



**POLITECNICO**  
MILANO 1863  
SCHOOL OF MANAGEMENT

**EIBA** | European  
International  
Business  
Academy



# EIBA MILAN 2017

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Proceedings of the 43<sup>rd</sup> Annual Conference of the European  
International Business Academy

## INTERNATIONAL BUSINESS IN THE INFORMATION AGE

14<sup>th</sup> - 16<sup>th</sup> December 2017 • Milan, Italy





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**EIBA**

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**INTERNATIONAL BUSINESS IN THE INFORMATION AGE**

December 14 - 16, 2017 • Milano, Italy

**Editors**

Lucia Piscitello, Stefano Elia

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# EIBA 2017 PROGRAM ACKNOWLEDGEMENTS

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- > Peter BUCKLEY
- > John CANTWELL {Dean of EIBA Fellows}
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- > Juan DURAN
- > Mats FORSGREN
- > Pervez GHURI
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- > Francesca SANNA-RANDACCIO
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- > Vítor Corado SIMÕES
- > Örjan SÖLVELL
- > Marjan SVETLIČIČ
- > Ana TAVARES-LEHMANN
- > Danny VAN DEN BULCKE (†)

# PROGRAM COMMITTEE AND CONFERENCE TRACKS

## Program Chair

LUCIA PISCITELLO, *EIBA 2017 Program Chair*

## Organizing Committee

STEFANO ELIA, Head of the Organizing Committee

LAURA CATELLANI, SIMONA STREPPAROLA, MIRJA CALGARO, MARTA RE FERRÈ, CATERINA SERLENGA, SERGIO OLIVERI, FRANCESCA PASTONCHI, MARTINA SANI.

GIORGIA CARRESI, STEFANO COMUNIAN, RICCARDO MARZANO, BORIS MRKAJIC

## Conference Tracks and Chairs

1. **Internationalisation in the Information Age**, Keith Brouters and Bent Petersen
2. **Knowledge Management and Innovation**, Isabel Alvarez and Grazia Santangelo
3. **Geography and International Business**, Ram Mudambi and Simona Iammarino
4. **MNEs and Sustainable Development**, Elisa Giuliani and Jonathan Doh
5. **MNEs, Institutions and Policy**, Ana Teresa Tavares-Lehmann and Sarianna Lundan
6. **MNE Subsidiary Strategy, and Inter-Firm and Intra-Firm Business Networks**, Ulf Andersson
7. **MNE Organization and Strategy**, Torben Pedersen
8. **International Finance, Accounting and Corporate Governance**, Igor Filatotchev and Jakob Müllner
9. **International HRM and Cross Cultural Issues**, Dana Minbaeva
10. **International Marketing**, Jorma Larimo
11. **SMEs and International Entrepreneurship**, Niina Nummela and Ivo Zander
12. **Emerging Markets**, Ilan Alon and Filip De Beule
13. **Novel ways of teaching and doing research**, Jens Gammelgaard and Rob van Tulder
14. **International Business and Omnichannel Strategies (SIMA - Società Italiana di Management)**, Charles Hofacker and Michela Matarazzo

## PROGRAM OVERVIEW

| <b>THURSDAY, DECEMBER 14<sup>th</sup>, 2017</b> |   |
|---|---|
| 8:30 am<br>10:30 am                             | <b>31<sup>st</sup> John H. Dunning Doctoral Tutorial</b> • Room 1.45 (Building BL26)  |
| 9:00 am<br>10:30 am                             | <b>IBR Paper Development Workshop</b> • Rooms: 3.15 & 3.23 (Building BL26)<br><b>JIBS Paper Development Workshop</b> • Sala Consiglio (Building BL26)<br><b>JIBP Paper Development Workshop</b> • Rooms: 2.15 & 2.23 (Building BL26)<br><b>3<sup>rd</sup> ECN Paper Development Workshop</b> • Room 0.1 (Building BL26)   |
| 10:30 am<br>11:00 am                            | <b>Coffee Break</b> • Spazio Polifunzionale (Ground floor - Building BL26)  |
| 11:00 am<br>12:30 pm                            | <b>31<sup>st</sup> John H. Dunning Doctoral Tutorial</b> • Room 1.45 (Building BL26)<br><b>IBR Paper Development Workshop</b> • Rooms: 3.15 & 3.23 (Building BL26)<br><b>JIBS Paper Development Workshop</b> • Sala Consiglio (Building BL26)<br><b>JIBP Paper Development Workshop</b> • Rooms: 2.15 & 2.23 (Building BL26)<br><b>3<sup>rd</sup> ECN Paper Development Workshop</b> • Room 0.1 (Building BL26) |
| 12:30 pm<br>1:30 pm                             | <b>Light Lunch</b> • Spazio Polifunzionale (Ground floor - Building BL26)   |
| 1:30 pm<br>3:00 pm                              | <b>31<sup>st</sup> John H. Dunning Doctoral Tutorial</b> • Room 1.45 (Building BL26)<br><b>6<sup>th</sup> Danny Van Den Bulcke Doctoral Symposium</b> • Room 0.2 (Building BL26)<br><b>EIBA Board Meeting</b> • Sala Consiglio (Building BL26)  |
| 3:00 pm<br>3:30 pm                              | <b>Coffee Break</b> • Spazio Polifunzionale (Ground floor - Building BL26)  |
| 3:30 pm<br>5:00 pm                              | <b>31<sup>st</sup> John H. Dunning Doctoral Tutorial</b> • Room 1.45 (Building BL26)<br><b>6<sup>th</sup> Danny Van Den Bulcke Doctoral Symposium</b> • Rooms 0.2 & 1.20 & 1.30 (Building BL26)<br><b>EIBA Board Meeting</b> • Sala Consiglio (Building BL26)   |
| 5:45 pm<br>6:30 pm                              | <b>New Member Meet &amp; Greet</b> • Palazzo Castiglioni (Corso Venezia 47, MM Palestro)  |
| 6:30 pm<br>8:30 pm                              | <b>Opening Plenary Session</b> • Palazzo Castiglioni (Corso Venezia 47, MM Palestro)  |
| 8:30 pm<br>10:30 pm                             | <b>Welcome Reception</b> • Palazzo Castiglioni (Corso Venezia 47, MM Palestro)  |

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# EXHIBITORS

The following exhibitors participate in EIBA 2017:



Represented by  
**Alex Cook**



Represented by  
**Samantha Brown**



Represented by  
**Wendy Alderton**



Represented by  
**Tori Whiting**



Represented by  
**Madeleine Holder**



Represented by  
**Mandy Mc Cartney**



Represented by  
**Maria Cristina Acocella**



Represented by  
**Elizabeth Thorne**

# Thursday, December 14<sup>th</sup>, 2017

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8:30 am - 10:30 am > 31<sup>st</sup> John H. Dunning Doctoral Tutorial • Room 1.45 (Building BL26)

9:00 am - 10:30 am

- > IBR Paper Development Workshop  
Rooms 3.15 & 3.23 (Building BL26)
- > JIBS Paper Development Workshop  
Sala Consiglio (Building BL26)
- > JIBP Paper Development Workshop  
Rooms: 2.15 & 2.23 (Building BL26)
- > 3<sup>rd</sup> ECN Paper Development Workshop  
Room 0.1 (Building BL26)

10:30 am - 11:00 am

**Coffee Break • Spazio Polifunzionale (Ground floor - Building BL26)**

11:00 am - 12:30 pm

- > 31<sup>st</sup> John H. Dunning Doctoral Tutorial • Room 1.45 (Building BL26)
- > IBR Paper Development Workshop  
Rooms 3.15 & 3.23 (Building BL26)
- > JIBS Paper Development Workshop  
Sala Consiglio (Building BL26)
- > JIBP Paper Development Workshop  
Rooms 2.15 & 2.23 (Building BL26)
- > 3<sup>rd</sup> ECN Paper Development Workshop  
Room 0.1 (Building BL26)

12:30 pm - 1:30 pm

**Light Lunch • Spazio Polifunzionale (Ground floor - Building BL26)**

1:30 pm - 3:00 pm

- > 31<sup>st</sup> John H. Dunning Doctoral Tutorial • Room 1.45 (Building BL26)
- > 6<sup>th</sup> Danny Van Den Bulcke Doctoral Symposium  
Rooms 0.2 & 1.20 & 1.30 (Building BL26)
- > EIBA Board Meeting • Sala Consiglio (Building BL26)

3:00 pm - 3:30 pm

**Coffee Break • Spazio Polifunzionale (Ground floor - Building BL26)**

3:30 pm - 5:00 pm

- > 31<sup>st</sup> John H. Dunning Doctoral Tutorial • Room 1.45 (Building BL26)
- > 6<sup>th</sup> Danny Van Den Bulcke Doctoral Symposium  
Rooms 0.2 & 1.20 & 1.30 (Building BL26)
- > EIBA Board Meeting • Sala Consiglio (Building BL26)

5:45 pm - 6:30 pm

**New Member Meet & Greet • Palazzo Castiglioni**  
(Corso Venezia 47, MM Palestro)

6:30 pm - 8:30 pm

**Opening Plenary Session • Palazzo Castiglioni**  
(Corso Venezia 47, MM Palestro)

8:30 pm - 10:30 pm

**Welcome Reception • Palazzo Castiglioni**  
(Corso Venezia 47, MM Palestro)

# DETAILED PROGRAM Thursday, December 14<sup>th</sup>

Thursday, December 14<sup>th</sup>, 2017

8:30 am - 5:00 pm

## 31<sup>st</sup> John H. Dunning Doctoral Tutorial

Room: 1.45 - Building BL26

### Co-chairs:

Gabriel R.G. Benito (BI Norwegian Business School)

Jean-Francois Hennart (Tilburg University & Politecnico di Milano)

### Faculty:

Timothy Devinney (Leeds University Business School, University of Leeds, UK)

Lars Håkanson (Copenhagen Business School, Denmark)

Elizabeth Rose (Leeds University Business School, University of Leeds, UK)

### Accepted students:

- > Adzhemova Anelyia, Vienna University of Business and Economics,  
*The wide-ranging strategic reactions to country risk changes: A case study based on Austrian subsidiaries in the Russian Federation*
- > Gorgijevski Alexander, Uppsala University  
*A power analysis on selection processes of R&D subsidiary initiatives in MNCs*
- > Hakkarainen Tuuli, Aalto University School of Business  
*Expertise in MNCs: Sharing expertise across geographical and cognitive boundaries*
- > Harikkala-Laihinen Riikka, School of Economics at the University of Turku  
*Beyond the checklist: Employee emotions and quality of interaction during cross-border M&A integration*
- > Klein Florian, WU Vienna, Global Trade  
*Institutional dynamism in international business - Conceptualization, measurement and firm strategies*
- > Puro Seppo, Aalto University, Department of Management  
*Towards a unique strategy design in the context of global innovation allying - The case of the aviation industry*
- > Riedler Christoph, WU Vienna, Export Management  
*Risk and financial strategies in infrastructure investments*
- > Sniazhko Sniazhana (Ana), University of Vaasa  
*Opening up the black box of integration managers in IM&As*
- > Tuomisalo Teemu, Jyväskylä University School of Business and Economics  
*Process of opportunity development among Finnish high-technology international new venture*
- > Wang Yihan, HEC Montréal, Department of International Business  
*Three essays on inter-organizational production networks in an emerging economy: Analysis on China's aerospace industry*

Thursday, December 14<sup>th</sup>, 2017

1:30 pm - 5:00 pm

**6<sup>th</sup> Danny Van Den Bulcke Doctoral Symposium**

Room: 02 - Building BL26 • Additional rooms: 1.20 & 1.30

**Co-chairs:**

Igor Kalinic (Leeds University Business School), Rebecca Piekkari (Aalto University)  
& Elizabeth Yi Wang (Leeds University Business School)

**Accepted students:**

- > Aman Raushan, University of International Business, Social and Economics Sciences, Kazakhstan  
*Female entrepreneurship: perspective of motivational synergy*
- > Asemokha Agnes, Lappeenranta University of Technology, School of Business and Management  
*Understanding modifications in business models: international entrepreneurship perspective*
- > Basker Inger, NHH Norwegian School of Economics, Strategy and Management  
*Knowledge sharing in global professional service firms*
- > Chai Fei, Saint-Petersburg State University, Graduate School of Management  
*Outward foreign direct investment in emerging market firms and the digital economy*
- > Elahi Naveed, King's College London, King's Business School  
*Impact of terrorism on MNCs in emerging markets*
- > Ermolaeva Lyubov, St. Petersburg State University, Graduate School of Management  
*Bargaining for the control: International M&As' negotiation stage examination in the context of emerging markets*
- > Fey Natalia, Hanken School of Economics, Management and Organization, Finland  
*Best practice study on global leadership development in MNCs in different cultural contexts*
- > Grego Marica, Leeds University Business School  
*Cognitive and motivational factors affecting the managerial intention to engage the firm in export activities: An analysis of British small and medium sized firms*
- > Kirkebaek Johansson Gosovic Anna, Copenhagen Business School  
*Business Ethics within a multinational pharmaceutical corporation*
- > Klishevich Daria, Graduate School of Management St. Petersburg State University  
*Strategies and motives of internationalization of state-owned enterprises in Russia*
- > Korhonen Satu, Jyväskylä University, School of Business and Economics  
*Constructing the international entrepreneurship identity through narratives*
- > Kure Tekalign, Addis Ababa University, Public Administration and Development Management, Ethiopia  
*Strategic human resource management*
- > Laczi Renata, University of Pavia, Department of Economics and Management  
*FDI and location choices of the emerging market multinationals*
- > Laine Markus Olavi, Turku School of Economics  
*Understanding sub-national location decisions of multinational enterprises*
- > Langosch Magdalena, Loughborough University, Glendonbrook Institute for Enterprise Development  
*Cross-border M&As and sub-national cultures: Is staying home really staying home? A new perspective on the concept of the liability of foreignness and cultural distance*

- > Masili Giorgia, University of Urbino, Department of Economics, Society and Politics  
*Born global start-ups and business ecosystems*
- > Matheja Valerie Sara Josefine Beate, University of Leeds, CIBUL  
*The influence of patent litigation strategies on performance*
- > Metallinou Lida, Birkbeck College, University of London  
*Chinese cross-border M&As and the dynamic comparative advantage of China*
- > Mortazavi Sina, Lappeenranta University of Technology, Industrial Engineering and Management  
*Attaining inclusive innovation through public-private partnership at the base of the pyramid*
- > Musona Jackson, Lappeenranta University of Technology, Business and Management  
*Business models for commercializing frugal innovations at base of pyramid African markets*
- > Myllymaki Dina, University of Vaasa, Department of Management  
*The influence of the digitalization on the role of HR function*
- > Norregaard Larsen Nathalie, University of Southern Denmark, Department of Marketing & Management  
*Sustainable entrepreneurship behavior in emerging markets*
- > Oliveira Renan, COPPEAD - UFRJ, International Business, Brazil  
*The network structure of the O&G cluster in Rio de Janeiro and its stage of internationalization*
- > Olusina Daniel Goriola, Loughborough University, Glendonbrook Institute for Enterprise Development, UK  
*How do MNEs overcome the liability of foreignness in Sub-Saharan Africa? A research agenda*
- > Pehrsson Tobias, University of Gothenburg, Department of Business and Administration  
*Types of strategic orientation and international performance: Direct effects and institutional moderation*
- > Schmitt Jan, WU Vienna  
*The phenomenon of contemporary MNC headquarters on the move*
- > Selivanovskikh Louisa, Saint Petersburg State University, Graduate School of Management  
*Exploring the new role of talent management in emerging markets:  
A multilevel framework for addressing brain drain*
- > Shibahara Tomonori, University of Tsukuba, Japan  
*Rapid internationalization of small and medium enterprises (SMEs) and external experts' support: Advanced case of rapid internationalization of Japanese SMEs*
- > Trubicki Kamilla, FH Upper Austria/JKU Linz  
*Global talent management of a region*
- > Wang Lijie, Lancaster University  
*The localization strategies of Chinese MNEs: M&A entry vs. greenfield investment*

Thursday, December 14<sup>th</sup>, 2017

9:00 am - 12:30 am

**Journal of International Business Studies - PDW**

Room: Sala Consiglio - Building BL26

**Co-organizers:**

José Pla-Barber (University of Valencia) & Rebecca Reuber (University of Toronto)

**Discussants:**

- > Ulf Andersson, Mälardalen University
- > Elisa Giuliani, University of Pisa
- > Birgitte Grøgaard, BI Norwegian Business School
- > Philip Kappaen, Uppsala University
- > Randi Lunnan, BI Norwegian Business School
- > Marjorie Lyles, Indiana University
- > Dana Minbaeva, Copenhagen Business School
- > Sinead Monaghan, Rutgers Business School
- > Bo Nielsen, University of Sydney
- > Niina Nummela, University of Turku
- > Rebecca Piekkari, Aalto University
- > Grazia Santangelo, University of Catania
- > Arjen Slangen, KU Leuven
- > Esther Tippmann, University College Dublin
- > Sverre Tomassen, BI Norwegian Business School
- > Rosalie Tung, Simon Fraser University
- > Catherine Welch, University of Sydney
- > Ivo Zander, Uppsala University

**Authors and Papers:**

- > Borah Dhruva, University of Manchester  
*Inventors' Mobility Concern for MNC Subsidiaries in Host Countries: The Role of Cultural and Institutional Distance*
- > Botella-Andreu Ana, University of Valencia  
*Intermediate Units in Contemporary Corporations: An Integrated Framework and Research Agenda*
- > Branch John, University of Michigan  
*A Proxiological Approach to International Business Research*
- > Brighi Carlo, University of Victoria  
*On the Role of Language in the Employment Interview*
- > Brindlmayer Karl, Vienna University of Economics & Business  
*Why Do Firms with Dynamic Capabilities Buy Consultancy? The Case of International Market Diversification*
- > Castro Ricardo, University of Madeira  
*Motivational Factors and Internationalization Strategies: An Integrated Approach for the Hotel Sector*

- > Del Bosco Barbara, University of Milano-Bicocca  
*The Role of Distance in Family SMEs' Foreign Ownership Mode Choice: The Moderating Role of Family Control*
- > Dike Max, Aalto University  
*Cross-border Expansion of Mobile Network Operators in Sub-Saharan Africa: Investment Location & Entry Strategy*
- > Han Xia, Coventry University  
*Is Legitimacy More Important Than Institutional Governance Structure? Understanding Political Risk*
- > Hendriks Guus, Erasmus University  
*When do Emerging Market Multinationals Upgrade Their Domestic Asset Base?*
- > Intakhantee Naunghathai, University of Leeds  
*Role of Home-Country Political Connections and OFDI on Firm Performance*
- > Koleča Iris, University of Ljubljana  
*International Assignments in Business Internationalisation: Why, Where to, and by Whom?*
- > Lemanski Michael, Nottingham University China  
*Roles Played by Headquarters of MNCs in Reverse Dilution of HRM Practices*
- > Ngoasong Michael, Open University  
*Business Models of Microfinance Institutions and Entrepreneurial Behavior at the Bottom of the Pyramid*
- > Nieri Federica, University of Pisa  
*When Doing Well Means Doing Harm: Understanding Performance-CSiR Link in Emerging Country Firms*
- > Park Jeong-Yang, Nottingham University  
*Interpretive Structural Modelling of Absorptive Capacity Building Within International Joint Ventures*
- > Soontornthum Thanyaporn, Australian National University  
*Learning of Emerging Economy Firms from Global Value Chains*
- > Zhao Shasha, Middlesex University  
*Conceptualizing the Strategic Role of Management Information Systems in MNCs*

Thursday, December 14<sup>th</sup>, 2017

9:00 am - 12:30 am

**International Business Review - PDW**

Rooms: 3.15 & 3.23 - Building BL26

**Co-organizers:**

Roger Strange, University of Sussex & Pervez Ghauri (IBR Editor-in-Chief), Birmingham Business School

**Discussants:**

- > Pavlos Dimitratos, University of Glasgow
- > Rian Drogendijk, University of Groningen
- > Andreja Jaklič, University of Ljubljana
- > Dorota Piaskowska, University College Dublin
- > Jonas Puck, WU Vienna

**Authors and Papers:**

- > Gundelach Henrik, Copenhagen Business School  
*Measuring subsidiary performance in international business studies: a critical assessment*
- > Karhu Anna, Turku School of Economics  
*MNE's entry as a catalyst for change in the host industry's institutional landscape: a case study in the Russian bakery sector*
- > Kempf Christina, Universität Erlangen-Nürnberg  
*Moderators and mediators of cross-cultural training effectiveness: a literature review*
- > Poethke Ute, University of Dortmund  
*A multinational investigation of the extended full-range of leadership model*
- > Šeinauskienė Beata, Kaunas University of Technology, Lithuania  
*Does entrepreneurial orientation moderate psychic distance-export performance relationship?*
- > Symeou Pavlos, Cyprus University of Technology  
*Internationalization and corporate social performance: the impact of subsidiary activities*
- > Truong Thi Binh Minh, BI Norwegian Business School  
*Influence of host country institutions on subsidiary performance*
- > Wąsowska Aleksandra, University of Warsaw  
*Socio-cognitive drivers of new venture internationalization: the role of entrepreneur's positive orientation, self-efficacy and intentions*

Thursday, December 14<sup>th</sup>, 2017

9:00 am - 12:30 am

**Journal of International Business Policy - PDW**

Rooms: 2.15 & 2.23 - Building BL26

**Co-chairs:**

Sarianna Lundan (JIBP Editor-in-Chief), University of Bremen & Ari Van Assche, HEC Montreal

