007 and tie that discourse to sales of handsets. Early findings suggest that discourse can act as a sensemaking mechanism when new products are novel, but that firm attributes and industry conditions can act as a substitute for discourse to reduce uncertainty experienced by the market.



Integrative Knowledge and Performance

Protiti Dastidar, *Temple University*

Rajshree Agarwal, *University of Illinois-Urbana Champaign*

Within the domain of entrepreneurship and strategy, a critical issue of interest relates to the ability of firms to leverage existing knowledge and capabilities for diversification opportunities. Prior experience and capabilities both limits and enables firms to strategically renew themselves. In this paper we address an important research gap that relates to how the possession of integrative capabilities may impact performance differentials between diversifying firms (firms that have prior product diversification experience) and de novo firms (firms that are startups and have no product diversification experience), as they engage in their first foray of entrepreneurial venturing in an international context. We also examine the moderating effects of two important environmental contingencies on this relationship: degree of environmental relatedness and degree of turbulence.

Venture Formation: The Role of Firm-Founding Experience, Industry Experience and Entrepreneurship Training

Andreas Schwab, *Iowa State University*

Warren Byabashaija, *Makerere University Business School*

Howard van Auken, *Iowa State University*

Firm creation requires a series of organizing activities that precede the beginning of business operations. We draw on recent organizational learning research that has highlighted the relevance of experiential learning and apply it to the emergent research of nascent entrepreneurship. We introduce a framework that outlines how entrepreneurs combine entrepreneurial knowledge from alternative sources for the execution of these organizing activities. We test related hypotheses in a panel study that captured entrepreneurs' progress toward firm emergence over a six-month period. Our findings indicate that an entrepreneur's prior founding experience has an unconditional positive effect. In contrast, industry-work experience and formal entrepreneurship training only had a positive when combined. Thus, our study accounts for important interaction effects when individuals learn from multiple sources of experience.

SESSION 154

ENTREPREURSHIP AND HUMAN CAPITAL

TRACK L, TRACK K	Date	Monday, Sep 13
	Time	16:45 – 18:00 h
Paper	Room	Bernini 6

Session Chair Rui Baptista, *Technical University of Lisbon*

Adverse Selection Phenomena on the Survival of Entrepreneurial Ventures During an Industry-Specific Crisis

Luca Grilli, *Polytechnic University of Milan*

Stefano Colombo, *Catholic University of Milan*

This article explores the possibility that under an intensely negative industry-specific shock, the commonly detected positive relationship between the human capital of founders and the survival prospects of start-up businesses may actually be reversed. Starting from an analysis of the issue from a theoretical perspective in order to derive the necessary and sufficient conditions for the emergence of these adverse selection phenomena in entrepreneurship, the study examines a sample of 179 Italian start-ups operating in the ICT services market created during the boom period from 1995 to early 2000. Econometric analyses provide evidence that, during an intense industry crisis (i.e., early 2000 to 2003), entrepreneurs with a substantial amount of human capital may pursue an exit strategy.

Beg, Borrow, and Deal? Strategic Entrepreneurs, Human Capital, and Leverage in New Firm Innovation

Sheryl Winston Smith, *Temple University*

Innovation is both risky and uncertain, with significant potential for failure, as is highlighted in the context of new firms. Facing significant probability of failure, the entrepreneur must make strategic choices in the face of uncertainty. In part, this judgment derives from human capital. This paper models the relationship between the entrepreneur's human capital, the strategic choice of initial financing, and innovation outcomes in nascent firms. The literature suggests that entrepreneurs are overly optimistic and inaccurately assess the likelihood of failure. In a novel strategy, I exploit entrepreneurial optimism to discern the relationship between leverage and innovation, conditional on the endogenous choice of capital structure. Using a large panel dataset on new firms in the US, I find that the initial mix of debt and equity chosen by the entrepreneur influences subsequent innovation outcomes, and that human capital moderates this effect.

The Matching Between Entrepreneurs and Workers

Rui Baptista, *Technical University of Lisbon*

Francisco Lima, *Technical University of Lisbon*

Miguel Torres Preto, *Technical University of Lisbon*

We study the matching process between entrepreneurs and workers. A longitudinal matched employer-employee database containing comprehensive information on firms, entrepreneurs and employees is used. We restrict our analysis to small firms (less than 50 employees) with a sole owner, who is also the top manager of the firm. This way, we make sure that it is the owner who actually exercises control over human resources. In the empirical analysis, we assess the existence of skills stratification within the firm and the positive sorting of workers and entrepreneurs according to skills. We also determine the existence of scale effects, where more skilled entrepreneurs are able to manage larger firms. There is a positive relationship between entrepreneurs' skills and employees' wages.

The New Venture Team, the Third Party Endorsement, and Harvest Performance

Seungwha Chung, *Yonsei University*

Young Keun Choi, *Daejeon University*

The initial public offering (IPO) as a harvest option is characterized by a considerable amount of uncertainty due to the lack of information available to potential investors involved in the process. We investigate if the human capital of a new venture team and the third party endorsement are key performance factors, influencing valuation at IPO. The human capital includes education and functional background of a top management team. For the third party endorsement, we consider an investment by venture capitalists and the government support. We test our hypotheses with a data collected from Korean venture firms that went public during the period from 2000 to 2005.

SESSION 292

TEACHING TRACK

TRACK T	Date	Tuesday, Sep 14
	Time	08:00 – 09:15 h
Special Panel	Room	Tintoretto 2

Simulations Bring Strategy Classes to Life**Session Chair**Kim Warren, *London Business School*

This session's purpose is to encourage the use of simulations to enrich classes and increase the relevance of case discussions by having students live the challenge of actually running strategy, rather than just talking about it. It will explain that strategy is about building performance over time – not hitting static performance ratios – and that this cannot be learned from analytic frameworks alone. The session will outline the very wide variety of simulations available to support strategy teaching, and offer a taxonomy to organize the various purposes and styles available (paper-based up to complex computer-based simulations...10-minute in-class exercises up to block-buster/whole-course mega-games). It will encourage participants to give it a try, by showing a good example of an existing case-supporting simulation, and suggest a variety of sources.

SESSION 353

PLENARY TRACK

TRACK P	Date	Tuesday, Sep 14
	Time	08:00 – 09:15 h
Parallel Panel	Room	Bramante 3

Conscious Capitalism: A Holistic Approach to Business Research and Practice**Session Chair**Rajendra Sisodia, *Bentley University***Panelists**

Edward Freeman, *University of Virginia*
 Marina Migliorato, *ENEL*
 Shubhro Sen, *Bentley University*
 Harbir Singh, *University of Pennsylvania*

In this session, we would like to highlight a new "operating system" for business that is fast gaining adherents in the United States, Europe and parts of Asia. Dubbed "Conscious Capitalism," this approach is becoming a necessary condition for sustained business success. Conscious Capitalism has four key tenets: (1.) Businesses operate with a higher sense of purpose that transcends profits. (2.) They are managed for the simultaneous and synergistic benefit of all their key stakeholders. (3.) They are led by "conscious leaders," who mentor-and-motivate, develop-and-inspire their employees rather than "manage" them through command-and-control or carrot-and-stick approaches. (4.) They have distinctive corporate cultures that can be summarized using the acronym TACTILE: Transparency, Authenticity, Care, Trust, Integrity, Learning and Empowerment. The definition of what constitutes business success is fast evolving. No longer is it sufficient or acceptable to judge business success based purely on financial performance, even if that performance is sustained over an extended period of time. Increasingly, we recognize that businesses can create as well as destroy many kinds of wealth in addition to financial: intellectual, natural or ecological, cultural, social, emotional, even spiritual. As researchers and practitioners, we must examine businesses for the totality of their impact on the world.

SESSION 117

CEOs, TOP MANAGEMENT TEAMS AND THE STRATEGY MAKING PROCESS

TRACK A	Date	Tuesday, Sep 14
	Time	08:00 – 09:15 h
Paper	Room	Bramante 2

Session ChairTomi Laamanen, *Aalto University***CEO Succession, Tenure, and Managerial Discretion Effects on Corporate Giving Strategies**James Van Scotter II, *University of Florida*

In this proposal, it is argued that changes in priorities of corporate giving are controlled by two primary factors: strategic giving which is intended to proactively manage a firm's stakeholders and self-interested giving which is intended to satisfy CEO preferences, or increase the social status of the CEO. Furthermore, it is proposed that changes in giving priorities are more extreme following outside successions because changes in core strategies of organizations are likely to be associated with changes in strategies for managing stakeholders. Finally, it is argued that giving priorities later in the CEO's tenure are likely to be more self-interested as the CEO accumulates power through increased ownership and control of the board. Sample selection, data sources, and analysis issues are briefly discussed.

Environmental, Firm & Top Management Team Level Antecedents of CEO Internal & External Advice-SeekingMariano Heyden, *Erasmus University-Rotterdam*Sebastiaan van Doorn, *Erasmus University-Rotterdam*

CEOs rely on internal and external sources of advice to complement their own sense-making search. The source from which advice is acquired is argued to encompass distinctive qualitative properties that can influence subsequent decision making in different ways. Focusing on the informational role of advice, we adopt a multi-theoretical approach to explain how cues at environmental, firm, and team level influence CEO preferences for advise-seeking from internal versus external sources. Results derived from a third order structural equation model, based on a large panel from 2005-2009, suggest that perceived environmental uncertainty and above-par performance relate positively to a preference for external sources, whereas TMT informational homogeneity is negatively related to external advice seeking. Our insights contribute to literature on advice seeking by extending it beyond the small-group experimental context to the larger empirical setting of CEOs and their strategic construal of reality.

Fluctuating Between Blind Faith and Paralyzing DoubtTimo Vuori, *Aalto University*Tomi Laamanen, *Aalto University*

Organizations have to develop and implement their strategy consistently over time, but also be able to adapt to environmental changes. Top managers must therefore simultaneously both build faith on and challenge the strategy of the firm. This can be difficult because already small changes can amplify and lead to extreme views when groups act and interact. Based on a longitudinal single-case study, we identify two deviance-amplifying cycles that can make organizations fluctuate between blind faith and paralyzing doubt. The first cycle explains the build-up of blind faith in a firm's strategy. It can emerge when managers share the same basic assumptions, but have contradicting ideas about their implications. The second cycle explains patterns of paralyzing doubt. It can emerge when managers share pessimistic basic assumptions.



The Micro-Processes Strategic Leaders Use in Exploratory Strategy Process: Opening Pandora's Box

Mark Kriger, *BI Norwegian School of Management*
Ieva Martinkenaite, *BI Norwegian School of Management*

This paper finds that the exploration/exploitation debate underestimates the role of micro-processes in exploratory strategy development and ignores the existence of a continual dynamic balancing between rational and extra-rational micro-processes in decision-making. A combination of rationality, bounded rationality, logical reasoning and extra-rationality enables strategic managers to identify and implement effective strategic actions in order to adjust to challenges and create new opportunities. Extra-rationality is proposed to include not just intuition but also eight other micro-processes including inspiration, intention, active imagination, inner listening, insight, inquiry, interpretation, and incremental experimentation. The paper builds on analyses of exploratory strategy processes in Apple, IDEO, Pixar, Honda Motors and Nucor Steel. It concludes with implications for strategic managers and consultants for the increased use of micro-processes in exploratory strategy developments.

SESSION 278

POLITICAL STRATEGIES

TRACK B	Date	Tuesday, Sep 14
	Time	08:00 – 09:15 h
Paper	Room	Bernini 5

Session Chair Lilach Nachum, *City University of New York*

Effective Nonmarket Strategies: A Model of Political Capabilities

Bastian Schwark, *Swiss Federal Institute of Technology-Lausanne*

This proposal contributes to the growing literature of firms' nonmarket strategies. Instead of proposing generic strategies that address the nonmarket environment of a firm we argue that there is, deduced from the resource-based view, a set of political capabilities, static as well as dynamic, which is the principal determinant in the effectiveness of nonmarket strategies. We propose a model that differentiates political capabilities according to their source of effectiveness, either targeting organizational adaptation internal to the firm or the policy-maker external to the firm. In a second dimension, political capabilities can be classified according to its purpose of evaluation or execution. We argue that the effectiveness of nonmarket strategies depend on the development of an interlinked set of political capabilities.

Industry Evolution and the Government – Trade Association Dynamic: The Lessons from Irish Grocery Wholesaling

James Quinn, *Trinity College Dublin*

Research on industry evolution has made a significant contributor to the development of the strategy field. However, one aspect seen as being of particular importance but underplayed in the literature is the interaction between government and trade associations. This paper draws from a longitudinal (75-year) study of Irish grocery wholesaling. The data was gathered by archival, documentary and interview methods. The paper highlights an important role for government - trade association interaction as a significant driver of change at industry level. In doing so it draws attention to the impact of national political systems on the evolutionary process along with that of a higher level actor based leadership exercised through trade associations.

Policy Drivers of the Direction of Innovative Activity: Renewable Energy & Innovation

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

Beginning with Schumpeter's canonical description of the role of industry structure in creating innovations economists and management scholars have sought to understand how firm characteristics, endogenous firm attributes and the institutional environment influence the rate of innovation. Far less examined is how these elements affect the direction of innovation. It is widely recognized that innovations have differing levels of societal benefit (i.e. Viagra vs. a cure for cancer) yet we know little about how firms and individuals are influenced towards the creation of more highly beneficial innovations. In this study we develop and test a theory of how a variety of incentives influence the direction of innovation. We utilize a unique panel of patents in the field of renewable energy and tax incentives to test our hypotheses. We find that while incentives can affect the direction of innovation, their impact may depend on technology's stage of development.

Rethinking Innovation Systems: Nurturing Science Based Entrepreneurship or Addressing Grand Challenge Problems?

Johan Wallin, *Synocus Group*

Many national and regional authorities today consider what their future innovation policy should look like. The rapid shift of both production and innovation activity from the western world to Asia has raised concerns about whether traditional innovation policies are still applicable. As companies form ecosystems of co-specialized actors, regional innovation policies have to adjust to these changing conditions. This paper presents how one region in Sweden is transforming its innovation system, and discusses what implications this has on the strategy making of the firms in the region.

SESSION 108

INTERFIRM TIES AND NODES: STRATEGIC ALLIANCES, JOINT VENTURES, REGIONAL SYSTEMS AND BUSINESS GROUPS

TRACK C	Date	Tuesday, Sep 14
	Time	08:00 – 09:15 h
Paper	Room	Tintoretto 1

Session Co-Chairs Devi Gnyawali, *Virginia Tech*
Saïd Yami, *University of Montpellier*

Dropping the Anchor in Regional Innovation and Development: Co-Citation Analysis and Conceptual Extension

Marco Galvagno, *University of Catania*
Rosario Faraci, *University of Catania*
Francesco Garraffo, *University of Catania*

The concept of anchor firm has recently drawn scholarly attention as it supplies a compelling metaphoric portrait of a firm that plays the role of attractor for other firms in a specific region, creating positive externalities for existing firms, and eventually sustaining new firms creation. Yet, despite its promising and engaging status, anchor firm literature appears sufficiently scattered and fragmented along fields of research (e.g., industrial economics, regional studies, strategic management, and economic geography) and interpretative lenses. These specific conditions calls for additional work engaging in thorough review and assessment of extant anchor firm research. In this paper, by performing an author co-citation analysis (ACA) of anchor-related studies, we determine the latent structure underlying four different streams of research that tackle the anchor firm concept.

Strategic Alliances Between Japanese and Western Firms: A Win-Win or Win-Lose relationship? The Case of the Automobile Industry

Luca Petruzzellis, *University of Bari*
Marco Lenoci, *Alenia North America*

This paper investigates the impact of strategic alliances between Japanese and western firms in the automotive industry through the unequal distribution of wealth among partners both under a short-term and long-term perspective. In particular, these alliances seem to work against the Western partner and cooperation becomes a low cost route for new competitors to gain technology and market access. This work demonstrates how and to what extent Japanese companies have experienced over time better higher wealth benefits. The event study methodology has been applied and stock price reactions to announcements are used as a proxy to evaluate the outcome of all the Japanese-western alliances.

The Efficiency of Equity Joint Ventures: Theory and Evidence

Zhiqiang Liu, *University at Buffalo*
Jose Plehn-Dujowich, *Temple University*
Richard Brown, *Temple University*

Using Resource Dependency Theory (RDT) as the theoretical basis, this paper attempts to model and test the link between total factor productivity (TFP) of an international joint venture (IJV) and the equity stake of a firm. In the analytical model, two partners engage in Nash bargaining to determine their share and then engage in an infinitely repeated game. In the empirical model, we test the relationship between TFP and the share of a firm in a JV using a large panel of foreign-invested firms in China. We find strong empirical evidence supporting a U-shaped relationship. Specifically, we find that productivity first decreases with foreign equity share and then increases as this share increases beyond the 45 to 48% range.

SESSION 299

NAVIGATING TO PUBLICATION

TRACK D	Date	Tuesday, Sep 14
	Time	08:00 – 09:15 h
Panel	Room	Bramante 1

Session Chair

Brian Boyd, *Arizona State University*

Panelists

Herman Aguinis, *Indiana University*
Harry Bowen, *Queens University of Charlotte*
Lisa Schurer Lambert, *Georgia State University*
Robert Vandenberg, *University of Georgia*
Larry Williams, *Wayne State University*

Research methodology has been identified as a critical area of emphasis as the strategic management field moves forward. This session contributes to the conference theme by discussing best practices for a number of prominent methods topics, including structural modeling, construct measurement, interaction effects, limited dependent variables, and longitudinal designs. Our goal is to help prospective authors better prepare the empirical component of their manuscripts for journal submission. The panel is comprised of both micro and macro scholars who have served, variously, as reviewer, Editorial Board member, Associate Editor, and Editor-in-Chief, for journals in management, economics, psychology, and international business. The panel includes all three Editors of *Organizational Research Methods* since its founding in 1998.

SESSION 305

COMPETITION & RIVALRY

TRACK E	Date	Tuesday, Sep 14
	Time	08:00 – 09:15 h
Common Ground	Room	Bernini 3

Facilitator Mark Hansen, *Brigham Young University*

A Bayesian Methodology for Counteracting Success Bias in Red Queen Competition

Lee Perry, *Brigham Young University*
Mark Hansen, *Brigham Young University*

Red Queen competition (Barnett and Hansen, 1996) predicts “macro” forces create firms that are more capable in their current competitive environments than new environments (see Hannan and Freeman, 1989), and “micro” forces foster success biases that encourage firms to venture into new environments (Denrell, 2003; Bazerman and Neale, 1986). Over time, this lethal combination causes successful firms to fail. We propose two Bayesian-based methods for counteracting success bias and significantly reducing the risk of Red Queen competition. One method focuses on the unique challenge of “me-too” strategies, while the other identifies strategic scenarios with the highest likelihood of success. Our Bayesian analysis borrows strength from data collected between 1980-2007 about the strategic actions of 55 firms, and focuses specifically on two competitors in the pharmaceutical industry.

Can Competitive Advantage be Predicted? Towards a Predictive Definition of Advantage in the RBV

Andreas Hinterhuber, *Bocconi University*

The fundamental problem of the resource-based view is its lack of predictiveness and its inability to identify, ex ante, those resources and capabilities leading to competitive advantage and superior profitability. The author proposes an extension of the RBV model to incorporate demand-based variables of customer needs and expected market demand in the definition of those resources and capabilities enabling competitive advantage and superior performance. The author tests this model in the context of an extensive empirical study a global chemical company. Since this model is able to guide investment decisions into resources and capabilities to further develop existing competitive advantages and to build new ones, this model passes the test of managerial relevance.

Competition Antecedents of a Firm's Business Focus and the Moderation Effect of Market Knowledge

Anders Pehrsson, *Linneaus University*

In formulating a focus strategy, the firm needs to achieve a fit between the product/market scope and competition. This paper explores competition antecedents of the firm's degree of focus, and the moderating effect of market knowledge. The paper emphasizes impacts of the main competitor's scope and strategic behavior, and competition-based customer access obstacles. To test hypotheses, the study uses data on 430 Swedish firms and contrasts firms with limited and extensive market knowledge. It was found that the competitor's scope and strategic behavior positively triggers the firm's focus. The main competitor's market focus has a greater impact if the firm possesses extensive market knowledge, while the competitor's strategic behavior affects the firm's scope only if the firm has extensive experience. The paper discusses theoretical contributions.

Lining up the Competition: Influence of Multiple Targets on the Adoption of New Product Technologies

Claudio Giachetti, *University Ca' Foscari Venice*
Joseph Lampel, *City University London*

Strategy research argues that firms often align their strategy with that of their competitors by using the behavior of their rivals as a benchmark for



strategy development. Strategy scholars have identified various sources that firms use to define targets, with two in particular receiving the bulk of attention: the collective behavior of the industry rivals, and the market leader's behavior. We explore how both these sources influence firms' action by looking at the product portfolio strategies of firms in industries where competitive positions depend on periodically launching models with multiple technologies. We develop hypotheses on when firms use targets based on collective industry product decisions and/or the industry leader product decisions. We test our hypotheses using data from the mobile phone industry (1997-2008).

Managing Demand-Side Value Creation

Jens Schmidt, *Aalto University*

Literature in strategic management has largely ignored the role of customers in value creation. Recent demand-based theorizing has remained mostly on a conceptual level. In order to understand how firms manage demand-side value creation, we perform a longitudinal, inductive multiple-case study, building on data gathered from three companies. As a theoretical frame guiding our fieldwork, we draw on theories of institutional entrepreneurship. We contribute to the emerging literature on demand-based strategy by building a theory of how managers inside of firms actively manage the demand and customer side and thereby create value. We furthermore analyze strategies to introduce institutional change on a firm level focusing on the interaction with customers, thereby developing a complementary micro-level view to the broad considerations which dominate most prior studies.

Rivalry and Performance Within Strategic Groups: Firm Size Effects

Francisco José Mas-Ruiz, *University of Alicante*

Felipe Ruiz-Moreno, *University CEU Cardenal Herrera*

The study examines rivalry within size-defined strategic groups and its effect on performance. The research hypotheses postulate that there is greater rivalry and lower performance within a strategic group comprised of smaller firms than within a strategic group comprised of larger firms, which could be explained by the group-level effects that take several forms including market power, efficiency, differentiation, and multimarket contact effects. We test these hypotheses using an approach that estimates the effect of group-level strategic interactions (conjectural variations) on firm performance. Empirical analysis on data for Spanish bank loans shows greater rivalry and lower performance between the firms within a group comprised of smaller firms. It is important to consider the size distribution of groups when conducting research on complex industries with deregulation changes.

SESSION 173

OWNERS AND SHAREHOLDERS

TRACK F	Date	Tuesday, Sep 14
	Time	08:00 – 09:15 h
Paper	Room	Bramante 4

Session Chair Jean McGuire, *Louisiana State University*

Corporate Governance in Firms with Partial State Ownership

Ilya Okhmatovskiy, *McGill University*

We intend to investigate how firms with state shareholders are affected by the market and institutional pressures to adopt corporate governance practices that protect interests of minority shareholders (comprehensive information disclosure, equal voting rights, independent directors on the board, etc.) We argue that political embeddedness of firms exposed to political influence will affect their responses to market pressures described in the economics and finance literature and to mimetic, normative, and coercive pressures described by institutional theorists. Besides comparing

the adoption of these practices by firms with and without state shareholders, we will study how shareholder-friendly practices moderate the effect of state ownership on financial performance. Our findings will be of interest for researchers who study how political influence affects organizational decisions and their performance implications.

Employee Ownership and Firm Performance: Reconciling Countervailing Effects

Susanne Schwarzhoff, *European Business School*

The relationship between employee ownership and firm performance has received increasing attention over the last 30 years. Principal-agent theory predicts positive as well as negative effects on performance, however, established theory does not state for which levels of ownership these individual effects prevail. This paper examines the effect of employee ownership on firm performance using a data sample of large listed corporations from five European countries. My findings suggest that there is a positive and curvilinear effect of employee ownership on market based performance, though most notably, this relationship only holds for low levels of employee ownership. Based on my empirical findings, I argue that employee ownership seems to effect stock market perception much more than actual accounting based profits.

Shareholder Protection and Firm Financial Performance: Law Still Matters

Jean McGuire, *Louisiana State University*

Zied Guedri, *EMLYON Business School*

The 'Law Matters' thesis of La Porta and colleagues has become an important—and much critiqued—theme in international corporate governance literature. Indeed, several studies have identified shortcomings in the original legal protection index which call into question findings of the original studies. Building upon the conference theme "Strategic Management at the Crossroads", this study argues that legal protection matters – to a greater or lesser degree— depending upon the institutional context. Using a large database of over 3000 firms in 40 countries, and using a revised measure of legal protection, we find a stronger legal protection-firm performance relationship among firms with more concentrated ownership. We also find evidence for the moderating role of national culture.

Value Addition by Private Equity Firms in European Spin-Off Buyouts: An Empirical Analysis

Christian Landau, *European Business School*

Carolin Bock, *University of Technology-Munich*

An important issue in private equity research is the question whether a private equity firm can add value to its portfolio companies. From a resource-based perspective, this will take place if a private equity firm influences a portfolio company in such a way which enhances its resource base. Using quantitative survey data of 137 spin-off buyouts, our analysis of a structural equation model shows that private equity firms can indeed add value to their portfolio companies in a number of ways, both from a short-term as well as from a long-term perspective. Our study provides a comprehensive and differentiated empirical analysis of diverse aspects of value addition by private equity firms and helps to take the theoretical discussion beyond the dominant perspective of agency theory.

SESSION 176

C-LEVEL EXECUTIVES, WHO MATTERS AND WHY**TRACK F, TRACK L****Date** Tuesday, Sep 14**Time** 08:00 – 09:15 h**Paper****Room** Bramante 5**Session Chair** Scott Graffin, *University of Georgia***An Examination of the Longer-Term Implications of the Stock Market Reaction to CEO Appointments**Scott Graffin, *University of Georgia*Steven Boivie, *University of Arizona*Mason A Carpenter, *University of Wisconsin-Madison*

This study examines the relationship between the initial stock market reaction and the evaluation of a newly appointed CEO early in his or her tenure. Broadly we suggest that the stock market reaction to a CEO appointment may be one of the few objective criteria by which board members can gauge investor sentiment regarding this individual. This idea is based on the fact that objective performance metrics may not be indicative of a CEO's quality early in his or her tenure. We propose hypotheses that will examine the relationship between the initial stock market reaction to a CEO's appointment and: Early changes in his or her compensation, The likelihood of dismissal early in his or her tenure, and Firm performance.

Chief Strategy Officers: Antecedents and Performance Consequences of Their Presence in Top Management TeamsMarkus Menz, *University of St. Gallen*

Drawing upon contingency theory, we analyze the antecedents and performance consequences of chief strategy officer (CSO) presence in top management teams (TMTs). We argue that environmental dynamism, strategic complexity, and structural heterogeneity of the TMT determine the likelihood of CSO presence. Further, we hypothesize that the fit between these conditions and CSO presence improves firm performance. Results from a large-scale sample of S&P 500 firms over a five-year period largely support this contingency perspective in explaining CSO presence and its performance effects. The study contributes to the emerging literature on CSOs and highlights the increasing importance of TMT members other than the CEO.

Hanging Together, Together Hung: The Role of Relationship Ties in the Context of CFO DismissalsStefan Hilger, *European Business School*Volker Büttner, *WHU - Otto Beisheim School of Management*Ansgar Richter, *European Business School*Utz Schaeffer, *WHU - Otto Beisheim School of Management*Kevin Zander, *WHU - Otto Beisheim School of Management*

Is it good or bad for senior executives to have close relationship ties with the CEO? This paper investigates the role and importance of those ties in the context of CFO dismissals. Building on the top management team and governance literatures, we use data on 121 CFO turnover events in German corporations between 1999 and 2006 and find that poor firm performance and CEO dismissal both independently increase the likelihood of CFO dismissal. Strong relationship ties with the dismissed CEO increase it even further. Moreover, a CEO dismissal reduces the chances of the incumbent CFO being promoted into the vacant CEO position. Our results also underline the prominent role of CFOs alongside CEOs on management boards.

The Influence of Chairperson, Company Director and CEO Tenure on Organization PerformanceTimothy O'Shannassy, *RMIT University*

There are several points of debate at present in relation to the governance choices organizations make and their influence on organization performance. A robust debate continues in the academic, business and consulting community in 2010 on the most appropriate choices for organizations in regard to the tenure of service of key employees including the Chairperson, Chief Executive Officer (CEO) and company directors, and the implications of these choices for organization performance. A positive linear relationship is found between a Chairperson's tenure and strategic and financial performance. A cubic curvilinear relationship is found to best fit the relationship between average company director tenure and strategic and financial performance. A cubic curvilinear relationship also best describes the relationship between CEO tenure and strategic and financial performance.

SESSION 232

DEALING WITH HOST COUNTRY PRESSURE**TRACK G****Date** Tuesday, Sep 14**Time** 08:00 – 09:15 h**Paper****Room** Bramante 6**Session Chair** Constantine Katsikeas, *University of Leeds***A Quantitative and Qualitative Analysis on The Role of Firm Experience in Managing Risk**Jennifer Oetzel, *American University*Chang Hoon Oh, *Brock University*

The aim of this study is to examine whether or not firms are able to gain experience advantages from managing major risks and, if so, to then leverage these advantages in new markets experiencing similar risks. To examine this issue, we first conduct a large-scale empirical analysis to see how major risks affect firm entry and expansion and whether experience moderates this relationship. Finding empirical support for experience advantages, in the second part of our study, which is currently underway, we qualitatively examine the sources of experience advantages, attempt to identify specific capabilities used to manage risk, and determine whether and how these capabilities can be leveraged in future ventures.

Business Group Affiliations in Alleviating Economic Hostility: Evidence from Domestic & International Groups Operating in the UKVassiliki Bamiatzi, *University of Leeds*Rudolf Sinkovics, *University of Manchester*

Recent evidence from UK over-performing SMEs in declining industries suggests that synergies, developed under the umbrella of business groups, can potentially contribute in alleviating the negative effects of an adverse environment. Past research has established a connection between group affiliations and firm performance; yet most studies have focused on the impact of such groups on large firms, whereas little attention has been paid with respect to the environment, under which such affiliations were established. In addition, the origin of the business groups has mainly been ignored. The current study aspires to address the above gaps in the literature by uncovering the impact of both domestic and international business groups on small firm performance under different environmental contexts.



MNE Strategizing in Relation to Host Country Institutions

Patrick Regnér, *Stockholm School of Economics*
Jesper Edman, *Stockholm School of Economics*

This paper employs a comparative case-study design to investigate how institutional environments impact strategy formation in multinational enterprises. Based on an inductive study of six different multinational firms the paper examines how multinational enterprises strategize around and deal with host country institutional settings. We begin by highlighting the various institutional conditions faced by each of the firms across three institutional pillars. We then explore how managers and firms dealt with these conditions by leveraging both their own internal institutional knowledge, and the pre-existing institutions of the local setting. Finally, we combine these insights to derive four archetypes of MNE strategizing in institutional environments

What is the Optimal Degree of International Standardization? A Fresh Look at an Old Question in the Strategy Field

Stefan Schmid, *ESCP Europe*
Thomas Kotulla, *ESCP Europe*

In strategic marketing and management research, questions of international standardization and adaptation have been discussed for decades. However, previous research in the field has yielded largely fragmentary and, to some extent, even contradictory findings. In particular, most existing studies lack appropriate research designs and theoretical foundations for providing managers with situation-specific recommendations regarding performance-enhancing strategies of international standardization/adaptation. In this contribution, the authors present their major results of a critical literature analysis in the field of research. Based on their findings, they introduce a normative-theoretical framework combined with the concept of situation-strategy fit. The authors theoretically derive several hypotheses that can be tested in a quantitative-empirical study. Based on this, they intend to provide recommendations regarding profit-enhancing strategies of international product standardization/adaptation in given situations.

SESSION 269

PROCESSES UNDERLYING ENTREPRENEURSHIP AND INNOVATION

TRACK H	Date	Tuesday, Sep 14
	Time	08:00 – 09:15 h
Paper	Room	Bramante 7

Session Chair J Ignacio Canales, *University of Glasgow*

Corporate Entrepreneurship or Organizational Ambidexterity, or Both? How a Firm's Corporate Entrepreneurship Affects its Organizational Ambidexterity

Fabian Diefenbach, *University of St. Gallen*

This study analyses the intersection of organizational ambidexterity (OA) and corporate entrepreneurship (CE). The two concepts have communalities, from which both research streams can benefit. Based on a bottom-up analysis, hypotheses on CE's effect on the balance dimension and on the combined dimension of ambidexterity are developed. Also, it is argued that certain types of CE better fit with certain types of OA. The resulting level of internal consistency is hypothesized to moderate the OA – performance relation. This work contributes to literature by clarifying the relation of two formerly unrelated constructs. OA literature particularly benefits from the identification of a previously unrevealed antecedent, which can be used as a means of achieving ambidexterity.

Embeddedness, Complementarity, and Innovation Performance

Yi-Ju Lo, *Yuan Ze University*
Tungmin Hung, *San Francisco State University*
Scott Rockart, *University of North Carolina*

The purpose of this paper is to examine the inter-firm collaborations that have arisen in response to pursue the innovation creation generated by embedded or complementary relational resources. To conduct the empirical test, this paper focuses on the collaboration undertaken by securities firms in Taiwan investment banking industry and assesses the contribution of inter-firm collaborations to their innovation performance from 2004 to 2008. The findings of this paper point out a positive but curvilinear impact of embedded partnerships on a firm's innovation performance, identify the importance of complementary partnerships in the horizontal collaborations, and underscore the moderating effects of complementarity on the relation between embedded partnership and firm's innovation performance.

Internationalization and Innovation in Small Firms: A Knowledge Based Perspective

Vincenzo Francesco Cavaliere, *University of Florence*
Daria Sarti, *University of Florence*
Lucia Naldi, *Jönköping University*

Building on the knowledge-based view and organizational learning theory, this paper examines the effects of inward and outward internationalization on small firm innovation to further our knowledge about the outcomes of internationalization. The results of the analysis carried out on a sample of small firms operating in the mechanical industry in Italy show that export intensity has a direct and negative effect on innovation. Additionally, the results show that import intensity exhibits a curvilinear effect (inverted U-shaped) on innovation. The study contributes to the international management literature by empirically linking inward and outward international strategies with innovation in small firms. This research provides evidence of the complexity involved with the effects of internationalization on innovation and has important practical implications for small firms managers.

Wait and See? Alignment of Organizational Capability, Organizational Structure and Managerial Cognition in Technology Adoption

Lihong Qian, *University of Illinois-Urbana Champaign*

Extant researches have made many observations about success or failure of a firm's technology adoption strategy while facing technological shock, but evidence on factors that may drive or hinder firms to adopt such a new technology ex ante is lacking. This paper examines a list of such factors, and findings based upon a survey sample from the U.S. bio-fuels industry (ethanol sector and bio-diesel sector) show that a firm's likelihood to adopt a new technology is negatively associated with the extent to which the new technology destroys its current competency, the capability gap between its current and targeted capabilities, and integrative capabilities accumulated through integration of current value chain activities. Managerial perceptions about the firm's growth prospect moderate the above relationships.

SESSION 203

CAPABILITY DEVELOPMENT

TRACK I	Date	Tuesday, Sep 14
	Time	08:00 – 09:15 h
Common Ground	Room	Bernini 4

Facilitator Susan Cohen, *University of Pittsburgh*

Bags of Beads or Necklaces? Combinative Capability and Firm Value in Technological Scope Expansions

Jeongsik Lee, *Georgia Institute of Technology*

Natarajan Balasubramanian, *Syracuse University*

We study the relation between a firm's combinative capability and value creation in the context of technological scope expansion. On a sample of Compustat firms that applied for U.S. patents between 1980 and 2001, we find that firm value, measured using Tobin's *q*, decreases with increases in technological scope (measured as the number of unique patent classes). However, when firms expand by combining different classes into a single patent, we find that this negative effect is significantly diminished. These findings indicate that increasing technological scope likely creates value only when the firm is able to integrate the components into a single technology; simply maintaining different technological components within the firm boundary without integration appears to subject the firm to a discount.

Dynamic Capabilities for Environmental Sustainability: A Study of Antecedents and Outcomes

Rosa Maria Dangelico, *Polytechnic University of Bari*

Pierpaolo Pontrandolfo, *Polytechnic University of Bari*

Devashish Pujari, *McMaster University*

Environmental sustainability has been recognized as one of the key drivers of innovation and growth. However, important changes are required by firms aiming to integrate environmental sustainability into their innovation and product development strategies and processes. Acknowledging the need for firms to transform their capabilities or to create new ones to engage in a sustainability-oriented change, this research proposes a dynamic capabilities perspective of green product development, identifying a set of dynamic capabilities useful to integrate environmental issues into product development and linking them to their antecedents and outcomes. We tested this model on a sample of 189 Italian manufacturing firms using structural equation modelling. Results show that: firm's internal motivation is a more important antecedent than external turbulence, external resource integration is key to develop radical green product innovations, resource building and reconfiguration capability has the overall higher impact on market performance of green product innovation.

Dynamic Capabilities through Continuous Improvement, Organizational Process Alignment and Innovation

Markus Kohlbacher, *Campus 02 University of Applied Sciences*

Markus Ringhofer, *Graz University of Technology*

Although there is much emphasis on the importance of continuous improvement as a dynamic capability and organizational process alignment, little attention has been paid to their interactions and joint effects on organizational performance. In this paper we empirically explore the interaction effect of continuous improvement as a dynamic capability and organizational process alignment on time-to-market speed. We use a sample of Austrian manufacturing firms. Findings indicate that there is a positive interaction effect between continuous improvement and organizational process alignment on time-to-market speed.

How do Firms Become Competent? Concentration and Specialization in R&D

Songcui Hu, *University of North Carolina-Chapel Hill*

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

Capabilities and competencies have long been considered as one of the major contributor to heterogeneity of firm performance in strategy. However, relatively little is known about the development of such competencies. In this paper we focus on technological competence and examine the process by which firms build it. First, we simulate three models based on literature, adaptive, selective, and random walk, to understand the process of concentration or specialization within firms. Next, we compare these three models and their combination using the real data, successful patent applications filed by Du Pont from 1971 to 1995. The analyses suggest a firm can become concentrated over time in their activities through all processes. However, the evolutionary model combining both selective and adaptive processes leads to the best fit with the real data.

Innovation as a Dynamic Capability: Strategic Implications and Impact

George Tovstiga, *University of Reading*

As companies are seeking to transform themselves into nimble and agile players in the face of ever changing competitive environments they are increasingly looking to innovation. In this paper we examine strategic innovation from a perspective of a transformative dynamic capability. Whilst companies are looking to innovation primarily as means of competitive differentiation, only few are deliberately and purposefully harnessing the less obvious innovation outcome that expresses itself as learning and innovation capability development. This paper explores the latter, typically neglected innovation outcome. A conceptual model is proposed; preliminary research findings based on the analysis of both quantitative and qualitative field research that sheds light on the nature of this expression of innovation and its strategic implications for the organisation are discussed.

Overcoming Coordination Problems in Distributed Tasks: A Study of Timely completion in Clinical Trials

Metin Vural, *London Business School*

Interventional clinical trials are complex endeavors requiring contributions to and supervision of the clinical trial process by the sponsors of the trial. Each trial varies on several dimensions including the extent to which complexity plays a role in managing relationships with partners and overseeing distributed tasks related to clinical trial processes. In this study, I analyze the effects of managerial experience and different types of complexities on the timely completion of clinical trials. Using data from 4112 clinical trials between the years of 1972 and 2009, I examine the effects of capability development in management of clinical trials and how such development helps overcome problems of complexity in designing and executing distributed tasks. The implications of these findings are further discussed.

SESSION 205

STRATEGY AND LEADERSHIP INFLUENCES FOR INNOVATION

TRACK I	Date	Tuesday, Sep 14
	Time	08:00 – 09:15 h
Paper	Room	Bramante 9
Session Chair	Luis Vives, <i>Ramon Llull University</i>	

Can CEO Compensation Moderate the Momentum of Innovation in R&D?Cheng-li Tien, *National Taiwan Normal University*

This study researches the influences of CEO compensation on firm behavior to examine the interactive relationship between behavioral momentum of innovation in R&D and CEO compensation. The models presented in this study are based on evolutionary and agency theories, and test hypotheses using data from 103 computer-related companies in the U.S. Results indicate that pre-succession innovative behavior of high technology firms on R&D has a positive relationship with post-succession innovative behavior of these firms on R&D. That is, the behavioral momentum of innovation in R&D prevails across a CEO change. However, CEO compensation (short-term and long-term) does not moderate this behavioral momentum in R&D, although CEO compensation is negatively related to innovative behavior on R&D.

Of Managers, Ideas and Jesters - A Battle for StrategyGuje Sevón, *Stockholm School of Economics*
Liisa Valikangas, *Helsinki School of Economics*

In this paper, we seek to balance the perspective between ideas and managers and suggest that the perspective is currently skewed in that we neglect to appreciate the power of ideas over people and strategy. We put forward the role of a jester as an old management innovation, which plays a potentially critical role in this battle between ideas and managers.

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

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

The Impact of Transformational Leadership on Organizational Performance Through Organizational Learning and InnovationVictor García Morales, *University of Granada*
Rodrigo Martín-Rojas, *University of Granada*
Maria Magdalena Jimenez-Barrionuevo, *University of Granada*
Leopoldo Gutierrez Gutierrez, *University of Granada*

The paper is focused on how organizational performance is influenced by transformational leadership through the dynamic capabilities

of organizational learning and organizational innovation. These indirect interrelations are very important for improving organizational performance and they have been really studied theoretically, nevertheless they have not usually been explored in research empirically. We assert these relationships empirically basing our research on a sample of 168 Spanish firms, from chemical and automotive sectors. The results reveal that: transformational leadership influences organizational performance positively through organizational learning and organizational innovation; organizational learning influences organizational performance positively, both directly and indirectly through organizational innovation; organizational innovation influences organizational performance positively. Then, we show our purpose of how transformational leadership influences positively the organizational performance through the dynamic capabilities of organizational learning and organizational innovation.

SESSION 260

STRATEGIC TOOLS IN ACTION

TRACK J	Date	Tuesday, Sep 14
	Time	08:00 – 09:15 h
Common Ground	Room	Bernini 2
Facilitator	Maureen Meadows, <i>Open University</i>	

A Practice-based Perspective on Strategic VisionTarik Larja, *University of Grenoble*
Valérie Chanal, *University of Grenoble*

The objective of this research is to explore the potential of a practice-based perspective to better understand the phenomenon of strategic vision. Based on the longitudinal study of a vision building process, carried out in the R&D department of a large telecom operator, we studied the practitioners, the collective visioning practice and its link with the organizational practices. It appears that this activity is collective, can be delegated partially to peripheral actors and is based on specific competencies. We show that practitioners combine heterogeneous knowledge while producing many intermediary objects that make the vision emerge progressively. These objects act as boundary objects between the local practice and the institutionalized practices. Finally we suggest that this research can provide new insights to s-a-p literature.

