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Dear Colleagues:

We would like to welcome you to Cologne for the 28th Annual International Conference of the Strategic Management Society (SMS). This year, under the theme "How Does Knowledge Matter?", we want to discuss with you the various facets of knowledge management in and between organizations.

The sessions at this year's conference concentrate on knowledge as a critical resource for explaining performance differences, innovation, market dynamics, and governance issues. In addition, the costs and benefits of knowledge management as well as innovative methodologies for measuring knowledge and knowledge-related processes are discussed. In addition to the Sunday Interest Group sessions and the events of the new teaching track, the program consists of 460 presentations distributed over 67 paper sessions and 32 common ground sessions, spread across three conference days. It touches on a great variety of interesting questions and current issues that are pertinent to the different interest groups. More than 250 colleagues provided thorough reviews on close to 700 submissions. The review process has largely benefited from the participation of the Interest Group and Conference Theme Track Chairs. Many thanks to Laura Cardinal (Competitive Strategy), Harry Barkema (Corporate Strategy and Governance), Bill Newbury (Global Strategy), Annette Ranft (Strategy Process), Pam Barr (Knowledge and Innovation), Sari Stenfors (The Practice of Strategy), Bill Schulze (Entrepreneurship and Strategy), Tina Dacin (Managing Knowledge), Ingo Weller (Measuring Knowledge), and Stefan Gueldenberg (Evaluating Knowledge). Thank you for your contribution and commitment!

As in the past, we have the opportunity to hear some leading thinkers react to our conference theme. We are very pleased that Dr. Wulf H. Bernotat, CEO, E.ON AG, René Obermann, CEO, Deutsche Telekom AG, and Professor David Teece, University of California - Berkeley have accepted our invitations to be the keynote speakers of this year's conference.

The panel session "The Future of Knowledge Management" will also provide you with many new insights. We are glad that Marjorie Lyles, Indiana University, Nicolai Foss, Copenhagen Business School, and Gabriel Szulanski, INSEAD accepted our invitation to share their ideas with us from a scientific point of view. We also recommend that you plan to attend the sessions "The Future of Knowledge-Intensive Industries" in which senior level executives from Bertelsmann, Erste Bank, Henkel, Iomega, Lufthansa, Microsoft, Procter & Gamble, Siemens, Volkswagen, and The Boston Consulting Group will focus on elements of the conference theme.

You are also invited to meet the editors of the Strategic Management Journal and the Strategic Entrepreneurship Journal. In addition, this year's conference continues fostering excellence in the classroom. We are sure that we will largely benefit from the sessions organized by the members of the SMS Teaching Initiative. To balance the many exciting sessions, we also offer an interesting social program to you. We are looking forward to taking you on a dinner cruise on the River Rhine and an organ concert in the Cologne Cathedral.

Finally, we want to thank all of you for joining us. Special thanks go to the Presenters, Review Committee members, the SMS Board members, and very specially the team of the Executive Office for contributing their time and support.

Have fun, enjoy, and learn!

Thomas Mellwig
Freie Universität Berlin
Conference Program Co-Chair

Bolko von Oetinger
Boston Consulting Group
Conference Program Co-Chair

Dear Conference Participant:

We bid you a warm welcome and are very happy to have you with us for the 28th Annual Meeting of the Strategic Management Society here in Cologne. 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, Thomas Mellewigt and Bolko von Oetinger, have developed a set of interesting and exciting plenary sessions. Following the innovation in our 2007 conference, we have another set of exciting sessions on teaching designed by the Teaching Initiative Task Force chaired by Idie Kesner.

In addition to the presentation and discussion of research and current topics, we will make 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 2008 Emerging Scholar Award during this event.

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 particularly pleased with the successful launch of our new SEJ and are convinced that it soon will have a similarly outstanding reputation as the SMJ enjoys. We have added online access for members to both these journals through our website.

Besides this meeting here in Cologne, there will be a Special Conference to be held in India in December, 2008. Since its conception, the India conference has grown both in size as well as in caliber of who will be gathering and we invite you to learn more about it and attend. We are convinced that it will be a significant event both for strategic management research in India as well as for our Society's outreach to this developing area.

A task force of SMS members developed Guidelines of Professional Conduct intended to be a statement of our values as a professional society and as guidance for professional behavior of our members and others in the profession. We hope that these guidelines will exhibit our ethical values but go further to exemplify the type of professional behavior we believe is important for the continued development of the field.

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.

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



Michael Hitt
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 2,000 members representing a kaleidoscope of backgrounds and perspectives from more than fifty 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 and most recently San Diego.

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 and in December 2008 Hyderabad, India.

HISTORY

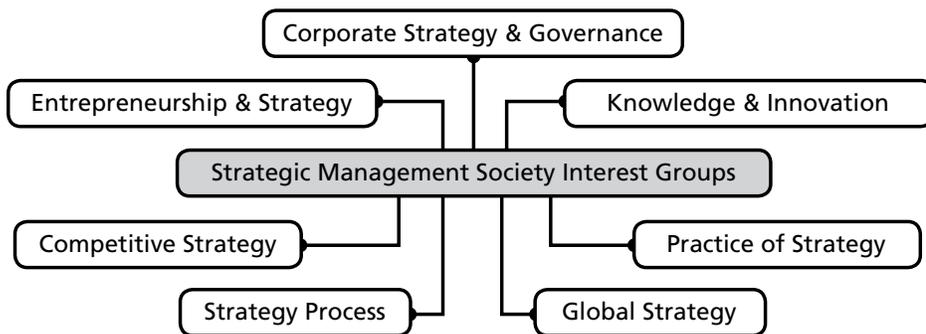
The Strategic Management Society was founded at an initial meeting in London in 1981, founding officers were elected on a second conference held in Montreal in 1982, and the founding constitution was drawn and approved at the third meeting in Paris in 1983. There were 459 original founding members of the society.

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 A journal is consistently rated one of the top publications in the management area. We have recently launched a new 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.

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.

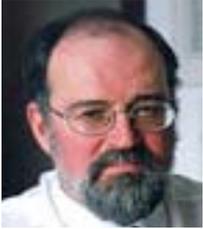
2008 SMS Board of Directors



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Texas A&M University
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Jay Barney
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Nikolaus Pelka
Strategic Management Society
Executive Director



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Term 2009



Steven Floyd
University of St. Gallen
Term 2009

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:

Conference Theme Tracks

- A - Governance Structures and Knowledge Management Processes**
- B - Innovative Methodologies and Approaches**
- C - Costs and Benefits of Knowledge Management**
- D - 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 & Strategy**
- T - Teaching Initiative Track**

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:

Still new: 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 Cologne Conference we are planning a total of 32 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 Cologne Conference we are planning a total of 66 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.

1981 LONDON

Global Strategic Management in the 1980's
Program Chairs: Derek Channon & Hugh Parker

1982 MONTREAL

Exploring the Strategy-Making Process
Program Chairs: Henry Mintzberg & Marianne Jelinek

1983 PARIS

Making Strategy Work
Program Chair: Dominique Heau

1984 PHILADELPHIA

Targeting Strategies
Program Chair: Peter Lorange

1985 BARCELONA

The Essence of Strategic Management
Program Chair: Eduard Ballarin

1986 SINGAPORE

Cultures and Competitive Strategies
Program Chairs: Peter FitzRoy & Gordon Redding

1987 BOSTON

Strategy: Prospect and Retrospect
Program Chairs: Joseph Bower & Andrall Pearson

1988 AMSTERDAM

Winning Strategies for the 1990's
Program Chair: Jan Eppink

1989 SAN FRANCISCO

Strategies for Innovation
Program Chair: Robert Harris

1990 STOCKHOLM

Strategic Bridging: To Meet the Challenges of the Nineties
Program Chairs: Leif Melin & Hans-Olof Hagén

1991 TORONTO

The Greening of Strategy – Sustaining Performance
Program Chairs: David Hurst & Rod White

1992 LONDON

Strategic Renaissance: The Transformation of Economic Enterprise
Program Chair: James Kelly

1993 CHICAGO

Integrating Strategy
Program Chair: Edward Zajac

1994 PARIS

Strategy Styles: Management Systems, Types and Paradigms
Program Chair: Michel Ghertman

1995 MEXICO CITY

Strategic Discovery: Opening New Worlds
Program Chair: Raul Alvarado

1996 PHOENIX

Competing in the New Economy: Managing Out of Bounds
Program Chairs: Gary Hamel & C K Prahalad

1997 BARCELONA

Managing in an Interconnected World
Program Chair: Joan E Ricart

1998 ORLANDO

Tailoring Strategy – One Size Does Not Fit All
Program Chair: Kevin Coyne

1999 BERLIN

Winning Strategies in a Deconstructing World
Program Chairs: Dieter Heuskel & Rudi K F Bresser

2000 VANCOUVER

Strategy in the Entrepreneurial Millennium: New Winners, New Business Models, New Voices
Program Co-Chairs: Raffi Amit, Charles E Lucier & Bertrand G Shelton

2001 SAN FRANCISCO

Reinventing Strategic Management – Old Truths and New Insights
Program Co-Chairs: Richard Bettis & Derek Dean

2002 PARIS

Old Barriers Crumbling, New Barriers Rising
Program Co-Chairs: René Abate & Karel Cool

2003 BALTIMORE

Intersections: Strategy Across Conventional Boundaries
Program Co-Chairs: Rita Gunther McGrath & Bertrand G Shelton

2004 SAN JUAN

Strategic Balance: Driving Innovation And Maintaining Performance
Program Co-Chairs: Patricia Gorman Clifford & Steven Floyd

2005 ORLANDO

Strategic Management: Achievements And Opportunities
Program Co-Chairs: Irene Duhaime & Carl W Stern
Associate Chair: Javier Gimeno

2006 VIENNA

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

2007 SAN DIEGO

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

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 winner.

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 nominated as finalists for this award. You will find these papers indicated throughout the program. The winning paper and the honorable mentions will be announced at the Tuesday Awards Luncheon.

MONDAY

TRACK E | SESSION 1076 | 15:30-16:45

Value Creation in the Knowledge Economy: The Rigor, Relevance, and Morality of the Resource-Based View

J W Stoelhorst, *University of Amsterdam*
Flore Bridoux, *Erasmus University Rotterdam*

MONDAY

TRACK F | SESSION 1107 | 15:30 – 16:45

The Impact of CEO Tenure on Exploitation and Exploration: A Longitudinal Modeling

Zeki Simsek, *University of Connecticut*
David Souder, *University of Connecticut*

MONDAY

TRACK A | SESSION 1042 | 17:00-18:15

The Affects Of Practices Of Governance and Leadership On Capabilities and Performance Of Alliances

Jochen Schweitzer, *University of Technology Sydney*
Siggi Gudergan, *University of Technology Sydney*

MONDAY

TRACK D | SESSION 1028 | 17:00-18:15

Bringing Institutions into Performance Persistence Research: Product, Financial and Labor Market Institutions

Aya Chacar, *Florida International University*
Balagopal Vissa, *INSEAD*
William Newbury, *Florida International University*

TUESDAY

TRACK H | SESSION 1050 | 11:15-12:30

Linking the Motives of Middle Managers to Perceptions of Stakeholder Salience

Donal Crilly, *INSEAD*
Pamela Sloan, *HEC-Montreal*

TUESDAY

TRACK J | SESSION 1114 | 11:15-12:30

Reports of Death Exaggerated: The Evolution of Strategic Planning from the 1960s to the 2000s

Richard Whittington, *University of Oxford*
Ludovic Caillaud, *University of Toulouse*

WEDNESDAY

TRACK F | SESSION 1106 | 10:00-11:15

Meta-Analysis in Strategic Management Research: On Evidence-based Management, Hunter/Schmidt, and Hedges/Olkin

Andreas Bausch, *University of Jena*
Frithjof Pils, *Jacobs University Bremen*
Adalbert Wilhelm, *Jacobs University Bremen*

WEDNESDAY

TRACK G | SESSION 1084 | 11:30-12:45

Technological Capabilities and the Decision to Outsource R&D Services

Andrea Martinez-Noya, *University of Oviedo*

WEDNESDAY

TRACK H | SESSION 1052 | 10:00-11:15

Social Games in an Economic Frame: Connecting Strategy Processes, Activities and Capabilities

Patrick Regnér, *Stockholm School of Economics*
Udo Zander, *Stockholm School of Economics*

WEDNESDAY

TRACK J | SESSION 1113 | 10:00-11:15

Making Sense of Top and Middle Managers' Cognitions of McKinsey's 7S +3 in Practice

Robert Wright, *Hong Kong Polytechnic University*
Richard Soparnot, *Groupe ESCM*

SMS BEST CONFERENCE PAPER FOR PRACTICE IMPLICATIONS AWARD

The following five papers have been nominated for this award. You will find these five presentations indicated throughout the program. The winners will be announced at the Tuesday Awards Luncheon.

MONDAY

TRACK A | SESSION 1036 | 11:15-12:30

Knowledge Management in the SME and its Relationship to Strategy, Ownership Structure and Organization Learning

Haibo Zhou, *Erasmus University Rotterdam*

Lorraine Uhlener, *Nyenrode Business University*

Sita Tan, *EIM (Panteia)*

MONDAY

TRACK E | SESSION 1076 | 15:30-16:45

Human Resource Management Practices and Knowledge Processes Outcomes: Theory and Evidence

Christos Pitelis, *University of Cambridge*

Andreas Georgiadis, *Centre for Economic Performanc*

MONDAY

TRACK E | SESSION 1069 | 17:00-18:15

Paradise Sold: Identity, Resource Partitioning and Organizational Form in the Organic Farming Industry

Katarina Sikavica, *Ludwig-Maximilians-University*

Jo-Ellen Pozner, *University of California-Berkeley*

MONDAY

TRACK J | SESSION 1112 | 17:00-18:15

Models and Strategic Decision-Making Under Uncertainty

Hugh Courtney, *University of Maryland*

Fred van Eenennaam, *Nyenrode Business University*

TUESDAY

TRACK J | SESSION 1111 | 14:30-15:45

The Roles of Strategy Directors and Strategy Teams in Large Firms

Sotirios Paroutis, *University of Warwick*

Duncan Angwin, *University of Warwick*

SMS EMERGING SCHOLAR AWARD 2008

The recipient of the 2008 SMS Emerging Scholar Award presents and discusses current research.

TUESDAY

TRACK D | SESSION 1117 | 11:15 – 12:30

SMS Emerging Scholar Award Recipient 2008 - Riitta Katila

Session Chair

Riitta Katila, *Stanford University*

Panelists

Constance Helfat, *Dartmouth College*

Riitta Katila, *Stanford University*

Margaret Peteraf, *Dartmouth College*

✿ SMS BEST CONFERENCE PHD PAPER

The following 11 papers have been nominated 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 F | SESSION 1096 | 11:15-12:30

Executive Compensation, Financial Slack, and Strategic Risk-Taking: A Behavioral Agency Perspective
 Elizabeth Lim, *University of Connecticut*

MONDAY

TRACK A | SESSION 1041 | 15:30-16:45

Value Creation in University-Firm Research Collaborations: A Matching Approach
 Denisa Constanta Mindruta, *University of Illinois-Urbana Champaign*

MONDAY

TRACK H | SESSION 1051 | 15:30-16:45

Organizational Restructuring, Patching and Economic Performance: Delayed versus Continuous Adjustment Perspectives
 Stéphane Girod, *University of Oxford*
 Richard Whittington, *University of Oxford*

MONDAY

TRACK A | SESSION 1042 | 17:00-18:15

The Management and Transfer of Resources and Organizational Capabilities as a Key Success Factor for the Post Acquisition Integration Process
 Carina Uhlig, *Grenoble School of Management*
 Lars Schweizer, *Frankfurt University*

TUESDAY

TRACK I | SESSION 1017 | 11:15-12:30

Does Licensing Foster Rapid Innovation?
 Maria Isabella Leone, *Luiss Guido Carli University*
 Toke Reichstein, *Copenhagen Business School*

TUESDAY

TRACK H | SESSION 1049 | 14:30-15:45

Cognitive Dynamics of Strategic Change in Managerial Belief Systems
 Timo Vuori, *Helsinki University of Technology*

WEDNESDAY

TRACK E | SESSION 1065 | 10:00-11:15

Tie versus Tie: When do Corporate Development Activities Strengthen or Disrupt Buyer-Supplier Ties?
 Youtha Cuypers, *Tilburg University*
 Xavier Martin, *Tilburg University*

WEDNESDAY

TRACK E | SESSION 1068 | 11:30-12:45

Knowledge In, Knowledge Out: Environmental Communication and Reputation Advantage
 Deborah Philippe, *HEC-Paris*
 Rodolphe Durand, *HEC-Paris*

WEDNESDAY

TRACK F | SESSION 1092 | 11:30-12:45

The Dynamic Diffusion Process of Downsizing in Korea 1997-2006
 Sookyoung Lee, *Korea University*
 Hicheon Kim, *Korea University*

WEDNESDAY

TRACK G | SESSION 1084 | 11:30-12:45

Technological Capabilities and the Decision to Outsource R&D Services
 Andrea Martinez-Noya, *University of Oviedo*

WEDNESDAY

TRACK I | SESSION 1015 | 11:30-12:45

Categorization and Memory: The Evolvability to New Prototypical Configurations of Knowledge
 Amit Jain, *INSEAD*
 Bruce Kogut, *INSEAD*

Recommended Dress

Business casual attire is recommended for all conference sessions.

Monday Evening Event

Our conference will take you on the Rhine River in Cologne. Monday night we'll enjoy a dinner cruise down the Rhine River followed by a tour and organ concert at the famous Cologne Cathedral. The dress for this event is business casual.

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.

The Business Center

The full-service Business Center is located on the 2nd Level of the Hotel. The Center will be open from 10:00 – 20:00h on Saturday/ Sunday and 07:00 – 23:00h Monday thru Wednesday.

Internet Café

With equipment generously provided by the Boston Consulting Group, an Internet Café will be available in a room off the Glas Gallery. The Internet Café will be open from 08:00 – 18:00h Sunday, Monday and Tuesday and 08:00 – 14:00h on Wednesday

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 hotels restaurants and bars are also non-smoking. There is smoking allowed in the glass gallery as well as in smoking guestrooms

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.

Speaker Ready Room

Located in Salon 9 on Conference Floor 1. The Speaker Ready Room will be provided for speakers to prepare for their presentations. The Room will be open from 08:00 – 18:00h on Monday and Tuesday; and 08:00 – 11:00h on Wednesday.

WASHINGTON DC

OCT 11-14
2009

save the date

**STRATEGIES IN AN
UNCERTAIN WORLD**

Washington, DC • October 11 – 14, 2009

PROGRAM CO-CHAIRS
Marjorie Lyles
Jeffrey Reuer

LEARN MORE AT
dc.strategicmanagement.net

**SMS 29TH ANNUAL
INTERNATIONAL CONFERENCE**

The individuals listed below worked with this year's Program Co-Chairs, Thomas Mellewigt and Bolko von Oetinger, 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.

Bjoern Ambos	Laura Cardinal	Christoph Lechner	Sari Stenfors
Véronique Ambrosini	Mason A Carpenter	Joseph Mahoney	Gianmario Verona
Africa Ariño	Tina Dacin	William Newburry	Ingo Weller
David Audretsch	David Deeds	Robert Nixon	Richard Whittington
Harry Barkema	Stefan Gueldenberg	Annette Ranft	Margarethe Wiersema
Pamela Barr	Idie Kesner	Karen Schnatterly	Maurizio Zollo
Laurence Capron	Mark Kriger	William Schulze	

The Strategic Management Society sincerely thanks and gratefully recognizes the time and effort of the following additional persons who served as reviewers for the SMS 28th Annual International Conference.

Tunji Adegbesan	Chris Changwha Chung	Andrew Inkpen	John Mezias	Christian Seelos
Ruth Aguilera	Paola Cillo	Claus Jacobs	Steven Michael	Susan Segal-Horn
Todd Alessandri	Michael Ciuchta	Sanjay Jain	Douglas Miller	David Seidl
Sharon Alvarez	Patricia Gorman Clifford	Naveen Jain	Chet Miller	Jamal Shamsie
Tina Claudia Ambos	Jamie Collins	Justin Jansen	Will Mitchell	Nicolaj Siggelkow
Jay Anand	Massimo Colombo	Robert Jensen	Kathrin Moeslein	Francisca Silva
Espen Andersen	Laura Costanzo	Richard Johnson	Thomas P. Moliterno	David Siron
Duncan Angwin	Alvaro Cuervo-Cazurra	Anna Jonsson	Felipe Monteiro	Alexander Sleptsov
Asli Musaoglu Arikan	Parthiban David	Ariff Kachra	Anna Nadolska	Abraham Soleimani
Andac Arikan	Julio de Castro	Sarah Kaplan	Louise Nemanich	Gerhard Speckbacher
Jean-Luc Arregle	Bob de Wit	Robert Kazanjian	Alexander Nicolai	Bradley Staats
Kendall Artz	Carolyn Decker	Franz Kellermanns	Patricia Norman	Christian Stadler
Natarajan	Irem Demirkan	David Ketchen	Jennifer Oetzel	Wouter Stam
Balasubramanian	Gregory Dess	Bongsun Kim	dt ogilvie	Susan Storrud-Barnes
Julia Balogun	Panos Desyllas	Eonsoo Kim	Paul Olk	Venkat Subramanian
Chuck Bamford	Timothy Devinney	Adelaide King,	Hugh O'Neill	Bridgette Sullivan-Taylor
Preeti Banerjee	Sytse Douma	Paul Knott	Nicholas O'Regan	Gabriel Szulanski
Tima Bansal	Paul Drnevich	Florian Kohlbacher	Timothy O'Shannassy	Shelomo B Tallman
Andreas Bausch	Irene Duhaime	Mitchell Koza	Sam Park	Shlomo Yedidia Tarba
Manuel Becerra	Rodolphe Durand	Markus Kreutzer	Anne Parmigiani	Ann Terlaak
Lars Bengtsson	Thomas Durand	Sumit Kundu	Sotirios Paroutis	Laszlo Tihanyi
Gabriel R G Benito	Bjoern Eckhard	Tomi Laamanen	Mike Peng	Scott Turner
Janet Bercovitz	Prescott C Ensign	William Lamb	Joan Penner-Hahn	Karynne Turner
Donald Bergh	Michael Fern	Bruce Lamont	Anupama Krsto Pandza	Anja Tuschke
Heather Berry	Fabrizio Ferraro	Curba M Lampert	Dorota Piaskowska	Beverly Tyler
Abdul Beydoun	Peer Fiss	Ann Langley	Francisco Polidoro	Daniel Tzabbar
Lyda Bigelow	Karin M Fladmoe-	Dovev Lavie	Laura Poppo	Klaus Uhlenbruck
William Bogner	Lindquist	Sergio Giovanetti	Christiane Prange	Giovanni Valentini
Armando Borda	Steven Floyd	Lazzarini	Bertrand Quelin	Hans Van Kranenburg
Cyril Bouquet	Jetta Frost	Gwendolyn Lee	Miguel Ramos	Alain Verbeke
Brian Boyd	Michael Shayne Gary	Karl-Heinz Leitner	Richard Reed	Philippe Very
Oana Branzei	Daniel Geiger	Edward Levitas	Rhonda Reger	Paul Vlaar
Matthias Brauer	Devi Gnyawali	Michael Lord	Patrick Regner	Govert Vroom
Rudi K F Bresser	Anthony Goerzen	Michael Lubatkin	Birgit Renzl	Jorge Walter
Garry Bruton	Oliver Gottschal	Yadong Luo	Jeffrey Reuer	William Wan
Peter Bryant	Siggi Gudergan	Richard Lynch	Taco Reus	Andrew Ward
Bettina Buechel	Wolfgang H Guettel	Ravi Madhavan	Joan E. Ricart	Antoinette Weibel
Lowell Busenitz	Dawn Harris	Johanna Mair	James Robins	Page West
Philippe Byosiere	Debbie Harrison	Ayesha Malhotra	Scott Rockart	Margaret White
Adrian Caldart	Donald E Hatfield	Ivan Manev	Katja Rost	Robert Wiseman
Mikelle Calhoun	Wei He	Catherine Maritan	W Glenn Rowe	Robert Wood
Benjamin Campbell	Irene Henriques	Maureen Meadows	Carlos Rufin	Bill Wooldridge
Turanay Caner	Loizos Heracleous	Matthias Meier	Vicente Salas	Robert Wright
Bruno Cassiman	Andreas Hinterhuber	Leif Melin	Robert Salomon	Basak Yakis-Douglas
Xavier Castaner	Glenn Hoetker	Kamel Mellahi	Gerry Sanders	Todd Zenger
Sokol Celso	Werner Hoffmann	Hemant Merchant	MB Sarkar	Yan Zhang
Aya Chacar	Tim R. Holcomb	Yasmin Merali	Mario Schijven	Arvids Ziedonis
Dong Chen	Paul Hunter	Moriah Meyskens	Mirela Schwarz	Christoph Zott



SUNDAY, OCTOBER 12, 2008

- 10:00 – 11:30 Parallel Interest Group Session I
- 11:30 – 13:00 Lunch
- 13:00 – 14:30 Parallel Interest Group Session II
- 14:30 – 15:00 Coffee Break
- 15:00 – 16:30 Parallel Interest Group Session III
- 16:30 – 17:15 Interest Group Business Meetings in Salons 16-22
- 17:30 – 18:00 Interest Group Officers Meeting in Salon 17
- 19:00 – 21:00 Opening Reception

MONDAY, OCTOBER 13, 2008

- 08:30 – 08:45 Program Chair Welcome
- 08:45 - 09:30 Keynote Speaker: David Teece, University of California-Berkeley
- 09:30 – 10:00 Coffee Break
- 10:00 – 11:00 Plenary Panel: The Future of Knowledge Management
- 11:15 - 12:30 Parallel Paper/Common Ground/ Panel Sessions
- 12:30 – 14:00 Luncheon
- 14:00 – 15:00 Keynote Speaker: Wulf Bernotat, CEO of E.ON
- 15:00 – 15:30 Coffee Break
- 15:30 – 16:45 Parallel Paper/Common Ground/ Panel Sessions
- 17:00 – 18:15 Parallel Paper/Common Ground/ Panel Sessions
- 18:30 – 22:00 SMS Dinner Event: River Cruise & Cathedral Tour/Concert

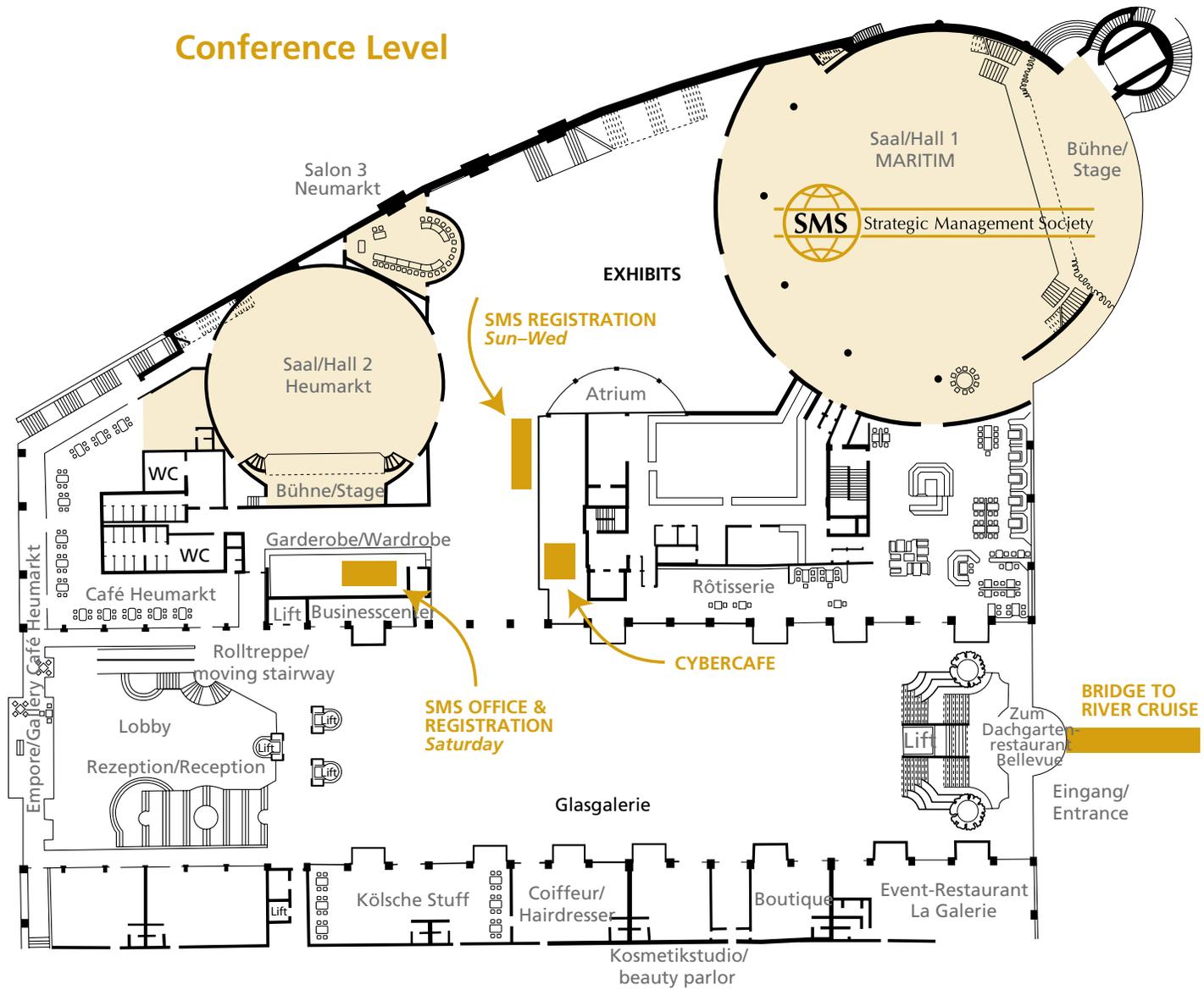
TUESDAY, OCTOBER 14, 2008

- 08:30 – 09:30 Plenary Panel: The Future of Knowledge-Intensive Industries I
- 09:30 – 10:00 Coffee Break
- 10:00 - 11:00 Keynote Speaker: Rene Obermann, CEO of Deutsche Telekom
- 11:15 – 12:30 Parallel Paper/Common Ground/ Panel Sessions
- 12:30 – 14:15 Awards Luncheon
- 14:30 – 15:45 Parallel Paper/Common Ground/ Panel Sessions
- 15:45 - 16:15 Coffee Break
- 16:15 – 17:15 Plenary Panel: The Future of Knowledge-Intensive Industries II
- 17:30 – 18:00 Meet the SMS Officers, Salon 14
- 18:00 – 19:00 Reception: Cologne City Hall
- 19:00 – Evening on Your Own

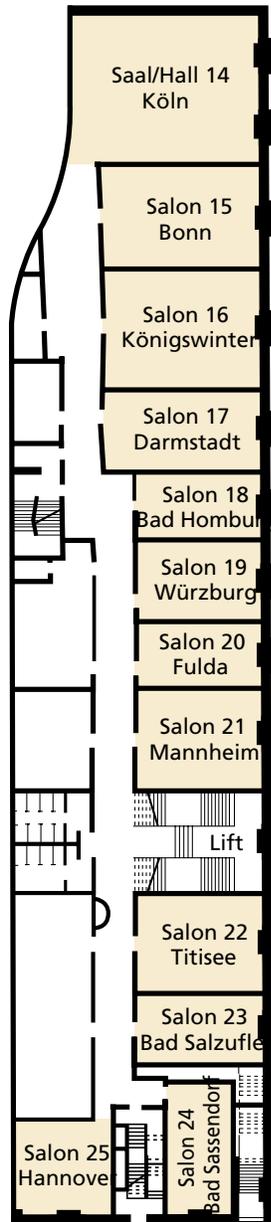
WEDNESDAY, OCTOBER 15, 2008

- 08:30 – 09:30 Plenary Panel: Meet the Editors
- 09:30 – 10:00 Coffee Break
- 10:00 – 11:15 Parallel Paper/Common Ground/ Panel Sessions
- 11:30 – 12:45 Parallel Paper/Common Ground/ Panel Sessions
- 13:00 – 14:00 Luncheon

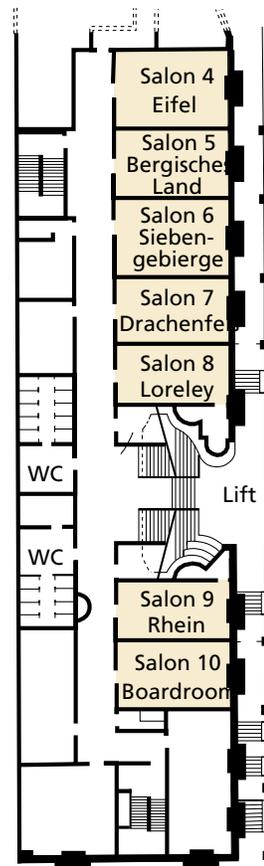
Conference Level



Breakout Level 2



Breakout Level 1



SUNDAY, OCTOBER 12, 2008			
07:30 – 19:00	Conference Registration Open		
10:00 – 11:30	Interest Group Session I	SESSION	PAGE #
11:30 – 13:00	Lunch		
13:00 – 14:30	Interest Group Session II	SESSION	PAGE #
14:30 – 15:00	Coffee Break		
15:00 – 16:30	Interest Group Session III	SESSION	PAGE #
16:00 – 19:00	Exhibits Open		
16:30 – 17:15	Interest Group Meetings in Salons 16-22		
17:30 – 18:00	Interest Group Officers Meeting in Salon 17		
19:00 – 21:00	Opening Reception in the Glass Gallery		

MONDAY, OCTOBER 13, 2008			
07:30 – 18:00	Conference Registration Open		
07:30 – 18:00	Exhibits Open		
08:30 – 08:45	Program Chair Welcome		
08:45 – 09:30	Keynote Speaker: David Teece, University of California-Berkeley		
09:30 – 10:00	Coffee Break		
10:00 – 11:00	Plenary Panel: The Future of Knowledge Management		
11:15 – 12:30	Parallel Paper/ Common Ground/ Panel Sessions	SESSION	PAGE #
12:30 – 14:00	Luncheon		
14:00 – 15:00	Keynote Speaker: Wulf Bernotat, CEO of E.ON		
15:00 – 15:30	Coffee Break		
15:30 – 16:45	Parallel Paper/ Common Ground/ Panel Sessions	SESSION	PAGE #
17:00 – 18:15	Parallel Paper/ Common Ground/ Panel Sessions	SESSION	PAGE #
18:30 – 22:00	SMS Dinner Event: River Cruise & Cathedral Tour/Concert		

TUESDAY, OCTOBER 14, 2008			
07:30 – 18:00	Conference Registration Open		
08:00 – 18:00	Exhibits Open		
08:30 – 09:30	Plenary Panel: The Future of Knowledge-Intensive Industries I		
09:30 – 10:00	Coffee Break		
10:00 – 11:00	Keynote Speaker: Rene Obermann, CEO of Deutsche Telekom		
11:15 – 12:30	Parallel Paper/ Common Ground/ Panel Sessions	SESSION	PAGE #
12:00 – 14:15	Awards Luncheon		
14:30 – 15:45	Parallel Paper/ Common Ground/ Panel Sessions	SESSION	PAGE #
15:45 – 16:15	Coffee Break		
16:15 – 17:15	Plenary Panel: The Future of Knowledge-Intensive Industries II		
17:00 – 18:15	Parallel Paper/ Common Ground/ Panel Sessions	SESSION	PAGE #
17:30 – 18:00	Meet the SMS Officers in Salon 14		
18:30 – 19:00	Reception: Cologne City Hall		
19:00 –	Evening on Your Own		

WEDNESDAY, OCTOBER 15, 2008			
07:30 – 11:00	Conference Registration Open		
07:30 – 08:30	Continental Breakfast		
07:30 – 11:00	Exhibits Open		
08:30 – 09:30	Plenary Panel: Meet the Editors		
09:30 – 10:00	Coffee Break		
10:00 – 11:15	Parallel Paper/ Common Ground/ Panel Sessions	SESSION	PAGE #
11:30 – 12:45	Parallel Paper/ Common Ground/ Panel Sessions	SESSION	PAGE #
13:00 – 14:00	Luncheon		

SESSION 1501

COMPETITIVE STRATEGY

TRACK E	Date	Sunday, Oct 12
	Time	10:00 – 11:30 h
Interest Group Panel	Room	Saal 14

Exploration Strategies: Current Research and Future Content and Methodological Challenges

Session Co-Chairs

Christian Stadler, *University of Innsbruck*
 Gianmario Verona, *Bocconi University*

Panelists

Alfonso Gambardella, *Bocconi University*
 Frank Rothaermel, *Georgia Institute of Technology*
 Jamal Shamsie, *Michigan State University*
 Christian Stadler, *University of Innsbruck*
 Christopher Tucci, *Swiss Federal Institute of Technology-
 Lausanne*
 Henk W. Volberda, *Erasmus University Rotterdam*

Ever since March's seminal 1991 paper on exploration/exploitation strategy scholars have taken a great interest in how firms can generate new knowledge and also efficiently exploit existing resources and capabilities. Despite all this attention, new questions continue to arise. Particularly the challenges faced in exploration, innovation, and R&D provide fertile ground for new research. In this session we will highlight some of the alternative dimensions in exploration strategies. On the one hand this will be demand as a factor of strategizing while as an alternative supply side arguments will be discussed. In addition we will also highlight the role of managers who interpret the demand and supply side arguments and take decisions influencing the exploration behavior of a firm. Bringing proponents with different perspectives on exploration together in one session creates a diversity of theoretical lenses, methodologies, and data sources that allows us to flesh out some of the issues that lie at the very heart of competitive strategy research. This session (1) identifies in which way the different dimensions connect, (2) whether an integrated view is promising, (3) in which way managers influence exploration, (4) which are the key questions we need to ask in future, and (5) how we can approach these questions.

SESSION 1502

CORPORATE STRATEGY AND GOVERNANCE

TRACK F	Date	Sunday, Oct 12
	Time	10:00 – 11:30 h
Interest Group Panel	Room	Salon 19

International Dimensions of Corporate Governance

Session Chair

Karen Schnatterly, *University of Missouri*

Panelists

Brian Boyd, *Arizona State University*
 Rudi K F Bresser, *Free University Berlin*
 Igor Filatotchev, *City University London*
 Robert Hoskisson, *Arizona State University*

Panelists will discuss their thoughts on various issues associated with international corporate governance. Each panelist will speak for 10 minutes in order to allow time for extensive Q&A.

SESSION 1503

GLOBAL STRATEGY

TRACK G	Date	Sunday, Oct 12
	Time	10:00 – 11:30 h
Interest Group Panel	Room	Salon 18

Explaining Knowledge Flows within the MNC: Organizational vs. Individual-Level Perspectives

Session Chair

Stephen B Tallman, *University of Richmond*

Panelists

Ulf Andersson, *Uppsala University*
 Kristiina Makela, *Helsinki School of Economics*
 Shreeram Mudambi, *Temple University*
 Torben Pedersen, *Copenhagen Business School*
 Udo Zander, *Stockholm School of Economics*

An increasing amount of research in the global strategy now focuses on knowledge as the key source of competitive advantage. MNC value creation increasingly stems from R&D-related and marketing intangibles, resources that may be summarized as knowledge assets. Given the primacy of knowledge assets in business activity, it is crucial to understand the challenges in managing these assets. Knowledge assets appear both as products of individual creativity and as the outcome of organizational design. Thus, understanding the process whereby knowledge assets are leveraged requires understanding both the micro-foundations of individual behavior as well as the organizational context. This panel aims to debate the advantages and disadvantages of these two approaches to studying knowledge flows within MNCs and propose new research avenues concerning how the social dynamics of multinational firms influence knowledge flows within them.

SESSION 1504

STRATEGY PROCESS

TRACK H	Date	Sunday, Oct 12
	Time	10:00 – 11:30 h
Interest Group Panel	Room	Salon 16

Strategy Process Routines and their Content Outcomes I

Session Co-Chairs

Mark Kriger, *BI Norwegian School of Management*

Panelists

Africa Ariño, *IESE Business School*
 Philip Bromiley, *University of California-Irvine*
 Steven Floyd, *University of St Gallen*
 Franz Kellermanns, *Mississippi State University*
 Christoph Lechner, *University of St Gallen*
 Catherine Maritan, *Syracuse University*
 Laura Poppo, *University of Kansas*
 Gerry Sanders, *Rice University*
 William Schulze, *University of Utah*
 Anja Tuschke, *University of Munich*

The domain statement of the strategy process interest group starts with the following definition: "Strategy process research deals with activities and routines that govern the formation of strategies on the functional, business-unit, corporate and network level". Based upon this definition, we have two objectives. First, we want to explore which strategy process routines are available



and what are their implications for outcomes? Strategy processes can be conceptualized along a continuum of “ad hoc problem solving” on the one side, to “reliable, repeatable, (semi)-automatic pattern of behavior (routines)” on the other side. Second, we want to explore the impact of these routines on specific outcomes or contexts related to strategy content. Each pair of group leaders will shortly present an overview of research on their topic (what do we know? what should we know?). Then we split up so that groups are formed around the leaders.

To advance these objectives, we propose the following “hot” areas:

- Process Routines of Corporate Boards
- Process Routines for investments in capabilities
- Process Routines of alliance management
- Process Routines of entrepreneurial activities
- Process Routines for managing strategic initiatives

SESSION 1505

KNOWLEDGE AND INNOVATION

TRACK I	Date	Sunday, Oct 12
	Time	10:00 – 11:30 h
Interest Group Panel	Room	Salon 17

Innovation, Learning and Corporate Responsibility

Session Chair

Maurizio Zollo, *Bocconi University*

Panelists

Edward Freeman, *University of Virginia*

Jared Harris, *University of Virginia*

Irene Henriques, *York University*

Joseph Mahoney, *University of Illinois-Urbana Champaign*

Maurizio Zollo, *Bocconi University*

The idea that the firm exists because it satisfies the interests of a plurality of stakeholders, and that it thus ought to be strategically managed in light of its responsibility towards all of them, is gaining increasing attention among strategy scholars, long after it was initially proposed in the early 80s by Ed Freeman. In addition to a normative perspective, however, a descriptive stand linking the degree to which firms include the interests of their stakeholders in their strategic decision-making to the quality of their innovation and learning processes and outcomes is being developed and studied. This link can be described in both directions of causality, as well as in simpler correlational terms, but it is nonetheless of interest to scholars in the Knowledge and Innovation IG. We will debate the theoretical intuitions and the (yet scarce) empirical evidence available in their support with the help of some of the leading thinkers in this area. The participants will be asked to engage in a debate on the theoretical boundaries of this set of ideas, and on how an empirical research program could be developed to test their validity.

SESSION 1506

THE PRACTICE OF STRATEGY

TRACK J	Date	Sunday, Oct 12
	Time	10:00 – 11:30 h
Interest Group Panel	Room	Salon 21

Practitioner Cases: Linking Research with New Strategy Practices

Session Co-Chairs

Véronique Ambrosini, *Cardiff University*

James Martin, *Wayne State University*

Sari Stenfors, *SCANCOR, Stanford University*

Panelists

Hanna Lehtimäki, *Life Works Consulting Ltd*

Heinz-Gunter Lux, *Evonik Degussa*

William Patterson, *Cranfield University*

The session will revolve around cases which present different problematics experienced by strategists. The cases will be presented by the practitioners involved.

The session will begin with an introduction of the cases and then the discussions of each case will run in parallel. Cases will concentrate on issues and tools related to the practice of strategy and linking academic and practitioners view points. Specifically we will:

- Discuss a process by which research results can be translated into a practical tool for strategic management in a situation where several stakeholders are involved in visioning and decision making.
- Explore the new business models needed in consolidating markets and the challenges in convincing customers to reengineer their value chain.
- Examine the challenges of the concept of dynamic capabilities in practice. Major oil & gas companies have struggled in installing new practices in response to rapid rise in oil prices. What is an effective way to reintroduce capabilities into a firm which has earlier been stripped out of them?

SESSION 1507

ENTREPRENEURSHIP AND STRATEGY

TRACK K	Date	Sunday, Oct 12
	Time	10:00 – 11:30 h
Interest Group Panel	Room	Salon 20

Strategic Entrepreneurship Journal and its Relation to Entrepreneurship and Strategy

Session Chair

David Audretsch, *Max Planck Institute of Economics*

Panelists

Sharon Alvarez, *Ohio State University*

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

Frank Rothaermel, *Georgia Institute of Technology*

Mike Wright, *Nottingham University*

The new scholarly journal, the Strategic Entrepreneurship Journal (SEJ) was launched to provide a high quality forum for the field of strategic entrepreneurship. This session will feature leading scholars to explain the relationship between this new journal and the fields of entrepreneurship and strategy. The vision making this journal a unique and high impact academic journal will be explained and discussed.

SESSION 1801

TEACHING TRACK

TRACK T	Date	Sunday, Oct 12
	Time	13:00 – 14:30 h
Workshop	Room	Salon 15

Using Experiential Exercises in the Strategy Classroom I

Session Chair

Brian Boyd, *Arizona State University*

This is the first part of a workshop that will address methods for the effective use of experiential exercises in a classroom setting. Main topics will include techniques to link activities to strategy concepts, and managing the follow-up discussion of an activity. Sources for new exercises will also be reviewed. The workshop will take a hands-on format, and the bulk of the session will be devoted to the use and discussion of two sample exercises. The first activity is a brief warm-up or icebreaker on group processes. The second activity is more complex, and simulates decision-making and coordination challenges typical of multinational corporations. We will complete and debrief both exercises, and then focus on broader issues associated with the use of experiential activities in the classroom.

SESSION 1601

COMPETITIVE STRATEGY

TRACK E	Date	Sunday, Oct 12
	Time	13:00 – 14:30 h
Interest Group Panel	Room	Saal 14

Organizational Capabilities and Competitive Advantage: Where Do We Go From Here?

Session Co-Chairs

Gianmario Verona, *Bocconi University*

Maurizio Zollo, *Bocconi University*

Panelists

Jay Barney, *Ohio State University*

Margaret Peteraf, *Dartmouth College*

Christos Pitelis, *University of Cambridge*

David Teece, *University of California-Berkeley*

Gianmario Verona, *Bocconi University*

Maurizio Zollo, *Bocconi University*

*Jointly conducted by the Competitive Strategy and Knowledge and Innovation IG

The link between organizational capabilities and competitive advantage has been theorized (primarily) and (increasingly) empirically studied for almost two decades, now. Despite the significant progress in the debate, the questions spurring the current research efforts have not evolved a lot from the pioneering years. Notably, we are still missing a solid empirical base supporting some of the key theoretical tenets and identifying the boundary conditions for learning processes to create and sustain competitive advantage. This workshop will offer the opportunity to some of the leading thinkers in the strategy and evolutionary economics fields to share their current thoughts on where the research agenda on organizational capabilities and competitive advantage is going, and (more importantly) where it ought to go. The objective is to engage participants in a discussion on the directions and modes of development for research in an area central to both the Knowledge and Innovation as well as the Competitive Strategy Interest Groups.

SESSION 1602

CORPORATE STRATEGY AND GOVERNANCE

TRACK F	Date	Sunday, Oct 12
	Time	13:00 – 14:30 h
Interest Group Panel	Room	Salon 19

Differences and Commonalities of the International Dimensions of Acquisitions and Alliances

Session Chair

Xavier Castaner, *HEC-Lausanne*

Panelists

Laurence Capron, *INSEAD*

Jerayr Haleblan, *University of California-Riverside*

Tomi Laamanen, *Helsinki University of Technology*

Xavier Martin, *Tilburg University*

Jeffrey Reuer, *Purdue University*

Panelists will discuss their thoughts on various issues associated with international M&A/alliances. Each panelist will speak for 10 minutes in order to allow time for extensive Q&A.

SESSION 1603

GLOBAL STRATEGY

TRACK G	Date	Sunday, Oct 12
	Time	13:00 – 14:30 h
Interest Group Panel	Room	Salon 18

Internationalization among Financial Service Firms

Session Chair

Markus Venzin, *Bocconi University*

Panelists

Elena Belli, *UniCredit Group*

Cormac Petit, *IBM*

Like other service industries, internationalization in the financial services sector has lagged behind that in manufacturing and the technology sectors. But the international picture is changing quickly. Pioneers of international financial services—Citicorp, HSBC, AXA and Allianz—have continued their global expansion, while in Europe, the race for cross-border mergers has involved Banco Santander acquiring Abbey National and Unicredito taking over HVB. Meanwhile, the growing prominence of financial institutions from emerging economies and the scramble by Western companies to defend their dominant position is apparent. The goal of this session is therefore to discuss the evidence on internationalization within financial services in order to assist managers of financial service companies charged with the tasks of designing and implementing internationalization strategies in making better decisions.



SESSION 1604

STRATEGY PROCESS

TRACK H	Date	Sunday, Oct 12
	Time	13:00 – 14:30 h
Workshop	Room	Salon 16

Strategy Process Routines and their Content Outcomes II**Session Co-Chairs**

Mark Kriger, *BI Norwegian School of Management*

Christoph Lechner, *University of St Gallen*

In continuation of the earlier introductory session, this workshop session will be fully managed by the respective leaders of the five subgroups. Guiding questions might be: What are relevant research questions for both the scientific as well as the managerial community? Which theories might be applied to study them? Which methods should be used? What are our hypotheses?

SESSION 1605

THE PRACTICE OF STRATEGY

TRACK J	Date	Sunday, Oct 12
	Time	13:00 – 14:30 h
Interest Group Panel	Room	Salon 21

Theoretical Perspective of Practice: The Practice Approach**Session Co-Chairs**

Véronique Ambrosini, *Cardiff University*

Sari Stenfors, *SCANCOR, Stanford University*

Panelists

Elena Antonacopoulou, *University of Liverpool*

This session focuses on the implications of the Practice-based approach in management research. We will first explore what practice means and how it can both inform scholarship and have an impact on management practice. Main research work taking a Practice approach will be introduced and we will then examine how a Practice approach can help in bridging the gap between theory and practice. The main focus is on discussing how to engage practitioners and academics in the co-creation of actionable knowledge. The session will be informal and attendees will be able to share their views and equally contribute.

SESSION 1607

ENTREPRENEURSHIP AND STRATEGY

TRACK K	Date	Sunday, Oct 12
	Time	13:00 – 14:30 h
Interest Group Panel	Room	Salon 19

University Entrepreneurship**Session Chair**

David Audretsch, *Max Planck Institute of Economics*

Panelists

Taylor Aldridge, *Max Planck Institute of Economics*

Werner Bonte, *University of Wuppertal*

David Deeds, *University of St Thomas*

Susanne Warning, *University of Trier*

This session will focus on the commercialization of academic research in the university and public research institutional context. A particular focus will be on how and why university entrepreneurship occurs, along with the various modes and mechanisms facilitating academic research. Academic entrepreneurship will be examined from both a theoretical as well as an empirical perspective.

SESSION 1802

TEACHING TRACK

TRACK T	Date	Sunday, Oct 12
	Time	15:00 – 16:30 h
Workshop	Room	Salon 15

Using Experiential Exercises in the Strategy Classroom (II)

Session Chair

Brian Boyd, *Arizona State University*

This is the second part of a workshop that will address methods for the effective use of experiential exercises in a classroom setting. Main topics will include techniques to link activities to strategy concepts, and managing the follow-up discussion of an activity. Sources for new exercises will also be reviewed. The workshop will take a hands-on format, and the bulk of the session will be devoted to the use and discussion of two sample exercises. The first activity is a brief warm-up or icebreaker on group processes. The second activity is more complex, and simulates decision-making and coordination challenges typical of multinational corporations. We will complete and debrief both exercises, and then focus on broader issues associated with the use of experiential activities in the classroom.

SESSION 1701

COMPETITIVE STRATEGY

TRACK E	Date	Sunday, Oct 12
	Time	15:00 – 16:30 h
Interest Group Panel	Room	Saal 14

Using Research Centers to Foster ABC Collaboration

Session Chair

Hugh Courtney, *University of Maryland*

Panelists

- Jay Barney, *Ohio State University*
- Hugh Courtney, *University of Maryland*
- Paul Schoemaker, *Decision Strategies International Incl University of Pennsylvania*

A primary goal of the Strategic Management Society in general, and the Competitive Strategy Interest Group in particular, is to foster greater and more meaningful collaboration between academics, business practitioners and consultants ("ABCs") as a means to improve the rigor, relevance and quality of business research and practice. Research centers, whether they are sponsored primarily by universities, consulting firms or companies, often seek to create such collaborations. But how effective are these centers and how might they become more effective in the future? In particular, how can research centers be used to formulate more meaningful research programs with results that are disseminated more widely through academic and practitioner channels and that ultimately have more positive impact on business and society? In this session, a group of senior leaders representing the best of strategic management research, consulting and practice will help us consider this crucial question and others through a moderated panel discussion and open question-and-answer session that promises to be highly interactive, insightful and provocative.

SESSION 1702

CORPORATE STRATEGY AND GOVERNANCE

TRACK F	Date	Sunday, Oct 12
	Time	15:00 – 16:30 h
Workshop	Room	Salon 19

Round tables Discussions

Session Chair

Dawn Harris, *Loyola University Chicago*

Panelists

- Xavier Castaner, *HEC-Lausanne*
- Karen Schnatterly, *University of Missouri*
- Robert Wiseman, *Michigan State University*
- Mike Wright, *Nottingham University*

Round-tables for in-depth discussion of more focused issues. The roundtable topics are based on the interests of panelists, most of whom will also host a round table.

SESSION 1703

GLOBAL STRATEGY

TRACK G	Date	Sunday, Oct 12
	Time	15:00 – 16:30 h
Interest Group Panel	Room	Salon 18

Exploring the Limits of Corporate Social Responsibility

Session Chair

Bjoern Ambos, *Vienna University of Economics & Business Administration*

Panelists

- Timothy Devinney, *Australian Graduate School of Management*
- Bodo B Schlegelmilch, *Vienna University of Economics & Business Administration*

Companies are often caught between a rock and a hard place: Consumers seek low prices but articulate extensive - and often also expensive - demands over socially responsible business. Moreover, they expect companies to behave ethically impeccable, but do not apply the same high standards for themselves.

Highlighting some inconsistencies in the CRS rhetoric of companies as well as consumers, the session debates the considerable strategic challenges posed by these tensions and maps possible corporate responses. Among the questions addressed are whether consumers are really willing to pay more for products with ethical claims, the scope for using ethics in corporate positioning and effective CSR strategies in supply chain management.



SESSION 1704

STRATEGY PROCESS

TRACK H	Date	Sunday, Oct 12
	Time	15:00 – 16:30 h
Workshop	Room	Salon 16

Strategy Process Routines and their Content Outcomes III.**Session Co-Chairs**

Christoph Lechner, *University of St Gallen*

Mark Kriger, *BI Norwegian School of Management*

The team work in the topical subgroups continues for the first 30 minutes of this session. Then, with 1 hour left, we will meet again in plenary. Team leaders will report their results, and the reconvened large group will discuss next steps (e.g., possible dedicated sub-tracks for the next SMS, or a potential Mini-conference with papers on these topics).

SESSION 1705

KNOWLEDGE AND INNOVATION

TRACK I	Date	Sunday, Oct 12
	Time	15:00 – 16:30 h
Interest Group Panel	Room	Salon 17

Towards the Micro-Foundations Of Organizational Learning**Session Chair**

Maurizio Zollo, *Bocconi University*

Panelists

Oliver Gottschalg, *HEC-Paris*

Koen Heimeriks, *Erasmus University Rotterdam*

Daniella Laueiro, *Bocconi University*

Maurizio Zollo, *Bocconi University*

The quest to endogenize, or at least seriously consider, micro-level processes in the study of strategically relevant phenomena has been recently launched (or re-launched) in a number of conferences and journal special issues. The study of micro- or individual-level dimensions in the context of organizational learning and innovation processes has received, however, relatively less attention. The objective of this workshop is to stimulate the scholarly debate on how to develop a research agenda on micro-foundational processes in the study of the phenomena that characterize our Interest Group. The plan is to first share some of the current thinking and empirical work currently being carried out in this area, from managerial cognition to motivational processes and down to the neural correlates of learning behavior. This will form the basis for a collective discussion about how the recent advancements in psychology and in neuroscience can be leveraged to study the role of the individual manager's dispositions in shaping organizational learning and innovation outcomes.