**Faculty:**

- > Jeremy Clegg, Leeds University Business School
- > Ram Mudambi, Temple University
- > Rob Van Tulder, Erasmus University Rotterdam

**Participants:**

- > Alon Ilan, University of Agder  
*Political Risk and Chinese Outward Foreign Direct Investment*
- > Chen Stephen, University of Newcastle, Newcastle Business School, Australia  
*Do Bilateral Investment Affect Profitability of FDI?*
- > Kalinic Igor, Leeds University Business School  
*Transforming uncertainty in international entrepreneurship: from being a threat to becoming an asset*
- > Nebus James, Suffolk University  
*Will Tax Reforms Alone Solve the Tax Avoidance and Tax Haven Problems?*
- > Trevino Len, Florida Atlantic University  
*Competitive Dynamics and Co-Evolutionary/Co-Devolutionary Relationships of Emerging and Developed Economy Multinationals through the Resource Curse Cycle*
- > Wang Yihan, HEC Montreal  
*Determinants of ownership strategy in China: The moderating effects of stages of institutional transitions and regional institutional advancement*
- > Zhang, Megan (Min), University College Dublin  
*Subnational Institutions and Foreign Manufacturing Allocation: Evidence from Japanese Manufacturing Investments in China*

Thursday, December 14<sup>th</sup>, 2017

9:00 am - 12:30 am

**3<sup>rd</sup> Early Career Network - PDW**

Rooms: 0.1 - Building BL26

**Co-organizers:**

Tilo F. Halaszovich, University of Bremen & Marlena Dzikowska, Poznan University of Economics and Business

**Participants:**

- > Moritz Putzhammer, WU Vienna  
*Changes in Foreign Operation Modes: A Structured Literature Review*
- > Bozidar Vlacic, University of Vigo, Spain  
*Choices in International Business: How Small Ventures Make Decisions Along Their Internationalization Process*
- > Renate Kratochvil, Vienna University of Applied Sciences for Management  
*Knowledge Search Within and Beyond the MNC to Formulate Problems, Find and Implement Solutions*
- > Marlena Dzikowska, Poznan University of Economics and Business  
*The Role of a Subsidiary in the 21<sup>st</sup> Century - The Reconceptualization of White and Poynter (1984) Approach*
- > Linda Rademaker, BI Norwegian Business School  
*Upgrading of a Firm's Knowledge Base Through Alliances: Simultaneous Learning from Foreign MNEs in Emerging Countries*
- > Addisu A. Lashitew, Erasmus University, Rotterdam School of Management  
*Inclusive Business at the Base of the Pyramid: The Role of Embeddedness for Enabling Social Innovations*

Thursday, December 14<sup>th</sup>, 2017

6:30 pm - 8:30 pm

**Opening Plenary Session  
"Internationalisation in the Information Age"**

Palazzo Castiglioni, Corso Venezia 47

**Chair:**

Lucia Piscitello, EIBA President, Politecnico di Milano

**Institutional welcome:**

Andrea Sianesi, Dean MIP - Politecnico di Milano  
Alessandro Perego, Dean DIG - Politecnico di Milano

**Speakers:**

- > Salvatore Anello, Accenture Managing Director (tbc)
- > John Cantwell, Rutgers Business School
- > Silvia Massini, University of Manchester
- > Roberta Rabellotti, University of Pavia & University of Aalborg

**The opening session concludes with a cocktail reception (8:30 pm - 10:30 pm)**

# Friday, December 15<sup>th</sup>, 2017

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9:00 am - 10:30 am | Parallel sessions • *Building BL27*

10:30 am - 11:00 am | Coffee Break • *Building BL27 (ground floor)*

11:00 am - 12:30 pm | Plenary Poster sessions • *Building BL28 (first floor)*

12:30 pm - 1:30 pm | Lunch • *Building BL27 (ground floor & first floor)*

12:45 pm - 1:30 pm | EIBA General Assembly • *Building BL27 (Room BL27.01)*

1:30 pm - 3:00 pm | Parallel sessions • *Building BL27*

1:30 pm - 3:00 pm | Meet the Editors (I) • *Room BL27.02*

3:15 pm - 4:45 pm | Parallel sessions • *Building BL27*

4:45 pm - 5:15 pm | Coffee Break • *Building BL27 (ground floor)*

5:15 pm - 6:45 pm | Parallel sessions • *Building BL27*

# DETAILED PROGRAM

Friday, December 15<sup>th</sup>

Friday, December 15<sup>th</sup>, 2017

9:00 am - 10:30 am

- BL 27.17    **C2.1.1: The subsidiary in GVCs**  
Session Chair: Sverre Tomassen
- BL 27.07    **C2.1.2: Innovation and local context**  
Session Chair: Isabel Alvarez
- BL 27.04    **C2.1.3: The influence of political resources and supporting institutions on market entry and re-entry**  
Session Chair: Laura Fernandez-Mendez
- BL 27.03    **C2.1.4: Sustainability practices and CSR**  
Session Chair: John R. Dilyard
- BL 27.12    **C2.1.5: Spillovers studies in emerging markets**  
Session Chair: Arjen Slangen
- BL 27.05    **C2.1.6: International entrepreneurship**  
Session Chair: Niina Nummela
- BL 27.13    **C2.1.7: Theory development in IB**  
Session Chair: Peter Buckley
- BL 27.16    **C2.1.8: IB and omnichannel strategies**  
Session Chair: Michela Matarazzo
- BL 27.11    **C2.1.9: Culture, values and experiences**  
Session Chair: Rian Drogendijk
- BL 27.14    **C2.1.10: Innovative export channels and international marketing strategies**  
Session Chair: John David Branch
- BL 27.15    **I2.1.1: Location studies in emerging markets**  
Session Chair: Filip De Beule
- BL 27.06    **P2.1.1: Transition toward a sustainable economy: opportunities and challenges for MNEs**  
CHAIRS: Anne Jacqueminet, Bocconi University
- PANELLISTS:  
Christiane Bode, Bocconi University  
Elisa Giuliani, University of Pisa  
Daniel Shapiro, Simon Fraser University  
Maurizio Zollo, Bocconi University
- BL 27.01    **P2.1.2: International Business and the Information Age: an interdisciplinary dialogue**  
CHAIR: Jakob Müllner, WU-Vienna & Igor Filatotchev, Cass Business School & WU-Vienna
- PANELLISTS:  
Keith Brouters, Kings' Business School  
Frank Elter, Telenor  
Torben Pedersen, Bocconi University

BL 27.02 **P2.1.3: One size fits all? Key issues and common misconceptions in reviewing qualitative research in top tier journals**

CHAIR: Emmanuella Plakoyiannaki, University of Leeds

PANELLISTS:

Michael Gibbert, Università della Svizzera italiana

Niina Nummela, University of Turku

Rebecca Piekkari, Aalto University

Rebecca Reuber, University of Toronto

Catherine Welch, University of Sydney

|                                    |                                |                   |
|------------------------------------|--------------------------------|-------------------|
| BL 27 - Ground floor               | <i>Coffee Break</i>            | 10:30am - 11:00am |
| BL 28 - First floor                | <b>PLENARY POSTER SESSIONS</b> | 11:00am - 12:30am |
| BL 27 - Ground floor & First floor | <i>Lunch</i>                   | 12:30pm - 1:30pm  |
| BL 27.01                           | <b>EIBA GENERAL ASSEMBLY</b>   | 12:45am - 1:30pm  |

1:30pm - 3:00pm

|          |   |
|----------|---|
| BL 27.03 | <b>C2.3.1: FDI, remittances and sustainable economic growth</b><br>Session Chair: Francisco Figueira de Lemos                     |
| BL 27.13 | <b>C2.3.2: Internationalisation and the Internet</b><br>Session Chair: Keith Brouthers  |
| BL 27.01 | <b>C2.3.3: Internationalisation and performance</b><br>Session Chair: Liena L. Kano   |
| BL 27.06 | <b>C2.3.4: Governance, institutions and performance in the multi-national context</b><br>Session Chair: Luciano Quinto Lanz       |
| BL 27.07 | <b>C2.3.5: Consumer behaviour and corporate reputation</b><br>Session Chair: Minnie Kontkanen                                     |
| BL 27.05 | <b>C2.3.6: MNE subsidiary strategy and performance</b><br>Session Chair: Rian Drogendijk  |
| BL 27.12 | <b>C2.3.7: Novel ways of teaching and doing research in IB</b><br>Session Chair: Jens Gammelgaard                                 |
| BL 27.14 | <b>I2.3.1: Drivers of performance in emerging markets</b><br>Session Chair: Vincent Montenero                                     |
| BL 27.17 | <b>I2.3.2: Culture, diversity and the role of managers</b><br>Session Chair: Carmen Paz-Aparicio                                  |
| BL 27.15 | <b>I2.3.3: Psychic and cultural distance</b><br>Session Chair: Richard Owusu  |
| BL 27.11 | <b>I2.3.4: Internationalisation incentives, resources and institutional barriers</b><br>Session Chair: Desalegn Abraha Gebrekidan |
| BL 27.18 | <b>I2.3.5: International entrepreneurial growth of SMEs</b><br>Session Chair: Pavlos Dimitratos                                   |

- BL 27.02 **P2.3.1: Meet the editors (I)**  
 EDITORS:  
 Ilan Alon, University of Agder  
*European Journal of International Management and International Journal of Emerging Markets*  
 Elena Beleska-Spasova, University of Reading  
*Multinational Business Review*  
 Pervez Ghauri, University of Birmingham  
*International Business Review*  
 Ari Van Assche, HEC Montreal  
*Journal of International Business Policy*  
 Alain Verbeke, University of Calgary  
*Journal of International Business Studies*
- BL 27.16 **P2.3.2: Studying internationalization as a process: what more do we see?**  
 CO-CHAIRS: Igor Kalinic, University of Leeds & Catherine Welch, University of Sydney Business School  
  
 PANELLISTS:  
 Maria Elo, University of Turku  
 Paul Ryan, Trinity College Dublin  
 Andreja Jaklič, University of Ljubljana  
 Martin Johanson, University of Uppsala
- BL 27.04 **P2.3.3: Gender diversity and inclusion at EIBA**  
 CHAIR: Grazia Santangelo, University of Catania  
  
 PANELLISTS:  
 Philippe Gugler, University of Fribourg  
 Randi Lunnan, BI Norwegian Business School  
 Dana Minbaeva, Copenhagen Business School  
 Rajneesh Narula, Henley Business School  
 Lena Zander, Uppsala University
- BL 28  
 Aula Magna  
 (Carassa e  
 Dadda) DISCUSSANTS:  
 Jean-François Hennart, Tilburg University, Politecnico di Milano  
 Sarianna Lundan, University of Bremen  
 Elizabeth Maitland, University of New South Wales
- Break* 3:00pm - 3:15pm
- 3:15pm - 4:45pm
- BL 27.13 **C2.4.2: Language, meaning and rhetoric**  
 Session Chair: Elisa Giuliani
- BL 27.06 **C2.4.3: Upgrading processes of Emerging Market firms**  
 Session Chair: Grazia Santangelo
- BL 27.01 **C2.4.4: SME internationalisation**  
 Session Chair: Tamar Almor
- BL 27.07 **C2.4.5: Globalising the value chain**  
 Session Chair: Ronaldo Parente

- BL 27.15 **I2.4.1: Alternative paths of internationalisation**  
Session Chair: Elizabeth Rose
- BL 27.14 **I2.4.2: Subsidiary roles and offshoring**  
Session Chair: Ulf Andersson
- BL 27.05 **I2.4.3: Institutions promoting investment and innovation at the industry level**  
Session Chair: Jonas Puck
- BL 27.11 **I2.4.4: Entrepreneurs, networks and international growth**  
Session Chair: Rico Baldegger
- BL 27.16 **I2.4.5: Integration and collaboration of Emerging Market Firms**  
Session Chair: Jeremy Clegg
- BL 27.17 **I2.4.6: Determinants of performances**  
Session Chair: Lars Håkanson
- BL 27.18 **I2.4.7: Internationalisation and cross-border issues**  
Session Chair: Randi Lunnan
- BL 27.02 **P2.4.1: Innovative steps and strategies for ensuring high quality reviews and managing the journals with speed and efficiency in the Information Age**  
CHAIR: Justin Paul, University of Puerto Rico
- PANELLISTS:  
Jonathan Doh, Villanova University  
Rosalie Tung, Simon Fraser University  
Ilan Alon, University of Agder  
Desislava Dikova, Vienna University of Economics and Business
- BL 27.12 **P2.4.2: Micro-funding the MNEs strategic choices in IB and management research (in cooperation with the FARB project, Politecnico di Milano)**  
CHAIRS: Stefano Elia, Politecnico di Milano School of Management & Cristina Rossi-Lamastra, Politecnico di Milano School of Management
- PANELLISTS:  
Igor Filatotchev, Cass Business School  
Peder Greve, University of Reading  
Pamela Sharkey Scott, Maynooth University School of Business  
Dana Minbaeva, Copenhagen Business School  
Michał Zdziarski, University of Warsaw
- BL 27.03 **P2.4.3: Key success factors of SME internationalization: across-country perspective**  
CHAIRS: Noémie Dominguez, Lyon University & Ulrike Mayrhofer, Lyon University
- PANELLISTS:  
Susan Freeman, University of South Australia  
Pervez N. Ghauri, University of Birmingham  
Birgit Hagen, University of Pavia  
Olli Kuivalainen, The University of Manchester  
Stefan Schmid, ESCP Europe, Berlin Campus  
Maria Cristina Sestu, Università di Pavia  
Cristina Villar, University of Valencia

5:15pm - 6:45pm

- BL 27.05 **C2.5.1: Extensions of international entrepreneurship**  
Session Chair: Antonio Majocchi
- BL 27.04 **C2.5.2: Corporate responsibility and irresponsibility**  
Session Chair: Asmund Rygh
- BL 27.02 **C2.5.3: The new geography of GVCs**  
Session Chair: Katuscia Lavoratori
- BL 27.03 **C2.5.4: Social and political aspects of subsidiary role and strategy**  
Session Chair: Marlena Dzikowska
- BL 27.06 **C2.5.5: Institutions and operation mode**  
Session Chair: Jens Gammelgaard
- BL 27.14 **C2.5.6: Global teams and leaders**  
Session Chair: Naoki Ando
- BL 27.07 **C2.5.7: Contextual determinance of entry modes by Emerging Market Firms**  
Session Chair: Marin Alexandrov Marinov
- BL 27.13 **C2.5.8: Networks and internationalisation**  
Session Chair: Ricardo Correia
- BL 27.11 **I2.5.1: New technologies and internationalisation**  
Session Chair: Davide Castellani
- BL 27.16 **I2.5.2: Strategic alliances**  
Session Chair: Timothy Michael Devinney
- BL 27.15 **I2.5.3: The local context in IB**  
Session Chair: Simona Iammarino
- BL 27.17 **I2.5.4: Contemporary topics in IHRM**  
Session Chair: Ulrike Mayrhofer
- BL 27.18 **I2.5.5: Consumer behaviour and brand management**  
Session Chair: Susan M. Mudambi
- BL 27.12 **I2.5.6: Modes and challenges of SME internationalisation**  
Session Chair: Romeo V. Turcan
- BL 27.01 **P2.5.1: Location, collocation and innovation across national borders: connecting the International Business, Economic Geography and Innovation communities**  
CHAIR: Grazia D. Santangelo, University of Catania

## PANELLISTS:

Johan Lindeque, FHNW School of Business

Rajneesh Narula, Henley Business School

Andrea Martínez Noya, University of Oviedo

Sinéad Monaghan, Rutgers Business School

Ram Mudambi, Fox School of Business, Temple University

# Saturday, December 16<sup>th</sup>, 2017

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9:00 am - 10:30 am | Parallel sessions • *Building BL27*

10:30 am - 11:00 am | Coffee Break • *Building BL27 (ground floor)*

11:00 am - 12:30 pm | EIBA Fellows' Plenary session  
*Building BL28 (Aula Magna Carassa e Dadda)*

12:30 pm - 1:30 pm | Lunch • *Building BL27 (ground floor & first floor)*

12:30 pm - 1:30 pm | EIBA Fellows Meeting • *Building BL27 (Room BL27.14)*

1:00 pm - 1:30 pm | AIB-WE (Western Europe) Chapter General Business Meeting  
*Building BL27 (Room BL27.18)*

1:30 pm - 3:00 pm | Parallel sessions • *Building BL27*

1:30 pm - 3:00 pm | Meet the Editors (II) • *Room BL27.02*

1:30 pm - 3:00 pm | Launch of PIBR volume 12: Concept, Cost and Value of Distance in IB

3:15 pm - 4:45 pm | Parallel sessions • *Building BL27*

7:00 pm - 1:00 am | Gala Dinner • *Palazzo del Ghiaccio (Via G.B. Piranesi, 14)*

# DETAILED PROGRAM

Saturday, December 16<sup>th</sup>

Saturday, December 16<sup>th</sup>, 2017

9:00 am - 10:30 am

- BL 27.04    **C3.1.1: The role of intra- and inter-firm network relationships in knowledge management and innovation**  
Session Chair: Ulf Andersson
- BL 27.02    **C3.1.2: Internal and external governance in multinational companies**  
Session Chair: Igor Filatotchev
- BL 27.03    **C3.1.3: The impact of home and host country political regimes on MNE investment and subsidiary performance**  
Session Chair: Miguel Torres
- BL 27.14    **C3.1.4: Language and careers**  
Session Chair: James Walker
- BL 27.07    **C3.1.5: The dynamics of industrial location**  
Session Chair: Roberta Rabbellotti
- BL 27.05    **C3.1.6: Location drivers of Emerging Market Firms**  
Session Chair: Filip De Beule
- BL 27.13    **I3.1.1: Organisational complexity in MNCs**  
Session Chair: Andreja Jaklič
- BL 27.15    **I3.1.2: Drivers of internationalisation of Emerging Market Firms**  
Session Chair: Simona Gentile-Lüdecke
- BL 27.17    **I3.1.3: MNE subsidiary entrepreneurship, flexibility and influence**  
Session Chair: Hans Hendrischke
- BL 27.06    **P3.1.1: Exploring the ways in which MNEs can contribute to the achievement of the Sustainable Development Goals**  
CO-CHAIRS: John Dilyard, St. Francis College & Guus Hendriks, Rotterdam School of Management, Erasmus University Rotterdam
- PANELLISTS:  
Niccolo Pisani, University of Amsterdam Business School  
Thierry Rakotobe-Joel, *Ramapo College of New Jersey*  
Gladys Torres-Baumgarten, *Ramapo College of New Jersey*  
Caroline Witte, Erasmus University of Rotterdam
- BL 27.16    **P3.1.2: EIBA recollections and visions: EIBA's challenges and opportunities in the Information Age**  
CHAIR: Vítor Corado Simões, University of Lisboa
- PANELLISTS:  
John Cantwell, Dean of the EIBA Fellows, Rutgers University  
Barbara Jankowska, Poznań University of Economics  
Grazia Santangelo, University of Catania  
Arjen Slangen, KU Leuven, Belgium

BL 27.12 **P3.1.3: Digitalization, knowledge creation and innovation processes in the global economy: orchestrating new modes of manufacturing and managing talent**  
 CO-CHAIRS: Silvia Massini, University of Manchester & Lucia Piscitello, Politecnico di Milano

PANELLISTS:  
 Carmelo Cennamo, Bocconi University  
 Gary Gereffi, Duke University  
 Torben Pedersen, Bocconi University

BL 27.11 **P3.1.4: IB education: multimedia and online teaching trends and tools**  
 CHAIR: Ronaldo Parente, Florida International University

PANELLISTS:  
 Stav Fainshmidt, Florida International University  
 Vi Narapareddy, University of Denver

BL 27 - Ground floor *Coffee Break* 10:30am - 11:00am

11:00am - 12:30am

BL 28 **Plenary Session: EIBA Fellows - Plenary Session: "Digitalisation, Business and Policies: confronting challenges in Europe (today and tomorrow)"**  
 Aula Magna (Carassa e Dadda)  
 CHAIR: John Cantwell, Dean of EIBA Fellows

SPEAKERS:  
 Andrea Goldstein, Nomisma and OECD  
 Francesca Sanna Randaccio, Università La Sapienza, Rome

SPECIAL GUEST - DISTINGUISHED HONORARY  
 EIBA FELLOW OF THE YEAR:  
 Reinhilde Veugelers, KU Leuven

BL 27.18 **AIB-WE CHAPTER GENERAL BUSINESS MEETING** 12:30am - 1:30pm

BL 27.14 **EIBA FELLOWS MEETING** 12:30am - 1:30pm

BL 27 - Ground floor & First floor *Lunch* 12:30am - 1:30pm

1:30pm - 3:00pm

BL 27.12 **I3.3.1: The role of institutions in services internationalisation and evidence of linkages and spillovers from FDI**  
 Session Chair: Jeremy Clegg

- BL 27.02 **P3.3.1: Meet the editors (II)**  
 EDITORS:  
 Jonathan Doh, Villanova University  
*Journal of World Business*  
 Igor Filatochev, Cass Business School  
*Journal of Management Studies*  
 Torben Pedersen, Bocconi University  
*Global Strategy Journal*  
 Joachim Wolf, University of Kiel  
*Management International Review*  
 Constantine S. Katsikeas, Leeds University Business School  
*Journal of International Marketing*
- BL 27.01 **P3.3.2: Launch of PIBR volume 12: Concept, Cost and Value of Distance in IB**  
 INTRODUCTION TO PIBR VOLUME 12:  
 Jonas Puck, WU Vienna  
 Rob van Tulder, Erasmus University of Rotterdam  
 Alain Verbeke, University of Calgary  
  