A Scenario-Based Approach to Strategic Planning—Integrating Planning and Process Perspective of StrategyTorsten Wulf, *HHL-Leipzig Graduate School of Management*
Philip Meissner, *HHL-Leipzig Graduate School of Management*
Stephan Stubner, *HHL-Leipzig Graduate School of Management*

Since 20 years the conflict between the planning school and the process school of strategy has shaped the debate on strategy creation. In our paper, we argue that a modified scenario planning approach has the potential to overcome these discrepancies. Thus, we present a scenario-based approach to strategic planning. This approach builds on the strengths of traditional scenario planning, i.e. its open and creative approach that considers multiple strategy options and takes multiple perspectives into account. Simultaneously, it overcomes the weaknesses of traditional scenario planning by offering a systematic process to scenario creation that is build on specific management tools and thus easy to implement. The outcome of this approach is a core strategy complemented by strategic options that are derived from different scenarios.

Perceived Environmental Uncertainty in Scenario PlanningEfsthios Tapinos, *Aston University*

Scenario Planning is a strategy tool with growing popularity in both academia and practical situations. Current practices of scenario planning are largely based on existing literature which utilises scenario planning

to develop strategies for the future, primarily considering the assessment of perceived macro-external environmental uncertainties. However there is a body of literature hitherto ignored by scenario planning researchers, which suggests that Perceived Environmental Uncertainty (PEU) influences micro-external environmental as well as the internal environment of the organisation. This paper reviews the most dominant theories on scenario planning process, providing a series of propositions demonstrating the need to consider PEU theory within scenario planning and discusses the potential implication for the application of this strategy tool.

Performance Forecasts in Uncertain Environments: Examining the Predictive Power of the VRIO-Framework

Rudi K F Bresser, *Free University Berlin*
Christian Powalla, *Free University Berlin*
Polina Diankova, *Free University Berlin*

Strategy tools are widely used in the practice of strategic management to yield a good solution with an acceptable problem-solving effort. This paper presents results of an experimental research project that assesses the practical effectiveness of a theory-based decision-making tool, the VRIO-Framework, in predicting the stock-market performance of different companies. The VRIO's predictive power is compared to the predictions derived from Analyst Ratings that are a widespread and commonly used tool in the decision-making context of this study. Our results suggest that the VRIO-Framework is a particularly effective forecasting tool whereas the power of Analyst Ratings is disputable. The results also provide support for the practical usefulness of resource-based theory.

Technology Diffusion: Driving Innovation

Nicholas O'Regan, *University of the West of England*
Abby Ghobadian, *Henley Management College*
Peter Urwin, *University of Westminster*
Valeriya Karuk, *University of Westminster*

Innovation is a key driver of success at both the level of the firm and across the wider economy. Whilst there are different theories surrounding the drivers of innovation, the process of diffusion is the key component in the transformation of innovation into improved productivity and business performance. This paper analyses the investment intentions of small to medium sized enterprises (SMEs) in the engineering and technology sectors. It tests a variety of competing explanations that may be considered as enabling the process of technology diffusion. The findings indicate that firms with around 160 employees are most likely to effectively engage in technological diffusion – compared to both their larger and smaller counterparts.

The Impact of Problem Framing in Strategy Teams

Paul Knott, *University of Canterbury*

Problem framing is a cognitive bias that can channel strategic thinking and hence have potentially corrosive effects at a strategy 'crossroads'. Whereas existing studies of the framing effect focus on individuals, this research explores the effect of problem framing on team outputs. The research adopts experimental design with teams responding to a prescribed strategy analysis task. One team from each of four pairs of teams had pre-exposure to a specific method of addressing the task. The four pairs of teams received variations in subsequent guidance. Early findings suggest that the initial framing had pervasive effects on team outputs that persisted despite exposure to alternative approaches. For practitioners and for strategy practice research, this calls for attention to up-front processes that shape team activity.

SESSION 252

IMPACTFUL LEARNING AND KNOWING

TRACK J	Date	Tuesday, Sep 14
	Time	08:00 – 09:15 h
Panel	Room	Michelangelo BR 1 & 2

Session Chair

Elena Antonacopoulou, *University of Liverpool*

Panelists

Julia Balogun, *Lancaster University*
Wolfgang H Guettel, *Johannes Kepler University of Linz*
Bente R. Lowendahl, *BI Norwegian School of Management*
Marjorie Lyles, *Indiana University*
Shaker Zahra, *University of Minnesota*

The panel session seeks to explore Strategic Organizational Learning. A strategic view of organizational learning attends to contextuality differently. Context is not only the container in which learning takes place. Instead, context is an active participant in creating the space for learning. A strategic view of learning embraces wider contexts such as those encountered unexpectedly and frequently referred to as crisis. This means that if the context of learning is the unknown and unknowable because of temporality, uncertainty and unpredictability then a strategic view of learning promotes a mode of learning as a process of exploration and exploitation but also experimentation and practising. In turn, Strategic Organizational Learning emphasizes the need to embrace spontaneity and not only certainty as a response towards emergent possibilities.

SESSION 313

DON'T GO IT ALONE: PARTNERING AND ENTREPRENEURIAL VENTURES

TRACK K	Date	Tuesday, Sep 14
	Time	08:00 – 09:15 h
Paper	Room	Bramante 8

Session Chair Rafael Corredoira, *University of Maryland*

Business Incubators and Market-Oriented Socio-Economic Development in Emerging Market Economies

Nilanjana Dutt, *Duke University*
Olga Hawn, *Duke University*
Elena Vidal, *Duke University*
Aaron Chatterji, *Duke University*
Will Mitchell, *Duke University*

Business incubators present an increasingly popular approach to developing private sector businesses in emerging market economies. However, little is known about the nature of incubator activities or how these might vary at different levels of market-oriented socio-economic development. We build on the institutional development and business incubators literatures to develop new theory about the evolving scope of incubators. We posit that incubators serve as institutional entrepreneurs that provide two major classes of activities, Market Service Substitution (MSS) and Business Capability Development (BCD), and that the balance between these activities shifts towards BCD as socio-economic development advances. Using data from 134 incubators in 68 emerging economies, with four measures of market-oriented socio-economic development, we find support for our predictions and generate additional insights about this phenomenon.



Does The Sequence in Which Entrepreneurs Choose Resource Partners Matter?

Nachiket Bhawe, *University of Minnesota*

Entrepreneurs often lack resources necessary to realize value from their ideas. They access resources owned by others by offering them equity in their venture. While there is widespread agreement that entrepreneurs benefit from their partners' resources, little work exists on how entrepreneurs should access resources from potential partners—which partners should they approach first especially when there is interdependence among partnering choices. By following 5360 startups in the bio-pharmaceutical industry, I identify the sequence of partnering transactions to study the interdependence between partnering choices and investigate the constraints that drive entrepreneurs' selection of partners. By developing and testing theory on sequencing, I extend transaction cost theories showing how inefficiencies borne from transaction interdependence may be reduced by paying attention to the sequence of transactions.

Entrepreneurial Growth and the Strategic Use of External Resources: Two Sides of the Same Coin

Andrea Furlan, *University of Padova*

Roberto Grandinetti, *University of Padova*

This paper focuses on the relationship between the strategic use of external resources and entrepreneurial growth. Our statistical analysis shows that a high use of external resources is, on the one hand, an input of a period of sustainable high growth and, on the other hand, a result of a period of sustained high growth. This second aspect is usually neglected by the literature on entrepreneurial management. We maintain that, since entrepreneurial firms are proactive in selecting partners that can grow with them, long-term relationships with these partners provide significant benefits that are enduring even after periods of high growth. Moreover the growth process itself generates opportunities to establish relationships with new partners or expanding existing relationships.

Ties That Bind? Leveraging External Relationships for Disruptive Technological Change: De Alio Vs. De Novo

Pao-Lien Chen, *National Tsing Hua University*

Glenn Hoetker, *University of Illinois-Urbana Champaign*

Building on studies that highlight differences in transformational and integrative knowledge possessed by de alio firms and de novo firms, we examine the impact of a firm's pre-entry experience in strategic renewal on its capability to confront disruptive technological changes, with a focus on its relative ability to manage external relationships. An empirical test in the wireless telecommunications industry during the time that analog incumbents faced disruptive digital technology suggests that de alio firms are better able to transition to disruptive technology than de novo firms. Further, while de alio firms with more supplier relationships are more likely to transition to the disruptive technology than de novo firms, there is no significant difference between the two in managing the inertial effects of having longer relationships.

SESSION 285

EXECUTIVE HUMAN CAPITAL

TRACK L	Date	Tuesday, Sep 14
	Time	08:00 – 09:15 h
Paper	Room	Bernini 6

Session Chair Holger Luedeke, *Touro College-Berlin*

Are Online Connections a Complement or a Substitute for Personal Networks?

Holger Luedeke, *Touro College-Berlin*

Sabra Brock, *Touro College*

Should executives (who already built up extensive personal networks) participate in electronic networking on the job? We explore network

theory to assess positive and negative consequences. To test the net effect, we research the electronic networking behavior of 181 German executives and senior managers and of a control group of 166 other professionals. Results support the complementary character of online networks. Access to large personal networks, combined with an active personal networking behavior, is a predictor of additional electronic networking. On the other hand, the same characteristics fail to predict the size of online networks. This can be seen as a hint that successful personal networkers are reluctant to expose their real-life networks to a semi-public online audience.

The Rise in Executive Compensation - Consequence of a "War for Talents"?

Katja Rost, *University of Zurich*

The rise in executive compensation has triggered a great amount of public controversy and academic research. Critics have referred to the salaries paid to managers as "pay without performance", while defenders have countered that the large salaries can be explained by a "war for talents". This research tests whether a war for talent provides an explanation. The rise in executive compensation in recent years is explained by the assumption that, over the past decades, general managerial skills have become more important relative to firm-specific knowledge for the production of managers. A shift toward transferable managerial skills requires higher compensation, particularly in large firms, to attract and retain managerial talents. Relying on an internationalized and deregulated managerial labor market, i.e. the Swiss banking sector, these assumptions are tested.

The Role of Human Resources in Building a Talent Pipeline of Global Leaders

Paula Caligiuri, *Rutgers University*

Shrinidhi Sundar, *Rutgers University*

It is widely accepted by academics and practitioners alike that organizations use international assignments to develop global leadership capabilities in order to build a pipeline of future global leaders. This presentation challenges the nature of this assertion with a focus on two factors: the distinction between a global manager and a global leader (and how more international assignments align with the former), and the qualities of international assignments necessary to build cultural agility in the leadership pipeline. The presentation will conclude with a discussion on how the structure of the human resource management function, often with complementary rather than strategically-integrated global mobility and talent management functions, will need to change in order to increase the talent management pipeline.

✦ Uncovering the Process of Executive Mobility

Marko Coh, *London Business School*

Why some executives switch between top management positions in different organizations, and the others do not? I explore this question using a unique longitudinal dataset obtained from a global executive search firm. Instead of looking only at the executives that did move, I sample all executives approached by the search firm. I study how mobility is stimulated by the search firm, the hiring organizations, and the candidates. I find that both the search firm and the hiring organizations are less likely to drop candidates whose skills are better matched to the required skills. However, such candidates are more likely to reject jobs. I also find that prior ties between the search firm and the candidates increase the availability of better matched candidates.

SESSION 141

PLENARY TRACK

TRACK P	Date	Tuesday, Sep 14
	Time	09:30 – 10:30 h
Showcase Panel	Room	Bramante 4

NeuroScience and Strategic Management

Session Chair

Stefano Brusoni, *Bocconi University*

Panelists

Stefano Cappa, *Vita Salute San Raffaele University*

Mark Healey, *University of Leeds*

Will Mitchell, *Duke University*

The search for adequate microfoundations to learning and strategy-making processes has vastly relied, over the years, of a number of concepts borrowed from psychology, e.g. absorptive capacity, ambidexterity, etc. Yet, the application of such concepts to organizational and strategic processes has lacked clear, strong and explicit linkages to the originating theories. Quite often, psychological constructs have been applied in the absence of a clear theoretical understanding of how individual-level processes could generate organizational-level dynamics. Conversely, the analysis of psychological processes is nowadays being reframed and challenged by the rise of cognitive neurosciences, which are powerfully directing the attention of the scientific community toward the analysis of the neurological underpinnings of basic psychological processes. The boundaries between 'brain' and 'mind' are less clear than they used to be. The aim of the proposed symposium is to discuss and take stock of the achievements so far, identifying the key theoretical, empirical and epistemological challenges that this rapid process of convergence is posing. The invited speakers have vastly contributed to our understanding of decision-making processes in their respective fields. They will present recent findings, but also discuss what problems have emerged, what challenges are ahead of us.



Stefano Brusoni is Associate Professor of Applied Economics at Bocconi University (Italy). His research interests include the division and coordination of innovative labour; the strategic implications of product design strategies; processes of knowledge production, integration and distribution at the individual and organizational level.



Stefano Cappa received his M.D. at the University of Milan, which is also where he completed his training in neurology. He has held assistant and associate professor positions in Neurology and Neurological Rehabilitation at the University of Brescia. His main research interests are the cerebral organization of language and the application of functional imaging methods to the study of cognitive function, in particular, of semantic memory and social cognition.



Mark Healey is Senior Research Fellow in Organizational Psychology at the Centre for Organizational Strategy, Learning and Change at the University of Leeds, UK. He received his PhD in Management Sciences from the University of Manchester. His research focuses on cognition in organizations, including adaptive cognition – how decision makers update their knowledge and thinking in response to changing conditions – and its influence on individual, group and organizational responsiveness.



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 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.

For more information about these panelists, please visit the online program schedule at: rome.strategicmanagement.net



SESSION 142

PLENARY TRACK

TRACK P	Date	Tuesday, Sep 14
	Time	09:30 – 10:30 h
Showcase Panel	Room	Bramante 2

Ambidexterity, Capabilities, and Strategic Change

Session Chair

Constance Helfat, *Dartmouth College*

Panelists

Rajshree Agarwal, *University of Illinois-Urbana Champaign*

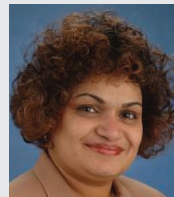
Julian Birkinshaw, *London Business School*

Henk W. Volberda, *Erasmus University-Rotterdam*

Research on ambidexterity and capabilities has begun to intersect in important ways. New research has begun to address exploration and exploitation as an organizational capability, and research on firm capabilities has begun to address issues of exploration and exploitation. The four panelists will discuss how research is pushing integrated work on these topics forward, and discuss avenues for further advancement. Julian Birkinshaw will lead off the panel with an analysis of how firms simultaneously explore and exploit within business units, including the important role of capabilities. Henk Volberda then will build on the first presentation by examining the routines, processes, and capabilities through which firms integrate exploration and exploitation at different levels in the organization. The next panelist, Rajshree Agarwal, will analyze how integrative capabilities and knowledge, both within the firm and with external partners, can aid firms in adapting to external change. Finally, Constance Helfat will discuss how firm capabilities affect company responses to changes in the external market through ambidexterity in the form of resource search and leverage. At the end of the panelist presentations, a Q&A session will integrate the audience comments into the discussion.



Constance Helfat is J. Brian Quinn Professor in Technology and Strategy at the Tuck School of Business at Dartmouth. Constance Helfat's research focuses on firm capabilities, including technological innovation and firm adaptation and change.



Rajshree Agarwal is the John Georges Professor of Technology Management and Strategy at the University of Illinois at Urbana Champaign. Her research interests focus on the implications of entrepreneurship and innovation for industry and firm evolution.



Julian Birkinshaw is Professor of Strategic and International Management at the London Business School, and the Deputy Dean for Programmes. His 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.



Henk W. Volberda is Professor of Strategic Management and Business Policy and Chairman of the Department of Strategic Management & Business Environment of the Rotterdam School of Management, Erasmus University. His research on Strategic Renewal, Strategic Flexibility, Co-evolution of Firms and Industries, Knowledge Flows and Innovation has been published in many books and a wide range of journals.

For more information about these panelists, please visit the online program schedule at: rome.strategicmanagement.net

SESSION 143

PLENARY TRACK

TRACK P	Date	Tuesday, Sep 14
	Time	09:30 – 10:30 h
Showcase Panel	Room	Bramante 3

Family Business, Global Contexts, and Strategic Management

Session Chair

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

Panelists

Torsten Pieper, *Kennesaw State University*

Carlo Salvato, *Bocconi University*

Shaker Zahra, *University of Minnesota*

The session is intended to bring the family business topics into the strategic management field from both a conceptual and practical viewpoint. Over the last ten years, family business has grown in popularity and publications. For instance, the Strategic Entrepreneurship Journal has launched the call for papers for a special issue titled "Strategic Entrepreneurship in Family Business". However, the literature appears still fragmented, with a variety of papers and studies that are mainly country-oriented. Instead, family business includes a lot of topics that may be analyzed through the lenses of several theoretical frameworks developed within the strategic management field. Such frameworks can provide a broader unifying perspective that can inform research and practice. The goal of this panel is to discuss these issues with editors and associate editors of leading journals focused on family business. In so doing it will contribute to a better understanding of the directions of this new relevant area of strategic management.



Michael A. Hitt is a Distinguished Professor and holds the Joe B. Foster Chair in Business Leadership at Texas A&M University. He is a current co-editor of the *Strategic Entrepreneurship Journal*. He is a member of the SMS Fellows and the Academy of Management Fellows and is the former Deputy Dean of the SMS Fellows.



Torsten Pieper is assistant professor in the Department of Management and Entrepreneurship and research director at the Cox Family Enterprise Center at Kennesaw State University's Coles College of Business. His research is in the areas of family business and strategic management.



Carlo Salvato is an Associate Professor of strategic management and entrepreneurship at Bocconi University, as well as Deputy-Director of the Center for Research on Entrepreneurship and Entrepreneurs and Director of the Master of Science in Management program. His current research focus is on the microfoundations and evolution of entrepreneurial capabilities in closely-held firms.



Shaker Zahra is Robert E. Buuck Chair of Entrepreneurship and Professor of Strategy & Organization in the Carlson School of Management at the University of Minnesota, where he is also the Academic Director of the Gary S. Holmes Entrepreneurship Center. Shaker Zahra's research focuses on entrepreneurship and national policy, especially in global technology-based industries and companies; international entrepreneurship; and corporate entrepreneurship and capability development.

For more information about these panelists, please visit the online program schedule at: rome.strategicmanagement.net



SESSION 146

PLENARY TRACK

TRACK P	Date	Tuesday, Sep 14
	Time	09:30 – 10:30 h
Showcase Panel	Room	Michelangelo BR 1 & 2

Heterogeneity, Selection, and its Implications for Strategy

Session Chair

Rebecca Henderson, *Harvard University*

Panelists

Michael G. Jacobides, *London Business School*

James Manyika, *McKinsey & Company*

Raffaella Sadun, *Harvard University*

Sidney Winter, *University of Pennsylvania*

Over the last few years, researchers in economics have conducted substantial empirical studies in an effort to probe the extent and causes of firm heterogeneity. While the dual issues of heterogeneity and selection lie close to the empirical and theoretical core of the field of strategy, there is comparatively little strategy research that documents the emergence of heterogeneity and its persistence in the face of processes of imitation and selection -- processes often presumed to underlie an inexorable trend towards homogenization. This panel, drawing on some recent findings and theory development in both economics and strategic management, will consider both the evidence and the implications on heterogeneity and on the imperfect working of the selection mechanism. We will then turn to commentary from a senior scholar in the field, as well as from a practitioner who has been closely connected to the research, and engage in Q&A with the audience.



Rebecca Henderson is a Professor at the Harvard Business School and a research fellow at the National Bureau of Economic Research. Her research focuses on the economics of research and development, technology strategy, and the difficulties large organizations encounter in attempting to respond to major shifts in their environment.



Michael G. Jacobides is Associate Professor of Strategic and International Management at London Business School, and Sumantra Ghoshal Fellow at the Advanced Institute for Management Research. 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”.



James Manyika is a Director (senior partner) of McKinsey & Company based in San Francisco. He is also Director of the McKinsey Global Institute (MGI), McKinsey & Company's global economics research arm. He directs the work of the Institute globally, together with 2 other senior partners, with particular focus on issues of growth and productivity, competitiveness, innovation and the impact of technology.



Raffaella Sadun is an Assistant Professor in the Strategy Unit at the Harvard Business School. Her research interests are in the economics of productivity, organization, management practices, and information technology.



Sidney Winter is the Deloitte and Touche Professor of Management, Emeritus, at The Wharton School of the University of Pennsylvania. His recent research focus has been on the study of management problems from the viewpoint of evolutionary economics.

For more information about these panelists, please visit the online program schedule at: rome.strategicmanagement.net

SESSION 149

PLENARY TRACK

TRACK P	Date	Tuesday, Sep 14
	Time	09:30 – 10:30 h
Showcase Panel	Room	Bramante 5

Strategy Execution: Eastern Perspective on Self Organization

Session Chair

Andreas Raharso, *Hay Group Global Research Centre for Strategy*

Panelists

Swan Gin Beh, *Singapore Economic Development Board*

Eelco Hoekstra, *Vopak*

Prasad Kaipa, *Kaipa Group*

Emirsyah Satar, *Garuda Indonesia*

Strategic human capital management (SHCM) argue that sustainable competitive advantages are originated from the competencies, behaviors, and interactions of employees, which have the potential to provide the foundation for successful strategy execution. The difficulty in dealing with organization's human capital is in the complexity of the organization. Executives in dealing with SHCM often try to control the organization's ability of self organization by treating the organization as a machine, simplifying its complexity into step-by-step processes. However, attempts on reducing organizational complexity for the execution of strategies in order to exert control and adapt to the operating environment are counterproductive. In the Eastern part of the world, organizations are viewed in a less mechanized way and executives tend to view organization as it is, a complex system made up of living organism. The solution lies in every organization's unique innate ability to self organize. In order to make use of this ability, leaders of organizations must first understand the three basic elements that made up a complex system, namely: agents, schemata and rules of interaction.



Andreas Raharso is director of research at Hay Group's global research centre for strategy execution. He has worked with many global multinational clients in strategies design and implementation. Andreas Raharso currently works with transnational clients across different context to achieve sustainable growth through designing appropriate strategies and implementation plans that meet clients' business goals.



Swan Gin Beh is the Managing Director of the Singapore Economic Development Board (EDB). He is on the Board of Directors for International Enterprise Singapore; and Agency for Science, Technology and Research. In addition, he is a Trustee of the Singapore Institute of Technology; as well as a member of the Singapore Management University's Lee Kong Chian School of Business Strategy and Advisory Boards.



Eelco Hoekstra is President of Vopak in Asia, managing over 9 countries and 20 terminals across the region. Prior to his appointment in Asia, he was President for Vopak in Latin America where he led the organization in the operation of standardising all operating companies and terminals.



Prasad Kaipa is the CEO of the Kaipa Group in California and works with companies and senior executives in the areas of innovation, leadership development and CEO coaching. His research focuses on wisdom leadership, Indian models of innovation and leadership, affordable innovation.



Emirsyah Satar was appointed as President & CEO of Garuda Indonesia in 2005. He previously assumed various key managerial positions at Citibank NA., Jakarta and Niaga Finance in Hongkong. Garuda Indonesia (Persero) is the first and largest carrier in Indonesia, flying vast domestic and international destinations.

For more information about these panelists, please visit the online program schedule at: rome.strategicmanagement.net



SESSION 324

PLENARY TRACK

TRACK P	Date	Tuesday, Sep 14
	Time	09:30 – 10:30 h
Showcase Panel	Room	Bramante 1

Adaptive Strategy

Session Chair

George Stalk Jr, *Boston Consulting Group*

Panelists

Michael Balay, *Cargill, Inc.*

Kathleen Eisenhardt, *Stanford University*

Martin Reeves, *Boston Consulting Group*

Today's world of business and even society itself is characterized by increasing rates of volatility. The volatility of credit availability, financial stability, government deficit spending as a result of the financial crisis over shadow the volatility of almost everything else non-financial. But commodity supplies, demand and prices for oil, gas, coal, iron ore, copper, corn even milk and eggs inflate and deflate rapidly and cycle with increasing frequency. As commodities experience increasing volatility the end products and services that utilize these as inputs must adjust their prices every more frequently or be exposed to greater financial and competitive risks. Doing strategy and managing in environments of very high uncertainty is becoming the norm. What should companies be doing? Some will say there is no point in doing strategy - that reaction or agility is the key today. Others insist that strategy is more important than ever. This panel of experts will discuss what leading edge management teams are doing to not just cope with volatility but to insulate their companies from volatility and even profit for it.



George Stalk Jr. is Senior Partner and Managing Director for The Boston Consulting Group as well as an Adjunct Professor of Strategic Management for the Rotman School of Management at University of Toronto. He joined BCG in 1978 and has worked in its Boston, Chicago, Tokyo and Toronto offices. His professional practice focuses on international and time-based competition.

Michael Balay has been a practitioner in corporate and single business strategy for over 20 years. At Cargill, he is involved in the company's long-term corporate strategy, single business strategy and business model innovation, and organizational design. His work covers a range of businesses including manufacturing, transportation, commodity trading, and financial services.



Kathleen Eisenhardt is the S. W. Ascherman M.D. Professor and Co-director of the Stanford Technology Ventures Program at Stanford University. She conducts research at the nexus of strategy and organization theory with particular emphasis on entrepreneurial firms and high velocity markets.



Martin Reeves is a New York-based senior partner of the Boston Consulting Group and a core member of its Strategy and Health Care practices. He also leads the firm's Strategy Institute, an in-house think tank that seeks insights from beyond the world of business, which have implications for business strategy and competitive advantage. Current research themes include the future of strategy, adaptive advantage, sustainability strategy, trust strategies, and organizational algorithmics.

For more information about these panelists, please visit the online program schedule at: rome.strategicmanagement.net

10:30 - 11:00
COFFEE BREAK

SESSION 290

TEACHING TRACK

TRACK T	Date	Tuesday, Sep 14
	Time	11:00 – 12:15 h
Special Panel	Room	Tintoretto 2

Finding Strategy Cases that Are Guaranteed to Succeed

Session Chair

Jay Dial, *Ohio State University*

This session will offer specific recommendations from experienced case teaching faculty on cases that have proven to work successfully in a variety of settings. The session will feature faculty members with expertise and familiarity with offerings from each of the major case-producing institutions. The cases discussed will cover specific content areas (i.e., industry analysis, resource-based view, competitive dynamics or international business), pedagogical goals (such as mini-cases as class enhancements or perhaps quantitative cases) and/or various program levels (including undergraduate, MBA or executive settings). Attendees are encouraged to offer recommendations and share their own favorites that they have used to enhance courses or to build entire strategy courses around. We will also share syllabi so that you are assured to come away with recommendations for many cases that have already proven to be successful.

SESSION 118

MICROFOUNDATIONS OF ALLIANCES

TRACK A	Date	Tuesday, Sep 14
	Time	11:00 – 12:15 h
Paper	Room	Bramante 2

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

Absorptive Capacity Research at the Crossroad: A Micro-Level Assessment

Karl Joachim Breunig, *BI Norwegian School of Management*
Ieva Martinkenaite, *BI Norwegian School of Management*

This paper identifies two dimensions of absorptive capacity - horizontal and vertical. The horizontal dimension refers to interaction of external and internal environments, which has been extensively covered in theoretical and empirical research. However, the vertical dimension, related to a dynamic interplay between organizational and individual levels of absorptive capacity, has been largely ignored. This article provides a critical review of absorptive capacity research from a micro-level perspective. The aim is to assess the role of individuals and their social interactions in the development of organizational absorptive capacity, as addressed in the literature. The nature of organizational knowledge encompassing stickiness, situatedness and distributedness has not been problematized. In order to extend our understanding about absorptive capacity dynamics we suggest three propositions for further empirical research.

Functional Diversity and Relative Power in Startup Teams in Strategic Alliances: Implications for Strategic Change

Patricio Mori, *Florida International University*

Drawing on Attribution Theory, this paper argues that conditions at founding affect strategic change, and its evolution in Startup Teams in Strategic Alliances. High Relative Founder Power and Low Functional Diversity are hypothesized to produce low levels of Strategic Change in the Startup Founding Teams. Conversely Low Relative Founder Power and High Functional Diversity are hypothesized to produce High levels of

Strategic Change. Finally, it is hypothesized that Relative Founder power influences the level of Diversity on start up teams. The proposal includes a model with an empirical testing of a panel of entrepreneurs PSED II. The results can shed light on the interaction between Relative Power and Functional Diversity as well as test for the adequacy of Upper Echelon Theory to Entrepreneurial Ventures.

Strategic Alliance Performance: Structural and Behavioral Factors

Louis Rinfret, *University of Quebec-Trois Rivières*
David Brown, *Lancaster University*
Ian Clarke, *Newcastle University*

This paper explores the extent to which core elements of partner organizations' micro-contexts shape the development of strategic alliances. It extends prior research, which has largely been concerned with alliance-specific variables such as their initial structure and 'best practices'. Extant literature has typically underplayed micro-level elements, particularly those of a psycho-sociological nature. Using a longitudinal case study of a major alliance in the high-tech industry we develop an alternative perspective to mainstream alliance research. We suggest that alliance theory needs to conceptualize how organizations' idiosyncratic micro-contexts and managers' behavior contribute in shaping their form and effectiveness. Implications for research and practice are discussed.

The Mediating Role of Entrepreneurial Team Behavior Between Transformational Leadership and Performance of Alliances

Bo Nielsen, *Copenhagen Business School*
Jochen Schweitzer, *University of Technology-Sydney*
Siggi Gudergan, *University of Technology-Sydney*

Drawing on leadership and group process theories, we propose and empirically test a framework in which alliance team proactiveness, innovativeness, and risk taking behaviors act as mediating mechanisms in the relationship between transformational leadership and alliance performance. We argue that transformational leadership is beneficial to alliance team proactiveness, innovativeness, and risk taking, which in turn is positively associated with alliance performance. We examine the differential effects of these three entrepreneurial team behaviors on two different alliance performance indicators: process and outcome performance. Moreover, we assess the extent to which the relationship between transformational alliance leadership and the risk-taking behavior of alliance team members is influenced by the diversity of the alliance team. In a survey of 369 strategic alliances we find general support for our hypotheses. This research contributes to the understanding of the effects of leadership on entrepreneurial alliance team behaviors and subsequent alliance performance.

SESSION 237

TIMING, SPEED, AND INDUSTRY EVOLUTION

TRACK E	Date	Tuesday, Sep 14
	Time	11:00 – 12:15 h
Paper	Room	Bramante 3

Session Chair Ashton Hawk, *Ohio State University*

Dynamic Competition in Technological Investments: An Empirical Examination of the LCD Panel Industry

Jeongsik Lee, *Georgia Institute of Technology*
Byung-Cheol Kim, *Georgia Institute of Technology*
Young-Mo Lim, *Samsung Economic Research Institute*

When are technological laggards more likely to catch up with leaders? We offer empirical evidence on firm-level data of plant investments in TFT-LCD panel industry, where technological competition has been intense and dynamic. We find that followers' likelihood of catching up



investments increases with the leader capacity that employs the state-of-the-art technology. We also find that the effect of followers' technological competence exhibits non-monotonicity, with intermediate followers the most apt to invest in catching up.

★ Fast Mover Advantages: Speed Capabilities and Entry into the Emerging Subfield of Atlantic Basin LNG

Ashton Hawk, *Ohio State University*
Gonçalo Pacheco de Almeida, *New York University*
Bernard Yeung, *New York University*

Studies on market entry have focused on the classic strategy tradeoff between commitment and flexibility: an early entrant faces less competition but may make costly mistakes due to a lack of learning opportunities, whereas late entrants can learn from precedent but also face higher costs from preemption. However, one limitation of these studies is that they typically treat entry timing as independent from firm capabilities. In this study, we hypothesize that intrinsically faster firms can afford to wait longer for uncertainty resolution before entering new markets than slower firms. This study tests and finds support for these predictions by examining the entry timing and entry performance of firms in the Atlantic Basin of the global liquefied natural gas industry from 1996 to 2007.

Time Matters: Analyzing the Evolutionary Role of Strategic Orientations on Performance Outcomes

Angela Paladino, *University of Melbourne*

While research depicts resource orientation (RO) and market orientation (MO) to independently have positive effects on performance, no research examines whether, when used together, the emphasis on a resource and market orientation changes over time and the impact of this on performance. This paper investigates the difference in performance between firms adopting varying degrees of MO and RO over a product's life cycle. It is proposed that a focus on the customer is more important at a product's inception. However, over time, it is argued that the emphasis on MO diminishes. The focus for innovation success then hinges on sustaining a unique offering and building a robust collection of synergistic resources. Implications for management and opportunities for future research are examined.

What Really Causes Industry Shakeouts? A Fresh Look at the Early U.S. Auto Industry

Nicholas Argyres, *Washington University-St. Louis*
Lyda Bigelow, *University of Utah*
Jackson Nickerson, *Washington University-St. Louis*

It has long been recognized that many industries go through dramatic shakeouts at some point during their evolution. Scholars have emphasized the importance for firms of predicting the timing of shakeouts and adjusting their strategies accordingly. Our understanding of the causes of shakeouts remains limited, however. To examine these causes, this paper will examine a database from the U.S. auto industry that is more comprehensive than those used in previous prominent studies of the auto industry shakeout. Preliminary analysis suggests a cause that has been largely overlooked: namely, strategic decisions by single dominant firms, first Ford, and later General Motors, to expand aggressively. We propose to conduct statistical analysis of firm survival models to examine whether strategic moves by Ford and General Motors affected survival rates while controlling for other effects on survival rates emphasized in the literature such as density, entry timing, prior experience, etc.

SESSION 243

LEARNING, IMITATION, AND INNOVATION

TRACK E	Date	Tuesday, Sep 14
	Time	11:00 – 12:15 h
Paper	Room	Tintoretto 1
Session Chair	Alexander Sleptsov, <i>University of Illinois</i>	

A Simulation Analysis of the Portfolio of Learning

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

The literature on organizational learning is voluminous and multi-faceted. Learning has been portrayed as consisting of several related but different processes. However, there is a lack of intellectual interaction among investigators from different research perspectives, and the academic community still knows relatively little about favorable conditions for different patterns of learning. In this paper, we focus on two important patterns of learning: trial-and-error learning and vicarious learning. We examine two contextual factors for different patterns of learning, and the best mix of them under certain circumstances. By building a computational simulation model, we find organizational performance is a function of the balance of trial-and-error learning and vicarious learning. Specifically, a small proportion of trial-and-error learning will ameliorate the limitation of vicarious learning of complex strategy. We also find organizational interdependence and environmental instability moderate the learning-performance relationship.

Short-Circuiting Information Flows: Effects of the Firm's Structure and Internal Networks on its Innovation Output

Laura Cardinal, *University of Houston*
Alexander Sleptsov, *University of Illinois*

This conceptual paper studies the interaction effects between the characteristics of the organizational structure of the firm and its interunit networks on the innovation rates. The formal firm-level coordination and integration routines may be effective in transmitting the flows of information that are relatively homogeneous and not particularly novel, but may impede the flows of information that are radical. Informal interunit network relationships can help the organizational units in obtaining required resources quickly, especially under the conditions of uncertainty. The network relationships can sometimes "short-circuit" the information flows governed by the integration routines and help the firm to commercialize radical inventions. By considering such interaction effects, this study offers a more comprehensive explanation of the firm's effectiveness with respect to both radical and incremental innovations.

When Imitators Pay Back: Exploration and Strategy Deployment in the Context of Vicarious Learning

Juan Quiroga, *INSEAD*

Research on imitation has not extensively focused on the reality that firms face when being imitated. Such gap seems relevant given the recent trend among firms to "get close" to competitors (Cooperative R&D programs, Alliances, Concurrent Sourcing, etc.). In fact, recent studies suggest formally and empirically that firms can actually benefit from being imitated (other than through legitimacy enhancement). Nevertheless, the literature lacks accounts of the underlying mechanisms. This paper further explores the benefits that a firm can derive from being imitated by advancing a theoretical account as well as an empirical test of a learning mechanism at play. As research on Imitation and on Organizational Learning have evolved almost independently, the present work also contributes a framework that integrates mimetic and experiential learning.

When Knowledge Walks Out the Door: A Longitudinal Examination of Inventors' Mobility across Firm Boundaries

Francisco Polidoro, *University of Texas-Austin*
Matt Theeke, *University of Texas-Austin*

The Knowledge-based Theory postulates that collaboration within a firm's boundaries enables the firm to transform knowledge into valuable innovations while protecting its knowledge from imitation by rivals. However, prior research has not explored the possibility that the firm's efforts to insulate knowledge within its boundaries may in some circumstances compel its inventors to migrate to rival firms. This study demonstrates a critical dilemma that the firm faces when organizing knowledge. Somewhat paradoxically, attempting to preserve knowledge within the firm's boundaries can induce the firm's inventors to leave the firm, walking out the door with important knowledge.

SESSION 162

ORGANIZATIONAL FORM AND TRANSITION: A GLOBAL PERSPECTIVE

TRACK F, TRACK G	Date	Tuesday, Sep 14
	Time	11:00 – 12:15 h
Common Ground	Room	Bernini 2

Facilitator Andrew Delios, *National University of Singapore*

Diversification as a Search for Growth: Product and International Diversification and Growth Option Value

Todd Alessandri, *Northeastern University*
Anju Seth, *Virginia Tech*

Diversification is often viewed as a search for growth, yet research has focused on other performance measures. We examine the relationship between product diversification, international diversification and growth option value, a measure of the firm's growth opportunities. We argue that different types of diversification have varying influences on growth option value. Unrelated product diversification is expected to have a positive influence on growth option value, relative to related diversification. International diversification in emerging markets is expected to increase growth option value relative to diversification in advanced economies. We also explore the interaction effects of both forms of diversification. Our preliminary findings suggest that unrelated diversification positively influences growth option value, while related diversification has no significant effect. Total international diversification is positively related to growth option value.

Institutional Transition and Corporate Diversification in Emerging Market Economies

Chinmay Pattnaik, *University of Sydney*
Garry Bruton, *Texas Christian University*

This study examines the impact of institutional transition on the diversification of business groups from emerging markets. Employing a database of Indian business groups we integrate the expectations on agency theory and resource based theory on these business groups' internalization efforts. We specifically hypothesize that institutional transition has negative impact on the diversification of business groups. However, the diversification of business groups is contingent upon the level of resources of business groups and the ownership structure. While business groups with higher level of resources and insider ownership will positively moderate the relationship between institutional transitions and business group diversification, the level of institutional and foreign ownership will negatively moderate the relationship.

Optimal Organizational Forms in a Diverse World

Roland Bel, *Euromed Management*

Our analysis focuses on two main questions: When are hybrid organizations socially optimal and what are their determinants? Is there a typology of hybrid organizations exhibiting similar characteristics and encompassing the different forms observed in reality? In an incomplete contract setting, we use a property right model a la Hart and Moore (1990). Broadening the extant theory and allowing for diversity in property rights, assets and agents, we see the emergence of various forms of organizations. In particular, hybrid organizations, such as licensing, franchising, strategic alliances or mergers, are socially optimal forms of arrangements determined by the nature of assets, the relationships between assets and the nature of agents. This has important implications for the orientation and success of corporate strategies.

Organizational Form of Business Groups and Diversification Performance: Exploring a Vital Link

Raveendra Chittoor, *Indian School of Business*
Prashant Kale, *Rice University*
Phanish Puranam, *London Business School*

We explore the unique organizational form of business groups (BGs) and posit that it is a case of selective intervention, which combines the features of both markets and hierarchies. We propose that the BG (federal) structure offers distinct benefits in managing unrelated diversification, while it has inherent disadvantages in managing related diversification. Further, we propose that the benefits offered by markets in managing unrelated diversification through selective intervention would increase as institutions develop and capital markets become more efficient in developing economies. We test our predictions in a panel dataset of 1329 Indian firms over the fourteen year post-liberalization period of 1995-2008 and find support.

Too Big to Fail: Emerging Economy Business Groups during Institutional Transitions

Apalak Khatua, *Indian Institute of Management-Calcutta*
Sushil Khanna, *Indian Institute of Management-Calcutta*

Extant literature anticipates that with the growth of well functioning capital markets, the business groups will gradually disappear. But some business groups have been able to use the market-oriented reforms in emerging economies to accelerate their growth. This paper explored: why some business groups prosper during institutional transitions? An 18-year longitudinal study reveals that group-affiliated firms which overcome the business group inertia towards international diversification would perform better. We also found older and larger business groups with 'stable identity' are resilient to institutional shocks and affiliation to these groups is beneficial even during institutional transitions. We didn't find any negative impact of business-portfolio diversification and intra-group cross-investments on group affiliated firms, a finding quite at odds with the predictions by efficient capital market theorists.

SESSION 165

MERGERS & ACQUISITIONS

TRACK F	Date	Tuesday, Sep 14
	Time	11:00 – 12:15 h
Paper	Room	Bramante 4

Session Chair Patrick Maggitti, *Villanova University*

Acquisitions Disguised as Mergers of Equals: Tradeoffs and Consequences

Sarah Park, *EMLYON Business School*

Many M&A transactions are framed as mergers of equals when they are really acquisitions. This paper examines the tradeoffs and shareholder



implications of this framing in the empirical context of U.S. M&A transactions between 1991 and 2005. By examining the tradeoff between target premium and post-merger control in pseudo mergers of equals, this paper offers new evidence for how merger outcomes are influenced by agency problems. The market reaction to pseudo mergers of equals announcement and post-merger performance are also analyzed. This paper suggests that in pseudo mergers of equals, gains to both target shareholders and acquirer shareholders are lower than gains in transactions accurately announced as acquisitions.

Fraud and Acquisitions: The More the Merrier

Karen Schnatterly, *University of Missouri*
Brent Clark, *University of Missouri*

Corporate crime is a prominent subject of concern in the US and in other economies. Corporate crime includes everything from reporting fraud, to price fixing, to corruption. Corporate crime can cost firms an average of 7% of sales every year. Thus far research has not determined whether criminality tends to recur within a company over time, that is, that some firms can have a persistent propensity for criminality. Prior research has also been silent regarding how other corporate activities such as M&A might exacerbate or alleviate governance problems that might create tendencies toward criminality. This paper examines corporate criminality over time, with a particular interest in how firms' M&A activities affect any tendencies to become repeat criminals.