SESSION 1706

THE PRACTICE OF STRATEGY

TRACK J	Date	Sunday, Oct 12
	Time	15:00 – 16:30 h
Interest Group Panel	Room	Salon 21

Theoretical Perspective of Practice: Strategy-as-Practice**Session Co-Chairs**

Sari Stenfors, *SCANCOR, Stanford University*

Véronique Ambrosini, *Cardiff University*

Panelists

Ludovic Cailluet, *University of Toulouse*

Leif Melin, *Jönköping University*

Sotirios Paroutis, *University of Warwick*

David Seidl, *University of Munich*

Richard Whittington, *University of Oxford*

This session is about introducing SMS members to the Strategy as Practice approach (SAP). It is about exploring what Strategy as Practice research approach is about and how the approach fits within the strategic management field. We will look at the main ideas behind SAP and the main work done in this field. Furthermore we will elaborate on how SAP can contribute to the practice of strategy. The session will be informal. It will start with a few minutes presentation about SAP and then organize in round tables where both SAP researchers and conference attendees will be able to share their views and equally contribute.

SESSION 1901

THOMAS MELLEWIGT AND BOLKO VON OETINGER

PLENARY	Date	Monday, Oct 13
	Time	8:30 – 8:45 h
	Room	Saal 1

Program Chair Welcome



Thomas Mellewigt is Professor of Management and holds the Deutsche Telekom Foundation Distinguished Chair in Strategic Knowledge Management at the Freie Universität of Berlin. His research interests include contractual design and governance mechanisms of strategic alliances, determinants and management of outsourcing relationships, and organizational economics. His research has been published in the Journal of Business Venturing, Managerial and Decision Economics and other journals and has been presented at many meetings of the Academy of Management and the Strategic Management Society.



Bolko von Oetinger is the founding member of the first BCG office in Germany. Bolko von Oetinger directed the Kronberg Conferences, BCG's renowned strategy conferences for senior executives in Germany. He also served as head of BCG's worldwide marketing operations. In 1998 he founded the firm's Strategy Institute, which has concentrated its research with academic and scientific institutions about the nature of strategy. The major focus of his client work has been the question of renewal, innovation, corporate vision and organization. Bolko von Oetinger has written several articles and published books on strategy, strategic thinking, and innovation. On July 1, 2008 he retired from BCG and serves the firm as a Senior Advisor.

MONDAY PLENARY

SESSION 1902

DAVID TEECE, HAAS SCHOOL OF BUSINESS, UNIVERSITY OF CALIFORNIA, BERKELEY

PLENARY	Date	Monday, Oct 13
	Time	8:45 – 9:30 h
	Room	Saal 1

Keynote Speech

Dynamic Capabilities and Enterprise Performance in a Knowledge Based Economy

Sustained differences in financial performances are often observed between firms in the same industry. There are non-imitable characteristics of the business enterprise and management structures and processes that help explain differential performance. The context of the analysis will be regimes of rapid technological change in evolving global markets. Dynamic capabilities will be presented as a framework to understand enterprise performance. The dynamic capabilities framework views the enterprise as a cluster of intangible assets (especially know-how and relationships) that get built and then orchestrated by management. Achieving strategic coherence while excelling at sensing, seizing and reconfiguring provide the underpinnings of superior enterprise performance. The framework outlined is designed to provide, at minimum, a parsimonious mechanism for harnessing and integrating ideas and recent findings from the social sciences and the field of strategic management so as to deepen our understanding of the business enterprise and innovation-driven competition.



David J. Teece is an authority on subjects including the theory of the firm and strategic management, the economics of technological change, knowledge management, technology transfer, and antitrust economics and innovation. He is the Thomas W. Tusher Chair in Global Business and director of the Institute of Management, Innovation, and Organization (IMIO) at the Haas School of Business, University of California, Berkeley. In 1988 he co-founded LECC, a global expert services firm that provides independent expert testimony and analysis, original authoritative studies, and strategic consulting services. He has served many years as Chairman and since 2007 Vice Chairman of the board. 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 three 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.

9:30 - 10:00
COFFEE BREAK



SESSION 1903

THE FUTURE OF KNOWLEDGE MANAGEMENT

PLENARY	Date	Monday, Oct 13
	Time	10:00 – 11:00 h
Panel Session	Room	Saal 1

Session Chair Tina Dacin, *Queen's University*

Panelists

Nicolai Foss, *Copenhagen Business School*

Marjorie Lyles, *Indiana University*

Gabriel Szulanski, *INSEAD*

A panel of major contributors to the development of the knowledge movement in strategic management research over the past decade will each offer their views on the theme of the conference, "How does knowledge matter?". The panelists will make a short statement on their views of the major streams, achievements, and pitfalls in the current research on knowledge management, as well as share their opinions of the major opportunities and challenges facing the field today. After their views will have been presented, the panelists will take questions from the audience. The over-arching goal of the session is a lively interchange of views on the full range of issues associated with the question of how knowledge matters from a strategic perspective in order to promote progress in both conceptual and empirical research on knowledge management.



Tina Dacin is the E. Marie Shantz Professor of Strategy and Organizational Behavior at Queen's University's School of Business. Her research interests include organizational and institutional change, social entrepreneurship, and strategic collaboration with an emphasis on partner selection in alliances. She is currently Incoming Chair of the College of

Organization Science at Informs and is the recent past Chair of the Corporate Strategy and Governance IG of the SMS as well as recent past Chair of the Organization and Management Theory Division of the AoM.



Nicolai Foss is a Professor of Strategy and Organization at the Copenhagen Business School, the Norwegian School of Economics and Business Administration and the Director of CBS' Center of Strategic Management and Globalization. His research interests lie within knowledge governance, the economics of the firm, and the foundations of strategic

management. His work has appeared in *Strategic Management Journal*, *Organization Science* and other journals, as well as in numerous books.



Marjorie Lyles is the OneAmerica Chaired Professor and Professor of International Strategic Management at Indiana University Kelley School of Business. Her research addresses organizational learning, international strategies, management of technology, and alliances, particularly in emerging economies. She has over 60

articles that have appeared in such journals as *SMJ*, *ASQ*, *AMR*, *JIBS*, *AMJ*, and *JMS*. She has received two NSF grants, one to assess the development of the private sector after the transition in Hungary and the second to assess alliances in the pharmaceutical industry. She and Jeff Reuer will be co-chairs of the SMS 2009 conference.



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*.

SESSION 1803

TEACHING TRACK

TRACK T	Date	Monday, Oct 13
	Time	11:15 – 12:30 h
Workshop	Room	Salon 15

Teaching Strategy in an E-Learning Environment

Session Chair

Guenter Müller-Stewens, *University of St Gallen*

The idea is to exchange experiences in teaching strategy with e-learning tools in executive education. We do this by taking different perspectives on the subject: The view of the instructor in the seminar, of the producer of the tools and of a human resources manager using heavily e-learning in global executive education. The speakers/panelists will be confronted with the experiences of the people in the audience in an open discussion.

SESSION 1036

KNOWLEDGE AND LEARNING

TRACK A	Date	Monday, Oct 13
	Time	11:15 – 12:30 h
Common Ground	Room	Salon 6

Facilitator Stefan Gueldenberg, *University of Liechtenstein*

Knowledge Management in the SME and its Relationship to Strategy, Ownership Structure and Organization Learning

Haibo Zhou, *Erasmus University Rotterdam*

Lorraine Uhlener, *Nyenrode Business University*

Sita Tan, *EIM (Panteia)*

Knowledge management (KM) is becoming a growing concern in management research and practice because of its role in determining firm innovation capability and in enhancing working life quality of knowledge workers. However, there is limited attention being paid to understand the specifics of KM issues of SMEs in particular. This study aims to examine KM among SMEs based on data of nearly 500 Dutch SMEs. We investigate the prevalence of different KM practices and the determinants of KM. Preliminary results show that knowledge is managed in a people-based approach in SMEs. KM is dependent on other organizational resources and processes, for instance organizational learning and competitive strategy, inside SMEs.

Bringing Learning Back to Knowledge Transfer: Reconciling Replication and Adaptation

Paulo Prochno, *University of Maryland*

This paper brings a discussion on the evolution of learning in a knowledge transfer process, based on a one-year ethnography that followed a complex cross-border transfer of multiple practices. This transfer process suggests that, even in instances where full replication is desired and planned for, adaptation emerges as actors develop higher-order learning capabilities. This suggests that the main focus for managers when putting into practice a knowledge transfer process should not be on whether to adapt practices or not, but on accelerating higher-order learning at the recipient unit so adaptation and the benefits associated with it can emerge from the initial planned replication

Mechanisms and Rents: The Social Learning Cycle for r- and K-Strategies

Yasmin Merali, *University of Warwick*

Max Boisot, *University of Birmingham*

We focus on Arrow's articulation of the problem of under-investment in the type of knowledge that is useful for innovation, and March's articulation of under-investment in exploration. We draw on concepts from ecological and evolutionary theories to develop propositions for addressing the problems of under-supply through a synergistic mechanism enabling r- and K- strategists to realise synergies in the creation and exercising of options in the evolving competitive landscape. We illustrate this mechanism with two examples from the digital economy showing how this can be achieved by differential generation and distribution of rents amongst heterogeneous players across the learning cycle. We reflect on governance mechanisms demonstrated in our examples and their implications for the knowledge-based theory of the firm.

Chambre Séparée in Product Development: Learning by Cooperating in the Automotive Industry

Ove Brandes, *Linköping University*

Staffan Brege, *IEI, Linköping university, Sweden*

Per-Olof Brehmer, *Linköping University*

Our aim is to study knowledge management in the development of new products and models. Our empirical data is from a longitudinal (1994-2007) case study of Volvo Cars and Autoliv. Our research questions: How can a technology leader get access to scale economies via a supplier in a sequence of product developments without giving up the leadership and competitive advantage? Can a core competence be outsourced and still be controlled by the OEM? We have developed the concept or metaphor of *Chambre séparée* for the management of knowledge between one lead firm, a prime supplier and three competing customers. *Chambre séparée* can be seen as a development of Lorenzoni and Lipparini (1994) and Dyer and Nobeoka (2000) findings.

Organizational Tradeoffs and the Dynamics of Search and Coordination

Stephan Billinger, *University of Southern Denmark*

Nils Stieglitz, *University of Southern Denmark*

The paper analyzes the interactions and tradeoffs that result from coordinating distributed search processes within a firm. Based on a longitudinal case study of a European apparel manufacturer, our analysis finds an antagonistic relationship between search and coordination, originating from four fundamental tradeoffs. These organizational tradeoffs are related to (1) the specialization of tasks, (2) the interdependencies between tasks, (3) the delegation of and constraints within tasks, and (4) the incentives for organizational members to accomplish tasks. The findings shed new light on the importance of organizing distributed search and learning processes and provide guiding principles for organization design.

The Role of the Learning Intent in the Board Interlocks Dynamics

Rosa Caiazza, *Parthenope University of Naples*

Michele Simoni, *Parthenope University of Naples*

Literature generally agrees on the idea that board interlocks are an effective means for firms to exchange information and to share knowledge. In this work we argue that four types of learning intent can be recognised as drivers for the interlocks creation. The first two

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types deal more strictly with the nature of the knowledge that is purposely searched through the interlock formation. The other two respond to the willingness of the firms to maximise their exposure to other sources of knowledge. Our longitudinal analysis on Italian firms shows that not all the four types of learning intents have led the behaviour of Italian firms in the last years; even if those that proved to be relevant are learning intents persistent over time.

SESSION 1047

HOW TO MEASURE KNOWLEDGE -- REFINING OLD, SUGGESTING NEW APPROACHES

TRACK B	Date	Monday, Oct 13
	Time	11:15 – 12:30 h
Paper	Room	Salon 5

Session Chair Robert Wiseman, *Michigan State University*

Are Patent Citations a Useful Measure of Knowledge Flows from Academic Research?

Michael Roach, *University of North Carolina-Chapel Hill*
Wesley Cohen, *Duke University*

We examine measures of knowledge flows from academic research by employing a novel dataset that allows for the direct comparison of survey and patent-based measures. Using patent citations to both patent and non-patent (e.g., publications) references, we find that patent citations reflect the flow of codified knowledge through open science, yet obscure the flow of tacit knowledge through private interactions. We also find that patent citations are strongly associated with firms' decisions regarding which R&D outputs are patented, appropriability mechanism and strategic patenting. Finally, patent citations to publications are a more useful measure of knowledge flows than citations to patent references. These results suggest that patent citations are potentially biased measures and illustrate the need for greater consideration of what patent citations actually reflect.

On the Use and Misuse of Ratio Measures in Strategy Research

Robert Wiseman, *Michigan State University*

Strategy research relies heavily on ratios to measure a variety of firm, industry and societal characteristics. Generally, these ratios simply scale for size, but may they also hold theoretical meaning apart from that of the ratio's components. Despite their popularity, the use of ratios is not without controversy. For example, several studies have demonstrated that the use of ratio measures in correlations and OLS regression may exaggerate relations of interest leading to biased and unstable results. In this study, I review the debate surrounding the use of ratio measures, discuss the problems for estimation and inference that arise when ratios are used, and provide alternatives to the use of ratio variables that still satisfy the purpose for which ratio measures are created.

Empirically Eliciting Capabilities in the Presence of Measurable and Transferable Resources

Joseph Clougherty, *WZB/CEPR*

Thomas P. Moliterno, *University of South Carolina*

Recent reviews of resource-based scholarship suggest that researchers are finding considerable support for the association between organizational capabilities—the process by which firms bundle discrete resources—and competitive advantage. However, measuring organizational capabilities presents empirical researchers

with substantial difficulties in terms of measurement, while resources are more readily measurable. We propose an empirical strategy to use knowable resources to elicit what otherwise would be unknowable capabilities. Thus, we provide an econometric means to capture heterogeneity in firm capabilities.

SESSION 1027

KNOWLEDGE PROXIMITY AND KNOWLEDGE DIFFUSION

TRACK D	Date	Monday, Oct 13
	Time	11:15 – 12:30 h
Common Ground	Room	Salon 4

Facilitator Henk W. Volberda, *Erasmus University Rotterdam*

Trust at the Margin: The Influence of Trust on the Flow of Knowledge

Mark Hansen, *Brigham Young University*

This paper presents a model of trust development in which seemingly insignificant social interactions at the margins of relationships and organizations lead to the development of trust. Specifically, we argue that although these social interactions take place at the personal level their trust effect is transmitted through reputation throughout other levels of the organization and even across organizational boundaries. This trust, in turn, bears a strong influence on how and to what extent knowledge flows within and across organizations. As such, the model presented here connects the behavior of individuals to knowledge flow, whether those individuals are directly or indirectly involved in that knowledge flow. Thus, this model helps to explain the linkage between personal behavior and competitive advantage based on superior knowledge flow.

The Roles of Geographical, Relational, and Technological Proximities in Knowledge Diffusion

Emery Yao, *University of Kentucky*

We propose that firms' relational, geographical, and technological proximities affect knowledge recognition and diffusion. Specifically, firms' geographical proximity affects localized communication and idea exchange. Firms' relational proximity, built on social interactions and embedded network relations, helps diffuse knowledge beyond geographical boundaries. Firms' technological proximity helps firms recognize and evaluate new knowledge within a technological community. We examine patent citations in the biotech industry and find that the three types of proximity have both main and interaction effects on knowledge diffusion.

Managing Knowledge: Knowledge Gatekeepers & Proximity

Antonio Messeni Petruzzelli, *Polytechnic University of Bari*

Vito Albino, *Polytechnic University of Bari*

Daniele Rotolo, *Polytechnic University of Bari*

The paper examines whether geographical and organizational proximity can favor and support the establishment of knowledge-based relationships between economic actors and knowledge gatekeepers. In particular, the term knowledge gatekeeper refers to a specific type of actor involved in both local and global networks, and characterized by a high capability to interact with other nodes, to collect knowledge, and to foster its circulation. Different types of knowledge relationships are considered, distinguished on the basis of their collaborative or non collaborative and exploitative

or explorative nature. With this regard, some hypotheses about the influence of the two proximity dimensions on the different knowledge relationships are identified and, successively, tested on a sample of 527 knowledge relationships established by two distinct gatekeepers, i.e. an university and a firm.

Knowledge Creation Through Multinational Teams: “How Do They Create and Transfer Tacit Knowledge Across Organisational Boundaries?”

Aida Hajro, *Brunel University*

The aim of our study is to show how multinational teams (MNTs) reduce the complexity of operations in business organisations. The study has been conducted at Henkel, a German consumer goods company. We use the case study method in order to cover both the phenomenon under study and the context within which MNTs are occurring. The findings show that if managed appropriately MNTs consisting of inpatriates, expatriates and local employees create and transfer tacit knowledge across organisational boundaries. MNT leaders play the central role in the knowledge-creation process. They help team members integrate and make sense of new perspectives and resolve potential conflicts caused by cultural differences. After the rotational assignment, MNT members transfer appropriate dimensions of organisational culture between HQ and host-country subsidiaries.

Does National Culture Matter? Performance Effects in Global Innovation Teams

Ricarda Bouncken, *Ernst-Moritz-Arndt University of Greifswald*

Jevgenija Zagvozdina, *Ernst-Moritz-Arndt University of Greifswald*

Viviane Winkler, *Ernst-Moritz-Arndt University of Greifswald*

This study shows that the national cultural background of team members in global innovation teams influences the project performance. We measure the national cultural background on cultural dimensions derived from Hofstede’s (1980) and Hall and Reed Hall’s (1990) typologies. We gain a rich understanding of the effects through project management instruments and team work quality dimensions on the performance of global innovation processes. We find that uncertainty avoidance moderates the relationship between a person’s autonomy and project innovativeness and also the relationship between team coordination and project performance. Furthermore individualism, power distance, and culturally grounded diverse preferences for communication moderate the effect of project management and team work quality dimensions on performance. At last, polychromic time use moderates the relationship between standardization and innovation performance.

Moderators Of The Influence Of CEO-Framing On Resource Commitment In Response To Technological Discontinuities

Andreas König, *University of Erlangen-Nuremberg*

Albrecht Enders, *University of Erlangen-Nuremberg*

Harald Hungenberg, *University of Erlangen-Nuremberg*

Joachim Hund, *University of Erlangen-Nuremberg*

Which factors do managers have to be aware of when using frames to stimulate organizational resource commitment in response to technological discontinuities? To answer this question, we develop a model consisting of variables that moderate the effect of CEO-framing on organizational resource commitment. Our model integrates perspectives from communication science,

cognitive psychology, and organization studies and includes seven moderators: frame consistent communication, risk bearing, formal authority, trust in initiator, initial support from other key decision makers, perceived control, and risk propensity. We argue that our model allows for a better understanding of the effects of framing on organizational behavior. Moreover, the model may help managers to actively control the process of organizational adaptation through cognitive framing.

SESSION 1029

STRATEGY TOOLS IN THE KNOWLEDGE-BASED ECONOMY

TRACK D	Date	Monday, Oct 13
	Time	11:15 – 12:30 h
Paper	Room	Salon 24

Session Chair Sari Stenfors, *SCANCOR, Stanford University*

Overcoming Founding Conditions in an Emerging Economy: A Longitudinal Study of Indian Firms

Indrajit Mukherjee, *Indian Institute of Management-Calcutta*

Sougata Ray, *Indian Institute of Management-Calcutta*

Raveendra Chittoor, *Indian Institute of Management-Calcutta*

This multiple industry longitudinal study using secondary data on 3160 Indian firms for five years investigates how the founding contexts: pre versus post liberalization, and affiliation to business groups, affect the temporal performance of the firms in the new millennium. The study reveals: the diversity of founding context results in variation of firm performance, but the strategic choices exercised by managers and entrepreneurs tend to overcome these variations by dynamically moderating these effects and lead to convergence of the firm performance. The study validates the organizational imprinting hypothesis for broad macroeconomic founding contexts specific to emerging economies, provides insight on strategic transformation, has implications on research on business groups, and has implications for entrepreneur and managers who have to face the challenge of transforming organizations.

Strategy Tools: A Set of ‘Golf Clubs’

Sari Stenfors, *SCANCOR, Stanford University*

Strategy tools are commonly used in modern organizations all over the world to facilitate strategy work. It is, however, not clear when to use what tools. The inspiration for this study was the revelation that this problem had been solved in the game of golf by focusing on the situated practice of golf-club use, i.e. individual swing-style in differing situations. Strategy tools also have specific features that work best in knowledgeable hands and favourable situations. The paper presents an empirical study of 250 company executives and argues that the context places limitations on both which strategy tools can be used and how they are employed. A new conceptual model of strategy-tool use is introduced and guidelines for compiling a set of tools are given.

Case Writing in Strategic Management Education

Lars Bengtsson, *Lund University*

Carl-Johan Asplund, *Lund University*

While the case method using existing cases in teaching is relatively well researched the use of case writing in teaching has received limited attention. A few studies have reported on the advantages of case writing and the beneficial educational outcomes on a broad set of skills and knowledge and the win-win situation in case

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writing in cooperation between business and university education. Some research has been reported using case writing in academic education; however, the topic is far from systematically explored. The purpose of this paper is two-fold. Firstly, to present experiences and findings from using case writing in an advanced course on Technology Strategy for engineering students. Secondly, to present a framework for effective teaching and use of case writing projects in university education.

The Practices of Knowledge Managers: An Activity System Based View

Alexandre Perrin, *Audencia Nantes School of Management*

In this paper, we propose to look at the practices of those who are in charge of knowledge management in corporations: the knowledge managers. We adopt an activity system lens to understand the contradictions inside the activity system of the managers. Three conflicts of the knowledge management function are studied: the length of the mandate (long-term versus short-term); the instruments used to measure the impact of knowledge management initiatives on organizational performance and the governance chosen to manage the knowledge management tools.

SESSION 1067

THE UPSIDE OF FINANCIAL INVESTMENTS

TRACK E	Date	Monday, Oct 13
	Time	11:15 – 12:30 h
Paper	Room	Salon 18

Session Chair Aya Chacar, *Florida International University*

Speed and Tobin's Q

Gonçalo Pacheco de Almeida, *New York University*

Ashton Hawk, *New York University*

Bernard Yeung, *New York University*

Firms that are slow in the execution of investment projects often incur substantial revenue losses. However, accelerating investments generally results in higher investment costs. We examine how deviations from industry-average speed in the execution of large investments in oil and gas facilities worldwide from 1996 to 2005 impact firm value, as measured by Tobin's q. We show that faster firms have higher firm value when speed results from firms' dynamic capabilities. On average, accelerating a firm's investments by 5% (or 1 month) below the industry norm due to dynamic capabilities increases market value by \$214.3 million. Additionally, we show that the effect of speed on firm value is amplified by good corporate governance but mitigated by firms' debt.

Capturing the Right Audience: Exclusivity and Community Effect In Security Analysts' Recommendations

Matteo Prato, *IESE Business School*

Fabrizio Ferraro, *IESE Business School*

In mediated markets, critics intervene in the relationship between demand and supply by providing recommendations. Under conditions of extreme uncertainty, to form their judgments, critics search for available value signals differentiating the objects they evaluate. Concurrently, they send out signals differentiating themselves that third parties can make use of. Focusing our analysis on the stock market, we show that both signals affect analysts' recommendations. More specifically, we show that firms covered by analysts that share more experiences of other stocks coverage

(community effect), and those that attract fewer reviewers (exclusivity effect), receive better analysts' recommendations. These findings suggest that firms might be better off by building a selective community of critics rather than attracting an indiscriminate and large attention.

An Integrated view of Strategic Investment: Linking the Resource Allocation Process, Real Options, and Risk

Todd Alessandri, *Providence College*

Catherine Maritan, *Syracuse University*

Some of the most critical decisions firms make involve allocating resources to strategic investments and management researchers have long been interested in the topic. However, scholars have approached it from different theoretical perspectives and focused on different aspects of the investment decision, leading to the development of separate literatures. Yet, an integrated perspective would generate a richer and more complete picture of strategic investments and their relationship to firm strategy and performance. In this paper, we review and synthesize work from three major bodies of research that are concerned with strategic investments: studies of the resource allocation process, research that applies real options valuation techniques or reasoning and work that examines risk and return relationships, to develop richer and more complex picture of strategic investments.

Investors' Reactions to Competitive Actions Among Rivals: A Step Towards Strategic Asset Pricing Theory

Margaret Hughes, *Michigan State University*

Walter Ferrier, *University of Kentucky*

Drawing from information theory, decision making, behavioral finance, and competitive dynamics, we develop (and propose to test) a conceptual model that explains how investors perceive, interpret, and react to the sequence of competitive actions carried out by a given firm on stock returns and the proportion of shares "sold short." As our model is an extension of recent research in behavioral finance, we call this an emergent strategic asset pricing theory.

SESSION 1072

LESSONS FROM INDUSTRY CASES

TRACK E	Date	Monday, Oct 13
	Time	11:15 – 12:30 h
Paper	Room	Salon 17

Session Chair Alexander Zimmermann, *University of St Gallen*

Where Differentiators Go Wrong: The Urgency of Combining Modularization and Competence Renewal

Heike Proff, *Zeppelin University*

The growing modularization of complex products encourages the division of labor in industry. End product manufacturers outsource production of individual components to large module suppliers, saving on costs in the short term. In the medium term, however, they sacrifice competencies. The competitive strategy they choose – either cost leadership or differentiation – determines how this conflict is resolved. This article examines the shift in competencies to module suppliers, and the likely reactions of end product manufacturers, particularly those pursuing a differentiation

strategy. The discussion begins at a general level, and then focuses on the automotive industry as an example. The article derives potential strategic actions going forward based on transaction cost theory and core competency theory, and conducts a content analysis to examine them empirically.

Business Strategy and Firm Reorganization Under Changing Market Conditions: An Observation-Based Analysis of Firms in the Global Paper Industry

Vivek Ghosal, *Georgia Institute of Technology*

My preliminary analysis of firms in the global paper industry reveals considerable differences in their perceptions about market conditions, knowledge about the complementarities between the production processes and supply-chains, and knowledge and ability to make timely decisions regarding new investments and other changes. The analysis, based on visits to paper mills in Finland, Germany and the U.S., and complemented by data analysis, reveals significant differences across firms in this industry in productivity and, more broadly defined, performance. The significant intra-industry differences in performance across firms in a relatively well defined industry lends credence to the insights provided in the papers by Denrell, Fang and Winter (2003) and Zott (2003), among others. Our findings have implications for studying business strategies employed by firms under changing market conditions, and examining the differences between firms and managers in their knowledge-base and its applications.

Building High Performance Organizations

Peer Fiss, *University of Southern California*

Configurations are central to the literature on strategic management and continue to play a crucial role in understanding the determinants of competitive advantage. However, there has been very little empirical research that simultaneously examines configurations of strategy, structure, and environment as called for by Miles & Snow (1978). Using a recent dataset of high technology firms, I empirically investigate such configurations of using fuzzy set analysis. In comparing the results from conventional cluster and deviation score analyses with fuzzy set analyses, I show how the use of set-theoretic methods may help clarify mixed findings in the prior literature and show that hybrid configurations can lead to high performance, but very high performance is only achieved by embracing tradeoffs and choosing a "pure" configuration.

Path Dependency, Organizational Context, and The Range of Strategic Variety: A Contrasting Case Study

Jochen Koch, *Free University Berlin*

In this study we investigate the strategic trajectory of incumbent firms coping with path dependency and thus with a diminished range of strategic variety and choice. It is argued that an organization's ability to act strategically under conditions of path dependency relies not only on the particular form of developed path-dependent strategic pattern but also on how this pattern is inscribed into the whole organizational body. We introduce the concept of organizational contextuality for capturing this form of embeddedness and we explore different discursive dimensions of strategic inscription referring to power, formal and informal structures. The paper relies on an empirical study contrasting two established newspaper-publishing organizations. The comparison analysis of the cases reveals in both organizations different forms of strategic pattern

inscription and thus explains much of the observable differences in the strategic trajectory of both focal firms.

SESSION 1089

MAKE, ALLY OR BUY

TRACK F	Date	Monday, Oct 13
	Time	11:15 – 12:30 h
Paper	Room	Salon 21

Session Chair Asli Musaoglu Arikan, *Georgia State University*

Horizontal Alliances as an Alternative to Autonomous Production: Product Expansion Modes in the Worldwide Aircraft Industry

Bernard Garrette, *HEC-Paris*
 Xavier Castaner, *HEC-Lausanne*
 Pierre Dussauge, *HEC-Paris*

This paper combines production and exchange aspects to investigate the make or ally choice. The paper examines under what conditions a firm will choose to undertake product expansion in collaboration with another industry incumbent rather than on its own. We argue that a firm is more likely to launch a new product in a given business through a horizontal alliance when its resource endowment is more limited, the resource requirements of the project are greater, when there is a mismatch between resource endowment and requirement and when the firm has a collaborative competence which allows it to better cope with inter-organizational concerns. We find support in a sample of 310 new aircraft developments launched either as collaborative or single-firm projects between 1945 and 2000.

Acquisition or Alliance: An Integrative Framework of Firm Size and Industry Evolution Stages

Lihong Qian, *University of Illinois-Urbana Champaign*
 Rajshree Agarwal, *University of Illinois-Urbana Champaign*
 Glenn Hoetker, *University of Illinois-Urbana Champaign*

This study examines issues about how environmental uncertainty impacts firm decisions to undertake alliances and acquisitions as modes for access to external resources, and the contingency role of firm size on this relationship. In particular, the authors model variations in environmental uncertainty by examining the different industry evolution stages and examine the changing motivations of firms' choice of acquisition or alliance over the different industry life stages. Using a unique longitudinal database developed for the various biofuels markets in the US, the authors systematically incorporate the industry evolution perspective to the study of alliance and acquisition activities undertaken by firms as they compete in dynamic markets. Further, they investigate if there are significant differences in resource development strategies across large and small firms.

Growth through Acquisition and/or Alliance Programs: Performance Effects of Specialized versus Mixed Corporate Strategies

Asli Musaoglu Arikan, *Georgia State University*

This study investigates capability building at the corporate level over time starting with the firm's IPO. Firms exhibit heterogeneity and exclusivity in their corporate strategy programs within/across industries during 1988-2001. Initial findings show that the 3595 firms pursue different corporate strategy programs: 978 engage in both alliances and M&As; 450 follow only alliances; 1218 follow

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only M&As; 949 engaged in neither alliances nor M&As. Firms with only M&A corporate strategy programs on average have the highest operating ROA and ROS followed by the firms that pursue a mixed program. Whereas, firms that only form alliances have the highest annual R&D expenses scaled by cost of goods sold. There seems to be clear distinctions among firms that pursue different corporate strategy programs which warrant further investigation.

What Makes a Strategic Alliance? An Organizational Analysis

Sascha Albers, *University of Cologne*

Edward Zajac, *Northwestern University*

While strategic alliances are typically conceptualized in legal or contractual terms (e.g., market-hierarchy or equity-non equity continua), we suggest that there is unexplored value to researchers and practitioners in also viewing alliances in organizational terms. In this study, we offer a foundational, contingency theoretic framework that conceptualizes strategic alliances as a distinct organizational form. Key design parameters, contingency dimensions and their interplay are assessed. Contrasting case studies serve to illustrate the descriptive and explanatory value of our framework.

SESSION 1096

EXECUTIVE COMPENSATION

TRACK F	Date	Monday, Oct 13
Paper	Time	11:15 – 12:30 h
Session Chair	Room	Salon 22

Session Chair Katja Rost, *University of Zurich*

CEO Total Wealth, Decision-Making and Firm Performance: An Empirical Investigation

Joanna Tochman Campbell, *Texas A&M University*

I propose that the impact of compensation on CEO risk propensity, decision-making, and subsequent firm performance is mitigated by the CEO's total wealth. This may account for the conflicting findings of previous works, which have been unable to identify a consistent relationship between executive compensation and firm performance. I develop a measure of CEO wealth based on past compensation and consumption, and test the impact of this measure on the CEO's current compensation, risk-taking, and subsequent firm performance, as well as the relationships between these variables.

✦ Executive Compensation, Financial Slack, and Strategic Risk-Taking: A Behavioral Agency Perspective

Elizabeth Lim, *University of Connecticut*

Drawing insights from Wiseman and Gomez-Mejia's (1998) behavioral agency model, this paper examines how and why different forms of executive compensation separately and jointly with financial slack influence strategic risk-taking over time. Longitudinal data are collected from various archival databases, and consist of 98 firms in three high research and development industries spanning 14 years during the time period 1992-2005. The random coefficient modeling analytical technique based on growth modeling at the intra- and inter-firm levels is used to test the hypotheses that different forms of executive compensation exhibit dissimilar influences on strategic risk-taking, and that their influence changes as their values change. The hypotheses that

different levels of financial slack influence the incentive properties of various forms of executive compensation to affect executives' perceptions of risks are also tested.

The Dark Side of Growing Intra-Firm Pay Dispersion in Knowledge-Intensive Economies

Flore Bridoux, *Erasmus University Rotterdam*

In an era where knowledge has become a prominent source of value created for Western firms, the growing pay dispersion that has characterized American firms over the last three decades is spreading to European firms through the adoption of American governance practices. This paper contributes to the research on knowledge and governance by developing micro-foundations to study the impact of pay dispersion on employees' motivation to create and deploy knowledge. This paper shows the negative consequences of growing pay dispersion for the creation and deployment of knowledge inside firms and warns against the blind adoption of American governance practices in Continental Europe where these negative consequences are likely to be even larger.

Corporate Governance: What Can Stock Corporations Learn From Monasteries?

Katja Rost, *University of Zurich*

Margit Osterloh, *University of Zurich*

Emil Inauen, *University of Zurich*

Bruno Frey, *University of Zurich*

The weaknesses and failures of actual corporate governance practice suggest that it might be useful to approach the issue from a new perspective. In our paper we show that fresh insights for corporate governance can be gained from the way monasteries are organized.

SESSION 1010

INTERNATIONALIZATION STRATEGY

TRACK G	Date	Monday, Oct 13
Common Ground	Time	11:15 – 12:30 h
Facilitator	Room	Salon 7

Facilitator William Newbury, *Florida International University*

Local Knowledge and Customization as Determinants of Service-Firm Entry Modes

Susan Storrud-Barnes, *Cleveland State University*

Richard Reed, *Washington State University*

Raj Javalgi, *Cleveland State University*

The selling of services in foreign markets is one of the fastest-growing areas of business, and existing theory is ill-suited to providing guidance on how to manage the process. In this work we are concerned with how required local-knowledge and the tacit knowledge embedded in service customization affect a firm's entry mode into those foreign markets. Much of the extant literature on foreign entry assumes that required local-knowledge always is important, and that customization is either non-existent or, at best, is a constant. Here we assess the effects of the varying degrees of each. Using a local-knowledge-and-customization contingency framework we identify five modes of entry that minimize the service-performance gaps that lead to service failure.

Pre-Acquisition Influences Of Performance And Regulatory Constraint On Cross Border Acquisitions

Stephen Childs, *Mabledon Pty Ltd*

Despite over thirty years of research in demonstration of an association between acquisition strategy type and ex post (after the fact) performance, inconsistent result continue to be recorded. This paper in consideration of a recent sample of Australian acquisitions, where finance literature suggests a cross border discount applies, finds increased performance for regulated industry members who demonstrate high ex ante (before the fact) performance after controlling for acquisition size.

International Professional Service Firms and the Deskilling of the Professions

Susan Segal-Horn, *Open University*

Alison Dean, *University of Kent*

This paper explores the deskilling of the professional within international professional service firms. Our data are drawn from a knowledge-intensive service industry: international corporate law firms. Building the global law firm has increased control through managerial practices and protocols and shifted the balance of knowledge and practice towards the organization and away from the profession. Both deskilled jobs and deskilled workers are occurring within the corporate legal sector. Our data show that non-legal professionals, para-legals and outsourced contractors now play a role in professional service delivery. Outsourcing and off-shoring are creating a new division of labour and a new division of knowledge within professional work. Two parallel trends are occurring: polarization within the profession towards a new professional elite; and an outsourced, deskilled majority.

Can CEO Compensation and Power Drive Decisions on the Internationalization of MNCs?

Cheng-li Tien, *Da-Yeh University*

Cheng-Min Chuang, *National Taiwan University*

This paper extends agency-based research to examine the role of CEO compensation schemes and their relationship to the internationalization of multi-national corporations. The results indicate that CEO pay at all levels (short-term, long-term, total pay, and pay leverage) is negatively related to firm internationalization. Furthermore, CEO duality can positively moderate the effect of CEO pay at all levels on firm internationalization, and that CEO tenure can positively moderate the effect of CEO total pay on firm internationalization. The findings provide mixed support for the agency perspective on the impact of CEO compensation schemes at all levels to firm internationalization and the moderating impact of CEO power (CEO duality, directorship and tenure). As such, it suggests new avenues of research for corporate governance and firm internationalization.

International Ambidexterity - Developing Third-Order Capabilities for Foreign Market Success

Christiane Prange, *EM Lyon*

Sylvie Cellard, *EM LYON*

Strategies of internationalization have long been in the focus of international business and global strategy research. While two of the major theories – process theory and new venture theory – have provided substantial input into selected types of internationalization processes, they have only selectively explained the contradictory results of international growth and profitability. Adopting a

dynamic capability perspective, we argue that there are two classes of explorative and exploitative capabilities differentially linked to these output variables. Consistent with the dynamic capability view, we introduce a framework of third-order capabilities in order to maximize internationalization performance. Findings from five case studies are used to examine this framework.

Relation Relevance and Competitive Advantage: Implications for International Strategy in Network Economy

Oystein Fjeldstad, *BI Norwegian School of Management*

Jinsong Gao, *BI Norwegian School of Management*

Ulas Burkay, *BI Norwegian School of Management*

We examine how local entrepreneurial network facilitating firms can gain competitive advantage over the dominant international market leaders, even if the latter have the advantage of large network sizes, advanced technologies and well-established brands. We use the value network activities configuration model to diagnose competitive advantage in two China-US paired cases. Our findings point to the relevance of the relations facilitated, rather than the size of the network or brand, for competition in networking services.

SESSION 1053

TURNAROUND AND ALIGNMENT

TRACK H	Date	Monday, Oct 13
Paper	Time	11:15 – 12:30 h
	Room	Salon 23

Session Chair Margaret White, *Oklahoma State University*

Reviving the “Living Dead”

Margaret White, *Oklahoma State University*

Suzanne Behr, *GRC*

Venture capitalists (VC) who undertake to revive “living dead” ventures find themselves facing a unique set of issues—those of a stage 3 or 4 venture and of a turnaround situation. While Rhunke et al (1992) examined the “living dead” venture from an investor’s view, this paper presents a participant observation case study of a venture capital investment in an technology driven, oil industry firm that while profitable needed turnaround. The first two years of the revival processes are examined. In addition, recommendations for what VC should look for before making such an investment and what skills managers need are included. This is a potentially rich research area for strategic management scholars as it draws from the processes and issues of venture capital investment and turnaround literature.

A Framework for Knowledge Alignment between Business and Information Technology

Dawn Harris, *Loyola University Chicago*

Frederick Kaefer, *Loyola University Chicago*

Linda Salchenberger, *Northwestern University*

The challenge organizations face is to share knowledge between business and IT. In this research, we present a framework that can be used by organizations to determine the degree of knowledge alignment between business and IT. The framework was developed to identify gaps in communication, process, and strategy between business and IT.

Contextual Connectedness and Management Attention: Explicating Lobbying Capability in a Predictable Policy Environment

Thomas Lawton, *Cranfield University*

Tazeeb Rajwani, *Imperial College London*

We examine the development of corporate lobbying processes in a predictable ('endogenous') policy environment. We examine a distinct endogenous context where European flag carrier airlines engage with political decisions and policies in an expected way. Our findings show how management cognition develops divergent corporate lobbying capabilities in the same context. In particular, we emphasize the constraints and conditioning of differing ownership formations in the selection and deployment of lobbying capabilities. The result was a more effective response to events and activities in predictive policy environments, resulting in augmented lobbying capability and relative non-market advantage for privately owned airlines.

Turnaround Process in Southeast Asia Revisited

Alexander Falkenberg, *Goldman Sachs International*

Helena Glamheden, *Middlesex University*

Li-Choy Chong, *University of St Gallen*

Literature on a Western environment has developed a solid body of knowledge on the turnaround process. In Southeast Asia, however, the understanding of the turnaround process is still limited. Our literature review highlights punctual differences between the turnaround process in the West and in Southeast Asia that have been reported in previous studies. We used a Straussian grounded theory research strategy to develop a representation of the turnaround process from raw data, since the punctual differences remain multidirectional. Literature on Western turnaround describes a two-stage turnaround process. Our research findings, however, suggest a three stage process: an initial 'recognition phase', a second short-term oriented 'negotiation and deterioration-halting phase', and finally the 'revitalization phase' which addresses the long-term strategy.

SESSION 1024

DEVELOPING NEW TECHNOLOGIES AND PRODUCTS

TRACK I	Date	Monday, Oct 13
	Time	11:15 – 12:30 h
Common Ground	Room	Salon 25
Facilitator	Gautam Ahuja, <i>University of Michigan</i>	

Managing Innovation Fields: Another Look at How Eco-Innovation Capabilities are Built in the Automotive Industry

Franck Aggeri, *Mines Paris Tech*

Maria Elmquist, *Innovation Management*

Hans Pohl, *Chalmers University of Technology*

The automotive industry is in the midst of a hybridization process where manufacturers need to build capabilities in a new knowledge area. This paper aims at analyzing how hybridization can be developed in different ways by using the innovation field framework. This approach focuses on the parallel development of concepts and knowledge (lineages) when building capabilities. The paper discusses two companies and their different strategies for building innovation capabilities, comparing the popular case of the

Toyota Prius with other car manufacturers. The paper is based on interviews with car manufacturers, a case study at Volvo Cars and secondary sources. Preliminary results show that the innovation field framework is useful to understand and discuss different capability building approaches.

Timing New Releases in High-Technology Markets: An Analysis of Network Effects and Real Options Perspectives

David McIntyre, *University of Alabama*

Asda Chintakananda, *Marquette University*

When network effects are present, early releases of new products can be beneficial to the sponsoring firm. However, how firms manage new product releases in network industries, and the resultant growth outcomes, merits further scrutiny. Using a real options perspective, this research examines how the strength of network effects influences firms' decisions in determining when to release products. Specifically, we argue that when network effects are strong, increasing uncertainty will drive firms to release products early. Conversely, when network effects are weak, firms will defer their product releases as uncertainty increases. We empirically test our hypotheses and offer implications for theory and practice in network competition.

A Demand-Based View of Technological Innovation: A Review, Conceptualization, and Future Research Directions

Giada Di Stefano, *Bocconi University*

Alfonso Gambardella, *Bocconi University*

Gianmario Verona, *Bocconi University*

We propose a demand-based model of technological innovation by reviewing influential contributions on the impact of demand factors on technology development and dynamics. We carry out a co-citation analysis that selects the most influential papers published in 1990-2006 in the field of Technology and Innovation Management. Our results define and integrate four key factors: (1) competences of the technology provider, (2) knowledge transfer issues, (3) characteristics of the technology and innovative process, and (4) environment of the users. Our conceptualization provides a contingent representation of the relationship between market forces and technological innovation that answers the need for a deeper understanding of the role of demand in innovation dynamics and strategy. We conclude by identifying important directions for future research.

Local Knowledge and Innovation for Sustainable Development: An Empirical Evaluation

Ioannis Katsikis, *Athens University of Economics & Business*

In this paper the relationship between local knowledge and innovation is examined within a regional setting of a marginal less favorite region. The embeddedness of local knowledge in the production process can be regarded as a tool for innovation and therefore offer significant competitive advantages. The paths through which this can be achieved are questioned in this empirical paper through the study of 94 SMEs in the North Aegean Region, Greece. Results show that although the presence of tacit local knowledge is strong, its use in the production process is rather weak. The character of Region's production system and external market pressures do not allow the transformation of local knowledge into innovation although significant reserves survive.

Reverse Salience in Technological System Development: Conceptual Considerations and an Empirical Illustration

Ozgur Dedehayir, *Tampere University of Technology*
 Tomi Nokelainen, *Tampere University of Technology*

Technological development is a crucial phenomenon in the operating environment of companies and, therefore, understanding this development is important for both scholars and management practitioners alike. We intend to facilitate this understanding in two ways. First, we propose that a given technology can be meaningfully perceived as a technological system which comprises a number of co-evolving component technologies. And second, we introduce the notion of reverse salience which, in essence, argues that in a given technological system there usually is a technology which, in performance terms, lags behind other component technologies and therefore prevents the whole system from fulfilling the full performance potential. Moreover, we develop a way to empirically operationalize reverse salience and illustrate this in the context of technological system of personal computers.

Postponing Into the User: A New Approach to Create Flexibility in New Product Development

Frank Piller, *RWTH Aachen University*

An approach to reduce risk in new product development is postponement, i.e. to delay design decisions close to the launch date to utilize latest need information. In this paper, we propose to move the point of postponement into the customer domain, addressing a central problem of conventional postponement: the elicitation and transfer of customer needs. Customer information often is sticky and difficult to transfer, no matter when it is collected. We suggest that firms should invest in technologies which enable customers to directly transfer their needs into a fitting design. An idea is products with build-in flexibility and embedded rules about possible product differentiations. We provide an analysis of contingency factors and discuss the tactical and strategic implications of postponing into the user.

SESSION 1022

USING ALLIANCE NETWORKS TO ENHANCE INNOVATION

TRACK I	Date	Monday, Oct 13
	Time	11:15 – 12:30 h
Paper	Room	Salon 16

Session Chair William Bogner, *Georgia State University*

Learning, Alliances, and Innovation: An Exploratory Study of Learning Through Alliances in the Bio-Pharmaceuticals Industry

Danielle Dunne, *Binghamton University, SUNY*

Alliances are an important source of knowledge for innovation, especially in industries characterized by complex, distributed innovation processes. Learning is an integral part of gaining knowledge from alliance relationships, but it is problematic in many industries, such as bio-pharmaceuticals. We have not identified how to learn through alliances. Drawing on 99 interviews with scientist and managers in the bio-pharmaceuticals industry I build grounded theory to explain truly innovative learning in alliances. Truly innovative learning is creating new insights that play a role in helping innovators solve unmet customer needs. I present a

typology of learning in alliances that explains why very little truly innovative learning happens in alliances. I explicate the two other types of learning that I find – limited and additive learning.

The Evolution of Network Technologies: Going from Idea to Proof of Concept

Fredrik Häglund, *Institute of Economic Research*

In high-technology industries products are merely components within a larger system and their value, hence, depends on the system in its entirety. The underlying driver is networks and their effects, which have come to play an important role in shaping the dynamics that control market and customer behavior. This paper focuses on how a network technology transcends from idea into proof of concept. Furthermore, it is argued that the likelihood of a platform making this transition depends on the aspiring platform leader’s ability to generate an idea image and to substantiate the technology. If successful the adoption process will take off. The findings stem from an in-depth case of a Swedish company and its efforts in the business of digital pen and paper.

Networks of Learning or Learning to Network? The Impact of Alliance Networking Capability on R&D Innovations

Olga Petricevic, *Georgia State University*
 William Bogner, *Georgia State University*

In an attempt to uncover why do outcomes of R&D collaborative partnerships differ dramatically, we take on a firm-level process perspective and argue that alliance networking capability plays an important role in explaining how the access to and the exchange of technological knowledge embedded in “networks of learning” can yield greater overall R&D alliance success. Specifically, we develop a model that investigates how does the alliance networking capability mediate the relationship between embeddedness in alliance networks of learning and realized technological knowledge exchange, which will ultimately have differential effects on R&D outcomes in terms of R&D process or product innovations and improvements.

Factors Determining the Success of ‘Alliances for Innovation’: The Indian Biotechnology Industry

Thomas Joseph, *Indian Institute of Management-Bangalore*
 Subramanyam Raghunath, *Indian Institute of Management-Bangalore*

Innovation is increasingly becoming a key activity for firms to cope with the rapid changes in technology, increased competition, and growing product complexity. Some firms have found that an open model of innovation involving alliances with other firms to cope with the complex demands. This research focuses on the factors affecting the ability of firms to gain knowledge from its alliance partners to improve its innovation capability. The Indian biotechnology industry is the context for this study, as alliances in the Indian biotechnology industry are predominantly for the purpose of innovation and learning. Several hypotheses have been developed and tested statistically using a questionnaire survey with alliance top management representatives as key informants. The results were subjected to verification through case interviews with selected CEOs.

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SESSION 1109

WHAT IS STRATEGY-AS-PRACTICE?

TRACK J	Date	Monday, Oct 13
	Time	11:15 – 12:30 h
Panel	Room	Saal 14

Session Chair

Duncan Angwin, *University of Warwick*

Panelists

Duncan Angwin, *University of Warwick*

Gerry Johnson, *University of Lancaster*

Richard Whittington, *University of Oxford*

Steven Floyd, *University of St Gallen*

Gerard Hodgkinson, *University of Leeds*

This panel session sets out to address the question of 'what is strategy as practice?' In particular it shall focus upon whether Strategy-as-Practice has research agendas which are distinctive from process research for instance. From this consideration will be given to whether this leads to distinctive research methodologies and novel implications for teaching. The panel shall consist of leading exponents of the Strategy-as-Practice perspective and distinguished process scholars.

SESSION 1080

READY, SET, GO! LAUNCH STRATEGY AND PERFORMANCE

TRACK K	Date	Monday, Oct 13
	Time	11:15 – 12:30 h
Common Ground	Room	Salon 19

Facilitator David Deeds, *University of St Thomas*

A Longitudinal Study of Competency Gaps within Academic Entrepreneurship

Einar Rasmussen, *Bodo Graduate School of Business*

Simon Mosey, *University of Nottingham*

This paper develops theory to better understand the distinct competencies required to support new venture creation within the non-commercial academic environment. The study follows the initiation and early development of four university spin-offs, within the UK and Norway, in order to reveal critical competency gaps and potential sources for these competencies. We identified three competencies of innovating, leveraging, and championing that were crucial to attract external investment to the nascent ventures. To overcome competency gaps we observed that different individuals were necessary at different stages in the process. Policy initiatives may contribute to some, but not all, of these competencies.

Spin-Offs' Strategy and Location Choice

Luca Berchicci, *Erasmus University Rotterdam*

Andrew King, *Dartmouth College*

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

Previous studies suggest that spin-offs will locate in close proximity to the firm from which they spawned. As a result of this process, clusters of entrepreneurial activity tend to develop around a few strong parent firms. But do all spin-offs really stay close to home? In this article, we investigate which firms choose to stay nearby and which tend to leave. We test the predictive power of existing theories of location choice, and we develop a new

theory particular to spin-off firms. We demonstrate that spin-off firms choose heterogeneous technological and market strategies, and we hypothesize that firms with more aggressive strategies have a greater need to maintain relationships that allow access to knowledge and facilitate coordination with complementors. We find supporting evidences of our arguments by analyzing the location and strategy decisions of intra-industry spin-offs in the disk drive industry.

Entrepreneurial Strategies of High Growth Start-ups: Building Legitimacy or Attracting Customers?

Bart Clarysse, *Imperial College London*

Johan Bruneel, *Imperial College London*

Erkko Autio, *Imperial College London*

We explore the growth strategies that are deployed by young technology based firms. Based on six case studies of high growth firms, we build theory on the entrepreneurial strategies of these ventures. We obtained rich data from both primary and archival sources. We find that revenue oriented companies focus on growth through attracting customers. Exit-oriented companies grow in terms of employees not revenues and try to build up legitimacy in the market for investors and acquirers through signaling experience and quality of managers as well as technology quality. Young technology firms which show both high growth in revenues and employees create legitimacy through acquisitions of complementary assets downstream in the value chain; these companies face a weak appropriability regime and a market which has to be created.

Capitalizing on Founding Team Knowledge: Ownership and Team Membership Effects on New Venture Launch Speed

Michael Devaughn, *University of St Thomas*

Using organizational learning and organizational demography theoretical approaches that emphasize the information and knowledge advantages of teams, we assess the ability of entrepreneurial founding teams to leverage and capitalize on its various knowledge bases by investigating the speed of new venture launch. We draw on a sample of 130 new ventures launched in the U.S. banking industry in Florida between 1996 and 2007. Our preliminary results suggests that the founding team's internal ownership structure and initial team membership structure may play as important role in determining whether the knowledge benefits of the team are fully realized as other team compositional characteristics.

Start-Ups at the Gate: Examining the Link Between Technological Capabilities and Agglomeration Externalities

Larry Plummer, *Clemson University*

Elaine Mosakowski, *University of Colorado-Boulder*

Sharon Matusik, *University of Colorado-Boulder*

Zoltan Acs, *George Mason University*

This study examines the impact of new firms on the performance of nearby established firms and the extent to which the technological capabilities of established firms moderates the relationship. The paper tests these arguments: First, new firms initially transmit agglomeration diseconomies that erode incumbent profits and then contribute agglomeration economies that boost the profits of nearby incumbents. Second, and more importantly, the technological capabilities of the incumbents serve to (1) "insulate" the firm from the negative diseconomies released by new firms and

(2) “magnify” the benefits of any agglomeration economies. This study demonstrates that any benefits of agglomeration accruing to clustered firms are not exclusive to those in high technology sectors, but instead are most apparent in the performance of firms with greater technological capabilities.

SESSION 1082

CORPORATE VENTURE CAPITAL

TRACK K	Date	Monday, Oct 13
	Time	11:15 – 12:30 h
Paper	Room	Salon 20

Session Chair Tim R. Holcomb, *Florida State University*

Corporate Venturing and Sequential Market Entry: An Empirical Test of the Decision to Exercise Footholds

Tim R. Holcomb, *Florida State University*
 Justin Webb, *Texas A&M University*
 John Upton, *University of West Georgia*
 Jennifer Sexton, *Florida State University*

A widely-held belief is that corporate venturing is a means by which firms promote growth and sustain strategic competitiveness. Building on concepts from real options theory and research examining corporate venturing, we propose a model of sequential market entry and expansion in which entrepreneurial firms establish footholds in new markets to reduce uncertainty associated with market entry. Specifically, applying on RBV and contingency theory logic, we test hypotheses examining the influence of financial slack on the decision to exercise growth options (footholds) and the direct and moderating influence of industry context—conditions that increase the value of footholds in some contexts and not in others. In doing so, we draw attention to the decision to exercise foothold investments in an entrepreneurial setting.

An Option to Partner: A Dyadic Analysis of CVC Relationships

Anu Wadhwa, *Swiss Federal Institute of Technology-Lausanne*
 Corey Phelps, *University of Washington*

This paper takes a real options view of corporate venture capital (CVC), which are direct minority equity investments made by established companies in privately held entrepreneurial ventures. CVC investments have been characterized as creating growth options for corporate investors. We argue corporate investors often exercise these growth options by forming strategic alliances with their portfolio firms. We identify and empirically test a set of factors that lead established firms to exercise the growth options embedded in CVC investments by forming strategic alliances with the entrepreneurial ventures in which they invested. We explore how uncertainty surrounding a CVC investment influences the likelihood of future alliance formation and how a corporate investor’s resources moderate this effect.