 KEYNOTE SPEAKER:  
 Rosalie Tung, Beedie School of Business  
  
 CHAPTER PRESENTATIONS  
 ANNOUNCEMENT OF VOLUME 13:  
 "International Business in the Digital Age"  
 Rob van Tulder, Alain Verbeke, Lucia Piscitello
- BL 27.03 **P3.3.3: Industrial policy in the digital economy**  
 CHAIR: Philippe Gugler, University of Fribourg  
  
 PANELLISTS:  
 Ana Teresa Tavares-Lehmann, Secretary of State of Industry, Portugal  
 James Zhan, UNCTAD, Geneva  
 Michael Gestrin, OECD, Paris  
 Lars Oxelheim, University of Agder  
 Mo Yamin, Manchester Business School
- BL 27.05 **P3.3.4: The importance of Industry 4.0 for International Business**  
 CHAIR: Roger Strange, University of Sussex  
  
 PANELLISTS:  
 Richard Bolwijn, UNCTAD, Geneva  
 Sergio Dulio, *Director Research and Innovation, ATOM Lab*  
 Marta Götz, *Vistula University*  
 Barbara Jankowska, *Poznan University of Economics*  
 Fabio Marazzi, Senior Managing Partner, Marazzi & Associates
- BL 27.04 **P3.3.5: International Business meets International Trade and Industrial Economics**  
 CHAIR: Antonello Zanfei, University of Urbino  
  
 PANELLISTS:  
 John Cantwell, Rutgers Business School  
 Davide Castellani, University of Reading  
 Ram Mudambi, Temple University  
 Reinhilde Veugelers, KU Leuven

BL 27.06 **P3.3.6: Global cluster evolution between disruptive innovation and transmutation**  
CHAIR: Fiorenza Belussi, University of Padova, Italy

PANELLISTS:

Pierpaolo Andriani, Kedge Business School Marseille, France

Philip Cooke, Bergen University, Norway

Valentina De Marchi, University of Padova

Ivan De Noni, University of Padova, Italy

*Break*

3:00pm - 3:15pm

3:15pm - 4:45pm

BL 27.04 **C3.4.1: Innovating in Europe**  
Session Chair: Yawen Huang

BL 27.02 **C3.4.2: Emerging host country characteristics and performance**  
Session Chair: Lamia Ben Hamida

BL 27.03 **C3.4.3: Drivers of internationalisation**  
Session Chair: Christos Antoniou

BL 27.06 **I3.4.1: Innovation strategies within and across firms**  
Session Chair: Silvia Massini

BL 27.14 **I3.4.2: Sustainable development and social accountability**  
Session Chair: Michael W. Hansen

BL 27.12 **I3.4.3: Knowledge sourcing, knowledge sharing and knowledge creation**  
Session Chair: Fiorenza Belussi

BL 27.16 **I3.4.4: Knowledge processes, communication and innovation**  
Session Chair: Dana Minbaeva

BL 27.15 **I3.4.5: Export and internationalisation strategy**  
Session Chair: Susana Costa e Silva

BL 27.17 **I3.4.6: FDI, technology and knowledge**  
Session Chair: Eleonora Di Maria

BL 27.11 **I3.4.7: Theoretical analyses and advances in emerging market firm research**  
Session Chair: Tomasz Dorozynski

BL 27.13 **I3.4.8: International accounting, tax and finance**  
Session Chair: Igor Filatotchev

- BL 27.01 **P3.4.1: Micromultinationals: does size matter?**  
CHAIR: Pavlos Dimitratos, University of Glasgow
- PANELLISTS:  
Ulf Andersson, Mälardalen University, Sweden & BI Norwegian Business School  
Luciano Ciravegna, King's College London  
Jean Francois Hennart, Tilburg University & Politecnico di Milano  
Olli Kuivalainen, Manchester Business School, UK & Lappeenranta University of Technology  
Rebecca Reuber, University of Toronto
- BL 27.07 **P3.4.2: Multimedia and online teaching: sharing experiences among institutions**  
CHAIR: Paola Garrone, Politecnico di Milano School of Management
- PANELLISTS:  
Rob van Tulder, Rotterdam School of Management, Erasmus University  
Thomas Rousing, Copenhagen Business School  
Susanna Sancassani, Politecnico di Milano
- BL 27.05 **P3.4.3: What is still emerging about EMNEs? Setting the agenda for future research**  
CHAIR: Stefano Elia, Politecnico di Milano School of Management
- PANELLISTS:  
Peter J. Buckley, University of Leeds  
Filip De Beule, University of Leuven  
Ram Mudambi, Temple University  
Rajneesh Narula, University of Reading  
Grazia Santangelo, University of Catania

*Gala Dinner at Palazzo del Ghiaccio*

7:00pm

# ABSTRACTS OF ACCEPTED CONTRIBUTIONS

Friday, December 15<sup>th</sup>, 2017

## C2.1.1 - The subsidiary in GVCs

Track: MNE Subsidiary Strategy, and Inter-Firm and Intra-Firm Business Network

Session chair: Sverre Tomassen

Time: Friday, 15/Dec/2017: 9:00 am - 10:30 am

Room: BL 27.17

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### Using and disposing of joint venture partners to reap the benefits of multinationality

J. H. Fisch, B. Schmeisser

WU Vienna, Austria; [bjoern.schmeisser@wu.ac.at](mailto:bjoern.schmeisser@wu.ac.at)

MNCs seek to gain a global competitive advantage from leveraging host country resource advantages across borders. However, in the attempt to access resources from the local environment and transfer them to other parts of the organization where they can be exploited, foreign subsidiaries face contradicting requirements of external vs. internal embeddedness. This study centers on a two-phase strategy of using joint venture partners to increase subsidiaries' external embeddedness and thus being better able to acquire capital resources from host countries, and later disposing of these partners to increase subsidiaries' internal embeddedness and thus being better able to share these resources throughout the network of foreign subsidiaries. Moderated-mediation regressions provide evidence of such practice. Panel regressions confirm that partnering with local firms is associated with securing capital resources from the host countries, and that later abandoning these partners is associated with transferring capital resources to other parts of the MNC.

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### Value creation in services GVCs: multidimensional roles of services in GVCs

M. Stare, A. Jaklič

University of Ljubljana, Slovenia; [andreja.jaklic@fdv.uni-lj.si](mailto:andreja.jaklic@fdv.uni-lj.si)

Services and service functions perform multiple roles in the process of international fragmentation of production that have not been adequately addressed so far. The paper explores (i) which are the key functions of value creation in pure service GVCs and how the lead companies are organizing and spreading them; (ii) which capabilities need to be developed by the lead company for the creation and efficient functioning of GVCs; (iii) whether the existing analytical frameworks and mapping of GVCs are valid for pure service GVCs. Based on exploratory and comparative case study analysis of globally oriented service GVCs we propose a model of spiral growth. The case evidence displays the evolution of value creation in services GVCs through increased fragmentation, interaction of services and their reintegration through development of network based capabilities. The findings show sources of spiral growth, implications for service management and value chain strategy beyond service industries.

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### How subsidiaries gain strategic influence in MNE value chains

E. Gillmore, N. Memar

Mälardalen University, Sweden; [noushan.memar@mdh.se](mailto:noushan.memar@mdh.se)

As MNEs are increasingly disaggregating their value chains and assigning functional responsibilities as mandates to foreign subsidiaries the MNE is increasingly focused on augmenting spatially distant activities and resources. At the same time despite subsidiary managers operating at the 'middle' of the organization and having awareness of operational and strategic contexts they have received significant criticism for being hindrances to successful coordination and integration of value chain activities. This appears counterintuitive as on the one hand MNEs are increasingly disaggregating their value chains and on the other subsidiary managers are increasing gaining responsibilities for functions which have strategic implications for the MNE. Using a sample of globally dispersed R&D subsidiaries from ABB, we examined subsidiary resource stocks and subsidiary managers' bundling and deployment activities in global value chains. Results indicate integration responsibilities are decentralized as properties of subsidiary mandates and that the subsidiary manager's activities significantly affect the strategic influence that can be exercised by the subsidiary locally and globally. However, their efficacy depends on the scope of the mandate, managerial contextual factors, and the deployment flexibility of specific resources.

## C2.1.2: Innovation and local context

### Track: Knowledge Management and Innovation

Session chair: Isabel Alvarez

Time: Friday, 15/Dec/2017: 9:00am - 10:30am

Room: BL 27.07

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#### **Heterogeneous spillover effects from MNE investments: Domestic learning capacity and technological opportunities**

L. Gagliardi<sup>2</sup>, A. Ascani<sup>1</sup>

<sup>1</sup>University of Geneva, Switzerland; <sup>2</sup>Utrecht University, Netherland; [luisa.gagliardi@unige.ch](mailto:luisa.gagliardi@unige.ch)

This article examines the relationship between MNE investments and the productivity of co-located domestic firms, focusing on the boundary conditions that affect their opportunities and constraints to benefit from foreign firms. Conceptually, we build a framework that incorporates the international business view on the superiority of MNEs and makes it possible to accommodate the wide range of formal and informal interactions taking place within the geography space among collocated foreign and domestic actors. Then, we draw on insights from the strategic management literature in order to formulate a set testable hypotheses on the role played by domestic firms' absorptive capacities, as well as the nature of their operational environment. We test our hypothesis on a novel database that combines data on 12,189 Italian manufacturing firms observed over the period 2003-2009 with information on MNE investment flows into Italian provinces (NUTS3). Results suggest that the relationship between MNEs investments and domestic firms' productivity is highly heterogeneous, and that the balance between spillover and competition effects crucially relies on both domestic firms' internal learning capacity and the technological opportunities provided by their operational environment.

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#### **The role of leading firms in explaining evolutionary paths of growth: Italian and Turkish clusters on the move**

F. Belussi<sup>1</sup>, A. Caloffi<sup>2</sup>

<sup>1</sup>Padua University, Italy; <sup>2</sup>Padua University, Italy; [fiorenza.belussi@unipd.it](mailto:fiorenza.belussi@unipd.it)

This paper presents an analysis of the long term development of the footwear industry in Italy and Turkey, focusing in particular on their main industrial districts/cluster: one in Italy and three in Turkey. Our research contributes to the reflection on the evolving relationship between history-dependent localization externalities and firm performances. Agglomeration benefits do exist in the various stages of the cluster life cycle. However, not all firms benefit equally from being in a cluster, and not all firms show an accelerated pattern of growth after being located in a cluster. We found that after the take-of and the clusters emergence, the dynamics of clusters is driven by the ability of some leading firms to connect the cluster (and its internal supply chains) to external markets and to global knowledge sources.

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#### **The Role of the Appropriability Mechanisms for the Innovative Success of Portuguese Small and Medium Enterprises**

F. d. O. Paula, J. F. da Silva

*PUC-Rio, Brazil; [jorge1319@gmail.com](mailto:jorge1319@gmail.com)*

This study investigates the role of formal and informal appropriability mechanisms to appropriate the revenues from an innovation in several industrial sectors, a role that is contingent on conditions such as industrial sector, type of product or service, the firm's characteristics, etc. The set of appropriability mechanisms used by a firm depends on their availability and on the firm's appropriation strategy. An empirical test using a sample of 2,875 Portuguese SMEs from the 2012 Community Innovation Survey (2012 CIS) indicated that, for the manufacturing, wholesale and retail sectors, informal appropriability mechanisms, such as lead-time and complexity, are more effective for turning process innovation into financial performance in the short-term, whereas for extractive sectors, formal mechanisms (e.g. patents) are better. For public service firms, the use of formal mechanisms increases the risk of misappropriation by competitors, by revealing the characteristics of new products and services or new production processes, making the use of informal mechanisms more favorable.

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#### **To share, or not to share? Production sites' motivation to share knowledge**

M. Arellano Caro, T. H. Netland

*ETH Zurich, Switzerland; [marellano@ethz.ch](mailto:marellano@ethz.ch)*

Despite the growing importance of knowledge sharing in multi-site firms, single production sites often lack motivation for sharing and may question its effects. Adopting an institutional perspective, we start with the proposition that sites' motivation to share their best practices depends on their enactment of the institutional demands that prevail in the intra-organizational context. We use a mixed method to untangle the motivation and effects of practice sharing in production networks. To begin, we conducted qualitative interviews of 25 operations managers. The results suggested that the interplay of a site's roles, perceived intra-organizational network competition, and cost priority, determines the intensity of knowledge outflows from the site. To further understand and test these relationships, we conducted a quantitative study using 104 responses of employees of 89 production sites. We found that the effect of perceived intra-organizational competition on the relationship between sites' roles and knowledge outflows was contingent to sites' cost priority. Our research provides some clues on which aspects promote sites' knowledge sharing. By elucidating sites' struggles to conciliate different demands from their immediate institutional environment, this paper contributes to the research on knowledge transfer in intra-organizational networks.

### The apple falls close to the tree - technological imprinting in the multinational corporation

K. Blomkvist<sup>1</sup>, J. Cantwell<sup>2</sup>, P. Kappen<sup>1</sup>, I. Zander<sup>1</sup>

<sup>1</sup>Uppsala University, Sweden; <sup>2</sup>Rutgers Business School, USA, philip.kappen@fek.uu.se

Extant literature on the internationalization of research and development in the multinational corporation (MNC) typically emphasizes the changing or evolving nature of foreign subsidiaries. This paper takes the opposite perspective, arguing that during the brief period when foreign subsidiaries turn into technologically advanced units they acquire capabilities that have an invariable effect on their future technological activities. We hypothesize and empirically show that during that period of transition the degree of exploration intensity of headquarter units is imprinted and has a long-lasting effect on the type of technological work carried out by the foreign subsidiaries. The findings suggest the systematic transfer of a 'blueprint' for exploration in the international growth of the MNC, with potentially broad implications for the study of foreign subsidiary development and the evolutionary theory of the MNC.

## C2.1.2: Innovation and local context

### Track: Knowledge Management and Innovation

Session chair: Isabel Alvarez

Time: Friday, 15/Dec/2017: 9:00am - 10:30am

Room: BL 27.07

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### Heterogeneous spillover effects from MNE investments: Domestic learning capacity and technological opportunities

L. Gagliardi<sup>2</sup>, A. Ascani<sup>1</sup>

<sup>1</sup>University of Geneva, Switzerland; <sup>2</sup>Utrecht University, Netherland; luisa.gagliardi@unige.ch

This article examines the relationship between MNE investments and the productivity of co-located domestic firms, focusing on the boundary conditions that affect their opportunities and constraints to benefit from foreign firms. Conceptually, we build a framework that incorporates the international business view on the superiority of MNEs and makes it possible to accommodate the wide range of formal and informal interactions taking place within the geography space among collocated foreign and domestic actors. Then, we draw on insights from the strategic management literature in order to formulate a set testable hypotheses on the role played by domestic firms' absorptive capacities, as well as the nature of their operational environment. We test our hypothesis on a novel database that combines data on 12,189 Italian manufacturing firms observed over the period 2003-2009 with information on MNE investment flows into Italian provinces (NUTS3). Results suggest that the relationship between MNEs investments and domestic firms' productivity is highly heterogeneous, and that the balance between spillover and competition effects crucially relies on both domestic firms' internal learning capacity and the technological opportunities provided by their operational environment.

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### The role of leading firms in explaining evolutionary paths of growth: Italian and Turkish clusters on the move

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### To share, or not to share? Production sites' motivation to share knowledge

M. Arellano Caro, T. H. Netland

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### C2.1.3: The influence of political resources and supporting institutions on market entry and re-entry

Track: MNEs, Institutions and Policy

Session chair: Laura Fernandez-Mendez

Time: Friday, 15/Dec/2017: 9:00am - 10:30am

Room: BL 27.04

### Market Supporting Institutions and International Multimarket Strategy: An Analysis of the Global Mobile Phone Industry

C. Giachetti<sup>1</sup>, J. Lampel<sup>2</sup>, E. Onoz<sup>1</sup>

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This paper looks at how the diversity of host country institutional systems influences the multimarket contact (MMC) strategy of a focal multinational enterprise (MNE). We argue that the strength of market supporting institutions in a host country will impact the ability of an MNE to create and sustain MMC with rivals. We use signaling theory to explain how market supporting institutions influence MMC strategy. We point to the observability of MNE 'competitive' and 'cooperative' actions; specifically: (1) competitive action strong or poor observability in the host country improve or hamper MNE ability to effectively communicate to its host country rivals the possible consequences of retaliation in their common markets if they attack the MNE in the host country; (2) cooperative action strong or poor observability in the host country improve or hamper MNE ability to effectively communicate to its host country rivals its willingness to collude in the host country, as well as in other countries. We also argue that in an MNE's host country, the level of market growth and the level industry concentration moderate the positive relationship between the strength of market supporting institution in an MNE's host country and the MNE's MMC with its host country rivals.

### Back so fast? Empirical evidence on the speed of foreign market re-entry after initial entry and exit

I. M. Surdu<sup>1</sup>, K. Mellahi<sup>2</sup>, K. Glaister<sup>2</sup>

*<sup>1</sup>University of Reading, UK; <sup>2</sup>University of Warwick, UK; I.Surdu@henley.ac.uk*

Much of the foreign market entry literature has been dedicated to studying initial entry as a linear, 'either/or' phenomenon of 'either' succeeding and staying 'or' failing and exiting foreign markets. Following this well-established logic, international expansion is broadly conceptualised as a linear and irreversible process. Based on a unique sample of over 1,000 cases of re-entry, we examine the speed of foreign market re-entry to explore what distinguishes fast movers into a previously exited market from later re-entrants. We find that institutional development and host market attractiveness motivate relatively earlier re-entries. Contrary to prior studies, we found that higher levels of prior knowledge and experience do not necessarily lead to firms being early re-entrants. The degree of resource commitment appears as a key factor driving the speed of foreign market re-entry as some firms attempt to salvage some of the investment costs lost upon exit by re-entering relatively early. The inclusion of exit motives in the regression model reveals some interesting results.

### **Why do state owned MNEs have more FDI in politically risky countries? Testing a political capabilities explanation**

A. Rygh<sup>1</sup>, C. H. Knutsen<sup>2</sup>

<sup>1</sup>Alliance Manchester Business School, UK; <sup>2</sup>University of Oslo, Norway; [asmund.rygh@manchester.ac.uk](mailto:asmund.rygh@manchester.ac.uk)

Recent studies find state-owned multinational enterprises (MNEs) invest relatively more in host countries with poor governance institutions than do privately owned MNEs. We elaborate on a "political capabilities" explanation for this result arguing that state ownership helps mitigate political risk. We develop an innovative empirical design for testing the political capabilities hypothesis, employing subsidiary-level panel data on Norwegian foreign direct investment (FDI). While standard panel regressions provide empirical support only for the infrastructure sector and for the highest political risk contexts, nearest-neighbor matching models - comparing only otherwise similar private- and state-owned MNE subsidiaries - reveal more general support for the hypothesis.

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### **Internationalization of State-Owned Multinationals: The role of the home country political regime**

L. J. Clegg<sup>1</sup>, H. Voss<sup>1</sup>, J. A. Tardios<sup>2</sup>

<sup>1</sup>University of Leeds, UK; <sup>2</sup>King's College London, UK; [hv@lubs.leeds.ac.uk](mailto:hv@lubs.leeds.ac.uk)

We offer a theoretical extension and empirical analysis of the home country political regime as a key determinant for the internationalization of state-owned enterprises (SOEs). Asymmetries facing home countries, and international market distortions causes the home political regime to be influential upon the magnitude and direction of state-owned multinational enterprises' (SOMNE) outward investment. We test our hypotheses on data for M&A deals across 169 countries and 20 years finding that autocratic home countries have a higher propensity to invest overseas via SOEs than democratic home countries, and a higher propensity to invest in other autocratic countries, and in similar industries.

## **C2.1.4: Sustainability practices and CSR**

### **Track: MNEs and Sustainable Development**

Session chair: John R. Dilyard

Time: Friday, 15/Dec/2017: 9:00am - 10:30am

Room: BL 27.03

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### **Sustainability Policy and Practices on a Day-to-Day Basis: the Role of Purchasing in MNCs**

R. Riikkinen

*Aalto University School of Business, Finland; [rilana.riikkinen@aalto.fi](mailto:rilana.riikkinen@aalto.fi)*

MNCs increasingly advertise their sustainable business practices and there are frequent discussions in the literature about the potential influencing factors. However, not enough is known about the involvement of different MNC functions and their actors in adopting sustainability policies and practices across the organization. This study investigates the relationship between sustainability policies and the transfer of sustainability practices on an operational level, focusing on the purchasing function. The empirical results of a multiple-case study show that the social and relational contexts are particularly important, thus highlighting the critical role of the individual. In addition, it finds the process to be headquarter driven; further, distance, in terms of both geography and role, is the main factor influencing differences in the adoption of sustainability policies and practices in the purchasing function.

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### **SMEs internationalization and motivations for CSR: An exploratory study of the Maritime cluster of Norway**

S. M. Grimstad, B. Fjørtoft, R. Glavee-Geo

*NTNU Ålesund, Norway; [sika@ntnu.no](mailto:sika@ntnu.no)*

Over the past few decades, CSR has received growing attention from both academics and businesses. The wide-ranging cognizance in society of CSR combined with the intricacies of globalization has made CSR a topical issue. The purpose of this paper is to explore the nature of CSR in the maritime industry in the Møre and Romsdal region (M&R), north-west Norway, and to investigate the relationship between firms' motivation and CSR. The findings show that firms' intrinsic motivation drives CSR more than extrinsic motivation. However, intrinsic and extrinsic motivations are related and not mutually exclusive. The impact of intrinsic motivation on CSR was found to be contingent on the extent of internationalization of SMEs. Implications for theory and policy are discussed including options for future research.