M&A Capabilities in Regulated Environments and Merger Performance after Deregulation among U.S. Financial Services Firms

James Van Scotter II, *University of Florida*

This paper introduces a knowledge-based view of corporate mergers in the U.S. commercial banking industry following the lifting of anti-competitive regulations in 1999 due to the Graham-Leach-Bailey Act. A test of the practicality of using merger routines formed under regulated industry conditions as dynamic capabilities for guiding diversification through acquisitions in a post regulation environment is proposed. Furthermore, it is postulated that firms with superior dynamic capabilities in mergers will be more likely to engage in lobbying activities in order to ensure the continued viability of the merger strategy and to build a competency to help them affect policy changes.

What Explains M&A Performance

Maurizio Zollo, *Bocconi University*
Degenhard Meier, *Aachen University*
Giovanni Valentini, *Bocconi University*

This study explores the determinants of five different dimensions of M&A performance using a unique dataset created by surveying partners and directors of a major consulting firm advising on the post-acquisition integration process of 146 acquisitions. Results of PLS regressions reveal that several factors overlooked by prior literature exert a significant effect on M&A performance; controlling for a wide array of factors, several variables traditionally used in the literature to explain M&A performance (e.g., business similarity) do not show any significant link to it; there exist trade-offs: variables influencing positively one M&A performance dimension can exert a negative effect on other performance dimensions. Implications are drawn for theory development and research design in future studies as well as for practicing managers.

SESSION 234

MANAGING THE MNC

TRACK G	Date	Tuesday, Sep 14
	Time	11:00 – 12:15 h
Paper	Room	Bramante 6
Session Chair	Bjorn Ambos, <i>WU Vienna</i>	

Global Strategy at the Crossroads: The Return of the Transnational

Susan Segal-Horn, *Open University*
Alison Dean, *University of Kent*

Central to the global strategy/structure debate is the tension between global integration and local responsiveness. The solution to this organizational tension was the concept of the transnational corporation (Bartlett and Ghoshal, 1989). The transnational has fallen out of favour as an impractical organizational form (Ghemawat, 2007). However, the fluidity of the transnational organization in its configuration of roles, responsibilities and locations is increasingly attractive for firms managing complex disaggregated international value chains, such as those resulting from increased off-shoring of previously non-tradeable professional-level tasks. Our data indicate an emerging organizational prototype: the transnational professional service firm (PSF). The transnational PSF has a messy structure, with parts of the organization outside the core, and complex overlapping layers. It achieves international integration through structural and resource flexibility.

Headquarter Value Creation in the Dispersed and Externally Embedded MNC – Evidence from European Manufacturing Subsidiaries

Phillip Christopher Nell, *Copenhagen Business School*
Bjorn Ambos, *WU Vienna*

The question of how parents add value to their businesses is a much-discussed issue characterized by a dearth of empirical work. Based on comprehensive data on 124 European manufacturing subsidiaries we investigate subsidiary perceptions of parent value creation empirically and shed new light on this issue. Our results show that, in general, HQs have difficulties with creating value for their subsidiaries when the latter are strongly embedded in their local context. However, the more the HQ has strong knowledge of the local subsidiary context, which it can build up through developing its own linkages to this context, the higher perceive subsidiaries HQ value creation. Our data also reveals an interaction effect. HQ knowledge of the local context has a greater effect on perceived value added the more the subsidiary is strongly locally embedded. We discuss implications for parenting advantage and the management of the dispersed and externally embedded MNC.

MNC Structure and Performance: An Examination of the Combined Effect of Distance, Dispersion, and Density

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

Firms not only “strive for market power”, but are also driven by a “quest for resources” that can translate into competitive advantage (Grant, 1991). Whether these firms are able to achieve the forecasted synergies is often a function of the limitations inherent in their subsidiary network structure. The struggle to manage and coordinate a highly concentrated or a widely diverse network of subsidiaries may lead to a failure in the appropriation of expected network synergies. In this paper, we develop propositions that explore the possible intersections of three dimensions of diversity within the MNCs network structure – degree of deviation among subsidiaries’ in status (size) and product scope, geographic distance between subsidiaries and parent, and network density (number of subsidiaries) – and their impact on MNC performance.

Should Strategy be Regional, Not Global?

Elitsa Banalieva, *Northeastern University*
Charles Dhanaraj, *Indiana University*

Recent observations that multinational enterprises (MNEs) are regional in scope have puzzled researchers in global strategy. Much of the debate has centered on the lack of theory and robustness of data. Given the critical role of geographic scope and its implications for strategic management, we investigate three questions: Is home region bias (HRB) a generalizable phenomenon? If indeed this is prevalent, why does HRB exist and is it consistent with received theory? And how does HRB impact firm performance? We provide empirical support of our model with a longitudinal panel of 760 MNEs from seven of most developed markets from 1997 to 2006. We attempt to resolve the regional global debate and provide directions for future research.

SESSION 210

COGNITIVE PERSPECTIVES ON KNOWLEDGE AND INNOVATION

TRACK I	Date	Tuesday, Sep 14
	Time	11:00 – 12:15 h
Common Ground	Room	Bernini 4

Facilitator Pamela Barr, *Georgia State University*

A Model of Reasoning in Novel Contexts

Timo Ehrig, *Max Planck Institute for Mathematics in the Sciences*
Louis Kauffman, *University of Illinois-Chicago*

We present a theory about reasoning processes, given new contexts and new ideas, and a formal model for these processes. Extending models from cognitive science, we conceptualize reasoning in novel contexts as a process of optimizing forward-looking coherence. We illustrate our ideas in the context of financial evaluation of novel forms of firms. We discuss the general principles that guide thinking in novel contexts.

How Adaptive Firms Innovate: An Analogy-Based View of Organizational Learning and Innovation

June-Young Kim, *Marquette University*

We address two unresolved questions in the organizational learning literature: how adaptive firms can innovate and how bounded-rational firms can learn from the innovation of others. To clarify these two issues, we extend the behavioral models of organizational decision making by using the notion of analogy. First, we conceptualize how analogy happens at the organization level, building on March's theory of decision making. Second, we further develop a theory of organizational analogy by identifying antecedents and consequences of analogical mechanisms. Third, we clarify boundary conditions on organizational innovation and vicarious learning.

Knowledge, Search and New Ideas in Firms: An Attention-Based Perspective on Idea Novelty and Volume

Susan Hill, *London School of Economics*

Taking an attention-based perspective, this study investigates the impact of individual knowledge, contextual stimuli and information processing on idea generation by individuals in corporate settings. Drawing on a unique dataset, the proposition that somewhat distinctive antecedents account for the novelty and volume of ideas generated was supported. Primary survey data was collected from 388 employees of three multinational companies, supplemented by in-depth interviews, and validated against supervisory assessments. Possessing a broad knowledge base was associated more with idea volume, whilst exposure to broad and deep stimuli were both more strongly related to idea novelty. Furthermore, different knowledge processes help account for

idea novelty and volume: novelty involves knowledge transformation, triggered by equivocal information; while idea volume is rather explained by knowledge combination processes.

Open-Strategy Implementation and R&D Manager's Self-Accomplishment Satisfaction

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

The successful realization of organizational level strategy formulation and implementation is investigated by considering the relationship with accomplishment satisfaction at the individual level within R&D managers of a large MNC. The results suggest that an open strategy formulation-implementation approach positively influences the self-accomplishment satisfaction level of R&D managers. This direct effect is reinforced by speedy and responsive organizational agility in order to increase the improvement of creativity. The utilization of the R&D manager's individual knowledge in terms of emotional and experiential knowledge also increases accomplishment satisfaction. Our results suggest that executives responsible for plotting the strategy ought to consider the sense of accomplishment satisfaction of R&D managers responsible for the transformation of their individual creativity into commercially successful organizational innovations.

Towards a Theory of Change Management: Uncovering the Power of Shared Intentions

Marie Taillard, *ESCP Europe*
Giovanni Scarso Borioli, *ESCP Europe*
Davide Sola, *ESCP Europe*

Change leaders can increase the success and efficiency of planned organizational transformation by relying on two uniquely human adaptive skills: individual planning (Bratman, 1987) and shared intentionality (Tomasello et al., 2005). Both of these cognitive skills present a number of features that are highly favourable to the achievement of complex organizational transformation. While effective change leaders often intuitively rely on some of these skills in implementing corporate transformation, and the change management literature links aspects of these skills to successful change, our theory of shared intentions in change management identifies and explains the power of shared human intentionality as the missing link in change management theory and practice. If harnessed effectively, the specific rational demands on intentionality and shared intentionality can indeed deliver greater success in organizational transformation.

SESSION 191

INSTITUTIONAL INFLUENCES ON KNOWLEDGE AND INNOVATION

TRACK I	Date	Tuesday, Sep 14
	Time	11:00 – 12:15 h
Paper	Room	Bramante 9

Session Chair Grid Thoma, *Bocconi University*

Institutional Influences on the Choice of Export Markets for International Licensing and R&D Outsourcing

Suma Athreya, *Brunel University*
Tomasz Mickiewicz, *University College London*
Yong Yang, *Brunel University*

The last decade saw an enormous growth in exports of R&D and in cross-border licensing of intangible assets. We use a unique dataset to explore the firm-level characteristics and proxies for country-level formal institutions and culture that influenced the size of these exports by domestic and foreign firms located in the UK to 113 different destination countries from 1997-2005. We expect that similarity in the



level of the intellectual property protection increases the value of firm exports to a destination country but we also explore if the cultural norm of individualism (which rewards individual effort and initiative), may act as an additional guarantee of appropriability when exports which are not well protected by IPR. Other explanatory variables included are firm size, age and nationality.

Institutional Logics and Status - Strategic Patenting in the Legal Service Sector

Grid Thoma, *Bocconi University*
Stine Grodal, *Boston University*

Institutional logics shape organizations' actions. Yet, in situations where logics conflict we know little about the conditions that make firms' act in accordance with one logic rather than the other. We introduce a novel typology of logics by differentiating between profession specific and general logics and examine how a firm's status, experience and environmental conditions affect its tendency to choose between these two logics. Theoretically we add to theory about how social systems and symbolic systems interact and the role of institutional logics in shaping firms' behavior. We end by discussing the implications of our research for theories of cumulative innovation.

International R&D and Firm Performance: A Contingency Approach

Rene Belderbos, *Catholic University of Leuven*
Bart Leten, *Catholic University of Leuven*
Shinya Suzuki, *Catholic University of Leuven*

Although prior studies have given ample attention to the internationalization of R&D by multinational firms, only a limited number of empirical studies have examined the performance consequences of R&D internationalization, and these have provided mixed results. In this study, we propose a set of environmental and organizational factors that shape the relationship between R&D internationalization strategies and firms' technological performance. We focus on the role of the technological strengths of host countries, the local embeddedness of the firms' foreign R&D activities, the effectiveness of the firms' international knowledge transfer network, and the presence of economies of scale and scope in firms' R&D activities. We test our hypotheses on a panel dataset of the R&D and patent activities of 186 US, EU and Japanese firms that are among the largest R&D spenders in five industries.

Nascent Organizational Capabilities: The Spread of Professional Services among IT Manufacturing Firms

Phillip Anderson, *MIT*

Using a longitudinal dataset of the entire sample of publicly traded manufacturing firms within the IT industry from 1988-2008, this paper explores the formation of an organizational capability as a new technological era was taking shape – the open systems era. For manufacturing firms, the open systems era planted the seeds of commoditization which led to intense price pressure and subsequently lower product margins. Many firms diversified into professional services, traditionally viewed as an undesirable business with low barriers to entry, lower margins, very expensive to scale, and an organization structure quite different from R&D and manufacturing. The dataset explores the external influences that shaped the new strategy – prior adoption by competitors, the media, and media coverage of industry analysts' forecasts.

SESSION 208

MEASURES OF INNOVATION

TRACK I	Date	Tuesday, Sep 14
	Time	11:00 – 12:15 h
Paper	Room	Bramante 5

Session Chair Salvatore Torrisi, *University of Bologna*

Cross-licensing, Cumulative Inventions and Strategic Patenting

Paola Giuri, *University of Bologna*
Salvatore Torrisi, *University of Bologna*

This paper focuses on cross-licensing, a strategy adopted especially by the owners of patent portfolios operating in industries characterized by cumulative technical change like computers, semiconductors and electronics. By using The PatVal-EU survey data on a sample of 7052 European patented inventions and complementary data at the level of patent, company and technological fields, we analyze the association between the importance of cross-patenting and a several variables that account for key characteristics of the patent, the patent holder and the technology. More precisely, we hypothesize that cross-licensing is associated with the cumulativeness of patented inventions and the number of overlapping claims with other patents. Moreover, we expect that cross licensing is positively associated with concentration and complexity of the main technological field of the patent.

IQ and the R&D Market Value Puzzle

Anne Marie Knott, *Washington University-St Louis*

Since the publication of "The Rate and Direction of Inventive Activity" in 1962, the dominant measure of R&D effectiveness is patent counts. There are three issues with patent counts: first, less than 50% of firms conducting R&D have any patents; second, there is substantial variance in patents' economic value; third, patents are a poor predictor of firm market value. Thus patents are neither a universal, uniform, nor reliable measure of R&D effectiveness. We propose a measure of R&D effectiveness (IQ) that is all three. Moreover it is constructed from firm financial data, so can be adopted by academics as well as practitioners at low cost. Our hope is that the mere existence of the measure will generate improvement in R&D effectiveness just as TQM improved product quality and hospital report cards reduced mortality rates.

Profiting From Innovation in SMEs: Evaluation of IPRs Strategies in a Counterfactual Model

Simone Santoni, *University of Bologna*
Federico Munari, *University of Bologna*

This paper evaluates the performance implications of alternative strategies to profit from technological innovation. In particular we analyze the existence of complementarity vs substitution between different forms of intellectual property rights (IPRs) -namely patents as opposed to trademarks and registered designs- in the specific case of SMEs. The causal relation among IPRs strategy and firm's performance is analyzed within a counterfactual model that explains the assignment of each case to a specific treatment and rules out the influence of intervening variables. The research question is addressed on a longitudinal manually collected dataset of 425 high-technology firms operating in manufacturing industries. Results, based on a quasi-experimental design, provide evidence in support of complementarity among different classes of IPRs.

When Do Firms Patent: Evidence on Patentability and Strategic Patenting at the Firm Level

Michael Roach, *University of North Carolina-Chapel Hill*

How do firms decide which innovations to patent (or not) and how do these actions influence our understanding of both firm patenting activity and the utility of patent-based indicators? Employing a novel dataset

that matches survey responses on firm-level innovative and patenting behavior with patent counts and citation-weighted patent counts, we find that contrary to widely held beliefs that the quantity and quality of firm patenting activity are largely predicted by a firm's decision to patent and not the patentability of its innovations in unexpected ways. The findings detailed in this study provide empirical evidence on the firm-level drivers of patent propensity and suggest potential sources of bias when employing patents as indicators of firm innovative performance.

SESSION 257

STRATEGIZING ACROSS NETWORKS

TRACK J	Date	Tuesday, Sep 14
	Time	11:00 – 12:15 h
Paper	Room	Bernini 5

Session Chair Hanna Lehtimäki, *University of Tampere*

How Far Do Network Effects Spill Over: Evidence From an Empirical Study on Hospital Performance

Marco Tonellato, *University of Lugano*
 Francesca Pallotti, *University of Lugano*
 Alessandro Lomi, *University of Lugano*

We examine the factors that limit the range of network influence by exploring how performance spillover effects are contained within network boundaries induced by: dyadic relations; interorganizational cliques and network positions. Using data collected on patterns of relational coordination between hospital organizations we estimate models that specify how the strength of dyadic connections, clique co-membership and global network positions jointly influence interorganizational performance similarity. We find that clique co-membership has the strongest effect on performance similarity. This result provides empirical evidence that clique co-membership swathe processes of network influence. The main implication of our findings is that differences in performance between organizations are affected by membership in intermediate relational substructures that are between global networks and individual dyads.

International Social Media Strategies

Ronald Rivas, *Canisius College*
 Adrian Dayton, *Adrian Dayton Company LLC*

This paper proposes strategies to adopt social media for international business. Social media platforms such as LinkedIn, Twitter, and Facebook have the power to create and strengthen worldwide stakeholder's relationships. This paper suggests four generic international social media strategies, namely Emerging, Profiler, Visible-Uploader, Structured-Uploader. These four generic strategies result from a classification analysis of social web involvement in sixteen countries. The analysis yields two dimensions relevant to social web involvement namely "Demands for Profile Management" and "Demands for Media Management." This study then presents a six steps implementation plan to use social media, and discusses the impact of the international context on implementation along the four generic strategies

Triad Dynamics: Structural Holes, Cliques, and the Tragedy of Brokers

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

Network research has been criticized for neglecting causes of network structure in favor of its effects. The discussion regarding the performance effects of structural holes vs. closure is a lively example of this behavior. Furthermore, there have been recent calls for moving away from the static view of networks towards a more dynamic approach. We address these issues by looking at the dynamics of structural holes. We conceptualize the structural hole argument as a triad and we identify alternative structures

which these structural hole triads can evolve into. Basing our arguments on dynamic capabilities and the relational view of the firm, we theorize about the conditions under which structural hole triads will be stable and under which they will evolve into alternative structures.

Understanding Strategy Praxis Through Social Networks

Hanna Lehtimäki, *University of Tampere*
 Katja Karintaus, *University of Tampere*

This research seeks to understand interactions and situated practices in accomplishing strategic change. The purpose is to explore how does interaction between individuals construct strategic. This paper will present a single case study of an internationally operating industrial company, which after severe cost cutting and down-sizing is seeking to rebuild its business competence by enforcing sales activity of service personnell. Both the structure and quality of internal social networks will be analyzed to explore how does interaction between individuals construct strategic change process. The focus is on practitioners and praxis, and thus, this research contributes to strategy-as-practice literature in examining socially accomplished flows of activity that are strategically consequential for the direction and survival of an organization.

SESSION 222

NETWORKS AND ENTREPRENEURIAL VENTURES

TRACK K	Date	Tuesday, Sep 14
	Time	11:00 – 12:15 h
Paper	Room	Bramante 8

Session Chair Wim Vanhaverbeke, *Hasselt University*

Accessing Substantive Network Resources Versus Window-Dressing: Alliance Portfolios in Initial Public Offering Firms

Ulrich Wassmer, *Concordia University*
 Martin Martens, *Concordia University*

This study examines the performance impact of two distinct network resource accumulation and signaling strategies in initial public offering firms. More specifically, we focus on IPO firms' alliance portfolios as an important signaling and network resource access mechanism that affects both an IPO firm's valuation premium and underpricing. We develop hypotheses that are tested using IPO prospectus and alliance data from the computer software industry. The results show that IPO firm's alliance portfolios comprised of window-dressing alliances, i.e. alliances that grant access to mainly intangible resources such as partner reputation and that do not contain co-specialization with the alliance partner, positively affect an IPO firm's underpricing.

Strong Ties, Strong Signals: Scientific Advisory Boards and the Pricing of Life Sciences IPOs

Ing Chok, *University of Southern California*
 Mark Kennedy, *University of Southern California*

Though networks rich in strong ties are inefficient receivers of information about valuable opportunities, we argue they excel at sending strong signals about value. We test this argument in the context of IPOs for life sciences firms that need to convince underwriters they are leaders in their chosen scientific specialties, but leading scientists are unwilling to leave academic careers for industry. Increasingly, firms engage them instead as members of a scientific advisory board (SAB). Investment banks face similar problems in accessing leading scientists. Because firms and underwriters both access high status scientists, SABs serve not only as sounding boards to management, but also as signals of firm quality. This contributes to theory by linking benefits of network ties to redundancy, not efficiency.



The Structure of Content in Multiplex Ties: Exploring the Advantages for Entrepreneurs in Rural India

Suresh Bhagavatula, *Indian Institute of Management-Bangalore*
Tom Elfring, *VU University Amsterdam*

The results of the studies on the influence of network structure of entrepreneurs on the performance of their firms have been inconclusive. This could be due to the fact that in all these studies, networks have been operationalized as conduits of single type of content. That ties are multiplex in nature is known but little work has been done to explore the interaction between network structures and content in an entrepreneurial setting. This study aims to address this gap. By focusing this study within a low technology context in an emerging economy, this study also addresses how individuals set up and manage their firms in a low technological domain in India.

When Do Unfamiliar Firms Come Together in a Group?

Lei Zhang, *University of Maryland*

Previous literature suggested that firms tend to partner with past partners and group density matters. However, unfamiliar firms do form ties with each other in actual network. It is not clear under what conditions more unfamiliar firms are willing to join each other in a group. In this paper, I focus on group level and examine when Venture Capital (VC) firms form a loosely connected syndicate group. Based on a matched sample of VC Investments in 1985-2008, I found that VC firms may form loosely connected syndicate groups in a less competitive environment, when group size is smaller, when start-up company is more mature, when the VC firms are more similar in experience but different in performance, and when maximum tie strength in the group is weaker.

SESSION 311

SOCIAL ENTREPRENEURSHIP

TRACK K	Date	Tuesday, Sep 14
	Time	11:00 – 12:15 h
Paper	Room	Bramante 7
Session Chair	Kavil Ramachandran, <i>Indian School of Business</i>	

Corporate Social Entrepreneurship and the Profit Motive: A Note on the Theoretical Foundations of the Link

Paolo Di Betta, *University of Palermo*

We present a simple framework of profit maximization that embeds strategic entrepreneurship in corporate social responsibility, measured through an index of sustainability and starting from a threshold level set by law and regulation. Comparative statics is presented that justifies the diverse and contrasting empirical findings in the relationship between corporate social and financial performances. Warnings concerning estimation ensue.

Creating Value for Others to Capture: Reconciling Social Entrepreneurship with Strategic Management

Dante Di Gregorio, *University of New Mexico*

Viewed through the lens of value creation and value appropriation, I define social entrepreneurship as net social value creation, or the creation of more value than can be appropriated by the entrepreneur and more value than can be appropriated in the present. By purposely and strategically leaving value on the table for others to capture, social entrepreneurship conflicts with conventional notions of competitive strategy. Social entrepreneurs must adapt by seeking growth via diffusion rather than by proprietary internal scale; by developing context-specific resources that may be collectively controlled and are tied to specific social settings rather than firm-specific resources that convey strong property rights; and by accepting a shift away from conventional notions of sustainable competitive advantage to using competitive advantage for promoting sustainability.

The Spaces Between: Opportunity Recognition in Institutional Voids

Jeffrey York, *University of Colorado-Boulder*
Tyler Wry, *University of Alberta*

Scholars have aptly shown the hazards of pursuing entrepreneurial opportunities outside of established institutional fields. Nonetheless, many actors fomenting new types of products and services actively enter institutional voids despite the lack of legitimacy, intelligibility, and supporting infrastructure in these spaces. In this paper, we examine processes of opportunity recognition amongst a sample of renewable energy entrepreneurs who simultaneously sought financial and social benefits in launching their firms. We show how individual identities which drew on elements of commercial and social enterprise fueled entrepreneurial passion that enabled these actors to cultivate and pursue viable opportunities in a hostile institutional context.

Towards Multilevel Capabilities: Dynamic Capabilities and Sen's Capability Approach

Markus Pauku, *Helsinki School of Economics*
Mikko Koria, *Aalto University*
Arno Kourula, *Aalto University*

In response to the call for new contexts and research directions we contribute to the organizational level dynamic capabilities literature (Helfat et al., 2007) by drawing on Amartya Sen's individual level 'capability approach'. Following a comparison of the two theories we put forward a multilevel capability perspective by which a more thorough understanding of the firm's complex and interdependent ecosystem is possible and offer further research directions.

SESSION 161

EXPLORING THE IMPACT OF HR PRACTICES ON HUMAN CAPITAL

TRACK L	Date	Tuesday, Sep 14
	Time	11:00 – 12:15 h
Common Ground	Room	Bernini 3
Facilitator	Robert Vandenberg, <i>University of Georgia</i>	

Do External Networks Affect Downsizing Outcomes?

Patricia Norman, *Baylor University*

While there has been some attention to how organizational outcomes after downsizing are affected by changes in human capital and internal social capital, the role played by external social capital has not yet been explored. This study contributes to the downsizing literature by examining how external social networks help to determine the organizational effectiveness of downsizing actions. The number and strength of ties in two external networks, the top management team's board memberships and a firm's alliance network, are hypothesized to be positively associated with changes in performance after downsizing. In addition, the scope of downsizing actions is expected to moderate these relationships such that firms making strategic and/or structural changes in conjunction with employee reductions will enjoy greater performance benefits from their external networks.

Non-Golden Handcuffs: The Strategic Use of Immigration Policy by Firms in Creation of Compensation Packages

Shweta Gaonkar, *University of Illinois-Urbana Champaign*
Martin Ganco, *University of Illinois-Urbana Champaign*

The literature has suggested that firms use multiple strategic levers to retain and manage its human capital. We examine the use of firm immigration policy as such a lever. More specifically, we look at how firms use immigration support in their wage bargaining strategy. We

find evidence that firms systematically underpay employees who have temporary work status. Even though high skilled immigrants experience a salary increase after transitioning from temporary work status to permanent residence, they never make up for the wage loss during the initial period. Consistent with expectations, our results show that mobility dramatically increases after transitioning to permanent residence status. Our study sheds new light on an important contingency in strategic management of human assets.

Shared Capitalism and Corporate Strategy: A Resource-Based Examination of ESOPs as Strategic Human Capital Programs

Peter Thompson, *University of Illinois-Chicago*
Mark Shanley, *University of Illinois-Chicago*

Although ESOPs (employee stock ownership plans) and other forms of shared capitalism have been studied from multiple perspectives, the subject has not made a significant appearance in the strategy literature. It has been treated extensively by sociologists, economists, legal scholars, and management scholars, but has not been a popular focus of strategic management research. The strategic implications of sharing with employees the fruits of production—shared capitalism, which includes ESOPs, employee stock purchase plans, gain sharing plans, profit sharing plans, and broad-based stock option plans—have been largely unexplored. To address this gap, we propose to examine shared capitalism from a strategic perspective, with a particular focus on firm growth.

The Diffusion of Human Resource Management Practices in Indifferent Environments: A Model of Non-isomorphic Diffusion Through Nascent Consulting Markets

Adina Dabu, *HEC-Paris*

This study contributes to the growing research agenda exploring the diffusion of high performance HRM practices in emergent economies. It argues that the creation of management consulting markets is an important, yet insufficiently studied mechanism through which HRM practices are diffused in emergent economies. In a departure from the standard institutional approaches to the management practices transfer, it uses the lenses of entrepreneurial theories of decision-making in early markets to unravel how the building of HR consulting firms sets diffusion processes into motion. The analysis illuminates the formation of preferences for new management practices, and the role of institutional entrepreneurship in the build-up of proto-institutions that further the non-isomorphic diffusion process in institutional contexts where new HR practices are met with stiff indifference or reluctance.

Types of Downsizing Survivors and Behavioral Adjustment Processes

Michael Koch, *EMLYON Business School*

This paper addresses the behavioural and performance patterns exhibited by downsizing survivors over time. Extant literature on survivors focuses on limited, static aspects of attitudes and behaviour, whereas little research has addressed how the behaviour and performance of downsizing survivors evolves during and after a downsizing. Semi-structured, exploratory interviews with downsizing experts are conducted. The analysis of these accounts provides the basis for the development of a theoretical framework regarding the behavioural and performance dynamics of downsizing survivors and a typology of downsizing survivors. These two complementary frameworks may serve as a basis for addressing issues of survivor motivation and retention.

Work-Life Benefits and Work-Family Culture Perceptions of Employees with and without Supervisory Responsibilities

Isabel de Sivatte, *University of Castilla-La Mancha*
Diego Pedregal, *University of Castilla-La Mancha*
Fátima Guadamillas-Gómez, *University of Castilla-La Mancha*

Data used in this analysis is drawn from a survey administered to employees of one Spanish organization (N=176). The purpose of this proposal is to determine if employees with and without supervisory responsibilities have different perceptions about the availability of work-life benefits (WLB) in their organization, coworkers utilization of WLB and work-family culture. Results of the hierarchical regressions reveal management (as opposed to workers without supervisory responsibilities) perceive WLB are available to more employees, more workers use the benefits, management supports employees who want to balance work and family to a greater extent and career consequences associated to the utilization of the benefits are less negative. These results underline the adequacy of conducting research at the employee level when studying this kind of variables.

SESSION 157

MANAGING HUMAN CAPITAL KNOWLEDGE

TRACK L	Date	Tuesday, Sep 14
	Time	11:00 – 12:15 h
Paper	Room	Bernini 6

Session Chair Frank T. Rothaermel, *Georgia Institute of Technology*

Managing Research Projects

Claudio Panico, *Bocconi University*
Alfonso Gambardella, *Bocconi University*

We study the management of internal projects from a contract theory perspective, bridging the formal analysis with strategy. We link together the contractual limitations in internal research projects, the knowledge-workers' and the company asset characteristics. We focus on two aspects that complicate the provision of the incentives. First, research outcomes are hard to measure, and second that often there are asymmetries of information about the actual characteristic of the workers. These two features of research imply that it is not possible to provide performance-based incentives adequate to the worker's actual characteristic. We show how to set the extent of a worker's control over a project to reduce the adverse effects of these two imperfections.

★ Organizing for Innovation: Internal Knowledge Networks, Relational Stars, and Innovative Output

Konstantinos Grigoriou, *Georgia Institute of Technology*
Frank T. Rothaermel, *Georgia Institute of Technology*

Applying network thinking to internal collaboration networks, we utilize network metrics and identify individuals with the special capacities to share, combine, transfer, reconfigure, and diffuse knowledge. We define three individual structural roles, refer to them as 'relational stars' to emphasize their social skills, develop theoretical arguments to support their importance, and hypothesize that firms employing these individuals possess an innovation advantage in terms of quantity, quality, and breadth. Our results suggest that these three individual role-sets positively affect different dimensions of their organization's innovative output and that they are substitutes for each other in the process. Therefore, we uncover microfoundations of innovation that remain hidden in internal knowledge networks and propose a new way to effectively manage intellectual human capital resources.



Sharing Of Organizational Knowledge

Karynne Turner, *Georgia State University*
Mona Makhija, *Ohio State University*

Knowledge-based view researchers disagree on the role played by individuals' shared knowledge within the firm. While some suggest that individuals' shared knowledge plays the fundamental role in creating competitive advantage, others argue that individuals' unshared knowledge is much more important in this regard. This research attempts to address this debate by examining the relationship between individuals' shared knowledge and organizational effectiveness, taking into account three different attributes of shared knowledge—extent, diversity and interpretation. Our findings suggest that shared knowledge is negatively associated with organizational effectiveness, particularly when this knowledge is characterized by greater diversity, but that shared interpretation has a positive effect in this regard. Our findings provide greater insight into the aspects of shared knowledge that are critical in creating competitive advantages.

Status Spillovers, Identity Creation, and Newcomer Success

Daniel Malter, *University of Maryland*

Research on organizations shows that an organization's legitimacy increases when it associates with high-status organizations. I argue that in the careers of high-potentials these status spillovers are counteracted by the Matthew effect: Associating too strongly with high-status actors will confound the professional identity a newcomer seeks to create. His success will be attributed to the high-status actor(s), decrease his recognizability and legitimacy, and impede his career. Evidence for this tradeoff is provided with data from a competitive labor market in a context of innovation. The degree to which PhD graduates of high-status institutions collaborate with members of their dissertation committee or PhD-granting institution has a strong inverted u-shaped relationship with their chances to be promoted.

SESSION 355

SPECIAL TRACK

TRACK 5

Special Panel

Date	Tuesday, Sep 14
Time	11:00 – 12:15 h
Room	Bramante 1

SMS Certification Initiative: What is a Strategist? Legitimizing the Role of the Professional Strategist

Session Chair

Patricia Clifford, *Clifford Strategic Services*

Panelists

Steven Floyd, *University of Virginia*

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

Richard Whittington, *University of Oxford*

If 10 academics were asked to define what makes a great strategist, one likely would get 15 answers. Practitioners also vary broadly in their definition of "a strategist." While these differences of opinion are not of grave concern in most situations, staffing jobs requiring high level strategy skills, filling roles for strategy analysts, and determining whether appropriate team members are involved in firms' strategy development frequently requires managers to, explicitly or tacitly, judge whether and to what degree a candidate is "a strategist." What is a professional strategist? What are the criteria used to identify them? What are the proxies or credentials that differentiate strategic managers from other managers? This session will explore how legitimacy is established in practice, and the role of the MBA and other degrees granted to individuals in establishing or signaling such legitimacy. The panelists will discuss a typology of strategy roles, indicators of strategy proficiency, and the potential value of strategy certification to various practitioner populations.

SESSION 122

UNTANGLING ENTREPRENEURIAL AND INNOVATION ORIENTATION

TRACK A	Date	Tuesday, Sep 14
	Time	14:00 – 15:15 h
Paper	Room	Bramante 2

Session Chair Giovanni Valentini, *Bocconi University*

Exploring Knowledge Creation across Boundaries in Micro-level Dialogue

Pauli Alin, *Aalto University*
Riitta Smeds, *Aalto University*

Literature on dynamic capabilities posits that creating new knowledge is a key antecedent of competitive advantage. Knowledge management research suggests that for new knowledge to emerge, diverse knowledge needs to be integrated across boundaries in dialogue. Recent knowledge management literature has specified micro-level conceptual combination as a key form of knowledge creation. However, there is little empirical research on how individuals combine concepts in cross-boundary dialogue. In this study we take a step toward addressing this research gap. Based on direct observation of 20 micro-level cross-boundary dialogues, we discover four types of micro-level conceptual combination: general relationship, specified relationship, contingent relation and conceptual inclusion. Our findings have important implications to research on knowledge integration and to the broader discussion on the microfoundations of dynamic capabilities.

Responsible Innovation at the Crossroads Between Social Aspiration and Organizational Capability

Krsto Pandza, *University of Leeds*
Paul Ellwood, *University of Leeds*

In this paper we conceptualize the aspirational notion of responsible innovation as an emergent organizational capability, and we report on exploratory research to identify foundations of such a capability. Unbundling the constitutive elements of responsible innovation must take account of the complex nature of scientific knowledge and the networked character of its commercialization. We emphasize the importance of understanding what guides the cognitive searches of research leaders when they engage in their core activities of opportunity and advantage seeking. Categorizing the foundational elements according to different types of responsibility and the level of uncertainty associated with the impact of science-driven innovation represents our first step to understand better the nascent capability for responsible innovation.

Source of Learning and Organizational Imprinting: Experience-based vs. Description-based Industry Evaluations

Jose Lejarraga, *Carlos III University*
Maud Pindard-Lejarraga, *Carlos III University*

How do experienced and inexperienced entrepreneurs differently evaluate environmental conditions for entry in a new industry, and how does this difference affect their entry decision and subsequent behavior? We look at the difference in risk-taking behavior stemming from experience-based choice as opposed to description-based choice, to understand how entrepreneur's entry decision is shaped by the source of information (experience or descriptive sources) through which they learn about the entrepreneurial opportunity. We suggest that source of information may lead to varying risk perception in different moments of an industry life cycle. Consistent with research showing that entrepreneurs' subjective perception of the risks in new ventures affects their entry decision, we discuss how learning through experience or description affects entrepreneurs' decisions and leads to organizational imprinting.

Why They Do the Things They Do: An Examination of Entrepreneur Motivation

Scott Newbert, *Villanova University*
Narda Quigley, *Villanova University*
Nicholas Rongione, *Villanova University*

Though the entrepreneurship field is replete with studies linking entrepreneurial success to various personal characteristics and behaviors, the motivational drivers of the entrepreneur have been largely underexplored. In an effort to understand how motivation impacts entrepreneurial success at a more fine-grained level, we examine the effects of commitment and efficacy on entrepreneurial success. Analyzing data from the PSED I, we find that that commitment bases and efficacy are significant in determining success; yet, the manner in which they are predictive of this end varies considerably depending on how success is operationalized.

SESSION 308

RESOURCES, CAPABILITIES AND ORGANIZATIONAL ISSUES

TRACK D	Date	Tuesday, Sep 14
	Time	14:00 – 15:15 h
Paper	Room	Tintoretto 2

Session Chair Arabella Mocciano Li Destri, *University of Palermo*

Dynamic Capabilities at a Bifurcation Point: Forging a Definition for Fostering Meaningful Conversation

Maria Cristina Cinici, *University of Catania*
Giovanni Battista Dagnino, *University of Catania*
Alessandro Giudici, *Cranfield University*
Patrick Reinmoeller, *Cranfield University*

The dynamic capabilities approach is an increasingly pervasive framework in strategic management and in other research streams. While the academic debate is intensive, it is still unclear what the concept precisely means. Results of a meta-analysis on 128 papers from 33 journals show how different fields have built on the same foundations but with heterogeneous conceptualizations. Building on semiotic theories, we present a systematic assessment of the multiple dimensions that scholars ascribe to the concept. We argue that dynamic capabilities have reached a bifurcation point where further lack of common understanding will certainly jeopardize the relevance and impact of the concept. We therefore advance a definition that makes up the shared meaning of dynamic capabilities to realign the academic conversation and possibly enlighten future research.

Organizational Adaptation to Environmental Jolts: Combining Micro, Meso and Macro Perspectives

Sarah Dixon, *University of Bradford*
Gregory Schwartz, *University of Bath*
Olga Suhomlinova, *University of Leicester*

We consider how organizational capabilities are conceptualized and contribute to optimizing performance in the context of environmental jolts such as global recession and industry de-regulation. We argue for an integrated view of adaptation — whereby organizations, their actors and their environments are understood in a way that enables more robust insight into how actors conceive of novel organizational processes and designs, organizations leverage a variety of resources, and both actors and organizations navigate their institutional fields and wider environments. Our integrative framework, linking micro, meso and macro levels, addresses the key topic of strategy at the crossroads, combining multiple analytic levels within a cross-disciplinary approach. We use environmental jolts as the issue/continuum along which the multiple levels and different disciplines speak to each other.



Organizational Long-term Success and Society's Short-termism: The Third Crossroad

Denise Fleck, *Federal University of Rio de Janeiro*

The sustainability of organizational success lies at the heart of strategic management and practice. Despite an increasing variety of constructs, research methods and statistical tools employed to understand organizational success, organizational failure such as what happened in the recent global crisis indicates how limited our understanding likely is. This paper submits that the time frame perspective, i.e., short-term vs. long-term, must be more systematically addressed in theory, research and practice to enable the strategic management field to advance our understanding of sustained organizational success. To illustrate this contention, the paper puts forward a model that includes instrumental reasons for pursuing environmental sustainability, arguing that when short-term concerns prevail, even self-serving long-term oriented benefits may not motivate management to undertake long-term value creating actions.

Paradigm Found and Paradox Resolved: The RBV as Normal Science

Craig Armstrong, *University of Alabama*

Our efforts to explore the science of management have produced a paradox in which we pursue the goal of creating a "normal science" that is broadly accepted while deploring normal science as a barrier to creating theories that are useful. The RBV has been particularly scrutinized in this regard. In this bibliometric analysis of over 6,300 articles that cite a "core" group of research in the RBV, I provide support for the assertion that the RBV has achieved both the status of a useful theoretical perspective and the status of a "normal science."

SESSION 249

STRATEGIC MANAGEMENT, PUBLIC ORGANIZATIONS, & POLICY

TRACK E	Date	Tuesday, Sep 14
	Time	14:00 – 15:15 h
Paper	Room	Bramante 3
Session Chair	Lamar Pierce, <i>Washington University-St. Louis</i>	

Nonmarket Capabilities: Incomplete Contracting and Learning in Political Environments

Jean-Philippe Bonardi, *University of Lausanne*
Richard Vanden Bergh, *University of Vermont*
Guy Holburn, *University of Western Ontario*

Despite recent developments, there is still little theory and evidence about the nature of nonmarket capabilities, i.e. capabilities through which firms participate in public policy issues. Here, we start with Barney (1986)'s fundamental question: Why would there be imperfections in the factor market regarding nonmarket capabilities that might explain why firms might want to develop/internalize them? We provide two competing theories: one is based on institutional complexity and the lack of incentives for lobbyists to develop these capabilities; the second is based on incomplete contracting between firms and policy-makers. We test these competing views by looking at how U.S. electric utilities develop nonmarket capabilities in the context of rate reviews, and find support for the second approach.

Open Source Software vs. Proprietary Software: An Agent Based Modeling Approach

Francisco Lima, *Technical University of Lisbon*
Bruno Meireles, *Technical University of Lisbon*
Carlos Martinho, *Technical University of Lisbon*

The operating systems market has been under tight concentration. The market is dominated by an incumbent and other proprietary companies are unable to dispute it. Recently a new alternative has risen: the open source. The main intent of this paper is to understand whether open source software is able to dispute the market. We develop an agent based model which replicates the real market dynamics. This allows us to infer that open source software is the strongest of the contenders, although it is unable, under current market conditions, to remove the incumbent. The model shows that if consumers are more knowledgeable and the cost of learning an open source software is smaller, the open source community would not only be able to remove the incumbent but become the dominant player in the operating system market.

Public-Private Ties: Exploring Partnership Choice and Value Implications for the Private Actor

Ilze Kivleniece, *HEC-Paris*
Bertrand Quelin, *HEC-Paris*

As new form of interorganizational relations, public-private partnerships carry important organizational strategy and value implications. In this paper, we study the governance and performance consequences for a private player of long-term contractual ties with public sector. We develop a new theoretical framework based upon a distinction between autonomous and cooperative partnership types, and analyze these partnerships through the lens of environmental uncertainty, market externalities and resource specificity. We argue that two important contingencies - public partner opportunism and external stakeholder activism - arise asymmetrically under each partnership form, carrying a critical impact upon private actor's performance, the stability and duration of the relationship. Contrary to the prevailing arguments on benefits accruing to private players, our work exposes important tradeoffs and moderating effects upon firm level performance.

Resources, Capabilities, and Routines in Public Organizations

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

States, state agencies, multilateral agencies, and other non-market actors are relatively under-studied in strategic management and organization science. While important contributions to the study of public actors have been made within the agency-theoretic and transaction-cost traditions, there is little research in political economy that builds on resource-based, dynamic capabilities, and behavioral approaches to the firm. Yet public organizations can be characterized as stocks of human and non-human resources, including routines and capabilities; they can possess excess capacity in these resources; and they may grow and diversify in predictable patterns according to behavioral and Penrosean logic. This paper shows how resource-based, dynamic capabilities, and behavioral approaches to understanding public agencies and organizations shed light on their nature and governance.