Choose Wisely Your Partner: Licensing Strategies of Science-based Start-Ups

Daniela Baglieri, *University of Messina*

The core argument in this paper is that partner choice is a key firm capability which may affect the early growth of science-based start-ups. We suggest that resource-constrained start-ups may choose strategically their partners in order to lessen the risks of disclosure and litigation and disputes over property rights (IPRs). Therefore, by choosing their partner science-based start-ups choose how much to compete for IPRs. We also suggest that they may leverage their upstream collaboration with universities and star scientists to attract strategic downstream partners. We test our hypotheses on a sample of Italian-based, privately held biotechnology firms. We found that size and founders’ prior experience affect partner choice. We believe these findings provide new challenges for the management of IPRs and strategic entrepreneurship literature.

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SESSION 1904

KEYNOTE SPEECH: WULF BERNOTAT, CEO OF EON

PLENARY	Date	Monday, Oct 13
	Time	14:00 – 15:00 h
Keynote Speech	Room	Saal 1

Knowledge Management Enables the Execution of E.ON's Strategy

E.ON has transformed from a company with a diversified portfolio of business areas to Europe's leading integrated power and gas company. Its corporate strategy is based on a balanced growth with a regional focus on the European Energy markets. In the execution of this strategy, there is a greater need for knowledge management. The organization has been further developed and includes a functional and more central steering model with centers of competence across several value chain steps to ensure the flow of knowledge across the organization.



Wulf H Bernotat was appointed Chairman of the Board of Management and Chief Executive Officer of E.ON in 2003. E.ON, based in Duesseldorf, Germany, is one of the major public utility companies in Europe and member of the DAX stock index of major German companies. It came into existence through the 2000 merger of VEBA and

VIAG, two energy companies. Wulf Bernotat had joined VEBA in 1996 and became a member of the Board in 1998. Wulf H. Bernotat received a doctorate in law from the Georg-August-Universität in Göttingen. His first position was as a corporate attorney in the legal department of Shell AG in Hamburg. In 1981 Wulf Bernotat went to Shell's headquarter in London to become business development manager for Eastern Europe. He remained with Shell until 1996, working in various European offices with increasing amounts of responsibility: In London, he became Shell's coordinator of business interests in Africa, as well as of coal-business interests in the entire Southern Hemisphere; later in Lisbon, he was general manager for Shell in Portugal; and in France, he became a member of Shell Paris's Board of Management, responsible for downstream activities.

14:00 - 15:00
COFFEE BREAK

MONDAY PLENARY

SESSION 1804

TEACHING TRACK

TRACK T	Date	Monday, Oct 13
	Time	15:30 – 16:45 h
Special Panel	Room	Salon 15

Trends & Challenges in Building Content of the Strategy Core: Using Interdisciplinary Approaches to Teaching Strategy

Session Chair

Rodolphe Durand, *HEC-Paris*

Panelists

Rodolphe Durand, *HEC-Paris*

Teppo Felin, *Brigham Young University*

Marc Ventresca, *University of Oxford*

Strategy, in many ways, requires an interdisciplinary approach. This adds to the challenge of teaching strategy. Many professors rely on content in game theory, social theory, moral philosophy, intellectual history, and economics to teach their strategy courses. This session will provide insights as to how faculty members can bring together these various disciplines into a cohesive whole in order to build strong content in the strategy core course.

SESSION 1041

KNOWLEDGE, COLLABORATION, AND PERFORMANCE

TRACK A	Date	Monday, Oct 13
	Time	15:30 – 16:45 h
Common Ground	Room	Salon 6

Facilitator Jeffrey Reuer, *Purdue University*

✦ Value Creation in University-Firm Research Collaborations: A Matching Approach

Denisa Constanta Mindruta, *University of Illinois-Urbana Champaign*

What determines a “good match” between academic scientists and firms that form a research partnership? To answer this question, the paper models firm-scientist alliance formation as an endogenous matching process driven by the synergy in knowledge-creation capabilities of the partners. This theoretical framework of alliance formation addresses explicitly the endogeneity problem created by the self-selection of the partners into alliances. The model is then applied to empirically investigate the presence of complementary or substitution in partners’ capabilities. The results suggest that strong scientific capabilities on the part of the firm and scientist are complementary, but there is also evidence of substitution in terms of breadth of knowledge and patenting skills. Moreover, the relationship between partners’ research quality is moderated by scientists’ life cycle effects.

Learning-Before-Doing in Portfolios of International Strategic Alliances

Koen Heimeriks, *Erasmus University Rotterdam*

This study examined how knowledge generated through an international alliance training affected performance of international strategic alliance (ISA) portfolios. We suggest that in addition to experiential and deliberate learning effects, a learning-before-doing effect impacts the firm’s ability to perform in ISA portfolios. Using a survey sample of 192 firms reporting on over

2500 international alliances initiated from 1997 through 2001, the firms using such alliance trainings significantly outperformed those that did not. The results are consistent with our theoretical predictions: in addition to conventional experiential and deliberate learning effects, the complexity of managing portfolios of international strategic alliances necessitates learning-before-doing (i.e. international alliance management training) as it positively impacts performance in ISA portfolios.

Inter-organizational Collaboration and Knowledge Management: Insights from the Space Shuttle Columbia Recovery Response

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

Donde Plowman, *University of Tennessee*

Few organizations possess all necessary knowledge and other resources to compete alone successfully, and thus often turn to other organizations for access to resources. The ability to collaborate successfully and effectively share knowledge and resources across organizational boundaries may represent an important capability in terms of organization success. In this paper we use an inductive, case study method and rely on in-depth interviews with representatives from several of the core agencies that responded to the Space Shuttle Columbia disaster. Our purpose was to understand how these multiple organizations collaborated effectively and shared knowledge during a time-constrained, complex task. Our findings point to three factors that contributed to successful collaboration and knowledge management during the Columbia recovery effort: propinquity effect, knowledge interdependence, and primacy of goals.

The Alliances of New Technology Based Firms: Governance Structure and Contractual Complexity

Evila Piva, *Polytechnic University of Milan*

Massimo Colombo, *Polytechnic of Milan*

In this paper we empirically analyze the determinants of two decisions influencing the pay off that may be achieved by new technology-based firms from knowledge transfer in alliances: alliance governance structure (i.e. equity versus non-equity) and contractual complexity. Prior studies have shown that these two governance choices have different antecedents. Here we extend this result in several directions. First, while prior studies proposed arguments derived from the transaction cost economics only, we combine this perspective with arguments from the resource-based view and the real option theory. Second, we adopt an innovative model specification by modelling governance choices as a two-stage process through the estimates of switching regression models. Third, we consider variables that have been neglected so far (i.e. technological and market relatedness between partners).

Knowledge Application and Knowledge Generation in High Technology Strategic Alliances

Robert Morgan, *Cardiff University*

Jay Lambe, *Seattle University*

Yiannis Kouropalatis, *Cardiff University*

Mathew Hughes, *University of Nottingham*

Using data from 220 international high technology strategic alliances, we question the extent to which knowledge transfer intensity between partners is monotonic (subject to ever-increasing returns) in its relationship with strategic alliance performance. We find different types of knowledge transfer (knowledge generation and knowledge application) interact differently with strategic

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alliance performance. As an extension to this, we observe that these effects are moderated by relational exchange conditions (trust and relationship commitment) between alliance partners, although not always in the hypothesized direction. Finally, we identify non-linear relationships between both knowledge generation and knowledge application, and strategic alliance performance but find that these are specified in different directions. Our findings point to the complex and varied effects of different types of knowledge transfer on strategic alliance performance.

SESSION 1061

INTER-ORGANIZATIONAL KNOWLEDGE TRANSFER

TRACK A	Date	Monday, Oct 13
	Time	15:30 – 16:45 h
Paper	Room	Salon 18

Session Chair Elizabeth Reusch, *Purdue University*

Reference and Persuasion: Fundamental Mechanisms for Coordinating the Intra-firm Transfer of Knowledge

Robert Jensen, *Brigham Young University*
Gabriel Szulanski, *INSEAD*

We investigated the primary mechanisms underlying methods for transferring organizational routines and tested the contingent effect of timing of mechanism usage on knowledge transfer stickiness. Analysis of unique survey data involving 38 different knowledge transfer methods and 122 transfers of organizational practices in eight companies supported our hypotheses that Reference and Persuasion are primary knowledge transfer mechanisms and that they affect stickiness differentially depending on the stage of transfer in which they are applied.

Demographic Diversity Mediating Social Capital's Impact on Knowledge Transfer

Elizabeth Reusch, *Purdue University*
Joan Allatta, *Purdue University*

An organization's advantage lies in coordinating its knowledge stocks and flows. Social capital, an asset found in social relations, can be utilized for knowledge transfer. However, group research has found that demographic diversity can lower the knowledge transferred within these communities. While research has been conducted at numerous levels of analysis, no one to date has determined if demographic diversity mediates social capital's influence on the knowledge transferred within the firm, specifically within its communities of practice. Therefore, this paper seeks to examine how demographic differences mediate social capital's impact on knowledge transferred within intra-organizational communities. Our study is being conducted within a multi-national organization operating in over 15 countries with over 50,000 employees, and over 1,000 communities. Keywords: demographic diversity, knowledge, social capital, communities

Ambiguity as a Barrier to Knowledge Transfer in Mergers and Acquisitions

Paulina Junni, *Swedish School of Economics & Business Administration*

This paper develops and tests a model that examines the role that causally ambiguous knowledge plays in the transfer of knowledge in mergers and acquisitions (M&As). Although acquisitions are often justified by accessing and creating new knowledge, little

research has focused on knowledge transfer in this context. This paper aims to fill this gap by empirically testing the effects of causal ambiguity on knowledge transfer and its antecedents – the characteristics of knowledge and the relationship between the sender and the receiver. The hypotheses are tested on a sample of Finnish companies' acquisitions in 2001-2004. The analyses support a number of the hypotheses, and causal ambiguity fully mediates the relationship between the degree to which the sender's knowledge is perceived as tacit and knowledge transfer.

Diffusion of Governance Practices Across National Boundaries: Ownership and Board Ties as Knowledge Exchange Mechanisms

Pieter-Jan Bezemer, *Erasmus University Rotterdam*
Frans A.J. Van Den Bosch, *Erasmus University Rotterdam*
Henk W. Volberda, *Erasmus University Rotterdam*

Over the last years, the attention for the Anglo-American shareholder model has increased. With its very open economy and international orientation, the Netherlands provides an interesting research context to investigate the diffusion of shareholder value orientation among listed firms. We investigate to which extent ownership and board ties as two knowledge sharing devices have influenced the adoption of shareholder value orientation. Using panel data on top-100 listed Dutch companies from 1992 to 2006, we find that while national ownership and national board ties have limited the inclination of firms to adopt a new orientation, Anglo-American ownership and Anglo-American board ties have positively influenced the diffusion of shareholder value orientation among Dutch firms. We discuss the strategy implications for scholars and practitioners.

SESSION 1030

THE EMERGING STRANDS OF RESEARCH IN STRATEGIC COGNITION

TRACK D	Date	Monday, Oct 13
	Time	15:30 – 16:45 h
Panel	Room	Saal 14

Session Chair

V.K. Narayanan, *Drexel University*

Panelists

V.K. Narayanan, *Drexel University*
Gerard P. Hodgkinson, *University of Leeds*
Margaret Peteraf, *Dartmouth College*
Steven W. Floyd, *University of St Gallen*

The primary aim of this panel proposed here is to begin the next phase in the stream of strategic management work with a cognitive orientation. We bring together scholars with different orientations a) to address both their individual vantage points and 2) to engage both themselves and the audience in a discussion of the fruitful avenues of development of the cognitive school to strategic management literature. In what follows, this proposal will sketch four vantage points: 1) cognition as a unique strand in strategic management; 2) cognition and competition; 3) cognition and dynamic capabilities; and 4) cognition and middle management. We will subsequently summarize the plan for the panel, and the value for the audience.

SESSION 1076

THE KNOWLEDGE-BASED VIEW IN NEW ARENAS

TRACK E	Date	Monday, Oct 13
	Time	15:30 – 16:45 h
	Room	Salon 25

Common Ground

Facilitator Claudia Schoonhoven, *University of California-Irvine*

Using a Value Creation Compass to Discover Blue Oceans

Norman Sheehan, *University of Saskatchewan*
 Vaidyanathan Ganesh, *University of Saskatchewan*

Kim and Mauborgne (2004, 2005) argue that firms without close rivals enjoy profitable sailing in Blue Oceans, while firms fighting with near rivals in Red Oceans struggle to remain profitable. While they claim the key to finding Blue Oceans is to create new buyer value, they offer little in the way of tools to help managers uncover new points of differentiation. We propose that value creation logics are one way managers can use to create new customer value: Firms can create new points of differentiation by lowering cost using an industrial efficiency logic, increasing user connectivity with a network services logic, or enhancing the offering’s fit with the user needs using a knowledge intensive logic.

Knowledge Intensive CRM Processes: A Journey Towards Competitive Advantage in Travel Agents

Adina Poenaru, *ESCP-EAP-London*

This paper reviews CRM processes (defined as knowledge intensive, complex, cross functional and customer oriented) and how they can be used to achieve competitive advantage. Starting from Geib et al. (2003) 12 process framework, the paper proposes the addition of a new CRM process, prosumer management. Testing the new framework with four detailed case studies, four different CRM strategies are identified. This paper also suggests five main routes to competitive advantage and explains how CRM can help achieve any of them. The findings indicate that choosing the best one depends on the objectives of the company (e.g. customer satisfaction or cost reduction), the nature of its resources (high street or online presence) and area of superior capabilities (e.g. unique products, customer knowledge).

★ Value Creation in the Knowledge Economy: The Rigor, Relevance, and Morality of the Resource-Based View

J W Stoelhorst, *University of Amsterdam*
 Flore Bridoux, *Erasmus University Rotterdam*

The resource-based view’s use of ‘rents’ as a catchall for all sources of performance differentials holds back theory development. Given its historical roots, the rent concept is ill suited to capture the dynamic and collective nature of value creation in a knowledge economy. Recent suggestions to work around the inherent limitations of the concept do not solve all the problems inherited from (neo)classical economics and may also have unintended moral implications. In this paper we analyze the nature of value creation in a knowledge economy and its link to firm performance and we develop a simple proposal to better capture this link by redefining profit as the outcome of value creation and rent as the outcome of value appropriation.

The Effects of Competition and Knowledge Scope on Firms’ Search for Innovations

PuayKhoon Toh, *University of Minnesota*
 Francisco Polidoro, *University of Texas-Austin*

We examine when do firms, and which type of firms, explore or exploit new paradigms in their search for innovations. We separate two types of competition – competition arising from within a technological paradigm, and between competing technological paradigms, and also examine the scope of firm’s knowledge base. We propose that competition arising from within a technological paradigm drives firms to explore new paradigms, especially for firms with broad scope of knowledge. On the other hand, competition arising from between technological paradigms drives firms to further exploit existing paradigms, especially for firms with narrow scope of knowledge. Our propositions illuminate the interaction between internal capabilities and external push in influencing a firm’s search for innovations, and further our understanding of firms’ process of building resources.

★ Human Resource Management Practices and Knowledge Processes Outcomes: Theory and Evidence

Christos Pitelis, *University of Cambridge*
 Andreas Georgiadis, *Centre for Economic Performance*

Our aim in this paper is to identify empirically the relationship between Human Resources (HR) processes and knowledge process outcomes, by focusing on the real case of business support provided to UK Small and Medium sized Enterprises (SMEs) in the Tourism, Hospitality and Leisure (THL) sector, on Human Resource Management (HRM) practices by making use of a unique primary data base. We find that SMEs that receive HR-support services experienced higher returns to product innovation and business development expenditure, as they generated more revenue per pound spent on innovation and development than businesses which did not receive support. Our evidence supports a strong causal link between HR practices and knowledge processes and sheds some light on the “black box” of strategic management and firm performance.

The Role of Knowledge in Driving Continuous Innovation

Marc Aafjes, *Vodafone Group*
 Niko Karjalainen, *American Express*

The paper explores the question: “what is the role of knowledge in driving continuous innovation?”. This paper provides practical insights for both researchers and practitioners seeking to understand dynamic capabilities around continuous innovation and outlines an agenda for further research. The analysis is based on a premise that the business environment is changing, becoming more complex and fast moving. In this environment, managerial focus should shift from static positioning to building and maintaining dynamic capabilities. We examine the role of knowledge in driving the dynamic capability of continuous innovation. The paper provides a research survey of this topic and uses this to explore several case studies of leading-edge managerial practices in leveraging knowledge to drive continuous innovation.

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SESSION 1073

LEARNING AND COMPETITIVE DYNAMICS**TRACK E**

Date Monday, Oct 13
Time 15:30 – 16:45 h
Room Salon 17

Paper

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

Hypercompetition at The Industry Lever: The Role Of Unpredictability

Hermann Ndofor, *Texas A&M University*
 Frances Fabian, *University of North Carolina-Charlotte*
 John Michel, *University of Notre Dame*

A frequent refrain among strategy researchers and practitioners is the increasing dynamism and unpredictability of environmental change. Previous attempts to measure the unpredictability of industry environments utilized archival industry measures of sales or profitability. Utilizing advances in complexity theory, we examine the unpredictability of 14 key industry sectors over a 12 year period. Our results indicate that industry environments evolve in a medium dimensional chaotic process with relatively short prediction horizons comensurate with characterizations of hypercompetition. We however find no evidence that the level of unpredictability or complexity of these environments increased over the time period studied.

A Naturalist View of Niche-Based Competition

Ikenna Uzuegbunam, *University of Kentucky*

This paper investigates the competitive exclusion principle as it applies to organizations in competitive space. Borrowing naturalist niche arguments, this study seeks to provide theoretical clarification for fundamental niche-based competition. I argue that firms that compete on the basis of niches are successful when they efficiently apply the relevant resources in the pursuit of their strategies. Central to this proposition is the notion that high performance firms are able to enact strategies that integrate the spatial (survival) and temporal (growth) dimensions of their niche in their pursuit of competitive advantage. I also provide empirical evidence from the U.S. semiconductor industry that is in line with the theoretical arguments of this paper.

Competitive Dynamics: Performance Implications of Action and Rivalry

Flora Ferlic, *University of St Gallen*
 Georg Von Krogh, *ETH Zurich*

Research on competitive dynamics proposes that competitive action positively affects firm performance. Conversely, scholars investigating rivalry argue that high competitive action levels may negatively affect performance. Reconciling the two streams, we specify firm-specific boundaries for competitive action. Drawing on panel data from Fortune 500 companies, we observe a negative performance effect in respect of firms (1) whose competitive action is insufficient to defend their competitive position, and (2) whose competitive action exceeds their financial resource limits. Further, we find that specific types of organizational slack enable firms to curb the negative performance effects related to high competitive action levels.

Capability Enhancement Through Performance Feedback Learning

Ari Dothan, *Technion-Israel Institute of Technology*

This study extends feedback learning theory to the context of organizational capabilities and offers a motivational explanation for capability evolution. It suggests that capability enhancement is triggered by learning from performance feedback. When actual performance falls below aspiration level a firm would enhance its capabilities. When performance exceeds aspiration level, however, the rate of improvement may differ due to inertial forces and managers' attitude toward risk. Furthermore, environmental uncertainty concerning resources availability will intensify the effect of performance gap on capability enhancement whereas munificence of resources in the environment will attenuate this effect. In turn, enhanced capabilities enable the firm to bridge performance gaps and improve its performance, which is facilitated by the richness of internal resources and the relatedness between the firm's businesses.

SESSION 1074

CONFIGURATIONS AND PERFORMANCE**TRACK E**

Date Monday, Oct 13
Time 15:30 – 16:45 h
Room Salon 5

Paper

Session Chair Thomas P. Moliterno, *University of South Carolina*

Towards a Functional Resource-based Theory of the Firm

Jeroen Kraaijenbrink, *University of Twente*
 Aard Groen, *University of Twente*

This paper addresses three questions that have generated equivocal answers in the current resource-based literature: What are resources? What types do exist? and, How do they contribute to a firm's competitive advantage? The paper argues that for answering these questions an explicit distinction should be made between resources and actions, between types of resources, and between competitive advantage and performance. Drawing from Parsons' social systems theory, we will suggest a fourfold functional typology of resources and propose that firms derive their competitive advantage from a balanced set of resources rather than from characteristics of individual resources. Performance, then, is achieved by deploying this set of balanced resources in entrepreneurial actions.

Corporate Effects as Competitive Heterogeneity: Construct and Scale Development

Andrea Lanza, *University of Calabria*
 Simone Giuseppina, *University of Calabria*
 Antonella Pellegrino, *University of Calabria*

This paper aims at developing the competitive heterogeneity construct and the related scale through a three-step methodology. First, we define the competitive heterogeneity construct as a multidimensional construct and clarified the relationship with its dimensions, and between these and their measures; then, we carry out face validity through literature review and expert validation; finally, we do a two-step empirical analysis to assess the competitive heterogeneity construct, the relationship with its dimensions, and the link between these and their measures. Our research suggests that competitive heterogeneity is a superordinate reflective

multidimensional construct, and that its dimensions represent unidimensional reflective constructs

How Much Do Firm Resources And Location Matter?

Jorge Pereira-Moliner, *University of Alicante*
 José F. Molina-Azorin, *University of Alicante*

One of the main issues in the field of strategic management is why firms obtain different performance levels. Various studies have attempted to determine the relative importance of firm resources (firm effect) and industry membership (industry effect) in explaining firm profitability. In addition to these factors, firm performance also depends on the territory where the company is located. The purpose of this paper is to determine the relative importance of the firm and location effects within the hotel industry, using a multilevel approach and hierarchical linear models. The findings show that both effects impact significantly on firm performance. In addition, three key hotel variables (size, category, and chain affiliation) have been introduced seeking to identify the extent to which they explain hotel performance.

Mobility, Knowledge and Project Performance: Evidence From Hollywood

Allegre Hadida, *University of Cambridge*

This paper develops new definitions of resource mobility and explores the relative contributions of perfectly mobile industry resources (free agents) and idiosyncratic company resources (salaried executives) to project performance. Hypotheses on resource mobility and performance (measured as profitability) are tested using structural equation modeling on a sample of 2080 U.S. movies first released on the American theatrical market over a ten-year period (1988-1997). Empirical findings lead to new insights into the dynamics of resources and knowledge development, combinations and transformations and of sunk-cost investments in project-based industries. They also corroborate the internal Hollywood hierarchy of free agents (actors, then directors and writers) and studio executives. These conclusions are of interest to project scholars and managers in general and to cinema analysts and professionals in particular.

SESSION 1086

ALTERNATIVE VIEWS OF VALUE CREATION

TRACK F	Date	Monday, Oct 13
	Time	15:30 – 16:45 h
Common Ground	Room	Salon 4

Facilitator Igor Filatotchev, *City University London*

Understanding the Buyers' Role in Private Equity Returns: The Influence of Skills, Strategy and Experience

Oliver Gottschalg, *HEC-Paris*
 Mike Wright, *Nottingham University*

We examine to what extent the characteristics of private equity buyers influence investment performance using a unique and proprietary hand-collected dataset comprising 901 US private equity backed buyout investments derived from the audited track records of private equity firms reported in Private Placement Memoranda (PPMs). We find that the rate of return on invested equity increases in a convex (u-shaped) relationship with the experience the private equity firm has with private equity

investing, increases linearly with the level of strategic involvement of the private equity firm and increases linearly with the expertise of the private equity firm.

Antecedents and Consequences of Venture Capital Syndication

Violetta Gerasymenko, *HEC-Paris*

Syndication has become a widely used investment strategy for venture capital funds. Meanwhile its drivers and its impact on the funds' performance remains poorly understood. The present study draws on a large and unique dataset of the characteristics of 57741 investment rounds and the performance of 1104 venture capital funds. It first analyses the antecedents of syndication at the initial and subsequent stages of a venture's life. We identify funds' investment experience, syndication experience and financial resources as important predictors of syndication. We then explore the performance impact of syndication on venture capital fund performance and find that funds with a higher proportion of syndicated deals as well as funds with an early-stage focus syndicating at late-stage rounds perform better.

How To Explain The Variance In The Allocation Of Ownership Rights In Firms?

Christian Weiss, *European Business School-EBS*

There is considerable variance among firms with respect to the allocation of ownership rights. In this paper, we review existing literature on the determinants of firm's ownership structures. Drawing on the work of Hansmann (1996), we propose a framework according to which three groups of antecedents explain the observed variance, namely firm-specific, industry-specific, and country-specific factors. Our review of the existing research shows that many studies have provided convincing evidence for the influence of firm-specific drivers of ownership allocation. In contrast, relatively little research has been produced on the effects of industry- and country-specific factors on central dimensions of ownership allocation, such as the internal versus the external allocation of ownership rights. We argue that future research that addresses these 'hidden spots' in our understanding of the determinants of ownership allocation is likely to have the highest marginal value.

External Market Interaction of Internal Service Operations: A Modularity Theory Perspective Examining the Effect of Service Type

Norbert Bach, *Justus-Liebig-University of Giessen*
 Torsten Biemann, *Jacobs University Bremen*

This paper studies a phenomenon whose existence contradicts theoretical explanations of make-or-buy decisions: internal service units that serve both, internal and external customers. Building on and extending the literature on vertical architecture and concurrent sourcing, we consider effects at the industry, firm, and organizational unit level. Modularity theory explains successful market interaction of internal service operations through the degree of modularity of services. Hence, some service types are better suited for market interaction than others. Empirically, comparing a sample of 236 internal service units that also compete externally to a control group of 550 purely internal service operations shows the expected effect of service type on market interaction.

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Creating Corporate Value from Unsuspected Places

Adrian Caldart, *University of Warwick*

J Ignacio Canales, *University of St Andrews*

This paper explores whether corporate value can be created from initiatives not led by the corporate level of the firm. We studied strategic initiatives leading to corporate value creation that took place across three different firms. We found that, in addition to the "classic" sources of corporate value creation--corporate level initiatives or business level proposals grounded on corporate requirements--all firms showed initiatives that emerged spontaneously from the business units. These findings have two implications. First, that work associating corporate value creation to actions led by the corporate level of the firm fail to provide a complete picture of the phenomenon of corporate value creation. Second, firms can only develop these corporate value creation initiatives through the development of "liaison devices" among the business units.

Is One Better than Many? Processes of Corporate Value Creation

Véronique Ambrosini, *Cardiff University*

Cliff Bowman, *Ashridge Business School*

Richard Schoenberg, *Cranfield University*

In this paper we ask whether corporations can successfully deploy several types of dynamic capabilities or value creation process logics simultaneously, or whether, using a configuration argument, as different resource creation paths require different strategies and structures they may only be successful if they adhere to a single logic. We attempt an answer by reporting on an exploratory empirical study of dynamic capability configurations within a sample of UK acquisitions. The results give support to the conceptual argument that a corporation should only follow one value creation logic, and as such that the configurations are mutually exclusive. The paper concludes with managerial implications regarding the relative underperformance of corporations that follow multiple value creation logics.

SESSION 1090

CEO PAY

TRACK F

Date Monday, Oct 13

Time 15:30 – 16:45 h

Paper

Room Salon 22

Session Chair Jay Barney, *Ohio State University*

Interest Alignment and CEO Compensation in Family Controlled Firms

Manisha Singal, *Virginia Tech*

Vijay Singal, *Virginia Tech*

Recent research has suggested that interest alignment, i.e. the degree to which members of an organization are motivated to behave in line with organizational goals, is a source of competitive advantage that can generate rents for the firm (Gottsschlag and Zollo, 2007). Drawing on agency theory, we propose to test the interest alignment premise in the context of CEO compensation contracts in family and non-family controlled firms in the S&P 500 index. Based on a longitudinal research design, we hypothesize that family firm-bred, and professional CEOs in family firms will have lower compensation and a different pay-mix than CEOs in comparable non-family firms. Our study contributes to the extant literature on governance and ownership, entrepreneurship, and compensation.

The Effects of Short-Term and Long-Term Oriented Managerial Behavior on Medium-Term Financial Performance: A Longitudinal Analysis

Matthias Brauer, *University of St Gallen*

Florian Waizenegger, *Morgan Stanley*

Short-term oriented managerial behavior aimed at maximizing quarterly or annual results at the expense of firms' long-term performance has become severely criticized. In the face of continuously decreasing CEO tenure, CEOs, however, seem to have few incentives to embrace long-term oriented behavior. Instead, the question of foremost importance to CEOs today is whether short-term oriented behavior already harms financial performance in the three to four years of their own tenure, and whether CEOs stand a chance of benefiting from long-term oriented behavior while still in office. Consequently, our longitudinal study focuses on the medium-term performance implications of short-term and long-term oriented managerial behavior in Europe's largest publicly listed companies. Counter to conventional wisdom, results show that long-term oriented behavior is compatible with CEO self-interest.

Determinants Of Executives Compensation In Switzerland: "Optimal-Contract" Versus "Fat Cat" Explanation

Katja Rost, *University of Zurich*

Margit Osterloh, *University of Zurich*

Very few business topics are as hotly contested as the salaries of CEOs of public firms. One obvious reason for the interest in CEO-pay is its striking increase. This fact and spectacular governance failures have caused many to conclude that cases of excessive CEO-pay reflect a systematic social problem of "fat-cat" CEOs skimming money at shareholders' expense. Others are more sanguine, arguing that CEOs are worth every nickel they get, i.e. that CEO-compensation is driven by optimal compensation contracts. This paper develops a theoretical framework to understand whether top executives earn their pay by answering the question what the causes of the high level of executives' earnings are. Utilizing a panel dataset of Swiss firms for the period 2002–2006, our study contrasts both hypotheses.

Do CEOs Appropriate Firm Profits? Does it Affect Performance?

Alison Mackey, *California Polytechnic State University*

P. Konstantina Kioussis, *Ohio State University*

Jay Barney, *Ohio State University*

The relationship between compensation appropriated from any profits a firm might be generating and that firm's value is examined for a particular labor market, the market for CEOs. Drawing on detailed biographies of a large sample of executives in the U.S., the effects of CEO human capital on compensation are abstracted from a CEO's total compensation, leaving only that part of a CEO's compensation that is appropriated from any profits a firm has generated. The relationship between this profit-appropriating compensation and firm value is then examined, along with an analysis of when this profit-appropriating compensation increases or decreases a firm's value. The analysis conducted in this paper suggests that for a large majority of firms, enabling CEOs to appropriate some of the economic profits a firm is generating increases in the value of the firm.

SESSION 1107

EXECUTIVE AND EXTERNAL FORCES IN STRATEGY

TRACK F	Date	Monday, Oct 13
	Time	15:30 – 16:45 h
Paper	Room	Salon 21

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

★ The Impact of CEO Tenure on Exploitation and Exploration: A Longitudinal Modeling

Zeki Simsek, *University of Connecticut*
David Souder, *University of Connecticut*

This paper brings together two research streams to explain how a firm's pursuit of exploitation and exploration changes over the course of a CEO's tenure. Existing literature on exploitation and exploration stresses the importance of responding to the competitive external environment, and we enrich this model by adding a variable that is dynamic within the firm, CEO tenure. Our contributions help resolve the contrast between the upper-echelons theory that long-tenured executives are a source of complacency and other deleterious firm outcomes, and the learning-based perspective that points to the value of accumulated experience over time. We also provide insight into one condition – intermediate CEO tenure – that enables firms to achieve the elusive value of ambidexterity, i.e., high levels of both exploitation and exploration.

Adherence to Acquisition Strategy: Does it Pay-off? Do Markets Notice?

Nir Brueller, *Tel Aviv University*

This research aims at studying acquirers' adherence to acquisition strategies, the resulting post-merger accounting-based performance of acquirers, and the reaction of financial markets to the announcements of acquisitions. Organizational learning and routine based perspectives predict that the organizational characteristics of acquired targets impact post-acquisition performance. A sample of 95 acquisitions in ICT (Information and Communications Technologies) industries conducted during the second half of the 1990's serves to analyze those relationships using accounting-based performance measures in conjunction with event-study methodology. The findings confirm the hypothesized relationship between acquisition characteristics and accounting-based performance. In contrast, in line with previous research, financial markets' immediate responses, as indicated by short term acquirers' abnormal returns, fail to reflect such a relationship.

The Social Responsibility of Multinational Companies: The Effect of Stakeholder Pressures on Affiliated Firms' Social Behavior

Josep Antoni Tribó, *University of Carlos III-Madrid*
Jordi Surroca Aguilar, *University of Carlos III-Madrid*

This study examines the influence of increasing pressure, from stakeholders in multinational enterprises, on the corporate social responsibility of non-subsidiary companies in which they have stake holdings. In addition, we address the impact of these affiliated firms' social and environmental behavior on the financial performance of the MNC as a whole. We posit that when stakeholder pressure to improve an MNC's social responsibility is high, the multinational can then use its influence to outsource some irresponsible practices to affiliate firms. By adopting this strategy, the MNC appears responsible and, at the same time, ensures its financial performance.

We demonstrate our theoretical contention by using a database comprising 109 MNCs, from 18 countries.

Organizational Adaptation to Environmental Changes

Dirk Martignoni, *University of St Gallen*
Daniela Blettner, *University of Southern Mississippi*
Richard Bettis, *University of North Carolina-Chapel Hill*

Much of the scholarship and teaching in Strategic Management is implicitly adaptationist. Organizational performance is assumed to be at least partially determined by how well firms can adapt their strategy to the environment as it changes. In this paper we explicitly study a simulation model of the process of adaptation under conditions of uncertainty and environmental change. We focus on various specifications of both learning and unlearning as part of the adaptation process. We model learning in terms of trial and error. Simulated firms are subjected to several kinds of significant environmental change. Preliminary results suggest a key role of unlearning for successful adaptation.

SESSION 1002

COMPETING IN A GLOBAL ECONOMY

TRACK G	Date	Monday, Oct 13
	Time	15:30 – 16:45 h
Paper	Room	Salon 23

Session Chair Kamel Mellahi, *University of Sheffield*

Firms' Strategies In Networked Systems: Winning The Standard Game

Farah Abdallah, *Swiss Federal Institute of Technology-Lausanne*

As more and more products work in conjunction to form networked systems, compatibility standards play a bigger role in strategy. Research has been organized around three main questions. Why some firms choose to introduce compatible products with its competitors? When should the firms introduce the standard? How should the firm establish the standard, through the market or through standardization committees? In course of reviewing the literature, we identify the gaps and indicate some future empirical and theoretical work to be explored. The empirical part of this paper draws on a case study of the so-called International Postal System (IPS) standard. IPS is a standard which was developed in 1995 by the Postal Technology Center of the Universal Postal Union. The case analysis will solely focus on why firms choose to collaborate to set a standard through committees, and how they strategize to reach a consensus.

Increasing Openness: The Co-evolution of MNEs' Innovation Strategies, Locations and Business Networks

Lucia Piscitello, *Polytechnic University of Milan*
John Cantwell, *Rutgers University*

The recent shift toward internationally integrated strategies and complex systems of distributed innovation within MNEs entails the evolution of (a sub-set of) their subsidiaries from a competence-exploiting role, where they simply adapt competencies from the parent company to the local context, to a more explorative and competence-creating role. Previous literature suggests that whether a subsidiary achieves a competence-creating role depends on the qualities of location, and on the ability of the subsidiary

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to become embedded in the local business networks. Relying on the framework of the open innovation paradigm, we argue that the MNE corporate trend toward greater openness co-evolve with both the local business networks, in which sub-units of MNEs are involved, and the locations towards greater international openness/connectedness.

Industry Architectures and Globalization: Institutional Modularity, Value Chain Similarity and Ease of Foreign Expansion

Michael G. Jacobides, *London Business School*
Alina Kudina, *University of Warwick*

Much research to date on international expansion has focused on the methods through which firms expand, and the relative difficulties of international expansion. Far less attention has been paid to why some industries seem more amenable to globalisation than others, and why some firms fail to 'export' the competitive advantage they enjoy at home. This paper looks beyond these 'company' and 'country' perspectives to focus on industry architectures, or the comparative structures of value chains in different countries. Value chains and industries evolve independently through path-dependent processes, hence the modularity or integration of the value chain and the nature of supplier and partner relationships can vary widely between countries. We summarise this logic in a set of hypotheses which we will be subsequently testing.

How Does National Antagonism Affect Managerial Decision Making?

Ilgaz Arikan, *Georgia State University*
Oded Shenkar, *Ohio State University*

How does animosity between nations affect managerial decisions in selecting potential partners to form strategic alliances and/or choose targets for M&As? We constructed a large sample panel data of all countries and their verifiable conflicts between 1816-2001, and matched it with SDC alliance, as well as the M&A dataset for the entire population between 1988-2003. We find that managers are inclined to select partners from favorable nations, and managers from enemy nations declined to cooperate with potential partners regardless of the potential rewards given that conflict in partners' histories existed. Our findings conflict with the traditional internationalization theories and models of selection and retention of alliance partners, and heuristics describing the optimal target identification in the international M&A literature.

SESSION 1051

RESTRUCTURING AND CHANGE

TRACK H	Date	Monday, Oct 13
	Time	15:30 – 16:45 h
Paper	Room	Salon 24

Session Chair Richard Whittington, *University of Oxford*

✦ Organizational Restructuring, Patching and Economic Performance: Delayed versus Continuous Adjustment Perspectives

Stéphane Girod, *University of Oxford*
Richard Whittington, *University of Oxford*

Many authors (Bartlett and Ghoshal, 1989; Brown and Eisenhardt, 1998) have argued that increasing environmental velocity and internationalisation mean that organisations need now to take a continuous adjustment approach to change processes, based on

'patching' for example. This approach displaces the traditional delayed adjustment approach based on episodic and revolutionary processes of change: e.g. organizational restructuring (e.g. Donaldson, 1987; Romanelli and Tushman, 1994). Drawing on a longitudinal study of the fifty largest American companies since 1985, this paper supports a contingent interpretation of the delayed adjustment approach. Organizational restructuring in fact provides strong performance benefits in high velocity environments, while internationalization makes no difference. Patching is positive for short-term performance, but negative in the longer term.

The Divesting Process and The Success Of Divestitures

Caterina Moschieri, *IESE Business School*

The question of whether divestitures can create value - for the divesting parent, the divested unit or both - remains unsettled. This paper presents an exploratory study in the form of multiple cases to examine which factors of the divesting process may lead to the enhancement of the performance of a divested unit. The emergent granular framework comprises previously unreported aspects of the divesting process and provides new insights into divestitures and their outcomes. More broadly, this paper also sheds light on the way companies deal with organizational change, and how that may influence their success or failure.

Organizational Restructuring and Performance: Synergies and Tensions in the Delayed Adjustment Perspective of Adaptation

Stéphane Girod, *University of Oxford*

This paper addresses the following question: under what conditions does organizational restructuring positively affect economic performance? This question not only encapsulates an unresolved theoretical debate between what is called here a delayed adjustment perspective of adaptation which supports organizational restructuring, and a continuous adjustment perspective which challenges it; but it also refers to persistent tensions within the delayed adjustment perspective between contingency and reorientation theories. The longitudinal study of the fifty largest American companies since 1985 discloses that, in support of the delayed adjustment perspective, there is no direct relationship between restructuring and performance. The relationship is contingent. Restructurings undertaken by newly appointed CEO negatively affect performance while restructurings accompanied by downsizing favorably affect performance. The implications for contingency and reorientation theories are then discussed.

Does Rhythm Matter? Towards a Conceptual Model of the Rhythm of Organizational Change and Performance

Patricia Klarner, *University of Pennsylvania/University of Geneva*

Gilbert Probst, *University of Geneva*
Sebastian Raisch, *University of St Gallen*

In this paper, we address the question of how the temporal occurrence of organizational changes and their resulting change rhythm impacts long-term performance. We develop a conceptual model of the organizational change rhythm and present a set of research propositions that deals with the theoretically distilled moderators on the relationship between the change rhythm and performance. Our study contributes to recent studies on

revolutionary change in response to environmental shifts. These studies consider the broader sequences and timing of changes. Understanding the role of the organizational change rhythm in explaining performance will allow companies to better manage their specific change rhythms and ultimately improve their long-term effectiveness.

SESSION 1023

THE ROLE OF TOP MANAGEMENT IN LEARNING AND INNOVATION

TRACK I	Date	Monday, Oct 13
	Time	15:30 – 16:45 h
Common Ground	Room	Salon 7

Facilitator Rhonda Reger, *University of Maryland*

Knowledge Acuity in Top and Middle Management: Blind Spots, Dark Holes and Astigmatism

Philippe Byosiere, *Doshisha University*
Denise Luethge, *Drake University*

The effects of four different modes of strategy implementation (local, top, middle and open) are investigated on four types of tacit knowledge creating behaviors (tacit accumulation, wandering inside, wandering outside and tacit transfer) between senior and middle managers at the HQ and nine local divisions of a large MNC. The results confirm the important role of middle managers on tacit knowledge transfer in all cases. Differences in the perception of the relationship between strategy implementation and tacit knowledge creation is moderated by the perspective of level and location within the organization. For senior managers at the local divisions, strategy implementation by the top leadership has a strong negative effect on tacit knowledge transfer. The results for senior and middle managers at the HQ are identical.

Staying on the road to success: Understanding the Sources of Innovation Strategies in New Technology-Based Firms

Marina Candi, *Reykjavik University*
Rognvaldur Saemundsson, *Reykjavik University*

The purpose of this research is to investigate the sources of innovation strategies in new technology-based firms. Based on hierarchical regression analysis of survey data collected in a set of new technology-based firms, hypotheses about how environmental conditions and resource endowments are related with innovation strategies are tested. Specifically, relationships with explorative or exploitative innovation strategies, respectively, are examined. The research provides a connection between previous research investigating the relationship between the composition of founding teams and performance and research that investigates the relationship between innovation and change on one hand, and performance on the other.

An Attention-Based Theory of Organizational Learning Across Multiple Domains

Hakan Ener, *INSEAD*

This paper proposes and tests an attention-based theory of organizational learning that addresses firms' ability to compete in new market domains while preserving and enhancing performance in their existing market domains. Longitudinal analyses of drug development projects pursued by US biopharmaceutical firms

spanning two decades indicate that organizational learning may fail or greatly speed up, depending on executives' attentional load arising from simultaneously entering new market domains. Firms avoid learning disruptions by expanding the executive team, and recruiting individuals with particularly relevant career experiences during periods of rapid organizational growth. The findings point towards a view of organizational learning as a multi-level process where the executive team plays a key role in leveraging organizational experience.

Board's Strategic Involvement and Organizational Innovation: The Roles of Performance Feedback and Absorptive Capacity

Chanan Ben Oz, *Technion-Israel Institute of Technology*
Avi Fiegenbaum, *Technion-Israel Institute of Technology*

The strategic involvement of the board and its impact on the strategic choices such as innovation has become a major theme for business practitioners and academic researchers. This involvement is especially important in early stage high tech firms since the strategy is crafted and will have a long term impact on the destiny of the firm. The current study central argument is that boards have to enhance their strategic involvement mainly by enhancing their absorptive capacity. We develop two propositions: first, boards should direct their absorptive capacity by performance feedback learning about the organization's undesirable strategic gaps. Second, the enhancement of board's absorptive capacity enhances the impact of strategic feedback gaps learning on strategic choices. A sample of 200 firms is collected to examine the propositions.

Leadership and Learning in Strategic Alliances

David Zoogah, *Morgan State University*

Even though leadership in strategic alliances has been suggested as important, the alliance literature lacks studies of leadership and its influence on learning and innovation. Adopting a strategic leadership perspective, I develop a theoretical model of the impact of alliance executives' leadership styles and practices on learning and innovation. I take a fine-grained look at the processes and levels of alliances to describe how strategic leaders influence learning and innovation. I adopt a micro perspective to encourage research that integrates leadership and learning and innovation in alliances.

How Does the Distribution of Knowledge Matter in TMTs? Industry Backgrounds and Systems Innovation

Willow Sheremata, *York University*
Peter Lee, *York University*
Thomas Medcof, *York University*

The objective of this paper is to explore how distributions of knowledge in top management teams (TMTs) affect the performance of firms that develop and bring technological systems to market. Therefore, we investigate diversity of knowledge regarding technologies and associated markets, which is obtained through industry experience, in the TMTs of non-diversified firms in the computer systems industry. We model conceptualizations of diversity based on predominant and "any" industry backgrounds, as well as proportions of different knowledge bases in the team, in order to understand how the distribution of knowledge matters. Our results indicate that looking at the proportions of specific types of knowledge, in conjunction with diversity indices, helps unpack what is really going on when a knowledge structure affects firm performance.

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SESSION 1013

LINKING ORGANIZATIONAL FACTORS TO INNOVATION ORIENTATION AND OUTCOMES

TRACK I	Date	Monday, Oct 13
	Time	15:30 – 16:45 h
Paper	Room	Salon 16

Session Chair Karynne Turner, *Georgia State University*

Does Innovation Matter? A Study of the Impact of Exploration and Exploitation on IPO Performance

Karynne Turner, *Georgia State University*

Vladislav Maksimov, *Georgia State University*

A principal concern in strategy is resource allocation decisions. Innovation investment choices are particularly difficult since these have an uncertain yet long term effect on performance. Scholars have examined resource allocation decisions associated with two modes of innovation: exploitation and exploration. Exploration is reflected by such organizational activities as experimentation and radical changes to processes and/or products. Exploitation activities include refinement and incremental changes. Prior research found that allocating resources for innovation has a positive effect on the firm's returns (Hall & Kramarz, 1998). Despite the importance of innovation to firm value, the effect of innovation on initial public offerings (IPO) has received limited empirical study. We still lack an understanding of the idiosyncratic effects that exploration and exploitation innovation has on initial firm value.

Organizational Design, Exploration-Exploitation Paradox and Effectiveness: Toward a Pragmatic Perspective

Torsten Schmid, *University of St Gallen*

Guenter Müller-Stewens, *University of St Gallen*

In this paper, we build on an in-depth, comparative case study of eight e-business initiatives carried out by two major insurance corporations to investigate how large, incumbent firms address the exploration-exploitation paradox in the organization of technology-driven innovation projects. Its primary distinctions from prior research lie in (i) a systematic investigation of links between project organization and performance, (ii) a multilevel perspective that incorporates middle and operating managers' role in balancing the paradox, and, (iii) a pragmatic perspective on the situated enactment and negotiation of the project-parent firm interface that complements existing behavioral views of boundedly rational design choices.

What Impacts More on Innovation: Organizational Context or Individual Competences?

Caroline Mothe, *University of Savoy*

Sebastien Brion, *University of Savoy*

The present article examines the link between a firm's organizational context and its capacity to be ambidextrous in terms of innovation. Although the management practices underlying context have a profound effect on innovation, their impact has not previously been investigated. Nor has research looked empirically at the individual competences that should be developed in order to favour specific types of innovation. Using a dataset of 174 firms, the present study shows that firms pursuing exploration and exploitation strategies in terms of innovation should adopt long-term oriented practices that favor risk taking and creativity, thus creating an appropriate organizational context. Competence management

was found to have a strong moderating effect on the link between organizational context and innovation ambidexterity. Implications include the need to look at how management may increase innovation ambidexterity, and to choose appropriate combinations of competences and organizational context.

Relational embeddedness, Explorative and Exploitative Innovation:

Pepijn van Neerijnen, *Erasmus University Rotterdam*

Ernst Verwaal, *Erasmus University Rotterdam*

In this study we show how the effect of relational embeddedness on explorative and exploitative innovation is differentially mediated by tacit and explicit knowledge. We argue that firms can achieve explorative innovation performance by stimulating the transfer of tacit knowledge through relation embeddedness. In our empirical application, we find that tacit knowledge has a strong explanatory effect on explorative and exploitative innovation, while the effect of explicit knowledge on both innovation types was found to be absent. We draw implications for the nature of organizational knowledge and discuss the importance of 'rich media', like relational embeddedness, to transfer knowledge in situations of imperfect cognitive overlap between sender and receiver.

SESSION 1116

THE DIFFERENT ROLES OF STRATEGY TOOLS

TRACK J	Date	Monday, Oct 13
	Time	15:30 – 16:45 h
Common Ground	Room	Salon 19

Facilitator Sari Stenfors, *SCANCOR, Stanford University*

Human Resources's Role in Creating Tools for Aligning Knowledge Management with Strategy

Stephen Gates, *Audencia Nantes School of Management*

Pascal Langevin, *EM Lyon*

Human capital measures (HCM) help organizations motivate and control human capital, one of the key success factors to achieve strategic objectives. These tools encourage innovation and knowledge creation and align human capital with strategy. Results confirm these hypotheses: 1/ the more advanced a company is in developing HC metrics, the higher the company's performance; 2/ companies following a differentiation strategy are interested in innovation HCM, while those following a cost reduction strategy are interested in efficiency HCM; 3/ the more the HR function participates in strategy, the more advanced the company is in implementing HC measures. Implications for knowledge management include the critical role of HR professionals in creating innovative HCM and participating in strategy both to advance HCM implementation and to enhance innovation performance.

Supporting Strategy Workshops with Strategy Tools: A Case Study from a UK-based Business School

Maureen Meadows, *Open University*

Alberto Franco, *University of Warwick*

This paper considers the role of strategy tools in supporting strategic conversations in strategy workshops. A case study is presented of an exercise to develop an international strategy for a leading UK-based Business School. The authors, as facilitators of the exercise, designed a process for the workshops which included technology support (using the software Group Explorer) and a range of strategy

tools including SWOT analysis and TOWS matrices. Following the exercise, in-depth interviews were conducted with participants to gain feedback on the process adopted, and this qualitative data is analysed using an approach based on Grounded Theory. Emerging themes are drawn out concerning the use of tools in strategy workshops to transfer, translate and transform strategic conversations.

Deciding How to Decide

Carmina Caringal Clarke, *Macquarie University*
 Hugh Courtney, *University of Maryland*
 Dan Lovallo, *University of Western Australia*

This paper develops a Decision Profile Diagnostic (DPD) that shows how strategic decision-making tools and processes must be tailored to the levels of ambiguity and uncertainty as well as the distribution of knowledge that decision-makers face. The DPD sets boundary conditions under which traditional tools such as discounted cash flow analysis, decision analysis, real options valuation and multiple-scenario methods are valid, and illustrates how often rigorous case-based and other analogy-based approaches are necessary when firms face decisions to pursue novel strategies. The relevance of the DPD and case-based approaches to business practice is illustrated through detailed applications in the telecommunications and film industries.

Coopetition and Business Intelligence: An Empirical Study of High Technology Industries in Europe

David Salvetat, *GSCM - Groupe Sup de Co Montpellier*
 Frédéric Le Roy, *University of Montpellier*

Business Intelligence (BI), traditionally an instrument dedicated to defending and gaining market positions, is essentially part of an aggressive notion of relationships between competing companies. Nevertheless, all-out rivalry is becoming less and less frequent and has been replaced by "coopetition" behaviour, which blends competition and cooperation. This raises the question of the relationship between BI and coopetition: are they in conflict or complementary? An empirical study has been conducted to answer this question, involving a sample of 153 high technology companies in Europe. The results show that the practices used in BI are part of an essentially aggressive view of competitive relationships in business. Although it is not possible to establish a "Coopetitive Intelligence" principle, these results show that "open monitoring" practices can be part of a more coopetitive conception of business, hence establishing the concept of "Coopetitive Monitoring".

Chunky versus Incremental Growth: How to Expand a Search Domain

Oliver Baumann, *Ludwig-Maximilians-University*
 Nicolaj Siggelkow, *University of Pennsylvania*

The challenge of finding good solutions to a growing, complex set of decisions denotes a general class of problems in design and strategy. Yet how should a firm structure this growth in order to reach high performance? For instance, should a component maker transform itself into a supplier of complex systems by slowly adding components one-by-one or by tackling the entire system in an integrated approach from the very beginning? We use an agent-based simulation model to probe into the effects of growing a search domain in different ways. Among other findings, our

results make a case for incremental growth: when dealing with a highly interdependent system, expanding a search domain step by step rather than in large chunks yields a distinct performance advantage.

Moving Towards an Assessment of the Resource-Based View

Angela Paladino, *University of Melbourne*

This paper introduces a newly developed scale which measures the resource-based view (RBV). In conceptualizing and measuring the psychometric properties of an RBV scale, we use the term "resource orientation" (RO) to refer to the application of the RBV. RO measures the extent to which a firm acts in accordance with the behavioral precepts of the RBV. Empirical testing demonstrates the development of a statistically robust and conceptually founded scale. We further hypothesize and test for relationships between RO and various performance measures. Using structural equation modeling, our findings demonstrate that a resource orientation is positively and significantly related with return on assets and new product success. These results challenge management to consider a resource orientation as a viable strategic orientation capable of having a positive impact on firm performance.

SESSION 1085

SMALL FIRM STRATEGY

TRACK K	Date	Monday, Oct 13
	Time	15:30 – 16:45 h
Paper	Room	Salon 20

Session Chair Yang Fan, *London Business School*

How Small Firms Win Control Rights From Big Partners in Collaborative Innovation

Yang Fan, *London Business School*

This paper focuses on the strategic factors that may influence small biotech's control rights in collaborative innovation under the financial constraints. I find that instead of following a service-based platform strategy, biotech firms may improve their bargaining power, and earn greater control rights by developing their proprietary drug portfolio. They may also gain more control rights in early-stage collaborative research by increasing their research intensity and strengthening their research capabilities. In addition, long-term relationship with established partners also helps biotech firms to win more control rights, as repeated collaboration gives their partners better understandings of their contribution in alliances. However, partners that have competing products or those with strong internal R&D are not likely to award great control rights to the biotech firms.

An Integrative Model of Risk-Taking in Family Firms

Elizabeth Lim, *University of Connecticut*

Michael Lubatkin, *University of Connecticut/EM Lyon*

Why do family firms differ by their risk-taking behaviors? By integrating theoretical concepts from behavioral economics and resource-based view, we first advance a proposition that explains the variance in risk-taking behaviors of family firms based on their different ownership structures. Then drawing insights from family firm literature, we explain why three distinct forms of parental altruistic archetypes will moderate the base proposition.

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Antecedents of Entrepreneurial Attention and New Product Commercialization in Small Firms

Young Rok Choi, *Singapore Management University*

Despite the importance of small and new firms in product innovation, current research still lacks a unified framework that explicates why large variation exists in innovation among those firms. We develop and empirically test an attention-based model of new product commercialization. In prior research, entrepreneurial attention has been associated with firm innovation. We investigate how entrepreneurial attention placed to the product-market domain problem affects innovative organizational activities (i.e., information search and external knowledge acquisition) and the likelihood of product commercialization in the firm. Further, we explore the antecedents of entrepreneurial attention from an organization-environment alignment approach—i.e., the intensity of entrepreneurial attention is a result of the firm's alignment between its organizational newness and environment conditions such as dynamism and adversity.

The Reasons of Older Entrepreneurs for Starting Businesses: Development Patterns Leading to Multiple Rewards

Gerry Kerr, *University of Windsor*

Compared with the general population, higher levels of expertise and experience were expected to influence the start-up rationales of older entrepreneurs, the overall rewards passing to them, and the performance of their organizations. Factor and regression analyses were utilized, respectively, to identify start-up patterns and to connect these patterns to organizational performance and entrepreneurial rewards. Two key findings emerged. First, the reasons for starting new businesses expressed by older entrepreneurs stressed integrating their interests and those of key social players while realizing opportunities in the marketplace. Second, respondents able to find the impetus to launch ventures that simultaneously answer the needs of markets, key social groups and themselves will be rewarded with both psychic and economic returns.

SESSION 1805

TEACHING TRACK

TRACK T	Date	Monday, Oct 13
	Time	17:00 – 18:15 h
Workshop	Room	Salon 15

Teaching Strategy in Non-Degree Executive Education Programs

Session Chair

Idalene Kesner, *Indiana University*

Panelists

Rebecca Chung, *IMD*

Mark Jenkins, *Cranfield University*

Rita Gunther McGrath, *Columbia University*

Kim Warren, *London Business School*

Teaching in non-degree executive programs shares many similarities with teaching in degree programs, but there are also many differences. For instance, participants may be less prepared for class and more distracted because of work obligations before and during the session. Also, participants often want concepts immediately applicable to challenges they face in their work environments and customization of materials to their companies. This session will cover tips and techniques for teaching strategy in non-degree executive education programs. Instructors who have taught extensively in these programs will share insights and exercises that can be used effectively with executive audiences. Session participants will also be invited to share their own experiences along with exercises and cases that work well when teaching executives.