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### **Paradox in CSR Practice: Suggesting Ambidexterity Capability for MNEs**

P. Jokela<sup>1</sup>, M. B. Rana<sup>2</sup>

<sup>1</sup>Turku School of Economics, University of Turku, Finland; <sup>2</sup>Aalborg University, Denmark; [pjokela@yahoo.com](mailto:pjokela@yahoo.com)

Despite their extensive corporate responsibility (CSR) activities, MNEs often fail to meet stakeholders' expectations and even violate laws and regulations. This may lead to reduced legitimacy, also creating a CSR paradox. In this study, we illustrate this scenario with the case of the Bangladesh's Grameenphone. Based on a longitudinal analysis of the critical incidents of CSR paradox in Grameenphone, we propose an ambidexterity capability for MNEs, balancing between social and economic goals, to mitigate CSR paradox, which will support CSR planning and

implementation to support earning legitimacy. We present ambidexterity capability framework for CSR paradox and argue that this capability is possible if corporate ownership and management of MNE embraces the CSR philosophy and orients toward it. MNEs also should synchronize and support the process of earning legitimacy, taking into consideration multiple stakeholders expectations. This can be achieved by developing a governance mechanism that is compatible with the complex organizational and ownership structure across global operations. Developing organizational culture and employee mind-set that ensure the implementation of CSR in line with CSR orientation can help to reduce tensions and avoid conflicts with the stakeholders. Our paper contributes to CSR theory and practice and presents a link between CSR, legitimacy and firm capability.

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### **The integration of small farmers into agro-food global value chains: The role of MNEs in Egyptian agribusiness, the case of Heinz**

S. Soliman<sup>1</sup>, M. Papanastasiou<sup>1</sup>, G. Mergos<sup>2</sup>, L. N. Vedanthachari<sup>1</sup>

<sup>1</sup>Middlesex University, UK; <sup>2</sup>University of Athens, Greece; [s.s.soliman@mdx.ac.uk](mailto:s.s.soliman@mdx.ac.uk)

The globalisation of food production has attracted increased attention in recent years especially with the increasing global concerns for food security. The latter is more problematic in developing countries which suffer from institutional inefficiencies that hamper the necessary developments to agribusiness including the integration of agro-food producers into international markets. Multinational Enterprises (MNEs) are playing an increasingly important role in such integration through their network of Global Value Chains (GVCs). This paper aims to provide fresh evidence that contributes to the small, yet growing, literature on the role of MNEs in contributing to food security and sustainable development in developing countries. Evidence is provided from the experience of Heinz in cooperating with small producers of tomatoes in Egypt and their inclusion in Heinz's GVCs. The paper aims to discuss the ways in which Heinz managed to address institutional deficiencies that constraint the integration of small producers into GVCs and to explore the conditions under which MNEs are likely to play such an integrative role.

## **C2.1.5: FDI spillovers in emerging countries**

**Track: Emerging Markets**

Session chair: Arjen Slangen

Time: Friday, 15/Dec/2017: 9:00am - 10:30am

Room: BL 27.12

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### **Roles of MNEs in Emerging Production Networks: Analysis on China's Aerospace Industry**

Y. Wang, E. Turkina, A. Van Assche

*HEC Montréal, Canada; [yihan.wang@hec.ca](mailto:yihan.wang@hec.ca)*

This article studies the roles of MNEs in formation and evolution of production networks in emerging economies. Synthesizing resource, knowledge and institution based views, we emphasize the importance of network embeddedness in MNEs' internationalization process. Based on horizontally and vertically integrated linkages in China's aerospace industry from 2000 to 2015, we develop a two-period multiplex production network and conduct series of network analysis drawing following conclusions: MNEs act as maintainers of network connectedness in "small-world" production networks. They act as orchestrating hubs that coordinate intra-clusters relationship with local firms as well as boundary spanners that bridge inter-cluster connections across geographic boundaries. From a dynamic perspective, MNEs act the catalyst to strategic alliance formation, as linkages directed to MNEs at early stage are highly likely to evolve to strong alliance at later stage.

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### **MNE's entry as a trigger and catalyst for change in the host industry's institutional landscape: A case study in the Russian bakery sector**

E. Pelto, A. Karhu

*Turku School of Economics at University of Turku, Finland; [anna.karhu@utu.fi](mailto:anna.karhu@utu.fi)*

This paper focuses on understanding how an entry by a multinational enterprise (MNE) can act as a trigger and catalyst for change in the host industry's institutional landscape, in the context of an emerging economy. We show that in addition to general market transition influenced by state level policies, also individual companies' strategies, actions and market behavior contributes significantly to the development of a host industry's institutional landscape at a regional or even national level. More precisely, our case study on a Finnish MNE's entry into the Russian bakery market demonstrates how the entry of a single MNE into a transition economy can significantly alter the institutional landscape of a particular industry by creating institutional spillovers.

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### **The impact of inward foreign direct investment on regional environmental pollution - evidence from Chinese Township and Village Enterprise sector**

L. Zheng

*Univeristy of Wolverhampton, UK; [lucywmin@yahoo.co.uk](mailto:lucywmin@yahoo.co.uk)*

The study investigates the impact of inward foreign direct investment (FDI) on China's environmental pollution intensity at both country and regional levels. Given the central importance of FDI and Township Village Enterprises (TVEs) in the economy, the study employs a balanced

panel dataset of the TVE, the most polluting sector in China, to examine the environmental impact of FDI in the TVE sector on three types i.e. water, air, and solid waste pollution. The findings generated at the country level indicate that inward FDI has both positive and negative impact on country's pollution, given the different types of pollution, supporting both "pollution heaven and halo hypotheses". However, the findings generated at the regional level suggest a significant regional variation and mainly supports the "pollution halo hypothesis". The composition effect exists at both the country and regional levels. Labour productivity is an important factor for reducing country's pollution intensity across all the three macro-regions. The government environmental stringency has a dynamic and diversified impact on regional pollution, influencing and directing FDI's inter-regional locational choice within China.

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### **FDI spillovers and their effect in Colombian Multilatinas**

**R. J. Mesa Callejas<sup>1</sup>, J. Pla Barber<sup>2</sup>, C. Villar Garcia<sup>2</sup>**

*<sup>1</sup>Universidad de Antioquia, Colombia; <sup>2</sup>Universidad de Valencia, España; ramon.mesa@udea.edu.co*

We analyze the influence Foreign Direct Investment -FDI- spillovers have had in Colombia and their effect on the internationalization process of domestic Latin American multinational enterprises (Multilatinas). Our main hypothesis is that the presence of foreign firms in the country generates positive externalities which drive the internationalization of Colombian firms. Using a sample of 14 case studies on Multilatinas from different productive sectors, we conducted a qualitative measurement study applying a survey-interview with the managers of those companies aimed at contrasting their perception of two particular issues: (i) the internationalization process of local firms and (ii) the role of the presence of foreign firms in FDI export spillovers. In general, the findings indicate an expansion pattern influenced by the environment opportunity, the export learning process, improvement in productivity, the implementation of trade agreements and competitive pressure from foreign firms.

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### **Multinational enterprises and the provision of collective goods under formal and informal institutional voids. The case of electricity in sub-Saharan Africa**

**M. D'Amelio, P. Garrone, L. Piscitello**

*Politecnico di Milano - School of Management, Italy; paola.garrone@polimi.it*

Despite their unprecedented growth, developing countries still face severe problems in the provision of collective goods. Electricity, whose provision is scarce or unreliable in most developing regions, especially in sub-Saharan Africa, is an emblematic case. The reason for this shortage is not only imputable to the lack of effective formal institutions, but also to the inefficacy of informal institutions in enabling alternative solutions for the production, transmission and distribution of electricity. In this context of "double institutional void", multinational enterprises (MNEs) can play a decisive role. However, we claim that their effectiveness depends on both the formal and informal institutional proximity that exists between the country of origin and the destination of the multinational company. Our econometric analysis relies on a sample of pairs of home-host countries, the latter of which are all from sub-Saharan Africa, observed from 2005 to 2011. Our findings confirm our expectations.

## **C2.1.6: International entrepreneurship**

**Track: SMEs and International Entrepreneurship**

**Session Chair: Tiia Vissak**

**Time: Friday, 15/Dec/2017: 9:00am - 10:30am • Location: BL 27.05**

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### **What is Killing the Antibiotics Industry? An investigation of the decline and potential revival of the Antibiotics Industry applying the entrepreneurial orientation framework.**

**O. Lindahl, F. Ciabuschi**

*Uppsala University, Sweden; olof.lindahl@fek.uu.se*

This conceptual paper utilizes the entrepreneurial orientation framework to theorize on the decline of the antibiotics industry as an example of how environmental contingencies create a hostile environment for entrepreneurship and innovation. While the decline of the antibiotics industry has lately become increasingly acknowledged, research has generally focused on understanding this demise as mainly a question of either policy or microbiology, rather than of the industry environments ability to support entrepreneurship. Industry decline is here argued to be a consequence of environmental contingencies and we extend understanding of what causes industry decline by focusing on the business environments dynamism, munificence, and hostility as key variables to explain firms' behavior when considering decisions to engage in, or withdraw from, an industry. Building on this, we further apply the entrepreneurial orientation framework to analyze a much-discussed public intervention aimed at reviving the antibiotics. This paper contributes to international business and entrepreneurship research by introducing the entrepreneurial orientation framework to explain the decline and hoped-for revival of an entire industry. In so doing, we both apply the entrepreneurial orientation framework on an industry level and show how public intervention may reverse the relationships of this framework, and outline exciting avenues for future research.

### **Entrepreneurial orientation and network types of new ventures from transition economies: the effect on international performance**

R. Sedzinauskienė, J. Sekliuckienė

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This article explores the link between entrepreneurial orientation, network types and international performance of new ventures. Building on international entrepreneurship theory, we specifically investigate how the type of network affects the entrepreneurial orientation and performance relationship among new ventures from Lithuania, a transition economy. Data collected from 83 international new ventures revealed a positive linkage between entrepreneurial orientation and international performance outcomes. The direct relation between three network types and international performance was not supported, offering rich potential for researchers looking to advance our understanding of importance that networks may have in economies, particularly in transition economy contexts. Moreover, the findings revealed that high entrepreneurial orientation has a significantly higher international performance in the presence of high formal networks. The implications and directions for future research are discussed.

### **Motivational factors and the internationalization strategies - A theory-integrated explanatory approach for hotel sector**

R. Correia, J. Lengler

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Literature indicates that internationalization is a phenomenon influenced by firm specific and environmental factors. However, the international entrepreneurship literature has recently attributed to entrepreneur manager a prominent role in the internationalization decisions. Combining economic and behavioural theories we deliver to international literature an integrated approach adding entrepreneurial principles for explain the Portuguese hotel sector internationalization. Since the research focuses on understanding and explaining the internationalization process of Portuguese hotel firms, a comprehensive multi-case study was applied as a research method. Evidence shows that stimulus responsible for internationalization were mainly competence based, within a strong managerial push component evidencing the appropriateness of resource based-view and international entrepreneurship as most appropriate theoretical foundations to support the explanation of the initiation of international activities. Concerning the relation between motivational factors and the patterns of internationalization, it was found a strong contribution from economic and behavioural theories evidencing the complementarity between the different theories as a valid and appropriate approach to support the explanation of internationalization phenomena. The study further adds to international entrepreneurship literature a new perspective in the sense that the scope of the study goes beyond the creation of international new ventures being its integration with other models a credible approach between scholars.

## **C2.1.7: Theory development in IB**

### **Track: MNE Organization and Strategy**

Session Chair: Peter Buckley

Time: Friday, 15/Dec/2017: 9:00am - 10:30am • Location: BL 27.13

### **Asset recombination as the driver of sustainable competitive advantage: An entrepreneurship/capabilities-based perspective**

R. Narula<sup>1</sup>, J. Lee<sup>1</sup>, J. Hillemann<sup>2</sup>

*<sup>1</sup>Henley Business School; <sup>2</sup>Vrije Universiteit Brussel, Belgium; jenny.hillemann@vub.ac.be*

To maintain competitiveness in a global economy where change is rapid, the MNE must develop and maintain asset alignment both internally and externally, persistently augmenting its asset portfolio in tune with multiple environments. This requires organizational capabilities that are endogenously developed over time based upon entrepreneurial management, for example in the form of dynamic capabilities. Building upon Hennart (2009) and Verbeke (2013), this paper argues that asset augmentation of the firm primarily originates from the recombination of complementary assets both within the firm's existing asset portfolio and those of other economic actors, and that recombinant firm-specific assets (RFSAs) are an essential element for doing so. We define three different types of asset recombination, intra-firm, extra-firm and network recombination, depending on the source of complementary assets and discuss the associated RFSAs for each combination. We thereby seek to provide a more refined understanding of the underlying recombination mechanisms that firms utilize to augment their asset portfolio and thus sustain competitive advantage over time.

### **New internalization theory and family firm governance**

L. L. Kano<sup>1</sup>, L. Ciravegna<sup>2</sup>, F. Rattalino<sup>3</sup>

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In this conceptual study, we employ new internalization theory to discuss international strategic governance in family-owned multinational enterprises (MNEs). We argue that unique features of family firms, such as family-based asset specificity, presence of heritage practices, and propensity for bifurcation bias, impact strategic governance decisions. In a bifurcation-biased family firm, affect-based evaluation of activities (i.e., heritage versus perceived commodity) may supersede efficiency-based evaluation of these activities (i.e., complex versus routinized), which results in a suboptimal governance structure. Inefficiencies may be present but unobserved if a biased firm's governance decisions are optimal

by chance (i.e., as a result of unintended overlap of affect and efficiency characteristics of a particular set of activities and resource bundles), rather than by choice (i.e., as a result of comparative evaluation of activities and resource bundles based on their value creation and capture potential). In this case, suboptimal governance will persist until such time that micro- and macro-level changes expose inefficiencies – however, corrective adjustment may be difficult at that point due to the inherent entrenchment of heritage practices in a family firm. As such, the demise of inefficient governance predicted by internalization theory may be prolonged in family-based MNEs.

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### **The microfoundations of industrial diversification through foreign acquisitions: An empirical analysis of UK firms**

S. Elia<sup>2</sup>, P. Greve<sup>1</sup>, D. Castellani<sup>1</sup>, T. Vallone<sup>2</sup>

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This paper examines the microfoundations of cross-border industrial diversification strategies. We employ a sample of UK-based small and medium-sized enterprises to analyse the effect of CEO characteristics on the decision to acquire target firms in related versus unrelated industries. Our findings show an inverted u-shaped relationship between CEO age and the likelihood of engaging in unrelated-industry foreign acquisitions. Further, we find that CEOs' overall level of international experience is associated with a higher propensity to engage in unrelated-industry foreign acquisitions, whereas CEOs' MBA-type qualifications, cultural distance, and target country experience are associated with a preference for related-industry foreign acquisitions. Four out of five hypotheses are supported - only the latter finding contradicts our hypothesized relationships. We discuss theoretical implications of these findings and outline directions for future research within the context of microfoundations in international business and upper echelons theory.

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### **Home-region orientation and scale measures revisited**

C. Czychon

*Otto-Friedrich-Universität Bamberg & Université Jean Moulin Lyon 3, Germany*; [christoph.czychon@uni-bamberg.de](mailto:christoph.czychon@uni-bamberg.de)

In this work, multinational enterprise (MNE) classification and scale measures are revisited. Thus, the distinct literature is reviewed and discourse-related challenges are outlined. Additionally, new insights on methodological issues not yet debated are provided and an analysis of international and home-region scale measures for the 2005-2015 period is presented. Findings for sales data show that the MNEs of this sample provide evidence for a decrease in MNE home-region orientation from 83.1% in 2005 to 48.4% in 2015. Alongside, findings for employee data provide evidence for a substantial increase in inter-regional MNE business activity. Subsequently, this work differs from previous research by providing large scale evidence on three region-based balances and shifts in classification of MNEs, which both are to be part of an updated perspective on MNE 'strategy'. Thus, two separate issues, firm classification and firm strategy, are to investigate whilst being relevant to the future agenda and understanding of our field. Conclusively, this work exemplifies the need to debate MNE classification and the strategies, structures, and advantages in which the MNEs of this sample succeed as inter-regional or 'global' organizations.

## **C2.1.8: IB and omnichannel strategies**

**Track: International Business and Omnichannel Strategies - SIMA - Società Italiana di Management**

Session Chair: Michela Matarazzo

Time: Friday, 15/Dec/2017: 9:00am - 10:30am • Location: BL 27.16

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### **E-commerce for firms internationalization: a literature review**

R. Resciniti, F. De Vanna

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The emergence of e-commerce has brought substantial changes to both businesses and consumers. Hence, understanding the use of such means for internationalizing firms has become critical for companies that aim to enter foreign markets. Given that research on this issue is new and largely fragmented, it will be theoretically important to evaluate what has been studied and derive meaningful insights through a structured review of the literature. In this study, we conduct a systematic review of e-commerce for firms internationalization studies to explicate how firms use e-commerce to enter new markets and export. We classify these studies, discuss noteworthy theories, and identify important research methods. More importantly, we draw upon the internationalization process to propose an integrative framework for understanding firms' behaviour in this context. We believe that this framework can provide a useful basis for future e-commerce and internationalization research.

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### **The consumer's journey in the era of the "First Moment of Truth 2.0"**

M. F. Farah, Z. Ramadan

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The integration of new technologies into the lives of consumers have created a radical change in consumers' decision-making and adoption processes. However, this technological expansion has changed the consumer journey, while altering consumers' moment of truth. This study proposes a pioneering framework identifying the impact of recent innovations on the consumer's first moment of truth (FMOT) and their effect on the consumer journey. This study utilizes a conceptual framework which has been developed based on an analysis of existing research. The model incorporates an updated consumer journey across four stages, namely: (1) awareness and consideration, (2) engagement and purchase,

(3) delivery, and (4) brand advocacy. The paper also introduces the FMOT2.0, which is an updated version of the original FMOT, reflecting the ongoing integration of digital touch-points within the consumer journey. This framework suggests technology plays a significant role in shaping consumer attitudes and purchase intentions. The findings of this paper allow marketers to attract customers and enhance the consumer experience and tailor its marketing techniques across the various touch-points to augment brand awareness and purchase intentions.

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### Competition among FMCG channels in the digital era: Discounts versus Supermarkets

E. Fornari<sup>1</sup>, D. Fornari<sup>2</sup>, S. Grandi<sup>2</sup>, M. Menegatti<sup>1</sup>

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Online sales within the Fast Moving Consumer Goods (FMCG) industry are still very low, considering that e-commerce is estimated to represent only 0.9% of global grocery sales. It follows that within this sphere inter-channel competition is mainly focussed on sales trade-offs among different "physical" store formats rather than on cannibalization between online and offline channels. In particular, the most interesting emerging scenario is an increasingly fierce face-to-face competition between Discounts and Supermarkets. Considering the above, the present work aims at deepening the effectiveness of three different retailing-mix levers, namely baseline prices, assortment depth and promotion pressure, on sales share switching from Supermarkets to Discount stores within the Italian market in 2012-2014 period. Findings, obtained by panel data analysis on IRI real sell-out dataset, suggest that Discount market shares in different FMCG product categories tend to increase to the detriment of Supermarkets when baseline price gap is wider and/or when assortment gap is thinner. Contrarily, an increase in Discount promotion pressure does not seem particularly effective in stimulating sales share switching from Supermarkets.

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### Unveiling the heritage side of country images. A comparison between measurement scales adopted in place image literature and lexical content of web communication from leading cultural heritage countries.

G. Mainolfi<sup>1</sup>, A. De Nisco<sup>1</sup>, M. R. Napolitano<sup>2</sup>, V. Marino<sup>3</sup>

<sup>1</sup>University of International Studies of Rome, Italy; <sup>2</sup>University of Sannio, Italy; <sup>3</sup>University of Salerno, Italy; [alessandro.denisco@unint.eu](mailto:alessandro.denisco@unint.eu)

The contribution of cultural heritage to a nation's wellbeing has been the object of a significant debate in the field of economics and management. However, international marketing literature has devoted a very limited attention to this concept: in particular, research on place images and country of origin effect has virtually neglected the role of cultural heritage both as component of the place image domain and has antecedent of foreign consumers' attitudes towards the national products and services.

This paper aims to provide a contribution to address this gap by comparing the conceptual categories and measurement scales of the cultural heritage adopted in the country image literature with discursive categories adopted in the web communication of the nations listed in the first 10 positions of the "Heritage & Culture" ranking provided by the Country Brand Index. Results from a content analysis conducted on 25 websites identifies 9 tangible and intangible components of a nation's cultural heritage image, labelled as Cultural assets, Natural environment, Craftsmanship, Performing arts, Art and literature, Cuisine and gastronomy, Language, Tradition and People.

The paper concludes with discussion of implications for international marketing strategies employed by national companies and for country image research.

## C2.1.9: Culture, values and experiences

Track: International HRM and Cross Cultural Issues

Session Chair: Rian Drogendijk

Time: Friday, 15/Dec/2017: 9:00am - 10:30am • Location: BL 27.11

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### Moderators and Mediators of Cross-cultural Training Effectiveness: a Literature Review

C. K. Kempf

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The study analyzes factors which moderate and mediate the relation between cross-cultural training and its outcomes. The literature review focuses on twenty journal articles and three doctoral dissertations, published between 1966 and 2016, and reveals that cross-cultural training effectiveness is particularly moderated by the international experience of the trainee, the cultural distance between the home and the host country, personality factors, and the fit between learning and teaching style. Important mediators are, among others, cultural intelligence and cultural adjustment. The literature review leads to the development of a theoretical model based on Bandura's social cognitive theory. The model integrates major results of existing research on training methods, moderators, mediators and outcomes. It helps to better understand the complex cross-cultural training environment and allows to draw conclusions for the selection of training candidates as well as for the design and evaluation of cross-cultural training.