SESSION 168

EXAMINING THE EFFECTIVENESS OF BOARDS OF DIRECTOR

TRACK F	Date	Tuesday, Sep 14
	Time	14:00 – 15:15 h
Paper	Room	Bramante 4

Session Chair Sanjay Goel, *University of Minnesota*

Antecedents And Consequences Of The Two-Tier Board Structure: Some Empirical Evidence From France

Asma Fattoum, *EMLYON Business School*
Xavier Hollandts, *ESC Clermont*

This study addresses two main research questions. First, does the adoption of the two-tier board structure improve the quality of board oversight and firm performance? Second, what are the factors, which lead firms to switch from a unitary to a two-tiered board structure? Building upon the agency, the organizational efficiency and the resource dependence perspectives, we argue that the implementation of the two-tier board structure is likely to strengthen the relationship between firm performance and CEO dismissal and to generate significant performance improvements. Moreover, we suggest that the adoption of the two-tier structure might be triggered by the desire to attract new foreign shareholding and to manage socio-political and managerial processes surrounding mergers and acquisitions. We empirically investigate these hypotheses using a sample of 250 French firms over the period 1997 through 2008.

Developing and Testing a Model of Board Process and Effectiveness

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

The contribution of this paper is to shift attention onto the nature of board processes on their effectiveness. We develop and test measures of key underlying processes using a survey completed by 239 UK publically listed company Chairmen. Our results show that board processes do, indeed, matter to the effectiveness with which boards carry out their key tasks. We provide empirical support for some, but not all, of the propositions advanced by Forbes and Milliken (1999). The role of demographic variables in explaining characteristics of board processes was much more limited in our data. In sum we suggest that variance in board processes rather than structure per se, that helps explain the drivers in board task effectiveness.

The Impact of the Structure of the Board of Directors on Nascent Firm Performance

Mark Tribbitt, *Drexel University*
Azi Gera, *Drexel University*

The structure of the board of directors has been studied extensively in large firms but has received less attention in startups. We examine a sample of 830 investment funding solicitations submitted to an investment broker to determine the affect of the board of directors on new firm performance, survival and the source of funding. We propose that a balanced board of directors will increase the likelihood of nascent firm survival. Additionally we submit that the role of the CEO in the board of directors has significant – and contradicting – impact on both performance and survival. Last we propose that the structure of the board of directors will influence the source of private equity funding obtained.

Who are We as a Board and What Should We Do: Linking Board's Identity to Board's Effectiveness

Sanjay Goel, *University of Minnesota*
Dawn Harris, *Loyola University-Chicago*

We use identity theory to help conceptualize identity at the board level, distinct from the identity of individual board members. We develop

two specific board identities, the board's organizational identity and the board's contextual identity and develop hypotheses about board behavior based on these identities. A key contention is that each type of identity helps a board conceptualize its role and develop appropriate behavior routines to achieve board effectiveness. Thus, a distinct, coherent and strong identity leads to the successful discharge of the board's duties.

SESSION 180

SYMBOLISM AND LINGUISTIC EFFECTS ON STAKEHOLDERS

TRACK F	Date	Tuesday, Sep 14
	Time	14:00 – 15:15 h
Paper	Room	Bramante 5

Session Chair Peer Fiss, *University of Southern California*

Stakeholder Management and the Legitimation of Major League Baseball

Aya Chacar, *Florida International University*
William Schnepf, *Florida International University*

We focus on the process of organizational legitimation, recognizing that legitimation is a key resource useful for both value creation and appropriation. We examine the legitimation of an initially deviant organization with deviant practices. We also investigate how stakeholder management was used for legitimation purposes. We find that organizations use legitimation strategies and seek types of legitimacy that are stakeholder-specific. Effective stakeholder management may involve the restructuring of the organizational field and taking advantage of legitimacy spillovers across different stakeholders. Achieving legitimation also required the adoption of symbolic practices to enhance the legitimacy of the organization, and the loss of some of the illegitimate practices through negotiation with the stakeholders.

Style Over Substance: How Emotional Linguistic Styles Can Influence Shareholder Perceptions

Yuri Mishina, *Michigan State University*
Nikos Dimotakis, *Michigan State University*
Ingrid Fulmer, *Georgia Institute of Technology*
Kelly Wilson, *Purdue University*

Prior research has demonstrated that the informational content of the annual report may influence subsequent performance. What remains unanswered is whether or not linguistic style can influence how observers interpret and evaluate the firm if all of the facts about the firm are held constant. The purpose of the present study is to begin to explicate the relationship between differences in linguistic style, evaluations of the firm, subjective valuations of the firm, and the firm's projected value. In exploring this research question, we seek to contribute to the literature on corporate communications, symbolic behavior, attention and salience, and social evaluations.

The Symbolic Creation of Market Value: Framing the Adoption of a Controversial Practice

Eunice Rhee, *University of Southern California*
Peer Fiss, *University of Southern California*

This study advances our understanding of the mechanism of value creation in the financial market by examining how the use of framing to justify the adoption a controversial practice shapes the perception of stakeholders in the financial market and creates additional value beyond the effect of adoption itself. Analyzing the adoption over 800 "poison pills," we find that future loss framing is associated with negative market reaction while prevention of future loss framing and future gain framing are associated with positive market reaction. Overall, this study suggests that organizations can strategically affect the perception of their action in the market through the use of appropriate framing, which in turn can have a positive influence on their value in the market.



The Symbolic Management of Bankruptcy: The Impact of Impression Management Tactics on Firms' Post-Bankruptcy Performance

Mary Hunter-Morris, *Northwestern University*
Franz Wohlgezogen, *Northwestern University*

In this study we examine the disparate impact of impression management strategies on the duration of bankrupt firms' Chapter XI bankruptcy trials, as well their long- and short-term outcomes. In particular, we hypothesize and find that bankrupt companies can mitigate bankruptcy's stigma by strategically attributing blame for their failure, publicly acknowledging the support of crucial stakeholders, and framing the bankruptcy as an opportunity. We argue that these strategies convey the organization's distinctiveness and make crucial audiences more inclined to continue supporting the organization post-bankruptcy. We test our hypothesis with data on 254 bankruptcy cases spanning three years. Using a manual content analysis of these companies pre- and post-bankruptcy PR, we identify and compare their impression management tactics. Our findings emphasize the importance of active impression management for bankrupt firms, adding to our knowledge of the successful strategic management of bankruptcy.

SESSION 233

INTERNATIONALIZING THE FIRM

TRACK G	Date	Tuesday, Sep 14
	Time	14:00 – 15:15 h
Common Ground	Room	Bernini 3

Facilitators Sharon Alvarez, *Ohio State University*

✿ Capability Development within MNCs: Integrating Evolutionary and Dynamic Capabilities Perspectives

Paula Kilpinen, *Aalto University*

Drawing on the evolutionary and dynamic capability literatures, and supported by a multiple case study on three multinational corporations (MNCs), this paper explores the relationship between strategy and various internal and external selection mechanisms as they relate to capability development within MNCs. By decomposing the internal and external selection environments further than the current literature, the objective is to identify the key determinants on capability development at various levels and to display them in a temporal order. The objective of this dynamic analysis is to identify different patterns as the firms seek to impact or respond to changes in the globalizing environment of complexity and uncertainty, and capture the coevolutionary processes between the internal and external determinants over time.

Interconnection Between Motives and Performances of Internationalisation Processes

Ty Choi, *University of Wollongong*

Over the last thirty years, scholars vigorously attempted to theorise internationalisation of the firm based on analysis of firms' internationalisation processes. Many studies attempt to explain the motives of firms' decisions to commence internationalisation processes. This is because motives are triggered by both internal and external forces or factors that a firm's decision-makers take into account when considering whether to initiate the internationalisation process. Scholars in this field argue that although the vast majority of studies around internationalisation processes capture firms' activities upon actual commencement of the internationalisation process, they overlook the actual factors that lead firms to initiate such processes. This paper attempts to dismantle the internationalisation processes of a cultural firm and to explore interconnection between motives and performances of internationalisation processes. The paper stipulates that firm's internationalisation processes are interlinked to forces/factors of both internal and external environment.

International Expansion and the Performance of MNEs: Combining and Sequencing Geographic Exploitation and Exploration

Xavier Castaner, *University of Lausanne*
Mehmet Genc, *City University of New York*

In this paper, we put forward rationales about why a firm may want to enter an institutionally different country even though it is costly and fraught with interorganizational and political risks, i.e. the liability of foreignness. By entering these countries, firms engage in exploration (i.e. force themselves to learn new knowledge) and thus achieve a more diverse base of knowledge which they can subsequently exploit. Further, we argue that in order to be successful and adaptive firms ought to sequentially balance international exploration and exploitation. Our paper contributes to the literature on international expansion (e.g., Luo & Peng, 1999), MNE performance (e.g. Goerzen & Beamish, 2003) and learning more generally (March, 1991; Levinthal & March, 1993) by bringing the geographical dimension into firms' learning trajectories.

MNC Mindsets

Christiane Prange, *EMLYON Business School*
Dong Bian, *EMLYON Business School*

Headquarter-subsidiary relations in multinational firms (MNCs) are important but difficult to manage. This is partly due to differences in managerial perceptions and their impact on decision-making. Perceptions can be interpreted as cognitive constructs or mindsets influenced by an individual's existing knowledge base. While explicit knowledge components can be easily identified, this is more challenging for the tacit elements. We start with a qualitative approach and use the diary method, which we believe is more prone to eliciting managers' MNC mindsets. Based on the analysis of twelve diaries, we identify perceived conflicts of subsidiary managers. We content-analyzed the data by using the software tool Leximancer and combine this with rigorous statistical analysis. Building on our analysis, we formulate hypotheses, future research avenues and managerial implications

The Role of Flexibility in the Expansion of International Production Networks

Jan Hendrik Fisch, *University of Augsburg*
Miriam Zschoche, *University of Augsburg*

Factor cost developments urge manufacturing firms to increase production efficiency by building up facilities abroad. Different from previous work that examines the quality of potential locations, the study draws on the concept of operational flexibility and evaluates the cost and flexibility characteristics of the existing production network to explain the establishment of a new site. The results from a sample of 352 German firms suggest that the number of previous locations as well as the direction, uncertainty, and diversity of labor cost movements in those locations influence the propensity to set up another production subsidiary. Analyzing the international production network after the expansion shows that the new location improves the cost and flexibility characteristics of the network.

Towards a Dynamic Conceptualization of Knowledge Flows in the MNC

Bjorn Ambos, *WU Vienna*
Tina Claudia Ambos, *Johannes Kepler University of Linz*
James Robins, *WU Vienna*

In this paper we develop a set of arguments leading towards a more dynamic conceptualization of knowledge flows within MNCs. To do so, we draw on three distinct yet related literatures: The subsidiary role literature, the literature on ambidextrous designs, and the innovation literature. The study suggests that dynamics are important and so far underexplored characteristics in the management of organizational knowledge. We introduce a new approach to look at the role models assigned to organizational units and fosters an evolutionary approach for their management – beyond current models of subsidiary evolution.

SESSION 271

MIDDLE MANAGERS IN THE STRATEGY PROCESS

TRACK H	Date	Tuesday, Sep 14
	Time	14:00 – 15:15 h
Paper	Room	Bramante 7

Session Chair Steven Floyd, *University of Virginia*

Adoption of Intended Strategic Initiatives Within MNCs: The Role of the Global Team in Managing Performance Feedback From Pilots

Bettina Büchel, *IMD*
Rhoda Davidson, *IMD*

We investigated the role of global teams in managing performance feedback from pilots in the adoption of strategic initiatives mandated within MNCs. We established that global teams use a variety of tactics to amplify positive performance feedback from pilots or suppress negative performance feedback and thereby influence the adoption response of subsidiaries to new organizational practices.

Management Attitudes on Autonomous Strategic Action and ESO as Antecedents of Psychological Sense of Ownership

Simon S. Torp, *Aarhus University*

The involvement of middle managers in the strategy process has been addressed in a number of studies during the last decades, while motivation to involve in the strategy process has been assumed to automatically emerge from the possibility of involvement. It has been argued that involvement of middle managers or distributing decision authority calls for organizational citizenship behavior caused by the creation of a psychological sense of ownership among employees, reducing potential agency problems and increasing motivation and commitment. This paper aims at shedding light on how to create a psychological sense of ownership by introducing extrinsic motivation in the form of employee stock ownership and intrinsic motivation by exercising an organizational culture and leadership style that encourage and appreciate involvement and initiatives from employees.

Middle Management Involvement, Strategic Type and Organizational Performance

Alexander Kern, *WU Vienna*
Wolfgang Woerner, *WU Vienna*

This study gives insight into the relationship of middle management involvement in strategy formulation, Miles & Snow's strategic types and organizational performance. It is analyzed whether or not the hitherto examined positive relationship between the involvement of middle management in strategy formulation and organizational performance is valid with a larger and more diverse set of organizations, if strategic involvement of middle management and organizational performance are contingent on the strategic orientation of an organization and whether strategy content moderates the relationship of middle-level managers involvement in decision making and organizational performance. Based on a sample of 182 respondents from Austrian companies operating in various industries analyses of variance, multiple/moderated regression analyses and subgroup analyses are used to investigate the hypothesized relationships.

Strategizing from the Middle in Radical Change Situations: Transforming Roles to Enable Strategic Creativity

Patrick Besson, *ESCP Europe*
Christian Mahieu, *Lille University*

On the basis of a longitudinal study of a strategy process in a company facing radical change, we pinpoint a key dimension of the strategy process: the transformation process and its relationship with strategic creativity.

The canonical model of strategy formulation and implementation does not account for this dimension because the system of roles in which the strategy process is embedded is assumed to be a given. In a context of upheaval, however, this preexisting definition of roles poses a problem. We move the issue of the transformation of the system of roles to the heart of the debate on how strategy is shaped in situations of radical change. We tackle this question by focusing on the dynamics tying systems of roles to the strategy process.

SESSION 195

THE ROLE OF THE INVENTOR

TRACK I	Date	Tuesday, Sep 14
	Time	14:00 – 15:15 h
Common Ground	Room	Bernini 4

Facilitator Daniel Tzabbar, *Drexel University*

Firm-specific Knowledge Resources and Corporate Financial Performance: The Asymmetric Effects of Financial and Human Resource Slacks

Heli Wang, *Hong Kong University of Science & Technology*
Guoguang Wan, *Hong Kong University of Science & Technology*

This paper examines the interaction effect of firm-specific knowledge resources and organizational slack on corporate financial performance. While firm-specific resources have been argued to be critical to superior firm financial performance and economic rents, without employees motivated to make corresponding investments in specific human capital, their rent generating ability is often very much discounted. Employee motivations are affected by two risks in the process of their investing in firm-specific human capital: the risk of firm financial distress and bankruptcy, and the risk of being held up by the firm. Financial slack reduces the risk of firm financial distress while human resource slack increases the risk of holdup. Therefore, we predict opposite moderating effects of the two types of slack resources on the relationship between firm-specific knowledge resources and corporate financial performance. Empirical results based on the United States patent data and Compustat provide support for these arguments.

Individual Integrators – A Key Factor for Knowledge and Innovation in Technology-based Firms

Christian Berggren, *Linköping University*
Hans Andersson, *Linköping university*

Recently the role of individuals in knowledge formation and innovation has been rediscovered by several authors. This paper builds on a study of extra inventive individuals, defined by their high patenting activity, in large technology-based firms to explore the importance of individual inventive activity also for firms in mature industries; to investigate the horizontal practices of these individuals and the role of collaboration; to understand how these horizontal practices permeate vertical innovation structures; and to extend the evolutionary framework on knowledge generation and innovation by adding knowledge integration as a key process, and distinguishing different types of knowledge retention.

Invention Processes and Knowledge Recombination Across Technological Boundaries

Marc Gruber, *Swiss Federal Institute of Technology-Lausanne*
Dietmar Harhoff, *University of Munich*
Karin Hoisl, *University of Munich*

Research on learning and innovation suggests that distant technological search is of particular importance for sustaining the firm's competitiveness. While extant research primarily focuses on organizational-level mechanisms as a means to facilitate distant searches, the present study investigates individual-level factors in knowledge recombination. Analyzing a unique data set that combines information from 35,764 European patents with



matched survey data obtained from 2,216 inventors, we investigate how the inventor's education and work experience, knowledge sourcing practices and collaborators affect the breadth of technological recombination. Our findings indicate that the recombination breadth significantly depends on the types of knowledge sources accessed by inventors. Furthermore, our results show that 'recombination stars' have a superior track record in knowledge recombination across technological domains, yet they would go unnoticed when applying established output-based approaches for identifying star scientists.

Learning to be Edison? The Effect of Individual Inventive Experience on the Likelihood of Breakthrough Inventions

Raffaele Conti, *Bocconi University*
Alfonso Gambardella, *Bocconi University*
Myriam Mariani, *Bocconi University*

By using data on 6522 European inventors, we study how inventive experience affects the ability to generate breakthrough inventions. For an inventor, the likelihood of producing a technological breakthrough in a time interval depends on the number of inventions produced and on the probability that any of these inventions will be path-breaking. Our theory posits that, compared to less experienced inventors, those with more experience produce a larger number of inventions, but each one of these inventions is less likely to be a breakthrough. Both effects stem from the exploitation of established heuristics and inventive routines. However, since breakthroughs are largely unpredictable, the result on net effect of experience is positive: producing many inventions is an effective strategy to increase the likelihood of generating a path-breaking invention in a given time span.

The Collective Sense of the Scientist

Danielle Dunne, *Binghamton University*
Deborah Dougherty, *Rutgers University*

We develop a theoretical framework that explains three types of social structures that underlie how industrial scientists create and apply knowledge as they work on product innovation in the bio-pharmaceuticals industry. We call our framework "the collective sense of the scientist," and we develop it based on 85 semi-structured interviews with scientists working in this industry. The three social structures we find and analyze are scientists' connections to the larger community of science, the sensory body of the scientists at work, and what scientists know in the context of their overall innovation process of drug discovery. Our work contributes to research in this field by deepening understandings of how scientists know as they work and how knowledge may be better leveraged in product innovation.

Tracking the Frontier of Innovation: The Contrasting Roles of Strategic Alliances and Individual Scientific Collaborations

Jan Hohberger, *University of Technology-Sydney*
Paul Almeida, *Georgetown University*
Pedro Parada, *ESADE Business School*

How can firms in science and technology driven industries, like biotechnology, keep abreast of continuously evolving and dispersed knowledge? Perhaps more importantly, how can these firms, when necessary, adjust their innovative trajectories and capabilities to align closely to the cutting edge of innovation? This challenge is significant given the path dependent nature of technology development. Supporting our predictions derived from evolutionary economics and behavioral theories, we find that biotechnology firms with greater numbers of external individual collaborations are likely to grow increasingly aligned to the frontier of emerging innovation. Firms with greater numbers of strategic alliances and internal individual collaborations are likely to grow more distant from the innovation frontier. We also find that technological specialization decreases the alignment of firms to the innovative frontier.

SESSION 194

CORPORATE VENTURE CAPITAL AND INVESTOR INFLUENCES ON INNOVATION

TRACK I	Date	Tuesday, Sep 14
	Time	14:00 – 15:15 h
Paper	Room	Bramante 9

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

Divergent Reactions to Convergence: Influence of Categories on Analysts' and Stockmarket's Reactions to Technological Change

Mary Benner, *University of Pennsylvania*
Ram Ranganathan, *University of Pennsylvania*

We study reactions of securities analysts and financial markets as sources of institutional pressure, to strategies undertaken by firms from different stock categories - wireline telecommunications and cable television - during a period of technological convergence. In our analysis of analyst recommendations and stock market reactions, as well as our qualitative study of analyst reports, we find that analysts and investors were more positive toward the cable firms' strategies than to similar, convergent strategies undertaken by the telecoms. We show that the divergence arises from differences in the extent to which 'growth' versus 'margins' is emphasized in the category when adjudicating value. Negative reactions from analysts and markets thus create additional disadvantages for firms responding to technological change, while legitimating and enabling competitors' similar responses.

Investor Experience and Innovative Outcomes: A Global Study of Biotechnology Startups

Elisa Alvarez-Garrido, *Georgia State University*

While past research suggests that investors may have an impact on the innovative outcomes of firms beyond selection, the questions of which investors and by which processes remain unanswered. I suggest that experienced investors may impact the R&D processes of high technology entrepreneurs by helping them focus their innovation efforts and by increasing the overall efficiency of the firm. Using an international sample of 631 startups founded between 1991 and 2002 in 30 different countries, I find that the patents citations and publications of the firms increase with the experience of the venture capital firms in the syndicate. The effect on patent citations, however, is greater when there is higher political and regulatory uncertainty; in these cases the experience of foreign investors is more valuable.

The Dual Role of External Corporate Venturing in Technological Exploration

Wim Vanhaverbeke, *Hasselt University*
Vareska Van de Vrande, *Erasmus University-Rotterdam*
Ying Li, *Technical University of Denmark*

This study focuses on organizational or external boundary-spanning exploration, but in contrast to previous studies, it distinguishes between explorative learning from partners and from non-partners. Partners are considered as organizations with whom a focal firm has some kind of external venturing relations, i.e. technological alliances, corporate venturing capital, or M&As. Central in the study is the dual role of these external corporate venturing relations and their effect on the two types of exploration. In explorative learning from partners, the external venturing relationships function as pipes to exchange information between the partners. In explorative learning from non-partners, partners may play a role as prisms. That is, they inform the focal firm about technological opportunities beyond its current network.

The Role of Exploratory Subunits in Organizational Ambidexterity: An Inductive Examination of Corporate Venture Capital Units

Sandip Basu, *California State University-East Bay*
Corey Phelps, *HEC-Paris*
Suresh Kotha, *University of Washington*

To achieve an effective balance of exploration and exploitation (i.e., ambidexterity), firms often create specialized subunits to engage in exploration. However, little is known about how exploratory units effectively contribute to organizational ambidexterity. To address this issue, we used inductive methods and examined a particular type of exploratory subunit – corporate venture capital (CVC) units. We found ambidexterity-enhancing units increased the efficacy of their exploratory search by developing a favorable reputation as an attractive partner in the entrepreneurial community and by seeking early-stage ideas. These units achieved effective organizational integration, which increased their ability to leverage mainstream resources and disseminate their exploratory learning to mainstream units, by developing collaborative blueprints between mainstream units and portfolio firms and by avoiding a competitive posture with mainstream units.

SESSION 209

TECHNOLOGY MARKETS

TRACK I	Date	Tuesday, Sep 14
	Time	14:00 – 15:15 h
Paper	Room	Tintoretto 1

Session Chair Lee Davis, *Copenhagen Business School*

Freedom at Last: How Technology Sellers Consider Novel Product Applications in the Market For Technology

Thomas Klueter, *University of Pennsylvania*
Gary Dushnitsky, *London Business School*

There is a growing recognition that innovations are critical to firms' performance. However, we know little about the way in which inventions are put to use. In the past, firms engaged in R&D and commercialized inventions in those product markets that they served. Increasingly, however, we observe a market for technology, whereby those who innovative are not those who commercialize the invention. In this paper we draw on the evolutionary view of the firm and market economics to study whether the presence of a marketplace "frees" technological inventions to find new applications. We test this hypothesis with proprietary data from an online marketplace which trades thousands of technological inventions. Our results corroborate that sellers in the market for technology consider novel applications for technological inventions.

How Do Changes in Strategy Space Size Impact Firm Performance in Markets for Technology?

Amol Joshi, *University of North Carolina-Chapel Hill*

Although markets for technology expand the strategy space by enabling specialized firms (Inbound Licensees, Outbound Licensors, and Integrated Producers) to trade knowledge assets, the concept of firm performance as a function of strategy space size remains relatively unexplored. This study incorporates research on general purpose technologies, market entry games, and population ecology to develop a dynamic agent-based model of the relationship between strategy space size and firm performance. Using market entry and performance data on digital signal processing firms, I analyze and compare simulations and empirical observations. I find evidence of three evolutionary phases (pre-market, proto-market, and active-market) corresponding to increases in strategy space size and that in larger strategy spaces, Hybrid firms which simultaneously act as Licensors and Producers learn more and outperform competitors.

Inducement Prizes, Contestant Entry and Innovation

Lee Davis, *Copenhagen Business School*
Jerome Davis, *Dalhousie University*

Inducement prizes are widely recommended to motivate novel solutions to social and technical problems where normal market incentives are insufficient (like energy-efficient technology, or vaccines for developing countries). This paper explores why innovating firms enter prize contests. Prize systems range from smaller contests awarding technical achievement, through larger, often government-sponsored contests, where the award functions mainly to cover the winner's development/marketing costs. The first type attracts university teams and self constituted groups working in their spare time; the winner must raise capital to finance further development. The latter appeals to companies attracted by the prospect of a guaranteed market for their successful entry. This paper, by analyzing the role of firm strategizing in entering prize contests, investigates how prizes affect the direction of firm innovation.

Understanding the Relationship Between Technology Specialization, Innovation and Profitability: An Empirical Investigation of European SMEs

Giovanna Padula, *Bocconi University*

Recent research has emphasized the rapid development of market-mediated technology transactions. Yet, the micro side of these markets has been largely neglected. This paper aims to fill this gap by accomplishing a systematic investigation of the performance obtained by the firms that typically operate in these markets. Through a cross-industry investigation on European small-medium enterprises in the time frame 1996-2001, this paper finds that the vertical division of innovative labour entailed by the markets for technology has a positive effects on firm innovation rates, yet being a specialized supplier in technology markets has a negative effects on firm profitability. Implications on the viability of technology specialization strategy and on the effects that firm performance raises for the development of markets for technology are discussed.

SESSION 259

UNPACKING STRATEGY MAKING

TRACK J	Date	Tuesday, Sep 14
	Time	14:00 – 15:15 h
Paper	Room	Bramante 1

Session Chair Marko Rillo, *Tallinn University of Technology*

Exploring a Wider Range of Contingencies that Influence Strategy-Making for Organizations

Timothy O'Shannassy, *RMIT University*

The state of the field in relation to the strategy-making construct is at an interesting stage of its development. A trend in the literature is a call for more creative, faster, future looking, learning oriented insights into the construct to balance rational planning. This paper looks theoretically at addressing this call for innovation in relation to the content of the strategy-making construct. In the past there has also been a tendency to focus on the influence of a limited range of variables such as firm size and perceived environmental uncertainty or proxies for perceived environmental uncertainty including munificence, dynamism and complexity on strategy-making. There has been little examination of a wider range of organization level variables and this paper uses the literature to commence a deeper look at the interaction of environmental level variables and a wider selection of organization level variables and strategy-making.



Prospect Theory and Project Initiation: Exploring the Cognitive Biases of Executing Strategy

Mark Mullaly, *Interthink Consulting Incorporated*

A core strategic issue today is the integration of strategy formulation and strategy execution. The project management literature has increasingly argued that projects are an essential means of implementing strategy. This implies that project initiation decisions are a critical component of the process of formulating and initiating strategy, but the project management literature still presumes a rational actor that the strategy literature no longer recognizes. This paper explores prospect theory as a means of evaluating and understanding the decisions associated with choosing project investments. It also challenges the presumed universal actor within prospect theory by exploring the impacts of different cognitive styles and personal preferences on project investment choices. The presented paper will include discussion of field work currently being conducted for this research.

Strategy Making During Shift in Strategic Orientation Between Exploration and Exploitation

Marko Rillo, *Tallinn University of Technology*

Whereas strategy making in purely exploratory or exploitive firms has been of research interest, none of the studies to date have focused on firms that are in process of changing their strategic orientation from exploration to exploitation or vice versa. The purpose of this conceptual study which forms a research proposal of a PhD dissertation is therefore to fill this gap and to analyze what happens within organizations during the shift. The study is based on organizational learning theory (March 1991, Crossan et.al. 1999), takes activity-based view and is contextually informed by strategy process research stream (Burgelman 1991, 2002). Resulting conceptual model is presented for studying shift of strategic orientation.

What Determines Successful Strategic Investment Decisions?

Konstantinos Bozos, *University of Leeds*

Darren Duxbury, *University of Leeds*

David Hillier, *University of Leeds*

This study draws on literature from strategic decisions, project management and finance to develop and test an integrative model of success in Strategic Investment Decisions (SIDs). Using survey data on 146 projects implemented by publicly listed Greek firms during 2000-2007, we examine the components of success and study the impact of several context, content and process determinants on these components. We find that success is multidimensional and perhaps surprisingly determined more by non-economic outcomes and internal acceptance than by the achievement of economic objectives and external approval. Overall, the study contributes by more clearly defining the traditionally abstract construct of 'success' and by presenting an integrative model, which empirically documents how a broad range of determinants combine to affect the various SID success components.

SESSION 221

STRATEGIC INITIATIVES IN YOUNG FIRMS

TRACK K

Date Tuesday, Sep 14

Time 14:00 – 15:15 h

Common Ground

Room Bernini 2

Facilitator

Anuja Gupta, *University of Pennsylvania*

Are Pure or Hybrid Strategies Right for Entrepreneurial Ventures in Transition Economies?

Ivan Manev, *University of Maine*

Tatiana Manolova, *Bentley University*

Bojidar Gyoshev, *International Business School*

Although competitive positioning is becoming increasingly important for the performance of entrepreneurial ventures in transition economies, not much is known about the types of strategies that are most likely to enhance success in competition. Theoretical treatments emphasize the role of hybrid strategies and strategic flexibility in the context of transition economies, yet empirical research to date has been sparse. In this study, we examine the impact of pure versus hybrid competitive strategies on entrepreneurial performance, using survey data (N=334) from Bulgaria. We find that firms that deviate from pure cost leadership or differentiation and achieve a balance on both dimensions report superior performance. Theoretical and managerial implications are discussed.

Entrepreneurial Orientation, Self-efficacy, and Religious Attitudes in Small Third-world Enterprises

Magne Supphellen, *Norwegian School of Economics & Business Administration*

Sven Haugland, *Norwegian School of Economics & Business Administration*

Ove Oklevik, *Sogn and Fjordane University College*

Despite the current focus on micro-finance business (MFB) as a main tool for poverty alleviation and development, empirical management studies of MFBs are hard to find. In the present study we develop and test a structural model of antecedents and consequences of entrepreneurial orientation on a sample of 840 MFB owners in the slum areas of Nairobi, Kenya. We take the perspective that different religious perspectives on business have differential impact on entrepreneurial self-efficacy. Specifically, we find that duty and calling orientation positively affects entrepreneurial self-efficacy, whereas reward orientation and fatalistic orientation have no or negative effects on entrepreneurial self-efficacy. In turn, entrepreneurial self-efficacy stimulates MFB owners' entrepreneurial orientation and customer orientation. Finally, entrepreneurial orientation has a positive effect, and customer orientation a negative effect, on return on sales. The study provides novel insights into a neglected area of entrepreneurship research.

How Does Entrepreneurial Orientation Influence Strategy

Lilla Hortovanyi, *Corvinus University of Budapest*

Roland Szabo, *Corvinus University of Budapest*

Miklos Dobak, *Corvinus University of Budapest*

The underlying assumption of present research is that strategy is a pattern in a stream of actions, whether intended or not. In spite of the great variance in these behaviors, a few consistent patterns can be identified. With the appropriate use of taxonomy formation, however, these patterns in behavior can be classified into a few easily separable types of business-level strategies (E.g: Miles and Snow, 1978). Taxonomies supported by empirical studies not only expose the generic strategies but, at the same time, explain differences in management and organizational processes (Ucbasaran et al., 2001). The main goal of the research is to identify what can we learn from the entrepreneurial management practices of Hungarian SMEs that has implications for both practitioners and policy makers? The results have revealed that there are two, formerly hidden dimensions opposed to entrepreneurial orientation: "speculation orientation" and "product push orientation".

Institutions Behind the Export Strategy of New Ventures Based in Transition Economies

Seung-Hyun Lee, *University of Texas-Dallas*
David Weng, *University of Texas-Dallas*
Mike Peng, *University of Texas-Dallas*

What can new ventures do if their home country institutions are too costly to operate in? We argue that new ventures may use an export strategy to avoid the high cost of doing business in a home country institution. We test this argument by using a sample of 734 new ventures in 26 transition economies in Central and Eastern Europe (CEE). We find that new ventures export more when ventures are in countries with higher government corruption, when managers spend more time with government officials, and when ventures are foreign-owned. We conclude that new ventures' export strategy is tied to their costs of doing business in the home country institutions.

The Effect of Parent Firm Location on the Performance of Entrepreneurial Spawns: Evidence From Hedge Funds

Philipp Meyer, *University of Pennsylvania*
Evan Rawley, *University of Pennsylvania*
Rui De Figueiredo, *University of California-Berkeley*

We examine how parent firm location influences the performance of entrepreneurial spawns in the hedge fund industry. We find that hedge fund managers who previously worked for parent firms located in the industry hubs—New York and London—outperform their peers, regardless of where the hedge fund is located. These results are robust to controls for selection into job spells in New York/London based on all observable individual and parent firm characteristics. The evidence suggests that agglomeration effects influence the performance of entrepreneurial spawns by increasing the value of individuals' human and social capital when they are still nascent entrepreneurs working for established firms.

When Middle Managers in the Public Sector Create Value: Antecedents to Entrepreneurial Orientation

Fabian Diefenbach, *University of St. Gallen*
Timo Meynhardt, *University of St. Gallen*

This paper examines antecedents to Entrepreneurial Orientation (EO) in public sector organizations' middle management. Often, politicians and top management expect these organizations to act more entrepreneurially. Yet, research has so far developed only propositions on antecedents to such behaviour. This study empirically tests hypotheses on established private sector antecedents and newly developed public sector antecedents using data from 241 middle managers of the German Federal Labour Agency. Contrary to existing literature, results show little influence of management support and control systems. Instead, resource availability, entrepreneurial role interpretation, local connectedness, multitude of expectations, and tenure have the largest effects on EO. In addition, results show a strong relation between EO and Public Value Orientation, a concept based on Moore's (1995) shareholder value pendant for public organizations.

SESSION 134

FOUNDING CONDITIONS AND ENTREPRENEURSHIP

TRACK K	Date	Tuesday, Sep 14
	Time	14:00 – 15:15 h
Paper	Room	Bramante 8

Session Chair Ashok Som, *ESSEC Business School*

Acquisitions of Family-Controlled Firms: Understanding The Link Between Entrepreneurial Wealth Creation and Acquiror Value Creation

Kimberly Ellis, *Florida Atlantic University*
Phyllis Keys, *Morgan State University*

There is no doubt that family controlled firms are a vital part of the corporate landscape and economic environment in countries throughout the world. In the best of times, studies indicate that only about 15% of family firms survive beyond the third generation. However, the current global business climate has exacerbated the challenges many of these firms face with regard to their continuity. When exit becomes necessary, one strategy that family controlled firms pursue is to become a target for an acquisition. We integrate the M&A and strategic entrepreneurship literatures to explore how wealth-creating actions by the family-controlled firms prior to the transaction can facilitate that acquiring firm's ability to enhance its post-deal performance in ways synonymous with value creation.

Building Corporate Venture Engine in Indian Family Firms

Ajay Bhalla, *City University London*
Joseph Lampel, *City University London*
Kavil Ramachandran, *Indian School of Business*

How do family firms select new ventures, and how does the resource allocation process differ when a family vs. non-family member champions the venture? Case data of eight Indian publicly owned family firms, with a combined launch of twenty-nine new ventures provide evidence of the new venture and resource allocation process. We propose that the degree of formality applied by the family to guard its socio-emotional, economic, and talent capital agenda (SEAT) influences the resource allocation for new ventures. The relationship between business relatedness and venture selection is shown to vary depending on whether the family firm is founder-controlled or a cousin-consortium.

Creating Ethical Infrastructure

Jared Harris, *University of Virginia*
Megan Hess, *University of Virginia*

Organizational design choices can have powerful and lasting effects on strategic behavior and organizational action in the growing firm. The purpose of this paper is to model the formation of a new organization's ethical 'infrastructure' – the formal governance systems, informal norms, and work climate associated with ethical decision making. Understanding the creation of ethical infrastructure in the formative phase of the organizational lifecycle provides new insights into organizational ethics and enhances our understanding of what influential forces contribute to, or detract from, the consideration of ethics within organizations. Our framework for understanding how ethical infrastructure is formed in new ventures introduces a number of testable propositions; we conclude with a discussion of implications and future research avenues.

Founding Team Experience, Team Heterogeneity, And New Venture Creation

Jun Li, *University of New Hampshire*
Devkamal Dutta, *University of New Hampshire*
Michael Merenda, *Univ of New Hampshire*

Our study examines how founding team experience (industry and venturing) impacts the likelihood of venture creation, and how these relationships are moderated by team heterogeneity. Using a sample of 341 nascent venture teams, the results show that founding team industry and venturing experience increases the likelihood of venture creation, founding team industry experience heterogeneity negatively moderates the relationship between team industry experience and venture creation; and founding team venturing experience heterogeneity positively moderates the relationship between team venturing experience and venture creation. Our study makes several contributions to the research on founding teams and new venture creation, and provides practical implications for nascent venture teams as well.

SESSION 306

TOP MANAGEMENT TEAM HUMAN CAPITAL

TRACK L	Date	Tuesday, Sep 14
	Time	14:00 – 15:15 h
Paper	Room	Bernini 6

Session Chair Patrick Maggitti, *Villanova University*

A Meta-Analysis on Organizational and Environmental Factors Impacting the Top Management Team Diversity-Performance Relationship

Jan Brinckmann, *Ramon Llull University*
Dietmar Grichnik, *University of Sankt Gallen*
Felizitas Eichinger, *WHU- Otto Beisheim School of Management*

Management scholars engage in an intense debate about firm performance implications of diversity at the top management team level. This study contributes insights following an evidence-based research approach by applying meta-analysis techniques. We analyze how different types of team diversity as well as organizational and environmental factors impact the diversity-performance relationship. Results indicate that the diversity-performance relationship is highly context dependent. Top management teams benefit especially in regard to job-related diversity, like educational or functional diversity. We identify organizational factors including smallness of the firm and newness of the firms as organizational moderators. We identify high-technology orientation of the firms as environmental moderator of the diversity-performance relationship. Further, findings and implications are discussed.

Diversity in Workgroups: An Analysis of Top Management Teams

Natalia Garcia, *University of Cadiz*

Traditionally, diversity in top management teams (TMT) has been studied focusing on demographic variables. The Upper Echelon Theory (UET) analyzes top team diversity using demographic variables as a surrogate of cognitive attributes. This theory has provided an important and enduring theoretical development during past decades. Nevertheless, results obtained have been inconclusive, particularly to what diversity effects means. Drawing on a comprehensive review of recent literature, we propose a model that considers explicitly not only demographic differences, but also diversity in

human capital related attributes. From this point of view, we examine how diversity affects group processes in TMT, trying to shed some more light on the complexity of this topic of research.

Heterogeneity of Top Management Team and Strategy Change

Yi-Ju Lo, *Yuan Ze University*
Tungmin Hung, *San Francisco State University*

The purposes of this research are to explore how Asian top managers with western education background influence corporate strategy change and to understand how family ownership affects the top managers' strategic activities. Based on an examination of Taiwan electronics companies from 1998 to 2007, we found that TMT's education heterogeneity positively affects a firm's strategy change in R&D investments. Additionally, the level of TMT members' education specialized in business filed would have negative impact on the relation between TMT's education heterogeneity and firm's strategy change in R&D investments. Furthermore, the level of family ownership would moderate and decrease the effect of TMT's education heterogeneity on firm's strategy change.

Top Management Team Attributes, CEO Attention-Focus and Diversification: How Exploration-Exploitation Learning Drives Strategic Renewal

Mariano Heyden, *Erasmus University-Rotterdam*
Jatinder Sidhu, *Erasmus University-Rotterdam*
Frans A.J. Van Den Bosch, *Erasmus University-Rotterdam*
Henk W. Volberda, *Erasmus University-Rotterdam*

This research carries the strategic renewal literature forward by inquiring into the role of managerial cognitions in shaping adaptive organizational responses. It specifically argues that attributes of the top management team (TMT) determine CEO attention-focus on exploitation versus exploration learning, which in turn drives diversification decisions. Our arguments find support in panel data from the computer industry (1998-2007). As the environment becomes more turbulent, we find that while TMT functional-background heterogeneity and TMT average industry-tenure predict CEO attention-focus on exploration, TMT educational-level predicts attention-focus on exploitation. TMT attention-focus on exploration is, in turn, positively related to diversification into new-to-the firm product-markets. We discuss the implications of our findings for the literatures on strategic renewal, TMT effects and organizational learning.

15:15 - 15:45
COFFEE BREAK

SESSION 140

PLENARY TRACK

TRACK P

Date Tuesday, Sep 14

Time 15:45 – 16:45 h

Plenary Panel

Room Michelangelo BR 1 & 2

Big Physics, Small Particles and Bridging Research Communities

Respondent

Gabriel Szulanski, *INSEAD*

Panelists

Sergio Bertolucci, *CERN*Timo Santalainen, *Aalto University*

Rome acted as the central stage for the thriller “Angels and Demons” but the trigger for all the excitement and street chases around the Vatican actually originated in Geneva, at CERN, where large physics experiments were producing antimatter. CERN does actually exist and it does design, build and operate large physics research facilities of industrial scale. And yes, it does produce antimatter, albeit in tiny quantities. CERN is looking for experimental evidence for theories some of which suggest the existence of worlds beyond ours with extra dimensions and other peculiar properties. But how do they connect? Where does the micro world of the infinitely small meet the macro world of our daily environment and the visible cosmos? How can the theories of the quantum and the cosmos be so different but yet describe the same things? On the individual or organizational level, how do such large scientific collaborations work, given that there is no centralized learning logic? What is then the “business model”, if any? Is there a strategy? Is there leadership? Given the complexity of the devices with millions of components, where do (technological) architectures come from? This plenary talk which involves the Director of CERN research and a scholarly discussant will highlight, in simple and illustrative words, the crossroads that particle physics has reached and how it is attempting to make sense of our micro and macro worlds. The organizational design and human dimensions related to such large scientific endeavors are described, connecting the role of individual scientists in such global projects. The innovation process resolving encountered technological challenges while constructing the research instruments is explained. Interactions with and imposed boundary conditions by stakeholder governments are outlined, both in terms of financial and scientific aspects. The purpose of the talk is to inspire management scholars to think of research in the new competitive landscape.



Gabriel Szulanski is Professor of Strategy at INSEAD, where he earned his Ph.D. in Strategy. He joined the faculty of INSEAD in 2002 after serving on the faculty of the Wharton School of the University of Pennsylvania from 1995. His twin research passions focus on the management of knowledge assets and the making of strategy. In the domain of knowledge, he is best known for his work on *Stickiness and Replication*. Gabriel Szulanski sits on the editorial board of leading academic journals including *Administrative Science Quarterly*, *Organization Science*, *Long Range Planning* and the *Journal of International Business Studies*.