SESSION 1040

KNOWLEDGE TRANSFER AND DIFFUSION

TRACK A	Date	Monday, Oct 13
	Time	17:00 – 18:15 h
Common Ground	Room	Salon 6

Facilitator Frank Rothaermel, *Georgia Institute of Technology*

Knowledge Sharing at the Heart of Management Processes: Organizational Enablers and Size Effect

Josune Saenz, *Orkestra*

Aramburu Goya, *University of Deusto*

Olga Rivera, *University of Deusto*

The aim of this paper is to analyze the degree of relevance of different organizational factors (organizational structure, workplace design, internal and external communication channels, information and communication technologies, and corporate culture) in the knowledge sharing which takes place through day-to-day management processes (strategy formulation, organization, and control). Additionally, considering company size as one of the most relevant contingent variables as regards the implementation of management systems, the moderator role of this variable is also examined. The target population of the research is made up of Spanish manufacturing firms with over 50 employees and R&D activities. An ad hoc questionnaire has been applied and structural equation modeling based on partial least squares has then been used in order to test the research hypotheses.

Strategic Foresight and Knowledge Management

Riccardo Vecchiato, *Polytechnic University of Milan*

Claudio Roveda, *Polytechnic of Milan*

The strategy formulation process of a firm is intrinsically intertwined with “strategic foresight”, namely with the gathering and elaboration of knowledge about emerging trends in the business environment. Up to now strategic literature omits to describe some best practices for framing strategic foresight in a synergistic process which encompasses the corporate, the business and the functional levels of the firm and which allows the knowledge on emerging trends to be seamlessly integrated in strategic planning. The case studies we present in this paper could be a relevant step in the advance of strategic foresight, in relation to both the knowledge gathering and elaboration processes that underlie it.

Integration of Assembly-Line Plants and Advanced Engineering Centers: Improving Intranet Knowledge Transfer

Ricardo Mateo, *University of Navarra*

This research paper explores how intranet mechanisms for knowledge transfer affect the process of knowledge generation in a multinational company. Advanced engineering centers and assembly lines are usually located far apart: it is vital that mechanisms which would permit knowledge to be transferred from one to the other be studied; that is, how physical distance obstructs the transfer process, and affects the application of knowledge. The paper focuses on intranet knowledge transfer in the decision-making process. Six years of data containing all product modifications were analyzed. The paper concludes that intranet knowledge transfer produces considerable delays in implementation processes and, as a result, undermines the generation of new knowledge. Thus, electronic knowledge transfer might be usefully improved by the inclusion of a human interface.

Knowledge Quality: The Cornerstone Of Strategy Management Knowledge Transfer

Ling Hu, *Tsinghua University*

This paper attempts to figure out the crucial role played by knowledge quality in the process of strategy management knowledge transfer. According to literature review, knowledge attributes and organizational mutual relationships have more or less effects on organizational performance. By adding knowledge quality as a moderator, will the relationship between them become stronger or not? This paper will try to figure it out, focusing on the transfer of strategy management knowledge between multinational corporation headquarters and their Chinese subsidiaries. Theoretical framework and corresponding hypotheses will be developed, and expected conclusions and management implications will be discussed.

From Knowledge Transfer to Knowledge Transformation: Intergenerational Knowledge Transfer in Family Businesses

Mike Mustafa, *Macquarie University/SIM University*

Stephen Chen, *Macquarie University*

Based on an analysis of 13 family businesses in 3 countries (Australia, Singapore and Malaysia) we examine how knowledge is transferred between individual and organizational levels, specifically within the context of family businesses. We highlight the key role played by individuals who we refer to as ‘knowledge transformers’, a group that has been neglected in previous studies.

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Unlike 'knowledge brokers' who connect individuals with unique and novel information and knowledge, 'knowledge transformers' transform or combining the existing knowledge of founder and the successor to create new understandings. Finally we show how the knowledge transfer process differs between countries.

SESSION 1042

CAPABILITIES, VALUE CREATION, AND PERFORMANCE

TRACK A	Date	Monday, Oct 13
	Time	17:00 – 18:15 h
Paper	Room	Salon 18

Session Chair Lars Schweizer, *Frankfurt University*

Does Knowledge Transfer Mediate the Relationship Between Integration Strategy and Value Creation In Acquisitions?

Paulina Junni, *Swedish School of Economics & Business Administration*

This paper takes a resource-based view of acquisitions and explores how knowledge transfer contributes to post-acquisition performance. Knowledge transfers are argued to be important in the creation of synergies in mergers and acquisitions (M&As), yet surprisingly little research has focused on it in the M&A context. This paper sets out to empirically test the relationships between integration strategy, knowledge transfer and post-acquisition performance. It is hypothesized that knowledge transfer will mediate the relationship between integration strategy and post-acquisition performance. Analyses of a sample of Finnish companies' acquisitions in 2001-2004 largely support the hypotheses: Knowledge transfer from acquirer to target mediates the effect of task integration on post-acquisition performance, whereas knowledge transfer from target to acquirer mediates the effect of human integration on post-acquisition performance.

✦ The Management and Transfer of Resources and Organizational Capabilities as a Key Success Factor for the Post Acquisition Integration Process

Carina Uhlig, *Grenoble School of Management*
Lars Schweizer, *Frankfurt University*

We examine the post-acquisition process of cross border mergers embedded in the context of the European energy sector. Based on the analysis of four in-depth case studies, the principle research question is to explore how companies integrated and made use of organizational capabilities of the acquired firm. The research attempts to develop theories for a new integration approach in increasingly important European cross border mergers in order to transfer and maintain acquired valuable firm resources for sustained competitive advantage (Barney, 1991). Thereby the importance of an integrative process to explore linkages between the integration of foreign resources (e.g. assets, technology and knowledge) and organizational capabilities will be analyzed and further developed.

★ The Affects Of Practices Of Governance and Leadership On Capabilities and Performance of Alliances

Jochen Schweitzer, *University of Technology Sydney*
Siggi Gudergan, *University of Technology Sydney*

We verify whether heterogeneity in alliance capabilities, and alliance performance is attributable to the use of certain intra-firm governance practices and associated leadership behaviors. Our hypotheses build on the co-occurrence of stewardship governance and transformational leadership and the co-occurrence of agency governance and transactional leadership behavior. We suggest that transformational leadership behavior has a significant influence on the development of dynamic capabilities and subsequent alliance performance when it co-occurs with practices of stewardship governance, while transactional leadership behavior has a significant influence when partnering firms choose principal-agent type governance for their alliance. In data from 369 alliances, the positive relationship between transformational leadership and the development of dynamic capabilities is stronger with stewardship governance, and weaker with agency governance. But transactional leadership behavior too is significantly associated with dynamic and operational capability development in case of stewardship governance.

The Evolution of Dynamic Capabilities in Large Organizations: The Case of Alliance Management

Charles Dhanaraj, *University of Western Ontario*
Marjorie Lyles, *Indiana University*
Kevin Steensma, *University of Washington*

The dynamic capability perspective creates a paradox for organizational theorists. How can large globally dispersed organizations create new dynamic capabilities? We present a grounded theory of capability creation, based on a longitudinal study of alliance management function within a large pharmaceutical firm based in the U.S. The ethnographic study analyzes data on organizational actions over a decade in which the firm moved from a novice to a recognized industry leader in alliance capability. We direct our attention to the role of corporate capability centers (CCC) in creating dynamic capability within an organization, identifying six distinct processes of capability creation, enmeshed within a short and a long cycle. We draw several propositions with implications for advancing theory of dynamic capabilities and alliance management, and their application to organizational capabilities that include international management.

SESSION 1025

WHAT IS THE VALUE ADDED OF IDEAS, INTELLIGENCE AND INNOVATION?

TRACK C	Date	Monday, Oct 13
	Time	17:00 – 18:15 h
Paper	Room	Salon 5
Session Chair	Stefan Gueldenberg, <i>University of Liechtenstein</i>	

Balance Within and Across Domains: The Performance Implications of Exploration and Exploitation in Alliances

Dovev Lavie, *Technion-Israel Institute of Technology*
 Jingoo Kang, *University of Pennsylvania*
 Lori Rosenkopf, *University of Pennsylvania*

We study whether and how firms benefit from balancing exploration and exploitation. Prior research advocates the pursuit of balance yet acknowledges the organizational challenges that it entails. We suggest that this dilemma can be resolved if a firm explores in one domain while simultaneously exploiting in another. Using panel data on the alliance portfolios of software firms during 1990-2002, we demonstrate that firms do not typically benefit from balancing exploration and exploitation within particular domains of alliance formation decisions. Nevertheless, firms that balance exploration and exploitation across the function (technology versus marketing and production alliances) and structure (new versus prior partners) domains gain in profits and market value. Furthermore, increases in firm size reinforce the benefits of balance across domains relative to balance within domains.

Does Emotional Intelligence Enhance Managers' Decision-Making Ability? A Study on Fuzzy Ethical Dilemmas in Corporate Strategy

Karen Schnietz, *Pepperdine University*
 Ariff Kachra, *Pepperdine University*

This paper asserts that a manager's emotional intelligence will influence their ability to identify and respond to "fuzzy" ethical dilemmas -- business practices that may be perceived as ethically-challenged by many, but not all, stakeholders of a firm. Emotional intelligence is the ability to perceive and use emotions to facilitate decision-making, and thus is one form of gathering and filtering knowledge. This paper pursues two, broad goals. First, it hypothesizes that relatively high performance on each of the four main kinds of emotional intelligence as measured by the MSCEIT test of emotional intelligence correspond with four main ways of responding to ethical dilemmas. Second, the paper tests these hypotheses with data from managers' responses to the highly-profitable strategies employed in the deathcare industry that are often deemed as ethically-challenged.

Experienced Business Angels: Evaluating Their Knowledge Contribution To A Startup Firm's Performance

Richard Jayne, *St Ambrose University*
 Arun Pillutla, *St Ambrose University*

Business angels finance ten times the number of new ventures as do venture capitalists, but they are studied much less. This study assesses a business angel's contribution to a startup firm's performance. Using the value-added nature of knowledge and social capital resulting from the business angel's relevant industry and entrepreneurial experience, this study assesses the impact of

knowledge and social capital on a startup's performance. Following a resource-based perspective, the study proposes that business angel's knowledge and social capital positively affect a startup's performance. This study tests the value-adding contributions of business angels with relevant industry and entrepreneurial experience to a startup's performance and tests the role that the entrepreneur plays in ensuring a startup firm's performance through evaluating knowledge and social capital.

Measuring to Manage and Succeed as a Responsible Player: Nonfinancial Disclosure and Its Impact on Corporate Social Performance

Clodia Vurro, *Bocconi University*
 Francesco Perrini, *Bocconi University*

Heeding the call to go beyond financial measures as all-inclusive indicators of corporate performance, nonfinancial disclosure has gathered momentum. Yet, notwithstanding this increasing interest in business practice, the performance consequences of nonfinancial disclosure are still largely anecdotal. Reviewing the disclosure experience of a sample of 100 worldwide companies included in the Accountability Rating, this paper proposes and tests a model relating the quantity and quality of nonfinancial disclosure to corporate social performance. If nonfinancial reporting is conducive to a better ability to manage firms' social context of reference, then the better firms are at systematizing CSR and stakeholder knowledge in a formal document, the stronger their social and environmental performance. Also the extent to which nonfinancial disclosure reflects actual corporate social performance is determined.

SESSION 1028

SOCIAL AND INSTITUTIONAL ISSUES IN STRATEGIC MANAGEMENT

TRACK D	Date	Monday, Oct 13
	Time	17:00 – 18:15 h
Paper	Room	Salon 24
Session Chair	William Newbury, <i>Florida International University</i>	

★ Bringing Institutions into Performance Persistence Research: Product, Financial and Labor Market Institutions

Aya Chacar, *Florida International University*
 Balagopal Vissa, *INSEAD*
 William Newbury, *Florida International University*

This study challenges the implicit assumption of institutional homogeneity that is commonly assumed in past research on the persistence of firm performance. It proposes that the national institutional context is an essential driver of firm performance persistence, as it affects competition in the factor and product markets. Using an institutional economics perspective and firm and institutional level data from 10,674 firms in 35 countries, we show that cross country institutional variations in the formal institutions of the product, finance and labor markets indeed lead to differences in the persistence of firm performance over time.

MONDAY 17:00 - 18:15



The Social Responsibilities Of Business: Why Major Corporations Are More Progressive Than U.S. Business Schools

Lori Kiyatkin, *University of Maryland*
Rhonda Reger, *University of Maryland*
J Robert Baum, *University of Maryland*

We examine how and why two major institutional groups in the United States (U.S.) business community - leading corporations and U.S. business schools - are differently contributing to public discourse on the purpose of business by differently expressing attention to social issues. We bridge five theoretical perspectives: institutional theory, an attention based view of the firm, reputation theory, resource dependence theory, and stakeholder theory to argue that corporations' commercial focus counter intuitively promotes institutional change. Specifically, commercial focus promotes attention to diverse social issues, and corresponding stakeholder interests, that traditionally have been considered at odds with a profit-driven, shareholder primacy focus. We discuss here a data source and methodology for examining this topic in greater detail and report some of our findings.

Liability of Foreignness?: Moderating the Impact of Foreign Headquarters on Corporate Reputation

William Newbury, *Florida International University*
Michael Oliva, *Reputation Institute*

Reputation is associated with numerous firm outcomes (Caruana, Cohen & Krentler, 2006; Dowling, 2006), and is well established as a significant interest area in the strategy field (Fombrun & Shanley, 1990). However, while numerous studies exist regarding the liability of foreignness (Zaheer, 1995; Mezias, 2002), little work examines whether and how reputation differs between foreign and domestic firms. Moreover, some recent work suggests that foreignness may not always be a liability, but can sometimes be beneficial (Newbury, Gardberg & Belkin, 2006). We examine the effect of foreignness on reputation perceptions of over 600 companies within 25 countries, examined as part of the Reputation Institution's 2007 reputation survey. We find that foreignness does not directly impact reputation, but is moderated by country-, industry-, and individual-level variables.

Reputation Externalities and Corporate Social Responsibility: Knowledge and Information Sharing in the Steel Industry

Nicola Misani, *Bocconi University*

In this paper I suggest that the Corporate Social Responsibility (CSR) activities of firms are sometimes driven by the fear of reputation externalities. When the stakeholders are unable to observe the actual social performance of the firms, single offenders in an industry can damage the reputation of their peers. To avoid indiscriminate penalties from stakeholders, industry members will try to build informal private regulatory schemes and will share information and knowledge with sub-performers in order to facilitate their convergence on best practices. I present a scheme launched by the steel industry in response to the Climate Change issue as evidence. Implications for CSR research and strategy research are discussed.

SESSION 1062

MASTERING ALLIANCE CAPABILITY

TRACK E	Date	Monday, Oct 13
	Time	17:00 – 18:15 h
Common Ground	Room	Salon 25

Facilitator Michael Leiblein, *Ohio State University*

Putting Different Eggs in One Basket: Antecedents and Consequences of Alliance Portfolio Diversity

Turanay Caner, *North Carolina State University*
Jason Park, *University of Pittsburgh*

The present study examines the antecedents and consequences of a business phenomenon increasingly important to researchers and practitioners: alliance portfolio diversity. Specifically, we aim to understand better how firms' geographical location influences their alliance portfolio diversity which in turn affects firms' financial performance. We also examined the moderating effect of firm alliance strategy for the alliance portfolio diversity and performance relationship. The preliminary results of our analysis suggest that the concentration of industry clustering in a region where firms are located fosters the diversity of focal firms' alliance portfolios, which in turn positively drive economic performance. Our study signals the need for more work in understanding the antecedents and consequences of a fast emerging construct, alliance portfolio diversity.

Value Creation and Appropriation in Alliance Portfolios: The Role of Synergistic and Conflicting Resource Interdependencies

Ulrich Wassmer, *Concordia University*
Pierre Dussauge, *HEC-Paris*

We draw on the resource-based view and advance a model on value creation and appropriation in multilaterally connected firms. We suggest that value creation in alliance portfolios is a function of the value created from synergistic resource combinations involving resources accessed from different partners and the value destroyed by incompatibilities between a focal firm's resource combinations and those deployed by its partners.

The Path-Dependent Development of Alliance Capability

Sören Kupke, *University of Potsdam*
Christoph Lattemann, *Potsdam University*

This contribution focuses on 'alliance capability' which describes a specific form of dynamic capabilities. Dynamic capabilities are a specific form of organizational capabilities and offer new theoretical insights on knowledge. 'Alliance capability' is characterized by corporate processes, positions (asset combinations), and paths. The specific interdependence of these three 'P's, while setting up alliances, defines a specific dynamic capability of a corporation. The aim of this paper is to explore and describe alliance capability as a dynamic capability and to develop a broader framework of alliance capability which also can be proved by empirical research. In a case study of Deutsche Börse Group, an international stock exchange corporation which is operating in a high dynamic and competitive environment, alliance capability will be analyzed. A brief description of the exchange industry will be provided.

Capturing Alliance Capability: A Classification Approach

Barbara E Pramboeck, *Vienna University of Economics & Business Administration*
 Bodo B Schlegelmilch, *Vienna University of Economics & Business Administration*

It is now widely accepted in the alliance literature that some firms are more successful in managing alliances than others. This alliance capability is said to be a major driver of alliance performance and competitive advantage. Consequently, alliance capability is now receiving considerable attention in the literature. But although substantial progress has been made in the field, the construct remains vague and there is no agreement on its conceptualization. A plethora of terms and definitions lead to confusion and fragmentation that complicate systematic future research and the understanding of practitioners. This paper offers a thorough review of the extant literature on this topic and suggests a classification framework. Based on this framework, research gaps are identified and avenues for future research are charted.

Strategic Alliance Formation as Firms' External Exploration and Exploitation: An Extended Resource-based Perspective

Haibin Yang, *City University Hong Kong*
 Irem Demirkan, *Northeastern University*
 Zhiang Lin, *University of Texas-Dallas*

In this study we extend the resource-based perspective and argue that a firm's learning tendency in strategic alliances can be determined by both its resource characteristics and the way a firm bundles its resources. Specifically, we propose that a firm's learning tendency in alliances can be exploration or exploitation in nature, which is affected by intra-firm (organizational slack, knowledge base) and inter-firm resources (network diversity) and moderated by its strategic orientations (cost leadership and differentiation strategies). Our initial analyses of four U.S. industries over eight years suggest that although firms use strategic alliances to balance exploration and exploitation activities across organizational boundaries, the choices of such external learning channels are also subject to resource and strategic constraints.

Effects of Alliance Experience on Firm Technological Innovativeness

Rui Wu, *University of Southern California*

This study examines impacts of alliance experience on firm innovativeness, which indicates a firm's capability of leveraging resources to create competitive advantages. Using innovativeness as a novel measure of performance, I propose that alliance experiences benefit partnering firms in two ways: general alliance experience (breadth) and duration of prior relationship (depth). Greater general experience expands the pool of resources a firm can tap for explorative activities, thus increases the firm's range of exploration for its innovativeness. Duration of prior alliances determines the depth of cooperation knowledge, which allows partners to transfer tacit knowledge and to integrate resources more efficiently for innovative use. However performance gains from duration diminish as relationships prolong due to knowledge depreciation and increasing opportunity cost.

SESSION 1069

LEVERAGING AND REPOSITIONING RESOURCES

TRACK E	Date	Monday, Oct 13
	Time	17:00 – 18:15 h
Paper	Room	Salon 17

Session Chair Christian Stadler, *University of Innsbruck*

Organizational Forgetting In Divestment: Senior Moment Or Stimulus For Post-Divestment Performance?

Sven Kunisch, *University of St Gallen*

Applying the lens of organizational learning, we investigate the role of organizational forgetting in divestments. We propose that forgetting moderates the relationship between divestment and post-divestment performance. Specifically, we infer positive impacts for firms with low levels of accidental forgetting while firms with high levels experience negative impacts. Likewise, we infer positive impacts for high levels of purposeful forgetting while firms with low levels face negative impacts. We argue that purposeful forgetting fosters to free up resources that can be leveraged for creating additional organizational knowledge. Hence, forgetting antecedes new organizational learning and enables firms to do new things or existing things better with the newly configured portfolio. Ultimately, this leads to increased post-divestment performance. We use an organizational forgetting model to analyze the relationship.

Paradise Sold: Identity, Resource Partitioning and Organizational Form in the Organic Farming Industry

Katarina Sikavica, *Ludwig-Maximilians-University*
 Jo-Ellen Pozner, *University of California-Berkeley*

We argue that organic farming is an identity movement whose success has led to changes in its institutional environment. Because the definition of organic is open to interpretation, information asymmetries between consumers and producers leave room for lobbying efforts by generalists hoping to weaken organic standards and redefine the organic label. These changes, in turn, introduce a new competitive dynamic, which forces actors to choose between remaining true to their movement's ideals and defecting from the movement, resulting in active identity management and the introduction of a hybrid organizational form. We predict that organizations whose identities are less embedded in the organic movement are more likely to defect, and that this relationship will be moderated by the local institutional environment.

Related Diversification As An Exploration Strategy: An In-Depth Historic Case Study of Large European Firms

Christian Stadler, *University of Innsbruck*

According to March (1991) firms need to exploit existing resources to generate rent and explore for new knowledge to compete in the future. More recently, however, the attention was primarily on innovation as a strategy to generate competitive advantage. Based on historical case studies of 9 successful and 9 less successful large European firms we suggest that firms succeeded primarily through leveraging existing resources. They were able to put more emphasis on exploitation as they accumulated the financial means to purchase new knowledge. In other words firms used related diversification as an exploration strategy. This way the

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balance between exploration and exploitation was not achieved on the firm but on the social system level.

Think Inside the Box: When Should (Not) a Firm Retrench?

Dominic S. K. Lim, *Brock University*
Nikhil Celly, *Loyola University New Orleans*
Eric Morse, *Richard Ivey School of Business*

In this study, we argue that the efficacy of different retrenchment strategies can be different contingent upon the firm's dominant rent creation logic: Ricardian versus Schumpeterian. Specifically, we hypothesize that the effect of cost retrenchment can be detrimental when the firm's dominant rent creation mechanism is Schumpeterian, while the effect of asset retrenchment in the same case may be positive. On the other hand, when the firm's dominant rent creation mechanism is Ricardian, the cost retrenchment should be preferred. Simply put, managers should be careful not to destroy the firm's rent creation mechanism when they develop turnaround strategies. We test our hypotheses through a series of regression analysis using a sample of 1640 firm-year observations of Japanese firms for the time period of 1970-2000.

SESSION 1060

VALUE CREATION AND APPROPRIATION: PERSPECTIVES FROM THE RESOURCE-BASED VIEW, PROPERTY RIGHTS AND INCOMPLETE CONTRACTING

TRACK E	Date	Monday, Oct 13
	Time	17:00 – 18:15 h
Panel	Room	Saal 14

Session Chair

Asli Musaoglu Arikan, *Georgia State University*

Panelists

Asli Musaoglu Arikan, *Georgia State University*
Jay Barney, *Ohio State University*
Nicolai Foss, *Copenhagen Business School*
Joseph Mahoney, *University of Illinois-Urbana Champaign*

This panel brings together papers that integrate property rights theory (PRT) and incomplete contracting with resource-based view. Collectively the papers suggest that property rights theory and incomplete contracting perspectives complement resource-based view by: i) explaining the gap between the creation of expected value and appropriation of realized value; ii) recognizing that property rights regimes at the institutional level is directly linked to the ways in which firms will seek to gain competitive advantage, iii) conceptualizing competitive strategy as the race to obtain/control/trade property rights through asset ownership in an industry, and iv) responding to the question of why similar corporate transactions of competitors are governed by different mechanisms.

SESSION 1098

SOCIAL NETWORKS

TRACK F	Date	Monday, Oct 13
	Time	17:00 – 18:15 h
Common Ground	Room	Salon 4

Facilitator Brian Boyd, *Arizona State University*

An Inside Look at Acquisition Capability Development: Experience Heterogeneity and the Locus of Organizational Learning

Mario Schijven, *Texas A&M University*
Xavier Martin, *Tilburg University*

Building on transfer theory, we argue that the widespread assumption of the firm as a monolithic learning entity has constrained rigorous theorizing about acquisition capability development. We theorize that the locus of learning is primarily situated at the business, rather than the corporate, level and that, as a result, acquisition capability is developed through rich interplay between pockets of experience located both within and across firms. Specifically, we hypothesize that these different learning mechanisms lead to widely different performance effects and investigate important moderators. We test our theory using panel data on all the acquisition activity engaged in by each of the 269 BUs of 52 U.S. software firms, as well as that of their competitors, over the 40 quarterly periods from 1998 through 2007.

Does Foreign Ownership Drive the Convergence in Corporate Governance? Evidence from Foreign Partial Acquisitions of U.S. Firms

Jun-Koo Kang, *Michigan State University*
Jin-Mo Kim, *Rutgers University*
Hicheon Kim, *Korea University*

Using data on foreign partial acquisitions of the U.S. firms, we explore what influences the extent of corporate governance activities of foreign investors. We find that the extent of corporate governance activities—such as hostile takeovers, board representation, and non-routine top executive turnover—of foreign blockholders in U.S. firms is related to shareholder rights protection in their home countries. In addition, the independence of foreign investors and the availability of free cash flow increase the effects of shareholder rights protection in their home countries. Our findings challenge the argument that globalization would lead to the international convergence in corporate governance. We conclude by discussing implications for the comparative corporate governance literature.

The Impact of Nomination Committees on the Characteristics of Newly Recruited Directors

Aurélien Eminet, *EM Lyon*
Zied Guedri, *EM Lyon*

This research paper examines the impact of the creation of nomination committees on the characteristics of newly recruited directors. We hypothesize a positive relationship between the creation of a nomination committee and the likelihood of appointment of directors having a reputation of being "active". We further suggest that this relationship is moderated by the composition of nomination committees (whether the CEO is a member of the committee and the percentage of non-executive directors who are members of the committee) and by board interlocks (more specifically, the number of direct and indirect network links between members of the nomination committee and newly recruited directors). Strong support for our hypotheses was drawn using a sample of 250 firms over the 2000-2005 period.

Can Governance Mechanisms Interfere with Corporate Elites' Fiduciary Duties? The Case of Chapter 11 Bankruptcy

Robert White, *Purdue University*
Jonathan Arthurs, *Washington State University*
Robert Hoskisson, *Arizona State University*
Thomas Dalziel, *University of Cincinnati*

During bankruptcy the fiduciary duty of corporate executives and directors is primarily owed to creditors rather than to shareholders (D'Aveni, 1990). Despite this, the corporate elite heading these firms continue to work in a governance structure built largely to reinforce behavior directed in the interest of shareholders. This presents an interesting dilemma to managers and directors as their legal duty pulls them one way while many governance forces push them another direction. In this context we test whether ownership and governance mechanisms including managerial stock ownership, board structure, and ownership concentration affect the degree to which firm elites fulfill their fiduciary duty toward creditors as they craft a bankruptcy reorganization plan. Implications for agency theory are discussed.

Collaborative New Product Development Through a Micro-Political Theory Lens

Christian Welling, *University of St Gallen*

This paper develops propositions that try to establish a link between the micropolitical variables of power and incremental planning and the outcome of the collaborative New Product Development (NPD) process. It will be argued that power balances and imbalances among the actors involved in the product development process will influence the outcome of the NPD project, and that in particular high power bases of one actor and micropolitical behavior of the low-power actor both negatively influence the success of NPD projects. It will therefore be argued that the power construct has an inverted U-shaped effect on the outcome of the NPD process. Furthermore, incremental strategy making will be introduced as having a positive influence on NPD projects.

From Fiction to Fact: The Impact of CEO Social Networks

Thomas Kirchmaier, *University of Manchester*
Konstantinos Stathopoulos, *University of Manchester*

This paper investigates the relationship between a CEO's social network, firm identity, and firm performance. There are two competing theories that predict contradictory outcomes. Following social network theory, one would expect a positive relation between social networks and firm performance, while agency theory in general and Bebchuk's managerial power approach in particular predicts a negative relationship between social networks and firm performance. Based on a new and comprehensive measure of CEOs social networks, we observe for 363 non-financial firms in the UK that the size of a CEO's social network affects firm performance negatively. Even so, growth companies are actively seeking CEOs with a large social network, which is in line with the social network theory. Still, we find evidence in support of the argument that well-connected CEOs use the power they obtain through their social network to the detriment of shareholders.

SESSION 1091

IMPRESSION MANAGEMENT

TRACK F	Date	Monday, Oct 13
	Time	17:00 – 18:15 h
Paper	Room	Salon 21

Session Chair Scott Graffin, *University of Georgia*

Digging Out or Digging Deeper: The Roles of Reputation and Signal Cost in Impression Repair

Donald Lange, *Arizona State University*
Peggy Lee, *Arizona State University*
Mark Castleton, *Arizona State University*

Organizations actively send signals and manage stakeholder impressions when the organization is associated with controversy. The type of impression repair tactic used will depend on situational and organizational characteristics. To better understand why an organization would use a particular tactic, we identify four primary categories of impression repair tactics and describe how conceptually they fall along three dimensions: firm reputation, seriousness of the controversy, and the cost of the tactic. Furthermore, we use these three dimensions to predict stakeholder reaction to impression repair tactics. We develop hypotheses and propose an empirical test of our theory using a sample of all SEC enforcement actions, 2002-2006. We will capture impression repair tactics using verbatim transcripts of statements made by the firm in response to the enforcement action.

The News Media as Purveyor of Public Status: Evidence From CEO Compensation

Mathew Hayward, *University of Colorado-Boulder*
Markus Fitza, *University of Colorado-Boulder*

In this article we seek to extend and contextualize existing research about the impact of CEO press coverage on CEO status and compensation. We ask: What are the mechanisms and conditions that explain when media attention increases CEO compensation? Theoretically, we want to develop the impact of media stories on CEO status by evaluating the public strength of such signals for individuals who do not attract ready-made indicators of status. Our approach is to examine the status of the issuers and to examine more closely the uncertainty pertaining to the context in which the signal is received. We test our hypotheses with large-sample archival data on Standard and Poor's 1500 firms, and a comprehensive database of press articles.

The Reputation Halo and Compensation: Evidence from Major League Baseball

Peggy Lee, *Arizona State University*
Scott Graffin, *University of Georgia*
Andrew Ward, *University of Georgia*

Organizational researchers have argued that the judgment of reputable third parties serves as a mechanism by which the capabilities of actors are assessed. Certifications are thought to influence an actor's reputation by providing a signal regarding their capabilities. If an actor has been certified, observers may infer that the actor has intangible qualities which are not easily quantifiable in traditional performance metrics thus warranting a decoupling of pay from current performance. We examine how a prior positive reputation, created by the outcomes of certification contests, may create a reputation halo, resulting in higher compensation regardless of actual current performance. We show

how reputation, garnered through certification contests such as All-Star appearances and Gold Glove Awards in Major League Baseball determines compensation, irrespective of current performance.

Muddying the Waters: How Firms May Intentionally Confound Shareholder Reaction to CEO Succession

Scott Graffin, *University of Georgia*
Mason A Carpenter, *University of Wisconsin-Madison*
Steven Boivie, *University of Arizona*

Our study examines the possibility that firms may release information which confounds, or muddy the interpretation waters, surrounding CEO successions. To test this idea, we examine two related questions. First, are CEO successions are confounded at a higher rate than one would expect by chance? Second, do investor, industry, or firm-level conditions impact the likelihood of firms muddying the waters? We examine the impact of stock analysts' uncertainty, industry stability, managerial discretion, and recent firm performance on the likelihood that a firm's CEO succession will be confounded by other significant organizational announcements. In closing, we discuss the possible implications of board composition and incentive structure for muddy waters, and outline a process for extending the theory developed here to incorporate the interests of these agents.

SESSION 1005

EMERGING MARKETS

TRACK G	Date	Monday, Oct 13
	Time	17:00 – 18:15 h
Common Ground	Room	Salon 7

Facilitator Mike Peng, *University of Texas-Dallas*

Finding Knowledge: The Role of Reputation in Knowledge-Transfer To Chinese Companies

James Robins, *Singapore Management University*
Kathleen Yi Jia Low, *City University of Hong Kong*

Knowledge-transfer relationships are vital to firms in emerging and transitional economies, but they are challenging. Firms face uncertainties about the knowledge they need and where to find it. We use concepts from the knowledge-based view of the firm and research on reputation to examine knowledge-transfer activities of a sample of Chinese SME manufacturing companies. Findings suggest that the status of potential partner firms can serve as a guide to the distribution of valuable knowledge among them. The study addresses an important gap in research on knowledge-transfer; few studies actually have examined the link between knowledge-transfer and performance (Williams, 2000). It also contributes to the limited body of work that examines emerging economy business from the standpoint of local firms (Hitt et al., 2000).

Institutional Transformation and Strategic Renewal in the Indian Pharmaceutical Industry

MB Sarkar, *Temple University*
Preet Aulakh, *York University*
Sougata Ray, *Indian Institute of Management-Calcutta*
Raveendra Chittoor, *Indian Institute of Management-Calcutta*
Indrajit Mukherjee, *Indian Institute of Management-Calcutta*

We investigate how Indian pharmaceutical firms, facing a discontinuous change in their institutional environment, undertook strategic renewal through accessing international resources and entering foreign markets. Our central thesis is

that internationalization of resources and markets constitutes an important driver of renewal of capabilities for local firms from developing economies. Using longitudinal data on 206 Indian pharmaceutical firms from 1995-2004, we find that product market internationalization, which is enabled by a firm's access to international technological and financial resources, helps firms renew their innovative capabilities and enhance their performance. Further, we find that the impact of these two types of resources on internationalization of product-markets is conditioned by time and business group affiliation. We outline several implications for theory and practice.

The Limits of Our Knowledge: Competing in Emerging Markets

Naveen Jain, *Florida International University*
Vikas Kumar, *Bocconi University*
Sumit Kundu, *Florida International University*
Shaker Zahra, *University of Minnesota*

The prominence of emerging economies has challenged our assumptions about the nature of global competition and corresponding strategy. Established global strategy theories have been founded in environments where executives have discretion in decision making, resource allocations, and choosing markets and strategies. These theories emphasized the role of established institutions in shaping the strategic moves companies made in global markets. They have also highlighted the importance of intellectual capital in mapping global strategies. Though emerging economies vary in their structures, they are dominated by poorly developed institutions, dated management systems, and mixed public policy policies. These differences require a different framework for understanding the challenges emerging economies firms (EMFs) face as they internationalize their operations. This paper addresses these issues, contributing to literature on EMFs' internationalization.

Orchestrating Localized Knowledge Co-Creation - Bringing Western and Eastern Perspectives

Johan Wallin, *Synocus Group*
Yuanqiang Zhou, *Tsinghua University*
Ismo Laukkanen, *Helsinki University of Technology*

Today innovation is more than ever top strategic priority. This has also created interest in open innovation. Business ecosystems are seen as sources for innovation. Subsequently the scope of innovation is expanded. Not only product innovations are of interest, but also innovations in operations as well as business model innovations are sought after. A key challenge is how collaboration partners can be motivated and directed for purposeful innovative behavior. Orchestrating innovation becomes a key capability. This paper presents both conceptual and empirical findings regarding how to approach innovation in an eco-system context. It puts particular emphasis on the global – local dimension of the governance of the innovation process by providing an in-depth longitudinal study of a global manufacturing company and its experiences in China.

Achieving Via Adaptive Tension: Evidence from GE' Performance in Emerging Economies

Mary Han, *Ryerson University*
Bill McKelvey, *University of California-Los Angeles*

Building from the complexity approach used by GE in US, 1981–2001, and archival research on General Electric's strategy in India and China, we propose that superior performance in emerging economies depends on the firm's capability to: 1) manage

opportunities resulting from imposed adaptive tensions in emerging economies; 2) leverage knowledge created via positive feedback processes; and 3) stabilize the emergent complexity designs in “far-from-equilibrium” positions. We also propose emergent complexity designs as new kinds of dynamic capabilities and/or firms’ inimitable resources leading to superior outcomes. Our findings relate to international management research on transnational corporate strategy in emerging economies, as well as new theory about international new ventures, knowledge, learning and adaptation. Our propositions may be treated as guides for future research.

Comparative Analysis of Strategic Practices of High-tech Firms in China and Poland

Krzysztof Obloj, *University of Warsaw*
 Garry Bruton, *Texas Christian University*
 Chung-Ming Lau, *Chinese University-Hong Kong*

We tested the impact of institutional environment, in different stages of transformational development, on firms’ strategies by studying small and medium high-tech (software and hardware) firms in Poland and China. In particular, we confirmed that Chinese high-tech firms follow more proactively incremental, growth-oriented strategies than Polish firms. We also hypothesized that Chinese firms invest more in upstream activities (R&D, new technologies), while Polish firms invest primarily in downstream activities (marketing and service), and that mature institutional environment enforce more financial and operational discipline on Polish firms than it takes place in China. Finally we confirmed in accordance with ‘industry recipe’ model, that team orientation and dynamics of TMTs in both countries is very similar, in spite of different strategies followed by firms.

SESSION 1000

KNOWLEDGE FLOWS IN MNCs

TRACK G	Date	Monday, Oct 13
	Time	17:00 – 18:15 h
Paper	Room	Salon 23

Session Chair Taco Reus, *Erasmus University*

Knowledge Embeddedness and The Transfer Mechanisms in Multinational Corporations

Jacky Hong, *University of Macau*
 Thang Nguyen, *National Economics University (Vietnam)*

This paper reports a qualitative study, conducted at four Japanese-invested companies in China and Vietnam, about their process of international knowledge transfer in multinational corporations (MNCs). Building on the previous literatures that the MNC knowledge is diverse, sticky and socially embedded, we explore how the local actors and foreign managers overcame the knowledge-related barriers and developed the managerial and technical competence in the local subsidiaries. The findings indicated (1) the interplay between knowledge embeddedness and knowledge types (2) the contributions and impact of local knowledge agents and institutions in shaping and determining the appropriate choice of knowledge transfer mechanisms.

Isolation and Separation in Teams: An Analysis of Configurations and their Impact on Knowledge Flows

Katharina J. Raab, *Vienna University of Economics & Business Administration*
 Bjoern Ambos, *Vienna University of Economics & Business Administration*

This study looks at knowledge flows among members of globally dispersed teams. Focusing on a team’s collateral dispersion, both with regards to geographical and cultural separation as well as geographical and cultural isolation, our study provides new empirical evidence on this under-researched topic. Our results suggest that not the plain separation, but rather cultural isolation, cause suboptimal knowledge flows within globally dispersed teams. While this result is well in line with recent research on social categorizations and faultline dynamics in teams, it does challenge some traditional assumptions on the impacts of dispersion and the appropriate level of analysis in studies on knowledge flows within the MNC. We discuss the implications of these results for further research and the management of globally dispersed teams.

Mimetic Diffusion, Knowledge Spillovers, and Expatriate Assignment Practice

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

This study examined factors affecting the adoption of expatriate assignment practice with a longitudinal data set of foreign-invested ventures in China between 1979 and 1995. The expatriate assignment adoption is proposed to be influenced by a combination of mimetic diffusion and knowledge spillover in the expatriate community. Moreover, this relationship is moderated by the cultural distance between the MNC home and host countries. The findings showed an inverted U-shaped relationship between the adoption of an MNC’s expatriate assignment practice and the use of expatriates by other FDIs in the similar communities, consistent with our predictions. We also found cultural distance moderating this relationship. Implications for research and practice are discussed.

Does Internationalisation Influence Organisational Advantage? Internationalisation, Learning, and Growth in Technology-Based New Firms

Erkko Autio, *Imperial College London*
 Johan Bruneel, *Imperial College London*
 Bart Clarysse, *Imperial College London*

We contribute a rare longitudinal examination of the effect of internationalisation on the evolution of organisational capabilities. We used a 10-year longitudinal data set of 274 innovative growth ventures from Belgium to examine how internationalisation impacts entrepreneurial firm’s dynamic capabilities, as reflected in its ability to grow. We found that internationalisation exercises an important formative influence on the entrepreneurial firm, the size of which depends on the firm’s age at internationalisation. A complex relationship between management team’s shared domestic experience and internationalisation outcomes is observed.

MONDAY 17:00 - 18:15



SESSION 1054

FACING COMPETING DEMANDS TO CREATE VALUE

TRACK H	Date	Monday, Oct 13
	Time	17:00 – 18:15 h
Common Ground	Room	Salon 19

Facilitator Mark Kriger, *BI Norwegian School of Management*

Institutional Insurgents: Institutional Conformity and Strategic Autonomy

Diego Lopez, *ESCP-EAP-Paris*

This paper supports the positions previously taken which suggest the full integration of the interaction between institutional context and organizational change in institutional studies since the interaction between the two levels of analysis has not yet thoroughly been studied. We'll address the influence of the institutional conformity degree of firms and the strategic autonomy degree and strategic choices available to face market disruptive situations. The main rationale here is that institutional insurgency (low degree of conformity) is directly related to greater strategic autonomy and alternatives.

These questions will be illustrated with a case study that focuses on the interaction of these factors along the history of a single firm strategic shift.

Managing External Aspirations: Examining How Executives Influence Stock Market Analyst Forecasts

Mark Washburn, *University of California-Irvine*

Stock analyst forecasts constitute important aspiration levels for firms. Given this importance, how would we expect managers to behave? Managers may opt to attempt any single action or combination of actions when interacting with stock market analysts. This proposal identifies four specific actions that influence analyst forecasts. Aspiration influencing actions originate with executives and, if successful, influence analyst targets. By influencing targets, executives are able to increase positive perceptions of firms in the market. This proposal develops propositions about aspiration influencing actions to reflect the differences in contexts that executives and analysts experience. Propositions correspond to firms that either have attained or failed to attain targets, and how executives and analysts react in different cases.

Formal Control and Strategic Growth Initiatives - An Entrepreneurial Perspective

Markus Kreutzer, *University of St Gallen*

Christoph Lechner, *University of St Gallen*

Andreas Herrmann, *University of St Gallen*

Growth initiatives have been recognized as important means for corporate entrepreneurship. In this paper, we apply a control perspective on such initiatives and examine the impact of various types of formal controls, their antecedents as well as mediating factors on their performance. In order to examine these complex relationships, we employ structural equation modeling and use a unique data-set comprised of survey data of 201 corporations in six countries. Our findings suggest that the three control mechanisms of input, behavior and output control differ in their impact on growth initiatives. This impact is mediated by factors such as learning and micro-political activities. These results enrich our understanding about the relationships between control and corporate entrepreneurship.

Valuing Human Resources As A Source of Customer Value Creation in Services

Jeffrey Arthur, *Virginia Tech*

Andrew Herdman, *East Carolina University*

Fiona Xiaoying Ji, *Virginia Tech*

Progress in testing the resource-based view (RBV) of the firm has been hampered by the difficulty in directly assessing the core resource or capability proposed to generate value and the potential for sustained competitive advantage. We propose to address this issue by using a unique data set that includes detailed measures of employee perceptions, attitudes, and behaviors, as well as management values and human resource (HR) practices collected from multiple respondents at over 200 franchised hotels in the U.S. We match these survey data with hotel-level data on customer service outcomes to test specific RBV propositions regarding the relationships between senior management's HR values, a firm's HR capabilities, and the successful implementation of a customer service strategy.

Balancing Exploration and Exploitation: A Dynamic Perspective

Lei Zhang, *University of Maryland*

Kislaya Prasad, *University of Maryland*

Both exploration and exploitation are needed for a firm to survive. Research in ambidexterity emphasizes the importance of simultaneous engagement in managing the current business and adapting to changing environment. However, it is unclear how the balance point is to be determined? In this paper, we argue that in order to survive, the optimal balance point between exploration and exploitation depends on firm age and environment. Younger firms should put more attention and emphasis on exploitation for the sake of survival. However, firms should increase the ratio of exploration over exploitation as firm age. The initial ratio of exploration over exploitation and the rate of increase depend on the environment. The argument will be tested using simulation methods.

Executive Succession and Firm Performance – The Moderating Role of an Alignment Between the New CEO and Corporate Strategy

Torsten Wulf, *HHL–Leipzig Graduate School of Management*

Stephan Stubner, *HHL–Leipzig Graduate School of Management*

Building on executive succession literature, this study analyzes the performance effects of an alignment between newly appointed CEOs and the strategy of their respective companies. An empirical investigation of a sample of 66 CEO succession events in 50 of Germany's largest publicly listed companies between 1990 and 2005 reveals positive performance effects of an overall fit between four demographic characteristics of the CEO and the firm's diversification posture over the first three years of the tenure of the new CEO. In the fourth year, however, these performance effects vanish. Additionally, the study yielded no results for the fit between single demographic characteristics of CEOs and the firm's diversification posture, adding empirical evidence to Van de Ven and Drazin's (1985) discussion of various notions of fit.

SESSION 1016

THE INFLUENCE OF "OUTSIDERS" ON INNOVATION

TRACK I	Date	Monday, Oct 13
	Time	17:00 – 18:15 h
Paper	Room	Salon 16

Session Chair Albrecht Enders, *University of Erlangen-Nuremberg*

Industry Associations as a Driver of Incumbent Inertia

Martin Schulte, *University of Erlangen-Nuremberg*
 Albrecht Enders, *University of Erlangen-Nuremberg*
 Andreas König, *University of Erlangen-Nuremberg*
 Harald Hungenberg, *University of Erlangen-Nuremberg*

We work to explain the role industry associations (IAs) play in organizational adaptation to technological discontinuities. While the extant literature suggests that IAs help their member organizations to overcome inertia, our findings indicate that IAs themselves are prone to show inert behavior, which in turn impairs their ability to support their member organizations. Using field data from a case study of an IA in Germany, we show that a culture of reciprocity, high required time commitment, and low financial incentives for involvement lead to a low champion density in IA committees. Together with low frequency of meetings and resistance towards external advice, these factors lead to inert behavior of IAs. We formalize our propositions in a multi-level model of IAs as a driver of incumbent inertia.

Sticky Information, Heterogeneous Needs and R&D Cooperation with Customers: A Panel Analysis

Gloria Sanchez-Gonzales, *University of León*
 Nuria Gonzalez-Alvarez, *University of León*
 Mariano Nieto Antolín, *University of León*

The aim of this work is to investigate the factors determining cooperation in developing innovations between firms and a specific group of agents, customers and users. The central point of the analysis is two variables recognized in previous studies as important factors in the study of cooperation with these agents, but which basically have been dealt with from a purely theoretical viewpoint. These variables are: 1) the existence of sticky information (information which is costly to obtain, transfer and use) and 2) the presence of heterogeneous needs in the market. The present research goes more deeply into the study of these variables and the findings obtained show clearly that they exert a positive influence on cooperation relationships with these agents.

Crowdfunding Strategies: Harnessing External Knowledge

Jan Henrik Sieg, *ETH Zurich*
 Martin Wallin, *ETH Zurich*
 Georg Von Krogh, *ETH Zurich*

Proponents of open innovation advise firms to embrace external sources of knowledge through technology licensing, joint ventures, and acquisitions. This strand of literature has, however, focused less on the fuzzy front end of innovation where knowledge is tacit, sticky, and consequently not in a form suitable for trade. In this paper we explore crowdfunding, a phenomenon where firms engage with multiple outside individuals to harness their tacit and explicit knowledge in the innovation process. We suggest that crowdfunding can be viewed as a set of strategies moving the boundaries of knowledge creation towards the fuzzy front end of

innovation to include users, customers, suppliers, researchers, and employees not involved in corporate R&D. Thus, these external actors become temporary co-creators of knowledge. We conclude by offering a typology of crowdfunding strategies, key implications for managers, and the road ahead to explaining crowdfunding from the perspective of organizational knowledge creation.

The Double-edged Role of Political Ties in Innovation Process

Jing Li, *Simon Fraser University*
 Jie Wu, *University of Auckland*
 Edward Zajac, *Northwestern University*

This study theoretically and empirically analyzes the following unresolved question: How do political ties affect the innovation process of firms, particularly in emerging economies? Theoretically, we conceptualize political ties as a double-edged resource. Specifically, we suggest first that political ties serve as a positive resource, enabling firms to obtain governmental resources useful for beginning the innovation process. However, we also contend that political ties serve subsequently as a negative resource, with government intervention and agency problems breeding inefficiency in firms' transforming their innovation inputs into outputs. Empirically, we test these hypotheses using the survey conducted by World Bank on Chinese firms across six manufacturing sectors in 2000. We find strong support for the double-edged role of political ties in firm innovations, and conclude with a discussion of the strategic and policy implications of our findings.

SESSION 1112

WORKSHOPS, MEETINGS, MODELS AND TOOLS IN STRATEGIZING

TRACK J	Date	Monday, Oct 13
	Time	17:00 – 18:15 h
Paper	Room	Salon 22

Session Chair David Seidl, *University of Munich*

Models and Strategic Decision-Making Under Uncertainty

Hugh Courtney, *University of Maryland*
 Fred van Eenennaam, *Nyenrode Business University*

Academics have developed ever-more sophisticated models in an attempt to capture the complexity that strategists face in uncertain markets. Yet research shows that many of these most promising models in theory – such as real option valuation and game theory – are rarely used in practice. The detailed case studies in this paper show that when formal models are used merely to predict the unpredictable, they inevitably fail, explaining why they are often dismissed by practitioners. But when such models are used to structure systematic analysis and debate of complex business decisions, they are valuable components of any strategist's toolkit. While "simple rules" may help bring order to chaos in uncertain decision-making environments, so, too, can relatively "simple models."

A Rules-Based Approach to Strategy Workshops: A Case Study of Strategic Change and Continuity

David Seidl, *University of Munich*
 Robert MacIntosh, *University of Glasgow*
 Donald Maclean, *University of Glasgow*

Recently attention has begun to centre on the role of strategy workshops in overt attempts to effect strategic change. Based on

MONDAY 17:00 - 18:15



an in-depth case study of a multinational engineering firm we develop a rules-based theory of strategy workshops. We arrive at a conceptualization of strategy workshops as a particular constellation of three different types of rules: (1) generative rules brining forth the organizational activities, (2) defensive rules defending the generative rules against change and (3) suspension rules, i.e. rules for suspending the defensive rules. The paper contributes to the literatures on strategy as practice by analysing a particular strategic practice, the nascent literature on strategy workshops by offering a new perspective, and to the literature on strategic change by describing the micro-practices involved in the process of change.

Identity Work in Strategizing: An Embodied Realism Perspective

Claus Jacobs, *University of St Gallen*

David Oliver, *HEC-Montreal*

Loizos Heracleous, *University of Warwick*

Strategy scholars have referred to organizational identity (OI) as strategic resource or core competency. While a social constructionist perspective emphasizes fluidity and contextual aspects, it appears to leave little room for identity stability. Essentialist views deny the potential for continuous identity re-definition and constructive identity work. In this paper, we advance embodied realism as an approach that recognizes both movement and stability in identity work. Empirically analyzing one company's use of embodied metaphors - a method of identity work that exhibits the main tenets of embodied realism - to literally construct representations of organizational identity in a strategy workshop, we demonstrate the relevance of embodied realism for identity work and the effectiveness of embodied metaphors to surface key aspects of OI in processes of strategizing.

Strategy-as-Practice: Putting Strategy into Action in a Subsidiary of a Multinational Corporation

Joerg Dederichs, *University of Surrey*

Laura Costanzo, *University of Surrey*

A practice turn in strategy research can be observed treating strategy as something people 'do' (Johnson, Langley, Melin, & Whittington, 2007; Whittington, 2006). Little attendance has hitherto been given to the question how strategy is put into practice. In parallel, little is known about strategizing activities within subsidiaries of a multinational corporation (Boojihawon, Dimitratos, & Young, 2007). In investigating strategy implementation within the German subsidiary of 3M, this study contributes further insights into 'how' knowledge flows, strategy meetings and strategy tools influence the implementation processes at a subsidiary level. Preliminary findings indicate that a clear strategic direction from the centre and knowledge flows within the network influence implementation. Whilst strategy meetings are relevant practices, practitioners tend to develop and use their own strategizing tools.

SESSION 1079

ENTREPRENEURSHIP IN CONTEXT: INTERNATIONAL AND INSTITUTIONAL INFLUENCES

TRACK K	Date	Monday, Oct 13
	Time	17:00 – 18:15 h
Paper	Room	Salon 20

Session Chair Klaus Uhlenbruck, *University of Montana*

Entrepreneurial Strategies for Emerging Markets

Jamie Collins, *Baylor University*

Klaus Uhlenbruck, *University of Montana*

Christopher Reutzler, *Utah State University*

In spite of the practical and theoretical importance of examining entrepreneurship in emerging markets, few studies have done so. In a recent review of research on entrepreneurship in emerging markets, Bruton and colleagues (2008) found that less than one half of one percent of entrepreneurship articles focused on emerging markets. In order to address this gap in extant research we draw upon resource-based logic to argue that the most successful entrepreneurial ventures in India will tend to be those who have an ability to effectively acquire and leverage resources despite the challenges presented by the institutional voids characteristic of the Indian markets. Specifically, we argue that Indian entrepreneurial firms will pursue various options for acquiring resources that can contribute to their performance.

Is Entrepreneur-Politician Alliance Sustainable During Transition? The Case of Management Buyouts in China

Pei Sun, *Fudan University*

Mike Wright, *Nottingham University*

Kamel Mellahi, *University of Sheffield*

This paper explores the dynamic interactions between entrepreneurs and politicians in transition China through an unconventional lens of management buyouts (MBOs). We identify three stylized outcomes of entrepreneur-politician alliances: Privatization buyouts by entrepreneurs, partial MBOs involving a mixed ownership between entrepreneurs and government bodies, and failed MBOs implying the collapse of the original alliance. Drawing on the rent appropriation literature, we treat Chinese MBOs as a bargaining, clarification, and redistribution of organizational rent between entrepreneurs and politicians. On the basis of longitudinal studies of MBO cases, the paper further develops a model of entrepreneur-politician bargaining that identifies the determinants of varying rent bargaining outcomes.

Institutional Contexts, the Management of Patent Portfolios and Public Policies Supporting New Entrepreneurial Ventures

Giovanni Battista Dagnino, *University of Catania*

Arabella Mocchiari Li Destri, *University of Palermo*

Daniela Baglieri, *University of Messina*

This paper aims to contribute to our understanding of the relationships between firm strategies, the design of institutional contexts on behalf of public agents and the stimulation of diffused entrepreneurship within the economic system. In particular, it analyzes the way in which firm patent portfolio management strategies may systematically hinder the emergence of entrepreneurial endeavours within the economic system and, on this basis, critically discusses how the acknowledgement of these

interactions should influence the design of public policies at the economic system level. Being essentially explorative in nature, the paper will bring to light conceptual arguments and explore in depth their normative potential in terms of policy making using of series of data taken from a set of microcases of different institutional contexts and economic sectors (the biotech and nanotech ones).

First-Mover Advantages in the International Diffusion of Internet-Based Business Models

Jantje Halberstadt, *University of Oldenburg*

Alexander Nicolai, *University of Oldenburg*

Do first-mover advantages in the internet exist? This article examines this question empirically and expands on the existing debate by taking further aspects into consideration. Firstly, the topic will be examined from an international perspective by analyzing the national markets of four business models in 30 countries. This approach makes it possible to differentiate between global and national pioneers. Secondly, network effects, a key aspect in the question of first-mover advantages, will be examined more closely. In contrast to the existing literature, here we will differentiate between network effects with different qualities. Our studies show that first-mover advantages are particularly evident where network effects are stronger. This is more pronounced for national first-movers, as these can combine the advantages of both first-movers and later adopters.