**Mosaics not Masses: Nations as Diverse Mixtures of Global Values Archetypes**D. Midgley<sup>1</sup>, S. Venaik<sup>2</sup>, D. Christopoulos<sup>3</sup><sup>1</sup>*INSEAD, Fontainebleau, France;* <sup>2</sup>*University of Queensland Business School, Australia;* <sup>3</sup>*National and Kapodistrian University of Athens, Greece; david.midgley@insead.edu*

The predominant culture-related perspective in IB considers nations as homogeneous entities with similar values within nations and different values across nations. In this paper, we propose an alternative perspective of nations as diverse mixtures of global values archetypes. We test our mixtures theory with data on Schwartz values from the World Values Survey wave 6 across 90350 individuals in 60 countries. Using archetypal analysis, we find six archetypes are adequate to capture comprehensively and parsimoniously the configuration of Schwartz values around the globe. Moreover, we find each country is a mixture of multiple archetypes, and that the composition of archetypal mixtures varies from country to country. Our mixtures theory provides a better understanding of diversity within and across countries, and offers a more nuanced conception of cultural values around the globe than that presented in the popular averages based national culture perspectives. Overall, our results have important implications for culture-related IB theory, practice and public policy.

**Cultural effect on synergy realization in cross-border acquisitions: a contingency perspective**D. Wang<sup>1</sup>, D. S. Hain<sup>2</sup>, L. T. Dao<sup>3</sup><sup>1</sup>*Aalborg University, Denmark;* <sup>2</sup>*Aalborg University, Denmark;* <sup>3</sup>*Aalborg University, Denmark; daw@business.aau.dk*

Literature of mergers and acquisitions (M&As) lacks consensus about the impact of national and organisational culture differences on acquisition performance as well as moderators of such impact. The current paper aims at examining the simultaneous impact of both levels of cultural differences on synergy realization in cross-border acquisitions as moderated by pre-acquisition due diligence and post-acquisition coordination efforts. We consider two types of synergies: (i.) Type-1 synergies, which are explicit, more predictable, less tacit-knowledge intensive, and/or based on cost reduction and similarity, and (ii.) Type-2 synergies, which are more implicit, less predictable, usually tacit-knowledge intensive and/or complementary. We develop four hypotheses and test them, using regression analysis, on a sample of 103 international acquisitions performed by Nordic companies. Our results show that both national and organizational cultural differences only exert a negative impact on the realization of Type-2 synergies, but no impact on the realization of Type-1 synergies. National cultural differences are found to have a stronger negative effect than organizational cultural differences. Moreover, proactive due diligence prior to the acquisition is found to moderate effectively the impact of high cultural distance whereas no evidence shows the moderating role of post-acquisition coordination efforts.

**C2.1.10: Innovative export channels and international marketing strategies****Track: International Marketing**

Session Chair: John David Branch

Time: Friday, 15/Dec/2017: 9:00am - 10:30am • Location: BL 27.14

**How responsive and proactive market orientation affects the innovativeness of international marketing strategy and the performance of international ventures.**

P. Gabrielsson, M. Kontkanen

*University of Vaasa, Finland; mish@uva.fi*

This paper investigates the effect of proactive and responsive market orientations (MOs) on innovativeness of international marketing strategy (IIMS) and performance. It develops a framework for IIMS and tests the model based on 511 Finnish international firms. The findings suggest that IIMS mediates the relationship between a proactive MO and marketing performance while a responsive MO moderates the relationship between proactive MO and IIMS. In addition, the marketing performance has an effect on financial performance. The paper concludes with theoretical and managerial implications.

**Multiple export channels - A dual-theory perspective**

E. Ipsmiller, D. Dikova

*WU Vienna, Austria; edith.ipsmiller@wu.ac.at*

While it has been acknowledged by researchers that firms use multiple distribution channels to serve their customers - the literature speaks about plural forms of distribution or, more generally, about foreign operation mode combinations - very little is known so far about when firms use multiple distribution channels in foreign markets. This study aims at contributing to this stream of literature by investigating multiple export channel choice and performance from two different theoretical perspectives - transaction cost economics and real options theory. We find that while both theories are useful for explaining the choice between single (integrated and non-integrated) channels and multiple channels (i.e. combinations thereof), coherence with the theories' predictions does not contribute to enhanced performance at the export venture's level.

### **Product development capabilities-based export channel selection and export performance**

M. Li, X. He, C. M. Sousa

*Durham University Business School, UK; min.li2@durham.ac.uk*

Drawing on the resource-based view and institutional theory, this study explores how firms make export channel selection to exploit their product development capabilities (PDC) and improve export performance by making an alignment between the PDC, entrepreneurial orientation (EO), cultural-cognitive distance (CCD), and channel selection. Using data collected from multiple respondents of 302 Chinese export ventures, we found that PDC is linked to selection of hierarchical channels while their EO and CCD weaken this link. Moreover, the alignment between firm capabilities, institutional distance, and channel selection increases export performance.

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### **Social Media Usage in the International Business-to-Business Sales Process of International New Ventures**

S. Fraccastoro, M. Gabrielsson

*University of Eastern Finland, Finland; sara.fraccastoro@uef.fi*

Given the rapid technological changes affecting international business activities, there are clear calls for the adoption of social media tools in firms' efforts towards internationalisation. Earlier research has argued that the sales function is among those functions which could benefit the most from such an adoption. However, to succeed in international business-to-business markets, a combination of highly digitalised tools (such as social media) and traditional sales techniques is needed. The current paper explores how international new ventures (INVs) leverage different sales tools during the three phases of their international business-to-business sales processes (identifying new business opportunities, persuasion, and relationship management). The study pays attention to the role of social media, on-line related tools and traditional sales techniques in successful prospect engagement and for the generation and retention of international clients. We suggest that the usage of social media is particularly helpful in identifying new business opportunities. With the advancement of the sales process and the increased relevance of business relationships, the use of on-line tools and personal relationships tend to be preferred. We believe the study to be especially useful to INVs who are in the early phases of their internationalisation and suffer from various liabilities.

### **I2.1.1 - Location studies in emerging markets**

#### **Track: Emerging Markets**

Session chair: Filip De Beule

Time: Friday, 15/Dec/2017: 9:00 am - 10:30 am

Room: BL 27.15

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### **Banks go global: the internationalization of Chinese "big-four" commercial banks**

S. Gentile-Lüdecke

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The present study reviews the patterns and the motivations that drive the internationalization of the "big-four" state-owned Chinese commercial banks, looking at foreign countries and mode of entry since their first international commitment until 2016. Based on a multiple case study design, results indicate that the four banks started internationalizing in neighbouring countries following an incremental approach, but increasingly carried out an accelerated internationalization process. While the follow-the-client hypothesis is a major driver of internationalization, politically driven motivations, as the presence in countries located in the "One belt One Road" initiative and the renminbi internationalization, prove to be a strong driver of the accelerated internationalization in the last 3-4 years.

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### **Cross-border Expansion of Mobile Network Operators in the Emerging Regional Market Context: Investment Location and Entry Strategy Choice Determinants**

M. C. Dike, E. L. Rose

*Aalto University School of Business, Finland; m.dike@ymail.com*

This paper highlights how mobile network operators (MNOs) expand operations across the institutionally challenging emerging Sub-Saharan Africa (SSA) regional market. Building upon the internationalization literature, we explore the market selection and entry strategies of the 16 MNOs that had significant multinational activities across the region as of 2014. We find, contrary to our hypotheses and the extant literature, that host country economic and environmental factors do not play primary roles in determining the investment location choices of MNOs. Instead, our data suggest that institution-related factors, such as colonial ties and levels of corruption, as well as firm's international experience, play more important roles in the MNO's investment location decisions. We posit that these findings are consequent to the challenging nature of the emerging-market institutional environments, typified by SSA, and contribute to the internationalization debate from the perspective of the emerging regional market.

### **Geographic Distance to Local Government Offices, Regional Government Corruption, and Corporate Philanthropy**

W. Liu<sup>1</sup>, Y. Zhang<sup>2</sup>, J. Yang<sup>1</sup>

<sup>1</sup>University of Sydney, Australia; <sup>2</sup>University of Glasgow, United Kingdom; [wliu3540@uni.sydney.edu.au](mailto:wliu3540@uni.sydney.edu.au)

This study examines the relationship between firms' geographic distance to the local government offices and corporate philanthropy in an emerging economy. Drawing on the distance decay theory in the spacial geography literature, we argue that the distance between a firm and the government offices increases the firm's donation, and this positive effect is stronger in the region where the level of regional government corruption is higher. Empirical analyses using a sample of 12,879 firm-year observations obtained from Chinese publicly listed firms from 2003 to 2011 support our arguments.

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### **The Investment Development Path and Geographic Patterns of Poland's FD: New Evidence**

M. Gorynia<sup>1</sup>, J. Nowak<sup>2</sup>, P. Trąpczyński<sup>1</sup>, R. Wolniak<sup>3</sup>

<sup>1</sup>The Poznań University of Economics, Poland; <sup>2</sup>IBD Business School; <sup>3</sup>University of Warsaw; [piotr.trapczynski@ue.poznan.pl](mailto:piotr.trapczynski@ue.poznan.pl)

The purpose of the present study is to incorporate geographic analysis of FDI into the classic IDP model. By supplementing the traditional analysis of NOI (outward FDI stock - inward FDI stock), which has been criticized as being an incomplete indicator of a country's position on the IDP, with a analysis of geographic patterns in inward and outward FDI (with respect to main country groups and individual countries being providers and/or recipients of FDI to and from Poland), the authors strive to offer a better explanation of Poland's current NOI position and provide more in-depth support to some necessary policy recommendations. Hence the main contribution of this study to the international business scholarship is believed to be two-fold: (a) further development of the IDP research methodology and, (b) better understanding of the idiosyncratic nature of the IDP in Poland.

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### **Determinants of investment attractiveness of Polish Special Economic Zones**

T. Dorozynski, J. Swierkocki, W. Urbaniak

University of Lodz, Poland; [tdorozynski@uni.lodz.pl](mailto:tdorozynski@uni.lodz.pl)

Our study on SEZs focuses on the assessment of factors driving the success of a particular zone among foreign and domestic entrepreneurs seeking investment locations to pursue economic operations. The paper aims to identify the importance of factors as to why some SEZs attracted more investment than others. In our opinion, that might be caused by the following three fundamental reasons:

- a) location of the zone in a more or less attractive region (equivalent to a voivodeship);
- b) investors' opinion about the zone (its reputation);
- c) intra zone factors.

Each of the above reasons was also analysed at detailed levels. Additionally, we checked whether foreign and domestic investors' motivations in selecting a zone were similar or different. Classifying the importance of the above reasons may provide some guidelines for those responsible for regional policy, who implement it also through the SEZs, in Poland and in other countries. The study uses statistical methods such as Spearman's rank correlation, Pearson correlation and the regression model. Our calculations have shown that intra-zone factors were the most important for both foreign and domestic investors. Rather surprisingly, overall investment attractiveness of voivodeships was the least important determinant for the FDI inflow to individual zones.

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### **Emerging and Developing Country Multinational Hotels in Spanish tourist districts**

B. Marco-Lajara, E. Claver-Cortés, M. Úbeda-García, F. García-Lillo, P. D. C. Zaragoza-Saez

University of Alicante, Spain; [bartolome.marco@ua.es](mailto:bartolome.marco@ua.es)

This paper links mainly two lines of research, clusters and internationalization of firms, and do so in two different ways. Firstly, the paper tries to find if there is a relationship between the location of Multinational Enterprises (MNEs) in a country and the presence of clusters related to their activity in that country; more specifically, if clusters in a country attract foreign direct investment from MNEs. Secondly, the paper goes beyond trying to identify if Emerging Country Multinational Enterprises (EMNEs) are more attracted by clusters than Advanced Country Multinational Enterprises (AMNEs). The paper is focused in Spanish hotel industry. After identifying multinational hotels located in Spain and determine if they come from advanced countries or emerging/developing countries, results show that AMNE-Hotels feel more attracted by Spanish tourist districts than EMNE-Hotels; in other words, it seems that AMNE-Hotels are more interested in the knowledge generated in Spanish tourist districts than EMNE-Hotels. Although these results are unexpected, the paper discusses possible reasons of this trend.

### **P2.1.1 - Transition toward a sustainable economy: opportunities and challenges for MNEs**

#### **Track: MNEs and Sustainable Development**

Time: Friday, 15/Dec/2017: 9:00 am - 10:30 am

Room: BL 27.06

**SESSION CHAIR: A. Jacqueminet**, Bocconi University, Italy; anne.jacqueminet@unibocconi.it

#### **PANELLISTS:**

**Christiane Bode**, Bocconi University

**Elisa Giuliani**, University of Pisa

**Daniel Shapiro**, Simon Fraser University

**Maurizio Zollo**, Bocconi University

Multinational enterprises (MNEs) are at the forefront of the transition towards a more sustainable economy and in the Information Age, their actions are under increasing scrutiny. However, we have only started to examine the specific opportunities and challenges sustainability represents for MNEs. This panel will provide an interactive forum for scholars interested in developing research in this area to discuss the current state of research, explore new avenues, and strengthen scholarly networks. Participants will be organized into small-group roundtables to examine specific MNE activities affected by the sustainable transition. Established international business and sustainability researchers will moderate the roundtables and elicit participants' input about the state of research in this area, new research questions, and innovative methodologies. The panel will conclude by summarizing the findings of each roundtable, and offering guidance on current research directions.

### **P2.1.2 - International Business and the Information Age: an interdisciplinary dialogue**

#### **Track: Internationalisation in the Information Age**

Time: Friday, 15/Dec/2017: 9:00 am - 10:30 am

Room: BL 27.01

**Co-CHAIR: Jakob Müllner**, WU-Vienna, Jakob.Muellner@wu.ac.at & **Igor Filatotchev**, Cass Business School & WU-Vienna

#### **PANELLISTS:**

**Keith Brouthers**, Kings' Business School

**Frank Elter**, Telenor

**Torben Pedersen**, Bocconi University

In the proposed panel, we seek to encourage such a synergistic, interdisciplinary discussion of the information age. We plan to invite speakers from different EIBA conference tracks to talk about the topics that shape the discussion within their sub-disciplines. Subsequently, the goal is to integrate these views, identify areas of overlap, conflict and encourage interdisciplinary dialogue.

### **P2.1.3 - One size fits all? Key issues and common misconceptions in reviewing qualitative research in top tier journals**

#### **Track: Novel ways of teaching and doing research**

Time: Friday, 15/Dec/2017: 9:00 am - 10:30 am

Room: BL 27.02

**CHAIR: Emmanuella Plakoyiannaki**, University of Leeds, e.plakoyiannaki@leeds.ac.uk

#### **PANELLISTS:**

**Michael Gibbert**, Università della Svizzera italiana

**Niina Nummela**, University of Turku

**Rebecca Piekkari**, Aalto University

**Rebecca Reuber**, University of Toronto

**Catherine Welch**, University of Sydney

The purpose of this panel is twofold: 1) to provoke participants' reflection on their own reviewing practices and 2) to enhance authors' understanding of what reviewers are looking for when evaluating qualitative submissions. The panel contributes to and expands the recent discussion on how to evaluate and review qualitative submissions in top tier International Business (IB) journals and therefore, is relevant to reviewers, authors and editors. The speakers will put forward issues, tensions as well as misconceptions held by reviewers (authors) when evaluating (composing) a qualitative submission. EIBA 2017 is an ideal forum for reaching out to the IB scholarly community with a view to enhancing standards of qualitative reviewing, as well as inspiring more researchers to conduct and publish qualitative research.

**PLENARY POSTER SESSIONS**

Time: Friday, 15/Dec/2017: 11:00 am - 12:30 am

Building BL28 - First Floor

**You Decide on What You Perceive. On the Sources and Effects of Biased Institutional Perceptions in Foreign Ownership Mode Choices****P. Trąpczyński<sup>1</sup>, T. Halaszovich<sup>2</sup>***<sup>1</sup>The Poznań University of Economics, Poland; <sup>2</sup>Jacobs University, Bremen, Germany; piotr.trapczynski@ue.poznan.pl*

Ownership mode choices in international strategy have long been recognised to be affected by institutional distance. Nevertheless, only few studies so far have taken into account that it is the perception of distance that can affect these decisions more than the actual distance per se. Moreover, these perceptions can be affected by a number of factors, including the very direction of distance. Thus, we focus on the individual perceptions of decision makers and their impact on ownership mode choices. By building on the transaction cost economics, institutional theory and upper echelons theory, we develop theoretical arguments for three biases that influence the effect of perceived distance on perceived uncertainty and, thereby, on ownership mode choices: reputation bias, familiarity bias and realism bias. Our findings based on a sample of new MNEs from Poland indicate that a negative reputation of a country amplifies the negative effect of institutional perceptions on the selected levels of ownership in a foreign affiliate. On the other hand, firms with more international experience tend to become more conservative in ownership decisions, contrary to what can be inferred from mainstream IB theories and research.

**FDI mode, firm heterogeneity and institutional conditions****V. Amendolagine<sup>1</sup>, R. Crescenzi<sup>2</sup>, R. Rabellotti<sup>1</sup>***<sup>1</sup>Università di Pavia, Italy; <sup>2</sup>London School of Economics; roberta.rabellotti@unipv.it*

In this paper, we explore how investor-level characteristics interact with some features of the host economies, (considered both at the national and sub-national, regional, level) in shaping the decision to enter foreign markets by means of acquisitions or greenfield FDI. Our empirical analysis focuses on 1,116 MNEs selected from Forbes Global 2000 with at least one investment in the EU-28 during the period from 2003 to 2014. The main preliminary findings at the firm-level confirm that the more productive and innovative multinationals are more likely to choose greenfield investments. At the macro-level, richer countries and regions are more likely to attract acquisitions and the country institutional quality and innovation capacity also enhance the chances of attracting acquisitions. Furthermore, the interaction between firm-level productivity and the relative institutional quality of the host region increases the probability to attract greenfield investments. Finally, the more innovative multinationals are more likely to invest through acquisitions in more innovative destinations.

**Relationship Development in Global Virtual Teams over time****M. Aleem***Turku School of Economics, Finland; majale@utu.fi*

GVTs have been studied from a different perspective such as the role of channels of communication in a virtual environment, interpersonal relationships among members of a single GVT, etc. The purpose of our study is to capture the process of relationship development in GVTs over the life of different projects for the same GVT. This longitudinal study spanned over three years applies the interpretative approach to the data gathered from 70 global virtual GVTs comprising of more than 380 individuals belonging to 20 different nationalities dispersed in 4 northern European countries.

Our results show that over a longer period, even when the duration of projects itself is short, members of global virtual GVTs enable their relationships not only through task related trust but different behaviors are rather important and take a greater influencing role with the passage of time. Initially, relations are built around the emergence of routines while dealing with influences of virtuality, but as the GVTs mature, individual perceptions and ways of communication of GVT members take precedence over other factors to guide the relationship development.

**Motivations of Students to Study Abroad: A Case Study of Moldova****V. Pirgaru, R. V. Turcan***Aalborg University, Denmark; rvt@business.aau.dk*

In this paper we explore students' motivations to study abroad. A decision to study abroad is not only a complex decision-making process a student goes through, but at the same time is among the most significant and expensive initiatives a student undertakes. Specifically we explore push and pull factors that influence students' decisions to study abroad in the context of students from Moldova. Drawing on extant literature, we developed a conceptual framework of decision-making process and factors influencing study abroad decision, and subsequently designed a questionnaire consisting of 56 items on a 4-point rating scale. Without any ready-to-use dataset of Moldovan students studying abroad, we employed non-probability snowball sampling strategy. The questionnaire was distributed via Google Forms over a four-week period, generating 151 usable responses. Our findings emerged from the analysis support to a certain degree earlier studies on students' motivations to study abroad, but also provide new, alternative insights into this decision-making process. We also discuss implications for internationalization of companies to emerging economies and home institutions and conclude by providing future research directions.

### **Social Entrepreneurship and Sustainable Development in the Kenya Healthcare Sector**

S. Khalid, W. C. Au, P. Ahmed

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The Kenyan health system faces several coexisting challenges, often exacerbated by poverty, including high maternal mortality, unequal access to health services, inadequate health workers and healthcare provider skills and low healthcare insurance coverage. This paper seeks to explore the role of social entrepreneurship in improving the maternal health sector in Kenya. Five in-depth semi-structured interviews were conducted with three social enterprises in the Kenya healthcare sector to better understand the ecosystem. The study found that social entrepreneurship plays a significant role in transforming the Kenya healthcare industry by adopting a holistic approach and interacting with various relevant key stakeholders in the healthcare ecosystem. This study provides insights to national policy makers and practitioners by highlighting the potential role of social entrepreneurship in contributing to sustainable development in a developing country. It also contributes to existing social entrepreneurship literature by providing insights into social entrepreneurship in the resource constrained Kenyan context.