Sergio Bertolucci serves as Director for Research and Scientific Computing at CERN. Before his time at CERN, he chaired the LHC committee and was a member of DESY's physics research committee. He was also vice-president and a member of the Board of the Italian National Institute of Nuclear Physics (INFN). A former Pisa scholar, Sergio Bertolucci has worked at DESY, Fermilab and Frascati. He was a member of the group that founded Fermilab's CDF experiment and has been involved in the design, construction and running of the CDF detector. Sergio Bertolucci has been technical coordinator of the team responsible for the design and construction of the KLOE detector at the DAFNE storage ring at the Frascati National Laboratories (LNF). He was appointed head of the LNF accelerator division and the DAFNE project, becoming Director in 2002.



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.

SESSION 291

TEACHING TRACK

TRACK T	Date	Tuesday, Sep 14
	Time	17:00 – 18:15 h
Special Panel	Room	Tintoretto 2

Case Teaching Tips: Little Things Can Make a Big Difference

Session Chair

Idalene Kesner, *Indiana University*

Whether you are an expert case teacher or a novice, you will find useful tips in this session ranging from how to increase in-class participation to how to track participation for grading purposes. Professor Idie Kesner has won 22 teaching awards for her work as a case teacher. She will repeat her popular session delivered at the 2007 SMS Conference held in San Diego. The session will begin with a presentation of various techniques used to make a big difference in the classroom case experience for all students – undergraduate, MBA, or executive. Copies of actual classroom management materials will be distributed. These materials can be used to manage in-class discussions and evaluate student performance. Attendees will be able to return to their schools and immediately integrate these take-away tips and materials easily and quickly in their own classrooms. At the end of the session, attendees will be invited to share their own tips & hints with fellow attendees allowing everyone to benefit from the collective knowledge of rich and diverse case teaching experiences.

SESSION 123

INSTITUTIONAL PATTERNS WITHIN ORGANIZATIONS

TRACK A	Date	Tuesday, Sep 14
	Time	17:00 – 18:15 h
Paper	Room	Bramante 2

Session Chair Violina Rindova, *University of Texas-Austin*

Innovation Patterns in Global Fashion: Firms' Behavior and the Influence of Critical Audience Evaluation

Paola Cillo, *Bocconi University*Emanuela Prandelli, *Bocconi University*

Radical innovation is an important driver of firm success. Yet, domain consensus is also a necessary condition for long term company survival. So far, few studies have investigated the relationship between radical innovation and domain consensus. We aim at contributing to this stream of research by focusing our attention on two main issues. On the one side, we want to understand whether a company is sanctioned by the critical audience within its domain when it introduces an innovation that violates its past identity. On the other hand, we want to see whether the evaluation it receives affects and shapes its subsequent behaviour. We analyze these issues in the context of global fine fashion with longitudinal data on firms' innovation patterns and critical audience evaluation.

Reception of Strategy Communication: The Example of Analysts

Kai Steinbock, *European Business School*

We know much about strategy formulation, i.e. communication of strategy from the perspective of the ones who develop strategy and then "send the message out". Yet we know little about the reception of such strategy communication by external stakeholders. In this paper we investigate the case of analysts as important members of the investor community and their reception of strategy communication. Drawing on existing literature and primary research in the form of interviews, we find three main insights: First, developments in information technology have led to widespread

usage of (multi-stage) filtered data. Second, their heteronomy is affecting the way analysts investigate strategy communication. Third, the reception and sensemaking of strategy communication is at its heart a social process with a strong emphasis on personal communication.

Recombining Different Logics in Organizations: An Exploratory Study of Institutional Change and Strategic Renewal

Elena Dalpiaz, *Bocconi University*Violina Rindova, *University of Texas-Austin*Davide Ravasi, *Bocconi University*

At the organization level of analysis, we examine how the recombination of norms and beliefs of different logics enables institutional change and strategic renewal, focusing on the longitudinal process through which one organization recombined logics of two fields and changed institutionalized practices, structures and goals. The grounded model identifies the activities that make the process unfold, and how they develop and interact recursively. The formulation of recombinant intent parameterizes the recombination of logics through three mechanisms, and drives the other activities of the search for a coordinated position in multiples fields. Consequent outcomes in different fields and theorization adjust the process. We contribute to neo-institutional literature by illuminating how organizations recombine different logics, and to strategy research by highlighting a new path for strategic renewal.

Status or Power? A Study of Organizational Status, Power, and Survival in the VC industry

Alex Makarevich, *Stanford University*

Using both life-histories of US venture capital organizations and interorganizational network data this paper explores relationships among organizational status, power, and survival. It distinguishes between organizational status and power and proposes a novel way to operationalize these concepts. Analyses show that organizational status and power mutually reinforce each other and that organizational status increases organizational survival chances. Positions of power entail greater control but also greater constraint on strategic action. Because of these countervailing forces organizational power fails to have a positive effect on survival. The strategy implication of this research is that in markets characterized by high uncertainty and risk (e.g. venture capital) where flexibility of strategic action is paramount organizations should invest in attaining status rather than strive for power.

SESSION 103

INSTITUTIONS AND STRATEGY

TRACK C	Date	Tuesday, Sep 14
	Time	17:00 – 18:15 h
Paper	Room	Tintoretto 1

Session Chair Charles Dhanaraj, *Indiana University*

International and Product Diversification: The Role of Institutions

Julia Hautz, *University of Innsbruck*Michael Mayer, *University of Bath*Christian Stadler, *University of Bath*

This paper explores how institutions shape international and product diversification. By focusing on large European firms between 1995 and 2007, we capture a period of considerable change in the institutional and competitive landscape. Our results suggest that increased trade liberalization as well as lower developed political and legal institutions in the domestic environment result in higher international diversification. More efficient financial home markets and better developed political and legal institutions are associated with decreased scope of product diversification. Further, our results suggest that international diversification and product diversification are complementary strategies.

Networking Strategy in Different Institutional Contexts: An Emerging Economy Perspective

Weilei Shi, *City University of New York*
Li Sun, *University of Missouri-Kansas City*
Mike Peng, *University of Texas-Dallas*

Most existing research on networking strategy in emerging economies takes a relational approach and focuses on how firms build relations with local government and industry leaders in order to gain critical resource and information. We shift research attention from relational lens to structural view of networking strategy in emerging economies with a major focus on the interaction between the network structure and institution contexts. Drawing on social network theory and institution-based strategy, we argue that two network structural attributes—namely, centrality and structural holes—have distinctive values in different sub-national regions where institutional contexts differ widely. We test our hypotheses in the electrical and information technology industry in China. Our results indicate that while local firms' centrality becomes a high-quality signal to attract foreign entrants in provinces with high degree of marketization, foreign entrants are more likely to select local firms with structural holes advantage in provinces with low degree of marketization.

The Effect of Institutional Factors on M&As: Evidence From the European Market

Caterina Moschieri, *Catholic University of Portugal*
Jose Manuel Campa, *University of Navarra*

This paper evaluates the extent at which the development of a homogeneous institutional framework for acquisitions facilitates their execution and completion. The setting is the European Union M&A market from 1995 to 2007 to analyze cross-border and domestic deals, before and after the 2001 regulatory and economic changes. Our analysis illustrates the characteristics of M&As in Europe and underscores some idiosyncrasies of these deals. Results also show that institutional factors can foment the creation of a common, homogeneous market for corporate control, where the importance of country effects and biases diminishes.

SESSION 236

COMPETITION AND COOPETITION

TRACK E	Date	Tuesday, Sep 14
	Time	17:00 – 18:15 h
Common Ground	Room	Bernini 3
Facilitator	Ravi Madhavan, <i>University of Pittsburgh</i>	

Coopetition Strategy and Performance

Famara Hyacinthe Sanou, *University of Montpellier*
Frédéric Le Roy, *University of Montpellier*

The purpose of this paper is to present and test a model explaining the impact of coopetition strategies on the performance of firms. A structured content analysis makes it possible to detect the strategic moves (competitive and cooperative) of mobile phone operators in different countries and geographical regions over a period of six years. The results show that adopting a coopetition strategy has a direct and indirect impact on performance.

Drivers of Coopetition Within the European Space Industry: A RBV Perspective

Anne-Sophie Fernandez, *University of Montpellier*

Firms are increasingly adopting strategies of coopetition, i.e. strategies in which they combine the advantages of both competition and cooperation. The drivers that can explain the implementation of these strategies are still not well understood. In order to identify those drivers a qualitative study was undertaken within the European space industry. The study focuses on the existence of cooperative space programmes carried out

by the two European competitors, located in Toulouse, Astrium (EADS Group) and Thales Alenia Space (Thales Group). The study of these projects makes it possible to highlight two explanatory factors for the adoption of cooperative strategies: the will to conquer new markets and the innovative character of the project, where one firm alone does not have the resources to achieve its goals.

Exploring the Link between Coopetitive Strategies, Industry Structure and Firm Performance

Maud Pindard-Lejarraga, *Carlos III University*
Isabel Gutierrez, *Carlos III University*

We distinguish between different cooperative strategies depending on whether they are dominated by competition or by cooperation, and test the effect of these strategies on financial performance in the Spanish railway industry over its full period of operation under competitive conditions (1848-1935). We find that competition-dominated cooperative strategies are more profitable than cooperation-dominated strategies. However, this result does not hold for all industry structures: competition-dominated strategies are only profitable when the number of competitors is low, while the effect of cooperation-dominated strategies is always positive. This result shows that when the market is expanding, loose partnerships and intense competition are profitable, but that strong commitment to some competitors is an effective buffer from competitive pressures once the market is mature.

Internal Competition in Cooperative Network – To Manage More or Less?

Tzu-Ju Ann Peng, *National Chengchi University*
Chin-Ming Liu, *Cheng-Ching Hospital*
Shu-er Huang, *Mega International Commercial Bank*

Existing studies regard co-opetition as competition and cooperation. Less attention has been paid to “competition in cooperation”. Internal competition in cooperative networks can be beneficial if it is well-managed. The purpose of this research is to answer: Should a cooperative network manage more or less on the internal competition? We conducted two studies. The first study was done with a healthcare network, from which four propositions were derived. The results, however, are contradictory to the existing perception. Despite we explained this dissonance, we conducted the second study in three inter-branch bank networks to further examine whether the nature of internal competition lead to different result? This research unfolds the phenomenon of managing internal competition in cooperative network and provides implications for future research and practice.

Management of Coopetition in Standard Setting Process: Microsoft's Initiative in the Electronic Document Format

Herve Chappert, *University of Montpellier*
Anne Mione, *University Montpellier*
Saïd Yami, *University of Montpellier*

The current coexistence of two rival institutional standards (ODF and OOXML) on Electronic Documents Formats (EDF) constitutes an intriguing situation, irrational as regards the Standard Development Organization (SDO) which mission is to help stakeholders to converge to a unique reference for the entire market. We focus on the EDF standard setting process in the French formal context (AFNOR) to see how Microsoft (defending its OOXML format) manages its relationships vis-à-vis of its rivals (in favor of ODF) and how it handles this cooperative situation. Main results show that Microsoft, despite its leader position in the market, is forced to confront its rivals on the same locus (formal standardization process); and that while complying with the rules of the game, it achieves its own individual goals.



The Proliferation of Coopetition: An Event History Analysis of Antecedents at Firm-, Inter-firm-, and Industry-Level

Marco Galvagno, *University of Catania*
 Francesco Garraffo, *University of Catania*

This paper focuses on conditions that affect the occurrence of cooperative agreements in an industry. A review of the literature reveals that the majority of previous studies focus either on the nature of the phenomenon or on its outcomes. Less attention has been concentrated on antecedents that explain why cooperative agreements rise in an industry. By using an event history analysis, we test some hypotheses concerning the effect of conditions that, at the firm-, inter-firm-, and industry-level, influence the occurrence and diffusion of coopetition. Implications for research and practice are drawn from results.

SESSION 282

ORGANIZATION, CULTURE, & PERFORMANCE

TRACK E	Date	Tuesday, Sep 14
	Time	17:00 – 18:15 h
Paper	Room	Bramante 3
Session Chair	Stuart Read, <i>IMD</i>	

Ambidexterity, Organizational Design and Firm Performance

Eva M. Pertusa-Ortega, *University of Alicante*
 José F. Molina-Azorin, *University of Alicante*

This paper analyzes the influence of differentiation, centralization, formalization and monitoring on organizational ambidexterity. We examine formal hierarchical structure which constitutes one of the most important ways of coordinating activities. Likewise, the paper analyzes the influence of organizational ambidexterity on firm performance. This study contributes to the new research paradigm in organizational ambidexterity by providing empirical evidence on the coordination mechanisms that organizations can adopt to develop exploration and exploitation activities simultaneously. Previous works offer mainly conceptual or case studies. This study examines a multi-sectorial sample of large Spanish firms using the Partial Least Square technique. The findings show that characteristics of the organizational design (differentiation, formalization, monitoring and centralization) influence ambidexterity. In addition, we find a positive impact of ambidexterity on firm performance.

Consensus and Performance: It's About Time

Willem Smit, *IMD*
 Stuart Read, *IMD*
 Rhoda Davidson, *IMD*

Scholars have been investigating TMT strategic consensus since the 1970s, but ironically have reached little consensus on the topic. Both agreement and disagreement on TMT strategy have been connected with performance, with no clear explanation of the contingency. Suspecting that one reason for the lack of clarity around consensus may lie in the fact that little prior research has incorporated the dimension of time, we identified a setting which would enable us to tease apart the delicate causal relationships between strategic consensus, performance starting point and subsequent performance. Our finding that the combination of early consensus and early performance is a significant predictor of subsequent performance offers a firm foundation to revisit the conflicting results around consensus research after all these years. It's about time.

Do Intra-Organizational Factors Impact the Culture of Competitiveness-Performance Relationship?

Artur Baldauf, *University of Bern*
 Simone Schweiger, *University of Bern*

A firm's strategic orientation is strongly associated with its culture and, hence, provides a compelling logic to support the broad behavioral direction. We argue that entrepreneurial, market, learning, and innovation orientations collectively explain a superior culture capturing necessary requirements for being ahead of competition. These strategic orientations give rise to the higher-order construct of Cultural Competitiveness which is argued to positively impact performance. Organizational culture, as well as strategic orientation, can be strategic resources which, however, in order to be effective need to be aligned with appropriate organizational processes. This is why we adopt intra-organizational constructs as moderators of the Cultural Competitiveness-Performance relationship. Our preliminary results show that centralization and output control strengthens this relationship, while formalization and behavior control are less beneficial in this context.

The Social Side of Innovations: Balanced Social Capital Investments for Knowledge Creation

Katja Rost, *University of Zurich*

This study analyzes the relationship between social capital and knowledge creation at the individual level. I argue for a balanced view on social capital, i.e. over-investments can transform into constraints. Relying on a random sample of inventors from the automotive industry, it is shown that three dimensions of social capital - opportunity, motivation, and ability - are inverted u-shaped related to the technological impact and the knowledge base of patents invented in the years after the survey. It demonstrates that knowledge creation is a social process, and points out that knowledge-friendly environments balance the benefits and risks of social capital.

SESSION 177

MODES OF CORPORATE GOVERNANCE

TRACK F	Date	Tuesday, Sep 14
	Time	17:00 – 18:15 h
Common Ground	Room	Bernini 2
Facilitator	Jean McGuire, <i>Louisiana State University</i>	

A Narrative Review on Ownership Types and Firm Performance Implications in China

Nadine Volkmann, *Jacobs University*

Companies operating in China face due to its transition from a centrally planned to a market-oriented economy particular challenges with respect to an efficient property rights allocation. In the center of property rights lies ownership which has developed in a diversified system in China, consisting of State-owned (SOE), Collective-owned (COE), Joint-operated enterprises (JOE), Private-owned (POE), and Foreign-owned enterprises (FOE) as well as Foreign Joint Ventures (FJV). These forms are exposed to political and regulatory uncertainty and require intensive investigation. Hence, this paper pursues the goals to derive a classification of the diverse ownership structure in China, to describe the unique basic parameters of each ownership type, and to conduct a vote-counting method in order to identify the economic performance of each ownership category.

An Analysis of Perceptions of Western Corporate Governance Principles in Saudi Arabia

Christopher Robertson, *Northeastern University*
Sulaiman Al-Alsheikh, *King Abdulaziz University*
Ali Hussein Alkahtani, *King Abdulaziz University*

As globalization continues to influence the strategic decision-making process for multinational enterprises (MNEs) worldwide top management team members must evaluate whether to adapt corporate governance mechanisms to local markets or to pursue a one size fits all approach. In 1999, the OECD Principles of Corporate Governance were endorsed by OECD Ministers in an attempt to influence policymakers worldwide by setting global governance standards. The extent to which managers from non-OECD nations uphold and approve of the OECD principles is unclear. In this study we develop and test a survey instrument in the Kingdom of Saudi Arabia in an attempt to assess perceptions of OECD principles by 168 Saudi Arabian managers. Managerial implications and future research directions are also discussed.

Aspiration Levels, Performance, and Change in Governance Mode

Francesco Di Lorenzo, *Ramon Llull University*
Paul Almeida, *Georgetown University*
Pedro Parada, *ESADE Business School*

Building on the prior research on aspiration levels and managerial decision making, we examine the conditions under which computer software firms change their governance modes across time. Using insights drawn from behavioral theory of the firm, we suggest that any change in governance mode is considered risky, and is triggered by the gap between actual performance and aspirational performance (developed on the basis of historical and social comparisons). Testing a sample of 1723 computer software firms from 1990 to 2006, we find partial support for our hypotheses. Our results suggest that firms are more likely to change governance modes when performing below aspirational levels (based on either historical or social comparisons).

Corporate Governance and Managerial Motivations

Hossam Zeitoun, *University of Zurich*
Margit Osterloh, *University of Zurich*

Diverging assumptions about managerial motivations pervade the literature on corporate governance, ranging from self-interest to other-regard. To date, no agreement on the appropriate view of the nature of managers has been reached. In this article, we develop a corporate governance framework that integrates different types of managerial motivations. We analyze alternative economic conceptions of corporate governance and distinguish four distinct corporate governance modes. By applying insights from psychological economics, we identify varying motivational requirements for managers in each corporate governance mode. To some extent, these motivational requirements can be met when managers select themselves into fitting corporate governance modes. Furthermore, we discuss how boards of directors can improve the match between managers and organizations when designing institutions for selection, evaluation, and compensation of top managers.

Exploring and Exploiting Across Governance Modes

Uriel Stettner, *Tel Aviv University*
Dovev Lavie, *Technion-Israel Institute of Technology*

Prior research on exploration and exploitation assumed particular governance modes. We promote a perspective on balancing exploration and exploitation that acknowledges interdependence across distinctive governance modes, namely internal development, acquisitions, and alliances. Challenging conventional wisdom on the merits of balance within each governance mode, we reveal costs ascribed to resource allocation constraints, limited specialization, and conflicting routines. We claim that when a firm explores in one governance mode and exploits in another,

it can minimize organizational impediments while enjoying specialization, thus enhancing its performance. We further argue that an optimal configuration involves exploring via externally-oriented governance modes such as alliances or acquisitions and exploiting via internal development. We seek to test these predictions with data on the exploration-exploitation activities of U.S. software firms during 1990-2001.

Ownership Structure, Business Groups, and R&D Investments of Family Businesses in Korea

Joonmahn Lee, *University of Pennsylvania*
Jae Min Lee, *Seoul National University*

This study analyzes the impact of ownership structure of family business groups in emerging economies on strategic investment. We specifically look into the effect of family ownership in business groups and the effect of control enhancing mechanism on R&D investments. Using the data of firms listed on the Stock Market Division of the Korean Exchange from 2001 to 2008, we explore how the ownership structure of family business groups (Chaebols) shapes a firm's decisions on the allocation of resources for R&D. We find that firms that are members of family business groups will be more likely to have a higher R&D investment. We argue that our findings result from a mixture of motives, incentives, and the power of shareholders.

SESSION 169

EXAMINING THE STRUCTURE OF A BOARD OF DIRECTORS

TRACK F	Date	Tuesday, Sep 14
	Time	17:00 – 18:15 h
Paper	Room	Bramante 4

Session Chair Scott Graffin, *University of Georgia*

Does Board Experience Matter: Entry into New Therapeutic Markets in the Biopharmaceutical Industry

Luis Diestre, *IE University*
Nandini Rajagopalan, *University of Southern California*
Shantanu Dutta, *University of Southern California*

In this study we examine the effects of directors' experience on the likelihood of new-market entry. Overall, our findings provide evidence that directors' experience obtained from their involvement in interlocking organizations has a positive effect on the likelihood of new-market entry. On one hand we find that the experience provided by directors who hold executive positions in those interlocking firms has a positive impact on new-market entry, but only when the level of market overlap between the focal and interlocking firms is sufficiently low. On the other hand we find that the experience provided by directors who hold board positions in those interlocking firms has a positive effect on new-market entry, independently of level of market overlap between the focal and interlocking firms.

Dualistic Nature of Corporate Governance: Investigating the Effects of Monitoring and Incentive Alignment on M&A Performance

Maria Goranova, *University of Wisconsin*
Richard Priem, *Texas Christian University*
Hermann Ndofo, *Texas A&M University*
Cheryl Trahms, *Texas A&M University*

Research findings, anecdotal evidence and popular opinion hold that acquisitions usually destroy value for the acquiring firm. Mergers and acquisitions (M&As) can increase the threat of opportunism by managers, and thus present a unique context for testing the role of corporate governance. Building on prior research, we argue that rather than improve performance per se, corporate governance facets may instead



increase the variance of M&A outcomes as monitoring and incentive-alignment affect the propensity and ability of the CEOs to pursue riskier deals. Using a sample of 2127 M&A transactions from 1997-2006, we find that while stock options positively affect both M&A gains and M&A losses, monitoring by large owners constrains M&A performance variance, resulting in lower losses but also lower gains.

Female Directors and IPO Underpricing

Christopher Reutz, *Utah State University*
Carrie Belsito, *Utah State University*

A large body of research from the fields of finance, economics, and management addresses the influence of corporate boards on firm performance. Few studies, however, consider the influence of the presence of female directors on the stock market's reaction to initial public offering (IPO). In this study, we will examine the effect of female presence on the board of directors on IPO underpricing. Additionally we will consider the roles of female director board capital and Sarbanes-Oxley in shaping IPO investor perceptions of female directors. The results of this study will contribute to both our understanding of IPO investor perceptions of female presence in the boardroom as well as the boundary conditions of those perceptions.

Is Audit and/or Compensation Committee Selection an Intelligent Process

Michael Bowerman, *University of Cincinnati*
Thomas Dalziel, *University of Cincinnati*

In this paper, we examine whether audit and/or compensation committee selection processes are intelligent. We hypothesize a partially mediated model that suggests committee tenure and external experiences relate to future firm same committee placements through its effect on committee function fulfillment. To test our hypotheses, we utilize negative binomial and OLS regression. Our results partially support our hypotheses. We find that prior committee experiences do relate to future committee placements. However, we do not find that director function fulfillment impacts future committee placements. Thus, we conclude that director committee selection processes are partially intelligent, but can improve.

SESSION 181

VERTICAL INTEGRATION AND SUPPLIER MANAGEMENT

TRACK F	Date	Tuesday, Sep 14
	Time	17:00 – 18:15 h
Paper	Room	Bramante 5
Session Chair	Antonio Capaldo, <i>Catholic University of the Sacred Heart</i>	

An Exploratory Study of the Emergence of Backsourcing Capabilities

Florence Law-Kheng, *EDC-Paris*

This study centres around the way firms can backsource their outsourced activity through the development of backsourcing capabilities. As few studies have focussed on backsourcing process, this study aims to uncover how backsourcing capabilities emerge and can enhance backsourcing process. An exploratory study based on two longitudinal and retrospective case studies was conducted in order to evaluate the role of the accumulation of outsourcing and backsourcing experience, deliberate learning mechanisms and the maintenance of productive capabilities in house. The exploratory study finds that the role of backsourcing capabilities is to create an internal integration structure that facilitates the transfer of knowledge and humane resources but also gives the opportunity firms to integrate new added-value routines and competencies.

Impact of National Corporate Governance Systems on Outsourcing Decisions: A Cross-Country Analysis

Lucia Marchegiani, *LUISS Guido Carli University*
Luca Giustiniano, *LUISS Guido Carli University*
Enzo Peruffo, *LUISS Guido Carli University*
Luca Pirolo, *LUISS Guido Carli University*

Traditionally, researchers have studied outsourcing from a transaction-cost perspective, coping with the outsourcing decision as a make-or-buy dilemma. Further explanations refer to forms of institutionalism (North, 1990; Roy, 1997), whereas outsourcing may stem from isomorphism; additionally institutional theory may also help investigate outsourcing. All these perspectives fall short in explaining cross-national diversity since they are all grounded on dyadic relations. Similarly to the Aguilera and Jackson (2003) model of cross-national diversity on corporate governance, we argue that the outsourcing decision may be grounded on institutional factors, such as the cross-national governance systems. In this paper we develop a research model to explain the diversity of outsourcing practice at a cross-countries level, considering stakeholders (property and labor) as significant drivers for the outsourcing decisions.

The Impact of Interaction Patterns on Trust in Supply Chain Networks

Antonio Capaldo, *Catholic University of the Sacred Heart*
Iaria Giannoccaro, *Polytechnic University of Bari*

Establishing trust across organizational boundaries is critical to achieve supply chain effectiveness. We focus on the impact the interdependence patterns of the supply chain alliance networks exert on interorganizational trust across the networks. Drawing on previous research that has employed Kauffman's (1993) NK framework to analyze management problems, we argue that the supply chain network can be modeled in terms of 10 different interdependence patterns (i.e., random; local; small-world; block-diagonal; preferential attachment; scale-free; centralized; hierarchical; diagonal; and dependent). We then compare the 10 network structures in terms of the risk of opportunistic behaviors by the participating organizations. Results show that the centralized (dependent) pattern is associated with the highest (lowest) risk of opportunism, i.e., with the lowest (highest) level of trust.

Vertical vs. Horizontal Integration in the Biopharma Industry

Anne York, *Creighton University*
Mark Ahn, *Willamette University*
Lee Dunham, *Creighton University*

Declining productivity and disappointing lack of profitability in industries relying on the integration of complex technologies, such as biopharma, have produced an ongoing debate among strategists about the most effective business model for technology commercialization. In this paper, we perform an event study of 125 biopharma acquisitions in the 2007-2009 time frame to test whether the stock market reacts more positively to announcements of vertical mergers, as proposed by Pisano (2006), or horizontal mergers, as proposed by Yoffie (1996). Our findings support the latter, suggesting that due to the long time frames and regulatory and market legitimization required to successfully bring biopharma products to market, we are just now beginning to reap the rewards of several decades of research and convergence.

SESSION 293

ADVANCING THEORY IN GLOBAL STRATEGY

TRACK G	Date	Tuesday, Sep 14
	Time	17:00 – 18:15 h
Paper	Room	Bramante 6

Session Chair Ram Mudambi, *Temple University*

Collocation Patterns of Foreign Owned Firms in a Small Open Economy

Cosmina Lelia Voinea, *Radboud University Nijmegen*
Hans Van Kranenburg, *Radboud University Nijmegen*

This paper addresses the collocation patterns of foreign owned firms in a small open economy, the Netherlands. Empirical evidence shows dissimilar/different collocation patterns of foreign owned versus domestic firms in the mining industry, construction, transport, communications sectors, and trade industry across the twelve Dutch provinces. Large foreign owned firms show different collocation patterns than the small and medium sized in the Netherlands. Related to industry, large foreign owned firms target mainly the wholesale and retail trade industry and manufacturing industry. Firms coming from countries in close proximity with the host economy reveal different collocation patterns than firms coming from more distanced countries. Our results are consistent with arguments that foreign owned firms value location attributes differently among themselves and also compared to their domestic counterparts.

John Dunning's Influence in International Strategy Research: A Bibliometric Study in the Strategic Management Journal

Claudia Pinto, *Polytechnic Institute of Leiria*
Luís Filipe Gaspar, *Polytechnic Institute of Leiria*
Manuel Ferreira, *Polytechnic Institute of Leiria*
Fernando Serra, *South Santa Catarina University*
Adriano Remor, *Atual University of Amazon*

In this paper we analyze John Dunning's contribution for international business and strategy research. We examine Dunning's articles and other works and carry out a bibliometric study in the *Strategic Management Journal*, in the period from 1980 to 2009. We conclude that beyond the more obvious contribution to the international business discipline, Dunning's influence extends to other theories and concepts. Specifically, we observe connections to the resource-based view, transaction costs theory, the evolutionary theory and more broadly to the theory of the multinational enterprise.

Location Boundedness of Advantage on Location Choice and Performance

Fang-Yi Lo, *Feng Chia University*
Pao-Hung Fu, *Affiliated Experimental Elementary School*

Multinational enterprises' (MNEs) advantage can be transferred overseas, and these enterprises can conduct foreign direct investments to obtain economies of scale or economies of scope, which then can generate MNEs' economic profitability and growth and overcome the liability of foreignness. Since advantage may be location bounded, making certain advantage transferable and others non-transferable. Based on the concept of location bounded advantage, this paper examines the advantage's location boundedness and further understands the effect on the multinational enterprises' strategies of location choice and performance. This study attempted to go further in examining the consequences of location boundedness of advantage to understand its effect on the MNEs' strategy. As to the practical contribution, understanding better the reasons for advantage non-transferability allow managers, in actual practice, to have a better understanding of the applicability of a firm's advantage when undergoing overseas investment also conducive to successful MNEs' foreign direct investments.

**Power in a Theory of the Multinational Corporation**

Torben Pedersen, *Copenhagen Business School*
Ram Mudambi, *Temple University*
Ulf Andersson, *Copenhagen Business School*

This study focuses on how power is gained and exercised within large organization as the intra organizational network of multinational corporations. Drawing on the literature on resource dependency this study develops and empirically tests a set of hypotheses aimed at explaining the multifaceted nature of power and decision making in multinational firms. Data collected from 2107 foreign owned subsidiaries in seven European countries serve to test the hypotheses. Data highlight that mutual dependence and dependence imbalance strongly explains subsidiary power. Further, subsidiary power over strategic decisions in the MNC is gained through the possession of technological rather than business related power.

SESSION 273

COORDINATION MECHANISMS IN DECISION MAKING

TRACK H	Date	Tuesday, Sep 14
	Time	17:00 – 18:15 h
Paper	Room	Bramante 7

Session Chair Livia Markoczy, *University of Texas-Dallas*

Antecedents and Consequences of Product-Market Planning Capability

Paul Hughes, *Loughborough University*
Robert Morgan, *Cardiff University*
Mathew Hughes, *University of Nottingham*
Yiannis Kouropalatis, *Cardiff University*
Taman Powell, *Cardiff University*
Ian Hodgkinson, *Loughborough University*

Product-market planning remains an important activity but paradoxically firms take considerable steps to guard against the rigidity and inflexibility that can become apparent from doing so. We propose a conceptual model of product-market planning capability which is based on knowledge and contingency perspectives. We test this with both primary and secondary data generated from UK-based high-technology firms. Using structural equation modeling, we find that market information processing activities have differential effects on product-market planning capability; this capability is significantly and positively related to performance and this strengthens as competitive intensity and technological turbulence increase; differentiation strategies are shown to positively moderate the relationship but there are negative implications for those with cost leader and focus strategies.

Intergroup Strategic Consensus and Performance: The Role of Intergroup Contact and the Team-Leader

Jeanine Porck, *Erasmus University-Rotterdam*
Marco De Haas, *Erasmus University-Rotterdam*
Daan van Knippenberg, *Erasmus University-Rotterdam*

Research on the relationship between intra-group consensus and performance has yielded inconsistent results. Besides, there is a relatively little research on intergroup relations in an organizational context and specifically a lack of work on the relationship between intergroup consensus and performance. To address this issue, the authors propose the intergroup-strategic-consensus-performance (ISCP) model, which reconceptualises and integrates perspectives of intergroup contact, social identity theory and intergroup relations theory, with insights from the strategic consensus literature. The ISCP model incorporates the mediating role of strategy implementation, on the link between intergroup-consensus and performance, and the moderating role of intergroup contact, leaders and goal interdependencies. In addition four propositions are presented, that may set the agenda for future research.

Intra-organizational Networks and Information Flows within an Organization

Tsuyoshi Numagami, *Hitotsubashi University*
 Masaru Karube, *Hitotsubashi University*
 Toshihiko Kato, *Hitotsubashi University*
 Masato Sasaki, *Musashino University*
 Hiroshi Watanabe, *Hitotsubashi University*
 Yoshiki Murakami, *Hitotsubashi University*

This paper seeks to explore relationships between various types of intra-organizational networks and information flows using survey research from 137 business units of established Japanese firms. It adopts four dimensions of information flows as dependent variables—Downward Information Flow of Formal Strategy, Upward Information Flow of Emergent Strategy, Lateral Information Flow of Inter-functional Information, and Informal Information Ratio—and six types of intra-organizational networks—Lateral Weak Ties, Supportive Lateral Networks, Obstructive Lateral Networks, Diagonal Weak Ties, Supportive Diagonal Networks, and Obstructive Diagonal Networks—as independent variables. The authors contend that network variables are highly correlated with each other, suggesting the difficulty of increasing supportive networks without developing obstructive ones, and that Obstructive Diagonal Networks are the most detrimental to information flows within an organization.

Testing and Visualizing the Effect of Strategic Dialogue on Strategic Consensus in a Quasi-Experimental Field Study

Marco De Haas, *Erasmus University-Rotterdam*
 Patrick Groenen, *Erasmus University-Rotterdam*
 Murat Tarakci, *Erasmus University-Rotterdam*
 Jeanine Porck, *Erasmus University-Rotterdam*
 Nufer Yasin Ates, *Erasmus University-Rotterdam*

This paper reports on quasi-experimental findings in a field study on the development of strategic consensus. The research departs from the core idea that it is effective for organizations to develop consensus on its strategic goals. To foster strategic consensus, we use an interactive intervention called the strategic dialogue. In a two-group pre-test-post-test quasi-experimental research design, we empirically demonstrate, by using Principal Component Analysis (PCA), bootstrap, and permutation testing, that the strategic dialogue intervention significantly enhances the level of strategic consensus within groups. Additionally, we provide a comparison and discussion of the proposed methodology with respect to other measures that are used to calculate the degree of strategic consensus.

SESSION 192

KNOWLEDGE AND INNOVATION PROCESS AND ROUTINES INSIGHTS

TRACK I	Date	Tuesday, Sep 14
	Time	17:00 – 18:15 h
Paper	Room	Bramante 9

Session Chair Paul Windrum, *University of Nottingham*

Evolvement of Dynamic Capabilities within New Product Development Processes – Comparative Case Insights from the Semiconductor and Aerospace Industries

Ina Horn, *University of Wuppertal*
 Michael Horn, *Harvard University*

We analyze the predevelopment and prototyping stages of the new product development process with a focus on the underlying dynamic capabilities, how such routines evolve on different organizational levels, and if any common characteristics can be identified across diverse

firm contexts. Comparative case study evidence from the aerospace and semiconductor industries suggests that higher-order routines are established idiosyncratically based on the firm-specific interaction of individuals' behaviors. More specifically our data shows that learning mechanisms and existing path dependencies guide the evolvement of dynamic capabilities. Based on 42 face-to-face interviews we argue that despite the evolvement along unique paths dynamic capabilities can inherit commonalities. Somewhat simple and perception-based routines versus rather detailed and codified higher-order routines can coexist across different organizational levels and within the same industry context.

Exploring Practices of Knowledge Transfer in a Multinational Company: A Case Study

Christophe Lejeune, *EM-Strasbourg Business School*
 Thomas Lederer, *Catholic University of Leuven*
 Alain Vas, *Catholic University of Leuven*

Knowledge management has received a lot of attention in the past literature, along with the types of tacit and explicit knowledge (Nonaka and Takeuchi, 1995). Recently, Zhao and Anand (2009) have emphasized that greater attention should also be given to the individual and collective levels of analysis in knowledge management research. In this line, we explore the practices of knowledge transfer in a multinational company, with a special focus on the individual and collective levels of knowledge. The results suggest four types of practices for knowledge transfer that help the company implement its international strategy. Some theoretical propositions are formulated to be tested in further research.

★ Opening the Black Box: What Firms Explicitly Learn from Their Process Experiences

Chris Bingham, *University of North Carolina-Chapel Hill*
 Kathleen Eisenhardt, *Stanford University*

While extensive research suggests that organizational processes are important and learned from repeat experience, surprisingly little is known about what is actually learned. Using a novel method to measure explicit learning, we track what six technology-based entrepreneurial firms based in three diverse countries learn as they engage in the internationalization process. Our core contribution is an emergent theoretical framework that opens the “black box” of what is learned from repeat experience with a key organizational process.

The Role of Design in Product Innovation: Design Frames and the Development of the Portable Computer

Paul Windrum, *University of Nottingham*
 Lawrence Green, *Manchester Metropolitan University*

The paper discusses the strategic importance of design in product innovation. Technological downscaling in microprocessors and storage media has decoupled the design and ergonomic features (size, weight, and user interfaces) of consumer electronic products from these technologies. Competitive advantage lies in the development of design frames that embody specific sets of design and ergonomic characteristics, as well as technical characteristics. Our study of portable computers highlights the role played by the clamshell design frame in driving product innovation. Statistical analysis is performed on a data set of portable computer characteristics for the period 1993 to 1997. Hedonic price models are estimated on clusters of interrelated characteristics. The findings have important implications for the strategic management of designers and engineers within the product innovation process.

SESSION 212

KNOWLEDGE STOCKS AND PERFORMANCE

TRACK I	Date	Tuesday, Sep 14
	Time	17:00 – 18:15 h
Paper	Room	Bernini 6

Session Chair Amit Jain, *National University of Singapore*

Asset Erosion and Firm Performance

Amit Jain, *National University of Singapore*

Asset erosion pertains to the decay of asset stocks over time. In this paper, I investigate the influence of asset erosion on performance. Using a panel data set of 38 years of research and development activities in 611 firms in the U.S. biotechnology industry, empirical analysis reveals that the erosion of knowledge stocks has both performance decreasing and performance enhancing implications. On the one hand, knowledge stock erosion leads to productivity and efficiency losses. On the other hand, asset erosion facilitates technological experimentation and lowers the propensity to path dependence, leading to the execution of more impactful and valuable R&D projects. The net influence of asset erosion then is a balance between its productivity decreasing effects on the one hand and a reduced susceptibility of organizations to obsolescence on the other.

How Stocks of Knowledge Impact on Firm Performance in the Biopharmaceutical Industry

Zeynep Erden, *ETH Zurich*

David Klang, *ETH Zurich*

Georg Von Krogh, *ETH Zurich*

Renato Sydler, *ETH Zurich*

In the knowledge-based view, the firm creates, transfers, and utilizes knowledge that impacts on its performance. Incorporating recent research on the knowledge-based view of the firm, we review and test the impact of knowledge stocks on firm performance on a global sample of public companies in the biopharmaceutical industry. Our research is timely, because in the past 10 years the biotechnology industry has significantly matured, giving rise to populations of specialized firms (e.g. biopharmaceuticals). This paper makes two major contributions. First, our new model identifies precise variables and fine-grained items to measure stocks of firm knowledge. Second, we employ a longitudinal analysis to assess the relationships between knowledge stocks and firm performance variables.

Integrated Knowledge Exploitation: The Complementarity of Product Development and Technology Licensing

Ulrich Lichtenthaler, *WHU - Otto Beisheim School of Management*

Holger Ernst, *WHU - Otto Beisheim School of Management*

In light of increasing licensing activities in many firms, we challenge the common assumption that product development and technology licensing are substitutes. We develop a resource-based framework, which distinguishes a firm's technological resource base and technology exploitation processes. On this basis, we combine survey data, patent data, and financial data of 228 industrial firms to examine interactions of a firm's product development processes and technology licensing processes in order to explain interfirm discrepancies in innovation, licensing, and firm performance. The results underscore that product development and technology licensing are complements rather than substitutes in integrated knowledge exploitation processes. Technology licensing strengthens the positive effects of product development. The study further shows that the benefits from knowledge exploitation processes depend on a firm's technological resource base.

The Risk-Return Relation Based on a Managerial Perspective: Evidence from National R&D Funding Projects

Dae-il Nam, *Penn State University*

Kimberly Merriman, *Penn State University*

Ever since Bowman found a negative correlation between risk and return, researchers have been puzzled by this result because higher returns are generally thought to require higher risk. In this paper, we employ a different measure of risk to provide an alternative explanation. Instead of using simple variance or volatility of returns, we redefine risk based on a managerial perspective— that is, the probability of an event occurring and the consequence associated with it. Our findings suggest that less “risky” R&D projects are more likely to show better performance, but in a non-linear fashion. Interpretation of these findings in terms of multiple risk dimensions has implications for future risk-return research and the funding and support of high risk R&D projects.

SESSION 215

LESSONS FROM FAILURE AND PREDICTING KNOWLEDGE DECLINES

TRACK I	Date	Tuesday, Sep 14
	Time	17:00 – 18:15 h
Paper	Room	Bramante 8

Discussant Gary Hansen, *University of California-Santa Barbara*

Accumulation and Depreciation of R&D Resources

Mariko Sakakibara, *University of California-Los Angeles*

Wendy Li, *U.S. Department of Commerce*

We formally develop an R&D investment model and empirically examine the processes of accumulation and depreciation of R&D assets of R&D-intensive firms. Using the data of 11 firms in semiconductors, IT hardware, software and pharmaceuticals between 1989 and 2007, we find that the R&D stocks of technology leaders depreciate faster than those of followers in semiconductor and IT hardware industries. However, in the industries where appropriability conditions are stronger, the difference between technology leaders and followers is less clear. R&D investment of technology leaders is not necessarily more productive than that of the followers. We also find that the R&D depreciation rates of the firms in pharmaceuticals are overall lower than those of other industries we studied, perhaps reflecting the difference in appropriability conditions.

What the Cleaning Lady Knows: Learning from Environmental Spills

Nilanjana Dutt, *Duke University*

Andrew King, *Dartmouth College*

Scholars have proposed that failures, such as a chemical spill, can spark organizational learning, but not much is known about the conditions which influence the amount of learning following a failure. Existing theories and evidence suggest that organizational buffers (such as work in process inventory) impede learning by reducing the need for a thoughtful response. In this paper, we propose a counter theory – that some buffers actually aid learning. We argue that buffers which encourage greater mindfulness due to frequent monitoring can give production systems greater flexibility in responding to problems and lead to greater failure based learning. We find support for our hypotheses and generate additional insights using a longitudinal panel of production chemical spills from 1992-2004.