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SESSION 1905

THE FUTURE OF KNOWLEDGE-INTENSIVE INDUSTRIES I

PLENARY	Date	Tuesday, Oct 14
	Time	8:30 – 9:30 h
Panel Session	Room	Saal 1

Session Chair Philip Evans, The Boston Consulting Group

Panelists

Ulrike Bentlage, *Bertelsmann AG*
 Steve David, *Boston Consulting Group*
 Marion Horstmann, *Siemens*
 Alexis von Hoensbroech, *Lufthansa German Airlines*
 Peter F. Tropschuh, *Volkswagen*

In this panel we intend to shed light on the question of how knowledge matters for the electrical equipment, airline, consumer goods, and media industries. Specifically, we will elaborate on the similarities and differences between knowledge-related practices in those industries and the factors that may shape knowledge management in the future. The panel provides the opportunity to hear experts from four different industries react to the conference theme and outline examples of companies that are experienced in managing knowledge within and across organizational boundaries. Our panelists will discuss many important questions, e.g.: What technologies are best suitable for managing knowledge, what are their pitfalls? Under what conditions does knowledge management improve firm performance? This session should provide interesting insights into how managers cope with knowledge intensity and assess the future of knowledge management in their particular industries.



Philip Evans is a Senior Vice President in the Boston Office of the Boston Consulting Group. He founded BCG's media and then multimedia practices and has consulted to corporations worldwide in the consumer goods, media and high technology industries. *Blown to Bits*, his book on the new economics

of information was the best-selling book worldwide on technology and strategy in 2000. Philip Evans graduated with Double First Class Honors in economics from Cambridge University. He was a Harkness Fellow in the Economics Department at Harvard and also obtained an M.B.A with honors from the Harvard Business School.



Ulrike Bentlage has been Director for Corporate HR Strategy and Controlling at the Bertelsmann AG since 2007. She studied Mathematics and Literature in Muenster, Germany and Nantes, France. She started her career as a Director for Media and Education at the Bertelsmann Foundation in 1998. In 2001, she joined

The Boston Consulting Group as General Management and Strategy Consultant with a focus on HR and Organization.



Steve David has been a Senior Advisor for Boston Consulting Group since 2005. He previously spent 34 years with Procter & Gamble, where he held the roles of Chief Information Officer as well as Chief Business to Business Officer. He serves as Chairman of the Board for Iomega Corporation, and on the Boards of Institute for the Future and Kovio. As board members for Transora and the Uniform Code Council, he has helped develop data synchronization standards and the new world of Radio Frequency Identification (RFID) and its potential uses in business. He was recently named one of the twenty-five most influential executives by Consumer Goods Technology. Steve David has a B.S. in Business Administration from the University of Nebraska



Marion Horstmann is Head of Global Learning & Leadership Development with Siemens. She is also head of Leadership Excellence Program where she is responsible for developing and implementing executive learning program, which enables and strengthens Siemens global talent pool. She is also head of

Learning Campus and head of Talent Acquisition. Marion Horstmann received her degree in Mathematics from the Technical University of Braunschweig, and attended INSEAD for her executive education in Strategic Management Tools & Systems.



Alexis von Hoensbroech is heading the department for strategy and investment management in the passenger airline division of Lufthansa German Airlines. Prior to joining Lufthansa in 2005, Alexis worked for The Boston Consulting Group in Munich and Tokyo. Alexis has an academic background, holding a PhD in

Physics (Astrophysics) from the University of Bonn.



Peter F. Tropschuh currently serves as Head of AutoUni with Volkswagen, Wolfsburg. He has developed academic and research input into the Group, with the focus on its practical operational relevance. Peter Tropschuh has held appointments with Audi which have included Senior Supervisor of Equipment

Engineering and Body Testing, Head of Vehicle Concepts, Development Management. He studied Mechanical Engineering at Munich Technical University, specializing in "Engineering and development". His doctoral thesis dealt with "Computer-aided projection assisted by a knowledge-based system". Supported by his practical experience in automotive engineering.

9:30 - 10:00
COFFEE BREAK

SESSION 1906

**KEYNOTE SPEECH: RENE OBERMANN,
CEO OF DEUTSCHE TELEKOM**

PLENARY	Date	Tuesday, Oct 14
	Time	10:00 – 11:00 h
Keynote Speech	Room	Saal 1

Strategic Positioning and Innovation at Deutsche Telekom

The telecommunications industry is in the middle of a major transformation. Traditional telephony is phasing out rapidly while broadband communications, both fixed and mobile, are paving the way to truly connected life and work. As the industry is changing and developing, Deutsche Telekom is facing specific challenges. "Focus, fix and grow" are the company's strategic imperatives to strengthen its position as one of the world's leading providers for communication and IT-services. Because of its incumbent heritage, the company has to become more competitive in Germany in terms of costs and service performance. Enlarging the International mobile business in order to grow and leverage synergies is the second strategic thrust. Furthermore, Deutsche Telekom is pushing innovation in the areas of mobile Internet and network-centric ICT. Considering the strengths and weaknesses of the company, innovation is not only based on in-house developments but also on partnerships and ventures.



René Obermann has been the Chief Executive Officer and Chairman of its Board of Management of Deutsche Telekom AG since November 2006 and a Member of its Board of Management since 2002. Deutsche Telekom is one of the world's leading telecommunications and information technology service providers, more than half

of the revenues are generated outside of Germany. René Obermann joined the Group in 1998 as the Managing Director Sales for T-Mobile Deutschland. In April 2000, he became Chief Executive Officer of T-Mobile Deutschland. From the end of 2002 to December 2006, he was CEO of T-Mobile International and the Deutsche Telekom Board Member for Mobile Communications. In this period, T-Mobile continued its growth course as one of the leading mobile operators in the world with more than 100 million customers, successfully introducing the T-Mobile brand in eleven countries. René Obermann's career began with a business traineeship at BMW in Munich. Following that, he set up his own business ABC Telekom in Münster in 1986. He became Managing Partner of Hutchison Mobilfunk GmbH, the successor of ABC Telekom, in 1991. From 1994 to 1998, Obermann was Chairman of the company's Management Board.



SESSION 1806

TEACHING TRACK

TRACK T	Date	Tuesday, Oct 14
	Time	11:15 – 12:30 h
Workshop	Room	Salon 15

Field Studies and Case Competitions: Contemporary Pedagogies for the Strategy Course**Session Chair**

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

Field studies and case competitions have long been used in business schools as experiential learning methodologies. Field studies (student consulting projects) provide students with a chance to apply what they are learning in a real time fashion for an actual company and case competitions allow students to use their knowledge in an intense and competitive fashion against other schools (or students in the same school). Both ignite enthusiasm on the part of the students that can complement that of a typical strategy course. This session will focus on how to integrate field studies and case competitions into your strategy course. Research on the plethora of case competitions underway today will be presented. This will give participants a better understanding of the varying formats and overall learning objectives of these two pedagogical approaches. The session will also provide an opportunity for participants to share the best and worst practices and discuss ways to ensure that such approaches maximum learning.

SESSION 1055

GOVERNING KNOWLEDGE IN INTERORGANIZATIONAL RELATIONSHIPS

TRACK A	Date	Tuesday, Oct 14
	Time	11:15 – 12:30 h
Common Ground	Room	Salon 6

Facilitator Africa Ariño, *IESE Business School*

Speed of Integration - The Underexplored Factor In Cross-Border Mergers and Acquisitions

Omri Morag, *University of Pecs Hungary*

Shlomo Yedidia Tarba, *Ben-Gurion University of the Negev*

Amos Raviv, *Open University, Israel*

The corporate strategy nowadays is focused firmly on M&A as a tool to foster future growth and create sustainable value. As a result, companies are aggressively seeking and buying compatible and synergistic businesses to bolster core strengths. The need to move rapidly is indeed essential throughout the M&A deal consummation, but speed has to be balanced against other considerations. With respect to some issues, it's advisable to move deliberately, while regarding others, sometimes the action has to be taken in a more clear-cut manner. In the proposed model we posit that the decision on the speed of performance of the integration depends on the combination of several factors: relatedness, synergy potential, acquirer's previous experience, corporate and national culture differences between merging firms.

The Influence of Firm's Knowledge Structure on Alliance Termination

Akie Iriyama, *University of Buffalo-SUNY*

Turanay Caner, *North Carolina State University*

In this study we examine how firms' knowledge structure affects their alliance termination decisions. We focus on knowledge breadth and depth as two dimensions of firms' knowledge structure. We theoretically posit that the relationship between firms' knowledge structure and alliance termination decisions is based on firms' alliance portfolio orientation and individual alliance orientation. When firms hold alliance portfolio orientation, those with broad knowledge structure (deep knowledge structure) are less (more) likely to terminate their alliances. This relationship is reversed when firms hold individual alliance orientation. We test our hypotheses using alliance and patent citation data of U.S. biopharmaceutical firms. The tentative results support our hypotheses. This study is expected to have several important contributions to the exploration-exploitation and alliance literatures.

Opportunism, Knowledge, and the Propensity to Franchise

Jérôme Barthelemy, *ESSEC Business School*

In this paper, I examine the direct and joint impact of opportunism and knowledge considerations on the propensity to franchise. Predictions derived from agency theory and the knowledge-based view of the firm are tested on a novel sample of French franchise chains. Results indicate that knowledge considerations: (1) explain variance in the decision to franchise or company-own outlets beyond what is explained by opportunism considerations; (2) moderate the relationship between opportunism considerations and the propensity to franchise.

Relational Mechanisms, Formal Contracts, and Local Knowledge Acquisition by International Subsidiaries

Julie Li, *City University of Hong Kong*

Kevin Zhou, *University of Hong Kong*

Laura Poppo, *University of Kansas*

Using survey data from 168 foreign subsidiaries operating in China, we examine the impact of relational and contractual mechanisms on foreign subsidiaries' acquisition of tacit and explicit local knowledge from their suppliers. We hypothesize that supplier ties are associated with greater levels of explicit knowledge acquisition and that shared goals positively affect the acquisition of both explicit and tacit knowledge, whereas trust has a stronger impact on the acquisition of tacit than explicit knowledge. Moreover, formal contracts improve the acquisition of explicit knowledge. Further, we explore whether the joint use of contracts and relational mechanisms has a synergic effect on the acquisition of both tacit and explicit knowledge. Our results inform foreign subsidiaries hoping to acquire local knowledge in host countries.

The Age of A Focal Firm, Alliance Experience, and Firm Performance: An Empirical Study in Taiwan

Pang-hsiang Yu, *National Chengchi University*

Kuo-Feng Huang, *National Chengchi University*

This paper examines the relationship between strategic alliance and firm performance from the perspectives of the learning and resource-based theories. By using content analysis, we codified the newspaper regarding alliance activities in the Taiwan's electronic industry between 1999 and 2005. The regression model was

employed to test the developed hypotheses. Our results show that the alliance experience and age of the focal firm both are positively associated with firm performance. And alliance experience effect is moderated by the age of the focal firm. Our study can explain how to combine the learning theory and resource-based theory in an empirical study.

Do Plural Forms Enhance the Transfer of Knowledge for Firms

Bertrand Quelin, *HEC-Paris*
 Francois Duhamel, *University of the Americas Puebla*

Can companies benefit from the simultaneous use of different organizational forms for the same activity? Analyzing the benefits of plural forms still represents a challenge for the transaction cost theory, which stands as the more commonly used theory to account for the variety of governance modes. In order to explain the phenomenon of plural forms, we propose to develop an integrated approach, completing transaction cost theory with the resource-based view of the firm. In this theoretical article, we examine the conditions of such a common approach. We focus on the dimensions of governance modes, rather than the attributes of the underlying transactions. We argue that plural forms enhance particularly the transfer of both explicit and tacit knowledge between firms, by providing suitable incentives and accurate controls, that allow firms to achieve this type of transfer at least as well as between firms' sub-units.

SESSION 1035

STRATEGIC DYNAMICS IN INDUSTRY ARCHITECTURES: THE CHALLENGES OF KNOWLEDGE INTEGRATION

TRACK A	Date	Tuesday, Oct 14
	Time	11:15 – 12:30 h
Panel	Room	Saal 14

Session Chair

Michael G. Jacobides, *London Business School*

Panelists

- Michael G. Jacobides, *London Business School*
- Fabrizio Ferraro, *IESE Business School*
- Kevin Boudreau, *HEC-Paris*
- Stefano Brusoni, *University of Bocconi*
- Sidney G. Winter, *University of Pennsylvania*
- Gautam Ahuja, *University of Michigan*

As industry boundaries become increasingly blurred, it is becoming evident that firms shape the nature and structure of their sector, i.e. their "industry architectures" – the rules and roles that pertain to the division of labor, which in turn affect the division of profit. Yet, in this setting of industry reconfiguration, how do firms manage the challenges of knowledge integration? How is specialized knowledge integrated into a coherent whole? How do firms try to tackle the dual challenge of maintaining a strategic edge through shaping their landscape, and also of integrating knowledge? This is what this panel will consider. Extending recent theoretical research, this panel will consider empirical evidence that can help us shed light on these issues.

SESSION 1117

GENERAL TRACK

TRACK D	Date	Tuesday, Oct 14
	Time	11:15 – 12:30 h
Special Panel	Room	Salon 15

SMS Emerging Scholar Award Recipient 2008 - Riitta Katila

Session Chair

Riitta Katila, *Stanford University*

Panelists

- Constance Helfat, *Dartmouth College*
- Riitta Katila, *Stanford University*
- Margaret Peteraf, *Dartmouth College*

This session takes a look at research opportunities in the intersection of technology and strategy. In particular, we discuss new research directions in strategic management focusing on large, established technology-based companies. The panel discussion will explore ways in which established firms can remain innovative through strategic renewal, including organic growth, dynamic capabilities and external relationships.

SESSION 1034

THE ROLE OF DECISION-MAKING FOR KNOWLEDGE MANAGEMENT

TRACK D	Date	Tuesday, Oct 14
	Time	11:15 – 12:30 h
Paper	Room	Salon 24

Session Chair Kirsten Foss, *Copenhagen Business School*

Standard Operating Philosophy: Path to Comprehensive Knowledge Management and Decision Speed

William Worthington, *Baylor University*

Standard Operating Philosophy (SOPh) is a higher aggregation of the well known standard operating procedure (SOP). SOPh incorporates SOPs into its mix to enable organizations to develop efficiency by turning repetitive routines into codified procedures. However, SOPh also incorporates an emphasis on non-routines to keep operators within the organization from becoming complacent or rigid in their decision making. The main purpose behind the SOPh notion is to train on SOPs to the point where they become 'muscle memory' automatic. Thus, decision makers can focus their energy on the tactical changes occurring around them. This combination creates the essence of Standard Operating Philosophy and is of value to practitioners as well as researchers in their pursuit to manage knowledge especially in times of environmental stress.

The Use of Onformation in Organizations: A Cognitive Perspective on Line Managers' Involvement in Cross-unit Activities

Kirsten Foss, *Copenhagen Business School*

Waymond Rodgers, *University of California*

The efficient use of knowledge and information allows firms to compete more effectively in the marketplace. The aim of this study is to understand if and how managerial involvement in cross-unit activities influences managerial assessment of information received from a unit where managers were involved. Senior line managers in a major bank completed a survey questionnaire addressing

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their perceptions and judgments regarding the usefulness of auditing services. We use a throughput modeling in this research to understand if and how their involvement in internal auditing influences their information processing and assessment of the information passed on from internal corporate auditing. Our study supports the notion that managers can influence recipient units' perception of the sending unit by using liaison mechanisms such as managerial cross-unit involvement.

Is Knowledge Management Rational?

Andre Guimaraes, *BNDES*

Alan Eisner, *Pace University*

Helaine Korn, *City University of New York*

Heitor Caulliraux, *University Federal-Rio de Janeiro*

The main purpose of this article is to bring rationality back into the knowledge management agenda. Pursuing this goal, we examine how the dominant mode of rationality impacts knowledge management in organizations. We advance propositions regarding which knowledge management strategies (i.e., emphasizing codified or tacit knowledge) will lead to superior performance, under scenarios of dominant instrumental or substantive rationality.

The Limits of Information Processing: Applying the Knowledge Principle to Organizations

David Brunner, *Harvard University*

Edward Feigenbaum, *Stanford University*

Bradley Staats, *Harvard University*

Organizations tend to overestimate the value of information processing and underestimate the importance of knowledge. Similar confusion prevailed in the field of artificial intelligence (AI) during the 1960s and 1970s: it was then commonly believed that the performance of problem-solving systems depended on repeated application of a small set of "rules of thought". Confidence in the power of such generic information processing turned out to be misplaced. AI researchers found that intelligence results from huge quantities of highly specific bits and pieces of knowledge, a discovery stated formally by Lenat and Feigenbaum as the "Knowledge Principle". In this research, we draw on work from the field of AI to formulate a precise definition of knowledge and investigate the implications of the Knowledge Principle for organizations.

SESSION 1059

NETWORKS AND SOCIAL CAPITAL

TRACK E

Date Tuesday, Oct 14

Time 11:15 – 12:30 h

Common Ground

Room Salon 25

Facilitator

Rodolphe Durand, *HEC-Paris*

Birds of a Flock Gather Together? Mechanism Behind The Status-Based Homophily

Jingoo Kang, *University of Pennsylvania*

While most of the alliance literature assumes that alliances are more likely among firms of similar status, the focus on this aggregate tendency among actors minimizes the emphasis that has been placed on how new firms might actually enter networks. Our work joins the burgeoning set of papers addressing mechanisms that enable network entry by firms that lack social capital. Our approach is to acknowledge previous research on status similarity driving alliance formation by seeking moderating variables that diminish

the magnitude of this effect. Specifically, we explore moderators at various levels: firm level variables such as the age of the low-status firm and the quality of the low-status firms' technological capability in comparison to its status; dyad-level interdependence of potential partners; and network-level density.

Network Evolution Towards Dysfunction: A Complexity Theory Perspective

Christoph Lechner, *University of St Gallen*

Frank Rothaermel, *Georgia Institute of Technology*

Shanti Agung, *Georgia Institute of Technology*

Firms increasingly participate in strategic networks. These multi-partner organizational arrangements, however, tend to be quite fragile and difficult to manage. While previous research has highlighted the benefits of such networks, we concentrate on the other side of the coin as we focus on factors leading to a dysfunctional network. In particular, we report the results from a longitudinal case study covering the development and dissolution of Unisource, a global network in the telecommunications industry. We applied complexity theory, specifically the dissipative structure model to illuminate the network's evolutionary paths and thus to answer questions such as: Where do networks come from, and how do they evolve? In particular, we attempt to understand why do some networks evolve toward dysfunctional ones? We find that the interactions among participants can maintain the state of asynchronous coupling, making the network dysfunctional.

Knowing Your Clients: The Joint Effect of Client and Internal Social Capital on Organizational Ambidexterity

Michiel Tempelaar, *Erasmus University Rotterdam*

Justin Jansen, *Erasmus University Rotterdam*

Frans A.J. Van Den Bosch, *Erasmus University Rotterdam*

While research has highlighted the importance of social capital as antecedents of the simultaneous pursuit of exploration and exploitation, more remains to be understood about the specific nature of this relationship. External social capital can yield knowledge beneficial for both exploration and exploitation, whereas internal social capital can diffuse this knowledge within the organization, thus creating integrative value and increased organizational ambidexterity. We examine the joined effects of external (client relationships) and internal (trust and connectedness) social capital on organizational ambidexterity. We find strong evidence for both structural and relational client social capital as antecedents of organizational ambidexterity. These relationships are moderated by connectedness as a measure of internal structural social capital, but not by trust, a measure of internal relational social capital.

The Niche Advantage of the Networked Organization

Ikenna Uzuegbunam, *University of Kentucky*

Satish Nambisan, *Rensselaer Polytechnic Institute*

This study offers a network-centric account of incumbent firm niche strategies towards technological innovation. The primary concern is to identify and elucidate how niche strategies employed by established firms in the context of their networks can enhance the focal firm's competitive advantage. At the core of the thesis of this study is the suggestion that inter-organizational network, niche-level strategies are meaningful in the battles for enduring competitive advantage. The practical implication of our hypothesis is that incumbent firm choices towards niche creation in networks

can yield substantial performance benefits through explicit niche strategies. From a theoretical standpoint, this study extends understanding of niche and network theories in organizational settings.

Navigating the Web of Interfirm Conflict and Cooperation: Exploring the Duality of Social Structure

Maxim Sytch, *Northwestern University*

This study seeks to examine the impact of the firm's position in the network of positive and negative relationships on its propensity to enter cooperative interfirm partnerships and innovation rate. To test the proposed relationships, this investigation uses data on strategic partnership and patent infringement lawsuit networks for a panel of biotechnology and pharmaceutical firms. It further relies on qualitative evidence obtained in interviews with managers, attorneys, and industry experts.

A Social Perspective on Interorganizational Competitive Rivalry

Curtis Moore, *Texas Christian University*

Chad Autry, *Texas Christian University*

Stanley Griffis, *Air Force Institute of Technology*

G Tyge Payne, *Texas Tech University*

We integrate social network and institutional theories to examine the social effects of competitive rivalry on firm economic outcomes via social network position. In contrast to predominate economic explanations of competitive rivalry, we proffer a social explanation based on institutional and network theories. We base our arguments on the notion that as more firms adopt characteristics of firms with reputations for success, normative pressures are created that cause organizations to mimic practices and polices consistent with prevailing institutional logics. As the process by which firms mimic successful firms in their competitive market continues, organizations become more central and experience increased rivalry. Using a large cross-sectional times series dataset of construction organizations, we test causal linkages between competitive rivalry, network position, and economic outcomes.

SESSION 1070

PERFORMANCE AND THE COMPETITIVE ARENA

TRACK E	Date	Tuesday, Oct 14
	Time	11:15 – 12:30 h
Paper	Room	Salon 18

Session Chair Markus Kreutzer, *University of St Gallen*

Competitive Countries or Competitive Firms: An Analysis of the Relationship Between Firm Performance and the Competitiveness of Nations

Rafael Goldszmidt, *Business Management School of Getulio Vargas Foundation-Sao Paulo*

Luiz Brito, *Business Management School of Getulio Vargas Foundation-Sao Paulo*

Flavio Vasconcelos, *EAESP/FGV*

This paper analyzes the relationship between firm performance and the competitiveness of nations. The theoretical framework of Industrial Organization suggests a negative relationship, while the Resource-Based View supports the hypothesis of a positive correlation. Data analyzed includes performance indicators from a sample of 8,886 firms in 235 industries and 34 countries, in a total of 32,590

observations from global COMPUSTAT and a national competitiveness index computed by IMD. Country effect was responsible for 3 percent of performance variance. A negative relationship was found between firm performance and national competitiveness. These findings indicate that the national environment's characteristics, in isolation, have limited influence on firm performance, and that firms in less competitive countries tend to show superior performance.

Exploration in Emerging Markets Driven by Technological Change: Who Benefits?

Linda Tegarden, *Virginia Tech*

Donald E Hatfield, *Virginia Tech*

Early entry into markets created by technological change offers first mover advantages. But, as the industry evolves, the early entrant will need to transition to the dominant design. To facilitate transition, firms need to explore designs to broaden the firms' knowledge base in order to both identify and respond to technological change. We propose that the relationship between exploration and firm success depends upon past firm success in implementing technological changes. This past experience increases both the likelihood of exploration and ability to make the successful transition. We also propose that the relationship between exploration, transition to a dominant design and performance is moderated by these firm characteristics: that related diversified firms will have these dynamic capabilities. Start-up firms will be at a competitive disadvantage.

Rank-Crossing, Randomness, and Sustained Competitive Advantage

Thomas Powell, *Oxford University*

Ingo Reinhardt, *University of Cologne*

Strategic management research is fundamentally concerned with sustained competitive advantage. This paper presents a "neutral" theory of competitive advantage and introduces a new ordinal performance measure known as rank-crossing. Rather than focusing on resource accumulation in dominant firms, we examine the statistical properties of whole performance distributions to infer the competitive processes capable of producing them. In an analysis of 40-year profit rate data, we find that sustained competitive advantage has eroded significantly since 1980, that dominant firms are the least likely to maintain their performance advantages, and that rank movements follow surprisingly stable statistical patterns that provide insights into the generative processes of competitive advantage.

An Empirical Study of Technology-Based Competition Between Computer Game Genres

Ozgur Dedehayir, *Tampere University of Technology*

Saku Mäkinen, *Tampere University of Technology*

This paper studies the evolution of competition in the computer games industry based on the level of technological pioneering regarding different product categories. We consider the pioneering choice of firms in response to known asymmetries arising in the technological environment, which are manifested in the presence of an underperforming technological component referred to as a reverse salient. Our findings show that shooter and adventure games are continuously the first product categories to advance in technological performance in response to states of reverse salience, leading us to conclude that first-mover advantages are likely to be associated with the development of these game genres in comparison to other game genres. We further discuss the results in light of the competition between the product categories.

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SESSION 1103

SOCIAL AND HUMAN CAPITAL

TRACK F	Date	Tuesday, Oct 14
	Time	11:15 – 12:30 h
Common Ground	Room	Salon 4

Facilitator Anja Tuschke, *University of Munich*

Board of Directors Strategic Involvement: Incorporating Board's Characteristics and its Performance Feedback Gaps

Chanan Ben Oz, *Technion-Israel Institute of Technology*

A major concern of public and business policy makers is how to enhance the board of directors' strategic involvement. Previous studies have focused mainly on board characteristics supported by upper echelon and agency perspectives. This study proposes the adoption of a new theoretical lens, learning from performance feedback gaps. We extend the gaps notion, differences between current performances and aspirations level, by highlighting the importance of long-term goals. Then, based on 216 board members representing 111 Israeli early stage high tech firms, the findings reveal that enhanced boards' strategic involvement is affected by: firstly, higher performance feedback gaps. Secondly, it is affected by the integrated impact of board characteristics and performance feedback gaps; and the latter's contribution is about four times higher than the former.

The Effect of Board Capital on Firm Performance

Katalin Haynes, *Arizona State University*

Brian Boyd, *Arizona State University*

The board's role in ensuring firm performance is a key topic in strategic management research. However, efforts to link board characteristics directly to performance have yielded inconclusive results. These results are not surprising, as directors have multiple roles, and are studied from multiple theoretical frameworks. Our paper offers an integrative perspective via two distinct contributions: First, we develop a multi-indicator factor model of board capital. This model includes tests of dimensionality, formative versus reflective indicators, and the possibility of a second order factor. Second, we decompose performance into two elements: Upside potential and downside risk. We test hypotheses using a sample of 250 S&P 500 firms.

Social Capital and Knowledge Quality within Partnership Networks

Jamie Collins, *Baylor University*

A common theme in the strategy literature is the importance of knowledge and the key role that knowledge-based resources play in creating and sustaining competitive advantage. Within the knowledge-based view of the firm, the need for firms to access knowledge from external sources is widely recognized (Anand et al., 2002). In this study we examine the effect of executives' social capital and firm-level social capital on the quality of knowledge available to the firm via its partnership network.

On the Distribution of Corporate Social Capital

Martin Papadatos, *University of Cambridge*

Paul Kattuman, *University of Cambridge*

Based on the social network of corporate governance, we measure social capital in the UK corporate sector. The empirical context is the company-board induced social network, comprising over 100,000

firms and over 800,000 directors, over the 10 year period to 2004. We use Google's PageRank algorithm to estimate social capital at the levels of individual directors and company boards. We find that the distribution of social capital among company boards is not much more concentrated than its distribution among directors. The explanation is that the distribution of social capital within boards is very unequal - Boards typically have only a few high social capital directors. A reason for this is the evident redundancy in the social capital of individual directors when they come together in a Board level team.

Long-Term Leadership Continuity in Acquired Firms

Jeffrey Krug, *Virginia Commonwealth University*

Walt Skill, *Accenture*

This paper discusses the preliminary results of a ten-year research initiative undertaken by the first author and supported by the managing director of the consulting practice of a leading management consulting firm (the second author). The objective of this paper is to present the preliminary findings from the first author's database, which includes more than 1,000 firms and follows the careers of more than 23,000 executives during a 17-year period surrounding the target's acquisition. We then formulate hypotheses for future testing that examine the long-term effects of acquisitions on the target company's top management team. Using agency theory and the concept of managerial discretion, we explore the relationship between turnover among the target's incumbent executives shortly after the acquisition and turnover among executives hired several years later.

Diversity of Management Teams: A Competence-based Driver of Un-locking Organisations

Michael Huelsmann, *University of Bremen*

Meike Tilebein, *European Business School-EBS*

Due to challenges of a world of variety and change strategic management has to face the risk of "locked organisations". This phenomenon describes the problem of an insufficient decision-making based on limited capabilities and capacities for accessing, acquiring, and processing knowledge and information, which are inadequately confronted with increasing and diverging environmental demands. To avoid becoming a "locked organisation" it is necessary for the strategic management to continuously sustain a certain level of organizational flexibility. The paper intends to discuss the impact the diversity of management teams as a competence-based driver might have on organisational flexibility. As empirical studies on this topic provide contradictory results, we propose to apply agent-based simulation to reveal the role of diversity in coping with altering and volatile environmental requirements.

SESSION 1093

SUCCESSION AND TEAM DYNAMICS

TRACK F	Date	Tuesday, Oct 14
	Time	11:15 – 12:30 h
Paper	Room	Salon 21

Session Chair Margarethe Wiersema, *University of California-Irvine*

CEO Dismissal: The Impact of Strategic Choice and Expertise

Nikolaos Kavadis, *Erasmus University Rotterdam*
 Margarethe Wiersema, *University of California-Irvine*
 Yan Zhang, *Rice University*

Drawing on agency and upper echelons perspectives, we investigate how corporate diversification may impact the likelihood of CEO dismissal within a sample of large French companies in the 1995-2005 time period. Applying an agency perspective on what comprises shareholder wealth maximization strategies, we show that the board evaluates the CEO based on her/his choice of strategy for the firm, independently of the accounting and stock market performance of the firm. We also demonstrate that the CEO's functional expertise matters in terms of the board's willingness to discipline the CEO when pursuing a strategy believed to be value-destroying.

CEO Dismissal and the Role of Investment Analysts

Margarethe Wiersema, *University of California-Irvine*
 Yan Zhang, *Rice University*

While poor performance and internal agency conditions have been shown to be predictors of CEO dismissal, little is known about the role of the firm's external constituents in CEO dismissal. In this study, we argue that investment analysts, through their reports and ratings, serve an important external monitoring role over corporate behavior. Therefore, we expect that investment analysts can influence the board's evaluation of the firm and its leadership. We find that board dismissal of the CEO occurs more frequently for firms with more negative investment analyst ratings, providing strong support for their external monitoring role.

Company Succession in SMEs: Do Intangible Assets Matter?

Susanne Durst, *University of Liechtenstein*
 Stefan Gueldenberg, *University of Liechtenstein*

Recent academic literature suggests that besides financial and tangible resources knowledge represents one of the crucial aspects of company success in all organizations. Assuming this is true, what role does this intangible assets play in the context of SME company succession. As in the next years many SME owner will leave their firm, this paper explores the role of intangible assets in company succession seen from an external successor. Since little empirical research exists, we followed an explorative approach by applying a mixed methods approach. We conducted a web-survey with German associations and interviews with external successors. Results from this study will help extending the current knowledge in the field of research and providing recommendations for actions for potential successors as well as predecessors.

What Do CEOs Do? Testing a Model on How CEOs Add Value

Alejandro Carrera, *Austral University*
 Juan Quiroga, *Austral University*

The present study tests the theoretical framework on how CEOs add value proposed by Carrera et al (2006). According to this model, CEOs must manage three main processes for accomplishing their mission of providing continuity to their organizations: Business, Management, and Institutional Configuration Processes. This study tests the model through a survey with 89 CEOs, from medium to large Argentine firms and multinational companies within Argentina. Research results backed up the theoretical framework. To a further extent the study evidences inconsistencies between CEOs perception of their main concerns and the actual allocation of time they do daily to their tasks. In addition, by sample segmentation (concerning age, experience, capital origin and type of organization analysed), some broad differences among CEOs arose.

SESSION 1003

INTERNATIONAL KNOWLEDGE DIFFUSION

TRACK G	Date	Tuesday, Oct 14
	Time	11:15 – 12:30 h
Common Ground	Room	Salon 7

Facilitator Shreeram Mudambi, *Temple University*

The Knowledge-Power Game in MNCs

Lisa Gaerber, *Vienna University of Economics & Business Administration*
 Bjoern Ambos, *Vienna University of Economics & Business Administration*

In recent writings on the differentiated MNC there is plenty of evidence that the global dispersion of knowledge has gradually shifted the balance of power between headquarters and subsidiaries. However, beyond the growing consensus that knowledge and power constitute two of the major challenges for MNCs today, so far practically no attempts have been undertaken to explain how and under which circumstances knowledge actually leads to increased subsidiary power within the MNC. The "knowledge-controlling" subsidiary and its knowledge supremacy vis-a-vis headquarters and other units has up to now only vaguely hit scholars' attention. In an attempt to redress this situation, this study draws on two theoretical streams, notably resource-dependency and social network theory, to explain how and under which circumstances knowledge leads to power within the MNC.

Knowledge Transfer Efficiency, Competition and the Geographic and Organizational Boundaries of Multinational Enterprises

Niron Hashai, *Hebrew University*
 Nicole Adler, *Hebrew University*

This paper develops a game-theoretic, location-allocation mathematical program that predicts the geographic and organizational boundaries of competing multinational enterprises (MNEs). The model evaluates MNEs' pricing decisions as well as their costs of intra-firm and inter-firm knowledge transfer between globally dispersed R&D, production and marketing facilities as well as the cost of knowledge transfer to end customers. Given multiple players in the market, the game analyzes the competition between MNEs on satisfying the consumers' utility and yields the

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Nash equilibrium which demonstrates, for different scenarios, how many MNEs will be left in the market, the geographic location of R&D, production and marketing activities, which of these activities are performed in house and which are outsourced.

Knowledge Intensity Effects in Multinational Strategy

Torben Juul Andersen, *Copenhagen Business School*

Knowledge intensive environments allow firms to thrive on intangible assets that are less costly and hence economically efficient to transfer for overseas expansion. These conditions will tend to increase multinational adaptability and economic efficiency while being affected by intra-industry heterogeneity in firm intangibles. Accordingly, this study examines the risk and performance outcomes associated with multinationality based on a large cross-sectional sample. In contrast to earlier studies in manufacturing, the preliminary analyses indicate that firms operating in knowledge intensive industries show positive risk management effects of multinationality that are further enhanced by their emphasis on intangible assets.

Learning to Globalize: Interorganizational Knowledge Transfer on Venture Capital Globalization

David Major, *University of Maryland*

R. Scott Livengood, *University of Maryland*

David Waguespack, *University of Maryland*

Anil Gupta, *University of Maryland*

This paper examines the differential impact of interorganizational learning on investment patterns of imitating organizations. Interorganizational learning is divided into the acquisition of declarative and procedural knowledge. We argue that observing the experiences of salient others results in the transfer of declarative knowledge, learning from ties to experienced partners results in the transfer of both declarative and procedural knowledge, and the transfer of procedural knowledge fosters deeper decision commitment and higher quality decisions. Using globalization investment patterns of US venture capital firms, we find the likelihood of an initial foreign investment, the extent of the commitment, and the perceived decision quality depends on the type of knowledge transferred, which suggest that interorganizational knowledge transferred through network ties ultimately leads to superior imitation.

Exploring the Inter-unit MNC Network: Voluntary Choice and Administrative Control

Manisha Singal, *Virginia Tech*

Shaohua Mu, *Trinity International University*

While recent research has considered the Multinational corporation (MNC) as a network, little attention has been paid to the factors that determine the configuration of ties among subsidiaries—the building blocks of a MNC network. Our study suggests that ties result both from Headquarters directives and from subsidiary initiative, based on factors like focus of learning, social capital, and institutional distance. Drawing upon tenets of social exchange theory, we seek to conceptually explore inter-subsidiary ties and exchange, and develop a typology of such ties, that can help explain the flow and transfer of knowledge between subsidiary dyads. Our conceptual model, besides providing testable propositions, outlines avenues for future research, and implications for managers.

The Naures of Knowledge and Knowledge-Seeking FDI Mode Choice

Qunyong Xie, *University of Agder*

One important research gap in the literature on entry mode choices is the oversimplified treatment of the nature of knowledge. While much has been written on the tacit/explicit dimension of knowledge, few studies have examined the effects of other dimensions of knowledge on FDI mode choices. In order to examine the hypothesized impacts of the nature of knowledge (e.g., individual versus organizational, similar versus complementary) on FDI mode choices, a theoretical model is developed. Compared with previous literature, this research makes several contributions, e.g., we propose the individual/ organizational dimension has direct influences on FDI mode choices, while the similar/complementary dimension has moderating effects.

SESSION 1110

SOCIAL ISSUES IN INTERNATIONAL BUSINESS

TRACK G	Date	Tuesday, Oct 14
Paper	Time	11:15 – 12:30 h
Session Chair	Room	Salon 23

Timothy Devinney, *Australian Graduate School of Management*

Knowledge Uncertainty: Developing the Capacity of Organisations to Cope with the Threat of Global Terrorism

Bridgette Sullivan-Taylor, *University of Warwick*

David Wilson, *University of Warwick*

This paper examines the perceived threats from terrorist activities in six service organizations. Such an attack would constitute a rare event, but one which is not outside the bounds of possibility for many organizations. It examines how managers in organizations which are particularly exposed to the threats of terrorism deal with uncertainty where probabilities are impossible or difficult to define and examines how they face the challenge of interpreting and learning from these experiences (Doz, 1996, Larsson et. al., 1998). Utilizing Weick's (1979; 1995) concepts of enactment and sensemaking, the paper argues that what really matters is how managers in organizations perceive (and frame) their environment with limited knowledge (and act upon such perceptions). Weick argues that perceptions are selective, with some factors given prominence and others filtered out. Is this the case with extreme and rare events such as terrorist attacks?

Contextualizing CSP Strategy: To Adopt, Adapt or Integrate International CSR Practices

Patrick Reinmoeller, *Erasmus University Rotterdam*

Students and practitioners of corporations' social responsibility (CSR) often do not pay attention to the influence of country context on their measures. Focusing on measures of CSP in the US and China this paper develops a managerial framework that helps to understand the limits of current CSP conceptualization in international competition. Taking a managerial perspective, this paper develops guidelines for how business leaders can choose between strategic options, i.e. adoption, adaptation or integration, to achieve higher CSP internationally.

The Future of Sustainability Reporting

Graham Hubbard, *University of Adelaide*

Non-financial reporting of the performance of organizations – which is becoming known as corporate responsibility reporting or sustainability reporting – has changed rapidly over time. There is a pressing need for a reporting framework and measures that adequately, accurately and transparently assesses these issues, so that strategists can assess organizational performance in a more contemporary manner. Yet limited light has actually been cast on organizational performance, which is central to the field of strategy formulation and implementation. This paper suggests how the field of sustainability reporting is likely to develop in the immediate future, such that useful sustainability reports are developed. These reports will change the way strategists assess organizational performance in the future.

The Innovation Paradox

Richard Franke, *Loyola College in Maryland*

Roger Kashlak, *Loyola College in Maryland*

Steven Prumo, *University of Maryland Medical System*

Gerald Barrett, *Barrett & Associates Inc*

A syndrome of culture and innovation (Shane, 1992) is not supported by work of Hofstede, Bond, and Franke. It had no impact during the old bureaucratic economic era of 1950-80 or the new strategic era since 1990. Only during transition in the 1980s did it function. We seek to explain the paradox: What social and business conditions rendered individualism, non-authoritarianism, and non-rigidity as adverse growth factors? Why did lower achievement motivation and higher bureaucratic long term orientation lead to higher inventiveness as measured by Shane? Why is higher inventiveness not related to subsequent economic growth during the 1990s and 2000-2005? Analyses of G7 and OECD members support a new strategic era of innovation over 1990-2005, where childhood and adult culture linked to inventive/innovative behavior (beyond Shane's patent measures) do explain economic performance differences.

SESSION 1050

LINKING MIDDLE MANAGERS INTO THE STRATEGY PROCESS

TRACK H	Date	Tuesday, Oct 14
	Time	11:15 – 12:30 h
Paper	Room	Salon 20

Session Chair Donde Plowman, *University of Tennessee*

Antecedents of Managerial Role Perception in Strategy Projects

Roland Harste, *European Business School-EBS*

Ansgar Richter, *European Business School-EBS*

Managers' jobs in strategy projects are often characterized by role overload. However, little is known about why managers attribute particular importance to some roles, and less to others. We investigate individual-level factors and strategic, organizational and environmental context factors as antecedents of the importance managers attribute to their various roles in strategy. We apply factor analysis to data from a large-scale questionnaire survey among German managers in order to reconstruct Mintzberg's managerial roles. We then use regression techniques to explore which factors help explain the variation in the perceived importance of these

managerial roles. We find that individual-level factors, in particular those relating to managers' experience, have an important effect on their role perception. In contrast, contextual factors appear to have relatively little explanatory power.

A Middle Management Perspective: Current Contributions, Synthesis and Future Research

Bill Wooldridge, *University of Massachusetts*

Torsten Schmid, *University of St Gallen*

Steven Floyd, *University of St Gallen*

In this paper, we review and synthesize research associated with a middle management perspective. Research in this domain has described the role of middle management in corporate entrepreneurship, renewal of organizational capabilities, innovation and organizational learning, strategy implementation and strategy making. The diversity of backgrounds and interests, however, has led to a fragmentation of extant research, limiting both its cumulative impact and future progress. The paper therefore elaborates a common middle management perspective by (i) describing its historical evolution and theoretical foundation, (ii) organizing and reviewing extant literature along five major research streams, and (iii) developing prior knowledge into a research framework as guide for future studies

How Middle Managers Use Symbolic Actions to Implement Strategy:

Anne Smith, *University of Tennessee*

Donde Plowman, *University of Tennessee*

Dennis Duchon, *University of Tennessee*

In this study, we interviewed and observed high reputation plant managers in order to learn more about the behaviors and actions that account for middle management success. Our findings suggest that effective middle managers are not simply the passive instruments of higher authority. Rather, they use symbolic actions to create meaning which reduces uncertainty by reinforcing key values and beliefs. We identified key themes that emerged from field investigation of middle managers from eleven organizations. We propose that symbolic acts that convey the messages of walking the talk, people matter here, and we are open to ideas are associated with successful middle management implementation. Middle managers are responsible for implementing strategy, and, like their strategy-formulating superiors, they manage meaning with the use of symbolic actions.

★ Linking the Motives of Middle Managers to Perceptions of Stakeholder Salience

Donal Crilly, *INSEAD*

Pamela Sloan, *HEC-Montreal*

We present and test a model to explain middle managers' perceptions of stakeholder salience. Our contention is that middle managers' attention to stakeholders is guided by individual motives and organizational routines. Learning routines and performance evaluation practices shape managers' motives, while reporting routines directly influence managers' perceptions of stakeholder salience. We test our hypotheses using survey data collected from 379 managers in multinational corporations. Preliminary findings suggest that instrumental motives increase the salience of stakeholders directly implicated in the production function, including customers, employees and suppliers, while institutionally-driven motives increase the salience of more distant stakeholders, including governments and communities. Values-based motives

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have little impact on stakeholder salience. Organizational routines show a mixed effect. Learning routines are more influential than reporting and performance assessment practices.

SESSION 1017

THE INFLUENCE OF LEARNING AND ABSORPTIVE CAPACITY ON INNOVATION

TRACK I	Date	Tuesday, Oct 14
	Time	11:15 – 12:30 h
Paper	Room	Salon 22

Session Chair Louise Nemanich, *Arizona State University*

Absorptive Capacity, Improvisation Capability, and Innovation Radicalness

Louise Nemanich, *Arizona State University*

This research draws on organizational learning theory to propose that R&D teams with greater absorptive capacity and improvisation capability create more radical innovations. I test this model with data from 100 R&D teams in multiple firms in computer technology industries. The results show that potential absorptive capacity, realized absorptive capacity, and improvisation capability are positively related to innovation radicalness and that the relationship between potential absorptive capacity and innovation radicalness is fully mediated by realized absorptive capacity.

✦ **Does Licensing Foster Rapid Innovation?**

Maria Isabella Leone, *Luiss Guido Carli University*

Toke Reichstein, *Copenhagen Business School*

Licensing-in and the role of the licensee in the market for technology is under-investigated. This paper questions the extent to which licensees use licensed technology as an input into their internal R&D and how the licensed technology allows them to shorten the time-horizon of their further innovation activities. Studying 224 patent licenses, we find that the licensed technology to a large extent is used as an input by licensees striving to achieve new patent applications and that in fact it allows the firm to move more quickly across the innovation landscape. This effect is intensified if the licensed patent can be classified as being close to her in-house technological capabilities. Also, licensee's experience with combining distant technologies seems to shorten the duration of the innovation processes involving complex combinations of technologies.

Knowledge Management, Absorptive Capacity and Innovation In SMES: An Empirical Study

Haibo Zhou, *Erasmus University Rotterdam*

Lorraine Uhlaner, *Nyenrode Business University*

Sita Tan, *EIM (Panteia)*

The primary focus of this proposal is to propose and test a model of knowledge management (KM) practices as a key determinant of a firm's innovation orientation and innovation behaviour, based on literature on both knowledge management as well as that of absorptive capacity. In the second part of the paper, based on 649 Dutch SMEs, using both hierarchical regression analysis and then structural equation modeling, this paper reports on results that support the proposition that innovation orientation acts as a mediating variable in the relationship between KM practices and innovation behaviour. Of the two KM practices examined, external acquisition and internal sharing, only external acquisition appears to have a significant effect on innovation orientation, and innovation behaviour, in turn.

SESSION 1021

INFLUENCES ON INNOVATION STRATEGIES AND OUTCOMES

TRACK I	Date	Tuesday, Oct 14
	Time	11:15 – 12:30 h
Paper	Room	Salon 16

Session Chair Ana Pérez-Luño, *Pablo De Olavide University-Seville*

The Reputation Trap: The Effect of Reputation on Ambidexterity

Lei Zhang, *University of Maryland*

Rhonda Reger, *University of Maryland*

Past literature primarily focuses on the positive aspects of reputation. This paper emphasizes the dark side of reputation. We argue that reputation influences firms' innovation strategies and reputation may create a reputation trap in which high reputation firms are motivated to over-exploit and low reputation firms are motivated to over-explore. Firms that fall into such a trap will have lower ambidexterity and thus will have lower performance. However, top managers may mitigate the dark side effect of reputation on exploration and exploitation by using their sensemaking and sensegiving abilities to provide a more appropriate frame to guide decision making. We propose both an archival and lab-based study to explore the cognitive and strategic effects of reputation on managerial decision making processes.

How Does Knowledge Affect the Patenting of Inventions?

Ana Pérez-Luño, *Pablo De Olavide University-Seville*

Ramon Valle, *Pablo De Olavide University-Seville*

"In an economy where the only certainty is uncertainty, the one sure source of lasting competitive advantage is knowledge" (Nonaka, 2007, p. 162). This paper explains that companies may face such uncertainties by patenting inventions through an appropriate use of their resources: knowledge and internal R&D expenditures. Our results support that R&D and codified knowledge have a positive impact on the amount of inventions patented by a firm, while observable knowledge has a negative impact on patents. Also, we find a negative moderator role of both knowledge observability and simplicity and R&D on the propensity to patent inventions. Our findings contribute to the innovation and the RBV literature by examining the issues that condition the strategic choices related to patenting inventions.

The Role of Marketing Resources in Radical Innovation

Kyriakos Kyriakopoulos, *ALBA Graduate Business School*

Paul Hughes, *Loughborough University*

Radical innovations represent significant engines of growth for firms but questions remain over marketing resources' role in creating and benefiting from radical innovation. By examining the deployment of market knowledge, reputation and relational resources before and after radical innovation, we seek to address this gap in research. We find that relational resources are cornerstones of an ability to generate and benefit from radical innovation. But, we find that reputational resources detract from the ability to generate radical innovation but benefit during commercialization, implying a paradox in balancing this particular

resource. Market knowledge resources detract from its financial contribution as managers apply old certainties to new product offerings.

Overcoming the Dichotomy Technology Trade Vs Proprietary Integration in Technology Commercialization

Elena Novelli, *Bocconi University*
 Giovanna Padula, *Bocconi University*
 Rekha Rao, *University of Pisa*

Extant literature (e.g., Teece, 1986; Arora, Fosfuri and Gambardella, 2001) has emphasized two technology commercialization strategies (TCS): Technology Trade –i.e., innovators commercialize the technology itself (TT) – and Integration – i.e. innovators commercialize the technology embodying it into products through proprietary assets (PI). Yet, such a characterization of TCS neglects the case of firms embedding the technology into products through external downstream assets. This paper includes Contractual Integration, i.e. embed technology into products through external access to downstream assets (CI), and assesses whether TT, PI and CI are exclusive or concurrent TCS. Using a cross-sectional dataset, this study finds that while TT and CI are concurrent strategies, PI an is exclusive strategy. This study findings juxtapose to TT-PI dichotomy, an “open” versus “close” way of doing business.

SESSION 1114

STRATEGIC PLANNING IS ALIVE!

TRACK J	Date	Tuesday, Oct 14
	Time	11:15 – 12:30 h
Paper	Room	Salon 5

Session Chair Richard Whittington, *University of Oxford*

★ Reports of Death Exaggerated: The Evolution of Strategic Planning from the 1960s to the 2000s

Richard Whittington, *University of Oxford*
 Ludovic Caillaud, *University of Toulouse*

This paper contends that the orthodox wisdom of strategic planning’s rise in the 1960s and subsequent fall in the 1980s (e.g. Mintzberg, 1994) is misleading. Relying on historical academic and practitioner publications, the strategy archives of seven companies (including GE), a job advertisement analysis from 1960 onwards and 46 interviews with former and contemporary planners, the paper finds: first, that strategic planning is not in clear decline, but instead tends to be cyclical and capable of taking new forms; second, that strategic planning was typically considerably less bureaucratic and analytical than commonly depicted, even in the 1960s and 1970s. The paper draws from historical and contemporary practice various enduring wisdoms about effective strategic planning, relating to periodic revision, chief executive dependency and openness to opportunism.

A Performative Perspective on the Adaptability of Strategic Planning Routines

Carola Wolf, *University of St Gallen*

As strategic planning routines impact a firm’s strategy, change in those routines might be necessary to generate adequate strategic responses to rapidly changing business environments. We focus on the change potential of strategic planning routines from a performative perspective, distinguishing two functions of routines. From a ‘technical’ perspective grounded in evolutionary

explanations of routines, strategic planning routines are used to optimize the strategy making process. From an ‘institutional’ perspective, they serve to respond to institutional pressures and undergo a process of institutionalization within organizations. These functions are likely to shape the understanding of involved actors and thus influence change processes in strategic planning routines. We argue, that an ‘institutional’ understanding of the involved actors might impede necessary changes in order to adapt to changing environments.

The Knowledge We Have: Grand Strategies in the Practice of Strategy

Nicholas O’Regan, *Bristol Business School*
 Abby Ghobadian, *Henley Management College*
 Gerhard Kling, *University of the West of England*

Based on survey data on small and medium sized enterprises [SMEs] in the engineering and electronic industry, we uncover the grand strategies pursued by SMEs. We disentangle the interrelationship between the SME’s competitive position, market environment (technological and regulatory change, threats from substitutes, new entrants, and market stability) and the chosen grand strategies. The findings indicate that firm size in terms of turnover affects strategic decisions significantly, whereas technology and market stability stimulate product development and innovation. An innovation strategy seems to be the only grand strategy that guarantees higher short and long-term performance; nevertheless, concentrated growth, market and product development foster long-term performance. Keywords: Grand strategy, decision-making, performance

A Mix Of Value Creation Processes In International Professional Service Firms: Consequences For Knowledge Management

Karl Joachim Breunig, *BI Norwegian School of Management*
 Ragnhild Kvålshaugen, *BI Norwegian School of Management*
 Katja Maria Hydle, *BI - Norwegian School of Management*

To manage the knowledge that underpins internationally offered expert services is a very complex task. The degrees of pressure for both globally integrated operations and simultaneously being locally responsive to customer needs are two dimensions that need careful attention. Our study of knowledge processes and collaboration in international business organizations has made us aware of parallel and even conflicting value creation processes that affect operational, organizational, and strategic issues in international organizations. These conflicting processes have managerial implications since the organizational structure and systems seem to favor only one type of value creation processes. Thus, we provide a framework to identify what can be globally initiated and what needs to be locally supported in the international professional service firms’ mix of value creating knowledge processes.

TUESDAY 11:15 - 12:30



SESSION 1078

ENTREPRENEURIAL ORIENTATION

TRACK K	Date	Tuesday, Oct 14
	Time	11:15 – 12:30 h
Paper	Room	Salon 17

Session Chair Zeki Simsek, *University of Connecticut*

Entrepreneurial Orientation and Management by Objectives as a Strategy for Innovation and Growth of Technology-Based SMEs

Rainer Harms, *Klagenfurt University*

Carl Henning Reschke, *Institute for Management Research Cologne*

Matthias Fink, *Vienna University of Economics & Business Administration*

Sascha Kraus, *Salzburg University of Applied Sciences*

For technology-oriented SMEs, innovation and growth are important aspects of firm performance. A strategic orientation that emphasizes entrepreneurial behavior and participative leadership techniques may be an effective instrument to obtain innovations and growth. In this study, the performance implications of Entrepreneurial Orientation and Management by Objectives (MbO) on innovation and growth are analyzed on a sample of 165 fast growth technology-based ventures from Germany. The results show that entrepreneurial orientation has a positive impact on innovation and growth, with innovation being a partial mediator. In addition to that, entrepreneurial orientation seems to be negatively related to the degree to which MbO is used, while MbO itself has a negative relationship with innovation.

Modeling the Impact of Executive Self-Potency on Entrepreneurial Orientation

Zeki Simsek, *University of Connecticut*

Ciaran Heavey, *University of Connecticut*

John Veiga, *University of Connecticut*

Understanding the impact of executive personality on the firm's entrepreneurial orientation has been at the kernel of upper-echelons and entrepreneurship research for almost two decades. Yet despite considerable progress, the role of executive self-potency in governing this orientation has remained particularly elusive. As a first step, we develop and test a model that explains how CEO core-self evaluation influences a firm's entrepreneurial orientation. Using multi-source data from a sample of 117 firms, we find support for the hypothesis that core self-evaluation of CEOs is positively related to their firm's entrepreneurial orientation. We also find some support for our argument that environmental scanning and dynamism will moderate the link between CEO core-self evaluation and entrepreneurial orientation by shaping the extent of strategic uncertainty felt by the CEO.

Ambidextrous Innovation: Filling the Gap in the Entrepreneurial Orientation-Performance Relationship

Tobias Kollmann, *University of Duisburg-Essen*

Christoph Stöckmann, *University of Duisburg-Essen*

Diverse theoretical assertions and empirical findings indicate that the link between firm-level entrepreneurship and performance is more complex than a simple main-effects-only relationship. Drawing on previous literature suggesting a clear separation of entrepreneurial orientation and actual entrepreneurial behaviour, we assume that

the fact that posture is not converted into appropriate action is a key impediment to the explanatory power of the firm-level entrepreneurship-performance relationship. Consequently, a less parsimonious model that includes ambidextrous innovation reflecting entrepreneurial action as mediating factor may enhance the explanatory power of performance differences. We empirically examine this assumption with different models of entrepreneurial orientation (e.g., uni- and multidimensional approaches drawing on Miller/Covin and Slevin, and Lumpkin and Dess as well as more opportunity based approaches) and different sets of performance measures.