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### **Heuristics in international business and international marketing: a systematic literature review**

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The paper proposes a systematic literature review of heuristics in international business and international marketing literature. International business and international marketing activities are strongly characterized by a high degree of uncertainty, thus drawing attention on the adoption of heuristics for decision-making. However, even if the marketing and management literature is in many ways permeable to the debate around heuristics developed in psychology and cognitive science, the attention of international business and international marketing studies on this debated topic seems limited. Therefore, the paper seeks to provide a wide and exhaustive picture of studies on heuristics in the international business and international marketing domain. To this end, 71 papers published between 1987 and 2017 were collected from a list of 25 top ranked academic journals. The review shows that heuristics are under-investigated in the fields of international business and international marketing and further research is required since the study of heuristics may provide a new basis to the debate on bridging the gap between theory and practice of international business and marketing.

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### **ICT Effects on the Spread and Boundary of International Firms**

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Information and communication technologies (ICT) may affect the international organization of production and also the boundary decisions of multinational enterprises (MNE). This paper explores the role of e-commerce and the relationship of internationalization and internalization advantages through the global spread of Spanish manufacturing firms and their decisions of in-house production, following two different dimensions: The final market transactions through e-commerce of business to consumers (B2C), and inter-firms transactions through business to business (B2B) e-commerce. Our findings confirm that the former has a positive effect on both the international spread and the international integration of firms. On the other hand, B2B e-commerce reveals mixed results: transactions with external suppliers affect positively the number of subsidiaries abroad; however, the two forms of B2B e-commerce exert a negative influence on intra-firm trade shares generating a modulating effect on international firms' boundaries.

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### **The relations of Institutional Factors and the Corporate Entrepreneurship Activity. A Cross-country Study**

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Entrepreneurial orientation and institutional factors was aroused the interest of researchers, but its complexity and appropriate the large organizations, is still little studied if applied to smaller companies who also has the influence of these characteristics. More recently, the study of the entrepreneurial orientation in smaller businesses, brought to this work the challenge of searching the main concepts that can be applied to such. As unit of analysis we opted for a qualitative study carried out in two organizations of the same size, allocated in different institutional contexts, Brazil and the United States, with this it was hoped to be able to understand how institutional factors interfere in the development of the entrepreneurial orientation in fact. For being recent, chose a qualitative study adopting as method cross-country case study. The results showed that management is primarily responsible for the essence of the entrepreneurial orientation in the businesses studied and that as the interference of the institutional pillars was observed it was pointed out that the implicit differences between a developed and an emerging country as business development. In addition the crisis experienced by brazilians, that demonstrates how weak is still the trust that exists.

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### **International New Ventures: Nature and Pace of Post-Inception Development**

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Considering the importance of entrepreneurship in terms of economic growth, innovation, and job creation, and the increasing prevalence of entrepreneurs with global aspirations, understanding early internationalization behavior is essential. While previous research on International New Ventures (INVs) largely focuses on enablers, characteristics, and capabilities, there has been a recent increase in emphasis on life after the inception and initial internationalization of such firms. The current study synthesizes contributions on INV development, and further conduct a qualitative, multiple-case study of Israeli agro technology firms in different phases of development. Our objectives are thus to strengthen the

explanatory power, and applicability, of emerging phase-models, and further to look for factors that either push or stall development through the identified phases.

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### **Cross Boundary Investment Activities and Cross National System Differences. An Approach from a Transition Country Perspective**

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The aim of this paper is to define the meaning and the role of distance in determining cross border investment transactions. Specifically, it aims at, using a transition country, i.e. Serbia as a country case to demonstrate the implementation of a model based on Ghemawat's culture, administrative, geographic, and economic distance framework modified by substituting administrative by institutional distance for testing the relevance of distance in determining Foreign Direct Investment (FDI) inflows to a country. Since 2000 Serbia has embarked on an extensive political and economic reforms programme, having achieved democratic stability by now. Its economic growth has been mainly driven by foreign direct investments. This paper analyzes how each one of the distance dimensions, i.e. cultural, institutional, geographic and economic, affects FDI inflows to Serbia. The empirical application of the model shows that cultural distance and economic distance affect FDI flows positively, while institutional and geographic distances have a negative effect on FDI inflows to Serbia.

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### **Internationalization of Higher Education Institutions: The Underestimated Role of Faculty**

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Studies on the Internationalization of Higher Education Institutions (IHEI), due to the inherent characteristics of this type of organization, have to contribute to the theory of International Business, among other aspects by the peculiar motivational factors present in HEIs. Although the literature indicates that researchers are the main catalysts of this process, the conceptual models that involve the phenomenon have devoted attention to other levels of analysis, such as national and of institutions, and few studies are focused on the result of internationalization due to the individual performance (researcher). Facing this gap, we start with the following question: what is the impact of researchers characteristics on the internationalization of Higher Education Institutions in which they work? The results, organized in a proposed conceptual model, are: (i) the researchers international academic experience, (ii) insertion in international collaboration networks, (iii) international coauthors and their (iv) experience in international publications, are four of the main factors at the individual level (researcher) that positively impact IHEI. With these findings, we intend to stimulate researchers to seek international insertion; we also intend to provide a theoretical and empirical basis for teaching institutions to invest strategically in the main catalysts of this internationalization.

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### **Job creation of exporters and non-exporters: Estonian evidence**

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This paper aims to find out whether Estonian born globals differ from other exporters and non-exporters in terms of job creation. It is based on a database from the Estonian Business Registry encompassing all Estonian firms' business activities in 1995-2014, and also on detailed firm- and country-level foreign trade data from Statistics Estonia. It concludes that in terms of net job creation, Estonian born globals were more active than other exporters and non-exporters. They had, on average, more employees and their overall and export survival rates were higher.

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### **Premises of reshoring development in luxury goods sector**

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The purpose of the article is to analyse the development of reshoring trend in the luxury goods sector. The analysis is based on the contemporary redefinition of luxury goods which relates to the increasing volume of goods marketed as luxuries yet placed at the bottom of the luxury. The article also attempts to answer the question if reshoring in the luxury goods sector can restore the traditional meaning of luxury and if at all the tiers of luxury ladder such a revival is possible and desirable. Luxury fashion, luxury automotive and luxury jewellery industry are within the scope of the analysis. The article assumes a value-driven perspective, including, in a model way, the premises of reshoring and near-reshoring development in the industries on the tiers of the luxury ladder. The empirical layer illustrates the early indications of reshoring and near-reshoring in each industry.

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### **Locus and Revenue of Export Manufacturers: Why Regional Markets?**

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Despite a wider locus of preferential markets in Africa and outside Africa, clothing manufacturers in Tanzania capitalize mostly on African markets for exports revenue. They produce and allocate their goods into both African and non-African markets earning comparatively higher revenue from African markets. Drawing on internationalization theories, this paper employs multiple-case studies to explore this phenomenon in an attempt to provide a better understanding of its nature. The empirical evidence reveals that the major drivers of Tanzania's export revenue generated from African markets are: the continuously growing demand in these markets, the lack of input materials to fulfill customer needs

outside Africa, own brand manufacturing, capability to compete successfully with second hand clothes, and proximity to markets. The research findings also suggest that business success is to a large extent firm-specific. To summarize it is evident that firms having access to abundant amount of intangible resources and higher capability to mobilize resources in general, using and upgrading them stand a better chance to internationalize successfully.

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### **Is R&D employees' mobility a concern for foreign MNCs' R&D Subsidiaries in India? An Intellectual Property Protection Perspective**

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This paper studies the extent of Research & Development (R&D) employees' mobility experienced by foreign Multinational Companies (MNCs) in India, whether it is a concern, and, if it is a concern, how MNCs protect their intellectual property (IP) against R&D employees' mobility. This paper uses a novel and efficient method for tracking mobility of (approximately) 10,000 Indian R&D employees working for the foreign MNC subsidiaries in India by tracking their LinkedIn profiles. Preliminary results from 1,312 R&D employees of foreign MNCs' Indian subsidiaries reveal that these employees are highly mobile and on average they stay no more than four years in one MNC and after resigning from the MNC, they prefer joining other foreign firms in India than joining domestic firms. In order to understand how foreign MNCs in India protect IP against R&D employees' mobility, multiple qualitative case studies on 16 MNCs through 42 semi-structured interviews are (to be) conducted. Preliminary findings from 10 case studies suggest that pre-emptive Human Resources (HR) retention strategies play a more significant role than employee mobility restriction agreements (e.g., non-compete agreements) and IP spill-over protection agreements (e.g., non-disclosure agreements) in protecting IP from R&D employees mobility.

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### **The impact of human capital and skill availability on attraction of foreign direct investment into regions within developing economies**

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This paper will test the importance of the relationship between geographic distribution and clustering of human capital and skill, and their influence on the location choice strategy and innovation of foreign investors between regions in the host economy of Poland. When making a strategic location choice multinational corporations (MNCs) examine a number of conditions which influence the investment before settling on the most optimal location choice that includes human capital and availability of skilled workforce.

Testing the data on presence of foreign firms and skilled workforce in regions across Poland this study finds that higher level of presence of skilled workforce in the regions tends to attract higher-value-added and service related subsidiaries into them. Also, in the regions with higher R&D spending some industrial sectors tend to narrow their industrial specialization in these regions.

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### **U.S Foreign Direct Investment by group of industries to the peripheral of countries of the Euro zone. A distance framework approach**

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This paper attempts to define the role and the importance of distance in Foreign Direct Investment (FDI). Based on a modified model of Ghemawat's culture, administrative, and economic distance framework, it aims at investigating the potential relationship between this framework and US FDI by replacing administrative with institutional distance in five peripheral Euro zone countries. The paper illustrates how each one of distance dimensions, i.e. cultural, institutional and economic, correlates with FDI at different industrial levels. The empirical application of the model shows that both cultural and institutional distance have an impact on FDI flows at high-technological sector while institutional and economic distance affect FDI outflows at medium high-technological sectors. Concerning medium-low and low-technological sector there is no statistically significant relationship of distance with FDI inflows sourced in the USA.

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### **What Practical Language Effect of Advanced Management Training for Global Business Involvement: A Field Study in Indian MNEs**

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To strengthen their international position, major Indian MNEs are investing in advanced management training for their superior engineer middle-managers. A Post-Graduate Program in Management (PGP) was established for this purpose in India based on the Harvard MBA model. Using a grounded-theory, qualitative design, primary interviews were conducted during four cycles of field-work, from 52 managers, back on the job for an average of three years after participation in this year long, residential training, delivered in English by a top Indian School of Management, with an international emphasis that included a major module in Europe.

Although technical benefits were recognized, the reported training effect was largely reduced to learning a new International Management Language (IML). Exemplified by the interview verbatim, this altered the balance of symbolic-power in the exercise of their managerial duties, as well as for the enterprise when those with this training were called on to mediate relations within their industry, with the Indian national government and with agents and consultants representing foreign investors. These findings underwrite the importance of language as the principal tool for managerial action, particularly for team operations in a multi-lingual cultural context; as Indian enterprises attempt to better balance domestic and foreign activities.

### What matters more in multicultural teams - CQ or EQ? An empirical study

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Given that previous literature has mainly focused on cultural intelligence in multicultural teams, we will examine if the positive effect of cultural intelligence is stronger than the influence of emotional intelligence on the performance of multicultural teams. Utilizing a sample of 7,625 individuals in 1,322 multicultural teams, the study examines the effect at individual as well as at team level. In addition, the relationship between the two intelligences is studied as well as the moderation effect of emotional intelligence between cultural intelligence and performance is examined both at individual and at team level.

### In the shadow of SOEs: the duality in management practices of a Chinese bank's overseas operation

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Our paper aims at providing a comprehensive analysis of the internationalisation of a Chinese bank by examining its management practice, adaptation strategies, and relationship with its head office. The transformation of Chinese banks, especially their overseas operations, from State Own Enterprise (SOE) to State Owned Multinational Enterprise (SOMNE) in terms of changes of ownership and changes of management philosophy, has not been adequately understood. What is not well understood is how China's overseas banks operate under the shadow of its SOE past even though the banks are officially listed in the stock markets and owned by a variety of entities. It is hoped that this study will fill this major gap in the literature.

### Global Teams and the Transfer of Tacit Knowledge in Multinational Service Firms

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The ability to transfer tacit knowledge internationally through global teams can be a source of competitive advantage for firms. For services firms, effective global teams require the movement of employees from one geographic location to another to facilitate the transfer of knowledge, and to aid intra-organizational learning. However, this movement can be restricted by governments enacting regulative barriers with the aim of providing protection to domestic firms and locally trained professionals by suppressing international competition. Using knowledge-based view, we identify and analyze key barriers faced by service firms in the organization and operation of global teams. We use the case of an Indian multinational consultancy firm to highlight the key strategies for knowledge transfer. We find that the company uses global teams to transfer tacit knowledge, and facilitates inpatriation through an internship program that helps the firm overcome nationality requirement that restricts the movement of managers to other countries, which in turn limits their ability to transfer knowledge in intra-organizational setting. The company uses the services of a not-for-profit youth organization that helps recruit interns for the program, and facilitates the relationship with the Indian government, which provides support for this initiative by reducing barriers to entry for the interns.

### MNE's, Place Attachment and Liability of Foreignness

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The concept of 'place', while scarcely new in the IB literature, has too often been narrowly framed as mere location. This is particularly the case regarding the concept of liability of foreignness (LOF), in which the dynamic interplay between locational factors and MNE firm-specific advantages is critical. This paper reviews the concept of LOF and argues that a multidimensional construct of place, and firm-level sense of place, have the potential to advance and sharpen our understanding of LOF in productive ways.

Place reflects a nexus of relationships and meanings, and incorporates multiple dimensions of location, spatiality/materiality, and a socially-constructed "sense" of place that includes attitudinal components such as behavior, cognition and emotions. Firms with a deeper sense of place develop an attachment that ties firm and place together. This paper offers a model of the effects of an MNE's sense of place on its ability to generate place-based resources - and a place capability - that enables it to better understand, engage, and integrate with a place, and to mitigate liability of foreignness. We conclude by discussing how, through creation of a field of care, may also have economic, social and ecological implications for the places in which such firms operate.

### A Dynamic Ambidexterity Strategy: The Evolving Subsidiary Role of Exploiter and Explorer

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The charter conferred on the MNE subsidiary by HQ and its corresponding role within the corporate value chain has important implications for the subsidiary in terms of its longevity and influence both within and outside the corporation. A subsidiary that creates significant value through engaging in innovation can be a strategic leader in the corporate network and a decisive influencer within the local milieu. Therefore, subsidiaries that are initially established with a knowledge exploiter role engaged in low value-added activities may be motivated to evolve into a more strategically significant role as a knowledge explorer. This paper is concerned with two questions with respect to this potential subsidiary role evolution trajectory: how the subsidiary triggers and makes the transition and how, if at all, does a subsidiary maintain a portfolio of projects where it takes on exploiter and exploratory roles.

We employ a longitudinal study of two subsidiary cases that have evolved from a pure exploiter role to an ambidextrous exploiter and explorer role. We argue in this paper that if concerned with survival and prosperity a subsidiary should employ a strategy where it aims to achieve a dynamic ambidextrous state that allows the subsidiary over time to self-preserve.

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### **Institutions, Liberal Market Economies and Comparative Capitalisms**

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Since the landmark 2001 Hall and Soskice collection, a major concern within the literature on comparative capitalisms has been to explore key distinctions between coordinated markets. In contrast, while there is empirical support for a conceptual and empirical distinction between coordinated market economies and liberal market economies it has been persistently suggested that liberal markets represent a coherent category, enabling it to be used as a conceptual and empirical comparator with other capitalist forms. This study seeks to explore the extent to which this is really the case, looking at how key work and employment institutions influence participation in ownership schemes. Using firm level survey data, we show that country level differences within four of the Liberal Market Economies, Canada, Australia, New Zealand and the UK, can be explained by institutional labor market differences and other factors, but more pronounced differences existed with the USA. We explore the implications these findings.

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### **Internationalisation of Chinese Firms in Advanced Economies: The Role of Dynamic Capabilities**

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The paper focuses on the role of dynamic capabilities in shaping Chinese firms' international expansion in developed market economies. Following Teece (2014), we argue that Chinese firms can apply dynamic capabilities developed in their home market to make up for their lack of operational capabilities in advanced markets.

Using longitudinal case studies of four Chinese MNEs internationalising in Australia, we show how these firms use three core dynamic capabilities from their home market operating as heuristics and routines to overcome the liability of foreignness in unfamiliar developed foreign markets: the capability to reconfigure resources within flexible organisational boundaries; the capability to build strategic network linkages at fast speed; and the capability to accelerate experiential learning through acquisitions and social networks.

Our study shows that a successful track record of dynamic capabilities in an emerging economy can compensate for home-country disadvantage and lack of operational capabilities. This paper contributes to the study of internationalisation by incorporating home-country based dynamic capabilities into the entrepreneurial resources arsenal of emerging market firms.

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### **The Challenges of Migration on Greece and its Economy - A Case Study**

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Challenges related to migration are often assessed through the brain drain lens that leaves a country bleeding resource-wise. However, an inflow of migration is not automatically approached as brain gain as there are several challenges regarding the interface of the receiving nation state economy and the type and wave of migration. Refugees and economic migrants constituting incoming migrant flows have attracted less interest in the international business literature, since the emphasis has been more on corporate expatriates and highly skilled migrants. Popular press has addressed the challenges that Greece as one of the main migration routes is facing with massive inflows of less skilled migrants and asylum seekers. Greece is for many not the actual target destination. It is a transit country that became a bottleneck. These waves have created a new intensity of international connectedness for Greece. This context provides a critical case to examine some prevailing assumptions and discuss the fallacy that migrants make a (receiving) country poor, i.e. represent economic cost. It asks, what is the situation of the Greek economy in terms of the migration challenges? It contributes with an analysis on the situation assessment and a positive organizational scholarship lens to these opportunities and threats.

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### **Boundary spanners as carriers of institutional forces in MNEs**

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Organisational research has long acknowledged the role of boundary spanners in acting as liaisons between organisations and their environments. Recently, international management scholars have discussed the nature and role of boundary spanning activities in multinational enterprises (MNEs) as an important mechanism for linking in and across their units and across national borders. Given the evolving complexity of multinational organizing, this concept is now a subject of the renewed interest from international management researchers. We combine these developments with arguments from neo-institutional theory to explain how boundary spanners transmit institutional pressures and recalcitrance across the boundaries of global firms, a process that to date has attracted less attention in the study of MNEs. We discuss the nature of such actors and purpose of their boundary-spanning activities. Our work is intended to be of relevance to a broad audience of international management, organisational theory and strategy researchers, as well as have practical implications for MNE managers.

### **Best practice studies on global leadership development programs in MNCs in different cultural contexts**

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The present study examines an area of global leadership development which is the sub-field of global leadership. The overall purpose of this research is to study best practice cases of global leadership development programs in MNCs and to explore how effective are current global leadership development programs in developing global leadership capabilities in organizations. I intend to answer how successful are current programs in developing global leaders, if they should be further developed and how, and if other developmental methods are needed to supplement global leadership development programs in order to secure the best global leadership development of leaders within organizations. I suggest to examine relationships between global leadership roles, global leader's competencies and effective developmental methods and I am interested to explore how adjustment of developmental methods to specific global leadership roles influence effectiveness of global leadership development programs. In addition, studying the global leadership development processes in organizations in two very different cultural contexts - in MNCs in Finland and in MNCs in Russia - will allow me to start to reveal if identified effective developmental methods are universally applicable or have constraints of their applicability in different cultural contexts.

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### **Doctoral research, The Influence of Digitalization on the HR function**

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The role of Human Resources (HR) has been discussed for many years among both academics and practitioners. One of the central questions in this discussion is if and how HR adds value to the organisation. Research shows that there are certain environments and development stages of the company that can create situations in which HR is seen as necessary and strategically important. If this is to be the case, HR has to be able to realise strategically important tasks, prioritise them and proactively execute them. The question I focus on in my PhD thesis is if and how digitalisation may enable HR to take on an increasingly strategic role.

The research of the digitalisation of HRM is particularly interesting for MNCs because technology is often a problem solver for one of the most vital issues: integration vs differentiation of HR practices along with effective HR services delivery. MNCs often have to decide whether to build HRM processes that are same across the units of the company or let subunits in different countries to decide about own HRM processes, thus, differentiate them. Here, modern technological advances can be helpful to both camps.

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### **Public-Private Partnerships for International Project Business in Emerging Country Markets. A Literature Review**

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Public facilities or infrastructure are among the biggest areas of business in emerging markets. There is a lack of such facilities in these markets. As they grow, the need grows even faster as these facilities are bases for further economic and market growth. While they offer an international business opportunity, international firms do not want to invest fully into such ventures due to the risks faced in small and poorer emerging markets like those in Africa. One solution is public-private partnerships in which the international firm partners with governments and public agencies to jointly undertake such business ventures. Research on this form of international market entry is limited in international business studies. We review papers published since 2000 in peer-reviewed journals with an impact factor of at least 1. The review shows that most of the research has been done on Asian countries particularly China. Very few have been published in mainstream international business or international marketing journals.

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### **On the Use of the EU-South Korea Free Trade Agreement by Companies: An Impact Evaluation**

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Following the proliferation of Free Trade Agreements (FTAs) in recent years, there have been a number of studies analyzing their impact. Yet there is still very little research in that area with a focus on European companies. This paper will examine the actual impact the EU-South Korea FTA has on trade flows and will combine a quantitative approach for results on industry level with a qualitative approach for results on company level. The study attempts to quantify the actual use of an FTA by companies and will deliver an in-depth analysis of the impact of an FTA on companies, therefore contribute to the improvement of their implementation.