When Deference Hurts: Technology Space Activity and Failure

Anindya Ghosh, *University of Pennsylvania*

This paper investigates failure of startups due to their accumulation of intellectual property rights (IPR) in the context of the wireless industry. Obtaining intellectual property rights forms an important signal for startup viability but only to a limited degree, compelling us to posit a U shape relationship between failure rate and IPR flow. Disclosing intellectual properties erodes the benefits of secrecy and innovative lead time as deference (as proxied by patent citations) by peer to new firms increases their hazard of failure due potential competition and harmful spillover effects - particularly if the sector manifests a weak appropriability regime.

SESSION 251

STRATEGY AS DISCOURSE

TRACK J	Date	Tuesday, Sep 14
	Time	17:00 – 18:15 h
Paper	Room	Bramante 1

Session Chair Leif Melin, *Jonkoping University*

From “Long Range Planner” to “Director of Strategic Planning”: Analysing Strategists Job Ads to Understand Evolving Practices

Ludovic Cailluet, *University of Toulouse*
Basak Yakis-Douglas, *University of Oxford*
Andrei Mogoutov, *AGUIDEL Consulting*

In this paper we use discourse analysis to investigate the process of institutionalisation and change of strategic planning practices over a long period. We propose a model that connects the production and consumption of text to the process of institutionalisation and its subsequent expression in new practices. For that we use the empirical material of job advertisement for strategic planners and their content. We posit that job advertisements participate in the process of institutionalization of strategic planning as an occupation. The evolution of the text of job ads reflects and influences changes in professional practices over a long period of time. In a recursive pattern, practices are reflected in discourse produced by practitioners of strategic planning and are gradually re-integrated in the text of job advertisement.

Legitimizing Contentious Strategic Decision Making: A Rhetorical Perspective

Julia Balogun, *Lancaster University*
Kathryn Fahy, *Lancaster University*
Eero Vaara, *Hanken School of Economics*

This paper examines the micro-dynamics of legitimization processes in the context of an MNC's efforts to justify and gain support for contentious decisions and actions. In a divergence from much research on the external legitimization of MNCs in institutional fields, we examine legitimization dynamics inside MNCs, in particular, the ways in which the parent company seeks to legitimize decisions and actions in order to gain support from subsidiaries. We focus here on a real-time longitudinal case study of a FMCG MNC and the ways in which legitimacy is sought over the decision to relocate their European headquarters to Switzerland. We adopt a rhetorical perspective to examine the nature of legitimization strategies, the ways in which these are perceived and contested, and their unintended consequences.

Realizing Strategy: The Dialectics of Teaching by Doing and Learning by Immersion in Practice

Robert Demir, *Stockholm University*

Discursive practices have lately gained an immerse attention among strategy scholars who seek to explain how managers craft and realize strategy. However, by focusing on discursive dimensions of strategizing extant research neglects the important aspect that learning to strategize is an inseparable element of strategy practice. How do managers immerse in strategy practice? While thinking and talking are supposed to be the prime means of mobilizing strategic action, less is known about how such action is signified as strategic within a cluster of strategic actors. To address this limitation, I drawn on the concept of positioning to analyze qualitative material from two Swedish subsidiaries in China. Conclusions are made and implications are drawn out for the field of strategy-as-practice and strategic management in general.

Strategizing Through Strategic Dialogues - A Practice Perspective

Leif Melin, *Jonkoping University*
Ethel Brundin, *Jonkoping University*

In this paper, we investigate the role of strategic dialogues on formal and informal arenas for strategizing. The purpose of this paper is to bring the concept of 'strategic dialogue' into the theoretical context of strategy-as-practice and the empirical context of family businesses. More specifically the aim is to illustrate and discuss how ongoing strategic dialogues among strategizing family business owners/managers are an important practice in the strategic process leading to strategic continuity and change. This means that strategic dialogues as a major strategizing practice function as a clue for family businesses to survive over generations.

SESSION 216

COMMERCIALIZING UNIVERSITY AND PUBLICLY-FUNDED RESEARCH-INSTITUTION INNOVATIONS

TRACK K	Date	Tuesday, Sep 14
	Time	17:00 – 18:15 h
Panel	Room	Michelangelo BR 1 & 2

Session Chair

Duane Ireland, *Texas A&M University*

Panelists

Irma Becerra-Fernandez, *Florida International University*
Leonard Jessup, *Washington State University*
Richard Reed, *Cleveland State University*
Susan Storrud-Barnes, *Cleveland State University*

In 1980 the U.S. enacted legislation (Bayh-Dole and Stevenson-Wydler acts) to improve technology transfer from universities and publicly-funded laboratories to the private sector for commercialization and the consequent economic benefits that provides. While there have been some notable successes over that thirty-year period, we continue to struggle with moving technology from the laboratory to the market-place. This session is designed to bring research and practice into the same forum through discussions of that process. There will be brief presentations by the panelists plus ample opportunity for questions and comments by the audience. The presentations will include recent research on the innovation-commercialization process, technology transfer including the use of spin outs, and the process of setting up a venture-capital fund to commercialize innovations.

SESSION 156

HUMAN CAPITAL AND DIVERSITY

TRACK L	Date	Tuesday, Sep 14
	Time	17:00 – 18:15 h
Common Ground	Room	Bernini 4

Facilitator Sharon Alvarez, *Ohio State University*

Does Demographic Diversity Impact Innovation?

Donald Hatfield, *Virginia Tech*

Mary Connerley, *University of Northern Iowa*

The benefits of demographic diversity for organizational competitiveness have been asserted by many in the management literature; however, the empirical support has been contradictory and inconclusive. Recent research has begun to examine the boundary conditions for the relationship between diversity and performance. In this study, we contribute to this research by using a longitudinal design and a unique database to focus our analysis on the relationship between diversity and patenting rates & types for firms which are investing heavily in research and development activity.

Managerial Ability, Players' Cultural Diversity, and Sporting and Economic Performance in English Soccer

Carlo Amenta, *University of Palermo*

Paolo Di Betta, *University of Palermo*

Claudio Ballor, *Infront Italy*

We present two models to estimate the relevance of managerial ability on performance and the managerial skills in keeping up cultural diversity. We use a large database on professional soccer in England. The manager can have an impact on performance only by improving economic efficiency or by limiting the organization innovation in order to foster the creation of organizational routines. Attendance appreciates home-grown and talented players, and dislikes cultural diversity.

Risky Business and Gender: A Study of Differences in Risk Tolerance and Decision-making

Emily Amanatullah, *University of Texas-Austin*

Christine Shropshire, *University of Georgia*

Erika James, *University of Virginia*

Peggy Lee, *University of Texas-Austin*

Our study explores whether men and women have different levels of risk tolerance in their approach to leadership. We suggest that men may be more likely to construe managerial decisions in a self-interested way, thus resulting in riskier choices, while women may be more attuned to the other-interest, resulting in safer choices. In addition, we explore these risk differences one step further by examining whether men and women have a prevention or promotion focus when formulating and implementing decisions. We use experimental data to test our hypotheses. Results show that gender differences in decision-making and risk aversion exist.

Thinking About Future Job Characteristics, Emotional Reactions, and Resistance to Change

Rune Lines, *Norwegian School of Economics & Business Administration*

Josune Saenz, *University of Deusto*

Nekane Aramburu Goya, *University of Deusto*

This paper adds to the growing body of knowledge regarding emotional reactions by examining some of their antecedents and one behavioral consequence, resistance towards change. More specifically, the purpose of this paper is twofold. First, we explore whether organizational members' prospective thoughts about how key characteristics of their jobs will change affect their emotional reactions to strategy. While much research has examined how perceptions of the implementation process affect workforce reactions, we know less about how reactions are shaped

by thoughts about changes in job characteristics. Second, we explore the extent to which measuring emotions adds to the explanation of resistance to change over and above the effect of thinking about consequences for job characteristics.

When Human Capital Hurts: Scientists in Executive Roles at New Technology Ventures

Hakan Ener, *University of Navarra*

Theories of human capital suggest that more training and education leads to more productivity. While this argument is valid in many contexts, I theorize that it may be counter-productive for top executive teams at technology-based ventures. In an empirical analysis of biotechnology ventures, I test the proposition that firms managed by academically trained scientists perform no better than their peers. The discussion addresses recent debates on the interplay between science and business in high technology industries (Murray, 2004), and why the biotechnology industry in particular has failed to live up to expectations for dramatic breakthroughs in innovation (Pisano, 2006).

Where Do You Come From? The Effect of New Executives' Experience and Industry on Growth

Charles Williams, *Duke University*

Pao-Lien Chen, *National Tsing Hua University*

This study examines how selecting new top management team members from the pool of mid-level managers rather than those with experience on another top management team affects firms' growth. Using data from U.S. cellular firms (1983-1998), we compare the impact of promoting internally with hiring senior executives or middle managers from other firms. In addition, we compare outside executives added from within the industry to those added from outside the industry. We find that adding mid-level executives from outside the firm is positively associated with subsequent growth, and this contrasts sharply with the lack effect for senior executives. However, the value of experience from outside the industry declines as time goes on, suggesting an increase in the industry-specific knowledge requirements as the industry ages.

SESSION 329

SPECIAL TRACK

TRACK S	Date	Tuesday, Sep 14
	Time	17:00 – 18:15 h
Presentation	Room	Bernini 5

Emerging Scholar Presentation: Research on Strategy and Strategic Leadership in Emerging Markets: Opportunities and Challenges**Session Chair**

Yan Zhang, *Rice University*

Panelists

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

Robert Hoskisson, *Rice University*

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

Marjorie Lyles, *Indiana University*

This session discusses future research directions on strategy and strategic leadership research in emerging markets. We will explore the key institutional differences between emerging markets and developed countries (as well as the key institutional differences among emerging markets) and how such institutional differences may impose both opportunities and challenges for doing strategy research in emerging markets. The panel will discuss various research topics including strategic leadership, corporate governance, strategic alliances, innovation, and entrepreneurship.



SESSION 121

MICROFOUNDATIONS OF STRATEGIC DECISION MAKING

TRACK A	Date	Wednesday, Sep 15
	Time	08:00 – 09:15 h
Common Ground	Room	Bernini 2

Facilitator Robert Grant, *Bocconi University*

How Do Decision-Makers Form Expectations for Novel Opportunities?

Timo Ehrig, *Max Planck Institute for Mathematics in the Sciences*

How do decision-makers form expectations for novel opportunities such as online retailing in perspective of 1998 or “cloud computing” in perspective of today? We propose a theory and a formal model of expectation formation for novel opportunity, based on the assumptions that decision-makers reason using strategic representations diffused in their organizational context decision-makers form expectations by optimizing argumentative coherence. We discuss the consequences of our theory in the context of the behavioral foundations of strategy, in particular, how we may understand intentional, but boundedly rational strategic thought, and the influence of organizational context on strategic thought. In particular, we assume that organizational decision-makers form a primary opinion on novel opportunities that then guides the subsequent search behavior and more detailed decisions.

Individual Cognition and Collective Processes in Strategic Decision-Making by Executives and Board Directors

Elizabeth Maitland, *University of New South Wales*
Andre Sammartino, *University of Melbourne*

How do managers interpret and understand foreign environments? Strategic management and decision sciences research has established that managers use mental models to filter and provide structure to information from the external environment. Expansion of the firm's activities across national boundaries increases the information load and uncertainty attached to decision-making. Yet, standard models of internationalization do not incorporate the role of managerial mental models. Granted rare access to the senior executives and Board of a large, but internationally inexperienced firm as weighed up an internationalization opportunity, we test a series of research propositions. We demonstrate the role of mental models in shaping the scanning, screening and decision processes within the firm. Understanding these processes is crucial to identifying the micro-foundations of internationalization strategies and multinational advantage.

Preventing Competitive Irrationality in Strategic Decision Making

Lorenz Graf, *University of Erlangen-Nuremberg*
Andreas König, *University of Erlangen-Nuremberg*
Albrecht Enders, *IMD*
Volker Brinkmann, *University Erlangen-Nuremberg*

Why do managers sometimes sacrifice profits only to improve their relative standing as compared to competitors (“competitive irrationality” (CI)) and what can be done to reduce such tendencies? We build on literature from marketing, business ethics, and social psychology to explain this influential yet hitherto under-investigated decision making bias and then hypothesize on the effects of five potential countermeasures. Specifically, we posit that reducing time pressure, delegating the decision to an external consultant, creating accountability, considering the opposite, and making the bias of CI salient to the decision maker are likely to mitigate CI in strategic decision making.

Prior Learning and the Moderating Role of Metacognition in Fast-changing Environments

Andrea Lanza, *University of Calabria*
Simone Giuseppina, *University of Calabria*
Antonella Pellegrino, *University of Calabria*

Studies on firms' renewal strategies often fail to provide useful guidelines to face competitive challenges since they focus on firms' past learning. In this paper we develop the concept of prior learning to show the negative effect deriving from adopting old solutions for new problems in fast-changing settings. Metacognition, as a higher-order learning capacity, moderates this effect. We propose that the negative effect of prior learning on firms' innovative capacity is moderated by metacognition, suggesting that in fast-changing environments firms should base their decisions more on higher-order learning than on previous learning.

Strategic Decision Making in Small Businesses: Implications for Strategic Flexibility and Strategic Adaptation

Neil Shepherd, *Aston University*
John Rudd, *Aston University*
Gordon Greenley, *Aston University*

Strategic decision making (SDM) in a small business is an informal, highly personalised cognitive process which is emergent in nature. SDM determines the extent to which decision makers generate innovative decision-making options, and is therefore critical in order for small businesses to achieve strategic flexibility to enable strategic adaptation to turbulent environments. By examining SDM in small businesses, this research has the potential to address a major criticism of the extant literature in that it has been pre-occupied with measuring the formality of strategic planning and has neglected the informal, highly personalised and cognitive nature of strategic decision making in a small businesses.

When are People Likely to Mistake Luck for Skill when Evaluating High Performance?

Chengwei Liu, *University of Cambridge*

This research explores when people are likely to mistake good luck for superior skill when evaluating high performance due to the influence of the simulation heuristic, and discusses the behavioral implications for strategic learning and imitation at both micro and macro levels. I argue that mistaking luck for skill when evaluating high performance can lead to desirable outcomes under certain circumstances. The potential usefulness suggests important implications for strategy research. Future research should seek to specify conditions under which the misjudgment can lead to desirable outcomes or undesirable outcomes, and solutions for the problems which ensue.

SESSION 109

BOARDS, TEAMS AND CROSS-CULTURAL RESEARCH IN STRATEGY

TRACK C	Date	Wednesday, Sep 15
	Time	08:00 – 09:15 h
Paper	Room	Tintoretto 1

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

Antecedents of Path-Breaking Changes of Emerging-Economy Firms: The Roles of Top Management Team and Directors

Kiattichai Kalasin, *HEC-Paris*

This study investigates the impact of top management team and board of directors composition on the extent of a firm's path breaking change. I examine this relationship in the context of international expansion to the

first-world countries of emerging-economy firms. Because of different economic and institutional settings between home and host market, I argue that the managers' international exposure, foreign executives, and foreign board members tend to lead firms to engage in path-breaking change. To test my hypotheses, I examine firms from eleven emerging economies. I find empirical support for three of my four hypotheses. International exposure & its heterogeneity, and foreign board members accelerate firms to engage in path-breaking changes. Surprisingly, empirical results indicate that foreign executives prevent firms to engage in such changes.

Empirical Causality Analysis in Strategic Planning: Revelation of Origin-dependent Sales Drivers in the Automotive Industry

Tobias Klatt, *Goettingen University*
Klaus Moeller, *Goettingen University*

Early indications of environmental changes are crucial to the success of strategic planning. Especially in highly dynamic and complex environments like the German automotive market, knowledge on sales indicators' accuracy and their causal relationship with the company's sales is vital. However, strategic planning science lacks of an objective method to assess sales indicators' prediction relevance. We close this research gap by an empirical analysis applying bivariate vector autoregressions in the German automotive industry which offers new insights into sales' indicators causal relevance for sales planning. Based on the country-of-origin research, we reveal evidence on significant differences in the indicators' relevance dependent on the companies' national origin. This offers a more profound way of setting up forecasting systems for companies' sales, capacity and purchase planning.

Symbol or Substance? Board Reforms in the Japanese Electronics Industry

Christina Ahmadjian, *Hitotsubashi University*
Toru Yoshikawa, *Singapore Management University*
Shusai Nagai, *Toyo Gakuen University*

This paper examines the diffusion of Anglo-American corporate governance around the world, with an examination of board reform in the Japanese electronics industry. We analyze two specific reforms: the corporate executive officer and board with committees systems. We argue that while board reforms in Japan diffused through mimetic processes consistent with neo-institutional theory, firms used these reforms to solve specific problems, consistent with behavioral theory of the firm. While institutional processes made board reforms salient and legitimate, firms adopted and shaped these reforms to fit their own circumstances, in particular, their strategies and performance conditions.

The Evolution of Cross-Cultural Research in Management Studies, 1960-2008

Antonio Capaldo, *Catholic University of the Sacred Heart*
Alessandra Vecchi, *University of London Arts*
Bice Della Piana, *University of Salerno*

We offer a thorough assessment of cross-cultural research in the field of management over the last about five decades. Drawing on a sample of 317 articles published in 40 leading management journals between 1960 and 2008, we employ four dimensions of analysis to initially assess each individual decade and then explore the overall evolution of the examined literature over the entire time period. Our findings reveal that: cross-cultural management research has gradually shifted its focus over time; more integration is needed among the different research strands; some subfields have been "pioneers" (i.e. marketing and human resource management), whereas others have been "laggards" (i.e. operations management); some topics (e.g. the homogeneity of domestic culture), although largely discussed, need to be investigated further.

SESSION 245

CONSIDERING ALTERNATIVE BUSINESS MODELS

TRACK E	Date	Wednesday, Sep 15
	Time	08:00 – 09:15 h
Common Ground	Room	Bernini 3

Facilitator Christoph Zott, *University of Navarra*

Four Complementary Paradigms of Strategy Development: An Integrative Framework

James Carlopio, *Bond University*

Many are convinced that the field of strategic management is fragmented and is now ripe for further development via integration. In this paper, several complimentary paradigms of strategic thought are identified, discussed and integrated. The first view is the traditional outside-in perspective, concerned with planning and positioning, and focused on analysis of the external environment. The second is the inside-out resource-based view. The third paradigm is the dynamic, trial-and-error-based emergent and learning view. A fourth paradigm of strategy development, focused on the development of strategy innovations by design is articulated and integrated with the other three. The complementarity of the four views is illustrated and provides us with an integrated, coherent strategic management perspective.

Market Segmentation and Business Performance: A Dynamic Capabilities Perspective

Adina Poenaru, *ESCP Europe*

Despite considerable anecdotal evidence on the benefits of market segmentation, there is little empirical evidence of the impact of market segmentation on business performance. This paper identifies and critically evaluates extant explanations of the mechanisms through which market segmentation influences business performance (marketing planning, resource allocation, competitive positioning, identification of market opportunities), which are found insufficient. Consequently, this paper suggests a re-conceptualization of market segmentation as a dynamic capability and identifies the four main sub-capabilities (segment research, segment monitoring, implementation, organizational integration) that add clarity to the scope of segmentation and more importantly to the mechanisms by which this capability can influence business performance: developing first order marketing capabilities (market-based learning and marketing implementation capabilities).

Quantitative Management: A Critical Resource in Business Model Innovation

Jerome Couturier, *ESCP Europe*
Davide Sola, *ESCP Europe*
Giovanni Scarso Borioli, *ESCP Europe*

Choosing the right business model is critical in today's competitive and volatile economy when it comes to understanding the long-term sustainability of a company's profits. The recent past has witnessed a rise in the use of evidence-based tools for successfully redefining organization fortunes. Yet there is a definite lack of conclusive study establishing the utility of evidence-based, quantitative platform in business modeling. This paper proposes a framework, which establishes the successful utilization of quantitative techniques in choosing and continuously steering the optimal business model amongst various potential evolutions. The framework was tested in the context of a multinational pharmaceutical company, which presented a favourable scenario for testing.

Simplify the Complexity in Business Model Innovation

Sayan Chatterjee, *Case Western Reserve University*

The purpose of this paper is to offer a better method for Business Model Innovation (BMI) which when applied will help corporations understand the principles of their business model and the high level business logic



that makes them competitive. Understanding these principles will help increase customer value and capture as much value as possible for shareholders. The first step is to create taxonomy of business models that can be intuitively understood and the associated value capture logic. This taxonomy will give businesses a general solution to their business model which can then be customized to their specific needs. This customization will be facilitated by first identifying multiple playbooks from which to choose from depending on the capabilities of the business.

Strategic Treasury Risk Management: At the Crossroads for both Theory and Practice

Steve Elliot, *University of Sydney*

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

Treasury risk management strategies implemented by non-financial institutions have been exposed by the Global Financial Crisis as being inadequate. Theoretical as well as empirical models and measures of risk supporting strategic management are poorly equipped to explain and inform decision making under environmental uncertainty. Critical concerns include unrealistic assumptions about underlying motivations, understanding and governance of risk. In response, through analysis of the causes and consequences of the Global Financial Crisis and their comparison with current theory, this paper explores the current understanding of risk under dynamism, describes critical research gaps, and proposes a cognitive framework to assist strategic management of treasury risk.

Strategic Value Management (SVM)

Juan Pablo Stegmann, *University of Maryland*

Strategic Value Management is a new generation of strategic management thinking. It correlates two new tested strategic variables (market power and knowledge) with financial variables (EVA and sales growth). It introduces metrics and accountability into strategic management and business management (SM-BM) disciplines, linking the strategies and environments to stock value creation. It integrates all existing SM-BM thinking, eliminating its atomization, and fostering a powerful simplification and consistency. SM-BM get reduced to the three dimensions of stock value creation: profits, sales growth and capital, driven by three SM-BM dimensions: market power, innovation and resources respectively. This enables the application of SM-BM to non business organizations. The need to maximize shareholder value has serious ethical consequences on the other stakeholders and the environment, leading to current financial crisis, and the need to reconsider the ethical foundations of modern capitalism.

SESSION 241

CORPORATE DEVELOPMENT ACTIVITIES & ABNORMAL RETURNS

TRACK E	Date	Wednesday, Sep 15
	Time	08:00 – 09:15 h
Paper	Room	Bramante 3

Session Chair Asli Musaoglu Arikan, *Georgia State University*

Acquisitions and/or Alliances of Newly IPOed Firms: Performance Effects of Exclusive Versus Mixed Corporate Deal Programs

Asli Musaoglu Arikan, *Georgia State University*

This study investigates whether there is heterogeneity of corporate deal programs (only alliances, only acquisitions, mixed deals, and no deals), and the performance implications of such experience-based capability building over time of the newly IPOed firms in 1988-1999. Findings show that, while there is heterogeneity in the type of deal programs, on average, firms demonstrate persistence throughout their life cycle. Firms that exclusively pursue acquisition deals as opposed to alliance

deals, on average, have higher accounting performance, lower rate of investments in R&D and advertisement, and lower rate of stock market returns. These distinctions among firms with exclusive corporate deal programs of acquisitions or alliances suggest that firms are managed for either generating accounting performance or growth potential through investing in intangibles, respectively.

Dynamics in Corporate Turnarounds: The Shifting Balance Between Retrenchment and Recovery

Achim Schmitt, *Audencia Nantes School of Management*

Sebastian Raisch, *University of St. Gallen*

After two economic crises in recent years, corporate turnaround has become a common phenomenon in managerial practice, but has attracted only limited research attention. Since the late 1990s, the once lively debate on the corporate turnaround process has been at a stalemate. While some scholars argue in favor of a sequential attention to retrenchment and recovery, others advocate simultaneous attention to these turnaround activities. In this study, we build upon both perspectives to develop a new theory: the shifting balance perspective of corporate turnarounds. Based on a unique database of 107 Central European turnaround initiatives, we find that firms can manage the sequential and simultaneous perspectives' inherent tradeoffs by pursuing a shifting balance between retrenchment and recovery activities throughout the turnaround process.

How Diesel Entered the Luxury Sector: Catching and Expanding Complementarities Through M&A

Giovanni Costa, *University of Padova*

Anna Cabigiosu, *University of Padova*

Diego Campagnolo, *University of Padova*

Andrea Furlan, *University of Padova*

This paper illustrates how to successfully entering the luxury industry through strategies of external growth. To do so we use the case of Diesel, a premium brand company in the casual clothing market. In 2000, Diesel successfully entered the luxury segments through the acquisition of Staff International, a firm specialized in managing licenses of luxury brands. Why did Diesel decide to enter the luxury goods sector? Why did Diesel decide to adopt an external growth approach? How did Diesel integrate the target in its corporate structure? We provide answers to these questions relying on the resource complementarity theory to shed some light on the emerging issues.

Which is the Value of Resources at the Origin of Competitive Advantage?

Andrea Beretta Zaroni, *University of Verona*

Understanding and interpreting the sources of abnormal earnings has become a major area of research within the strategic management. Adopting a Resource-Based point of view, but without neglecting the structural approach, the paper suggests a way through which evaluate the resources that, at least in part, are at the origin of abnormal earnings. Notably, starting from the relations existing between resources differentials and competitive advantage and between competitive advantage and abnormal earnings, the study tries to establish a connection between abnormal earnings and resources. To do so the paper tries to give an economic value to resources hypothesized at the origin of abnormal earnings through the evaluation of the internally generated goodwill and through the interpretation of its economic and competitive meaning.

SESSION 170

EXAMINATIONS OF EXECUTIVE TURNOVER**TRACK F, TRACK L**

Date	Wednesday, Sep 15
Time	08:00 – 09:15 h
Paper	
Room	Bramante 4

Session Chair Richard Johnson, *University of Missouri*

CEO Turnover and Succession as Antecedents of Business Exit

Carolyn Decker, *Free University Berlin*
 Rudi K F Bresser, *Free University Berlin*
 Thomas Mellewig, *Free University Berlin*

In this research, two types of business exit events are distinguished: those that involve strategic change and those that are status quo-preserving. To date, the role of top executives in promoting exit decisions and simultaneously nurturing strategic change has rarely been studied. This study investigates the impact of CEO turnover and succession events on the likelihood of strategic versus status quo-preserving business exit. Based on a cross-industry sample of 122 CEO turnover and succession events and subsequent business exits of German corporations, our results suggest that neither voluntary nor involuntary CEO turnover is relevant to business exit. In contrast, outsider succession significantly affects the likelihood of strategic business exit, while a corporation's performance does not moderate this relationship.

Deliver or Else: Expropriation from Minority Investors Across Governance Forms and CEO Turnover

Katarina Sikavica, *University of Munich*
 Esther Kessler, *University College London*

This paper looks at relative expropriation from minority shareholders and the likelihood of CEO turnover across governance forms. Contrary to much extant research that discriminates only between family-owned and non family-owned firms, it argues that it is not a priori clear which governance form imposes the most cost on minority investors. Instead, it argues that different governance forms may represent discrete contexts with a unique set of conditions associated with differing levels of expropriation. Moreover, it argues that managers operating under different governance forms face a different set of incentives and costs of expropriating from minority investors. The results of our (linear and logistic) regression analysis largely confirm our conjectures: Different governance forms are associated with different levels of expropriation and likelihood of CEO turnover.

Executive Turnover in the Stock Option Backdating Wave: When a Firm Gets Implicated Makes a Difference

Margarethe Wiersema, *University of California-Irvine*
 Yan Zhang, *Rice University*

Prior research has found that a firm involved in misconduct seeks to restore or repair damage to its legitimacy. We argue that the social context surrounding corporate misconduct is likely to be influenced by the pervasiveness of the activity, which can reduce the need for the implicated firm to take decisive action to repair or restore its legitimacy. We utilize the 2006 stock option backdating scandal, in which firms illegally manipulated stock options' grant dates, to test this argument. Our paper proposes and finds that firms implicated earlier in the stock option backdating scandal were more likely to remove the executives responsible for the misconduct than were firms implicated later.

Refocusing and Ex-Post Settling Up: The Impact of Prior Governance Characteristics on CEO Turnover

Seemantini Pathak, *University of Houston*
 Robert Hoskisson, *Rice University*
 Richard Johnson, *University of Missouri*
 Shih-chi Chiu, *Nanyang Technological University*

We examine how characteristics of prior governance impact the relationship between poor performance and ex post settling up as shown by CEO turnover in firms undertaking a program of corporate refocusing through divestitures. We posit that such turnover is impacted by CEO entrenchment, board independence, and institutional investor ownership. Our research contributes to the literature on ex post settling up by showing that the incidence of such settling up depends on the strength of the governance structure.

SESSION 175

DEPENDENCE OR ALLIANCE?**TRACK F**

Date	Wednesday, Sep 15
Time	08:00 – 09:15 h
Paper	
Room	Bramante 5

Session Chair John Prescott, *University of Pittsburgh*

Corporate External Development Under Industry Convergence: Alliance Experience Effects on Initial Interindustry Acquisition

Sean Tsuhsiang Hsu, *University of Pittsburgh*
 John Prescott, *University of Pittsburgh*

Researchers have focused on firm corporate external development activities by examining how firms leverage and convert strategic alliances into acquisitions. In this paper, adopting a sequence perspective, we focus on how firms' prior alliance experience influence its initial acquisition timing in an adjacent industry during industry convergence. We hypothesize that the likelihood of firms' initial acquisition in an adjacent industry increases and then decreases as firms' alliance experience in the adjacent industry (interindustry-horizontal) increases. We further suggest that other forms of alliance experience (intraindustry-horizontal and intraindustry-vertical) have a negative moderating influence on the relationship between interindustry-horizontal alliance experience and initial acquisition timing. The paper proposes a behavioral framework that enhances our understanding of firms' corporate external development in the context of industry convergence.

Resource Dependence Theory: A Meta-Analysis

Johannes Drees, *VU University Amsterdam*
 Pursey Heugens, *Erasmus University-Rotterdam*

Resource dependence theory predicts that organizations seek to reduce environmental interdependence and secure their continued performance by liaising with external resource providers. We synthesize previously reported tests of this perspective through a meta-analysis of 175 studies on the adoption and performance effects of five resource dependence tactics in varying intensity: interlocks, alliances, joint ventures, in-sourcing, and mergers and acquisitions. Our results corroborate the theory's core prediction: environmental interdependencies are positively associated with the adoption of resource dependence tactics, which are in turn positively associated with organizational performance. We show that not all tactics are equally suited for the management of interdependencies. Besides, we demonstrate that the adoption of tactics has a larger positive effect on an organizations' symbolic performance than on their substantive performance.



Simultaneous Alliance, Sequential Alliance, and Firm Performance

Kuo-Feng Huang, *National Chengchi University*
 Lei-Yu Wu, *National Chengchi University*
 Chieh Lun Chang, *National Chengchi University*

This paper extends prior alliance studies from an alliance project level to a firm level, and tests the influence of simultaneous alliances and sequential alliances on firm performance using data from 1,029 alliances in the global pharmaceutical industry. Our research suggests that simultaneously conducting multiple alliances may not generate better performance except for the firms with large size or for conducting inter-industry alliances. This paper contributes to the existing theory by examining the joint effect of simultaneous alliances and characteristics of alliances on a firm's performance.

The Curvilinear Relationship between Alliance Portfolio Complexity and Firm Performance: Evidence from the Pharmaceutical Industry

Werner Hoffmann, *WU Vienna*
 Florian Heitzenberger, *WU Vienna*
 Katharina Wratschko, *WU Vienna*

This study aims at analyzing the impact of alliance portfolio complexity on firm performance using data from the pharmaceutical industry. Our results show that alliance portfolio configuration along several dimensions significantly affects both financial performance and market performance of firms. Our data indicates an inverted u-shape relationship between technological, alliance type and partner type diversity on the one hand and firm performance on the other hand. Consistent with the "liability of newness" hypothesis our study confirms a u-shape relationship between the current financial performance of a firm and the geographical diversity of its alliance portfolio.

SESSION 182

CORPORATE STRATEGIC VIEW OF ORGANIZATIONAL KNOWLEDGE AND LEARNING

TRACK F, TRACK I	Date	Wednesday, Sep 15
	Time	08:00 – 09:15 h
Paper	Room	Bramante 2

Session Chair Thomas Martin Fojcik, *University of Duisburg-Essen*

Can Production Boundary and Knowledge Boundary of a Firm Remain Distinct From One Another?

Heike Proff, *University of Duisburg-Essen*

A glance at the literature shows conflicting answers to the question whether a firm can survive in the competitive arena in the long term and earn above-average returns if the boundary of optimum production is not congruent with the boundary of necessary knowledge. This paper systematically identifies influencing factors by deducing 9 hypothesis and subject them to a first empirical test. The first results show that the production and the knowledge boundary of a firm may differ on a long-term basis if a product is standardizable, efficient suppliers are available and few complex production processes are required.

Does Experience Imply Learning?

Jay Anand, *Ohio State University*
 Louis Mulotte, *Tilburg University*

Empirical research in strategy has frequently used experience as a measure of learning-by-doing. The implicit argument is that experience improves performance due to enhanced efficiency. We challenge this idea by suggesting that the repetition of an activity by a firm is an endogenous choice. If a firm possesses certain capabilities, it will engage in certain activities and thereby also achieve superior performance. Consequently,

we argue that the positive impact of experience on performance is largely driven by ex-ante capabilities rather than ex-post learning. We demonstrate this effect in a sample of aircraft introduced since WWII. We do not mean to imply that all experience-performance relationships can be explained in this way; rather we propose that in a general case both these mechanisms reinforce each other.

Organizing for Adaptation: Innovative Capabilities, Combinative Potential, Coordination Costs, and Boundary Choices

Konstantinos Grigoriou, *Georgia Institute of Technology*
 Frank T. Rothaermel, *Georgia Institute of Technology*

Under circumstances of disruptive technological change, incumbents often rely on external sources (e.g. alliances, acquisitions) to access emerging knowledge underlying the new technology. In this paper, we look at the internal knowledge networks of incumbents and explain adaptation choices based on the state of internal innovative capabilities and individual level factors. We develop a taxonomy of individuals representing different degrees of innovative productivity and knowledge combinative potential achieved at varying levels of coordination costs to proxy for the corresponding firm-level internal capabilities. Conceptualizing innovation as a process of knowledge production and recombination, we show that incumbents' boundary choices (among internal development, alliances, acquisitions) to govern adaptation and capability development depend on comparative assessments of internal capabilities, intellectual human capital attributes, combinative potential, and coordination costs.

SESSION 287

CROSS-BORDER ACQUISITIONS

TRACK G	Date	Wednesday, Sep 15
	Time	08:00 – 09:15 h
Paper	Room	Bramante 6

Session Chair Laurence Capron, *INSEAD*

Drivers Of Managerial International Business Decisions

Sokol Celso, *Florida International University*

This paper proposes that country locational choices are made by rationally bounded managers who are more likely to use in their decision-making salient geographic and historically acquired country information. Consequently, foreign direct investment decisions and the ensuing and observed pattern of country relatedness as well as trade are more likely to be driven by historic and geographic factors rather by the current state of time-varying institutions. Using data on international investment decisions by all publicly traded MNEs worldwide and country bilateral trade, we show that historic-geographic factors are highly significant and explain the majority of the variance in country relatedness and trade intensity.

Effects of Cross-Border Acquisitions on Acquirer's Home-Market Competitiveness: Resource Augmentation versus Resource Drain

Olivier Bertrand, *St. Petersburg State University*
 Laurence Capron, *INSEAD*

Recent research suggests that two opposing forces, resource augmentation and resource drain, are at play in cross-border acquisitions. Cross-border acquisitions bring learning and resource benefits, but also managerial complexity and higher resource requirements, which often leads to resource trade-offs across target and domestic markets. However, we know little about the net effect of these opposing forces or about which factors influence their magnitude. Using a sample of French outward cross-border acquisitions, we find that cross-border acquisitions increase the competitiveness of acquiring firms in their home market vis-a-vis non-

acquiring domestic rivals. However, the positive effects are stronger for firms that need to catch up in their home market. The effect becomes (non-significantly) negative when acquiring target firms from less competitive countries, suggesting also resource drain effects.

Overseas Acquisitions by Third-world Multinationals: Creating Value Through a Partnering Approach

Prashant Kale, *Rice University*

We examine how third world multinationals (TMCs) manage the overseas acquisitions they have begun doing, and its performance implications. TMNCs acquire overseas companies for their extant capabilities to help accelerate international expansion and for their know-how to upgrade their own resources to compete better at home. Using the context of Indian TMNCs, we argue that TMNCs that keep the overseas acquired firm 'structurally separate' and 'retain' its senior executives exhibit better performance. But structural separation does not mean forfeiting synergies between those firms – TMNCs that use mechanisms to 'selectively link' areas of interdependence achieve greater performance. We term this post-acquisition management approach as a 'partnering' approach because despite 'acquiring' another firm, the acquirer manages that relationship like it would with an otherwise independent 'alliance' partner.

The Use and Value of Consultants in Cross-Border vs. Domestic Acquisitions

Rick Heinick, *Robert H. Schaffer & Associates*
Omar Toulan, *McGill University*

Consultants are often used when one firm decides to acquire another. With the increasing pressures for globalization, more and more of these deals tend to cross borders. A series of hypotheses are presented as to when and for what purpose consultants are used in domestic vs. cross-border deals, as well as how much value they bring to the table in both cases. Through structured interviews, results from 40 companies support the conclusion that consultants are used more often internationally and for a greater variety of expert functions than their domestic counterparts, though the value they bring tends to be less.

SESSION 261

STRATEGIC DECISION PROCESSES AND PERFORMANCE

TRACK H	Date	Wednesday, Sep 15
	Time	08:00 – 09:15 h
Paper	Room	Bramante 7

Session Chair Bruce Lamont, *Florida State University*

A Theory of Escalated Organizational Complacency: A Multi-level Conceptualization

Robert Wright, *Hong Kong Polytechnic University*
Yi Tang, *Hong Kong Polytechnic University*

Why does success lead to failure? Building on extant strategy process and various literatures on 'past performance' we develop a more holistic theorizing on the paradox of escalated organizational complacency. We argue that this is a multi-level construct grounded in managerial interpretations of past sustained success generated at the individual, firm and environmental levels. Each level has the potential to set off a machination of reactions leading to an organization becoming complacent. However when one level infiltrates and influences another and soon all three levels become contaminated, a true state of escalated organizational complacency is reached, further accelerating an organization's ultimate decline. Our preliminary results showed supporting evidence matching our theory of escalated organizational complacency. Implications to theory and practice will be discussed.

Creating and Maintaining Strategic Blind Spots: Exploring failure in the Scottish Banking System

J Ignacio Canales, *University of Glasgow*
Robert MacIntosh, *University of Glasgow*

This paper explores situations in which issues critical to the success or failure of a firm remains on the edge of strategic conversations. We draw on data gathered from top management about instances of these "strategic blindspots" to analyse their formation and impact on strategic decision making. Our data is drawn from the Scottish banking sector which features a number of firms which rose from domestic to international prominence before experiencing significant difficulties during the credit crunch. We use qualitative and quantitative data including interviews with board members and senior management from the firms, documents, presentations and public reports. The paper characterises strategy making routines which permitted denial of actual risks during an extended period of economic prosperity but which subsequently threatened the survival of the firm.

Effects Of Strategic Decision Processes On Quality Of Decisions: A Broad Examination Of Contextual Boundary Conditions

Ioannis Thanos, *Athens University of Economics and Business*
Vassilis Papadakis, *Athens University of Economics and Business*
Chet Miller, *University of Houston*

While the general effects of strategic decision processes (e.g. rationality, politicization) on decision outcomes are well established, our knowledge regarding important boundary conditions for these effects is incomplete. The majority of available research incorporates only the moderating role of environmental dynamism. With this consideration in mind, we conducted a multi-method field study of 143 strategic decisions in a non-U.S. setting to investigate whether environmental, organizational, managerial and decision factors moderate the effects of rationality and politicization. Our findings suggest that only two of these four potential sources of moderation actually make a difference (environmental and managerial factors but not organizational or decision factors). Moreover, the findings highlight the risks that are run when only a limited set of contextual moderators are examined in a given study.

Success Plants The Seeds Of Future Failure: Conservatism And Inertia In The U.S. Motion Picture Industry

Zied Guedri, *EMLYON Business School*
Christophe Roux-Dufort, *EMLYON Business School*
Sarah Park, *EMLYON Business School*

This study addresses two research questions. First, how do organizations behave after an enduring period of success? Second, what factors exacerbate or reduce the likelihood of occurrence of specific behaviors? Building upon self-serving attribution, over-confidence and superstitious learning reinforcement theories, we suggest that the greater the extent of success an organization achieves, the higher the level of conservatism and attachment to past strategies it will exhibit in the future. Such inertia decreases organization's adaptation to the changes in the environment and may bring detrimental outcomes. We also suggest that the relationship between past success and future conservatism and attachment to past strategies is moderated by the concentration of power among decision-makers, the heterogeneity of decision-makers and the speed and non-ambiguity of subsequent performance feedbacks. We empirically investigate these hypotheses in the context of the motion pictures industry over the period 1995 through 2008.



SESSION 213

INNOVATION AND CAPABILITY ANTECEDENTS

TRACK I	Date	Wednesday, Sep 15
	Time	08:00 – 09:15 h
Common Ground	Room	Bernini 4

Facilitator Johanna Jaskari, *Aalto University*

Inbound or Outbound ‘Open Innovation’? - In Search of Antecedent Capabilities

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

Strategic management and innovation theory suggest that companies engage in various forms of knowledge inflows and outflows to develop and drive innovation. Empirical evidence and operationalization of ‘open innovation’ is, however, scant. Our paper contributes to this research gap in three ways: We operationalize two open innovation constructs: inbound and outbound open innovation. We analyze survey data of 116 general managers and innovation managers in health care, manufacturing, and information technology to empirically test the influence of structural and cultural innovative capabilities on inbound and outbound open innovation. Given the specifics of different innovation processes within the analyzed industries, our structural equation model also accounts for the moderating effect of industry association on the relationships among innovative capabilities and open innovation.

Multifaceted Origins of Entrepreneurial Innovation

Jamie Collins, *Baylor University*
 Jeffery McMullen, *Indiana University*
 Kendall Artz, *Baylor University*

Entrepreneurs are constantly seeking new ways of improving their processes, resources and product offerings to increase their value proposition to customers. We argue that successful innovation by entrepreneurial firms originates from the collective influence of three primary factors; the environment in which the firm operates, the entrepreneurial orientation of its key managers, and its capabilities, in terms of its control systems and resource management abilities. Results support such a multifaceted view of the origins of entrepreneurial innovation. This study addresses the recent call to overcome the “inexcusable” lack of entrepreneurship research in India (Barton, et al., 2008) by collecting survey responses from 477 senior executives of entrepreneurial firms in that country.