The Effects of Entrepreneurial Orientation for International Market Entry & Penetration

Vladislav Maksimov, *Georgia State University*

Brett Anitra Gilbert, *Texas A&M University*

Stephanie Fernhaber, *Iowa State University*

Entrepreneurial orientation (EO) (the innovativeness a firm exhibits, its proactiveness in pursuing new markets, and willingness to absorb risks associated with pursuing new markets) is tied to a firm's intent to enter foreign markets; but its effectiveness for helping firms penetrate foreign markets has not yet been explored. In this study, we examine whether EO characteristics truly differentiate domestic and international firms. We also explore whether these characteristics help firms penetrate sales in the markets they have entered. We test our hypotheses using a sample of 618 small and medium U.S. manufacturers from various industries. The findings suggest that entrepreneurial orientation aids entry into foreign markets, but does not help firms penetrate the markets entered. A co-dependency of entrepreneurial and strategic management efforts may exist.

SESSION 1083

IPOS: CAUSES AND CONSEQUENCES

TRACK K	Date	Tuesday, Oct 14
	Time	11:15 – 12:30 h
Paper	Room	Salon 19

Session Chair Roberto Ragazzino, *University of Illinois-Chicago*

The Geography of Post-IPO Profits

Larry Plummer, *Clemson University*

Elaine Mosakowski, *University of Colorado-Boulder*

Agglomeration is purported to yield performance and competitive advantages, especially for new firms. Because of agglomeration externalities, it follows that the performance of one firm mirrors the performance of its neighbors by virtue of the co-location. This paper tests this conjecture by addressing these questions: First, are the profits of an entrepreneurial firm most strongly associated with the profits of its nearest neighbors? Second, are the effects of agglomeration externalities symmetric among co-located firms? In other words, do profits exhibit signs that agglomeration externalities, like the proverbial tide, lift all boats? Finally, are the effects of externalities transmitted among neighboring firms instantaneously? These questions are explored using data on the post-IPO profits of 324 firms that went public between 1990 and 1993.

Geographic Distance and M&A Markets: IPOs as Information Diffusion Mechanisms

Roberto Ragozzino, *University of Illinois-Chicago*
Jeffrey Reuer, *Purdue University*

This paper examines acquisitions of small firms after they undergo an initial public offering (IPO). Using insights from information economics and recent work that have studied geographic distance as a source of adverse selection in other markets, we test whether the signals sent on the issuer affect the geographic proximity of the acquirer that purchases the firm. We develop the argument that specific features of issuing firms and the IPO process - venture capitalist backing, investment bank reputation, and underpricing - can provide signals that mitigate the effects of information asymmetry. The findings illustrate the relevance of several remedies to the risk of adverse selection in M&A deals and highlight the interdependencies between IPO and M&A markets.

Examining Strategic and Institutional Effects on Foreign IPO Performance

Greg Bell, *University of Dallas*
Curtis Moore, *Texas Christian University*
Igor Filatotchev, *City University London*

We propose a comprehensive examination of three factors that influence foreign IPO performance, namely Country of Origin, Listing Market, and Corporate Governance. To date, no research has examined all three factors simultaneously. In order to examine the effects of all three factors, we integrate signaling and institutional theories to contribute to previous research. First, we examine multiple governance variables to develop a systematic understanding of the role of governance mechanisms in the performance of foreign firms. Second, we develop theoretical arguments and provide empirical evidence that home country effects significantly affect IPO firm performance. Finally, we demonstrate the salience of certain governance signals may depend upon the institutional context of the foreign market in which the foreign IPO is filed.

Are Firm Transformations Determined on a Punctuated or Continuous Timeframe?: Evidence from Entrepreneurial Firms

Asda Chintakananda, *Marquette University*

There have been conflicting perspectives on how and when do entrepreneurial firms undertake large strategic transformations. Are they determined across time with regards to strategic considerations? Or are they determined when sudden shocks occur as some entrepreneurship research suggest? This paper examines whether the decision to transform to become a public firm for the purpose of gaining a competitive advantage is made incrementally over time or based on a punctuated equilibrium approach. Integrating the perspectives of real options and punctuated equilibrium, hypotheses are developed in which firms will either accelerate or defer the timing of their firm transformation when clear market signals exist. However, when market signals are opaque, firms will act in accordance to what the punctuated equilibrium view would suggest.

TUESDAY 11:15 - 12:30



SESSION 1807

TEACHING TRACK

TRACK T	Date	Tuesday, Oct 14
	Time	14:30 – 15:45 h
Workshop	Room	Salon 15

Teaching Entrepreneurship

Session Chair

James Davis, *University of Notre Dame*

Can entrepreneurship be taught? What is the state of the art in teaching Entrepreneurship? A wide variety of classroom approaches, models, pedagogies and techniques have emerged and applied in higher education with very mixed results. When is experiential learning best applied? What are the cutting edge entrepreneurship cases and when are they best applied? When and which lectures/discussions advised? What classroom modules have proven to be successful? The session leader will share his learning theory expertise to examine cutting edge teaching techniques in entrepreneurship for undergraduates, MBAs, executives and alumni. A framework will be shared with specific applications that will provide immediate benefit for those teaching or desiring to entrepreneurship. The tools and techniques shared in this session will immediately impact the teaching/learning experience of classes of attendees. The session will be highly interactive as participants add their best practices to the educational framework introduced in the session.

SESSION 1056

DISCUSSING APPROACHES ON HOW KNOWLEDGE MATTERS IN ORGANIZATIONS

TRACK A	Date	Tuesday, Oct 14
	Time	14:30 – 15:45 h
Common Ground	Room	Salon 6

Facilitator Richard Whittington, *University of Oxford*

Information Organization and Knowledge Evolution - Strategy as Seen From Epistemology and the Natural Sciences

Carl Henning Reschke, *Institute for Management Research Cologne*

The paper draws together research and perspectives on change in information organization developed by strategy researchers, sociologists, biologists and physicists. Conceptually, it is based upon an 'epistemological-cognitive' interpretation of evolution as learning process that accumulates information and transforms it into 'knowledge' via codification and structural organization of information. The result is often ossification of mental and organizational structures along the lines of a tight 'Weltbild'. These mental representations and their material expressions form constraints to strategy-making. Strategic Management faces the challenge of developing and controlling the field of knowledge, interpretation mechanisms and associated organizational structures of organizations. The paper presents the necessary conceptual elements and useful modeling elements.

The Performance Consequences of Cross-Boundary Ambidexterity: Balancing Exploration and Exploitation in the Fuel Cells Industry

Clodia Vurro, *Bocconi University*

Angeloantonio Russo, *Bocconi University*

Notwithstanding the popularity of ambidexterity, there have been few empirical findings reported in the literature on how exploration and exploitation can be synchronously pursued and the effect of such balancing on performance. In this paper, we present theory and evidence on how firms balance exploration and exploitation strategies across organizational boundaries and the effect on innovative performance. Hypotheses are tested through a sample of 1,237 firm-year observations referred to worldwide formal interorganizational agreements in the fuel cell industry, in the period 1999-2006. Overall, firms that exploit internally tend to explore significantly less externally, thus not complementing the internal exploitation of existing technological trajectories with more explorative agreements. Nevertheless, those firms effectively balancing exploration and exploitation through cross-boundary ambidexterity reveal higher innovative performance.

How Does Knowledge Matter in the Project-Based Organization?

Laurent Bourgeon, *ESSEC Business School*

Timothy Devinney, *Australian Graduate School of Management*

The emergence of project-based structures and the resulting questioning of company structure based on centres of competence necessitate a new portrayal of organizational knowledge. Exploring existing definitions of knowledge, this article proposes a typology of the various forms of organizational knowledge encompassed in the concept of Organizational Knowledge Cube and taking into account the horizontal and action oriented dimension of the company structure: the projects. Through the progressive transformation of the Opera de Paris, the second part of the paper offers a dynamic view of the project competence's development process following the implementation of a project-based organization in the company.

Strategic Change and Identity Dynamics: a Knowledge-based View

Christophe Lejeune, *Catholic University Louvain*

Alain Vas, *Catholic University Louvain*

Research on strategic change indicates that organizational identity may be destabilized and is susceptible to transformation. Further, recent research suggests that knowledge is an important factor for understanding identity stakes through a process of strategic change. However, little attention has been given to the understanding of identity dynamics through knowledge exchanges between external certifying agencies and knowledge-intensive organizations. In particular, the case of business schools facing a strategic change through the accreditation process seems interesting in this regard. Based upon previous works on organizational identity and knowledge, we develop a Knowledge based Identity Dynamics (KID) model, which shows how the accreditation process involves knowledge conversion likely to explain the identity dynamics for business schools. The main contributions of the model are then briefly discussed.

Competing Perspectives on the Practice of Knowledge Management

Taman Powell, *University of Warwick*

Hansen et al (1999) state that the management of organizational knowledge is a choice between two distinctive strategies - codification or personalization. Firms must make their choice and stick with it. In reviewing these strategies from an organizational perspective, an epistemological perspective, and a practice perspective, I suggest that rather than organizations selecting one approach and maintaining this approach that organizations are likely to start with the codification strategy then move to the personalization strategy. In doing so, I put forward a dynamic view of the practice of knowledge management. I hypothesize that the next stage of this process would be a focus on facilitating the creation of social networks (Burt, 1992). This dynamic path suggests a very different approach to the practice of knowledge management than the static one that is currently being endorsed.

Characteristics of Festival Organizations and their Influence on Knowledge Sharing - The Colorado Music Festival as a Community of Practice

Julia Mueller, *University of Innsbruck*
 Dagmar Abfalter, *University of Innsbruck*
 Raphaela Stadler, *University of Innsbruck*

Knowledge sharing is a challenging process, especially in festival organizations, where a limited number of staff works all year long, whereas seasonal staff joins during the actual festival season. The article's objective is to analyze this process at the Colorado Music Festival in Boulder, CO, showing how knowledge can be shared efficiently with new and seasonal members. For this purpose, interviews were conducted and analyzed by means of GABEK® (©Josef ZELGER), a software-tool to analyze text-based data. The results show that this festival resembles a Community of Practice, where knowledge is shared across different levels of participation. In the conclusion, the authors draw on this concept in order to show implications for knowledge sharing in festival organizations as well as expert and project organizations.

SESSION 1039

KNOWLEDGE AND GOVERNANCE

TRACK A	Date	Tuesday, Oct 14
	Time	14:30 – 15:45 h
Paper	Room	Salon 18

Session Chair Jo-Ellen Pozner, *University of California-Berkeley*

Resource Transformation in Inter-Firm Partnership: An Intellectual Capital Perspective

Tzu-Ju Ann Peng, *Providence University/Cranfield University*
 Shu-Yuan Chung, *Gold-Joint Industry Co Ltd*
 Stephen Pike, *ICS Ltd*
 Goran Roos, *ICS Ltd*

Although there is well-established body of literature underscoring important correlation between resource and inter-firm cooperation, little attention has been paid to the resource transformation between partners based on an intellectual capital perspective. This proposal aims at understanding how a pair of cooperative firms individually deploy their intellectual capital and contribute them to inter-firm cooperation. We investigated two

inter-firm partnerships by in-depth case study. Taking the unit of analysis at dyad level, this study demonstrates the detailed intellectual capital resources contributed by the focal company and its partners in two cases. Theoretically, we apply IC approaches to understand more completely about the intellectual capital management in the cooperative strategy. Practically, this study is expected to provide the valuable references for practitioners on using an IC approach.

Are All Ties Equal? A New Perspective on Board Interlocks

Olaf Rank, *University of Goettingen*
 Anja Tuschke, *University of Munich*

Networks of board interlocks have been shown to influence the transfer of organizational practices, interorganizational imitation and learning, and strategic conformity or deviance. However, we still know very little about the structural patterns of these networks and about the individuals creating the network ties. Applying a class of exponential random graph (p^*) models to the network of the thirty most important CEOs in Germany, we show that the network of board interlocks is characterized by a 'structural logic' as some structural patterns are more likely to occur than others. Moreover, we demonstrate that the age as well as the educational background of CEOs influences their embeddedness in the network, whereas no effects could be yielded for the industry they operate in.

The Influence of Task Dependence and Knowledge Specialization on the Choice of Coordination Regime

Bo Eriksen, *University of Southern Denmark*

This paper develops a knowledge-based perspective on the structural design of organizations that relate the division of knowledge and tasks to how key organizational processes unfold, and therefore enable the organization to adapt. The analysis focuses on how the division of knowledge contributes to generation of organizational capabilities. Implications for the design of organizations are derived.

SESSION 1045

CAPABILITIES AND GOVERNANCE

TRACK A	Date	Tuesday, Oct 14
	Time	14:30 – 15:45 h
Paper	Room	Salon 22

Session Chair Joerg Freiling, *University of Bremen*

Outsourcing Knowledge-Based Services: The Dynamics of Capabilities and Governance

Deepak Somaya, *University of Maryland*
 Kyle Mayer, *University of Southern California*
 Ian Williamson, *University of Melbourne*

This paper takes a fresh look at the question of when firms outsource knowledge-based activities to external suppliers. While previous studies have proposed and tested governance and capability-based explanations for outsourcing, we advance the literature by examining how capabilities and governance costs change dynamically, particularly in knowledge-based work. We hypothesize that governance costs and domain-specific knowledge capabilities are path dependent, and furthermore that specialized external suppliers may accumulate systematic expertise-based

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capability advantages over internal production. We find support for these hypotheses in the patent legal industry; however, our work has implications for knowledge-based services more broadly.

Organizational Culture and the Knowledge-Based Competence Building Process: The Firm's 'Raison d'Etre'

Hanno Fichtner, *University of Bremen*

Joerg Freiling, *University of Bremen*

When explaining the existence and the very nature of the firm, researchers typically refer to New Institutional Economics. However, this question can also be addressed by analyzing the internal dimensions of a firm. When using resource-based reasoning, the Competence-based Theory of the Firm in particular deals with the nature of the firm. In this respect, firms differ from alternative institutions by a specific ambiance they offer. One important element that makes up the ambiance is organizational culture. It influences several firm processes. In this conceptual paper we analyze the effects of organizational culture on competence building and emphasize the role of specific learning processes. By referring to a particular model, we argue that organizational culture is vital to activate the potential a firm offers.

Experiential Knowledge, Operational Capabilities and Competitive Advantage: Logistics and Strategy in Two Retail Companies

Per Åman, *Linköping University*

Erik Sandberg, *Linköping University*

This article explores the relationship between operational capabilities and sustainable competitive advantage by using the notion of experiential knowledge. It is argued that through a sequence of learning mechanisms, dynamic capabilities can be gained. The dynamic capabilities are needed in order to create, develop and maintain operational capabilities that are the source for a company's sustainable competitive advantage. As an empirical basis for the study two best practice companies within logistics and supply chain management are presented. The results show that the learning process gives the foundation for dynamic capabilities, that in turn enables the operational capabilities to be changed.

How Firms Develop the Capability to Manage a Portfolio of Alliances: The Coevolution of Structures and Processes

Werner Hoffmann, *Vienna University of Economics & Business Administration*

We present the results of a qualitative study that aims at identifying the specific premises of multi-alliance management capability and at analyzing how this capability is built-up over time. The study contributes to existing research by (a) identifying drivers and manifestations of multi-alliance management capability, (b) highlighting the internal processes and organizational structures by which multi-alliance management capability is developed and replicated and (c) identifying developmental paths and patterns how important contextual factors, alliance management institutionalization and alliance management capability coevolve over time. Our findings underscore that portfolio management requires specific capabilities that go well beyond knowing how to manage individual alliances and that alliance management infrastructures are both enabler (and constraints) of the alliance capability building process and the outcome of this development process.

SESSION 1031

ORGANIZATIONAL STRUCTURE AND PERFORMANCE

TRACK D	Date	Tuesday, Oct 14
Paper	Time	14:30 – 15:45 h
	Room	Salon 24

Session Chair Anna Nadolska, *Erasmus University Rotterdam*

Alliance Management Capability and Alliance Performance

Oliver Schilke, *Stanford University*

Anthony Goerzen, *University of Victoria*

Prior research has indicated that experience and dedicated organizational structures are important organizational factors in alliance management. Yet, empirical findings in this stream have been mixed suggesting that our current conceptual understanding of alliance management is incomplete. We develop a model of dynamic organizational routines that constitute "alliance management capability," an important new element that mediates the relationships between experience, organizational structures, and alliance performance. Based on our sample of 302 firms that have R&D alliances, we find support for our hypotheses that alliance management capability (i.e., coordination, learning, sensing, and adaptation routines) has a positive effect on alliance performance and mediates the performance impact of alliance experience and structures.

Hybrid Competitive Strategies, Organizational Structure, And Firm Performance

Eva M. Pertusa-Ortega, *University of Alicante*

This paper analyzes the internal characteristics of organizational structure which have an influence on the development of hybrid competitive strategies and their link to firm performance. The study examines a sample of large Spanish firms belonging to different sectors by means of the Partial Least Squares (PLS) technique, using formative dimensions for competitive strategy and organizational structure. The results reveal that the strategies which simultaneously emphasize high differentiation and low cost levels influence firm performance positively, and that the possible organizational support needed to reach an appropriate hybrid strategy may be the design of organic, flexible organizations with mechanical components. Likewise, it has been checked that the competitive strategy acts as a factor mediating the influence exerted by organizational structure on firm performance

The Nature of Business Cluster

Chih-Ning Chu, *Chung Yuan Christian University*

Grace C. Su, *National Taiwan University*

What is a cluster? We proposed that both market and management provide coordination resources to cluster activities, and defined clusters by the trade-off between the combination of transaction costs and managerial costs within a cluster, and the market transaction costs. This definition provides the sufficient condition for the existence of a cluster and its boundary, and imply: (1) A strategic action for managing a cluster focuses on building its capability to measure the productivity of production factors and to facilitate market competition within a cluster; (2) Managerial action should target on reducing transaction costs within a cluster; (3) The more the internal market works, the less the managerial resources/cost takes. Via Hsinchu Science Park's

IC cluster in Taiwan, we examine how management creates the internal market and enhances the cluster performance.

Good Learners: How Top Management Teams Affect Acquisition Behavior and Performance

Anna Nadolska, *Erasmus University Rotterdam*
 Harry Barkema, *Erasmus University Rotterdam*

This study examines how top management teams (TMTs) influence the efficacy of organizational learning from acquisition experience. We argue that TMTs with moderate levels of demographic heterogeneity favor learning more than teams at either end of the heterogeneity spectrum. We tested our predictions on acquisition behavior and performance using longitudinal data on more than 1,000 international acquisitions by 25 Dutch companies over four decades (1966-2006).

SESSION 1075

STRATEGIC DECISION MAKING

TRACK E	Date	Tuesday, Oct 14
	Time	14:30 – 15:45 h
Common Ground	Room	Salon 25

Facilitator Donde Plowman, *University of Tennessee*

The Problem Solving Perspective: A Strategic Approach to Understanding Firm Organization and Performance

Michael Leiblein, *Ohio State University*
 Jeffrey Macher, *Georgetown University*

Any theoretical perspective that examines firm organization and performance should examine two important dimensions: first, how accurate does the proposed “unit of analysis” reflect actual firm decision making? And second, does discriminating alignment in organization exist? This paper addresses these two questions via a conceptual model of discriminating alignment between problems and firm organization and performance. This problem solving perspective suggests a discriminating alignment between problems, which vary according to their structure and complexity, and organizational modes, which vary according to their abilities to support knowledge development and transfer. Problems represent an ideal unit of analysis to examine firm organization, especially in comparison to the other perspectives utilized in strategy research. Several theoretical implications and empirical examples are made.

How Small and Large Firms’ Strategic Flexibility Affects Competitive Strategy

Niels Van der Weerd, *Erasmus University Rotterdam*
 Ernst Verwaal, *Erasmus University Rotterdam*
 Henk W. Volberda, *Erasmus University Rotterdam*

Building on arguments from dynamic capabilities as well as organization design literatures, this paper builds a unifying framework which conceives strategic flexibility as formed by different underlying dimensions which have opposing relationships with firm size. Large size positively effects the capacity to recognize environmental change but simultaneously reduces organizational responsiveness, and vice versa. We argue that different size related compositions of strategic flexibility achieve strategic fit in different competitive environments. Strategic flexibility of large firms is superior in a complex, but predictable environment, whereas small firms outperform in simple, but unpredictable environments. The

model is tested and support is found using archival and survey data from 1465 firms and 2150 respondents. The results contribute to a more nuanced understanding of how size impacts strategic flexibility.

Distinctiveness and Flexibility of Resources: A Study of the Motion Picture Industry

Paolo Boccadelli, *Luiss Guido Carli University*
 Christian Lechner, *Groupe ESC-Toulouse*
 Mats Magnusson, *Chalmers University of Technology*

The resource-based research has in the last two decades become a dominant view, but it has been subject to critique because of its lack of dynamics, its tautology character, and its lack of strong empirical evidences. As a matter of fact, despite the relevant work performed by strategy scholars, there is still a need to understand the specific characteristics of strategic resources. The aim of this paper is to investigate the role of resources’ distinctiveness and flexibility with a major focus on human capital. With a research in the motion picture industry, empirical observations on the type of resources deployed by independent as well as major companies, and their impact on artistic and economic performance have been collected and analysed.

Capabilities for the Dynamic Implementation of Business Development Projects

Ronald Klingebiel, *University of Cambridge*

In this paper, I relate organisational capabilities to flexibility value. Based on an analysis of data from 61 business development projects, I explore the capabilities for realising performance enhancements expected from preserving project design flexibility. I find that the explicit assessment and design of flexibility, as proposed in real options theory, is important for reaping value. However, such grounded flexibility decision-making is insufficient to explain performance differentials between projects that use flexible plans. Instead, the extent to which i) managers gather and process information during the lifetime of flexibility, ii) managers are able to make timely use of flexibility despite socio-psychological currents, and iii) a higher-level organisational context both encourages and controls flexibility usage, are all positively associated with the achievement of enhanced project outcomes.

The Political Landscape in Resource Allocation Decisions

Massimo Garbuio, *University of Western Australia*
 Dan Lovallo, *University of Western Australia*

This study examines three sources of politics – manipulation of information, formation of alliances/lobbying and the importance of avoiding contradicting more senior figures in the organization - in resource allocation decisions and their impact on corporate performance. Results of an empirical study of 430 executives show that both a greater number of decision-making layers and the presence of conflict increase the use of politics. Politics has a direct and indirect negative impact on financial performance. The indirect negative impact is mediated by a firm’s decision-making and implementation speed. In addition, the use of politics is greater when divisions are evaluated using tight financial control rather than balanced control. Finally, manipulation of information is greater in a top-down rather than in a bottom-up resource allocation process.

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Judgment-Theoretical Assessments of Value and Inimitability Within the Realm of the Resource Based View

Franz Kellermanns, *Mississippi State University*
 Jorge Walter, *Portland State University*
 Benedict Kemmerer, *BSH Bosch*
 VK Narayanan, *Drexel University*

According to the RBV and the mainstream strategic management literature, resource-related decisions are critical to the firm. Implicit in all these decisions--and explicit in applied resource-decision frameworks--is one crucial diagnostic step: judging which resources are valuable, rare, non-substitutable, and inimitable. Our study employs judgment analysis to show which antecedents affect decision makers' value and inimitability judgments. We specifically investigate whether these assessments are compensatory (i.e., individual judgment cues are interchangeable) or non-compensatory in nature (i.e., all cues are considered and have to reach a specific threshold). Our findings indicate that conjunctive decision models best reflect decision-makers' value and inimitability judgments and that they rely only on select cues to reach their assessments. Implications and future research opportunities are discussed.

SESSION 1063

TOPICS ON COMPETITIVE DYNAMICS

TRACK E	Date	Tuesday, Oct 14
	Time	14:30 – 15:45 h
Paper	Room	Salon 20

Session Chair Devi Gnyawali, *Virginia Tech*

Moving First into a Market: Introduction of New Formats among U.S. Radio Stations

Jamal Shamsie, *Michigan State University*
 Michael Mannor, *Michigan State University*
 Helaine Korn, *City University of New York*
 Alan Eisner, *Pace University*

Studies of first movers have been constrained by small sample sizes drawn from a wide cross-section of industries that differ in their opportunities for building advantage. In this paper, we deal with this challenge by focusing on commercial U.S. radio stations that operate in over 200 distinct markets. We identify 2,850 radio stations that moved first with a new programming format into their market. Our analysis shows that both externally-driven demand conditions and internally-driven resource availability can play a role in the success of first movement into a market.

Performance Effects on Market Entry Decisions: Evidence from the U.S. Insurance Industry

Ana Elisa Iglesias, *Georgia State University*
 William Bogner, *Georgia State University*
 Martin Grace, *Georgia State University*

This study examines boundary conditions of the mutual forbearance hypothesis, which predicts an inverted-U-shaped relationship between multimarket contact and market entry. Drawing on recent developments of the behavioral theory of the firm, we empirically test whether past performance and resource endowment shapes this relationship. Using a sample of 1391 companies in the U.S. insurance industry covering 51 states in a 5-year panel, we find that insurance companies take into account the level of multimarket contact with their rivals when making market entry decisions, and

that past performance related to aspiration level and the firm's stock of resources have significant effects on such decisions.

The Catch-Up Strategies of Latecomers in Textile and Shipbuilding Industries

Soo-Hyun Kang, *Hyosung Corporation*
 Dong-Hyun Lee, *Catholic University of Korea*

This study aims to look at how such latecomers implement a strategy to catch-up or leapfrog first-movers while maintaining competitive advantage in a rapidly changing business environment. Unlike existing studies, statistical analysis and case study on individual latecomers were used at the same time. As a result, it well realized that each latecomer implemented different strategies reflecting the industry's global competitiveness, and latecomers' catch-up strategies showed differentiation. This study confirmed major differences in each company's catch-up strategies that enabled the company to leapfrog its rivals. The major factors included a difference in the technological development process, cost advantage driven by economy of scale, and an introduction of new innovative models.

Knowledge of Competition-based Entry Barriers: Effects on Market Strategy

Anders Pehrsson, *Vaxjo University*

Although research on competition-based entry barriers has been popular, we still need to understand perceptions of barriers, effects on market strategy and accompanying knowledge processes. This paper suggests a model for knowledge of barriers and effects on entrant firm strategy. The model and its propositions rely on the contingency perspective, and company cases illustrate the model. It is proposed that exogenous and endogenous barriers are mutually reinforcing, and that an entrant firm perceiving extensive barriers would choose a broad product-market scope and differentiate its products to a large extent. Finally, it is proposed that incumbents' strategies indirectly affect the strategy of an entrant firm and interact with barriers. Literature contributions and suggestions for empirical research are discussed.

SESSION 1066

MANAGING AND ENVIRONMENTAL STEWARDSHIP

TRACK E	Date	Tuesday, Oct 14
	Time	14:30 – 15:45 h
Paper	Room	Salon 17

Session Chair Luca Berchicci, *Erasmus University Rotterdam*

An Environmental Perspective on Diversification: The Effects of Relatedness, Capabilities and Legitimacy

Luis Diestre, *University of Southern California*
 Nandini Rajagopalan, *University of Southern California*

This study explores how firms' environmental resources and institutional pressures affect the degree and direction of corporate diversification. We complement prior research in two ways. First, we provide evidence of the influence of environmental factors on corporate strategy decisions. We show how the presence of environmental resources and the level of environmental relatedness between the home and the target industry increase the likelihood that a firm will diversify into that target business. Second, we show how institutional pressures for legitimacy limit the extent to which firms can exploit their environmental capabilities into related

industries. We find that the impact of environmental resources and industry relatedness on the likelihood of diversification is weaker when the target industry is perceived as strongly illegitimate.

Sustainability Knowledge Integration Mechanisms and Green Product Strategies

Rosa Maria Dangelico, *Polytechnic University of Bari*
Devashish Pujari, *McMaster University*

While environmental sustainability issues are becoming more and more strategically important, a firm's knowledge on environmental sustainability issues can be a critical resource. This knowledge, characterized by different dimensions (tacitness, specificity, breadth, and depth) and related to different aspects (market, technology, regulation), needs to be integrated in the firm's decision making process to formulate appropriate green strategies. Adopting a knowledge-based view of the firm, this paper proposes that sustainability knowledge integration mechanisms (SKIMs) are the organizational capabilities that are central to internalize and integrate environmental sustainability issues in formulating the firm's green product strategies. Moreover, it is proposed that the development of SKIMs accounts for both the different sustainability knowledge dimensions and for the extent of corporate motivation to address environmental sustainability challenges.

The Relationship Between Greenhouse Gas Emissions and Firm Performance: Is Eco-Efficiency Enough?

Stefano Pogutz, *Bocconi University*
Angeloantonio Russo, *Bocconi University*

The purpose of this paper is twofold. First we contribute to the ongoing debate on environmental and firm performance examining whether an environmentally friendly attitude can sustain momentum for cost saving and increased operating and financial performance. We analyze this relationship considering a direct environmental indicator, greenhouse gas (GHG) emissions, as an independent variable over a sample of firm derived from the Global Fortune 500 index. Second, we introduce the concept of eco-effectiveness empirically exploring the link between sales and GHG on the same sample of companies. The findings have significant implications on the way we conceptualize corporate sustainability.

Strategic Environmental Resources: A Classification from Intellectual Capital Point of View

Enrique Claver Cortés, *University of Alicante*
María Dolores López-Gamero, *University of Alicante*
Patrocinio Zaragoza Sáez, *University of Alicante*

This paper focuses on the integration of environmental capital into the overall intellectual capital model approach. The Intellectual Model was taken as a reference framework from which it can be made adaptable to the environmental context. A multiple case study was carried out with Spanish firms characterised by their high level of environmental excellence. Findings show regarding human environmental capital, environmental training, information and awareness sessions help to acquire and disseminate new knowledge. As for structural environmental capital, the environmental technology portfolio is improved and new environmental departments are created. Regarding relational environmental capital, the firm-environment link is very relevant. In primary and

secondary sectors, suppliers become involved to a larger extent in the environmental management process, whereas in service sector, it is the customer.

SESSION 1105

GOVERNANCE PERSPECTIVES

TRACK F	Date	Tuesday, Oct 14
	Time	14:30 – 15:45 h
Common Ground	Room	Salon 4
Facilitator	Zeki Simsek, <i>University of Connecticut</i>	

Governance Predictors of Board Declassification

Karen Schnatterly, *University of Missouri*
Richard Johnson, *University of Missouri*
Chris Tuggle, *University of Missouri*
Christopher Bradshaw, *University of Missouri*

Board declassification involves changing the election process such that each director is up for election each year. In this paper we argue that board declassification may be due to shareholder pressure rather than manager's choice. We suggest that managers of firms that declassify will have entrenched themselves in other ways so as to reduce shareholder pressure. In effect, firms may be declassifying because they want to appear to be more responsive. This study, grounded in institutional and agency theories, examines entrenchment mechanisms as predictors of board declassification. Hypotheses are tested using a sample of 105 firms that declassified between 1998 and 2006 and were then matched to firms that did not declassify based on industry, year and firm size.

Firm-Level Contingencies and the Settling Up of Compromised Directors

Jeremy Marcel, *University of Virginia*
Amanda Cowen, *University of Virginia*

Recent literature on the settling up of corporate elites has focused on the individual-level factors that affect the extent to which a given executive is stigmatized and penalized by the labor market following a corporate failure. However, there has been relatively little attention given to the organizational contingencies that explain variance in firms' responses to such compromised individuals. In this study, we develop theory which addresses why some firms are more sensitive than others to whether their outside directors have been associated with past governance failures. We suggest that a firm's governance regime, as well as social considerations such as its legitimacy and accountability to external audiences, will influence whether it chooses to dismiss directors that have been associated with fraudulent reporting at other firms.

Managing Stock Market Value: The Case of Share Repurchase by Diversified and Specialized U.S. Firms

Guilhem Bascle, *HEC-Paris*

This paper advances that while both specialized and diversified firms will be more valuable when they repurchase their shares, investors will reward specialized firms significantly more than diversified firms. Similarly, while specialized firms can stop repurchasing without affecting their value, diversified firms will experience a dramatic drop in their value when they stop repurchasing. These arguments are tested on the share repurchase behavior of U.S. publicly traded diversified and specialized firms in the 1997-2005 period. State-of-the art econometrics methods are

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used to adequately control for endogeneity. Results support our arguments and thus show that specialized firms have more leeway to conform to investors' expectations and that diversified firms have no choice but always making more efforts than specialized firms to be similarly rewarded by investors.

The Governance Path Toward Valuable Human Capital

Hossam Zeitoun, *University of Zurich*

Paolo Pamini, *University of Zurich*

The importance of firm-specific human capital for a company's competitive advantage is well established in the knowledge-based theory of the firm. However, there has been limited empirical research on the impact of corporate governance on firm-specific human capital investments. Using the Workplace Employment Relations Survey 2004, we examine the relationship between corporate governance and the presence of valuable human capital as a proxy for firm-specific human capital. The corporate governance arrangements are clustered into two groups: the "employees' voice" factors, relating to employees' participation in management's decision-making, and the "implicit contracts" factors, relating to protections against capital market pressure. Our preliminary results indicate that the "employees' voice" factors have a greater power in explaining the presence of valuable human capital than the "implicit contracts" factors.

Governance in Small and Medium-Sized Entrepreneurial Firms: The Case for Team Production Theory

Robert Hoskisson, *Arizona State University*

Morten Huse, *BI Norwegian School of Management*

Jonas Gabrielsson, *Lund University*

Robert White, *Purdue University*

Although theory and research regarding corporate governance has established a broad and significant literature regarding large publicly traded firms, only recently has such an emphasis been emerging regarding more entrepreneurial, small and medium-sized enterprises (SMEs). The predominant literature on corporate governance focuses on monitoring of managers (agents), especially through boards and significant owners through agency theory. Research has also focused on the resource provision tasks of boards, especially through the lens of resource dependence theory. However, in this paper, we argue that team production theory (Blair & Stout, 1999) may be a better alternative than either agency theory or resource dependence theory because its tenets may allow for more value creation than either agency theory or resource dependence theory alone.

Business and Politics: How Political Beliefs Influence Volume and Performance of Leveraged Buyouts

Oliver Gottschalg, *HEC-Paris*

Aviad Pe'er, *New York University*

This paper explores the relationship between political views and the volume and performance of leveraged buyout investments. We analyze 10,746 buyout investments in 4,633 distinct target companies made by 2,396 different funds managed by 1,300 different PE Firms from 1980 to 2003 and find strong support for the hypothesis that 'Republican' political views are positively related to both the volume of buyout activity and performance for these buyouts. Furthermore we find that situations in which the dominant

political view recently shifted from 'Republican' to 'Democratic' lead to particularly low levels of activity and performance. Similarly, in cases in which the dominant political shifted from 'Democratic' to 'Republican' shortly after the focal point in time, we observe a particularly high level of activity and performance.

SESSION 1095

DIVERSIFICATION

TRACK F	Date	Tuesday, Oct 14
	Time	14:30 – 15:45 h
Paper	Room	Salon 21

Session Chair Dinesh Iyer, *Ohio University*

Diversification: Value-Creating or Value-Destroying Strategy? Evidence from Eurozone Countries

Antonio Galvan, *University of Salamanca*

Julio Pindado, *University of Salamanca*

Chabela de la Torre, *University of Salamanca*

This paper provides evidence on how the diversification strategy has an impact on value in a sample of Eurozone firms. Specifically, the paper studies the effect of the levels and types of diversification on the premium or discount that diversified firms trade at. To achieve this aim, we propose an excess value model that incorporates the level and type of diversification. Preliminary results are consistent with the value-destroying expectations and show that diversified companies trade at a discount in the Eurozone countries. However, a more accurate analysis reveals that there is a non-linear relationship between the diversification and excess value, giving rise to an optimal level of diversification. Moreover, our results support that related diversification is more value-creating than non-related diversification.

An Evolutionary Perspective on Product Portfolios: Product Entry, Exit and Firm Performance

Charlotte Ren, *Purdue University*

This study examines how firms modify their product portfolios through product introduction and product culling in order to find good matches between their organizational capabilities and environmental changes. We define firms' product portfolios as composed of two major elements: cross-market diversification and within-market product variations. Using the data sample of the hard disk drive industry (1987-1999), we find evidence for the tradeoff between these two aspects of product portfolio. Specifically, firms that are diversified across several markets tend to pursue little product variations within each market—they introduce products that modify only slightly the features of their existing products. In contrast, highly specialized firms aggressively introduce distinct products to increase their within-market product variations. We also find firms' cross-market diversification increase their survival chances, while within-market product variations improve firms' financial performance (measured in terms of annual sales).

Agency Theory Revisited: Corporate Governance and Diversification Strategy in France, 2000-2005

Xavier Castaner, *HEC-Lausanne*

Nikolaos Kavadis, *Erasmus University Rotterdam*

We investigate whether good corporate governance prevents unrelated and pure financial diversification, which agency theory considers potentially non-value creating, in a panel of 47 French publicly-traded corporations in the 2000-2005 period. Going beyond prior studies, we propose and test a more comprehensive framework, which argues that a CEO is more prone to engage in potentially non-value creating diversification when s/he can have access to financial resources and when there is poor governance (i.e. both poor interest alignment and monitoring). Empirical evidence provides some support for the effectiveness of different measures, advocated and legislated as good governance devices, in preventing unrelated and pure financial diversification. While interest alignment devices appear as ineffective, monitoring devices reduce the impact of financial resources on potentially non-value creating diversification.

Performance Feedback, Problemistic Search, and Acquirer Returns

Dinesh Iyer, *Ohio University*

Wealth creation in mergers and acquisitions has been found to accrue mostly to the target firms' shareholders. The results for the acquiring firm shareholders are not very encouraging and in general, studies indicate a curvilinear relation between diversification levels and performance. This study focuses on the abnormal returns to acquisition announcement by firms. My hypothesis is that although the diversification performance relation might be curvilinear, performance feedback might be a key determinant of who makes the value enhancing acquisitions. The focus is on specifically determining which firms are likely to make value-enhancing acquisitions? The central hypothesis is that the response to this question is based on when or the timing of these acquisitions. Preliminary results suggest that firms in problemistic search mode are more likely to make value enhancing acquisitions.

SESSION 1001

MNC STRUCTURE

TRACK G	Date	Tuesday, Oct 14
	Time	14:30 – 15:45 h
Paper	Room	Salon 23

Session Chair Sumit Kundu, *Florida International University*

Sequence of Ownership Structure in International Joint Ventures

Akie Iriyama, *University of Buffalo-SUNY*

Weilei (Stone) Shi, *Baruch College-CUNY*

In this study we examine sequence (or an ordered list) of ownership structure change in international joint ventures. We first conduct an exploratory analysis to identify sequence clusters (patterns) of international joint ventures' ownership change through the "optimal matching technique", which has been extensively employed in sociology but is novel in the management study. The preliminary analysis identified eight sequence clusters. We then develop theoretical arguments and hypotheses on determinants to the identified sequence patterns. Our arguments are mainly based on organizational learning perspective and institutional perspective. We test our hypotheses with the regression analysis.

Our study is expected to make important contributions to the management and international business literatures.

Governance Mechanisms in the Biotechnology Industry: Transactional Complexity and Location Effects

Anupama Phene, *George Washington University*

Stephen B Tallman, *University of Richmond*

This paper examines the choice of governance mechanisms in the biotechnology industry. We posit that the choice between an institutional and contractual mechanism is influenced by partner concerns regarding appropriation and co-ordination. We hypothesize that the transactional complexity of the alliance reflected in multi-directional technology transfer and the number of participants will increase the likelihood of an institutional mechanism. In addition, we posit that alliances within national boundaries and those located in countries with strong intellectual property regimes reduce the likelihood of an institutional mechanism. Our findings regarding alliances in the biotechnology industry provide strong support for our hypotheses.

Adding A Third Dimension: The Value-Added of Regional Structures

Barbara Brenner, *Vienna University of Economics & Business Administration*

Bodo B Schlegelmilch, *Vienna University of Economics & Business Administration*

What is the value-added of regional headquarters? In this paper we examine nine large MNCs to shed light on this question. Studying headquarters-subsidiary relations as a mixed motive dyad mirroring principal-agent relations, we explore how regional management structures add value and can moderate agency conflicts within MNCs. Using cross case analysis we show that a regional management structure adds value by reducing complexity, identifying and dispersing knowledge throughout the MNC, granting more attention to subsidiaries, fostering network building, and effectively mediating power struggles in dyadic relations. Hence, our analysis suggests that regional management structures add value to the MNC and moderate agency conflicts, which make them an effective structural answer to managing the integration-responsiveness dilemma.

Leaving the Periphery: The Relocation of Division Headquarters Among Norwegian Companies, 2000-2006

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

Randi Lunnan, *BI Norwegian School of Management*

Sverre Tomassen, *BI Norwegian School of Management*

This paper examines the relocation of division and business area headquarters by companies originating in a small country on the periphery of Europe. Whereas the relocation of sales and production activities – i.e. operative internationalization – has been extensively studied for more than four decades, there is scarcely any research on the decision to move headquarters out of the home-country. We propose that headquarter relocation is influenced by four main sets of factors: (i) companies' overall internationalization whereby the significance of activities abroad may overtake that of domestic ones, (ii) internationalization of company ownership, i.e. increased equity shares held by foreigners (or even dominant foreign ownership), (iii) the degree of corporate diversification, and (iv) the attractiveness of the home-country relative to other potential

locations. We test the propositions on a balanced panel consisting of the 25 largest publicly listed companies in Norway over the years 2000 to 2006.

SESSION 1009

UNDER ASSAULT: HOW COMPANIES CAN FIGHT ORGANIZED CRIME

TRACK G	Date	Tuesday, Oct 14
	Time	14:30 – 15:45 h
Panel	Room	Saal 14

Session Chair

Phillippe Very, *EDHEC Business School*

Panelists

Phillippe Very, *EDHEC Business School*

Bridgette Sullivan-Taylor, *University of Warwick*

Bertrand Monnet, *EDHEC Business School*

Robert Larson, *DHL*

Jean-Michel Serre, *France Telecom*

Mafias, cartels, gangs have prospered since the 9/11 attacks that focused much attention on terrorism. Criminal organizations have understood that companies are vulnerable sources of enrichment that can be assaulted in many ways: extortion, kidnapping, piracy, market predation ... Firms can suffer, or even die, but our knowledge of such sacks remains limited. In this panel session, we discuss:

- the range of attacks made by organized crime against companies;
- the short and long-term solutions that can be implemented,
- How leading companies include such "stakeholders" in their strategic thinking
- How they develop the capacity to cope with extreme events

The panel includes researchers who work on this dramatic trend and top-managers from companies that lead this quest for solutions.

SESSION 1049

STRATEGIC DECISION MAKING

TRACK H	Date	Tuesday, Oct 14
	Time	14:30 – 15:45 h
Common Ground	Room	Salon 7

Facilitator Rhonda Reger, *University of Maryland*

Exploratory Knowledge Creation in the Strategy Process

Petra Nylund, *IESE Business School*

During which phases does organizational involvement contribute to effectiveness in the exploratory knowledge creation process? The level of organizational involvement is one of the factors in the knowledge creation process that can be controlled by management, and is therefore a salient object of study. Nonaka's (1994) spiral of knowledge creation successfully describes exploitative knowledge creation, i.e. the conversion of existing knowledge. Knowledge creation can also be exploratory, using external impulses. I extend Nonaka's paradigm to exploratory knowledge creation by including sensemaking of external circumstances and bidirectional conversion of knowledge between the organization and the individual. I then apply the model to the level of organizational involvement in different phases of the strategy process, and find support for the theory in survey data.

Interaction of Cognitive Styles in Dyadic Negotiations: Insights of a Simulation about Behavioral Decision-Making

Stefan Groesser, *University of St Gallen*

This study extends existing research of agenda setting by proposing a way to reduce the ambiguity of recent models regarding the process of dyadic negotiations during agenda setting processes. The purpose of this conceptual paper is, first, to develop a dyadic negotiation framework and connect it to the research about agenda building; second, to detail one sector of the framework with a formal-causal model about micro-processes of negotiation behavior; and third, to account for different cognitive styles of the negotiators and their impact on strategic agenda setting. Based on the formal model, we intend to develop propositions about the process and outcome, when different cognitive styles interact in dyadic negotiations. Simulation modeling enables to capture the dynamic complexity and supports us to develop insightful propositions.

Incentive Systems As A Potential Driving-Force For Organizational Change

Jose Ignacio Galan, *University of Salamanca*

Maria J. Sanchez-Bueno, *University of Salamanca*

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

This paper provides preliminary empirical evidence on the role that incentive systems can play as a potential determinant of the organizational change process. Drawing on two case studies we note that the incorporation of networking elements in new forms of organization requires an increased consideration of incentive schemes linked to cultural, social and psychological aspects that extend beyond the contractual approach. Likewise, our study reveals that during the process of organizational change companies would have to introduce incentive schemes that allow for the co-existence of exploration and exploitation actions. However, in more traditional industries, they should place greater importance on incentive systems aimed at upholding exploitation actions, whereas in more innovative industries greater significance could be attributed to incentive systems designed to favor exploration actions.

✦ Cognitive Dynamics of Strategic Change in Managerial Belief Systems

Timo Vuori, *Helsinki University of Technology*

Managerial belief systems play a central role in strategic change. We modeled managerial belief systems in an organization that faced turbulence in its business environment. We found several episodes that involved the collapse of the managerial belief system relating to a new business area and the subsequent reconstruction of a new belief system. At each transition point, management faced significant cognitive inertia to challenge its basic beliefs. When counter evidence against the basic beliefs was received it was not seen to threaten the basic beliefs. Instead, the evidence was explained by interpreting it either in favor or against the different competing derived beliefs until all the derived beliefs were refuted and there was no other choice than to challenge the basic beliefs.

Intuition and Tacit Knowledge in the Strategy Process of CEOs

Mark Kriger, *BI Norwegian School of Management*
Anatoly Kandel, *Caldwell College*

This paper finds that firm competitiveness depends on the ability to identify causal connections between: 1) on-going competitive dynamics, 2) the development and deployment of organizational resources, and 3) the use of complex forms of cognition. Effective strategic judgments are found to be grounded in the tacit knowledge base of strategic managers who use several forms of intuition along with creative imagination and incremental exploration. The assessment of intuition-derived insights enables strategic managers to identify and implement effective strategic actions in order to adjust to evolving market opportunities and challenges. The paper builds on in-depth analyses of the long-term strategy processes of four CEOs - Akers and Gerstner (IBM), Grove (Intel), Armstrong (AT&T) - and concludes with implications for strategic managers and consultants.

SESSION 1018

BUILDING ON THE PAST: THE EFFECT OF EXPERIENCE AND RELATEDNESS

TRACK I	Date	Tuesday, Oct 14
	Time	14:30 – 15:45 h
Paper	Room	Salon 16

Session Chair Louis Mulotte, *Tilburg University*

Relative Experiential Returns from Varying Expansion Modes: Evidence from New Product Development

Louis Mulotte, *Tilburg University*

Extant research suggests that when a firm expands its activities or businesses through an expansion mode it has already used in similar conditions, it can benefit from positive experience effects, thereby realizing greater success. In this paper, we help advance this work by arguing that the organizational modes used by firms to expand lead to experience benefits of a different intensity, going from market-based arrangements experience to internal growth experience, with the case of the cooperation being an intermediate situation. By evaluating the commercial success of 278 aircraft programs introduced since WWII through internal developments, alliances, and licensing, we find support for our hypotheses, confirming that experiential learning processes work differently in the setting of varying organizational modes.

Exploring New Technology Fields: Technological Relatedness and Technological Opportunities

Bart Leten, *Catholic University Leuven*
Rene Belderbos, *Catholic University Leuven*
Bart Van Looy, *Catholic University Leuven*

This paper contributes to the literature on technology diversification and exploration by examining antecedents of firms' choices to explore new technology fields and their subsequent technological performance in the newly entered fields. Drawing on innovation management and organizational learning theories, we hypothesize that technological entry is more likely, and post-entry technological performance higher, the greater the technological relatedness of a new domain to a firm's existing technology portfolio. Technological opportunities in a domain attract entries, but only firms with a

related knowledge base are able to benefit from the emerging opportunities. We find qualified support for our hypotheses in an analysis of consolidated patent data on the technological activities of 170 R&D intensive American, European and Japanese firms in 5 high-tech industries.

Managing the Dynamic Interplay Between Knowledge Relatedness and Autonomy in New Business Development Projects

Henri Burgers, *Erasmus University Rotterdam*

Research on managing knowledge creation in new business development (NBD) projects and resulting project performance has shown ambiguous results. We develop novel insights into this relationship by distinguishing between technology and market knowledge relatedness and two phases in the NBD process. Our findings indicate that project performance is enhanced if top management team control is decreased for unrelated projects and increased for related projects. However, the relation is reversed for achieving cost objectives. This indicates that top management strategies emphasize cost control at the expense of the performance of the newly developed business. Another key finding is that these relationships change over the course of the NBD process. This implies that projects should be managed differently in the development and the subsequent commercialization phase of the NBD process.

External Shocks and Innovation Efforts: Determinants of Firms' Responses to Environmental Challenges

Vivek Tandon, *University of Michigan*
Curba M Lampert, *University of South Carolina*
Gautam Ahuja, *University of Michigan*

We build and test a theoretical framework that identifies the factors that induce or prevent firms from exerting innovation efforts in response to external shocks. Specifically, we argue that the level and the kind – related versus unrelated - of diversification, and, the historical pattern of problem solving methodologies affect the firm's propensity to invest in building technological capabilities in response to external shocks. We test our hypotheses examining the responses of large manufacturing firms in the United States to the oil shock of the early 1980s using oil-dependence measures from IO tables while controlling for firm fixed effects. Our study suggests that external shocks induce innovation efforts unequally in firms. This can cause firms' technological capabilities to differ and have competitive consequences for firms.

SESSION 1111

CAPABILITIES OF STRATEGY PRACTITIONERS

TRACK J	Date	Tuesday, Oct 14
	Time	14:30 – 15:45 h
Paper	Room	Salon 5

Session Chair Sotirios Paroutis, *University of Warwick*

The Roles of Strategy Directors and Strategy Teams in Large Firms

Sotirios Paroutis, *University of Warwick*
Duncan Angwin, *University of Warwick*

In most large firms the way strategy is made and executed evolves around a particular set of strategists: the in-house strategy staff. Yet, our understanding about who these strategists are, what kinds of abilities they require, and how they and their teams support the

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upper echelons during the strategy process, remains fairly limited. This study addresses these gaps by focusing upon the specific activities of strategy directors and strategy teams during the strategy process. In researching these issues using a longitudinal approach, this paper aims to clarify the actual, and changing over time, roles of strategy directors and their teams, and in particular, identify specific capabilities central to the performance of their roles.

Scenarios of Successful Issue Sustaining: Activities for Senior Managers

Basak Yakis-Douglas, *Oxford University*

This paper's primary aim is to uncover three scenarios of successful Strategic Issue Sustaining and related activities for senior managers to achieve these. Beyond using abstract categories such as 'politicking', I delve into nitty-gritty reality of their practice – for example, controlling meeting agendas and minutes or adapting flight schedules to get CEO time. Building on evidence from 26 issues from five longitudinal case studies, this paper has begun to elucidate the activities particularly associated with successful Strategic Issue Sustaining. Three categories of activity, namely, organizing, boosting, and agenda management are associated with protecting, augmenting and recovering resources. In each case, consistent with the practice perspective, this paper has explored the level of detailed, real activity in order to discover what managers actually do.

Making it Happen: Leadership and the Practice of Strategy

Tobias Fredberg, *Chalmers University of Technology*

Michael Beer, *Harvard University*

Russell Eisenstat, *TruePoint*

Nathaniel Foote, *TruePoint*

Flemming Norrgren, *Chalmers University of Technology*

This paper deals with how CEOs of top performing global firms act to create strategic change in their organizations. Research on top management leadership has been more concentrated on values, attitudes and traits than on what they do. Studies that describe leadership practices, often focus on everyday action. The focus in this paper is top leaders action to make strategy happen. In-depth interviews with 25 CEOs were made to understand the practices that these CEOs try to apply. The leaders seem to act through a paradoxical combination of trying to be "omnipresent" and at the same time stay away as much as possible to empower lower level leaders and employees. The paper informs the academic discussion on leadership and on strategizing in organizations.

Understanding Dynamic Capabilities Through Processes: Outlining a Practice-Based Perspective

Panagiotis Kokkalis, *Manchester Metropolitan University*

Mike Zundel, *Manchester Metropolitan University*

The dynamic capabilities literature increasingly recognizes the importance of managerial processes. However, the ways in which these processes can be conceptualized and linked with dynamic capabilities remains problematic. This paper draws on a practice perspective of organizational life and proposes a heuristic framework linking organizational activities, shared understandings, and reflection with dynamic capabilities. This perspective maintains that managers draw upon tacit knowledge and shared understandings, rendering their activities largely habitual and non-purposive. Reflection, on the other hand, is not a constant, omnipresent feature of organizational processes, but occurs primarily

when engaged practical activity is interrupted. It is suggested that the recognition and transformation of dynamic capabilities is closely tied to reflection. This paper develops this perspective and outlines implications for the study of dynamic capabilities.

SESSION 1094

LEARNING AND PERFORMANCE IN NEW VENTURES

TRACK K	Date	Tuesday, Oct 14
	Time	14:30 – 15:45 h
Common Ground	Room	Salon 19

Facilitator Mike Wright, *Nottingham University*

Top Management Experience and Organizational Learning in New Domains

Hakan Ener, *INSEAD*

This paper proposes and tests a managerial experience-based theory of firm performance and learning in new domains. Managers' prior career experiences in the same domains substitute for the initial lack of organizational experience upon entry into new domains, thus increasing immediate firm performance. However, greater managerial experience may also create cognitive and behavioral rigidities in responding to new organizational experiences, thereby slowing down organizational learning and impairing longer-term firm performance. Empirical analysis of drug development projects pursued by US biopharmaceutical firms over two decades confirms these hypotheses, and reveals how selectively recruiting executives with greater variety of career experiences helps to boost longer term performance. The findings point towards a multi-level theory of organizational learning where executives' career experiences impact the returns to organizational experience.

Adjusting for Success: Entrepreneurs' Change Behaviors and Subsequent Venture Performance

Alan Boss, *University of Maryland*

J Robert Baum, *University of Maryland*

Five distinct change behaviors (adaptation, bricolage, experimentation, improvisation, and trial and error) are often discussed in entrepreneurship literature. In this research we define these change behaviors and disentangled their overlapping characteristics. Using a sample of 20 entrepreneurs in the Washington, DC area, we conducted semi-structured interviews and rated each entrepreneur on the various change behavior characteristics. An exploratory factor analysis uncovered a two factor structure of the characteristics which we labeled multiple improvement actions and extemporaneous bricolage. We investigated each factors' impact on future venture performance. Regression analysis showed that while extemporaneous bricolage did not account for a significant amount of subsequent venture performance, the new factor, multiple improvement actions, contributed significantly to the future performance of entrepreneurial ventures.

Individual Knowledge and Organizational Tenure: An Integrative Approach and Empirical Test of Absorptive Capacity

Erik Wetter, *Stockholm School of Economics*

Absorptive capacity is a construct that has been used by scholars to measure a host of outcomes, but there is still a lack of studies examining the impact of absorptive capacity on new firm survival and performance. In this paper we deconstruct absorptive capacity into an (a) individual knowledge component and an (b)

organizational tenure component and proceed to test hypotheses using a longitudinal dataset on new ventures 1995-2002 containing both manufacturing firms (n=682) and service/consulting firms (n=5,477) active in knowledge-intensive industries. A novel finding is that absorptive capacity has differential effects in the different industry samples. There are also indications that positive firm performance correlates with increased hazard rates, raising the question whether positive firm performance is unequivocally good for the firm.

Knowledge, Interorganizational Relationships and Corporate Entrepreneurship: The Joint Action of Knowledge Codification and Relationship Strength

Ana Maria Bojica, *University of Granada*

Maria del Mar Fuentes-Fuentes, *University of Granada*

Enriching the perspective of the Austrian School of entrepreneurship with the implications of network theory and the relational perspective for entrepreneurial organizations, the proposed paper would go beyond the atomistic vision of entrepreneurship by analyzing how knowledge acquired through inter-organizational relationships influences the firm's entrepreneurial behaviour. Specifically, our proposal focuses on analysing the joint action of knowledge codification and the strength of the relationship on entrepreneurship at the organizational level. At the same time, we would highlight a new and promising line of research: analysis of the joint influence of the characteristics of both relationships and knowledge on entrepreneurship at the organizational level.