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### **MNE Promotion of Socially Responsible Supply Chains: The Case of Conflict Minerals**

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Because of human right abuses, NGOs and others have compelled governing bodies to develop sustainable business and human rights codes for multinational enterprises (MNEs) in many sectors. While laws and regulations for supply chain transparency have been passed in the US and Europe, these are subject to repeal. To imbed these codes, supplier and buyer behavior both need to change. If buyers notice and care about the sustainability of ingredients and supply chains, MNEs may be more motivated to go beyond mandatory due diligence to fully embrace responsible supply chain practices. In an analysis of MNE promotion of "conflict free" minerals in laptop computer processors, we examined how consumer attitudes and behaviors change towards companies that promote their socially responsible supply chains. When Intel and AMD described their components as "proudly conflict free", this generated consumer willingness to pay a price premium. The promotion

also generated greater consumer engagement, with consumers reporting a stronger feeling of personal connection to the brand, although consumers are not necessarily more likely to spread the word about the brand. This indicates an opportunity for MNEs to use responsible sourcing to improve lives - and to gain competitive advantage in the global marketplace.

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### **Upgrading of a firm's knowledge base through alliances: Simultaneous learning from foreign MNEs in emerging countries**

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The international business literature has long been interested in the ways in which foreign MNEs can produce knowledge spillovers in host countries, particularly through the formation of strategic alliances with host country firms. The role of technological knowledge in driving improvements in productivity and innovative performance has received significant attention despite the difficulties in accessing and assimilating this knowledge. In this paper we argue that through alliances with foreign multinational enterprises, emerging market firms can learn more than just technologies, particularly when technological knowledge is difficult to understand or access. We introduce a knowledge typology for learning from alliances and develop propositions about the content of learning, learning mechanisms, boundary conditions, and learning outcomes. Our study thereby addresses oversimplification in the alliance literature and has important implications for research on learning from alliances, foreign direct investment, and the development of emerging market firms.

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### **World Foreign Direct Investment: A Network Perspective**

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This paper contributes to the analysis of FDI allocation decisions by adopting a world system view of the countries' bilateral stock foreign investment positions. A network perspective is used to examine the FDI stocks structure and its topological properties that shed light on the real-world determinants of country level investments. Looking at these properties, we also test if the previous findings on the structure of the Bilateral Investment Treaties - BITs network hold similarity with the actual worldwide FDI network. For this, a social network analysis of 229 countries is carried out to describe the structure and centrality measures of the world FDI stock, including an homophily test for developed and developing economies. Then, a regression model is run to find country features that are determinants to the network structure, as well as its possible benefits. Finally, a QAP correlation is done to test the influence of the BITs on the FDI stock network.

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### **Internationalization and Outcome of Study Abroad Program in Higher Education: Mobility of Japanese Students to Malaysia**

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The objective of this study is to evaluate on the two main elements namely; (i) research skills which is equivalent to critical thinking and (ii) oral presentation skills among the Japanese students who have been under the Business Study Abroad Programme (BSAP) to Malaysia in which allowing them to share experiences, language and cultures with others from different background and traditions. This study has taken place for a period of three years (2013–2016) and six batches of students were facilitated and evaluated in their research undertakings, discussions, presentations and report writings. An observation method was adapted in this study which allows the researchers to become part of the group of students in order to get better in depth understanding into the topics that the students have chosen for their area of research analysis. This study revealed the effect of study abroad program for Japanese students spending one year in Malaysia where you may be able to enjoy multi-ethnicity.

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### **Expatriate management practices in the strategy of internationalization of companies**

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This paper aims to analyze how the expatriation practices are connected with the internationalization of companies, identifying the dimension "WHO", as well as management of expatriates in international strategies. The methodology used was qualitative and descriptive, through 17 interviews conducted with international business managers and expatriation agents in 10 companies, 4 interviews with consultants specialized in expatriation-related services, as well as participation and observation in expatriation group meetings. Additionally, the information collected was transcribed and analyzed, and subsequently triangulated with secondary data collected from the participating companies, scientific articles and observation in the expatriation group. The results showed that for most of the interviewees, human resources management does not play a strategic role in the internationalization of companies, functioning in an operational way. Considering the outputs, this study aims to contribute to the literature regarding the questions that precede the strategic decision of internationalization, i.e., "Why? What? When Where? How?" by adding the question "Who?" concomitantly and not in isolation, as an operational moment of internationalization, and that expatriation is also a strategic factor. The importance of this study for companies is to act in a strategic way between business and human resources management.

### **The power of platform-based business model for servitization: How could Komatsu overcome the perceived contextual differences in global market?**

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Servitization is now widely recognized as the process of creating value by adding services to products. Although servitization shows a way of competitive strategy in the global digital economy, there are two research gaps. First, many authors point out that discrepancy between value creation and capture often occurs. Second, the purpose of servitization is regarded as creation of value, but the concrete value proposition depends on the unfamiliar context in which the company is embedded. These phenomena suggest these research gaps we must tackle. We believe that one reason why these research gaps occur is that we have not fully considered the servitization as a task of the business model design under a perceived contextual conditioning. In this paper, we examine the servitization as the evolutionary trajectory of platform-based business model through the situated learning. The paper follows the methodology of exploratory case study. Case research is appropriate for examining processes and addressing "how" and "why" research questions. We selected Komatsu as the subject of this case. Komatsu is a pioneer of global manufacturers applying ICT to the business. Platform views are revolutionizing the global competitive landscape. However the traditional strategy logic is still effective in the global networked economy.

### **Risk Classification as an Incentive to Taxpayers' Compliance**

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Managing and improving tax compliance is a main challenge for tax administration around the world. The majority of tax administration entities seek to obtain compliance through monitoring, auditing and punishing penalties. This research proposes a model based on trustworthy, transparency and incentives. The proposal is a classification of potential exposure to tax liability risk of companies, and the creation of incentives to consistent compliance behavior. These incentives include a risk classification that could improve companies' reputation and credit access, simplified monitoring and auditing procedures, and self-regularization options. The model also has the potential to incentive the creation of tax compliance value chains of suppliers and local clusters. From the tax administrations' point of view, it diminishes costs, improve transparency and align interest with the taxpayers. The theoretical foundations of the proposal model are risk classification, tax compliance models and interorganizational trust. The model is being implemented in São Paulo state in Brazil. The initial results show that the model has the potential to create a positive institutional environment between tax administration and enterprises, increasing outcomes to the society. The article also presents opportunities for improvements and further research.

### **Reinventing the base of the pyramid market from Finland to India -A multiple case study of Finish MNEs**

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Established markets in developing countries are becoming more competitive and saturated than ever. As a result, many Multinational Enterprises (MNEs) are starting to shift focus on emerging markets to gain survival. The base of the pyramid (BOP) is a significant portion of the emerging markets which holds many fruitful business opportunities for MNEs as well as the impoverished parts of the society. BOP markets are defined as people in developing countries that are living with less than two dollars a day. Even though a number of large MNEs are gaining market share in the BOP markets, many other MNEs are struggling. The notion of inclusive innovation (Innovations that can enhance the livelihood opportunities for the BOP market) is said to hold a major role for firms in BOP markets. However, research on inclusive innovation is very limited. This research aims to conduct multiple case study research on Finish pharmaceutical MNEs that are facing challenges in India. The findings will result in the advancement of theories such as bricolage, causation, effectuation and will shed light on managerial concerns for the BOP markets.

### **The Journey of Strategic Alliances**

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The purpose of this article is to highlight the journey to and from strategic alliances and if alliances lead to the creation of new Alliances, how existing networks are managed and strengthened and to identify the factors which impact and determine the journey to and from strategic alliances. One of the findings of this chapter is that, in the pre-strategic alliance phase firms can have direct and indirect relationships which can lead to the formation of strategic alliances under certain circumstances, whereas in just the opposite circumstances those relationships might not lead to alliances formation. The other finding is that one of the main factors which determines the journey of strategic alliances is the degree of internationalization of the firm and the market. It is also found out that the journey of alliances can be different in the different groups of Central Europe countries depending on the pace or degree of adaptation of those countries, i.e. whether they are fast-, or medium or slow adapting countries.

### **Locally authentic brand as driving force for international expansion: a research agenda**

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This paper discusses the role of authentic brand based on cultural heritage as a driving force for the international expansion of the firm. Building this kind of authentic brand implies pursuing a process of brand self-authentication on heritage values belonging to a specific local community. However, in the view of this paper, brand authenticity reflects both values rooted in a territorial community and values, marking the identity of a single organization. Consequently, authenticity is not limited to the relationships with consumers in international markets, but it needs to be read

according to a systemic view of the organization. From a preliminary analysis, it emerges that authenticity based on a local heritage as a driver of brand internationalization implies recreating the production traditions with new production techniques and using product innovation to transfer local traditions through new concepts of products. Besides, the authenticity we investigate is also a way of being: sharing and believing in the values of local traditions belonging to a local community. The authors propose a research agenda that aims at investigating potential trade-offs of authenticity as driver of internationalization.

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### **How do MNEs overcome the liability of foreignness in sub-Saharan Africa?**

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Many countries in sub-Saharan Africa have embraced liberalisation policies over the last 20 years, yet comparatively little is documented in the academic literature about how foreign firms have overcome the liability of foreignness associated with doing business in Africa. This, against the backdrop of the continuing debate on the applicability of mainstream theories in determining and analysing firm level strategic choice and performance in emerging market, is the primary motivation for this study.

This paper takes a multi-theoretic perspective to revisit the question of the impact of ownership on firm performance. It draws on evidence from developing country emerging markets - the analyses of the comparative performance of multinational enterprises and domestic firms to examine the moderating impact of local embeddedness and institutional effectiveness on firm performance in emerging markets using the World Bank's Enterprise Survey data and observations, interviews and outputs of focus group sessions with key informants; with a view to exploring key research themes worthy of further enquiry. While still in its early stages, the research will make a contribution to the IB literature by testing and extending the existing LOF theory with empirical data from Africa while setting an agenda for future research.

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### **Developing Country Multinationals: The case of Pakistan**

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Research on internationalisation patterns of developing economies has only focused empirically on the BRIC countries or the prominent emerging economies. This narrow focus has meant that we are unaware of the internationalisation patterns of other developing economies: do other low and middle income have similar or different internationalisation patterns as these BRIC countries? Hence, this study will attempt to answer this question by examining the internationalisation patterns of Pakistan, a country classified as a "next 11" economy by Goldman Sachs, thus identified as having a high potential to join the BRIC countries in the future. The method employed for this study will be multiple case study design; the data will be collected through a combination of semi-structured interviews and secondary data sources. The expected contribution of this study is that the aggressive and risk taking international expansion of MNCs from BRIC countries is not replicated by other developing economies, these MNCs tend to follow an incremental approach to global expansion as outlined by the Uppsala model or the patterns shown by the first wave of internationalisation of emerging market multinationals.

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### **International business for innovation: a review of the empirical evidence**

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The relationship between international business (IB) and innovation is a popular topic in contemporary international business literature. Despite this, there are only a few articles reviewing the extant literature. Through an analysis of 51 empirical articles focusing on the relationship between IB and innovation, this article thematically maps the field and identifies research challenges and opportunities. Amongst these are the role of internationalization, entry strategies, headquarter/subunit relationships, and management/strategy issues.

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### **Active environmental focus and SMEs performance: The role of business model innovation**

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The paper is one of few attempts to empirically examine the effects of SMEs' internal environmental focus on performance outcomes. SMEs ability to adjust in line with their own environmental requirements as well as stakeholder demands has not been extensively explored. The role of SMEs internal environmental focus on their competitive market positioning as a measure of their intended performance indicator is analyzed through the mediation of business model innovation. Hypothesized relationships were that, as SMEs become more environmentally conscious, either internally or through external forces, they implement and re-configure pro-environment organizational process and activities which would be well embedded in their business models, hence positively impacting on their performance internationally. Using a cross industrial sample of 87 internationalizing Finnish SMEs, regression results (OLS) showed that SMEs' internal environmental focus positively and significantly impact their performance and the relationship is strongly complemented by the SMEs' propensity to innovate their business models. Thus, internal environmental focus positively and significantly impacts business model innovation which in turn also has a positive and significant effect on their performance. The study aims to empirically contribute to growing research on international entrepreneurship, sustainable business and business models with key emphasis on business model innovation.

**What is rationale in the VUCA world?****J. V. Mumford, M. Wirén, P. Zetting***University of Turku School of Economics, Finland; jonathan.v.mumford@utu.fi*

The focus of this paper is to explore rational action and collaboration in VUCA business environments. First we provide a scientifically and practically solid framework to understand how volatility, uncertainty, complexity and ambiguity (VUCA) actually impact strategizing. Secondly, we illustrate how rational action in uncertain environments needs to be different from what is traditionally deemed rational in stable environments. Thirdly we offer a practical advice on how can individuals utilizing intrapreneurial rationality in VUCA environments engage others in internal venturing - how to get people collaborating when the ends are shrouded in uncertainty?

**Efficiency as a measure of competitiveness of manufacturing companies****B. Fura***University of Rzeszów, Poland; bfura@ur.edu.pl*

The paper presents research results on the economic efficiency measurements in Nonmetallic Mineral Product Manufacturing companies (subsector 327, according to NAICS) listed on the Warsaw Stock Exchange (WSE). Data Envelopment Analysis (DEA) – CCR input oriented model was applied as a research method. We selected 14 decision-making units for the analysis. The inputs applied included level of employment and level of current assets of the companies in 2016. The outputs, on the other hand, included total revenue and net profit (net loss) values for 2016. Emerging Markets Information Service (EMIS) served as a source of database. 5 of the examined companies were considered 100% efficient, the remaining 9 were classified as inefficient. Amongst the inefficient companies, the best result was achieved by Izolacja Jarocin, while the worst was in Ceramika Nowa Gala. The mean efficiency value was 0.78, at 25.65% variability among the companies. This results showed a relatively good, stable level of companies' efficiency in the examined subsector.

**Customer Delight Despite a Small Budget: An Exploratory Case Study****C. Oral***International University of Bad Honnef, Germany; c.oral@iubh.de*

Delighted customers are more likely to buy a company's products and recommend them to others. By using an in-depth case study of the food industry, this research illustrates a process model on how firms can delight their customers throughout the entire customer journey in the pre-purchase, purchase, and post-purchase phase - despite a small budget. The preliminary findings recommend companies to foster team leadership, viral marketing, guerilla marketing, public relations, and customer engagement. Yet, considering the limitations of single case studies, future research should clarify how firms might implement customer delight strategies in other contexts.

**Customer perceptions of value in digital services: A case of an international industrial manufacturer****T. T. Leposky***University of Vaasa, Finland; tiina.leposky@uva.fi*

Digitalisation can be an enabler and a catalyst of servitisation. The ability of a manufacturer of industrial machinery to connect directly to the customer's equipment and receive real time operational data can provide opportunities to prevent problems and optimise usage. Such opportunities can be directly transformed into customer value as industrial customers often prioritise operational reliability and increased efficiency in choosing a vendor. Yet companies' ability to offer digital services based on big data is limited and customers' perception of their value may be poorly understood. Since customers already own the equipment to be serviced, fixing problems before they occur may be difficult to communicate to the customer in terms of value. This qualitative study addresses the value dichotomy of digital services in an international industrial manufacturing company. Seven international customer and twelve company interviews are analysed to show how customers in different markets and company actors understand the value digital services can provide. The study offers propositions on what companies can do to communicate digital value offers to customers in a way that maximises the perceived value of both the existing product portfolio and the digital innovations enhancing them.

**The role of different decision-making logics during new venture internationalization and commercialization of medical technology innovations****H. Laurell<sup>1</sup>, P. Servais<sup>2</sup>***<sup>1</sup>Halmstad University, Sweden; <sup>2</sup>Linnaeus University, Sweden; marie\_helene.laurell@hh.se*

This paper covers how international entrepreneurs make decisions during their processes of commercializing medical technology innovations across divergent institutional healthcare settings. A dominant view within the international entrepreneurship literature is that new entrepreneurial firms predominantly use an effectual decision-making logic during their early development phases when operating in a dynamic and uncertain environment, while more established and mature firms use a causation decision-making logic when competing in more traditional and stable industry settings. However, are there other circumstances when entrepreneurial firms profit from using a mix of causation and effectual decision-making logics for the simple reasons that the environment might be too complex and uncertain? What would then be the logics for new entrepreneurial firms acting in a more causation manner during their early internationalization processes and what would trigger the changes between using these two different types of decision-making logics? This study is based on two in-depth longitudinal case studies and combine think-aloud protocols, interviews, workshops and tracking key milestones over time to uncover different decision-making logics. This paper contributes to the international entrepreneurship field by empirically examine how firms mix and match causation and effectual decision-making logics during their processes of commercializing and internationalizing medical technology innovations.

### Knowledge Sharing Within and Across Units in a Global Professional Service Firm

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Integrating globally while maintaining local responsiveness has proven to be challenging for both multinational corporations (MNCs) and global professional service firms (PSFs). We study a global PSF, which is in the process of integrating the national units more closely together. One main motivation for the closer integration is to be able to serve larger client firms. In this process, the ability of employees to share knowledge becomes crucial. In a pilot study of the global PSF's Nordic unit, we examined determinants of knowledge sharing within the business unit and across the national borders of the global PSF. Comparing the drivers of knowledge sharing within and across units allows us to examine whether the drivers facilitating knowledge sharing are distinct. Specifically we looked at three main antecedents of knowledge sharing: motivation, reciprocity and identification. We found that intrinsic motivation was more important to knowledge sharing within than across border, whereas extrinsic motivation was more important across than within. Reciprocity was positively correlated with knowledge sharing within the unit. Identification was not correlated with knowledge sharing. Hence, it seems that some drivers facilitating knowledge sharing are indeed distinct.

### Institutions-Based Location Choices of Intermediary Units in the Context of HQ Relocations

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The paper examines to what extent the institutional environment of the corporate headquarters (CHQ) and of the supervised subsidiaries influences the location choice of regional headquarters (RHQ) in the context of RHQ relocations. Existing research on HQ relocations has mainly focused on whether a specific unit gets relocated, but has mostly neglected the location choice itself. RHQs are particularly suitable for closing this research gap, as they assume a specific position within the organization. They are not only embedded in their home country's institutional environment, but also in the environment of the CHQ and the supervised subsidiaries. Thus, they experience three kinds of institutional pressures and therefore, institutions are particularly relevant to the location choice of RHQs. Based on a dataset of more than 100 RHQ relocations in Europe between 2000 and 2012, a panel dataset is constructed and complemented with secondary data about institutions, distances and macroeconomic conditions among others. The quantitative study will allow us to better understand the antecedents of HQ relocations and the impact of the institutional environment on the location choice of intermediary units (e.g. RHQs). In this way, I respond to the call for more research on HQ relocations and intermediary units.

### Personality, especially narcissism, predicts engagement in leader development

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Organizations are increasing investment in leader development, which is different than traditional training, as it prepares the person to take on varying and complex leadership roles, able to make quick decisions while also leading a diverse and creative workforce. One challenge is that leader development tends to be expensive, without immediate and obvious return on investment. A second challenge is that very little empirical research has examined factors that predict effective engagement in leader development. The current research examines personality as a predictor of leader development engagement. Leader development engagement is measured via self- and director ratings of behaviors during a one-year leader development program in a university setting. Results suggest that factors of the Big 5 personality characteristics and the Narcissism Personality Inventory overall and subscales predict some patterns of engagement in leader development. Specifically, several Big 5 personality factors were positively correlated with self-ratings of various leader development behaviors. Likewise, narcissism and narcissism subscales also predict self-ratings of leader development behaviors. In contrast, even though Big 5 factors showed few significant correlations with director ratings of leader development engagement, several factors associated with the NPI were significantly correlated with director ratings of leader development behavior. Implications are discussed.

### Dynamic Political Capabilities - Construct and Measurement Development

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Multi National Enterprises such as Walmart or Facebook are increasingly confronted with the heterogeneous political frameworks in which they operate. Thereby, political decisions determine and influence all aspects of modern Strategic Management and Marketing. Nevertheless, differences in the political success of MNEs have not yet been fully investigated. Our study aims to help future research by developing a novel measurement model of dynamic political capabilities, extending the development of the field. To develop a robust scale we followed the established paradigm of Churchill (1979) combined with the structured two-stage approach developed by Menor and Roth (2007).

To develop the specification of the domain and the dimensions of Dynamic Political Capabilities and to generate suitable items we conducted a literature review (n=612), semi-structured interviews (n=12) and four Q-sorting rounds (n=23). To further validate our measurement scale we conducted a field study with politically active enterprises operating in Germany from which we were able to collect 108 answers. We find that a dynamic capabilities perspective on firm specific differences in political performance enables a novel way of empirically measuring the political competencies of firms. Our three dimensional measurement model and scale can serve as a robust tool to further develop the field.

### Subsidiary performance as a result of value co-creation process

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Post-merger and acquisition (M&A) integration is a complex process which has been studied for decades, yet still there is no clear understanding what the reason behind failure of cross-border acquisitions is in particular in the context of multinational organisations in emerging markets. This is especially important for a services industry, where value co-creation between actors plays an important role. This paper examines a unique case study of a company from information technology industry. This paper is a qualitative single case study of two consequent acquisitions within a multinational IT company and post-acquisition processes in its subsidiary in Russia. For the paper we conducted semi-structured interviews with top-managers in the subsidiary and headquarters. The main contribution of this article is application of the value co-creation view which has been used in the field of marketing and IT research to the international business settings. From a managerial perspective it gives insights into post-acquisition process, and recommendations on how to effectively manage a subsidiary, and improve business performance in a post-acquisition phase.