Resource Allocation Flexibility and Innovation Performance Under Uncertainty

Ronald Klingebiel, *University of Warwick*
 Christian Rammer, *Centre for European Economic Research*

This proposal tests for the relationship between resource reallocation flexibility and innovative performance in uncertain markets. To measure flexibility, we concentrate on firms’ propensity to sequence resource allocation and select out innovation projects over time. Using a large-scale sample of innovative firms, we find a significant positive influence on performance, with diminishing marginal returns. We discuss implications for theory of strategic management under uncertainty.

Rivalrous and Non-Rivalrous Knowledge in the ATLAS Experiment at CERN

Max Boisot, *Ramon Llull University*
 Agusti Canals, *Open University of Catalonia*
 Martin Ihrig, *University of Pennsylvania*
 Markus Nordberg, *CERN*

Theories of endogenous technical change and associated growth theories take knowledge to be non-rival and partially excludable, properties that reflect learning and spillover dynamics. Using a conceptual framework, the

Information-Space and applying it in a case study of the data acquisition process in the ATLAS experiment, one of four being carried out on the Large Hadron Collider at CERN, we show that certain kinds of knowledge are in fact rivalrous and that these form the basis of an organization’s core competences and its competitive advantage. Endogenous growth theory and the resource-based view of the firm thus appear to be adopting different views on the nature of the knowledge that underpins competitive behavior. The analysis has implications both for big science and knowledge-based firms.

Where and How Much To Be Central? Scientific Knowledge Creation and Value Capturing in Nanoscience and Nanotechnology

Daniele Rotolo, *Polytechnic University of Bari*
 Simcha Jong, *University College London*
 Vito Albino, *Polytechnic University of Bari*

This paper examines how the position of individual researchers in R&D networks affects their ability to capture benefits in the knowledge creation and capture process. Specifically, we focus on both academic and the industrial researchers. Extending the social network perspective, we argue that a curvilinear relationship exists between the scientist’s centrality in two different collaborative networks - the scientific and technological networks - and her knowledge creation and value capturing performance. We furthermore argue that the scientist’s centrality in the scientific network positively moderates the relationship between her structural position in the technological network and the value capturing performance. Preliminary empirical evidences from a sample of 1,147 scientists active in the Nanotechnology for Materials and Surface Science field, seem to support our conjectures.

SESSION 196

EXTERNAL KNOWLEDGE SOURCING

TRACK I	Date	Wednesday, Sep 15
	Time	08:00 – 09:15 h
Paper	Room	Bramante 9

Session Chair Gerry McNamara, *Michigan State University*

✪ ✪ In Harsh –and Slack Times: How Does Firm Performance Affect the Intensity and the Direction of External Technology Sourcing

Thomas Kluter, *University of Pennsylvania*
 Felipe Monteiro, *University of Pennsylvania*

Although previous research has investigated the effect of external knowledge sourcing on firm performance, it is striking that we know much less about the inverse relationship. This paper aims at shedding light on how performance affects a firm’s search for external technologies. Based on the behavioral theory of the firm, we consider external technology sourcing as a search process, which is triggered by differences—negative or positive—between a firm’s performance and its aspiration levels. We develop several propositions linking whether a focal firm is in “harsh times”—i.e. performing below its aspiration level—or in “slack times”—i.e. performing above its aspiration level—to both the intensity and the direction of its search for external technologies.

Relational Capital, Specific Investments, and Joint Task: The Case of International OEM Relations

Hui-Mei Wang, *Fu-Jen Catholic University*

This study aims to explore the contributing factors of joint task in offshore OEM business. Previous study considers joint action as a safeguard against opportunistic behavior. This study suggests the role of joint task as a knowledge transfer platform between OEM buyers and sellers. Combining economic lens and relational view, this study conceptually explored the determinants of joint task and empirically evidenced that



both idiosyncratic assets invested and relational capital cultivated in the relations contribute to the extent and scope of joint task between Taiwan OEM sellers and their foreign buyers. Our findings suggest that the level of relation-specific investments can be a strategic choice for investing sellers and fostering close interaction and mutual trust at all management levels with partners is of most importance to induce joint task. This study has important implications for OEM sellers in emerging markets to seek growth through participating in global supply network.

✿ Technology Acquisition and Knowledge Integration

Seungcho Choi, *Michigan State University*
Gerry McNamara, *Michigan State University*

Acquiring knowledge from external partners by acquisitions has been identified as a key element of contemporary firms' competitive strategies. Even though obtaining knowledge through acquisitions is a necessary step to build a competitive capability, more important issues are still remaining: how to use acquired knowledge in post acquisition. This paper considers not only knowledge of target firms but also pre-existing knowledge of acquirers as inputs for knowledge integration in the post acquisition period. This study investigates how organizational learning orientations of acquirers influence knowledge integration behaviors in post technology acquisitions and it considers the degree of knowledge integration of acquiring firms in terms of two distinct dimensions: scope and depth. We examine this question in technology acquisition, where established firms acquire technology based firms, with the use of patent citations of target and acquiring firms.

What the Market Likes: External Learning and Firm Valuation

Anuja Gupta, *University of Pennsylvania*

This paper analyzes learning strategies of firms in dynamic industries to gain technological knowledge from external sources. I study the influence of technological exploration and exploitation on valuation in the short and long run. I argue that learning more novel technologies generates greater variation in the firm's technological knowledge, and thus greater scope for recombinatory innovation, and also opens up new avenues for growth and should therefore lead to higher long term performance. However this strategy may lead to lower valuations in the short run because of investor myopia. I test these hypotheses in the US cardiovascular medical device industry from 1990-2004 and find support for key hypotheses: exploration is indeed a value-creating strategy in high velocity environments but it is discounted in the short run. Further, I find that exploration is not a favored strategy for firms that have underperformed.

SESSION 256

PRACTITIONER INFLUENCE ON STRATEGIC ACTIONS

TRACK J	Date	Wednesday, Sep 15
	Time	08:00 – 09:15 h
Paper	Room	Tintoretto 2

Session Chair Thomas Lawton, *EMLYON Business School*

✿ Learning in Distributed Organizations: How Subsidiary Middle Managers Do (not) Create Global Solutions

Esther Tippmann, *Dublin Institute of Technology*
Pamela Sharkey Scott, *Dublin Institute of Technology*
Vincent Mangematin, *Grenoble School of Management*

How do subsidiary middle managers contribute to organizational learning in distributed organizations? This qualitative study uses a micro-perspective to investigate how subsidiary middle managers search for

distributed knowledge as part of their solution finding to deal with non-routine problems. We find that the middle managers' ex ante classification of the non-routine problem either as local or global influences their solution finding approach, leading to activities that 'negotiate distance' or 'trap in local rigidities'. A solution finding framework is developed which illustrates the middle managers' different roles as 'local template promoters' and 'global principles creators'. Using an activity perspective, this study contributes by unraveling micro-level processes that have largely been neglected by the organizational learning and MNC knowledge process literatures.

Power Disparity and Consensus: A Contingency Effect on Group Performance

Murat Tarakci, *Erasmus University-Rotterdam*
Daan van Knippenberg, *Erasmus University-Rotterdam*
Patrick Groenen, *Erasmus University-Rotterdam*

An investigation of organizational strategies requires a focus on managers' influence on these strategies as association to a manager's power. The findings regarding relationship between performance and strategic consensus over long term goals, the ends, and paths to reach these goals, the means, have been equivocal. This proposal fills the gap by taking the interaction between consensus and the disparity of power into consideration. We find that that the effect of consensus on group performance is dependent on the amount of power disparity within the group. To illustrate, the average group performance of high power disparity groups is lower than the groups with low power disparity, when the consensus on ends and means is high.

Strategizing for a Sustainable Family-Owned Business

Andreas Raharso, *University of Indonesia*

This paper explains why and how high-performing sustainable family owned businesses (FOBs) take into account performance on both the business and family dimensions. Unlike the non-FOB which needs to focus only on the business dimension to deliver shareholder value, the FOB has the responsibility of taking both into consideration simultaneously to attain financial and nonfinancial objectives. Using the widely known resource-based view and agency theory, our research expands on these theories to come up with our concept of family capital, which consists of heritage capital, kin interaction capital, and principled capital. The dynamic relationship between family capital and agency costs is also examined, and the results are aimed at increasing understanding on how to plan and implement a successful and sustainable strategy for an FOB.

SESSION 219

KNOWLEDGE CAPTURE AND ENTREPRENEURIAL OUTCOMES

TRACK K	Date	Wednesday, Sep 15
	Time	08:00 – 09:15 h
Paper	Room	Bramante 8

Session Chair Anand Nandkumar, *Indian School of Business*

Open Innovation and the Architecture of the Entrepreneurial Firm

Ram Mudambi, *Temple University*
Niron Hashai, *Hebrew University*
Tim Swift, *Haub School of Business*

We theorize and empirically show that innovation in high technology entrepreneurial firms is contingent upon three major factors: the ability of firms to learn from partners through R&D alliances; the ability of firms to learn from their customers by integrating their marketing and sales channels; and the ability of firms to spare managerial time and efforts by outsourcing low value added activities such as production. An empirical analysis of panel data for 147 Israeli high technology entrepreneurial



firms is consistent with the above arguments and supports the view that cooperation decisions, value chain activity integration and outsourcing are instrumental for enhancing new technological knowledge creation.

Partnering Strategies in Biotech Firms: An Evolutionary Perspective

Fiorenza Belussi, *University of Padua*
Luigi Orsi, *University of Padua*

The goal of this paper is to understand partnering strategies of Dedicated Biotech Firms (DBFs) in order to add some caution to the generalized opinion according to which DBFs largely exploit their valuable knowledge by allying with incumbent pharmaceutical firms which possess complementary assets. While prior work has focused largely on biotech-pharma alliances, we believe that biotech firms are also engaged in a large number of bio-bio alliances. Considering that they do not have prior alliance experience, they choose a bio-bio alliance to avoid the strong bargaining power during the contractual design of large pharma firms. The theoretical framework is based on capabilities, and evolutionary theories of the firm. Using a sample of 529 US and EU biotech firms, we test and find support for our arguments.

Prior Knowledge, Intellectual Property & New Firm Performance

Sheryl Winston Smith, *Temple University*
Sonali Shah, *University of Washington*

Institutional protections in the form of intellectual property (IP) were created to guard a firm's investment in developing new knowledge. However, empirical evidence regarding efficacy of IP protection is mixed. One reason for this may be non-institutional mechanisms supporting the relationship between IP protection and firm performance; such mechanisms have yet to be investigated. We examine the joint effects of founders' prior knowledge and IP on new firm survival. We distinguish between prior industry experience and prior entrepreneurial experience, and model a two-stage process, accounting first for the likelihood of generating IP, given prior knowledge, and then testing the effects of these variables and their interactions on survival in the second stage. Our empirical setting is a large panel dataset on nascent firms founded in the United States. We generate theoretical implications for the human capital, strategy, patent, and entrepreneurship literatures.

Small Firms, Big Patents? Estimating Patent Value Using Data on Start-Ups' Financing Rounds

Gili Greenberg, *Bocconi University*

This study estimates the relative values of pending and granted patent applications using new longitudinal data on patenting and venture financing activities of 369 VC-backed start-ups who had over 1000 financing rounds between 1994 and 2009. The results reveal significant and positive associations between pending and granted patents and non-software companies' pre-money valuations. The value of an invention appears to substantially increase once it becomes protected by a patent, implying that investors attribute value to patents not only for their signaling effects but also for their productive effects. In the case of software companies, I find no significant association between patents and financing, suggesting that investors view patents as less important in an industry where inventions can be protected by other means such as copyright.

SESSION 314

ENVIRONMENT, INSTITUTIONS AND NEW VENTURES

TRACK K	Date	Wednesday, Sep 15
	Time	08:00 – 09:15 h
Paper	Room	Bernini 6
Session Chair	Thomas Keil, <i>Aalto University</i>	

Dynamics of Firm-Environment Interaction in Building Capabilities in Emerging Economies: Insights from Indian Software Sector

Mukund Dixit, *Indian Institute of Management-Ahmedabad*
Amit Karna, *European Business School*
Sunil Sharma, *Mckinsey & Company*

The question of how capabilities are developed and sustained by the firm has constantly engaged the attention of strategy researchers. The extant literature focuses on aspects of the firm and its internal characteristics like role of knowledge, allocation and modification of resource base, and deployment and refinement of processes. It also provides insights on the lifecycle phases of a capability. What is not adequately researched is the interaction between the firm and the environment in the capability building process, especially in the emerging economy context. This paper explores this through a study of capability building processes in the Indian software sector. Based on qualitative research, the paper outlines the role of environment and firm-environment interaction in each phase of capability building.

Institutional Strategies for Strategic Entrepreneurs

Erkko Autio, *Imperial College London*
Thomas Keil, *Aalto University*
Markus Perkmann, *Imperial College London*

We explore the potential contributions of institutional entrepreneurship theory to strategic entrepreneurship. Drawing on institutional entrepreneurship theory's notions of conformance, challenge and manipulation, we propose an integrative model on how strategic entrepreneurs can merge opportunity pursuit with the creation of competitive advantage by manipulating institutions.

New Venture Growth

Gwendolyn Lee, *University of Florida*

The economic and normative contexts of resource decisions are proposed as an environmental factor that jointly affect the relationship between a firm's internal resources and growth rate. The empirical analysis examines the rate of new venture growth among a cohort of technology-based start-up companies in the beginning years after founding. The results based on panel data suggest that a new venture's growth rate depends on both the economic and normative contexts of its resource decisions. By incorporating the normative context of resource decisions, this article presents a more complete logic of growth in the resource-based view.

SESSION 160

EXAMINING THE ROLE OF HUMAN CAPITAL IN COMPETITIVE ADVANTAGE**TRACK L, TRACK A**

Date Wednesday, Sep 15
Time 08:00 – 09:15 h
Room Bernini 5

Common Ground

Facilitators Gary McMahan, *University of Texas-Arlington*

Drilling for Micro-Foundations of Human Capital Based Competitive Advantage

Russell Coff, *University of Wisconsin*
 David Kryscynski, *Emory University*

There has been great interest in gaining a better understanding of the micro-foundations of strategic capabilities. Along these lines, there is little doubt that heterogeneous human capital is at the core of many conceptualizations of competitive advantage. The strategic human resource management literature has focused on broad policy mechanisms that appear to enhance performance. However, most elements of so-called “high performance work systems” would be relatively imitable and are therefore inconsistent with a theory of sustained competitive advantage. This paper drills down further into group and individual level factors that may contribute to observed heterogeneity of human capital at the firm level. As such, we reach beyond the domain of HR departments to explicate micro-foundations of human capital oriented advantages.

Employer Branding as a Central Construct for a Company's Strategic Success

Tobias Schlager, *University of St. Gallen*
 Mareike Bodderas, *University of St. Gallen*
 Peter Maas, *University of St. Gallen*
 Joël Luc Cachelin, *University of St. Gallen*

Employer branding (EB) has become an important toolkit for human resources. Previous research demonstrates its importance, but up to now no research has been done yet to linking this concept to financial outcomes, or competitive advantage. Adapting the well-established customer value (CV) concept, we consider employees as customers to conceptualize EB dimensions and to empirically investigate the relationship between EB, the Service Profit Chain (SPC), and Internal Branding (IB), constructs determining a company's success and possibly generating a competitive advantage. As a result, an EB model that constitutes of five dimensions is established and verified across genders. The analysis employs a quantitative survey that encompassed 2,189 employees of an insurance company. The results indicate a positive impact of EB dimensions on employees' satisfaction and on identification.

How Applicable is Factor Market Theory to Strategic Human Capital? A Theoretical and Empirical Exploration

Tunji Adegbesan, *Pan-African University*
 Ifedapo Adeleye, *Pan-African University*

Strategic factor market theory holds that firms can not appropriate value from the deployment of valuable resources unless they are lucky, have superior expectations of their future value, or exhibit superior complementarity to such resources. However, there is little empirical evidence, either of firms' ability to systematically appropriate value from resource deployment, or of the postulated theoretical mechanisms that might permit this. Furthermore, there has been almost no study of the applicability of these postulates to strategic human capital. We therefore contribute with a theoretical and empirical exploration of factor markets for strategic human capital. In doing so, we also provide one of the very few studies utilizing high-quality sub-Saharan African data in Strategic Management research.

Individual Career Investments and their Organizational Outcomes

Svetlana Khapova, *VU University Amsterdam*
 Yuval Engel, *VU University Amsterdam*

This paper responds to a recent call for theoretical clarification of how and under which conditions organizations can benefit from employees' self-managed career behavior. Drawing on earlier work of Arthur et al (1995) and Quinn (1992), we present a theoretical model as well as offer relevant empirical support to the idea that through investing in the three ways of knowing, employees contribute to their organizations. The paper extends available theory on the concept of boundaryless career. It also offers a process model of career enactment to capture the dynamic character of career development within a social context. The paper concludes with a discussion about how organizations can benefit from employees increasing focus on investing in developing their careers.

Labor Market Imperfections and the Competitive Advantages of Firms

Clinton Chadwick, *University of Kansas*

This paper describes a number of actions that a firm could take to secure competitive advantage for itself by exploiting imperfections in the strategic factor market for human resources (the labor market). These imperfections concern deviations from three general characteristics of perfect competition: 1) breakdowns in the efficacy of pricing mechanisms, 2) hindrances to free exchange, and 3) relatively widespread non-rational decision making by market participants. To date, the literature on human capital and firm performance focuses almost exclusively on human capital firm specificity. This focus unnecessarily constrains research seeking to link human resources and people management to firm performance because it omits many other mechanisms by which firms can secure competitive advantage through their actions in the labor market.

The Role of University Relationships in Firms' Human Capital Accumulation

Rhett Brymer, *Texas A&M University*

Though relationships with universities have been shown to improve firms' abilities to innovate and gain knowledge via spillovers, I suggest in this paper that there is another critical motivation for firms to strategically establish university ties – the development of human assets as future and long-term employees of that firm. It has been observed that human capital is of greatest value at the firm where first employed (Hitt, Bierman, Shimizu & Kochhar, 2001). This paper argues that firms that have strong relationships with universities tend to have human capital that less imitable and more valuable. A model is proposed illustrating how firms attract, extract value from, and retain human capital by way of strong university relationships.



SESSION 145

PLENARY TRACK

TRACK P	Date	Wednesday, Sep 15
	Time	09:30 – 10:30 h
Showcase Panel	Room	Michelangelo BR 1 & 2

Microfoundations: A New Lens for Strategic Management

Session Chair

Frank T. Rothaermel, *Georgia Institute of Technology*

Panelists

Kathleen Eisenhardt, *Stanford University*

Teppo Felin, *Brigham Young University*

Margaret Peteraf, *Dartmouth College*

David Teece, *Berkeley Research Group*

Scholars have recently made a clarion call for microfoundations in the field of strategic management. While there have been significant conceptual and some empirical advances, there is also much debate and confusion about what microfoundations are and what a potential microfoundations program of research might entail and look like. Presenters will discuss microfoundations as a lens for strategic management from different perspectives, ranging from psychology and human capital to intra- and inter-firm knowledge networks. Presenters will also unearth implications for theoretical and empirical research, management education, and managerial practice.



Frank T. Rothaermel is the Angel and Stephen M. Deedy Professor at the Georgia Institute of Technology and an Alfred P. Sloan Industry Studies Fellow. He currently serves (or served) on the editorial boards of the *Strategic Management Journal*, *Academy of Management Journal*, *Academy of Management Review* and *Strategic Organization*. He regularly translates his research findings for wider audiences in articles in the *MIT Sloan Management Review*, *Wall Street Journal*, and elsewhere.



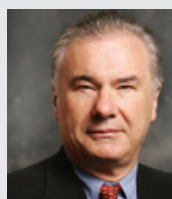
Kathleen M. Eisenhardt is the S. W. Ascherman M.D. Professor and Co-director of the Stanford Technology Ventures Program at Stanford University. She conducts research at the nexus of strategy and organization theory with particular emphasis on entrepreneurial firms and high velocity markets.



Teppo Felin is an Assistant Professor and Lee T. Perry Fellow at the Marriott School of Management, Brigham Young University. His research focuses on information and knowledge, microfoundations of strategic organization, the micro-macro links of organizational capabilities, theory of the firm, political economy, philosophy of science.



Margaret Peteraf is the Leon E. Williams Professor of Management at the Tuck School of Business at Dartmouth. She is best known for her work on strategic group identity, the resource-based view, and dynamic capabilities.



David J Teece is the Thomas W. Tusher Chair at the Haas School of Business, University of California, Berkeley. His research interests include the theory of the firm and strategic management, the economics of technological change, knowledge management, technology transfer, and antitrust economics and innovation.

SESSION 147

PLENARY TRACK

TRACK P	Date	Wednesday, Sep 15
	Time	09:30 – 10:30 h
Showcase Panel	Room	Bramante 1

Heterogeneity of Business Models: Differences Across Systems, Regions, Goals

Session Chair

Alfonso Gambardella, *Bocconi University*

Panelists

Giovanni Dosi, *Sant'Anna School of Advanced Studies*

Anita McGahan, *University of Toronto*

Will Mitchell, *Duke University*

Today we observe a growing heterogeneity of business models across many dimensions. While some of these dimensions are known, and they have been the subject of extant research, others are new. The awareness of these new dimensions – and of the corresponding business models – is growing together with their importance in today's economies, industries or markets. Thus, for example, the difference between a sort of anglo-saxon vs. german/japanese capitalism has had a long-tradition, with the former being more market-based and the latter more substantially associated with formal links between business and financial institutions, and integration of heterogeneous business activities in groups. Similarly, within the European context the French model has exhibited a more significant participation of the State, and in this vein the role of the European Commission in organizing the European markets and industries deserves a special mention. Other dimensions that have been the subject of special attention include new business models formed around new technologies, new organizational forms, or new modes of commercialization. This panel will try to address some of these issues with four speakers who have developed research in this field over the last years. It will conclude with a Q&A session from the public to enrich the debate.



Alfonso Gambardella is Professor of Corporate Management at Bocconi University, where he is also Dean of the PhD Programs. His research focuses on business strategy with emphasis on technology, innovation, industry structure and competition.



Giovanni Dosi is a Professor of Economics at the Sant'Anna School of Advanced Studies. His major research areas include economics of innovation and technological change, industrial organization and industrial dynamics, theory of the firm and corporate governance, economic growth and development.



Anita M. McGahan is Professor and Rotman Chair in Management at the Rotman School of Management at the University of Toronto. Her research interests include strategic issues of competitive advantage, industry evolution, and financial performance. In 2001, she was named by CIO Magazine as one of 5 international experts on the strategic use of technology.



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 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.

For more information about these panelists, please visit the online program schedule at: rome.strategicmanagement.net



SESSION 148

PLENARY TRACK

TRACK P	Date	Wednesday, Sep 15
	Time	09:30 – 10:30 h
Showcase Panel	Room	Bramante 2

Research Direction at the Intersection of Strategy Process and Practice

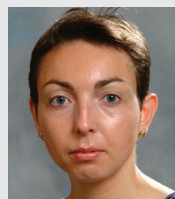
Session Co-Chairs

Véronique Ambrosini, *University of Birmingham*
Sotirios Paroutis, *University of Warwick*

Panelists

Julia Balogun, *Lancaster University*
Steven Floyd, *University of Virginia*
Tomi Laamanen, *Aalto University*
Richard Whittington, *University of Oxford*

The recent SMS Special Conference Finland 'Intersections of Strategy Processes and Strategy Practices' was motivated by the conviction that great strategies do hardly happen by chance: they need the right kinds of strategy development and execution processes, as well as support from robust and innovative strategy-making practices. This suggests that we need to better understand both what strategy processes and strategy practices are as well as the intersections between the two. The intersections of strategy processes and strategy practices offer important new research challenges and opportunities. In this panel, leading strategy scholars will share their experiences around conceptualizing, designing, conducting and publishing research at the intersections. They will address the following questions: how can such studies be conceptualized and designed, what are the key theories that scholars can use, what are some of the challenges in publishing studies at the intersections and how can authors tackle them? The panel will also suggest questions for future studies.



Véronique Ambrosini is Professor of Strategy at Cardiff University (UK). Her recent research work takes a strategy as practice (SAP) approach to the resource-based view of the firm. She is particularly interested in value creation, causal ambiguity and tacit routines.



Sotirios Paroutis is Associate Professor of Strategic Management at the Warwick Business School, United Kingdom. His research explores the practices of strategy teams and strategy directors, the relationship between strategizing and organizing, and the strategizing capabilities required by managers in large multi-business firms.



Julia Balogun is The Professor Sir Roland Smith Chair and Director of the Centre for Strategic Management at Lancaster University Management School. Her research interests center on strategy development and strategic change, renewal and transformation, predominantly within large, mature corporations.



Steven W. Floyd is a Professor of Strategic Management at the University of Virginia. His research on strategy process has been published in *Strategic Management Journal* and the *Academy of Management Review*, as well as other journals.



Tomi Laamanen is Professor of Strategic Management and Director of the Institute of Strategy of Aalto University. His research focuses on strategic management with a special emphasis on strategy process, mergers and acquisitions, capability dynamics, and management's cognition.



Richard Whittington is Professor of Strategic Management at the Said Business School and Millman Fellow at New College, University of Oxford. His main current research area is 'strategy as practice', with a particular focus on the evolution of strategic planning and strategy consulting from the 1960s to today.

For more information about these panelists, please visit the online program schedule at: rome.strategicmanagement.net

10:30 - 11:00
COFFEE BREAK

SESSION 114

ALTERNATIVE PERSPECTIVES ON STRATEGIC DECISION MAKING

TRACK A	Date	Wednesday, Sep 15
	Time	11:00 – 12:15 h
Paper	Room	Bramante 2

Session Chair Christian Stadler, *University of Bath*

Adjustments in Aspiration Formation: Inter-temporal and Social Information Inclusion

Elie Matta, *HEC-Paris*
Nils Plambeck, *HEC-Paris*

In this paper, we investigate the various structures of performance aspirations for a firm's investment decisions. Whereas aspiration levels are often formulated in the behavioral theory of the firm as highly backward-looking and significantly comprehensive in information inclusion (in comparison to similar firms or the industry average), we question whether overly retrospective and comprehensive aspiration formulations best represent the firm's performance feedback process in determining investments for growth. We hence present a theoretical model, based on the variable risk-taking model and the threat rigidity hypothesis that illustrates the salience of 'narrow' formulation of aspirations (i.e. limited time and information inclusion) in contexts of drastic changes and growth opportunities and organizational performance downturn. Arguments are tested in the context of firm capital expenditures for growth.

All Roads Lead to Rome: Converging Performance Trends in Cumulative Prospect Theory

Philipp Rossner, *WHU - Otto Beisheim School of Management*
Lutz Kaufmann, *WHU - Otto Beisheim School of Management*

Assuming cumulative prospect theory in the framework for decisions under risk, we show that negative attainment discrepancy such as arises from incomplete adaptation to recent losses implies stronger attitudes towards risk than equal sized positive attainment discrepancy. The latter, referred to as asymmetric comparative risk attitudes, reveals an unexplored effect in prospect theory: Decision makers systematically prefer higher expected outcome prospects in response to losses than in response to equal sized gains. Hence, cumulative prospect theory provides a natural account for converging performance trends. Numerical results from a multi agent computational model are provided.

Contextual Self-Questioning Ability

Joachim Timlon, *Linnaeus University*

The premise of this paper is the need for research regarding the cognitive dimension of the micro-foundations of resource-based strategy by making an inroad into the domain of knowledge management (Gavetti, 2005). Inspired by Szulanski (1999) we posit that long-held institutional beliefs can be overcome by developing learning capacities of organizational units in new domains. We argue that learning capacities to solve certain kinds of organizational problems are developed through different kinds of knowledge-based capabilities (Zahra and George, 2002) embedded in organizational routines because they change the cognitive structures accompanying a strategic practice, such as the principle for how to organize and perform R&D activities. One such capability is a contextual self-questioning ability to question certain institutionalized principles; an essential mechanism for developing new capabilities.

The Disposition Effect in the Venture Capital Decision-Making Process: An Experimental Approach

Marta Maras, *Bocconi University*

The tendency of investors to retain losing investments in portfolios relatively longer than winning investments has been labeled the disposition effect. I extend the study of this phenomenon to the venture capital market by creating a new experimental setting simulating such

markets and introducing two important features, prior learning and competition. Participants chose, competed for or were assigned ventures they subsequently managed by further investing or selling in the market. Half were trained beforehand to distinguish differential venture quality. In this setting, participants did not exhibit the disposition effect and with training made better venture choices. When overall portfolio performance is decomposed, participants who faced competition performed best in management. Findings point to different expertise dimensions and emphasize a positive relation between learning and performance.

SESSION 280

STRATEGY AND FINANCIAL MARKETS

TRACK B	Date	Wednesday, Sep 15
	Time	11:00 – 12:15 h
Paper	Room	Tintoretto 1

Session Chair Antonio Tencati, *Bocconi University*

Competitive Analysis for Firm Valuation. The Missing Link between Strategy and Corporate Finance

Claudio Chiacchierini, *University of Milan-Bicocca*
Vincenzo Perrone, *Bocconi University*
Francesco Perrini, *Bocconi University*

Shareholder value maximization has been harshly criticized as one of the main culprits of the present crisis. We maintain instead that there is a way to reconcile public growth and prosperity with private wealth. In our "shareholder value chain" model we position the intangible sources of competitive advantage as the fundamental and yet overlooked link in the analysis of shareholder value creation/destruction processes. We connect these intangibles to the dynamics of five forms of competitive advantage, based upon: industry attractiveness, idiosyncratic resources, dynamic capabilities, strategic networks, synergies. We conclude that only through a better understanding of intangibles and of their evolutionary dynamics, it is possible to estimate the intensity and sustainability of the resulting competitive advantage and to generate real economic value.

Market Response Times

Nicholas Switanek, *Northwestern University*
Klaus Weber, *Northwestern University*

Reaction time measures are used in psychology to assess the strength of association between constructs, including the association of attributes with evaluative categories like good and bad. We develop an analogous paradigm based on market reaction times to newswire reports. We argue that the speed of the market's reaction to news about firms provides unique insight into the market's implicit "attitudes" regarding firm-relevant events. Based on psychological and sociological theory, we identify features of information that we predict will trigger faster responses. We test our predictions using a sample of alternative energy firms, news items from Dow Jones and Reuters newswires, and trade-by-trade data from the TAQ database.

Surf's Up: Robust Processes in M&A Waves

Jason Park, *City University of Hong Kong*
Ravi Madhavan, *University of Pittsburgh*

Employing a process-tracing approach, we develop a theoretically informed historical narrative of M&A waves that integrates prior M&A explanations through the lens of Complex Adaptive Systems (CAS) theory. Analyzing historical data from the first U.S. M&A wave of 1898-1903, we identify and describe the inter-dynamics, inner connectivity, and multi-level interaction of Main Street, Wall Street and Washington in terms of the essential CAS constructs of loop reversal, reticulation and recursion. By conceptualizing M&A waves as emergent phenomena that derive from these three signature mechanisms, we hope to advance understanding not only of how M&A waves come about, but also of how to anticipate and shape them. CAS models of M&A waves promise explanations that are in tune with the many-faceted and complex nature of the phenomenon.



The Impact of Corporate Social Responsibility on Investment Recommendations

Ioannis Ioannou, *London Business School*
George Serafeim, *Harvard University*

Using a large sample of publicly traded US firms we examine the impact of corporate socially responsible (CSR) strategies on security analysts' recommendations. We find that socially responsible firms receive more optimistic recommendations in recent years relative to earlier years, documenting changes in analyst perceptions of CSR, over time. Environmental strengths (corporate governance concerns) are associated with more optimistic (pessimistic) recommendations. Moreover, we find that CSR strategies have a stronger impact on the recommendations made by higher quality analysts. Our results show how CSR strategies can affect value creation in public equity markets through analyst recommendations.

SESSION 104

INSTITUTIONS CULTURES AND LANGUAGES IN STRATEGIC DISCOURSE

TRACK C

Date Wednesday, Sep 15

Time 11:00 – 12:15 h

Common Ground

Room Bernini 2

Facilitator

Tina Dacin, *Queen's University*

Does Culture Affect the Choice of Control Strategy? - An Exploratory Study

Xinhua Wittmann, *University of Zurich*
Alexander Wagner, *University of Zurich*
Andrea Schenker, *University of Zurich*

This paper examines how control strategy varies and to what extent the relationship between control modes and perceived effectiveness of control strategy is shaped by cultural dimensions. Based on the statistical analysis of empirical data from IT sector in six countries, we find that the positive correlation between formal control and perceived effectiveness of control strategy becomes stronger for higher uncertainty avoidance societies; masculinity shows a negative moderation effect on the relationship between informal control and perceived effectiveness of control strategy; and employee received trust has greater impact on perceived effectiveness of control strategy in collectivistic societies than in individualistic societies. These findings qualify existing research on the potentially conflicting role of trust and control and have important implications for management practice in intercultural context.

Institutional Distance During Uncertainty: When Foreignness Isn't Such a Liability

Keith Kelley, *Florida International University*
Yannick Thams, *Florida International University*
Marcelo Alvarado-Vargas, *Florida International University*
Kun Yang, *Florida International University*

This paper explores the supposed negative relationship between institutional distance and firm performance in the context of global economic uncertainty. Using a large sample of US multinationals, the authors intend to show that institutional distance will have a positive impact on firm performance during times of uncertainty. The authors will use aggregate measures of institutional distance along normative, cognitive and regulative dimensions, and will compare MNE performance over a period of four years from 2005-2008. It is expected that MNEs with higher levels of institutional distance will perform better than those with lesser amounts during times of uncertainty or that uncertainty will moderate the negative relationship between institutional distance and firm performance such that it becomes weaker.

International Diversification and Firm Performance: A Multi-Level Exploration of Firm and Home Country Institutional Factors

Bo Nielsen, *Copenhagen Business School*
Sabina Nielsen, *Copenhagen Business School*

Using a longitudinal sample of the international diversification behavior of the world's 2000 largest MNCs, originating from 43 countries, we explored the moderating impact of firm and country level factors on the relationship between international diversification and performance. The results confirm the recently proposed S-curve relationship between international diversification and performance, and a positive interaction effect between product and international diversification. In addition, we find support for our main argument that whereas home country regulative institutions positively moderate the international diversification - performance relationship, normative institutions have the opposite moderating effect.

Language and Perceptions of Member Performance in Multinational Teams

Margaret Schomaker, *University of Kansas*
Srilata Zaheer, *University of Minnesota*

Whether between or within firms, geographic dispersion of activities has led to reliance on cross-border teamwork, with all its attendant difficulties. We consider language as one source of diversity affecting teamwork, but move beyond the obvious communication issues to look at how language differences influence perceptions of others' performance. Taking a multidisciplinary approach, we use theory from teams literature, foreign language acquisition, and psychology to argue that perceptions of team member performance are positively affected by the linguistic relatedness between team lingua franca and a member's primary language and by the member's fluency in the lingua franca. We further claim that in-person interaction and international experience will mitigate the negative effects of low linguistic relatedness and lack of fluency on perceptions of performance.

Robust Inter-Institutional Collaboration at ATLAS CERN: Implications for Large Scale Business and Cross-Sectoral Collaborations

Philipp Tuertscher, *WU Vienna*
Raghuram Garud, *Penn State University*
Barbara Gray, *Penn State University*

Large-scale, inter-institutional collaborations in science and society offer intriguing models for future business relationships. Our paper explores the social architecture of collaboration in the ATLAS Project at CERN in Switzerland—a collaboration among more than 2,800 physicists, engineers and administrators hailing from 169 institutions in 37 countries who have designed and constructed a detector to study the results of sub-atomic particle collisions. We investigate several facets of this robust collaboration including its socio-material aspects, the evolution of its social architecture, and mechanisms for addressing scientific and social controversies. We consider implications for designing similar large scale collaborations among business and between business and other sectors of society.

When Trade Associations Matter: A Strategic Configuration Framework for Exerting Influence

Thomas Lawton, *EMLYON Business School*

Many trade associations are failing to consider all available structure types in their political lobbying activity and as a consequence, reducing their influence on policy actors and outcomes. Associations are actively engaged with government, particularly in highly regulated industries such as pharmaceuticals, food and utilities. Despite the wealth of literature in political science on trade associations and in strategic management on corporate political strategy, little has been written on how trade associations can effectively develop their political strategy and structure

to influence government actors on behalf of members. In this paper, we extend a central paradigm of strategic management into the trade association environment so as to foster a better understanding of the strategic decision making process that leads to structure development and performance.

SESSION 309

DIFFERENT PERSPECTIVES ON VALUE CREATION

TRACK D	Date	Wednesday, Sep 15
	Time	11:00 – 12:15 h
Paper	Room	Tintoretto 2

Session Chair Susan Storrud-Barnes, *Cleveland State University*

A Search for the Business-model-based Perspective of Strategy: A Case in the Japanese Online Service Business

Masao Kakiyama, *Yahoo! JAPAN Research*

In order to effectively adapt to high-velocity market environments, practitioners in real business settings eager to have a much clearer and simpler framework for strategy building and execution, rather than highly abstract or theoretical ones. This proposal addresses a possibility of a more dynamic approach of strategy building and execution in order to adapt to fast-moving competitive environments. In so doing, we propose a new practice-oriented, simple perspective for dynamic strategic management: the business-model-based perspective of strategy. We also discuss a unique case in the online service business in Japan, which is perhaps one of the most insightful business contexts in regard to dynamic adaptation to radical environmental changes.

Impact of Supply Chain Flexibility on Performance: RBV Approach

Gholamreza Khoshshima, *Vali-e-Asr University of Rafsanjan*

In this article an attempt is made to classify the SC flexibility literature regarding dynamic capability view. Literature of SC flexibility is analyzed according to dynamic capability view and constructs are classified (resources, routines/competencies, core competencies, and dynamic capabilities flexibility). And then impact of constructs on business performance is investigated. Model tested with structural equation modeling with LISREL version 8.54. Results are shown that dynamic capabilities flexibility has more influence on business performance.

Perceived Collaboration Necessity: A Foundation for Effective Interactions in Temporary Systems of Organizations

Tammy E Beck, *University of North Carolina-Charlotte*
Cynthia Lengnick-Hall, *University of Texas-San Antonio*

Escalating competition, diminishing opportunities for sustained competitive advantage, and resource constraints create a need for better understanding of collaborative activity among organizations working together on a temporary basis. When working in temporary systems, organizations often lack traditional operational lubricants, such as organizational trust, due to limited prior interaction. Research suggests that under these conditions 'swift trust' may contribute to effective performance. Recognition of the contextual conditions accompanying the temporary system creation, which we term perceived collaboration necessity (PCN), is a prerequisite for swift trust formation. In this study, we develop, validate, and empirically assess a measure of perceived collaboration necessity. Our findings support scale validation, and also suggest that higher levels of PCN are more likely associated with intentions to behave in collaborative ways.

Strategy, Customer Oriented Capabilities, and Performance: A Study of the Global Software Services Industry

Joydeep Chatterjee, *University of Pennsylvania*

How do firms develop distinctive capabilities and expand their corporate scope? Using detailed project-level operational, financial, and human capital data from a leading multinational firm in the global IT services industry, I find that deliberate and focused investments in improving human capital helps in developing superior capabilities, which enables the firm to offer higher value added services to its customers, thus expanding its corporate portfolio. Specifically, I identify two capabilities (technological and customer oriented) that are essential for success in this industry and examine their marginal returns to performance. I find that customer oriented capabilities provide higher marginal returns to the firm compared to technological capabilities in this high technology services setting.

SESSION 283

COMPETITION, PRICING, AND THE PURSUIT OF ADVANTAGE

TRACK E	Date	Wednesday, Sep 15
	Time	11:00 – 12:15 h
Paper	Room	Bramante 3

Session Chair Manuel Becerra, *IE University*

Differentiation, Competition, and Pricing Strategies in the Spanish Hotel Industry

Manuel Becerra, *IE University*
Juan Santalo, *IE University*
Rosario Silva, *IE University*

We study formally and empirically the effects of vertical and horizontal differentiation on pricing policy in a large sample of hotels in Spain. Hotels with more stars (i.e., vertically differentiated) obviously have higher prices, but, more importantly and far less evident, they offer smaller discounts over listed prices. Similarly, hotels that belong to a branded chain (i.e., horizontal differentiation) also charge higher prices and provide smaller discounts. As expected, we found that the degree of local competition significantly moderates the effect of differentiation on pricing policy, but only for vertical differentiation. Differentiation indeed protects hotels from the pressure to reduce prices, but competing in quality is more effective than brand differentiation in isolating the firm from the pressure to reduce prices further as competition increases.

Does Pricing Capability Affect Product Market Value Appropriation? A Case-Study in the European Packaging Industry

Niklas Hallberg, *Lund University*

This case-study of pricing capability in the European packaging industry examines the process and mechanisms whereby pricing capability affects product market value appropriation. Pricing related challenges illustrated by the five cases included in the study ranged from keeping track of and setting consistent prices for up to 5000 different products spread across almost a thousand different customers, gaining relevant market and product related information in novel and highly idiosyncratic pricing situations, and controlling the personal discretion of employees involved in pricing decisions. The results show that firms commit to complex configurations of assets, routines, activities, and pricing policies, which enable value appropriation through the ability to discriminate prices, and leverage firm-specific demand and cost conditions.



Punishment by Pricing: Contested Practices and Buyer-Supplier Relations

Amandine Ody, *London Business School*

To grow and survive, some organizations adopt practices that raise strong opposition from their exchange partners. When they depend upon these partners for strategic resources, adopters expose themselves to retaliation. Not only are there few studies on such retaliation strategies but most existing work focuses on “resource withholding”. Yet, theory suggests partners also retaliate by asking more resources in exchange for their participation. In this paper, I address this gap and examine the possibility of punishment by pricing in the Champagne industry. I focus on three practices contested by a firms’ suppliers and show that adopters are punished with higher prices for raw material. I also show how organizational identity moderates this punishment. I thus contribute to the literature on contested practices and organizational identity.