Entrepreneurial Cognition and the Interaction Between Intelligence and Modes of Training

Chihmao Hsieh, *Missouri University of Science & Technology*

Empirical and theoretical research fails to confirm that entrepreneurs are simply born or simply made. I argue that entrepreneurs are both born and made in the interactional sense. Individuals become self-employed after developing enough knowledge to identify valuable opportunities on their own. Those learning domains concomitantly rather than separately are more likely to become entrepreneurs because 'connections' detected across domains during concomitant learning are particularly valuable in the discovery of opportunities in the future. Yet, the positive effects of separated learning are more strongly amplified when individuals are particularly intelligent. Logit regressions on the SESTAT database broadly support the hypotheses.

Cultural Ambidexterity as a Dynamic Capability in Entrepreneurial Firms

Peter Bryant, *Macquarie University*

Scholars ask how entrepreneurial firms can remain exploratory and innovative while also developing exploitation and execution capabilities. One stream of research focuses on organizational ambidexterity, defined as the dynamic capability to both innovate and execute simultaneously. Yet building such capability is difficult in fast growing entrepreneurial firms. In fact, it is not yet clear how cultural ambidexterity can be developed and managed in such firms. My theoretical paper addresses this question. Building on recent work in cognitive psychology, I argue that dynamic cognitive constructs act as carriers of culture, and that the deliberate management of such constructs can be used to develop and maintain cultural ambidexterity. I present a series of exploratory propositions and discuss implications for future research and practice.

TUESDAY 14:30 - 15:45



SESSION 1907

THE FUTURE OF KNOWLEDGE-INTENSIVE INDUSTRIES II

PLENARY	Date	Tuesday, Oct 14
	Time	16:17 – 17:15 h
Panel Session	Room	Saal 1
Session Chair	Philip Evans, <i>The Boston Consulting Group</i>	

Panelists

Ramon Bacardit, *Henkel AG & Co. KGaA*
 Harald Borner, *SAP*
 Thorsten Huebschen, *Microsoft Germany*
 Andreas Mueller, *Erste Group Bank AG*

In this panel we continue to shed light on the question of how knowledge matters for the adhesives, software, automotive, and banking industries and detect the similarities and differences between knowledge-related practices in those industries. We will elaborate on the factors that will shape knowledge management in the future. The panel provides the opportunity to hear experts from four different industries react to the conference theme and outline examples of companies that are experienced in managing knowledge within and across organizational boundaries. Pertinent questions are, e.g.: What mechanisms and tools are most effective in governing knowledge flows in and between organizations? What particular skills are requested for future “knowledge workers”? How costly and time-consuming is knowledge management? How are the benefits and costs of knowledge management assessed? This session should provide interesting insights into how managers cope with knowledge intensity and assess the future of knowledge management in their particular industries.



Philip Evans is a Senior Vice President in the Boston Office of the Boston Consulting Group. He founded BCG’s media and then multimedia practices and has consulted to corporations worldwide in the consumer goods, media and high technology industries. *Blown to Bits*, his book on the new economics of information was the best-selling book worldwide on technology and strategy in 2000. Philip Evans graduated with Double First Class Honors in economics from Cambridge University. He was a Harkness Fellow in the Economics Department at Harvard and also obtained an M.B.A with honors from the Harvard Business School.



Ramon Bacardit is Corporate Senior Vice President of Adhesives Technologies Research for Henkel AG & Co. KGaA in Duesseldorf. He was the general manager of Henkel Mexico and responsible for the Latin America sector for Surface Treatment until the end of 2001. Since 2002 he has been a member of the board of Henkel AG & Co. KGaA. Ramon Bacardit holds a PhD in chemistry, business education from IESE.



Harald Borner is currently Senior Vice President of the Global Head Top Talent Management of SAP. As a part of the office of the CEO, he is responsible for driving strategy execution among senior executives. He previously served as Vice President in the senior leadership team of SAP’s corporate strategy group. Harald Borner maintained a variety of roles working with The Boston Consulting Group for ten years before joining SAP. He received his Doctoral degree in experimental particle physics from Oxford University.



Thorsten Huebschen is currently Manager of Business Productivity Infrastructure (BPI) with Microsoft Germany. With an academic background in math and computer science, he has worked five years as a strategy consultant with McKinsey. In 2006, Thorsten Huebschen moved to Microsoft, where he now co-leads the Business Group Information Worker and is responsible for Office, Exchange, OCS and the whole Business Productivity Infrastructure.



Andreas Mueller is the founding Head of ERSTE University, the corporate university of Erste Group Bank AG, one of the major banks in Central and Eastern Europe. He previously held positions with Volkswagen AutoUni where he assisted in the establishment of the School of Science and Technology. With Volkswagen AG, he was responsible for AutoUni’s activities in Latin America and for the collaboration with the MIT. Andreas Mueller received his PhD in Geometry at the University of Karlsruhe.

SESSION 1908

PLENARY PANEL: MEET THE EDITORS

PLENARY	Date	Wednesday, Oct 15
	Time	8:30 – 9:30 h
Panel Session	Room	Saal 1

Session Chair Will Mitchell, *Duke University* — *SMJ Co-Editor*

Panelists

- Jay Barney, *Ohio State University* — *SEJ Assoc. Editor*
- Richard Bettis, *University of North Carolina-Chapel Hill* — *SMJ Co-Editor*
- Rudi K F Bresser, *Free University Berlin* — *SMJ Assoc. Editor*
- Michael A. Hitt, *Texas A&M University* — *SEJ Co-Editor*
- Will Mitchell, *Duke University* — *SMJ Co-Editor*
- Dan Schendel, *Purdue University* — *SEJ Co-Editor*
- Edward Zajac, *Northwestern University* — *SMJ Co-Editor*

Meet the editors: Editors from the SMJ and the SEJ will lead a discussion of publishing in the Society's two journals. The goal of this session is to help members of the SMS publish in our journals. The editors will discuss journal objectives and procedures, as well as highlight differences between strong and weak submissions. This will be a highly interactive session, with substantial opportunities for questions, comments, and use of knowledge and experience of all participants.



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SESSION 1057

**KNOWLEDGE AS A DRIVER OF INNOVATION,
LEARNING AND COMPETENCE-BUILDING**

TRACK A	Date	Wednesday, Oct 15
	Time	10:00 – 11:15 h
Common Ground	Room	Salon 6
Facilitator	Bertrand Quelin, <i>HEC-Paris</i>	

Customers' Knowledge in Promoting Demand for Bioenergy TechnologiesMarko Seppänen, *Tampere University of Technology*Aija Tapaninen, *Tampere University of Technology*

Climate change and the continuous need for alternative energy sources like biofuels have highlighted the potential for the technological alternative of innovative domestic household pellet heating systems for single-family houses. The diffusion and adoption of pellet heating systems has been studied earlier but only scant attention has been given to customer knowledge in influencing adoption decisions. The purpose of this paper is to empirically investigate customer knowledge of the heating systems, especially wood pellet heating systems. The paper considers knowledge of this bio-fuel technology and the impact of the perceived knowledge of the innovation on its adoption. The results indicate that customer knowledge is, at least partially, relevant in creating demand; this is also consistent with the existing theoretical models. The managerial implications of the results and avenues for future research are also discussed.

Communities of Practice in High Tech Companies: The Effects of Diversity and Communication MediaAlessandro Narduzzo, *Free University Bozen-Bolzano*Cristina M Longo, *University of Catania*

The aim of this paper is to analyze when and how communities of practice lead to the success of technological innovation projects in high tech companies. Specifically, we try to establish the role of diversity and communication media on the projects performance. We believe the effectiveness of communities may rely on how they are made up, the extent to which participants are familiar with each other and the way to which they share common and specialized knowledge. On the ground of an longitudinal study applied to the Italian high-tech firms and research centres, we reconstruct significant evidence of community interactions. Implications concern how to build competitive advantages by making use of communities of practice task-related knowledge and their way of interacting.

Socialize the Innovation in Your Business Model Through Social Capital CreationJoan E Ricart, *IESE Business School*David Pastoriza, *HEC-Montreal*

The idea of a socialized form of innovation is consistent with the fact that innovation rates increase with the greater base of users employing and contributing to that innovation. This process of knowledge creation provides an alternative way of developing the innovative capacity that structures are intended to create. However, socialized innovation cannot be easily explained under existing economic theories that dominate the business model literature. This paper argues that social capital theory helps to develop intellectual capital and increases the value embedded in

the business model of a firm. Extending the literature of business models with social capital theory will help advance this field of research, precisely in those virtuous circles that current economic theories are not able to fully explain.

Learning Capabilities: Do They Provide Common Platform for Organisational Excellence?Ravi Nayak, *University of Ballarat*

Identifying three kinds of organizational learning capabilities in line with triple bottom line principles such as i) corporate environmental responsibility, ii) corporate social responsibility, and iii) corporate financial responsibility, this study examines the findings of the ANOVA analysis with business sector as the independent variable. It finds that the Australian resource sector is in the forefront in learning capabilities in corporate environmental responsibility and corporate financial responsibility. In the light of this finding and drawing from earlier empirical studies, it explores a theoretical question whether learning capabilities are transferable rather than bound to specific areas. It dwells into a proposal that a capable learning organization can achieve continuous innovation and improvements in several functional areas by deploying its strength in learning capabilities.

Climate Change: How Knowledge Makes a Firm DifferentJohanna Jaskari, *Helsinki University of Technology*

In the near future, climate change will make demands on firms. Worldwide, environmental and energy regulations impose taxes on greenhouse gas emissions, thus reconfiguring most firms' business processes. Climate change refers both to how our natural world is changing and how firms become different in dissimilar situations prevailing at particular times and places. In this theoretical article, I explore how knowledge makes firms different. Paradoxically, those few categories that characterize climate change in stable operations (material and energy use), reconfigure whole industries in dynamic contexts, as the costs associated with greenhouse gas emissions (caused by material and energy use) become related to firms' other processes. Climate change opens unique research settings: future environmental end-states are given, whereas business processes, markets, and technologies will be reconfigured.

Acquiring Commercialization Expertise through Alliances versus Resource Accumulation: Evidence from BiotechnologySimon Wakeman, *European School of Management & Technology-ESMT*

A start-up technology firm can acquire the knowledge necessary to commercialize future innovations in either of two ways: (1) train or recruit personnel with the appropriate skills ("resource accumulation") or (2) enter a commercialization alliance with an established firm, but retain the rights to participate in the commercialization process ("inter-organizational learning"). This paper examines the relative effectiveness of these two means of knowledge acquisition by examining the performance of 101 biotech firms who were or had been marketing pharmaceutical products by the end of 2006. This paper contributes to the existing literature by extending the study of learning through alliances to vertical relationships and to commercial knowledge.

SESSION 1038

KNOWLEDGE AND NETWORKS

TRACK A	Date	Wednesday, Oct 15
	Time	10:00 – 11:15 h
Paper	Room	Salon 18

Session Chair Elke Schuessler, *Free University Berlin*

Network Governance: Social Mechanisms, Knowledge Benefits, and Performance Outcomes in Joint-Design Alliances

Antonio Capaldo, *Catholic University Sacred Heart*

Drawing on case study research of eight dyadic joint-design alliances, this paper sheds light on the processes by which interorganizational relationships generate knowledge benefits and performance outcomes for partner firms. Specifically, the paper is aimed at offering a more systematic and comprehensive account of the processes of 'network governance', encompassing the following elements: the social mechanisms that characterize network governance and the mechanisms' antecedents, the relationships among the mechanisms, how these social mechanisms influence the partners' propensity to engage in knowledge-intensive initiatives, the resulting knowledge benefits for partner firms, and how these benefits affect performance outcomes. The dynamics of the linkages among social mechanisms (and their antecedents), knowledge benefits, and performance are also elucidated and integrated into the above account.

Networks of Practice as Enactment of a Trading Zone

Fabrice Lumineau, *IMD*
 Alexandre Perrin, *Audencia Nantes School of Management*
 Bertrand Moingeon, *HEC-Paris*

This paper highlights networks of practice as enactment of a common virtual space of exchange spanning boundaries. After introducing the trading zone notion and the specific features of networks of practice, we analyze the case of AUGI, an international network of practice in the area of computer-assisted design. The emergence of four key underlying dimensions – the knowledge portfolio, the information technology tools, the governance structure, and the shared identity – leads us to study their interactions. It appears that the interplay between these four dimensions is made possible through practice-in-use. Thus, knowledge as a practice grounded in its social context acts as the mortar integrating these four dimensions underpinning networks of practice. These findings enable us to derive implications for research on cross-boundary knowledge sharing.

Knowledge Sharing in Different Social Network Positions in IJVs

Yvonne Ho, *National Taiwan University*
 H. J. Chiu, *Neuroeconomic Behavioral Research Institute*

Applying the concepts and methods from social network theory, this empirical study focuses on exploring how knowledge sharing (including explicit and tacit) differs in social network relations (including advice and friendship network) in International Joint Ventures (IJV). We also use centrality measurements to examine which centrality has a greater influence on knowledge sharing. The results show that explicit knowledge may be shared in advice network relationships, and that tacit knowledge may be shared in friendship network relationships. In addition, explicit knowledge is shared better with degree, closeness and betweenness centrality.

Tacit knowledge is best shared only with degree centrality. Our findings may help IJV managers learn which type of knowledge sharing would be most effective in different network relationships, and understand that centrality might play a key role in different types of sharing and network relationships.

Between Vertical Integration and Modularisation: Crossing Knowledge Boundaries by Building Strategic Networks in the Clothing Industry

Elke Schuessler, *Free University Berlin*
 Joerg Sydow, *Free University Berlin*

This paper empirically examines the network structures chosen by German clothing producers as a way to adjust to changing market conditions. Results show that even in this low-tech industry the creation of knowledge at traditional organisational and industry boundaries has become increasingly important. In order to balance this potential for innovation with the risks of knowledge sharing and dependency, the organisations in our sample are involved in different kinds of organisational network structures concurrently using relational, market-based and hierarchical coordination mechanisms. These results provide important insights into how the strategic management of value chains can enable organisations to handle the simultaneous demands of low costs, speed, and innovation.

SESSION 1048

MEASURING KNOWLEDGE IN ORGANIZATIONS

TRACK B	Date	Wednesday, Oct 15
	Time	10:00 – 11:15 h
Common Ground	Room	Salon 7

Facilitator Stefano Brusoni, *Bocconi University*

Enacting Performance Measurement Systems in Strategic Learning Processes

Andrea Fried, *Chemnitz University of Technology*
 Bernard Marr, *Advanced Performance Institute*

Performance Measurement Systems (PMS) are widely used by organisations to measure their intellectual capital and knowledge assets. Such systems have traditionally been used for strategic management control purposes. More recently, authors argue that PMS also fulfil a role in strategic learning as they provide feedback and insight that allow organisations to reflect on their strategic business model. We believe that this dual role of PMS requires further investigation and theoretical discussion. Using structuration theory and the organisational learning approach we build a theoretical framework for performance measurement system based strategic learning. The aims are to further our understanding of the relationship between performance measurement and strategic learning and to create a framework which can be subject to empirical investigations.

Dynamic Managerial Capabilities as Cognitive Search and Strategic Alignment of Opportunities

Zhi Wang, *Manchester Metropolitan University*
 Krsto Pandza, *University of Leeds*
 Stuart Horsburgh, *Manchester Metropolitan University*

In this study we link cognitive search and opportunity creation and argue that both are embedded in creativity, imagination and the intuition of managerial agency. We argue that not all firms are equally adept in searching for opportunities and firms will

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differ in respect to the search strategies managers deploy, the opportunities they create and decide to pursue. We adopt a graph-theoretic computer simulation approach, which employs algorithms developed in the computer science literature in modelling 'real-world' networks, such as social networks and eco-systems. We contend that searching for new opportunities is essentially a graph-matching problem, but internal selection involves difficult trade-offs as search consists of the integration of complex knowledge combinations.

Measuring Knowledge: Exploitative and Exploratory Learning from Strategic Actions

Marten Stienstra, *Erasmus University Rotterdam*

Applying an organizational learning framework, we present and empirically illustrate an innovative research methodology that examines how a firm's strategic action pattern underlies the accumulation of its knowledge stock over time. The strategic actions a firm undertakes in its alignment with or adaptation to the environment constitute both exploitative and exploratory learning opportunities. Exploitative learning relates to actions that maintain congruence with a firm's current knowledge stock, whereas exploratory learning is associated with actions that fundamentally deviate from its current knowledge stock. A major strength of our method is the use of contemporaneous reporting on the actual realisation of exploitative and exploratory learning at strategic action level, which overcomes problems of cognitive bias and retrospective sense making associated with interviews and survey research.

Measuring the Leverage Effect Between Individual and Collective Competence

Uta Wilkens, *Ruhr-University Bochum*

Daniela Gröschke, *Ruhr-University Bochum*

The aim of the paper is to develop a measurement approach that helps to specify the impact of collective competence on individual competence and vice versa. As a prerequisite we identify a definition and operationalization of competence that includes individual and collective levels. The theoretical basis is the Social Cognitive Theory combined with the theory of Complex Adaptive Systems. Empirical testing is based on a standardized questionnaire to be filled in by the staff members of two research institutes (matched pair) in Germany. It transpires from correlation analysis and cross-tabulation that the model helps to identify company-specific interactions in competence development. The model reveals the competence development activities required and where they should be started in order to profit from identified leverage effects.

Experimental Research on Convergent and Divergent Tacit Knowledge Evolution, Measuring from a Network Perspective

Zhi Wang, *Manchester Metropolitan University*

This experimental research integrates social science and physics in studying tacit knowledge, and in that networks are used as milieu for the observation of how tacit knowledge evolving through the proposed two sets of mechanism, behaviour and cognitive, to which tacit knowledge is analogized. It then employs methods of simulation and empirical analysis largely adopted in both fields, particularly a geometric graph theoretic approach. Both simulation and empirical investigations provide evidence that managerial interactions in networks contribute to static and dynamic tacit knowing, leading respectively to convergence and divergence of tacit knowledge evolution. This research points to a way forward

for researching tacit knowledge and it shows how multiple methods can enhance our understanding of the unknown phenomenon of tacit knowing.

Assessing the Possible Costs of External Knowledge Incurred by Moderators: The External Knowledge Transfer in a Strategic Alliance

Evangelia Siachou, *Athens University of Economics & Business*

Anthony Ioannidis, *Athens University of Economics & Business*

Seeking knowledge sourced outside an organization has become one of the principal activities for organizations that are willing to maximize their business. A plausible source of the necessary knowledge is the formation of strategic alliances with organizations which possess the particular knowledge (knowledge keepers). The effective exploitation of the incoming knowledge, though, may be moderated when other factors exist. This paper questions the assumptions of previous research but aims to expand this work by conceptually examining the fundamental role of two main moderators: that of absorptive capacity, and that of the attractiveness of the sector in an external knowledge-transfer activity which takes place between two parties in an alliance. The proposed overarching theoretical framework identifies the role of the two aforementioned moderators and delineates research propositions, taking the Mobile Virtual Network Operators as a case study.

SESSION 1065

MANAGING STAKEHOLDER NETWORKS AND EXTERNAL COMMUNICATION

TRACK E

Date Wednesday, Oct 15

Time 10:00 – 11:15 h

Common Ground

Room Salon 25

Facilitator

Pierre Dussauge, *HEC-Paris*

Virtual Value Chain Orchestration and Innovation: A Model and Case Studies

Andreas Hinterhuber, *Bocconi University*

This paper examines the concept of virtual value chain orchestration, an emergent phenomenon of strategizing and organizing. Virtual value chain orchestration is intended as way to create and capture value by structuring, coordinating, and integrating activities of previously unrelated markets and by effectively relating these activities to in-house operations with the aim of developing a network of activities that link previously unrelated industries and that create fundamentally new markets. The research is based on an in-depth analysis of the agrochemical and biotech industry and is illustrated by two case studies. Based on the preliminary results of these case studies, the paper concludes that the orchestration of external value chains belonging to an extended network of diverse partner companies leads to superior financial results.

Locus of Competitive Advantage: Structural Holes and Mobility Barriers

Ulas Burkay, *BI Norwegian School of Management*

Ability to identify sources of superior performance on which firms could capitalize has been one of the main aims of strategy field. Through this paper, I contrast the theories of strategic groups (Caves & Porter 1977) and structural holes (Burt, 1992), both of which explain the determinants of rate of return in competitive arenas. I map the ambiguities especially evident within strategic

group research program. I provide four novel propositions to fill these gaps using the structural holes theory. I propose a network based explanation to formation of the strategic groups and firm mobility among the groups. Further, I raise a fine-tuned explanation to the problem of performance differences among members of the same strategic group based on individual firms' structural network position differences.

✦ Tie versus Tie: When do Corporate Development Activities Strengthen or Disrupt Buyer-Supplier Ties?

Youtha Cuypers, *Tilburg University*
 Xavier Martin, *Tilburg University*

In this paper, we explore the effect of a firm's corporate development activity (CDA) history on its propensity to maintain long-term buyer-supplier relations. More precisely, we examine various forms of corporate development, i.e. alliance, equity joint ventures and acquisitions, and explore how experience with these activities differentially affects the likelihood of tie dissolution. We argue that corporate development activities will provide opportunities for learning resulting from experience spillovers, but also bring about considerable disruptions. We find support for our proposed curvilinear (U-shaped) relationship between CDA experience and likelihood of tie dissolution in a sample of 273 advertising agency-client ties. We also hypothesize and find empirically that the effects of different types of experience are not uniform.

Measure Twice, Cut Once: Another Look at Environmental Performance and Strategies

Ken Chung, *Rutgers University*
 Petra Christmann, *Rutgers University*

Studies of corporate environmental strategy that link environmental to financial performance of the firm are inconclusive. We argue this lack of consensus is traced to content and construct validity in measures of environmental performance, and ambiguous causal mechanisms. Based on a comprehensive review of studies in top management journals, we conclude that environmental performance measures may be grouped by causal mechanisms and simplified into two basic dimensions: external communications performance and internal operational performance. We propose a 2x2 typology of idealized environmental strategies along these dimensions that are richer, better operationalized and more clearly linked to causal mechanisms in order to advance the measurement and content of strategic management.

Environmental Strategy and Economic Performance: The Mediating Role of Competitive Advantage and Firm Resources

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

The aim of this paper is to clarify the relationship between environmental management and firm performance through the incorporation of the main limitations and the most relevant contributions made from various fields of study. The research is carried out using a mixed method research design in two phases: qualitative and quantitative. The first phase includes comparative case studies. The findings lead to establish propositions which are integrated in a model that depicts all the variables related to the link between environmental strategy and performance. In a second phase, we conduct a survey among firms affected by the IPPC law in Spain to test the proposed model using a structural

equation analysis. Findings show that a direct link exists between the proactive environmental strategy, environmental performance, competitive advantage and economic performance.

Network Orientation: Building Networks That Generate Relational Rents

Gerrit Willem Ziggers, *Radboud University Nijmegen*
 Joerg Henseler, *Radboud University Nijmegen*

In this article we offer a view that a firm's critical resources and capabilities may span firm boundaries and may be embedded in inter-firm resources and routines. Building on this relational view we argue that firms can engender sustainable competitive advantage by enabling firms to (a) foster close working relationships with a limited number of suppliers; (b) build effective network structures, and (c) develop a long term orientation to achieve mutual gains. Using PLS structural equation modelling, we empirically test a number of hypothesized relationships based on a sample of 176 Dutch firms. Our results demonstrate that inter-firm network orientation significantly and substantially affects supplier performance as well as buyer performance, thereby providing evidence of the predictive validity of the inter-firm network orientation construct.

SESSION 1071
TECHNOLOGY, INNOVATION AND COMPETITIVE ADVANTAGE

TRACK E	Date	Wednesday, Oct 15
	Time	10:00 – 11:15 h
Paper	Room	Salon 17

Session Chair Marc Gruber, *Swiss Federal Institute of Technology-Lausanne*

Managerial Incentives and R&D: Moderating Behavioral Theory Situational Determinants

Todd Alessandri, *Providence College*
 Jason Pattit, *Syracuse University*

Behavioral theory explains R&D search through the effects of underutilized resources (i.e., organizational slack), performance relative to aspirations, and the threat of bankruptcy. Managers exhibit risk-seeking or risk-avoiding choices related to R&D depending on these situational determinants. However, the willingness of managers to make R&D investments can also be influenced by managerial incentives. We first validate the direct behavioral theory relationships with R&D found in prior research. We then explore the moderating effects of three types of managerial incentives—short-term pay, managerial ownership, and stock option pay—on these behavioral theory relationships. Our preliminary findings suggest that managerial incentives do exhibit moderating influences, but these moderating effects are not uniform across the various behavioral theory situational determinants.

How Does Knowledge Impact The Different Phases of New Product Strategy: Empirical Evidence From Korean Pharmaceutical Firms

Hye Sun Kang, *Korea University*
 Jay Hyuk Rhee, *Korea University*

The present study examines the impacts of knowledge at the different phases of new product strategy. Based on a sample of 96 Korean pharmaceutical firms and their 809 newly released products, the empirical results show that the impacts of knowledge differ at each phase. Specifically, product-related knowledge, including

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innovative knowledge and prior knowledge, play a more important role in the early phase of a new product strategy. However, in later phase, uncertainty-related knowledge, which includes level of product portfolio and of competition, becomes more salient. At the final phase, as new product strategic outcome, the impact of knowledge decrease compared with the level of product portfolio and level of competition e previous two phases. Instead, two key strategies of new product- i.e. "hybrid strategy" and "speed-to-market strategy" - have more significant impact on the final phase

The Influence of Firm Age on the Role of R&D: New Insights into Accumulation Theory

Annetta Fortune, *Drexel University*

Lois Shelton, *California State University-Northridge*

We investigate how the roles of R&D investment as a generator of knowledge, and a generator of innovative output, impact firm performance, and if that impact varies by firm age. The accumulation theory perspective is extended by using the liabilities of obsolescence and newness to develop hypotheses regarding the impact of firm age on the two roles of R&D investment, and on their corresponding knowledge stocks. We predict that more malleable younger firms will benefit more from the role of R&D investment as a generator of knowledge, whereas more experienced and well-connected older firms will benefit more from the innovative output generating role of R&D. Our predictions are tested on a dataset of 303 firms in the pharmaceutical sector.

An Empirical Assessment Of Success Factors For Technology Convergence Collaborations

Andrei Rikkiev, *Tampere University of Technology*

Saku Mäkinen, *Tampere University of Technology*

Recent technological advances have brought technology and market convergence as global trend affecting companies' competitive strategy. Companies constantly need to acquire new technological and market knowledge in dynamic conditions. Technology partnering is acknowledged as a source of competitive advantage in granting access to knowledge and resources otherwise unavailable to companies. Number of inter-firm technology collaborations of all types has been increasingly growing during last decades especially in high-tech industry sectors. Factors determining collaboration success in different industries and under technology convergence are potentially differing from one another. Therefore, determining critical success factors in technology collaboration is essential for these benefits to realize from partnering activities to derive financial and strategic benefits through effective knowledge flows. This exploratory study is empirically assessing the importance of alternative success factors for collaboration in technologically convergent environment.

SESSION 1104

MANAGING ALLIANCE RELATIONSHIPS

TRACK F	Date	Wednesday, Oct 15
	Time	10:00 – 11:15 h
Paper	Room	Salon 21

Session Chair Anne Parmigiani, *University of Oregon*

Actions Speak Louder Than Modes: Governance Choice, Implementation, and Performance

Anne Parmigiani, *University of Oregon*

Samuel Holloway, *University of Oregon*

To obtain required goods and services, firms can select from several governance modes, such as internal production, outsourcing, or hybrid arrangements (e.g., alliances). While significant work has addressed the performance implications of governance mode fit with characteristics of the good and environment, less attention has been directed toward implementation. If firms select the best governance mode but do not implement effectively, performance will suffer. Likewise, effective implementation can overcome the deficiencies of an inappropriate governance choice. This paper employs theories of organizational economics to explore the relationship between governance mode choice, implementation, and performance.

The Use of Exclusivity Provisions in Licensing Alliances

Deepak Somaya, *University of Maryland*

YoungJun Kim, *Texas A&M International University*

Nicholas Vonortas, *George Washington University*

This paper explains exclusivity in licensing alliances as a "contractual hostage" to better align the cooperative relationship between licensing parties. We also examine (product and geographic) scope restrictions in exclusive licenses as mechanisms that balance the parties respective concerns when agreeing to cooperate. We contribute to the sparse empirical work in this area by studying exclusivity in 243 publicly reported licensing alliances and find evidence consistent with the use of exclusivity to safeguard licensee investments in complementary assets and to facilitate contracting over early stage technologies. Geographic exclusivity restrictions are associated with market-specific (and international) licensee investments, and field-of-use restrictions with early stage technologies. Our results also suggest that relational governance mechanisms and scope restrictions are used as substitutes to manage similar transactional concerns with early stage technologies.

Alliance Partner Diversity and Biotech Firms' Exit: Differing Effects on Dissolution versus Divestment

Olga Bruyaka, *Virginia Tech*

This paper focuses on the role that alliance partner diversity (APD) plays in the probability of small high-tech firms' exit. It contributes to the research in strategy and entrepreneurship by developing finer-grained theoretical arguments from 'economizing' and 'strategizing' perspectives in order to explain whether and why APD would differently determine firms' exit by dissolution versus divestment. APD is considered as a strategic instrument that firms may use either to avoid involuntary dissolution or to realize a possibility of divestment. Empirical findings from biotechnology industry in France (1994-2002) contrast and complement existing evidence about APD's negative effect on firms' exit: APD is found

to increase the risk of dissolution, while the relation is curvilinear in the case of divestment, and when considering both exit modes together.

Managing Vertical Relations in Horizontal Alliances: Leveraging Relational Rents or Indulging in Bad Habits?

Frédéric Dalsace, *HEC-Paris*
 Will Mitchell, *Duke University*
 Bernard Garrette, *HEC-Paris*

This paper investigates mechanisms that prevent firms from achieving the full benefits of horizontal alliances, focusing on how allied competitors rationalize their supplier portfolios after forming a purchasing alliance. We argue that the embeddedness of close ties with suppliers limits the client firms’ ability to rationalize purchasing through alliances, for both good and bad reasons. Allied firms seek to shelter close supplier relationships in order to protect relational rents that the ties generate. But the same mechanisms that produce relational rents also generate over-embeddedness: firms sometimes will engage in “bad habits” when they retain close ties. An analysis of 399 business allocation decisions made in a firm-wide purchasing alliance in a global manufacturing industry supports the arguments.

SESSION 1106
NEW CORPORATE STRATEGY PERSPECTIVES

TRACK F	Date	Wednesday, Oct 15
	Time	10:00 – 11:15 h
Paper	Room	Salon 22

Session Chair Rita Gunther McGrath, *Columbia University*

★ **Meta-Analysis in Strategic Management Research: On Evidence-based Management, Hunter/Schmidt, and Hedges/Olkin**

Andreas Bausch, *University of Jena*
 Frithjof Pils, *Jacobs University Bremen*
 Adalbert Wilhelm, *Jacobs University Bremen*

With a number of 40 meta-analyses published on issues of strategic management to date, we think that it is about time to familiarize a broader audience with alternative meta-analytic techniques and to initiate a critical discussion. In this paper, we illustrate application of the two most widely used methods of correlational meta-analysis in strategic management research – the Hunter/Schmidt and the Hedges/Olkin procedures. For this purpose, we make use of sets of correlational data on what may be the most researched linkage in strategy research – the diversification-performance linkage. Methodologically, we are particularly interested if results remain stable across meta-analytic methods. Substantively, we add to answering the question what the body of empirical research truly suggests in terms of the performance effects of diversification strategy.

Business Models, The Dominant Logic, and Innovation: Considering A New Unit Of Analysis

Rita Gunther McGrath, *Columbia University*
 Thomas Keil, *Helsinki University of Technology*

The dominant logic of a firm’s executives, consisting of the assumptions that underlie actions and decisions, is well accepted as a cause for difficulty when firms seek to explore new areas of activity. We propose that the relatively new construct of the business model

is a potentially important unit of analysis for strategic management research because it operationalizes the dominant logic. Business model analysis offers the potential for more precise comparisons among firms, for better guiding decisions under uncertainty, and for re-thinking the notion of competitive advantage as an industry-level phenomenon.

Persistence of Outstanding Performance and Shareholders Value Among Diversifiers Past Performance, Efficient ICM, Segments Portfolio

Federico Marinelli, *IESE Business School*

When studying the relationship between diversification and performance, none of the studies centred their research on the question if there exists a specific performance pattern among diversified firms. The research aims to identify persistence in performance heterogeneity, to measure the shareholders value creation and finally it aims to measure the impact on the performance according to the degree of efficiency of the ICM and segments’ portfolio. A sample of 110 diversified firms is examined. The persistence of shareholders value creation and destruction is estimated. All the econometrics models indicate an important persistence of performance heterogeneity. Finally if the efficiency of the internal capital market and its size have a certain explanatory power of the performance pattern, but limited compared to the past performance, more insights might be drawn from the findings that diversified firms with segments in many industries and subsectors seem to perform better than others in few industries.

SESSION 1004
FOREIGN ENTRY MODES

TRACK G	Date	Wednesday, Oct 15
	Time	10:00 – 11:15 h
Paper	Room	Salon 23

Session Chair Christiane Prange, *EM Lyon*

Presumptive Adaptation of Foreign Franchise Practices in China

Gabriel Szulanski, *INSEAD*
 Wei-Ru Chen, *INSEAD*

This research studies adaptation and modification of long-developed business model and practices when foreign franchises enter into China. Franchise expansion is advised to comply strictly with original successful model. However, emerging economies like China is deemed very different in culture and consumer behaviors by many foreign enterprise, thus local adaptation seems inevitable. Based on in-depth analysis of five foreign franchise systems in China, we explore whether foreign franchises should alter their business models or practices due to the very different local condition in China, and if they do, when and what. This research contributes to the understanding of cross border transfer of best practice in two different institutional contexts. Its implication can also be applied to the similar decisions in other emerging economies.

WEDNESDAY 10:00 - 11:15



The Relationship between Country Culture and Alliance Termination: Evidences form the Information Technology Industry

Dong Chen, *Loyola Marymount University*
Goce Andrevski, *University of Kentucky*
Emery Yao, *University of Kentucky*

In this study we examined how different dimensions of national culture affect firms' likelihood to terminate strategic alliances. We proposed that firms from countries with low power distance, high individualism, high masculinity, low uncertainty avoidance and low long-term orientation will exhibit higher propensity of alliance termination. We also hypothesized that the type of alliance (equity versus non-equity) will moderate these relationships. Applying discrete-time hazard analysis, we tested our propositions on a sample of 443 alliances in information technology industry over the period 1953 to 1989. Our findings showed that not all five cultural dimensions are strongly associated with alliance termination, and such effect is again contingent on the type of alliance.

Evaluating the Choice between International Joint Ventures and Divestitures: Evidence from Host Country Executives

Tony Tong, *University of Colorado*
Jeffrey Reuer, *Purdue University*
Beverly Tyler, *North Carolina State University*
Shujun Zhang, *Sun Yat-Sen University*

Prior research has studied the choice between JVs and acquisitions from the perspective of home country firms. Little research, however, has investigated the governance decision that host country firms have to make concerning undertaking JVs as opposed to divestitures. In this paper, we contribute to research on governance choice in foreign direct investment in two ways. First, we examine factors that affect host country executives' decisions on the choice between JVs and divestitures by applying multiple theoretical perspectives. Second, we use the policy capturing technique to obtain insights into the cognitive processes of executives as they make governance decisions. Results indicate that executives largely behave the way theory suggests. In addition, executives are also somewhat limited in their cognitive ability to incorporate all of the available information in the theories, suggesting the importance of behavioral dimensions in executive decision making.

The Diffusion of Firm Divestment from Burma, 1996-2002

Sarah Soule, *Cornell University*
Laszlo Tihanyi, *Texas A&M University*
Anand Swaminathan, *Emory University*

We analyze the factors that lead multinational firms to divest from Burma between 1996 and 2002. We attempt to disentangle the influence on the divestment rate of firm-specific factors, home-country-specific factors and diffusion processes. We find that the political and economic climate of the home country of a multinational firm profoundly impact a firm's decision to sever ties to Burma. We also find that that divestment decisions diffused, but the pattern of diffusion was structured along country characteristics rather than firm-level characteristics.

SESSION 1052

RESOURCES, CAPABILITIES AND COMPETITIVE ADVANTAGE

TRACK H	Date	Wednesday, Oct 15
	Time	10:00 – 11:15 h
Paper	Room	Salon 24

Session Chair Franz Kellermanns, *Mississippi State University*

How to Achieve Competitive Advantage through Corporate Culture: Proposing an Integrated Model

Adina Poenaru, *ESCP-EAP-London*
Davide Sola, *ESCP-EAP-London*

The link between organizational culture and performance has been intensively studied, as corporate culture is considered a source of competitive advantage and therefore intrinsically linked with strategy. Despite the wealth of articles on organizational culture, there is no generally agreed definition of the concept and its dimensions. Through an extensive literature review and in-depth analysis of empirical evidence, this paper identifies twelve dimensions that together describe corporate culture and help explain the source of superior performance. Two of these dimensions, leadership and communication, represent the foundations of corporate culture, while the other ten contribute to its distinctiveness. This paper proposes an integrated theoretical model that causally connects these dimensions and explains earlier fragmentary research findings.

★ Social Games in an Economic Frame: Connecting Strategy Processes, Activities and Capabilities

Patrick Regnér, *Stockholm School of Economics*
Udo Zander, *Stockholm School of Economics*

The purpose of this paper is to link strategy process research with the organizational capabilities view with the aim to uncover micro mechanisms that underlie the change of capabilities. It demonstrates what the possible synergies between the two strategy views are and what the potential ingredients the micro mechanisms underlying capabilities may involve. Inertial frames, the meanings or managerial cognitions around which capabilities are organized, and multiple and vigorous managerial activities in various sections of organizations are displayed as important ingredients in capability change.

Managerial Cognition and the Evolution of Firm Capabilities: Evidence from Pirelli and Telecom Italia

Maria Cristina Cinici, *University of Catania*
Giovanni Battista Dagnino, *University of Catania*

Drawing on an extensive field study of the top management group guided by Marco Tronchetti Provera in two sizeable Italian firms (i.e., Pirelli & C. and Telecom Italia Spa) in the period 1992-2006, this paper advocates for an integrative approach to firm change, which looks at the managerial cognition perspective as a complementary approach to the firm capabilities research stream. The underlying assumption is that, when a top managerial team moves from one firm to another, and/or the surrounding environment according to which it operates varies, managers belonging to the team are capable to recognize environmental changes, to capture the opportunities that emerge from change, and to react to them by mobilizing the most appropriate firm routines and capabilities.

**Not Just “Anything That Leads To Performance”:
The Operational Validity of Resource Definitions**

Jorge Walter, *Portland State University*
 Franz Kellermanns, *Mississippi State University*
 Benedict Kemmerer, *BSH Bosch*

The development of the resource-based view (RBV) into a strong theory makes it necessary to have clearly defined variables. Moreover, to attain operational validity, academic definitions should reflect how practitioners understand resources and attempt to build their organizations around them. Addressing recent critiques of academic conceptualizations of resources as fundamental building blocks of organizational advantage, our study derives and compares academics’ and practitioners’ resource definitions. Our empirical analysis provides important insights into similarities and differences between these two perspectives, addresses practitioners’ cognitive limitations and heuristics in identifying and allocating resources, and outlines suggestions for a future operationalization of this critical variable for management research.

SESSION 1014
CREATING AMBIDEXTROUS ORGANIZATIONS

TRACK I	Date	Wednesday, Oct 15
	Time	10:00 – 11:15 h
Paper	Room	Salon 16

Session Chair Thomas Schrettle, *University of St Gallen*

Exploration, Exploitation, and the Ambidextrous Organization: The Moderating Role of Environmental Competitiveness

Thomas Schrettle, *University of St Gallen*

ABSTRACT

Ambidextrous designs are organizational forms which are able to manage contradictory forms of organizational learning simultaneously. Superior performance is expected based on the ability to both explore new opportunities and exploit old certainties. While most research to date has focused on organizational structures, context and coordination mechanisms as internal antecedents for ambidexterity, there has also been some work including aspects of external organizational contexts. However, the role of environmental competitiveness for ambidexterity has remained quite unclear. Hence, this proposal focuses on the role of competitiveness environments for the ambidexterity concept. Different dimensions of exploration and exploitation are considered and testable hypotheses developed to enhance the understanding of the moderating role of environmental competitiveness on the ambidextrous organization.

Intra-Project Ambidexterity in Technology Innovation: Antecedents and Outcomes

Alexander Zimmermann, *University of St Gallen*
 Sebastian Raisch, *University of St Gallen*

Expanding prior research on organizational ambidexterity on the corporate or business unit level, this paper introduces the concept of intra-project ambidexterity as the capability to simultaneously incorporate exploitative and exploratory characteristics within a single innovation project. We develop a model that illustrates how intra-project ambidexterity is expected to affect innovation success and further suggest structural and contextual antecedents for simultaneously pursuing exploitation and exploration on the

project level. To test our hypotheses, we collected data from 107 innovation projects at a global automobile manufacturer. Our upcoming empirical results potentially contribute a new perspective to the academic discussion on ambidexterity’s antecedents and outcomes.

Confronting the Paradox of the Highly Disciplined Organization: The Role of Perturbation

David Brunner, *Harvard University*
 Bradley Staats, *Harvard University*
 Michael Tushman, *Harvard University*
 David Upton, *Harvard University*

Organizations experience intense pressure to exploit their existing knowledge and capabilities. However, exploitation tends to drive out exploration and render organizations inflexible. Hence the paradox of the highly disciplined organization: exploitation leads to short term success, but undermines long term survival. Many resolutions to the paradox rely on isolating exploration and exploitation in separate organizational units. We propose a model of organizational activity as hierarchically nested cycles of exploration and exploitation. In this model, exploration and exploitation are complementary and feed into each other through control and perturbation. Perturbation shakes organizations out of established processes and creates opportunities for exploration. We illustrate the model using the empirical example of Toyota and then sketch a theory of perturbation that characterizes perturbations as organizational responses to signals.

Ambidexterity and Innovative Performance: The Role of Intellectual Human Capital and Strategic Alliances

Andrew Hess, *University of Virginia*
 Frank Rothaermel, *Georgia Institute of Technology*

We develop and empirically test a contingency framework of ambidexterity across exploration and exploitation activities. While an exploration-exploitation lens has been applied to strategic alliances based on their strategic motivation, we propose that it can also be applied to a firm’s intellectual human capital based on a bifurcation of “star” versus “staff scientists.” We leverage fine-grained longitudinal data on 3,100 alliances, 3,500 new drug introductions, 36,000 biotechnology patents that have been cited 80,000 times, 147,000 non-biotechnology patents, 171,000 publishing scientists, 672,000 journal publications, and 9.9 million journal citations. In general, we find support for the notion that building capabilities within the same activity compensate for one another, while ambidexterity across exploration and exploitation enhances a firm’s innovative performance.

WEDNESDAY 10:00 - 11:15



SESSION 1019

WORKING WITH OTHERS: COLLABORATION AND KNOWLEDGE DEVELOPMENT

TRACK I	Date	Wednesday, Oct 15
	Time	10:00 – 11:15 h
Paper	Room	Salon 5

Session Chair Joana Mendonça, *Technical University of Lisbon*

Network Orchestration for Innovation – Innovation Appropriability as an Orchestration Process

Pia Hurmelinna-Laukkanen, *Lappeenranta University of Technology*

While innovation networks provide a setting where widely dispersed resources can be combined in a profitable manner, they are also full of paradoxes. They, for example, simultaneously incorporate autonomy and interdependence, hiding core knowledge and sharing it, and stability and dynamism. Thus orchestrating the network requires the hub firm to strategically manage issues related to the nature of knowledge (e.g., tacit-explicit) and characteristics and motivations of actors sharing it. In this study, orchestration processes of knowledge mobility, network stability and innovation appropriability are discussed. Of these, appropriability is taken under closer examination in order to illustrate the interaction of all the processes. The discussion suggests that taking care of relationships between actors through discreet leadership is central in all orchestration.

Creation of Higher Education Institutions and Entry of Knowledge Based firms

Joana Mendonça, *Technical University of Lisbon*
Rui Baptista, *Technical University of Lisbon*
Francisco Lima, *Technical University of Lisbon*

The presence of universities has been generally associated with technological entrepreneurship. But what is the real impact of new universities on knowledge based firm creation in a region? The present paper applies the propensity score estimator to longitudinal data on the creation of 22 new higher education institutions in Portuguese regions in the period 1996-99 to evaluate the impact of the creation of new universities on subsequent levels of firm entry in those regions. We find that the creation of new universities has a positive and significant effect on subsequent levels of firm entry in regions. These findings suggest that universities likely act as sources of entrepreneurial opportunities and of human capital capable of recognizing and exploiting such opportunities, and thus may contribute positively toward regional economic growth.

How Do Collaborations with Universities Affect Firms' Innovative Performance The Role of "Star Consulting Scientists" in the Advanced Materials Field

Silvia Rita Sedita, *University of Padua*
Yasunori Baba, *University of Tokyo*
Naohiro Shichijo, *University of Tokyo*

This article aimed to identify the effect of U-I collaborations on the innovative performance of firms in the advanced materials field. In the advanced materials industry the most effective collaborations are not with "star scientists," but with "star consulting scientists." The latter concept was introduced first by the authors, to deepen the present understanding of industrial heterogeneity in innovation processes and to offer new insights for the formulation of corporate innovation strategies. The results of the estimation of a negative

binomial regression model applied to a sample of 2726 firms active in the photocatalysis in Japan confirm the idea that engaging in research collaborations with "star consulting scientists" increases firms' R&D productivity. Firms' collaborations with "star scientists" exert little impact on their innovative output.

R&D Collaborations and Process Innovation

Annique Un, *University of South Carolina*
Alvaro Cuervo-Cazurra, *University of South Carolina*
Kazuhiro Asakawa, *Keio University*

In this paper we study the relative influence of research and development (R&D) collaborations with universities, suppliers, customers, and competitors on process innovation. We propose that each type of collaboration differs in the depth and ease of transfer of knowledge, resulting in different impact on process innovation. Results from analyses of 781 manufacturing firms indicate that, rather than depth of knowledge, its ease of transfer drives process innovation. We find that R&D collaborations with suppliers and universities, whose knowledge is easier to transfer to the partner firm, have the highest positive impact on process innovation. In contrast, R&D collaborations with customers do not appear to affect process innovation, and collaborations with competitors appear to harm it. Key words: R&D collaboration, process innovation, knowledge depth, knowledge transfer

SESSION 1113

INNOVATING CHANGE TO IMPROVE BUSINESS

TRACK J	Date	Wednesday, Oct 15
	Time	10:00 – 11:15 h
Paper	Room	Salon 20

Session Chair Robert Wright, *Hong Kong Polytechnic University*

Benefiting from Novel Business Methods: A Clinical Examination of Pay-As-You-Drive Auto Insurance

Panos Desyllas, *Manchester Business School*
Mari Sako, *Oxford University*

With the bulk of research having focused on technological innovation, relatively little is known about strategies for benefiting from business method innovations. This issue is of particular interest nowadays that novel methods of doing business have become patentable subject matter. This paper aims to (1) define the concept of business method and explore the meaning of innovation in business methods; (2) assess the effectiveness of Business Method Patents (BMPs) as a means of profiting from innovation. Our analysis draws on evidence from the auto insurance industry. We assess the strategic and market value of BMPs using a clinical examination of the Pay-As-You-Drive auto insurance by Progressive Casualty Insurance. Our methods consist of interviews with industry experts and patent attorneys and an event study analysis.

★ Making Sense of Top and Middle Managers' Cognitions of McKinsey's 7S +3 in Practice

Robert Wright, *Hong Kong Polytechnic University*
Richard Soparnot, *Groupe ESCM*

Building on McKinsey's 7S framework we gained access to a listed company undergoing strategic renewal to elicit how top and middle managers make sense of these key organizational issues in helping them drive and innovate change to improve the business. We interviewed their top management (19) and middle managers

(17) using a psychological methodology to better understand their managerial cognitions. Using theories of Strategy-as-Practice, Sensemaking / Sensegiving, Dominant Logic and Personal Constructs Theory, we capture the underlying theories-in-use of how these executives see, interpret and makes sense of strategy implementation. We also developed two conceptual models of top and middle managers' sensemaking during time of strategic renewal. Implications to theory and practice to strategy-as-practice research are discussed along with directions for future research.

A Study of the Influence of High Strategy Creation Capability on Organization Performance

Timothy O'Shannassy, *RMIT University*

There has been a trend in the strategy literature in recent years to highlight the creation of novel strategies by firms in response to the challenges of the modern business environment. However, there has only been limited insight in the quality literature on how this might be done. A stratified sample of 216 company directors, chief executive officers, top managers, strategy professionals and line managers provides the data for investigation of the influence of high strategy creation capability on organization performance. To facilitate this study a range of statistical techniques are applied to development of new reliable and valid strategy creation and organization performance survey scales. Robust multiple regression analysis demonstrates strong support for a relationship between high strategy creation capability and organization performance.

Competence Management: A Method, the Case of Energia Futura

Daniel Degraevl, *California State University-Northridge*

This paper describes a general framework for identifying and organizing competences in a large firm, called Energia Futura for confidentiality reasons. It attempts to contribute to the Resources and Competences Management (R&CM) aspect of the Resource-Based View (RBV), through an in-depth analysis of Energia Futura that the searcher conducted while serving as an internal consultant for that firm. This work contributes to the identification/analysis of competences, to the understanding of the links between competence and strategy; it provides of a global framework for R&CM and an organizational system for managing R&C. Its main target is methodological and practical: it aims to serve as a global guide for top managers and consultants to explore a landscape still exhibiting many bumps and few beacons.

SESSION 1087

NETWORKS AND NEW VENTURES

TRACK K	Date	Wednesday, Oct 15
	Time	10:00 – 11:15 h
Common Ground	Room	Salon 19

Facilitator Claudia Schoonhoven, *University of California-Irvine*

Social Networks of Serial Entrepreneurial Directors

Martin Papadatos, *University of Cambridge*
Paul Kattuman, *University of Cambridge*

Individuals bring a variety of resources to the founding and running of companies. Human resources include not only personal characteristics such as education, experience and leadership skills but also social capital that may arise from being part of a network. The focus of this research is on how entrepreneurship is driven

and influenced by the social capital characteristics of directors of companies. Three social network based mechanisms drive founding directorships - accumulative advantage, trend-following, and expectation of success. We find some network characteristics are more influential upon serial entrepreneurship than others and consequently some directors are more advantageously positioned for new venture creation.

The Interactive Effect of Social Capital and Embeddedness on Learning From Network Relationships

Mathew Hughes, *University of Nottingham*
Robert Morgan, *Cardiff University*
Duane Ireland, *Texas A&M University*
Paul Hughes, *Loughborough University*

Social capital theory holds that as interactions among firms increase along structural, relational, and cognitive dimensions, social capital develops and allows young firms to gain increasing access to knowledge, which helps to improve business performance. But we argue this view is insufficient to explain the complexity of the value-creating process. So, we examine the moderating effect of embeddedness on social capital. We then examine whether learning has a direct effect on business performance. We find that embeddedness in two different sets of relations differentially moderates the effect of social capital on learning and changes the ways in which its dimensions work in unlocking learning. We then find that learning has a negative relationship with business performance but is positively moderated by knowledge assimilation processes.

A Co-Authorship Analysis of Entrepreneurship Literature

Thomas Nelson, *University of Louisville*

This paper examines co-authoring in the literature of the entrepreneurship field from both a structural holes and a cohesion perspective. The co-authoring network structure is shown, examined, and interpreted on a mesa level (the entire network), an intermediate level (sub-networks), and a micro (individual) level. The structural hole filling strategy is compared with cohesion for relevance and effectiveness as a publication strategy. Individual centrality measures are related to alternative publishing strategies. Network roles are explored, and individual exemplars of those roles are discussed.

Interorganizational Relationships and New Venture Milestone Attainment

Claudia Schoonhoven, *University of California-Irvine*
Jennifer Woolley, *Santa Clara University*

While it has been shown that public firms enjoy favorable stock market reactions to alliance announcement, scant research has investigated the uncertain financial benefits of alliances for new firms. We address the untested assumption that alliances enhance attainment of early financial milestones in new technology-based firms, arguing that it is necessary to consider resources brought by both partners to an interorganizational dyad. We found that an alliance partner's higher prominence, (but not business relatedness or cultural similarity), alliance type (joint product development) and attributes of the new venture (strong team, equity raised, % of external board members, alliance experience) shortened time to early revenue milestone attainment (\$20mm). When the \$50mm revenue milestone is attained, partner prominence and new venture alliance experience are no longer significant. We discuss theoretical implications of these findings.



Mutualistic Entrepreneurship: The Case of Facebook

Duncan Robertson, *University of Warwick*

Terence Fan, *Singapore Management University*

In this paper, we use a novel data set: developers of software applications that are built on top of the Facebook Social Networking site. We describe this as 'mutualistic' entrepreneurship where the host (in this case, Facebook Inc.) develops synergistically with the entrepreneur. Using our data, we are able to identify characteristics of the 'pure' entrepreneurial team at the inception of the enterprise. Heterogeneity of entrepreneurial team members yields competitive advantage, while including heterogeneous members into the team does not. The classification of the type of entrepreneurial social network has gained recent attention. We formalize this classification and show that the network of universities to which these mutualistic entrepreneurs belong is a Small World.

SESSION 1097

RAISING CAPITAL - RISKY BUSINESS!

TRACK K	Date	Wednesday, Oct 15
	Time	10:00 – 11:15 h
Paper	Room	Salon 4

Session Chair Gary Dushnitsky, *University of Pennsylvania*

New Ventures and the Acquisition of Four Types of Capital using Third Party Referrals

Joris Heuven, *University of Twente*

Paul Kirwan, *University of Twente*

Aard Groen, *University of Twente*

The uncertainty surrounding new ventures often causes a reluctance of resource providers to provide resources to the new venture. In such cases the use of a third party referral might be a good strategy to decrease the uncertainty as perceived by external resources providers. Taking network theory as our main theoretical perspective we explore whether particular network tie strengths between new ventures and referrals are more effective than others when connecting new ventures to external resource providers. By relating these particular referrals to the acquisition of multiple types of resources/capitals, we research in our paper whether the effectiveness of the network ties between the new ventures and the referrals is dependent on the type of resource/capital to be acquired.

How Do Optimistic Entrepreneurs Attract (High Valuation From) Outsiders?

Gary Dushnitsky, *University of Pennsylvania*

We investigate the impact of entrepreneurial optimism on the actions entrepreneurs pursue to attract outsiders. Popular actions include Disclosure – where outsiders inspect the invention – and a Contingent Payment Scheme offer (e.g., salary deferral, royalty-based license) – where invention's value is inferred from entrepreneur's willingness to make her pay contingent on success. Using a parsimonious model, we highlight the role of optimism and demonstrate that it affects CPS but not Disclosure. Consequently, a novel tradeoff is uncovered. In choosing an action that maximizes her valuation, a moderately-wealthy entrepreneur weighs 'optimism discount' (affecting CPS) vs. 'imitation discount' (affecting Disclosure). More broadly, the paper advances a view

of entrepreneurs as optimists, thus departing from the prevailing approach which characterizes entrepreneurs as opportunistic individuals who consciously pursue self-serving goals

Reading Tea Leaves Through a Warped Crystal Ball: How Firms Assess Performance of High-Risk Investments

Russell Coff, *Emory University*

Rodolphe Durand, *HEC-Paris*

Violetta Gerasymenko, *HEC-Paris*

With perfect hindsight, scholars often look back and explain how competitive advantages emerged. However, to the managers who made it happen, the optimal path is rarely quite so clear. Impediments to imitation that help to sustain an advantage, such as causal ambiguity, may make it especially hard to plan and invest appropriately. Key investment decisions often cannot wait for technological, organizational, or market uncertainty to clarify. This study explores how managers assess performance of high-risk innovative projects. We draw on a survey of 23 French early-stage venture capital funds investing in over 300 different startup firms in information technology or biotech industry settings. We use fund managers' assessments of future performance for each startup firm to build a model of how such assessments are made.