Quality Competition In Platform Markets: Evidence From The U.S. Videogame Industry

Carmelo Cennamo, *Bocconi University*

Juan Santalo, *IE University*

We study the relationship between competition and product quality and ask whether, and how, competition in a product’s niche affects quality of new products introduced in that niche. This question assumes increased relevance in the context of platform markets, where platform success depends on the variety and quality of the products being offered through it. We conduct monthly analysis over 13 years and find that the higher the concentration in market niche, the lower the quality of new titles. This relationship is stronger for titles contracting in exclusivity, yet we find no reinforcing effect for vertically integrated titles (produced by console’s provider). Finally, we find that title competition has a marginal positive effect on quality as long as competition across platforms is vibrant.

SESSION 307

STRATEGIC CONTEXT AND PERFORMANCE

TRACK F	Date	Wednesday, Sep 15
	Time	11:00 – 12:15 h
Common Ground	Room	Bernini 3

Facilitator Philip Bromiley, *University of California-Irvine*

A General, Unified Theory of Strategy, Performance and Strategic Management

Kim Warren, *London Business School*

Strategy scholars and others are concerned about limited relevance and usage of strategy theories and methods, and the resulting stream of short-lived concepts with little rigor. This might be addressed by better integration of existing rigorous principles, including those of other management disciplines, into a general, unified theory [GUT] and body of knowledge. A possible GUT builds on three generic principles – that firm performance at any time depends on current quantities of tangible resources, that those and other resources and capabilities accumulate and deplete, and that interdependencies amongst these processes, interacting with rivals and other exogenous factors, capture the dynamics of the organization’s operating system and resulting dynamic performance. These principles are applicable at all levels of strategy, to all contexts, including to non-commercial cases.

Architectures of Value Creation as Sources of Interorganizational Competitive Advantage

Helmut Dietl, *University of Zürich*

Susanne Royer, *University of Flensburg*

Uwe Stratmann, *University of Flensburg*

Why are some organizations consistently more successful than others? This is probably the most important question in strategy research. The

strategic management literature provides various answers to this question. This proposal suggests an innovative concept of further understanding competitive advantage realization in the context of increasing competition between different value chains respectively networks on a global basis. We call these competing entities value creation architectures. This concept needs further theoretical elaboration and empirical foundation. In this proposal we describe the research steps that we plan to undertake in this direction to be able to better understand intra- and inter-architectural rent creation.

How Does Incentive-Based CEO Compensation Influence Capital Structure

Elizabeth Lim, *University of Texas-Dallas*

Drawing from agency theory, I argue that incentive-based CEO compensation can yield insights on managerial decisions regarding capital structure. I propose that cash bonuses, stock options grants, and stock ownership are negatively associated with debt financing, but restricted stock grants are positively related to debt financing. The empirical analysis yields support for the proposition that heterogeneity in capital structure can be explained by CEO compensation. The results also reveal that approximately 42% of the variance in capital structure can be explained by time effects, 44% of the variance is attributed to firm-level factors, and the remaining 14% variance is due to industry-level characteristics, demonstrating that firm-level factors contribute the greatest to the variance in leverage, and suggesting a strong linkage between strategy and capital structure.

Measuring Strategy’s Impact on Long-Term Financial Performance: An Event-Based Approach

Sidney Winter, *University of Pennsylvania*

Anuja Gupta, *University of Pennsylvania*

Following the valuable example provided by Baker (J. Finance 1992), we extend his broadly applicable methodology and illustrate with an application to Medtronic, a medical devices firm. CAPM-style calculations are used to identify abnormal stock returns at the monthly level. For a category of strategic events, e.g. alliance announcements, we perform event-studies on all such events in the full history. We then can factor these results into the broader history to calculate EBCAR, the event-based cumulative abnormal return over the long term, on the assumption that returns are normal outside of identified event windows. We can thereby measure the portion of (abnormal) long run performance that is attributable to the event category, and confront related hypotheses about sources of abnormal return.

Product Diversification Strategies and Dividend Payout Ratios: A Cross-Country Analysis

Antonio Galvan, *Autonomous University of Tamaulipas*

Kevin Keasey, *University of Leeds*

Julio Pindado, *University of Salamanca*

Chabela de la Torre, *University of Salamanca*

In this paper we aim to build new evidence on both diversification and dividends strategies by testing them with their most common determinants using censored models with panel data methodology. More specifically, by using an international sample we provide evidence on how diversification impacts on dividends payouts ratios and vice versa. Given this approach, we also test extended models incorporating the moderated role played by the legal systems, financial systems and the development of the economy in the relation between diversification and dividends payments. Our principal findings reveal that the substitute effect plays the main role since both strategies are competitors for the available resources into the firm but this effect turn into a complementarity effect in some of the cases.

The Debt R&D Relationship is not Context Neutral: Funding R&D in Different Institutional Contexts

Barclay James, *Louisiana State University*
Jean McGuire, *Louisiana State University*

Strategy research has identified debt and equity as alternative modes of financing and governing firm investment. Based upon the premise that creditors have more limited ability for on-going monitoring of firm investment than equity holders, this literature posits that debt is inefficient as a governance mechanism for firm-specific assets such as R&D. However, little attention has been given to how this relationship is affected by the legal-institutional structure that establishes the rights and enforcement mechanisms provided to investors of capital. We address this deficiency within strategy literature by developing and testing a theoretical framework that examines how institutional-level differences related to information asymmetry between firms and investors and to creditor power influence the governance potential of debt. Our results suggest that the legal-institutional context moderates the debt-R&D relationship.

SESSION 183

RESOURCES AND DYNAMIC CAPABILITIES

TRACK F, TRACK E	Date	Wednesday, Sep 15
	Time	11:00 – 12:15 h
Paper	Room	Bramante 4
Session Chair	Giuseppe Soda, <i>Bocconi University</i>	

Dynamic Capabilities and Success of Major Strategic Change

David Bryce, *Brigham Young University*
Jeff Dyer, *Brigham Young University*
Nathan Furr, *Brigham Young University*

Can firms undertake a major strategic change and expect that performance will improve? This paper examines how various sources of experience influence success following a major strategic change. We find the most consistent predictor of post-change success is whether the firm had prior change experience, such as market entry. This seems to suggest that firms can deploy dynamic capabilities even in relatively unfamiliar or extreme change circumstances. Contrary to the widely-held view that core organizational change leads to worse performance, we find that on average, firms initiating strategic transformation improved profitability during the subsequent five-year period. Firms appeared to improve performance through large-scale resource substitution rather than resource adaptation, i.e. rapidly divesting an old business following new market entry.

★ Getting it Right and Righting it Afterwards: Experience, Ownership (Mis)Alignment and Subsidiary Dynamics

Xavier Martin, *Tilburg University*
Ilya Cuypers, *Singapore Management University*

We theorize under what conditions firms will be more or less likely to select appropriate ownership levels in new international subsidiaries, given the uncertainty in the environment surrounding the subsidiary, and under what conditions firms will subsequently adapt their ownership levels if they are misaligned. We argue that these decisions are contingent on the source and type of experience the firm had with setting ownership levels in previous subsidiaries. Using a sample of 726 Japanese-foreign subsidiaries established in 38 different host countries, we find support for our predictions. Overall, our arguments and findings improve the understanding of how subsidiaries evolve.

How Wide and Broad is the Gap? Complementarities Among Resources and Tasks

Marco Furlotti, *Tilburg University*
Giuseppe Soda, *Bocconi University*

As interfirm collaboration becomes a regular occurrence in the organizational landscape, it is vital to reach a better understanding of how the resources pooled by different firms interact and influence the creation of value. We build on prior research to understand complementary combination of resources as those that fill a gap in the resource endowments of potential partners. At the same time we propose that a much sharper understanding is gained by bringing also task characteristics into the picture. Further, unlike part of the recent literature, we propose that complementarity arises from diversity and dissimilarity alike, and that it is also subject to dissipation. A test of our ideas on a large sample of construction alliances yields strong support for our model.

Path-Breaking or Path-Reinforcing Changes: How Critical Resources Drive Emerging-Economy Firms to Expand Internationally or Prevent Them From Doing So

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

This study investigates the tension between path-breaking and path-reinforcing changes for emerging-economy firms. We explore the influences of firms' critical resources on the extents of their path-breaking change. We examine this in the context of international expansion strategy. In this study, we consider conglomerate diversification, government tie, and market leadership as critical factors in domestic market. We argue that such valuable resources prevent firms from engaging in path-breaking change. The differences of the environmental conditions, institutional frameworks, and rules of the game between emerging economies and international markets encourage firms to improve their current paths. We find empirical supports that the resources of emerging-economy firms critical for their success in domestic market deter them from engaging in path-breaking change and instead focus on domestic market.

SESSION 229

INNOVATION AND KNOWLEDGE ACQUISITION IN A GLOBAL CONTEXT

TRACK G	Date	Wednesday, Sep 15
	Time	11:00 – 12:15 h
Common Ground	Room	Bernini 4
Facilitator	Lilach Nachum, <i>City University of New York</i>	

Can I Count on You? The Effects of Outsourcing of R&D Activities

Olivier Bertrand, *St. Petersburg State University*
Michael Mol, *University of Warwick*

As they look for further innovation inputs, firms increasingly turn to external sources, both at home and abroad. So the contribution of outside suppliers to innovation is gradually supplanting internal efforts. In this paper we investigate how external sourcing of R&D, both at home and abroad, affects the odds of successfully creating product innovations, by studying a large number of businesses in France. We build hypotheses using the international management literature and incorporate resource-based and capabilities arguments. Sourcing from independent suppliers has a negative impact on product innovation but this is true only for domestic sourcing, as foreign sourcing has a positive effect. While external sourcing is often undertaken when firms lack innovation capabilities, the choice to use independent foreign suppliers can produce benefits.



Designing Organizations for Global Open Innovation: Beyond the Transnational Solution

Kazuhiro Asakawa, *Keio University*
Ashok Som, *ESSEC Business School*

We summarize how organizing mechanisms of multinational corporations differ by different types of MNC models (Bartlett and Ghoshal, 1989). Going beyond this classification we propose that the next generation organization would adopt the global open innovation model. We attempt to systematically compare features of organization design that are applicable to the transnational and global open innovation model. Building on Bartlett and Ghoshal (1989), we redefine organizing mechanisms that are relevant for global open innovation in terms of strategy, structure, systems, purpose, process, people and environment. We argue that dimensions of organizing mechanisms that are relevant for transnational management would not apply to the global open innovation model. Global open innovation presents tough managerial challenges that would replace the existing norms of the modern corporations.

Determinants of Global Innovation Role at Overseas R&D Centers

Kazuhiro Asakawa, *Keio University*

This paper features the conditions under which an overseas R&D center conducts innovation for global market. We test the embeddedness and absorptive capacity theories by utilizing the binomial logistic regression method, by analyzing the sample of 99 overseas R&D subsidiaries of Japanese multinational firms. The result shows that local R&D centers' absorptive capacity and their R&D collaborations with business organizations located in other countries facilitate the R&D centers to engage in innovation for global market. The R&D centers' collaborations with local business organizations do not foster innovation for global market. Collaboration with local university, while it has no direct effect on innovation for global market, would contribute to it if the R&D centers have high absorptive capacity.

MNC Knowledge Transfer Through Expatriation: How Do Subsidiary Employees Count

Yetunde Anibaba, *Pan-African University*

The literature suggests that expatriates are important vehicles by which MNCs transfer knowledge to and between subsidiaries, especially when such knowledge is tacit and or complex. Yet it is scant regarding the role of local subsidiary employees in the knowledge transfer process, when as knowledge recipients, they are the barometer for measuring whether indeed knowledge has been successfully transferred. This paper will present findings from an exploratory case study, of the role of subsidiary employees in facilitating successful knowledge transfer through expatriation. Specifically, it will explore the ways the motivation and ability of subsidiary employees as knowledge recipients impact on the transfer process, as well as the effect of their relationship with the knowledge source, and the interaction of these factors on the eventual outcome of knowledge transfer efforts.

Optimizing Portfolio Learning On R&D Network: The Complementary Roles of Structural and Relational Embeddedness

Rangga Almahendra, *Gadjah Mada University*
Shalini Rogbeer, *WU Vienna*

In the context of learning, network collaboration among R&D presents paradoxes for firm. Scholars concluded a mixed result over the question which sorts of network configurations are optimal for learning activities. In order to explain the phenomenon of learning, we argue that it is not sufficient to focus exclusively on observing the structural embeddedness of the network. The essential of relational embeddedness should be also taken into consideration. We observe how two types of network embeddedness alter a focal firm's learning performance from alliance portfolio. The aim of this paper is to examine the joint effect of structural

and relational dimension for firm's optimum learning. Our result suggests that learning performance is modified by the configuration of structural and relational embeddedness from their alliance portfolio.

Parent Company's Benefits from Reverse Knowledge Transfer: The Role of the Liability of Newness in MNEs

Larissa Rabbiosi, *Copenhagen Business School*
Grazia Santangelo, *University of Catania*

This study develops a liability of newness argument with regard to reverse knowledge transfer (RKT) within MNEs by drawing on organizational ecology theory. Unlike prior research on RKT which has looked at subsidiary age as a control, our theoretical argument suggests, and our findings confirm, that, as subsidiaries age, they accumulate knowledge and capabilities stocks. As a result, knowledge transferred from older subsidiaries is more beneficial to parent companies. In addition, we find that subsidiary age has positively moderating effects on transfer channels based on face-to-face interactions as social interaction displays decreasing returns to the fixed factor time. The study offers contributions to international management literature and the management literature on knowledge transfer. It also bears significant implications for managers.

SESSION 270

STRATEGIC RENEWAL

TRACK H	Date	Wednesday, Sep 15
	Time	11:00 – 12:15 h
Paper	Room	Bramante 7
Session Chair	James Oldroyd, <i>Sungkyunkwan University</i>	

Strategic Renewal and Corporate Programs: The Role of Coordination and Learning

Michael Boppel, *University of St. Gallen*

In corporate programs multi-business firms coordinate their portfolio of strategic initiatives that are means for renewing firms' capabilities. Research has focused mainly on capability development and organizational learning within single strategic initiatives. Despite the widespread managerial use of corporate programs, little research about effects on program-level and interplay of strategic initiatives exists. This study addresses this gap by examining the impact of several coordination and learning mechanisms on corporate program performance. Our central argument is that the degree of coordination and the facilitation of deliberate learning mechanisms influence corporate program performance. We conceptualize a corporate program learning process as a major building block of a corporate program capability. Thus, this study contributes mainly to strategic renewal, strategic initiative and dynamic capability research.

Strategic Renewal of Activity Systems: A Model for Interdependence Characteristics

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

In recent years, the phenomenon of activity systems has come to the forefront of strategy research. Previous scholars have identified interdependencies between activities as crucial to understand the strategic renewal of such complex systems. However, extant literature provides surprisingly few distinct dimensions of interdependence that characterize activity systems and influence strategic renewal success. Hence, drawing on strategic renewal literature and complexity science, we propose distinct interdependence dimensions to describe activity systems more holistically and derive a theoretical model on their role in times of strategic renewal.

Strategic Renewal, Corporate Entrepreneurship, and Relational Capabilities

Andreas Hinterhuber, *Bocconi University*

We know little about factors enabling corporate entrepreneurship in established companies, especially about the roles alliances and networks play in enabling fundamental, strategic renewal. The author makes use of an extended in-depth case study to understand factors enabling this transformation. The author particularly highlights the roles of opportunity recognition – the sensing of potentially attractive market opportunities – as well as the conceptual development and practical implementation of mechanisms to realize the identified opportunities – a mechanism which involves extensive alliance and networking activities, linking the value chains of a wide set of dispersed actors to the value chain of the focal company. With this, this author sheds light on consequences of alliance and network activities, an area where researchers have long called for further studies.

The Development of Dynamic Capabilities Through Organizational and Managerial Processes

Dawn Harris, *Loyola University-Chicago*

Frederick Kaefer, *Loyola University-Chicago*

Linda Salchenberger, *Northwestern University*

The research question examined in this paper is how organizational processes such as knowledge management and managerial processes such as the relationship between the CEO and CIO specifically lead to dynamic capabilities. After reviewing the literature, we examine in detail the impact of these particular organizational and managerial processes on dynamic capabilities and then present case studies that illustrate both processes. Our cases specifically illustrate how a financial services firm used organizational processes and how a manufacturing firm used managerial processes to develop dynamic capabilities. In addition, our final case is a healthcare firm that used both organizational and managerial processes; however, this firm did not achieve a long term dynamic capability.

SESSION 188

KNOWLEDGE SPILLOVERS

TRACK I	Date	Wednesday, Sep 15
	Time	11:00 – 12:15 h
Paper	Room	Bramante 9

Session Chair Elisabetta Marafioti, *University of Milan-Bicocca*

Agglomeration, Firm Heterogeneity and R&D Investment under Weak Appropriability Regimes: Evidence from Indian R&D Labs

Anna Lamin, *Northeastern University*

Miguel Ramos, *University of Texas-El Paso*

Contrary to expectations, firms are increasing their R&D investments in countries with weak appropriability regimes. What are the dynamics of R&D investments when firms geographically cluster in such environments? We argue that in such environments firms on average can ‘free-ride’ on nearby firms’ R&D investments in their industry. Further, we qualify this prediction by considering firm heterogeneity, and predict that technologically strong firms will tend to invest less as the agglomeration of labs in their industry increases fearing asymmetric knowledge spillovers; but technologically strong firms will tend to invest more as the agglomeration of labs across all industries increases, suggesting significant cross-industry spillovers at work. We find support for these predictions using a unique empirical setting of R&D labs’ investments in India.

International Strategies and Declusterization: A Dynamic Theory of Italian Clusters

Elisabetta Marafioti, *University of Milan-Bicocca*

Fabrizio Perretti, *Bocconi University*

Edoardo Mollona, *Bologna University*

The internationalization strategy of actors operating in clusters has shown over time its weaknesses, producing a negative effect over the competitiveness of some operators of the cluster itself. In fact, the internationalization of machinery producers, particularly towards farther markets, has interrupted the innovative process which originated from the interplay of the various actors of the cluster (relational capital). Analyzing the demographic data on companies operating in a district, it is clear and visible the fact that many downward operators are reducing in number and are exporting even less than the average of all Italian industrial companies. The feedback model presented in the paper explains this phenomenon exploring consequences produced by export strategies of machinery producers and on the cluster as a whole

Knowledge and Innovation in Regional Systems: An Author Co-Citation Analysis

Arabella Mocciaio Li Destri, *University of Palermo*

Giorgia D’Allura, *University of Catania*

Studies regarding regional innovation systems (RIS) share an interest in localized interactive learning processes, “sticky” knowledge and geographically mediated knowledge externalities. In this view, firm innovation processes leverage extra-firm network relationships operating between and across different scales of analysis. Notwithstanding these communalities, the RIS field shows a significant degree of heterogeneity. Though this poses the basis for fruitful cross-fertilizations between different theoretical approaches, it contemporarily enhances the utility of drawing an overview of how the research area is actually composed. By applying the Author Co-citation method to the literature regarding RIS present in the Social Science Citation Index (SSCI) of Thomson-ISI between 1990 to 2009, this paper offers an objective review of the main contributions to the RIS field of research.

Knowledge Spillovers: Competitive Advantage or Disadvantage?

Karynne Turner, *Georgia State University*

There is an ongoing debate in the literature regarding the economic rents and appropriation of knowledge spillovers. Some researchers suggest that knowledge spillovers are associated with greater performance. This perspective seems to disagree with the knowledge-based view, which argues that the firm’s valuable, unique, inimitable, and nonsubstitutable knowledge provides the firm with competitive advantage and monopolistic rents. In this regard, knowledge spillovers to competitors diminish the firm’s competitive advantage and rents must be shared. This research attempts to address these seemingly conflicting perspectives by examining 1) the differential impact of exploitative and explorative knowledge spillovers and 2) the timing of knowledge spillovers. This theoretical examination reconciles the two perspectives and provides additional insight into the effects of knowledge spillovers on competitive advantage.



SESSION 197

KNOWLEDGE SEARCH

TRACK I	Date	Wednesday, Sep 15
	Time	11:00 – 12:15 h
Paper	Room	Bramante 6

Session Chair Jatinder Sidhu, *Erasmus University-Rotterdam*

Complexity, Uncertainty, and Organizational Congruency

Nobuyuki Hanaki, *University of the Mediterranean*

Hideo Owan, *University of Tokyo*

Many scholars in the fields of organization theory and management strategy have argued that there is a tension between exploration and exploitation. It is often argued that the two activities compete for scarce resources when firms need different capabilities and management policies to promote one over the other. We present another explanation that attributes the phenomenon to the dynamic interactions among activities of search, knowledge sharing, evaluation, and alignment within organization relying on the NK Landscape framework (Kauffman1993). Our results show that successful organizations tend to bifurcate into two types: those that always promote individual initiatives and build organizational strengths on individual learning and those good at aligning individual knowledge base and exploiting shared knowledge. Straddling between the two types often fail. Straddling is especially inefficient when the operation is sufficiently complex or when the business environment is sufficiently uncertain.

Organizational Identity, Learning and Adaptation: How Core Beliefs Affect Knowledge Search, Assimilation and Innovation

Federica Angeli, *Maastricht University*

Jatinder Sidhu, *Erasmus University-Rotterdam*

Drawing on research into learning processes and knowledge-transfer, we argue that while a strong organizational-identity promotes local search and intra-organizational knowledge-assimilation, a weak organizational-identity engenders nonlocal search but hinders knowledge-assimilation. The upshot is that while in less dynamic industries a strong organizational identity aids successful incremental innovation, in dynamic environments, which place a premium on greater internal variety and more radical change, both a strong and weak organizational identity hold back successful innovation. Cross-sectional, multi-industry data supports these ideas. Interestingly, it also indicates that a weak organizational identity promotes adaptive innovation in less complex organizations that gain from boundary-spanning search but, in which, knowledge-assimilation challenges are subdued due to lesser task specialization. We discuss implications for management of organizational identity to foster learning and adaptation.

The Power of Consilience in the Face of Modularity

Ji-hyun Kim, *New York University*

Christina Fang, *New York University*

Recent advances in research on modularity in technologies as well as organizational designs have emphasized the power of modular designs. In this paper, we examine an alternative search strategy which does not assume that the designer has full detailed knowledge of the underlying structure in study; and is built on the philosophical belief in holism rather than methodological reductionism. Using a formal simulation model, we show that this so-called consilient approach to modularity yields higher performance in a variety of payoff conditions. Our work has important implications for the effective design of organizations, technologies as well as for the broader question of philosophical holism.

SESSION 200

EXPLORATION AND EXPLOITATION

TRACK I	Date	Wednesday, Sep 15
	Time	11:00 – 12:15 h
Paper	Room	Bramante 5

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

In the Mix: A Longitudinal Perspective on Allocating Resources to Exploitation and Exploration

Johannes Luger, *University of St. Gallen*

Alexander Zimmermann, *University of St. Gallen*

Research on ambidexterity suggests that managers should place equal emphasis on exploitation and exploration activities. Based on system dynamics modeling, we were able to support the general ambidexterity hypothesis that a decision-making focus favoring either exploitation or exploration at the expense of the other yields negative outcomes. However, our findings challenge the assumption that an equal emphasis on the two activities is most beneficial. Instead, we find that managers' operational decisions biased towards exploitation lead to higher long-term profits than an identical preference for exploitation and exploration. Such a bias generates higher profits in the short run, leads to higher disposable funds for future investments, and increases available resources for both exploitation and exploration in the long run.

Resource Allocation and Explorative Innovation Performance

Osamu Suzuki, *Kwansei Gakuin University*

David Methe, *Kwansei Gakuin University*

Leveraging a unique data set on new pharmaceutical development that incorporates frequency, as well as economic value assessment of these pharmaceuticals, we analyze how exploitative patterns of resource allocation affect explorative innovation results. Specifically, we argue while exploitative resource allocation is shown to be negatively associated with the frequency of ensuing exploratory new pharmaceutical development, exploitative resource allocation is curvilinearly (inverted U-shape) associated with the economic value of exploratory new pharmaceuticals. We also discuss strategic implications of our findings, emphasizing the role of structure and standard behavior patterns in explorative innovation enhancements.

Sequential Ambidexterity and Firm Performance: Evidence from Patent Data

Mumtaz Cagri Arici, *Erasmus University-Rotterdam*

Bernardo S. B. Correia-Lima, *Erasmus University-Rotterdam*

Justin Jansen, *Erasmus University-Rotterdam*

Building on patent data gathered from top 150 patenting U.S. firms in three high-tech industries, this study investigates the effects of sequential ambidexterity on firm performance. In an attempt to outline the boundary conditions of the theory, we look into how organizational size and environmental dynamism moderate this effect. Our findings suggest that sequential ambidexterity, like its counterpart simultaneous ambidexterity, leads to a higher performance. In line with our hypothesis, we find that size moderates this relationship negatively, suggesting that smaller firms benefit more from temporal separation than larger firms. The model shows no support for our hypothesis on environmental dynamism.

Value Creation and Appropriation Effects of Innovation in the Pharmaceutical Industry

Turanay Caner, *North Carolina State University*

Susan Cohen, *University of Pittsburgh*

In this study we examine how firms create value in terms of new product innovations and how they appropriate financial value from these product innovations by the use of their knowledge search strategies

and resources from their alliance partners in their networks. Our goal in this paper is twofold: to integrate knowledge search, alliance networks, and innovation literatures and to expand our theoretical and empirical understanding of the drivers and outcome of new product innovation. In particular, we argue that firms' exploratory and exploitative search and knowledge resources they access via their networks will individually and jointly determine their new product innovations as well as financial gains from these innovations. We develop and test these ideas in the pharmaceutical industry context.

SESSION 303

DEALING WITH TENSIONS IN STRATEGY PRACTICE

TRACK J	Date	Wednesday, Sep 15
	Time	11:00 – 12:15 h
Paper	Room	Bramante 1

Session Chair Donald Maclean, *University of Glasgow*

Action, System and Practice in Strategy Research

Donald Maclean, *University of Glasgow*
David Seidl, *University of Zurich*
Robert MacIntosh, *University of Glasgow*

This paper revisits common difficulties within the strategy literature such as deliberate/emergent, process/content. We consider whether these dichotomised choices are in fact the result of underlying attitudes in relation to first action theory and second, systems theory. A novel reclassification of classic literature is used to establish a new way of conceptualising the theoretical challenges we face in strategy research.

Alliance Partnerships and Acquisition Likelihood in the Biotech Industry: Balancing Exploration and Exploitation of Knowledge

Devkamal Dutta, *University of New Hampshire*
Manpreet Hora, *Georgia Institute of Technology*

Given the uncertainties associated with the drug development process, entrepreneurial biotech firms enter into knowledge partnerships with upstream partners (universities) and horizontal partners (other biotech firms). Upstream partnerships enable the biotech firm to engage in knowledge exploration while horizontal partnerships allow it to continue with knowledge exploitation. We examine the impact of these two different alliance experiences on the biotech firm's likelihood of acquisition by a pharmaceutical company. Using alliance data for over 2000 firms, we find that upstream alliance experience has a U-shaped relationship with acquisition likelihood. Conversely, the relationship between horizontal alliance experience and acquisition likelihood is inverted U-shaped.

Institutionalizing a Strategic HRM Policy Through Strategic Episodes. The Case of a French Cluster

Arnaud Nicolas, *Audencia Nantes School of Management*
Fauvy Stéphane, *ESSCA School of Management*
Nekka Hadj, *University of Angers*

This proposal focuses on the process of institutionalizing a strategic policy of Human Resource Management in a French cluster (Pôle de compétitivité) specialized in the vegetal industry. To understand the institutional and operational implications of this emerging thought, we will rely on analysis and the conducting of meetings organized by members of the cluster (9 meetings and 50 interviews). Three theoretical perspectives will guide us in this study: research on strategic episodes, actor-network theory and the discursive approach of organization. If these three perspectives look at different objectives, they provide interpretative methods that complement each other. The results are both theoretical and managerial.

Strategic Renewal in Practice

Isabelle Bouty, *University of Western Paris-Nanterre*
Marie-Leandre Gomez, *ESSEC Business School*

This research reconsiders strategic renewal through a practice-based lens, emphasizing both the minutiae of strategy work and the social dynamics between individuals, organizations and the competitive field. We build our analysis on an ethnographic case study of a gourmet restaurant. This organization faced with both the need to secure its actual position and clients and the pressure to evolve especially in regard of defending its external field evaluations and competitive position. We show that strategic renewal is the orchestration of heterogeneous yet coherent practices, entrenched in social and material considerations, and dynamically constructed by the members of the organization as they permanently oscillate between the present and the future.

SESSION 224

INTERNATIONAL ENTREPRENEURSHIP

TRACK K	Date	Wednesday, Sep 15
	Time	11:00 – 12:15 h
Paper	Room	Bramante 8

Session Chair Ajay Bhalla, *City University London*

A Strategic Orientation Approach to Born Global Start-ups: A Comparison Among Novice and Habitual Entrepreneurs

Vincenza Odorici, *University of Bologna*
Manuela Presutti, *University of Bologna*

In this paper we aim to explain the different strategic orientation of born global start-ups by empirically focusing on individual entrepreneur and its prior accumulated experience. Based on exploratory multiple cases methodology we try to understand the different strategic orientation of high-tech born global start-ups comparing habitual and novice entrepreneurs. We advance propositions regarding the importance of prior entrepreneurial experience in term of process of knowledge acquisition and exploitation of opportunities abroad, foreign organizational structure, international vision and method of penetration inside foreign markets.

An Ambidexterity Perspective: New Venture Early Internationalization and Growth

Fiona Xiaoying Ji, *Virginia Tech*
Hanko K. Zeitzmann, *Virginia Tech*
Donald Hatfield, *Virginia Tech*

The literature suggested that new ventures need to balance their exploration and exploitation activities through internationalization in order to achieve further growth. In this study, we present an ambidexterity perspective on international expansion of new ventures. Specifically, we argue that there is a trade-off between exploration and exploitation on firms' decisions about when and where to internationalize at the young age. Using data on the population of US firms that recently went public during the period 1998-2008, we expect that early internationalization can aid new ventures' growth and the relationship to be positively moderated by exploiting international resources and negatively moderated by exploration of international activities.

Country-Level Resources and New Business Activity: Contingency Effects of Cultural Values

Dirk De Clercq, *Brock University*
Dominic S. K. Lim, *Brock University*
Chang Hoon Oh, *Brock University*

This paper considers the relationship between a country's bundle of resources (i.e., financial, human, and social capital) and its rate



of new business activity, and examines how this relationship might be moderated by cultural values. Its main thesis is that country-level resources might be less potent for new business creation in countries with more hierarchical and conservative cultures. The hypotheses are tested based on a multi-source panel dataset—comprising data from the Global Entrepreneurship Monitor's Adult Population Survey and Expert Questionnaire; the World Values Survey; and Schwartz' assessment of cultural values—that includes 125 observations from 42 countries, and spans a five-year time period (2003–2007). The study's implications for theory and practice are discussed, and directions for further research in macro-level entrepreneurship are provided.

Heterogeneity in New Venture Formation Rates Across Nations: The Schumpeterian and Institutional Economics Views

Yong Li, *State University of New York-Buffalo*
Shaker Zahra, *University of Minnesota*

We examine the cross-country heterogeneity of new venture formation rates by testing two core propositions derived from the Schumpeterian and institutional economic views of entrepreneurship. From the Schumpeterian view, nations have higher new venture formation rates because they have greater technological opportunities for entrepreneurs to exploit. From the institutional economics perspective, nations with facilitating formal institutions can provide a better incentive structure for entrepreneurs to create new businesses. Our empirical analysis on new venture formation rates for 84 nations during 1996–2005 suggests that technological opportunities and formal institutional development have significant effects on the heterogeneity of new venture formation rates across nations, providing support for both theoretical perspectives.

SESSION 153

LEVERAGING HUMAN CAPITAL WITH HR

TRACK L	Date	Wednesday, Sep 15
	Time	11:00 – 12:15 h
Paper	Room	Bernini 6

Session Chair Francesco Baldi, *LUISS Guido Carli University*

A Real Options Theory of Human Resource Management

Francesco Baldi, *LUISS Guido Carli University*
Lenos Trigeorgis, *University of Cyprus*

Lepak and Snell's (1999) HR architecture suggests firms should view their different employee groups as a portfolio, based on the uniqueness and value of their human assets. The HR architecture is rather static and insufficient in the presence of uncertainty. We extend this framework from a real options perspective integrating the value of flexibility embedded in human capital or HC options to help manage uncertainty. Our real options HC portfolio approach provides a better framework for valuing and strategically managing human capital in a dynamic contingent landscape. We exploit the close linkage between dynamic capabilities and HC options transforming traditionally passive HR investment (make, buy, lease or ally) strategies into flexible ones, deriving insightful propositions about subcontracting or outsourcing and HR alliances.

Contract Human Capital HR Architecture

William Castellano, *Rutgers University*

As contract human capital continues to grow and become a powerful force in the economy contributing to the success of many organizations, it is vital for researchers to enhance their understanding of how organizations engage and manage this component of their workforce. As a result, a framework is proposed (Figure 1) that describes how organizations engage and manage contract human capital and the impact on their performance. Four theoretically-based HR configurations are proposed

based on the interdependency and criticality of the work, which highlight how organizations differentiate the management of contract human capital. Furthermore, the strategic reasons why organizations engage contract human capital is proposed to moderate the selection of relational or transactional HR configurations.

HR Architecture, Capabilities and Organizational Performance: An Empirical Study on Italian Museums

Chiara Paolino, *Bocconi University*
James Hayton, *Bocconi University*
Silvia Bagdadli, *Bocconi University*

In this research, we develop and test a theory of the relationship between High Involvement HR architecture, strategic capabilities, and organizational performance. We test our hypotheses in a longitudinal field study of 83 Italian museums. Our results show that High-Involvement HR architectures are positively associated with the development of strategic capabilities in the museum field. In turn, these capabilities exert a significant influence on multiple indicators of museum performance. The study reveals that strategic capabilities mediate the relationship between High-Involvement HR architectures and museum performance. Our study provides empirical evidence that the creation of strategic capabilities is a significant mechanism for the impact of HRM architectures on organizational performance. Moreover it extends strategic HR research to the less frequently studied non-profit service sector.

Reframing Human Capital: An Open Systems Perspective

Samir Shrivastava, *Swinburne University of Technology*

The first principles of open systems are revisited to derive a viewpoint that suggests an entirely new way of capturing the costs of deploying human capital in the value creation process. It is argued that since inputs to open systems are provided by entities that reside outside the parent system and because employees are an integral part of an organization, human capital (i.e., knowledge, skills, and competencies of employees) cannot technically be modelled as inputs. Such a view leads to a radically different conceptualization of organizations and has implications for how organizations might gauge their own performance and compensate their workforce. From a theoretical standpoint, the proposed viewpoint has the potential to bridge the macro-micro divide that continues to challenge strategy scholars in general and strategic HRM scholars in particular.

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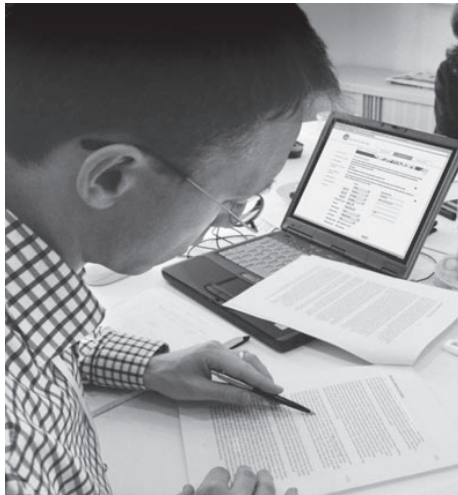
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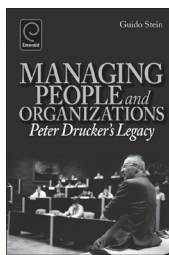
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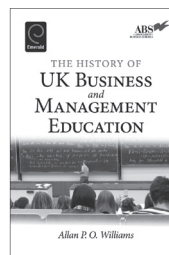


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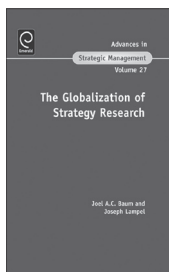


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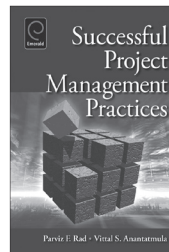


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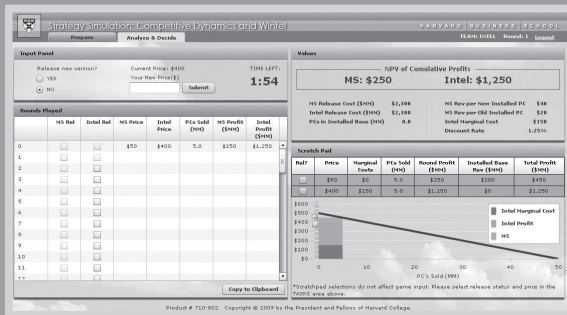


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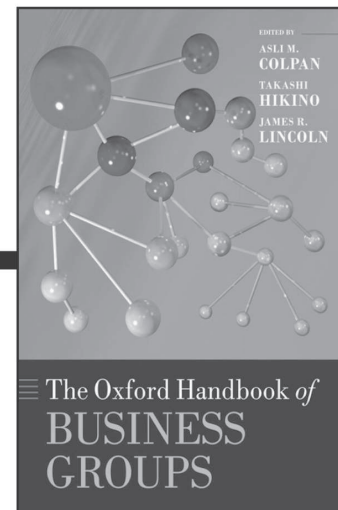
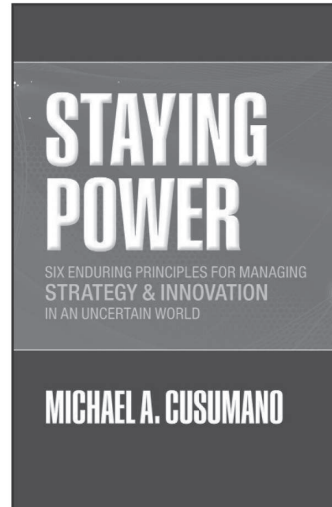
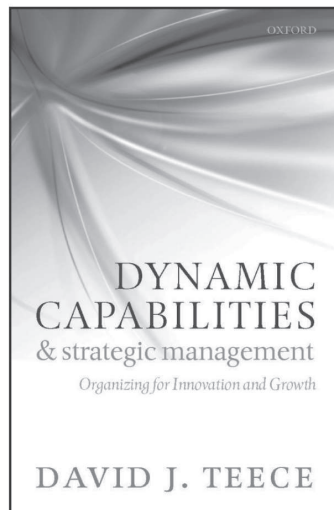


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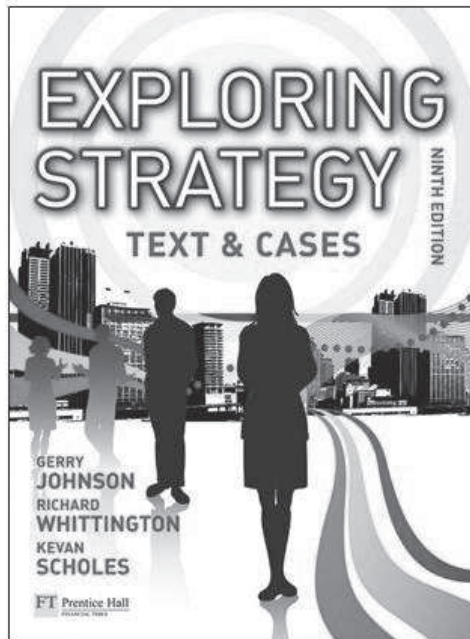
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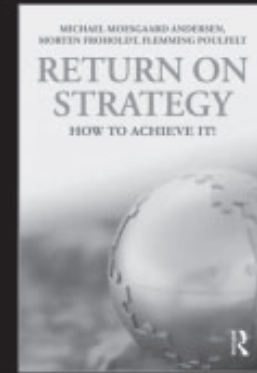
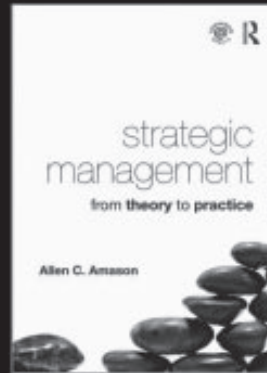
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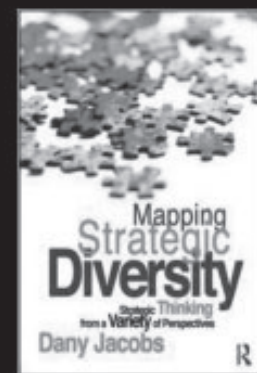
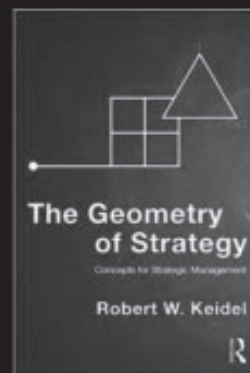
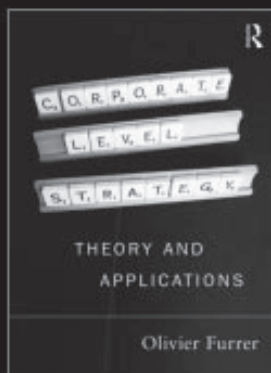


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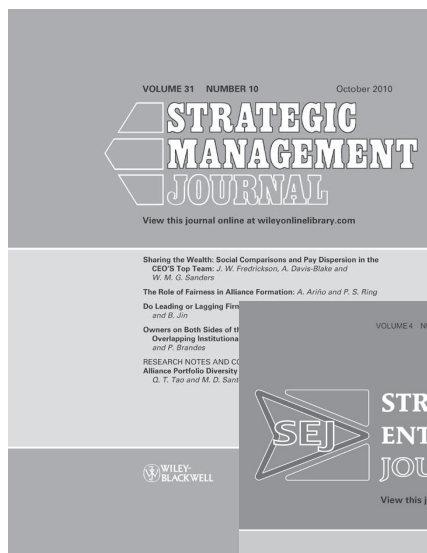
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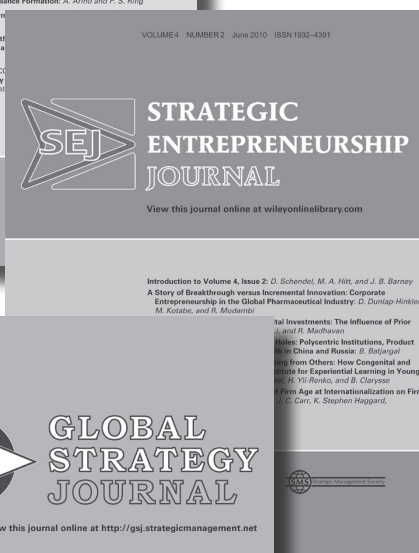
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