Investments in Resources and Returns on Investments in Resources in New Ventures

Page West, *Wake Forest University*

Chuck Bamford, *Queens University of Charlotte*

There are two significant drawbacks to new venture research that draws upon resource-based theory. First, most studies examine firms at discrete stages of development at which time a set of resources already exists. Second, no study has dealt with the financial return implications of making resource investments. This is surprising since new ventures lack financial depth and the accumulation of financial resources is itself a critical component of new venture success. This paper articulates a broader view of the resource development process in new ventures. We propose five phases of resources development, and propose that there is a priority of types of resources to be focused upon within each. There are upper and lower constraints for resource investment, outside of which new ventures cannot succeed.

SESSION 1044

TECHNOLOGY AND PERFORMANCE

TRACK A	Date	Wednesday, Oct 15
	Time	11:30 – 12:45 h
Paper	Room	Salon 18
Session Chair	Daniel Tzabbar, <i>University of Central Florida</i>	

On the Power of Knowledge Assets: Some Tentative Simulations

Kalevi Kyläheiko, *Lappeenranta University of Technology*
 Ari Jantunen, *Lappeenranta University of Technology*
 Kaisu Puumalainen, *Lappeenranta University of Technology*
 Pasi Luukka, *Lappeenranta University of Technology*

This paper introduces a knowledge-based view of the firm, which makes it possible to analyze how the firm should build up their technology strategies in order to capture profits from innovations through knowledge creating, appropriating, and transferring mechanisms. The basic idea is to shed light on the knowledge-based determinants that help (i) protect a firm's knowledge assets by using different protection mechanisms (legal means and tacitness embedded in the organization) and (ii) share knowledge within the firm and between the partners. In our simulation models we look at the relevance of knowledge-related determinants and cost factors and derive technology strategies in order to maximize the value of knowledge assets for firms operating in different knowledge regimes. In addition, we explore how the relative weights of knowledge determinants and technology strategy parameters change subject to underlying technological, knowledge, appropriability and cost structures. Also the dynamics behind the technology strategies is analyzed.

When Is the Whole Bigger Than The Sum of Its Parts?

Daniel Tzabbar, *University of Central Florida*
 Barak Aharonson, *University of Toronto*
 Terry Amburgey, *University of Toronto*
 Andreas Al-Laham, *University of Kaiserslautern*

As firms engage in building different R&D capabilities, they confront a crucial question: What configuration of knowledge stocks is most likely to increase innovative success? We argue that the impact of one knowledge stock may depend not just on its level but also the level of other stocks and the interdependencies of firms' existing knowledge stocks might explain performance differences. We measure the effects of three pairwise combinations of knowledge stocks on firm innovative success and find, using an event history analysis of 857 dedicated biotechnology firms during 1973–1999, that one pair is complementary (i.e., intellectual and alliance capital) and two pairs are substitutive (i.e., human and intellectual and human and alliance capital). Viewing knowledge complementarity from such a lens gives rise to systems effects, explaining when the whole is bigger (or smaller) than the sum of its parts.

Cooperation Now and Competition Later

Eui Jeong, *Sungkyunkwan University*

We investigate whether R&D alliances affect the competition among former alliance partners at a later stage. From knowledge management perspectives, we argue that each firm brings its own portfolio of knowledge into an alliance and depending on the level of exposure to and the ability of knowledge absorption

from the alliance partner's portfolio of knowledge, product market competition between the alliance partners at a later stage may vary. This is because the more similar knowledge these alliance partners get to have, the higher the chances of developing quite similar products, which may in turn increase the competition between these former alliance partners. We test the hypotheses using data on the U.S. biotechnology and pharmaceutical industries.

Pursuing Knowledge Exploitation through R&D Partnerships: Evidence from the Italian Dedicated Biotech Firms

Fabio Sorrentino, *University of Catania*
 Francesco Garraffo, *University of Catania*

This paper empirically investigates the pursuing of knowledge exploitation through R&D partnerships between small entrepreneurial firms and large established companies in the biotech industry. Although positive benefits of strategic alliances in biotech industry as source of knowledge exploration are widely acknowledged in literature, it is still unclear which conditions in inter-firm ties can encourage value generation from scientific knowledge. Adopting a relational view of the firm, we hypothesize that knowledge exploitation, measured in terms of number of products in the final stage of the market or IPR grants, depends from the research partners' experience in previous alliances, the level of interaction, and the mutual learning processes. The empirical testing of our hypotheses is based on an original sample of 55 Italian Dedicated Biotech Firms (DBFs).

SESSION 1046

KNOWLEDGE ACROSS BOUNDARIES

TRACK A	Date	Wednesday, Oct 15
	Time	11:30 – 12:45 h
Paper	Room	Salon 22
Session Chair	Anna Jonsson, <i>Lund University</i>	

Asymmetry in Knowledge Spillovers: Characteristics of Leaders and Laggards

Nandini Lahiri, *University of North Carolina-Chapel Hill*

The underlying notion that knowledge spillovers are a win-win for firms concerned is based on the premise that there exists some implicit understanding of reciprocity between the recipient and source firms. Yet, there exists asymmetry in the degree to which these firms benefit from incoming knowledge spillovers. Given the geographic overlap between firm pairs, the organization of R&D activity within the firm has impact in determining how this asymmetry works. Firms that are increasingly collocated with peers are likely to have greater opportunity to access spillovers. However, geographic collocation is a less frequently used mechanism for firms that are connected within their own boundaries across locations. This research has implications for the role of firm internal organization in creating competitive advantage.

Managing Knowledge Across Borders: A Study Within the Ikea World

Anna Jonsson, *Lund University*

To enter new markets is not easy. The most obvious challenge, judging from the majority of literature on internationalization, is to understand the new market. External aspects of internationalization are often emphasized, while internal aspects receive less attention. If we are to understand the impact and implications of why some

firms succeed while others fail when entering new markets, the issue of knowledge sharing is essential. The aim is to develop our understanding of internationalization by focusing on knowledge sharing in terms of knowledge types and flows in international firms when entering new markets with special emphasis on the interaction between different levels and functions. This is a case study focusing on how and why knowledge sharing is important for the international expansion of IKEA.

The Local Leveraging of Globally Generated Knowledge: a Cluster-Based Perspective

Federica Angeli, *University of Bologna*

Rosa Grimaldi, *University of Bologna*

Andrea Lipparini, *University of Bologna*

How do cluster firms source knowledge from external companies, share it within the local context and pursue knowledge accumulation both at firm- and at cluster-level? To answer these questions we concentrate on high-tech clusters in emerging economies through an inductive approach, enabling the focus on the processes through which knowledge flows from external companies to cluster firms and spreads within the cluster. Three longitudinal case studies are developed in the IT cluster in Bangalore, India. Special emphasis is given to inter-firm relationships, as major channels enabling knowledge sharing. Our preliminary evidence supports a co-evolution between the governance mode handling the relationship and the type of knowledge flowing along. Moreover, the distinction between functional and technical knowledge emerges as crucial in depicting incoming and outgoing knowledge.

Toward the Wikified Firm? Authority and Delegation in the Knowledge Economy

Nicolai Foss, *Copenhagen Business School*

Peter Klein, *University of Missouri*

Nils Stieglitz, *University of Southern Denmark*

We argue that accounts of the death of authority in a knowledge economy are greatly exaggerated. First, authority relations can serve as effective coordination mechanisms under conditions of dispersed and rapidly changing knowledge, a hallmark of the knowledge economy. Moreover, despite the growing importance of "knowledge assets" for organizational performance, ownership of alienable assets is still important, and firm boundaries can be meaningfully defined in terms of these ownership patterns. Finally, complementarities between incentives, authority, and ownership suggest that transactions will tend to cluster in discrete structural forms, such that authority relations do not disappear. Authority and centralized strategy-making continues to play a key role in a knowledge economy.

SESSION 1058

KNOWLEDGE STRATEGIES: COLLABORATION AND GOVERNANCE

TRACK A	Date	Wednesday, Oct 15
Paper	Time	11:30 – 12:45 h
Session Chair	Room	Salon 20
	Antonio Capaldo, <i>Catholic University Sacred Heart</i>	

Knowledge Bases of Relational Capabilities and Their Relation to the Governance of Inter-Organizational Collaboration

Peter Ring, *Loyola Marymount University*

Gianno Lorenzoni, *Bologna University*

Antonio Capaldo, *Catholic University Sacred Heart*

The past decade has witnessed a marked shift in the foci of those who study collaboration away from a very heavy emphasis on issues related to structures and governance mechanisms of inter-organizational relations; towards an improved understanding of the relationships that are manifested in joint ventures, strategic alliances, long-term buyer-supplier relationships, public partnerships, networks, etc. One of their key managerial and organizational challenges in managing these collaborative relationships is the identification of the knowledge bases essential to the creation of the capabilities that will be required of individuals and organizations if they are to succeed in establishing and maintaining those relationships. In this paper we offer a model and a framework that provides a basis for dealing with these issues.

Founding Knowledge Strategy for Sourcing Arrangements: The Case of the London Insurance Market

Leslie Willcocks, *London School of Economics*

Claudia Loebbecke, *University of Cologne*

Organizations rarely adequately think through the knowledge implications of their IT sourcing strategy. This paper offers a fourfold classification of intellectual capital and a framework for analyzing knowledge issues in five types of sourcing arrangements. It illustrates in detail how the framework can be used through assessing a sourcing arrangement in the London Insurance market that utilized an enterprise partnership model, and fully committed to creating and leveraging knowledge on the dimensions of structural, human, customer, and social capital. The paper illustrates the efficacy of this approach and suggests that competing on knowledge could be the source of differentiation in sourcing arrangements in respect of both supplier offering and client service experience.

Thinking Inside the Box: The Firm as an Internal Market for Knowledge

Paul Nagy, *Florida State University*

Jennifer Sexton, *Florida State University*

The knowledge-based view of the firm identifies knowledge as the firm's most important resource. Much of the respective literature addresses the firm's role in using knowledge to bundle and leverage resources in the production of goods and services. This role is relegated to the firm due to the failure of external markets to efficiently coordinate the transfer of knowledge. We propose that the firm operates as a market for the efficient valuation and transfer of knowledge within the firm. Guided by the arguments of transaction cost economics and the knowledge-based view of

the firm, we develop the idea of the firm as an internal market for knowledge, and discuss the possible implications this framework presents.

Inter-Organizational Knowledge Creation as Strategic Challenge: Concept and Cases

Antonio Cordella, *London School of Economics*
 Claudio Huyskens, *University of Cologne*
 Claudia Loebbecke, *University of Cologne*

Knowledge has become increasingly complex and costly to achieve. However, it sets a fundamental competitive requirement in knowledge-intensive industries. Organizations participate in inter-organizational knowledge networks to achieve cost-effective access to specialized knowledge. Building on a literature brief, this paper investigates why and how organizations participate in such inter-organizational endeavors. Discussing the main conceptual arguments along the lines of two cases, one from the pharmaceutical and one from the retail industry, the paper finds how companies increasingly gain knowledge in inter-organizational networks and must share a common formative context with the specialized knowledge producing agents in order to internalize the knowledge effectively. The paper identifies knowledge-related core competences as the ability to gather and internally re-combine knowledge and industry-wide innovation leadership.

SESSION 1026

LEARNING WITHIN AND ACROSS ORGANIZATIONAL BOUNDARIES

TRACK D	Date	Wednesday, Oct 15
	Time	11:30 – 12:45 h
Paper	Room	Salon 24

Session Chair Pamela Barr, *Georgia State University*

Where to Find Innovative Ideas: Determinants of Boundary-Spanning Capacity

Bongsun Kim, *Korea University*
 Eonsoo Kim, *Korea University*
 Pamela Barr, *Georgia State University*

Where does an innovative idea come from? The activity to move beyond local search and to reconfigure the prior knowledge is called boundary-spanning exploration: internal boundary-spanning between different units but in a same organization, and external boundary-spanning between different organizations but in the same technology domain. What are the facilitating conditions for each type of boundary-spanning? In order to answer this question, we bring in the concept of absorptive capacity (ACAP). We argue that potential ACAP is a relatively more important issue in internal boundary-spanning while realized ACAP in external boundary-spanning. We suggest facilitating factors for internal boundary-spanning primarily through internal organizational mechanisms such as formal structure or incentive systems, while external boundary-spanning through network relations.

Knowledge Frames and Strategic Adaptation: A Temporal-Orientation Perspective

Tim Andrews, *University of Strathclyde*
 Sara McGaughey, *University of Strathclyde*

Observing that strategic management research originates from and reflects one end of a spectrum of psychological time variance, we explore the implications of this temporal bias for theorising and

practice. Introducing a fundamental duality of psychological time based on future-time and present-time orientations, we argue that temporal bias affects the relevance of knowledge proffered in two main ways: the type of knowledge being disseminated, and the speed with which knowledge frames are produced, modified and transferred. Propositions that link temporal orientation and the speed of adaptation to frame-bending (i.e. incremental) and frame-breaking (i.e. discontinuous) change are offered. These initial propositions are extended to incorporate the effect of intra- and inter-national cultural distance on the transfer and consumption of knowledge frames (and associated practice).

General Theory of Belief Formation and Organizational Learning

Teppo Felin, *Brigham Young University*
 Thorbjørn Knudsen, *University of Southern Denmark*

In this paper we develop a general theory and model of nascent organizational learning; the emergence and formation of collective beliefs. We explicate how collective beliefs emerge as a result of three key social mechanisms: sorting, interacting, and selecting. Through computer simulations we show how these social mechanisms play a critical role in the emergence of collective beliefs and organizational learning. Our theory and model not only explicitly re-links individual beliefs and decisions with organizational learning and decision-making, but, our contribution is also in more fully explicating the enabling and constraining social context within which beliefs need to be actualized via nascent organizations.

Mapping the Field: Knowledge Management in Strategic Alliances – A Review of The Last Two Decades of Empirical Research

Matthias Meier, *Free University Berlin*

Knowledge-related processes and learning in alliances have gained much attention from both practitioners and scholars. However, up to now a systematic literature review structuring this emerging field is lacking. This paper aims at filling this gap, by reviewing the research on knowledge management in strategic alliances from the prior two decades. In doing so, this article provides a novel and unique framework, for mapping the field. Building on an organizational learning perspective, the main dimensions of the framework center on knowledge attributes, partner and partner relationships, environment and knowledge management processes. A more fine-grained subcategorization of these dimensions helps identifying focal points, tensions, blind spots and promising avenues for future research in the field of knowledge management in strategic alliances.



SESSION 1064

EXPLORING DYNAMIC CAPABILITIES

TRACK E	Date	Wednesday, Oct 15
	Time	11:30 – 12:45 h
Common Ground	Room	Salon 25

Facilitator Michael G. Jacobides, *London Business School*

Mapping the Capability Lifecycle: Evolution of Photolithography Capability in the Semiconductor Industry

Catherine Maritan, *Syracuse University*

Michael Leiblein, *Ohio State University*

Much of the work on the resource-based view (RBV) has focused on characteristics of resources and capabilities that can lead to performance differences and competitive advantage, but more recently, attention has turned to the dynamics of the RBV and the evolution of capabilities. In this paper, we examine the evolution of a key technological capability, the use of lithography for the design and manufacture of integrated circuits, in a sample of semiconductor firms. Specifically, we draw on the capability lifecycle framework to analyze factors that determine firms' responses to external technological change and the corresponding internal changes to the trajectories of their capability lifecycles.

Dynamic Capabilities, Market Dynamics, and Development Modes

Wolfgang H Guettel, *University of Hamburg*

Stefan Konlechner, *Vienna University of Economics & Business Administration*

Organizations need heterogeneously shaped dynamic capabilities to perform within differently dynamic markets. Additionally, organizations have to balance contradicting learning modes in order to evolve. As a consequence, dynamic capabilities have to fulfill various functions within firms. In this conceptual paper, we build a theoretical framework to advance the understanding of the nature of dynamic capabilities under various conditions. We show how different market dynamics and learning modes affect the dynamic capabilities' characteristics. Moreover, we distinguish between heterogeneous first-order dynamic capabilities (for innovation and for replication) that point towards contradicting developmental directions. We argue that second-order dynamic capabilities are needed to balance those heterogeneous first-order dynamic capabilities and to facilitate organizational ambidexterity.

Cooperative Dynamic Capabilities: A Knowledge Based View

Saïd Yami, *ERFII/University of Montpellier I*

Laurence Lehmann-Ortega, *GSCM - Groupe Sup de Co Montpellier*

Gerald Naro, *ERFII/University of Montpellier I*

Through the case study of MSI, a French SME involved in the mechanical industry, our objective is to offer a basis for discussion so as to show how pre-existing knowledge turns into specific dynamic capabilities leading to co-competition. In this respect, we consider knowledge to be a critical resource of dynamic capabilities. Thus, we combine both the inter-firm view offered by the co-competition analysis and the dynamic capabilities approach. Drawing from two co-competitive moves of MSI, we offer a definition and retrace the origins of such dynamic co-competitive capabilities. We highlight

the role of knowledge in building this specific dynamic capability, at different levels in the organization (individual as well as organizational).

Dynamic Capabilities: How They Become What They Are

Hermann Frank, *Vienna University of Economics & Business Administration*

Wolfgang H Guettel, *University of Hamburg*

Alexander Kessler, *Vienna University of Economics & Business Administration*

The dynamic capabilities approach addresses the firm's ability to innovate and to reconfigure in order to cope with a dynamic environment. In the paper, we build on the Eisenhardt/Martin (2000)-framework on the causal relationship between market environment and dynamic capabilities. Our quantitative analysis shows a positive correlation between environmental dynamism and the importance of dynamic capabilities. In particular, searching, learning and flexibility increase by a rise of environmental dynamism. However, hostility in the firm's environment has only an impact on searching. Finally, process efficiency is not dependent on dynamism or hostility. Efficiency oriented dynamic capabilities are important both in high-velocity and in moderately dynamic markets.

The Quality Aspect of Dynamic Capabilities: Towards A First Research Framework

Robert Jekel, *University of St Gallen*

Li-Choy Chong, *University of St Gallen*

Despite the increasing importance of dynamic capabilities, there still exists certain confusion about their definition, identification in the real world, and their cause-effect relationship with firm's performance. The quality aspect of dynamic capabilities as an impacting factor for the investigation of dynamic capabilities is usually either neglected or implicitly accepted. Conducting four case studies of German manufacturing subsidiaries in China, we identify the top management decision process as the most impacting dynamic capability. Based on a logical process model of dynamic capabilities, we elaborate characteristics which impact the outcome of this dynamic capability and, therefore, determine its quality. Linking the elements of the logical process model to the firm's corporate governance, we deliver a first framework for the investigation of quality aspects of dynamic capabilities.

The Dynamic Capabilities View: A Survey

Hung-Yao Liu, *University of Amsterdam*

J W Stoelhorst, *University of Amsterdam*

This paper reports on a systematic assessment of the dynamic capabilities literature. We perform two types of analysis. First, we make comparisons across empirical papers that link dynamic capabilities to firm performance. We find that there is little consensus about either the dependent variables or the independent variables in these studies. Second, we compare the state of the empirical research with key conceptual papers on the nature of dynamic capabilities. We discuss the state of dynamic capabilities research and offer suggestions for an approach to studying dynamic capabilities that is more explicitly evolutionary in nature and that takes survival and growth as its dependent variables.

SESSION 1068

SIGNALS AND FIRM REPUTATION

TRACK E	Date	Wednesday, Oct 15
	Time	11:30 – 12:45 h
Paper	Room	TBD

Session Chair Todd Alessandri, *Providence College*

Avoiding Competitors' Strategic Stakes: A Study of the Deterrence Effects of Patent Re-Examination Certificates

PuayKhoon Toh, *University of Minnesota*

Gavin Clarkson, *University of Michigan*

We examine the deterrence effects of signals of competitors' strategic stakes in technological spaces. Using the context of patent re-examinations, we separate the deterrence signals from the confounding effect of revelation of information, and show that these signals within a technological space induce firms to subsequently shift away their inventive efforts from that space. We propose two mechanisms underlying this effect – timing advantage and active defence – and accordingly show that the main effect is accentuated when competitors have strong downstream and litigation capabilities. Through our findings, we highlight that uniqueness of resources may arise not only from hiding resources from competitors, but also from demonstrating it to competitors under some circumstances. Other implications for firm search and RBV are discussed.

Sunk Cost Commitments and Market Intelligence

Hans Eibe Sørensen, *University of Southern Denmark*

This paper extends the recent debate in the strategic management literature on how market orientation shape firm performance. In particular, we link the market intelligence acquisition process to the resource accumulation process. Using data from 320 manufacturing firms, we investigate the direct effects of sunk costs, specialized assets, customer orientation and competitor orientation on firm performance. We also investigate possible moderating and mediating effects of customer orientation and competitor orientation on the relationship between sunk costs and specialized assets and firm performance.

Corporate Reputation Persistence in Firms

Sylvia Flatt, *San Francisco State University*

Stanley Kowalczyk, *San Francisco State University*

Research suggests that firms experience reputation persistence, where a favorable or unfavorable reputation tends to follow the firm into the future. This paper focuses on identifying the conditions that promote reputation persistence and the variables that may help a firm to change its reputation. Based on a sample of 103 firms, where we predict future reputation based on prior reputation over a three year period, we confirm the presence of reputation persistence. However this persistence diminishes over time while the influence of financial performance increases. We also found that the amount of reputation change tends to be less for firms with higher reputations and greater reputation change tended to occur to firms with stronger cultures and higher financial performance.

Knowledge In, Knowledge Out: Environmental Communication and Reputation Advantage

Deborah Philippe, *HEC-Paris*

Rodolphe Durand, *HEC-Paris*

Drawing on neo-institutional and signal theories, we hypothesize that corporate environmental disclosures constitute knowledge signals that have differentiated impacts on firm reputation depending on the nature and visibility of the signal and the firm's past reputation. Data from disclosures of 90 U.S. firms over four years support these hypotheses. Specifically, conform knowledge signals enhance reputation, whereas discrepant ones reduce it, and the presence of prominent conform signals positively moderates the negative impact of discrepant disclosures. Eventually, though prominent conform signals indifferently enhance reputation, the impact of buried conform signals changes direction depending on prior levels of reputation, to the advantage of higher reputation firms.

SESSION 1088

ACQUISITIVE GROWTH STRATEGIES

TRACK F	Date	Wednesday, Oct 15
	Time	11:30 – 12:45 h
Common Ground	Room	Salon 7

Facilitator Jerayr Haleblian, *University of California-Riverside*

Post-Acquisition Integration Timings of Change

Duncan Angwin, *University of Warwick*

Maureen Meadows, *Open University*

Recent research suggests pace of change in post merger integration is an important variable in determining performance outcome. However this generic finding has not been examined in terms of the time and timing of post acquisition change in different post acquisition strategies. This paper employs cluster analysis of change patterns in acquired companies to identify different post acquisition integrations approaches and specifically examines the timing of change across these distinct strategies. Evidence is presented of significant variation in the timing of change by post acquisition strategy. This evidence allows original conceptual links to be drawn with more general organisational change typologies. The variations in the timing and nature of changes observed may have significant implications for the way in which managers consider post-acquisition change programmes and the time horizon(s) for the delivery of benefits.

Operating Performance After M&As of Japanese Firms: An Empirical Analysis Using a Matching-firm Approach

Satoru Hiruta, *Waseda University*

This paper examines operating performance after M&As of Japanese firms between 2000 and 2003. The M&A activity in Japan has boomed since 2000. Although the consequence of this M&A boom is of considerable interest, there are few studies systematically examining post-M&A operating performance of Japanese firms. Using a matching-firm approach to control for pre-M&A performance of acquirers and targets, I find weak evidence of operating performance improvements for the whole sample. The analysis also shows operating performance improvements when

firms acquire targets in the same industry with a different business focus and when high efficiency firms acquire low efficiency targets. The findings suggest that relative performance of acquires and targets and business relatedness between acquires and targets have an interacting effect on post-M&A operating performance.

Measuring Absorptive Capacity: Effects of Pre-merger Internal Knowledge, Alliances, and Minority Investments on Acquisition Performance

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

In this paper, we seek to decompose and measure the effect of different types of absorptive capacity, by examining the context of acquisitions. In such transactions, accumulated absorptive capacity can assist acquirers in the challenging tasks of evaluating and integrating the target organization. We explore these aspects through an empirical investigation of the effects of internal and external, domain-specific and target-specific, pre-merger investments on the financial and time to market performance of acquisitions in the high-technology industries. The findings are expected to enhance our theoretical understanding of learning processes, innovation management, acquisition implementation, and adaptation in changing environments.

Serial Acquirers: Often Talked about in Practice, Seldom Examined in Academic Research

Kimberly Ellis, *Florida Atlantic University*
Phyllis Keys, *Morgan State University*

Serial acquirers account for an increasing percentage of total M&A activity, yet limited academic research examines factors that determinant their post-deal performance. We address this issue by first reviewing business press and existing academic studies to develop what we hope will become a commonly accepted definition of a serial acquirer. Then, we test several propositions. Our results indicate market reaction to the announcement of an acquisition by a serial acquirer generates returns that are significant and positive, but lower than those of non-serial acquirers. Also, preliminary regression analyses reveal that serial acquirers engaging in a higher proportion of related prior acquisitions, allowing more time to lapse between the focal acquisition and the most recent prior acquisition, and acquiring private or subsidiary targets have higher returns.

Why Do Some Acquirers Pay More for Targets?

Jay Kim, *University of Southern California*
Jerayr Haleblian, *University of California-Riverside*
Sydney Finkelstein, *Dartmouth College*

We examine growth patterns of acquirers. Specifically, we test whether firms experiencing low organic growth are more likely to pay higher premiums for their acquired targets. In addition, test whether firms that have depended on acquisitions for growth undermine their ability to grow organically, which results in dysfunctional second order effects of paying higher acquisition premiums. In addition, we hypothesize a firm's own experience, as well as the experience of its advisors, mitigate the influence of low growth and "acquisition dependence" so firms with more access to relevant acquisition experience pay less for targets. Our results show that low growth and acquisition dependence increase acquisition premiums for targets, while acquisition experience lessens these effects, especially when both acquirer and business partners have substantial acquisition experience.

SESSION 1092

DYNAMIC STRATEGIES AND RESOURCES

TRACK F	Date	Wednesday, Oct 15
	Time	11:30 – 12:45 h
Paper	Room	Salon 21

Session Chair Tomi Laamanen, *Helsinki University of Technology*

✿ The Dynamic Diffusion Process of Downsizing in Korea 1997-2006

Sookyong Lee, *Korea University*
Hicheon Kim, *Korea University*

What makes organizations adopt new practice or resist against change? Previous studies on institutionalization or deinstitutionalization reported economic pressures, social pressures, and institutional pressures as drivers to new practice. With 744 listed firms in Korea, we test the effect of economic performance, firm heterogeneity, and population-level adoption on downsizing. In particular, since the interaction between important stakeholders varies according to the context, the role of firm heterogeneity on downsizing is expected to vary across time. Specifically, we will show the different diffusion process of downsizing in the IMF period and in the post-IMF period. Comparison with previous results from other country setting and discussion about the role of stakeholders will be followed.

Revisiting Value Dynamics Between Product Service Activities within Manufacturing Firms

Ivanka Visnjic, *Catholic University Leuven*
Bart Van Looy, *Catholic University Leuven*

Manufacturing firms often diversify into related service activities due to expected leverage effects of existing technological expertise, customer relationships and brand identity. At the same time, based on arguments forwarded by economical theories on multiproduct firms, advantages related to the presence of both products and services within one and the same firm could be conceived as mutual rather than merely unidirectional (from products to services). Within this contribution we examine empirically whether and to what extent the deployment of product and service activities influence each other. When examining product and service sales of 48 national subsidiaries of a large international equipment manufacturing company by means of fixed effect panel data models, the presence of mutually beneficial influences becomes apparent. Moreover, adopting more sophisticated service models generates additional beneficial effects. Managerial implications and implementation as well as directions for further research will be discussed.

Can Dynamic Capabilities Explain Idiosyncrasies In Process Innovation? Comparative Case Insights on the Firm Institutional Level

Michael Horn, *Cambridge University/Harvard University*
Ina Wunderlich, *University of Wuppertal*
Carsten Zimmermann, *University of Cambridge*

We analyze the influence of different incentive systems within corporate governance on the development of dynamic capabilities and the concomitant association with process innovation. Comparative case evidence of 'American' versus 'German' firm level institutions within the pharmaceutical industry suggests that higher-order resource reconfiguration routines are established

idiosyncratically and on different organizational levels. Based on 62 face-to-face interviews we argue that more 'American' firm-level institutions and the 'uncertainty' associated with them drive, rather than hinder, the emergence of simple, loosely coupled, higher-order routines underlying a radical approach to process innovation. Also, we find that within the same industrial setting these routines co-exist with more perception-based, simple decision routines.

Dynamic Diversification Strategies: In Search of an Optimal Organizational Scope

Tommi Laamanen, *Helsinki University of Technology*

Philip Rosenzweig, *IMD*

Petteri Tulikoura, *Helsinki University of Technology*

This paper extends the existing research on the antecedents and consequences of organizational scope setting decisions. We examine why some firms choose focus strategies while others choose to diversify. Furthermore, we investigate the consequences of these decisions. Based on an analysis covering all the over 850 public U.S. biotechnology and pharmaceutical firms and their over 60,000 patent applications from 1980 to 2005, we find that these biopharmaceutical firms have a tendency to gravitate to the mean in their business scopes. This mean reverting tendency of the most focused and the most diversified firms would seem to imply that there is an optimal technological scope that the firms are targeting at. Our finding contributes to an improved understanding of the dynamics of diversification patterns.

SESSION 1084

INTERNATIONALIZATION OF RESEARCH AND DEVELOPMENT (R&D)

TRACK G

Date Wednesday, Oct 15

Time 11:30 – 12:45 h

Paper

Room Salon 23

Session Chair Aya Chacar, *Florida International University*

✿ ★ Technological Capabilities and the Decision to Outsource R&D Services

Andrea Martinez-Noya, *University of Oviedo*

This paper is aimed at making a contribution to the emerging literature acknowledging the role of firm capabilities and contractual hazards in governance choices. We argue that the propensity to outsource R&D services increases with the accumulated technological capabilities as well as with the adoption of an international strategy of local responsiveness. We find support for our hypotheses using survey data from a sample of 182 high-tech firms from the European Union and the US.

Strategies of Research and Development (R&D) Internationalisation

Claudia Fabian, *University of St Gallen*

Research on Research and development (R&D) internationalisation has grown significantly over the past two decades. Nevertheless, some areas of this broad topic are still little explored. One of these areas are R&D internationalisation strategies. Despite the number of typologies of international R&D, a comprehensive categorisation of R&D internationalisation strategies is missing.

Furthermore, despite the fact that R&D internationalisation includes increasingly also emerging markets, academic research is still mainly focussed on Triad region countries. Therefore, this paper will start to approach both gaps by investigating the R&D internationalisation

strategies of multinational companies to emerging markets. Based on the approaches of pharmaceutical multinational companies in India, four R&D internationalisation strategies are derived: Local Product Assistance Strategy, Local Focussed Strategy, Global Specialised Strategy, and Global Integrated Strategy.

Shifts In The Innovation Landscapes In Emerging Economies And Implications For Global R&D Management

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

Rajiv Krishnan Kozhikode, *Hong Kong University of Science & Technology*

The global innovation landscape has been witnessing important shifts over the past two decades. The emerging economies in Asia, which have traditionally served as low cost manufacturing bases for Western multinational corporations, have now started attracting substantial R&D investment from all over the world. The opportunities and potential threats for both MNCs and domestic players in this new innovation landscape are analyzed and discussed. While MNCs might appropriate rents from their existing capabilities and source new ones in emerging economies, they may be threatened by weak intellectual property rights regimes and knowledge spillovers to local firms creating potential competitors. Firms in the emerging economies can learn from and catch up with investing MNCs, but to do so they need to develop their own innovative capabilities and move from imitation to innovation.

Does Excellence in Academic Research Attract Foreign R&D?

Rene Belderbos, *Catholic University Leuven*

Bart Leten, *Catholic University Leuven*

Shinya Suzuki, *Catholic University Leuven*

This paper examines the role of nations' academic research strengths in attracting R&D by foreign multinational firms. We hypothesize that a firm's probability to perform R&D in a host country is positively affected by host countries' academic research strengths, after controlling for a broad set of other host country characteristics expected to attract or discourage inward R&D. We also posit that firms with a stronger science orientation in their R&D activities and an absorptive capacity to utilize scientific knowledge (as indicated by non-patent citations in firms' patent portfolios), respond stronger to host country academic research strengths. We find support for these hypotheses in an analysis of foreign R&D activities, in 40 host countries and 30 technology fields, by 186 high R&D spending European, US and Japanese firms during 1995-2002.

SESSION 1008

THE IMPACT OF CLIMATE CHANGE: LESSONS FROM THE FIELD

TRACK G

Date Wednesday, Oct 15

Time 11:30 – 12:45 h

Panel

Room Saal 14

Session Chair

Francesco De Leo, *Wind Telecomunicazioni S.p.A*

Panelists

Francesco De Leo, *Wind Telecomunicazioni S.p.A*

Mario Citelli, *Beltel Magazine*

Petra Christman, *Rutgers University*

The focus of this panel is about assessing the impact of climate change with respect to how corporations are getting ready to

address a different global environment.

Within the next three to five years CEOs and board members will have to address how to re-organize their companies' operations to thrive in an age of decreasing oil reserves, and increased attention on their industry carbon footprint.

SESSION 1015

KNOWLEDGE INNOVATION: CREATING NEW KNOWLEDGE AND CAPABILITIES

TRACK I	Date	Wednesday, Oct 15
	Time	11:30 – 12:45 h
Paper	Room	Salon 16

Session Chair Amit Jain, *INSEAD*

What I Know versus Whom I Know. Content and Connectivity in Organizational Memory Systems and their Role in Knowledge Creation

Amit Jain, *INSEAD*

I investigate the proposition that the creation of knowledge and innovations is a function not only of social structure, but also of knowledge stocks residing in different repertoires within an organization's memory. I propose that the creation of knowledge and innovations in existing areas of activity is facilitated by stocks of knowledge in the concerned domains, and by the centrality of the collaborating group. The interconnectedness of knowledge stocks, however, facilitates the creation of new combinations of knowledge, as do connections to non-connected actors with relevant stocks. Thus, the role of knowledge stocks and connectivity, and the interdependence of the two, differs in the case of path dependent, and path creating knowledge creation efforts. In the two cases, what we know, and whom we know, both influence the creation of knowledge and innovations.

Training, Knowledge Dissemination and Innovation: Evidence from Germany

Manuela Thiele, *European Business School-EBS*

Ansgar Richter, *European Business School-EBS*

According to the knowledge-based view (KBV) of the firm, a company's competitive position rests on its ability to integrate, disseminate and combine knowledge from external and internal sources in order to generate unique, inimitable assets. In this paper, we investigate whether training helps companies to develop and distribute knowledge and thereby fosters innovation. Using a large panel data set from Germany, we analyze the effects of both training variety and training methods on innovation. We find a highly significant effect of training variety. The effects of particular training methods depend on firm size and sector affiliation. In line with the KBV, we conclude that training helps increase the stock of knowledge in a company which acts as an important internal resource in innovation.

✿ Categorization and Memory: The Evolvability to New Prototypical Configurations of Knowledge

Amit Jain, *INSEAD*

Bruce Kogut, *INSEAD*

What mechanisms enable agents to break the bonds of history and come up with new prototypical combinations of knowledge and innovation? A prevailing evolutionary view of adaptation is that the process of knowledge creation and innovative discovery proceeds incrementally by small steps that either improve or

worsen fit to the environment. Studies in this line of research often show search to be prone to competency traps from which the searching agent is unable to exit. We posit that it is not always feasible to categorize search choices as performance enhancing, or performance decreasing, in particular when choices are similar, or when evaluation is difficult. This leads to neutrality, or indifference between choices. We show that neutrality extends search and leads to the discovery of new prototypical categories of knowledge, and radical innovations.

R&D Productivity and Decision-Making Approaches: Comparing Small versus Large Organizations

Ester Martínez-Ros, *University of Carlos III-Madrid*

Jose Lejarraga, *University of Carlos III-Madrid*

This study explores how small firms approach R&D decisions and how different decision-styles affect R&D productivity. In particular, it addresses how small firms differ from large, complex organizations in their reliance on analytical information tools for decision-making during the introduction of product innovations. The study uses dual-process theory to compare two well-defined styles of making strategic decisions: the analytical and the intuitive style. Hypotheses are derived from the framework and are tested using a sample of Spanish firms for the period 1995 to 2002. Findings suggest that small firms are less analytically oriented than large ones, and firms basing their decisions on analytical information have a lower R&D productivity than those disregarding this type of information.

SESSION 1020

WHEN DOES GEOGRAPHIC PROXIMITY PAY?

TRACK I	Date	Wednesday, Oct 15
	Time	11:30 – 12:45 h
Paper	Room	Salon 5

Session Chair Donald E Hatfield, *Virginia Tech*

Building on Local Knowledge? Cluster Research Publications, Innovation, and Cluster Growth

Donald E Hatfield, *Virginia Tech*

Fiona Xiaoying Ji, *Virginia Tech*

William Lamb, *Ohio University*

Linda Tegarden, *Virginia Tech*

Geographic clustering is a phenomenon widely accepted as affecting the economic success of firms, industries, and regions. In recent years, clustering has also been studied as an important factor in the development of emerging technologies. This paper presents a longitudinal test of a series of research questions related to clustering in the U.S. fiber optics industry from 1976-1994. Specifically, we investigate the effect of a cluster's research intensity on its innovativeness and its growth rate. Preliminary results show support for all three hypothesized relationships: Clusters with more publications grew more; clusters with more publications generated more innovative products; clusters generating more innovative products grew more. Results indicate that the "innovative products" variable does not mediate the relationship between publications and cluster growth.

All That Glitters is Not Gold: The Impact of Network and Cluster Technological Resources on the Breakthrough Innovations

Manish Srivastava, *MichiganTech*
Devi Gnyawali, *Virginia Tech*

We investigate whether clusters and networks impact differently a firm's ability to generate technological innovations in a longitudinal study of US based semiconductor firms. We further examine whether resource profiles of firms explains their differential ability to benefit from the network and cluster technological resources. The preliminary results suggest that network technological resources positively impact the likelihood of generating breakthrough innovations. However the impact of cluster technological resources is negative. We further find that the resource-rich benefit more from their network technological resources while resource-deficient firms are at a greater disadvantage from the increasing cluster technological resources.

Disruptive Technologies in an Emerging Industry: An Analysis of the Geographic Origins

Brett Anitra Gilbert, *Texas A&M University*
Joanna Tochman Campbell, *Texas A&M University*

The U.S. automotive industry is under legislative mandate to reduce dependence on fossil fuels and lessen its impact on the natural environment. The legislation stimulated a search for viable alternatives to fossil fuel sources, but interestingly, from a geographically clustered industry, which extant theory suggests may have difficulties producing such technologies. This research investigates the geographic origins of the radical break out alternative to fossil fuel sources, fuel cell technology. It combines qualitative and quantitative analyses of regions with emerging reputations for producing this important technology, and makes a unique contribution to the literature by focusing on "where" disruptive technologies emerge, and the general, social, intellectual, industry and regulatory characteristics of the regions that produce them.

Ungluing Sticky Knowledge: The Dynamics of Knowledge Based Competitive Advantage

Mark Jenkins, *Cranfield University*

This study considers the shifts in technological knowledge and performance in the specialist context of F1 motor racing over a 56 year period. We conclude that knowledge based sources of competitive advantage emerge within a component area of knowledge which are regionally constrained or 'sticky'. Over time these evolve into a more systemic knowledge which is less bounded. We also observe as the knowledge becomes more systemic the sources of advantage become based on multiple incremental innovations rather than single radical ones. This shift is created by sources of competitive advantage moving between firms, regions and time periods. We can also discern these shifts create greater levels of complexity and integration requiring increasingly complex organisational forms to develop the resources needed for competitive advantage.

SESSION 1115

IDENTIFYING STRATEGIZING IN PRACTICE

TRACK J	Date	Wednesday, Oct 15
	Time	11:30 – 12:45 h
Common Ground	Room	Salon 6

Facilitator Leif Melin, *Jönköping University*

Proposing an Instrument for Locating Actors that Make Strategy

Barbara Kruse, *Berlin University of the Arts*

Strategy research in practice encounters the problem of identifying strategy actors as conversation partners. We propose an instrument to locate these actors in the organization based on social network analysis and qualitative interviewing. First steps in conducting empirical research are promising, but more work needs to be done.

Consultants are Strategists Too You Know: How Consultants' Knowledge Co-constructs Strategy

Alex Wright, *Open University*

This paper answers the call to widen our conceptualization of who strategists are. A narrative analysis is conducted that positions consultants, as strategists, at the centre of inquiry. The research is a longitudinal case study of strategy consultants working with a client to accomplish a strategy-making process. Three contributions are claimed. First, an analysis of strategists coping with both macro and micro pressures as they endeavour to meet a looming deadline is presented. Second, the consultants' role is shown to be multi-layered and involve far more than traditional notions of strategy consulting. And third, the data drawn from the study suggests a framing of the 'consultant as strategist' as a subjective, and highly political, co-constructor of knowledge to be appropriate.

Strategic Meaning-Making in Practice: Insights from Managers in FTSE-100 Firms

Sotirios Paroutis, *University of Warwick*
Loizos Heracleous, *University of Warwick*

How do meanings of strategy, as found at a fundamental level in the beliefs of individual strategists, influence the participation of those managers in the strategy process? In the strategy literature there is scarce research that investigates how 'strategy' is conceived in practice by those actors engaged in strategizing processes. In this paper, using insights from 82 interviews with managers in FTSE-100 firms, we seek to firstly explore the key dimensions of meanings of strategy in practice; and secondly explore how this understanding could in turn inform scholarly understanding of the strategy process. We show that strategy meaning-making is characterized by certain institutionalized central themes and understandings that are both constraining as well as enabling the broader strategy making processes.

Self-Efficacy in Management Skills: Is There Too Much of a Good Thing?

Holger Luedeke, *Touro College-Berlin*

Hanjo Allinger, *European University for Applied Science-EUFH*

Based on long-term career records of a sample of former management graduates from a German University, we explore the results of high self-efficacy in management skills. We find that extraordinary high values of self-assessed management proficiency cannot be related to the negative consequences of overconfidence. The picture does not change when self-confidence is linked to the

quality of the tacit and explicit knowledge acquired during the career. The permanent beneficial effect of extremely high self-confidence is consistent with findings in the psychological literature, but requires additional field research in management contexts.

What Is Multi-Voiced Strategy? Introducing a Methodological Tool for Discursive Strategy Analysis

Hanna Lehtimäki, *Life Works Consulting Ltd*
Johanna Kujala, *University of Tampere*

This paper adopts the idea of strategy as a discursive space, introduces a method for discursive strategy analysis, and shows how the method can be used in analysing strategising in different contexts. Studying strategy as a discourse is appropriate when the attempt is to understand strategy formulation in the current multi-voiced business environment where different stakeholders present their demands and expectations to the focal company. We contribute to the strategy as practice literature by showing that studying strategy as discourse can explicate the taken-for-granted strategy making practices. Understanding multi-voiced strategising is important as it can open up opportunities for new ideas and innovations in organisations. It can also mean a new way to communicate even with those stakeholders who have conflicting needs, demands or interests.

Cognitive Strategy Frameworks Among UK Business Leaders: How Knowledge Domains Matter

David Stiles, *Cardiff University*
Denise Jarratt, *Charles Sturt University*

There are a variety of cognitive frameworks guiding strategic management; but few have attempted to surface those knowledge-related frameworks most salient to business. We argue cognitive frameworks are composed of both literal and imaginative knowledge: the former helps to build models of the world, the latter metaphors. Both help influence the discourse and behavior of strategic leaders and constitute what we describe as knowledge domains. After exploring the knowledge domains predicted by the literature, we determine those most evident in the discourse of some of the UK's most influential corporate leaders. We present in-depth interview data from 2002-7 with 30 British CEOs and Chairs regarded by their peers as demonstrating best practice in strategy.

SESSION 1099

ENTREPRENEURSHIP THEORY: EMERGING VIEWS

TRACK K	Date	Wednesday, Oct 15
	Time	11:30 – 12:45 h
Common Ground	Room	Salon 19
Facilitator	Giovanni Battista Dagnino, <i>University of Catania</i>	

Entrepreneurial Actions versus Institutions: Market Discourse and the Market Process

R. Scott Livengood, *University of Maryland*

Entrepreneurial actions, such as new product introductions, new market entry, etc., infuse new information and drive the market process by moving the market either toward or away from existing institutional conditions. Actions that disrupt institutions cause socio-cognitive conflict for market participants, who engage in discourse as expressions of opinion and sensemaking activities to reduce this conflict and eventually either accept or reject the new action, which

is essentially the market process. However, little is known regarding the impact of entrepreneurial actions and the process of how market discourse moves the market. Using Social Information Processing Theory, I explore how discourse among market participants moves the market, which has implications for industry evolution, competitive dynamics, firm strategy, and performance.

Entrepreneurship as a Subject, Object and Process of Action

Ioannis Katsikis, *Athens University of Economics & Business*
Lida P Kyrgidou, *Athens University of Economics and Business*

Several forms of entrepreneurship have developed, beyond the traditional business oriented, referring to strategic, social, environmental, entrepreneurship, etc. Each notion pertains to a particular subject, objective or process as defined by its distinctive determining character. In this paper we map and categorize the different approaches that compose the corpus of entrepreneurship research in three categories, based on whether they view entrepreneurship as a subject (institutional, public entrepreneurship, intrapreneurship), objective (strategic, responsible, distributed entrepreneurship) or process (environmental-ecological, social, sustainable, philanthropic entrepreneurship). Our analysis provides a comprehensive overview in terms of definitions, targets and contributors of the respective fields. This unveils the core of entrepreneurship, guiding future research and addressing modern business issues.

The Organizational Ambiente and the Very Nature of the Firm: Connecting Entrepreneurship and Competence Research

Joerg R. Freiling, *University of Bremen*
Martin Gersch, *Free University Berlin*
Christian Goeke, *Free University Berlin*

Why do firms exist and why do entrepreneurs need firms? The typical reasoning of e.g. the New Institutional Economics is that firms are indispensable institutional designs in order to overcome the problems of uncertainty in connection with opportunistic behavior. The reasoning of this paper goes beyond the opportunism argument. We argue that firms are not only a response to unfortunate developments in the context of uncertainty but represent at the same time a fertile background for any kind of resource and competence building as well as superior knowledge generation and transfer. It is argued that firms are equipped with a so-called 'organizational ambiente' which facilitates coordination and motivation in firms. This ambiente is introduced against the background of the competence-based theory of the firm.

Opportunities, Knowledge, and Organization

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

Three types of opportunities have been identified in the literature, recognition, discovery, and creation. While all these opportunities can be exploited to generate economic profits, they vary along several important dimensions (Alvarez and Barney, 2007; Miller, 2007). One of the most important of these dimensions is the kind and amount of knowledge that entrepreneurs have about these opportunities before they exploit them. The differences in the assembly and coordination of knowledge resources, lead to heterogeneous organizations.

The Nature of Talent

Ilgaz Arikan, *Georgia State University*
David Croson, *Southern Methodist University*

In an exchange where resources and capabilities are embedded on an individual in the form of talent and know-how, one would expect the talent holder to extract all economic rents that accrue to such factors of production after the costs of creating value is extracted. If the talent holder for some reason gives up the right to residual claims of the productive capabilities of such owned resources and capabilities this posits the coordination problem. We have modeled and empirically tested this exchange. First we demonstrate the decision criteria and inflection points when a talent holder decides to quit and start a company. We contrast such decisions in actual practice. Contrary to "overconfidence" arguments, we find the decision to become an entrepreneur rests on other considerations.

SESSION 1081

VENTURE CAPITAL INVESTMENT: WORTH THE PRICE?

TRACK K	Date	Wednesday, Oct 15
	Time	11:30 – 12:45 h
Paper	Room	Salon 4

Session Chair Daniel Forbes, *University of Minnesota*

Smart Money? The Impact of Investor Mix on the Performance of New Ventures

Elisa Alvarez-Garrido, *University of Pennsylvania*

Research has documented a wide variation in investor mix across firms, countries and industries. In this paper I ask whether investor mix affects firm's performance. Both a relational view of the firm and the resource-dependence theory predict that those ventures that partner with investors with valuable resources will have a higher likelihood of experiencing a liquidity event. I test the hypotheses using a sample of 689 biotechnology firms from outside the U.S. founded between 1990 and 2004. I find that the greater the prior successful experience of the investors, the greater the likelihood of a liquidity event. I also find that the presence of a U.S. venture-capital firm in the syndicate increases the likelihood that the venture goes public when financial markets are less developed.

Competition for Venture Capital Attention: Fast Opportunity Selection under Conditions of Uncertainty

Azi Gera, *University of Maryland*
Brent Goldfarb, *University of Maryland*
David Kirsch, *University of Maryland*

We apply the attention-based view of the firm to the problem of fast decision making under conditions of uncertainty. Firms use comprehensive decision-making processes to reduce the risk embedded in decision making under conditions of uncertainty. However, in dynamic settings firms use fast decision-making. We theorize that under uncertainty in dynamic environments, firms base their decisions on salient signals of legitimacy rather than on in-depth analysis of information. We use the selection stage in the Venture Capital funding process to test our theory. Our findings show that social referrals serve as strong legitimizing signals. Previous research has shown that legitimizing signals affect the outcome of decision-making processes. We contribute to our understanding of decision-making processes by suggesting when such signals are beneficial and why.

How Much Do Venture Capital Firms Matter For the Post-Investment Fates of Start-up Firms

Markus Fitza, *University of Colorado-Boulder*

Adding to the corporate effect literature, we study the effect of owners on firm performance in a new context, that of venture capital (VC) firms and the start-up firms in which they invest. In so doing, we hope to add to the literature that contextualizes ownership effects. This study makes two contributions. First we analyze the effect of different VCs on the post-VC-investment fates of start-up firms. How much does a particular VC's involvement affect whether its portfolio companies are successfully sold (either on the IPO market or with a private acquisition) versus declare bankruptcy? Second, we extend the methodology that is frequently used in corporate effect literature by applying a variance decomposition approach to an ordinal regression.

Behavioral Antecedents of CEO Turnover in Venture Boards

M. Audrey Korsgaard, *University of South Carolina*
Harry Sapienza, *University of Minnesota*
Daniel Forbes, *University of Minnesota*

Most past work on the antecedents of CEO turnover has emphasized the importance of economic and socio-political considerations. Considerably less attention has been paid to the processes by which boards of directors interact. In this study, we focus on the interaction processes that unfold within the boards of venture capital-backed firms. In particular, we focus on two key dimensions of board interaction: the extent to which the board is involved in monitoring the CEO and the extent to which the board provides advice and counsel to the CEO, and we develop hypotheses about the effects of these behaviors on CEO turnover. We plan to test these hypotheses on a sample of 166 venture capital-backed firms.

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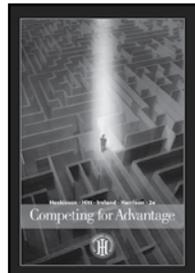
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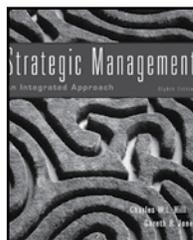
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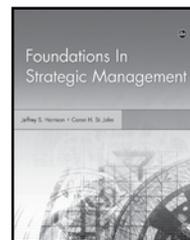
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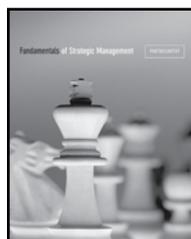
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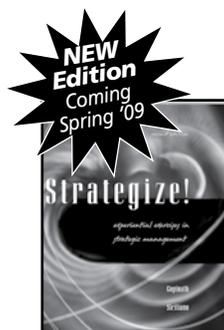
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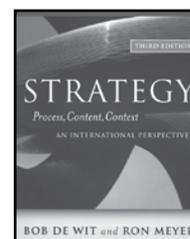
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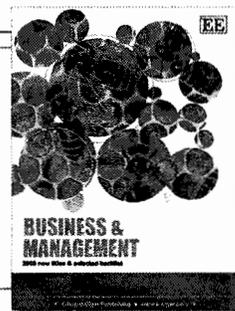
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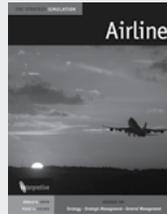
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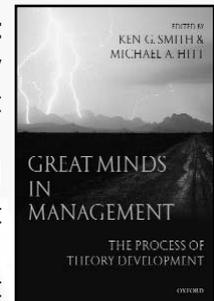
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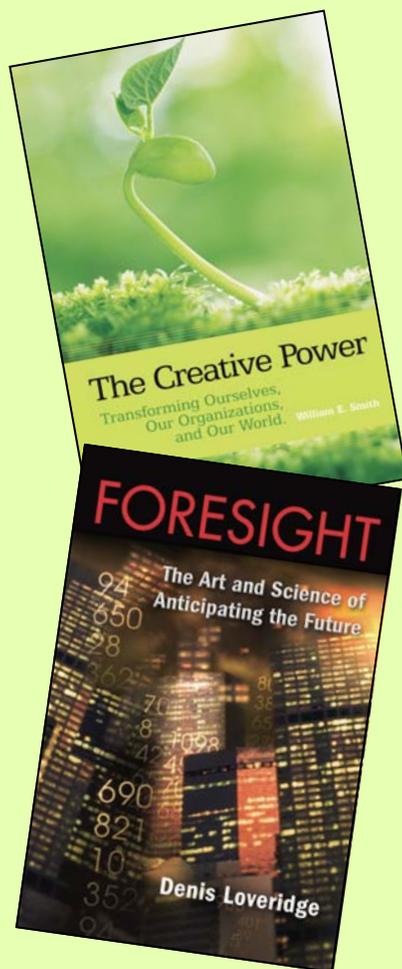
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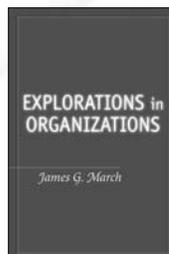
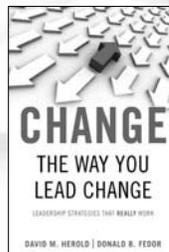
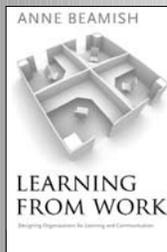
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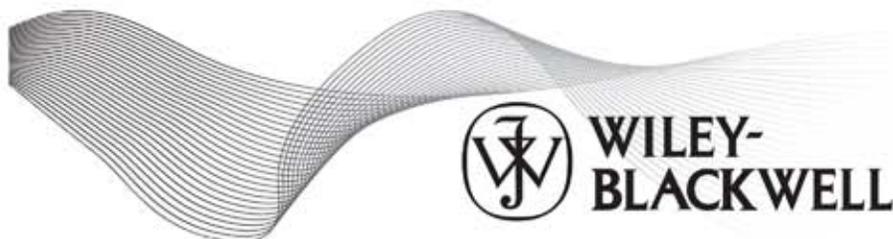
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