### From traditional international Expansion to 'Born Globals' and 'Blitzscaling': A model of Massive Online Open Courses (MOOCs) Rapid Internationalisation

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The aim of the paper is to review the operational models of the main MOOCs platforms, identify which aspects of the operational model can be explained through 'traditional' internationalisation theory, and which ones can be drawn back to the more recently developed theory of internationalisation of technology-based 'born globals', and propose a conceptual model that integrates the two. By presenting the four major MOOC platforms we use these cases to develop a conceptual model that blends conventional internationalisation methods with recent developments brought about by technological advancements, we suggest that the two can co-exist, and may, as in the case of MOOCs, be mutually required in order to allow for the firms to be successful in their set goals. On these grounds we assess the extent to which MOOCs qualify as 'Born Globals' and suggest a typology capturing their main characteristics.

### Countries as Platforms for Regional Headquarters

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We investigate the location choice drivers of Regional Headquarters cross-border investments made by Multinational Enterprises in Europe focusing on a new location characteristic: the bridge effect or country platform, this is, the shortcut that some countries suppose to facilitate the access to bigger markets and third regions. We posit that this neglected location characteristic is under studied and we also introduce firm heterogeneity including industry, RHQ role and country of origin of the parent firm. Our work tries to demonstrate that these variables explain different effects of these drivers on location decision. We investigate this relationship in a sample of 1,711 RHQ investments from European and non-European firms. Our study is bridging IB and economic geography shedding light to the drivers of decision on the location of regional structures by the MNCs.

### Exploring how the government affairs function is organised and the processes through which multinational enterprises source external political knowledge

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We know little about the internal processes used by the government affairs (GA) subsidiaries of MNEs to sense relevant political threats and opportunities in uncertain political environments and communicate them in a timely manner to other business units. We thus combine insights from the boundary spanning, organizational design and social capital literatures to explore political monitoring activities of GA subsidiaries in more detail. Interview data collected as part of a longitudinal case study addressing the development of the UK GA subsidiary of a prominent manufacturer of power systems are analyzed to demonstrate that political monitoring can be fine-sliced into a hierarchy of three higher value-adding processes: informing, filtering and translating. Organizational design factors (including high levels of autonomy from headquarters, and the recruitment of skilled government affairs managers) facilitate the development of GA subsidiaries' social capital. The greater the social capital, the higher the value of the processes that GA subsidiaries can perform. Formal coordination structures enable MNEs to formalize these processes, and transform them into organizational-level capabilities. Our research contributes to extant literature by exploring one of the most neglected fields of research into corporate political activity, namely the routines related to the effective implementation of MNE political strategy.

### Revisiting the Uppsala Internationalization Model in the Light of Immigrant Entrepreneurship

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Through a theoretical essay, the present article proposes to promote a discussion of theories of immigrant entrepreneurship through the analysis of three elements of the Uppsala Model: incremental gradualism, nature and role of learning and vision of risk and uncertainty. The analysis cutout is comprised of the typical immigrant entrepreneurs, who either perform illegal immigration or are hosted as refugees, and manage to overcome as barriers that have presented a constitution of their immigrant businesses.

### Internationalization through business model innovation in the medical technology sector

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This paper covers how firms act to speed up value capture across heterogeneous institutional contexts while interacting with diverse stakeholders. The international entrepreneurship literature fails to address this institutional heterogeneity and how it affects firms' sales and marketing strategies when launching different medical technology innovations across countries. In addition, it is only recently that the international entrepreneurship literature uses a business model framework to better understand the roles of customer and product types as well as relevant activities when penetrating new markets. The objective of this research is therefore to explore how and why institutional healthcare settings across countries affect young and established firms' internationalization through business model innovation. A qualitative research approach is used with multiple case studies comprising of two international new ventures and two established multinational companies from the medical technology sector. First, this research contributes to the international entrepreneurship field by uncovering the different types of activities that are needed to capture value for different customer segments and product types across countries. Second, this research contributes to the business model innovation literature by adding an internationalization perspective to the business model concept.

### Governmental change and FDI inflow

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The recent elections' results in many countries suggest an alteration in perceiving the necessity for further international integration and cohesion of the national policies. The new nationalism has gained new supporters. The UK's decision to exit the European Union community and visible turn towards the national and not international interests of many countries created the question about the common future. The purpose of this paper is to explain if and how the foreign direct investment flows changed due to the most recent governmental elections in Poland and Hungary. The shift in the internal and external governmental policies are said to create volatile environment that may in turn affect the firms' willingness to undertake investment. The aim of the research is not set to assess the policies in any way, but basing on official statistical data we apply cross-country analysis to verify whether the perceived higher investment risk truly undermined the firms' choices. Furthermore, we confront the results with the overall FDI patterns to see whether the CEE countries constituted an exception from the global trend or followed it.

### Revisit processes of catching up strategy of Asian countries: a cross level study

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The significant benefits brought by the catching up strategy are gaining more and more attention from different countries, industries, and firms. Especially, compared with European and American forerunners, numerous Asian countries' industries and firms have become leaders in the worldwide by implementing catching up strategy while their processes present diversity. This study focusing on technological catching up process, engaging capability building theory, examined 14 strong related articles as the setting of empirical study. Their catching up processes in country level, industry level and firm level are discussed categorically by employing the three different patterns of catching up classification, namely path-following, path-skipping and path-creating, to investigate the stages and periods of catching up processes chosen. This study is considered to have remarkable meanings because of deepening the process of comprehensive catching up theory, helping to launch a new level of analysis and multilevel analysis of the theory of catching up, contributing to the development of multi-theoretical research in combination with other theories and being conducive to catching up strategy taken countries and industries to complete the industrial upgrading.

### Italian Expats in French market: diversity dimensions. adjustments and management strategy

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The paper analyses the diversity dimensions and the strategy put in place by Italian Expatriates in French Market. The Company belongs to "Third Italy" Industrial District observing the influence of Local Culture passed and transformed in organizational structure. Corporate Culture may be the reference framework of Italian Expatriates and shapes their attitude and approaches. The Cultural Framework Theory is mobilized create reference's universe and explain the cognitive perceptions of foreigner managers steering local Teams. Expatriates are analysed as a social group with their own dynamic and learning system from each other's. Few articles wonder about the Italian model of management with specific details and expatriate's situation: this study case let not only to describe it but also begin to explain and find first path to construct more general theory. In a second level, we can analyse the relationship with local culture, how it influences the management manner and how this last spread in other country.

### Dual-structure of distribution channels in emerging markets: Review, integration and future research agenda

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Our research aims to clarify the future research agenda of distribution channels in emerging markets, through a comprehensive review of previous studies on the dual-structure of distribution channels in emerging markets (DCEM).

The result of our review revealed that there are three streams of studies: studies on macro data, studies on consumer behavior data, and studies on companies' data. The result suggests as followings: a) The degree and stage (time) of modernization in emerging markets are different for

each country, region, and product, b) A dual structure of DCEM will continue to exist in the future, c) The store format preference of consumers varies depending on both socio-economic and cultural factors, and d) The conditions inherent to emerging markets demand local/foreign companies to create new challenges and practices.

Consequently, we emphasize as following issues for future research agenda: 1) the necessity of research focusing on company behavior, particularly on manufacturing companies, 2) the importance of strategic factors, 3) the necessity of the differentiate analysis of retail and manufacturing companies, and 4) the necessity of the further differentiate analysis of local and foreign companies.

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### **The Relationship between Internationalization and Performance in Young Firms: The Moderating Role of Human Resource Slack**

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Drawing on the knowledge-based view, we argue that excess human resources are a critical source of firm-internal knowledge that affects the implementation of international strategies in young firms. Accordingly, we explore the moderating effects of (1) tacit and specific, (2) tacit and general, and (3) codified human resource (HR) slack on the relationship between young firms' cross border activities and firm performance. Based on a sample of 1,210 European young firms, we find that tacit and specific HR slack improves the benefits and reduces the costs of internationalization resulting in improved performance, whereas codified HR slack has the opposite effect. We do not find support for a moderating influence of tacit and general HR slack on the internationalization-performance association in young firms. Our study contributes to the IE literature by adding a new perspective to the ongoing debate about the internationalization-performance relationship in young firms. Additionally, we further the literature on HR slack by tailoring our arguments to the specific characteristics of young internationalizing firms.

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### **Cross-border M&As and Sub-National Cultures: Is staying home really staying home? A new perspective on the concept of the Liability of Foreignness and Cultural Distance**

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Literature long argued that borders increase the costs of doing business, because borders imply cultural and institutional differences but studied the discrete effect of national borders only. Culture - defined by language (dialects) - depicts, however, finer borders within countries. We argue that what holds for national borders, should also be applicable for sub-national borders. In this paper, we theorize about and empirically investigate how within-country cultural diversity - by dialects - results in internal borders and influence acquisition performance and thus we seek to demonstrate that crossing a sub-national cultural border can bring more foreignness, leading to lower performance, than crossing some international borders. And thus, our research question is: Do within-country cultural borders - by dialects - and the internal liability of foreignness impact firm performance? We test our hypothesis by means of Germany and Austria. The country set presents the ideal case for our study because it allows us to differentiate between the effects of sub-national cultural borders, but can, at the same time, control for the effects of national borders. By doing so we show which borders actually matter for M&As and provide useful insights for international business research, management and research.

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### **International migration and the governance of foreign investment**

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Immigration is argued to decrease uncertainty associated with investment in migrants' home countries due to knowledge transfers and social network ties. Based on internalization theory, a reduction of uncertainty will lead to an increase in the control an MNC, headquartered in a country people immigrate to, takes in its foreign operations located in the immigrants' home countries. However, benefitting from the immigrant effect on the market side might be associated with increased uncertainty within firm-boundaries. Immigration has the potential to increase organizational uncertainty as a more culturally diverse workforce intensifies conflict and integration problems. We argue that this effect varies across firms of different types. Specifically, we reason that this uncertainty is higher, the older an MNC is. As a result, the positive impact immigrants have on reducing target market uncertainty will be lowered in such firms - reducing the effect on increased control. We test our hypotheses with FDI panel data of Austrian MNCs from 2002 to 2016. This study connects the phenomenon of international migration to internalization theory and highlights the positive as well as negative consequences of immigration for MNCs.

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### **Procedures for Electronic Analysis of Business Reports of 33 Afro-American Transnational Entrepreneurs**

**A. Decker**

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We conducted a feasibility study to test electronic text mining methods in the field of entrepreneurship research. The study was based on a sample of 33 transnational entrepreneurs who are active on the African continent. Text Mining is useful for extracting high-quality information from text by devising patterns and trends. Out of the electronic analysis, we created 3 types of representations: a) dendrogram based on the Ward.2 algorithm, b) wordclouds to show the most used words in the individual report, and c) bar charts representing words with highest semantic significance within the individual documents. We found that wordclouds and barchart graphs can be a useful base for further analysis. However, the Ward.2 algorithm and the subsequently generated dendrogram provided results which are difficult to interpret. Supervised text analysis methods could form the future basis to create more interpretable results.

### **The localization strategies of the of Chinese MNEs: M&A entry vs. Greenfield investment**

L. Wang

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Focusing on the global and local debate in the field of international human resource management and linking this to the context of emerging market multinational companies, the key contributions of this study is to provide a relatively systematic framework of IHRM localization in emerging multinationals that takes into account the entry mode as significant influencing factor. Specifically, this study investigates the localization strategies and practices of Chinese MNEs by exploring the influence of entry modes through M&A entry and Greenfield investment. It will use multiple case study to conduct the research and six Chinese multinational companies have been chosen to analyze their localization strategies based on their entry mode variation. In-depth interviews with managers in the companies will be the primary data collection method, supplemented with other sources of data from government statistical publications, company files and organizational reports.

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### **The Impact of Conflicts in Foreign Business Relationships on SME Performance**

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The aim of the paper is to identify the impact of conflicts in foreign business relationships on the performance of SMEs. In order to understand the nature of this impact, two possible ways in which conflicts influence the company's performance are considered: direct (conflicts - company's performance) and indirect (conflicts - relationships - company's performance). Our intention is to identify the mechanism of conflict creation (why) and conflict effects (how) on performance.

In the paper we present results of a study of 13 SMEs operating in international markets. Based on in-depth analysis we have been able to identify the underlying causes of conflicts and moderators affecting the positive impact of conflicts in foreign business relationships maintained by SMEs on their performance. Using insights from the analysis we propose a model of the positive impact of conflicts in foreign business relationships on SME performance.

The study provides a contribution to existing knowledge by identifying the main sources of conflict situations experienced by SMEs in their international activities. By identifying moderators affecting the positive impact of conflicts in foreign business relationships on SME performance, we provide managerial implications for conflict and relationship management that can contribute to better performance.

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### **The impact of Belt and Road Initiative on Chinese and Polish Sister-City economic relationships**

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In 2013, China's President, Xi Jinping launched Belt and Road Initiative which aims to integrate Euroasia through building infrastructure, cultural exchanges and expanding trade. The Initiative promotes international cooperation of cities, especially in economic development. In the recent years major Polish cities located on land and sea Belt and Road corridors signed sister-city agreements seeking to promote local exporters and attract Chinese investors. The aim of the study is to analyze the impact of Belt and Road Initiative on trade and investment between sister-city pairs, the effect of sister-city relations of firms' internationalization decisions. This research also provides an example of sister-city relationships between developing countries. The study draws on institutional theory providing insight regarding the interplay of home and host country institutions and their effect on MNCs' overseas venture decisions. The findings are relevant for local governments, policy makers and businessmen providing evidence whether sister-city platforms form an untapped potential for promotion of trade and foreign direct investment between the pairs of cities.

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### **Roles of EMS Companies' Innovative Activities in the Global Supply Chain: A Case Study of Hon Hai Precision**

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This study investigated the manufacturing and global supply chain strategy of an EMS company-Hon Hai Precision from the perspective of the resourced-based view of the firm. The main question asked is what Hon Hai's idiosyncratic capabilities has that cannot be easily duplicated and have no ready substitutes and how Hon Hai to build these capabilities in manufacturing process. Drawing from the perspective of the resourced-based view, I argue that Hon Hai that was initially placed as the lower value added contract manufacturers for electronics industry are toward to get out of that position from the evidences of their patent applying activities. I propose that Hon Hai accumulated path-dependent capabilities (cost and quality) through receiving manufacturing outsourcing arrangement from electronics brand owners. This manufacturing strategy helps not only to gain competitive advantages when facing with intense competition and low profitability, but also to improve their external position within the global value chain vis-à-vis the electronics brand owners. This study uses an in-depth case study of a Taiwanese EMS company to explore the changing role of an EMS company from simply manufacturing for electronics brand owners to becoming a more dominant role.

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### **Breaking of strategic alliances: lesson learnt from the failure of a foreign company tempting to set up business in Russia**

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In recent past, the importance of strategic alliances has substantially increased. Because of a much larger number of markets on which multinational must be present, creating an alliance has become an unescapable alternative. In spite a growing experience with this entry mode,

the number of failures is still very high (around 50%). In the present paper, we examine a case of failure of a strategic alliance, set up between a Western middle-sized automotive company and a Russian company, on a period of several years. The results of our analysis are confronted to the existing literature on the reasons of failures of strategic alliances as well as that looking more particularly at post-socialist countries. If our case proves to be a confirmation of existing theories, it stresses the importance of a dynamic approach as situations tend to change very quickly. It also emphasizes the importance for the partners of doing a real analysis of their degree of dependence on the partner, the only information that can show the importance of an accurate management of the relation for the company which is in the poorest situation.

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### **Integrating doctoral research and teaching: a case from a Finnish business school**

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Both the academic field of international business (IB) and business school education seem to be at crossroads. IB studies have been recently criticized to have failed to move on with times to study the vibrating field of IB and complex processes of globalization instead of a fixation on traditional topics such as internationalization of the firm, thus dramatically reducing the relevance of the field.

In this study we rely on an auto-ethnography to explore how we turned our master's level international strategy course into a shared laboratory for combining international collaboration, doing doctoral research, practicing teaching and course design, and for using technology as an enabler to do all this. This purpose of this is to explore the impact of putting meaning and practical relevance back into IB curriculum for both master's and doctoral students. For this, we created an experimental setting in which we had master's students simulating work in consulting firms spread across four universities in four countries solve strategic problems in teams, and then observed them as in a 'reality show' or 'zoo' kind of setting. In this poster session, we intend to share our findings.

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### **The impact of business service captive offshoring on human resources in host subsidiaries of multinational corporations**

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The aim of the research is to analyze the impact of business service captive offshoring on human resources in host subsidiaries of multinational corporations (MNCs). The impact takes various forms, and is influenced by the type, complexity and innovativeness of the relocated business services as well as characteristics of host locations. Empirical research will be conducted on the characteristics of human resources and efforts of its development in host subsidiaries of MNCs providing various offshored business services in the four leading, and distinctively different, host city economies (Bangalore, Cracow, Dublin, Manila).

The innovative nature of the research is indicated by combining three dimensions: offshoring of business services, transformation of human resources in subsidiaries of MNCs and subsequent impact on human capital in host city economies. The results will provide insight into the relationships between the qualities of offshored business services and the tendency (or lack thereof) to develop human resources in host subsidiaries of MNCs. The project will allow for a better understanding of the impact of business service captive offshoring on a host city economy.

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### **The liability of "localness" and internationalization of entrepreneurial firms: Exploring the Codfathers' economy and entrepreneurial success**

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The liability of localness is associated with indigenous firms' disadvantages in international trade or in competition with foreign entrants. However, the socio-cultural climate in the domestic context can also be an important factor contributing to the liability of localness of new ventures. We contribute to the literature on internationalization of entrepreneurial ventures by looking at how socio-cultural dynamics in the domestic market can create conditions that prompt entrepreneurs to seek access to foreign markets. Using a unique case of "Codfathers' economy" in Halifax, NS, we explore the causes of this phenomenon and develop a distinction of two types of social contexts characterized by different sets of norms guiding economic exchange: transactional economy, where transactions between strangers are common practice and social evaluations are used as cues of exchange partner's quality, and relational economy, which can be present in smaller isolated regions. In relational economy settings, the cues of entrepreneurs' quality provided by status signals or legitimacy are largely ignored by social actors and the development of a trusting personal relationship with established actors is required. We observe that strategies of early internationalization and loose engagement with business elites were most effective for entrepreneurs operating in relational economy contexts.

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### **Deciphering the institutional arrangement: towards a framework for constructive engagement in the primary sector**

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Multinational enterprises (MNEs) in the primary sector are the subject of considerable controversy regarding their legitimacy in terms of the social sustainability of their operations. Primary sector MNE managers are challenged to develop and apply strategies that achieve both business and social sustainability goals while responding to significant, and varied, institutional pressures on both global and local levels. This research uses a single case study to understand how primary sector multinational enterprises (MNEs) operating in complex business environments respond to institutional pressures to demonstrate legitimacy in terms of social sustainability. Building on recent interdisciplinary developments in institutional legitimacy approaches to sustainability research, this study contributes a bargaining framework for primary sector project legitimacy in terms of social sustainability. The framework proposes a model of institutional dynamics between host communities, the

host government, non-governmental organisations and the MNE. The model of institutional dynamics is intended to help primary sector MNE managers gain and maintain organisational legitimacy through constructive engagement with host communities, governments and NGOs in multifaceted institutional environments.

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### **Cluster policy in Baden-Württemberg as a good practice for Greater Poland**

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Baden-Württemberg is one of the wealthiest and most prosperous regions in Europe. Its economy is dominated by innovative SMEs, which cooperate in clusters. The first clusters started to emerge in the region in the 1990s. Soon they became influential for the regional economy and are perceived as a backbone of region's high competitiveness and innovativeness. The paper considers the quality of German cluster policy, that fostered cluster emergence and development in Baden-Württemberg and presents selected solutions implemented in the region as a good practice for Greater Poland voivodship in Poland. Cluster policy was assessed in a series of interviews, conducted with a carefully selected group of 25 experts from the academia, corporate world and regional administration in Baden-Württemberg.

The findings of research conducted in Baden-Württemberg are discussed in terms of their practical implications for Greater Poland. Right now clusters and cluster policy in Greater Poland are at an early stage of development. For this reason, it may be valuable to go beyond the experience of the Polish economy and to draw conclusions from the analysis of the successfully functioning clusters in a region with a higher level of competitiveness and innovativeness, such as Baden-Württemberg.

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### **Communication within Top Management Teams across service sector - in the context of expatriation**

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The aim of the project is to understand the degree of expatriates' influence on intercultural business communication in Top Management Teams (TMTs) within service sector across four countries. As culture has tremendous importance for communication (Nickerson et al 2002) and expatriates strengthen the cultural - and the non-observable diversity (i.e. values, skills or work habits) this research aims at enriching the existing body of knowledge on intercultural business communication in diversified TMTs. It will be the first cross-country attempt of its kind to address the call for the opening of the 'black box' of organisational demography and TMT processes (Lawrence 1997; Carmeli 2009).

In-depth interviews with 50 TMTs take place, and become subject of computer assisted content analysis and critical incidents technique. Additionally, design based research will be implemented as methodological innovation, as context, intervention, mechanism, outcome logic (Denyer et al 2010). The research will be completed with a simulation type of survey, addressed to TMT members of 16 purposefully chosen firms. Moreover, critical literature review will be conducted along with analysis of publicly available sources. This research can allow a better understanding of intercultural business communication and managerial practices connected to diversity management in the service sector.

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### **Responsiveness of Firms to key Trends in E-commerce - Contrasting the Perspective of Two Fashion Firms from Post-Transition Economy**

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The aim of this paper is two-fold: The first is to identify those existing e-commerce trends which are important from the perspective of firms' market expansions, and the second is to present examples of two Polish firms involved in the fashion industry that have already exploited e-commerce solutions to expand in the market. To achieve these goals we combine a method of narrative description with a case study approach. The paper presents and contrasts two cases of Polish fashion firms with regard to their e-commerce activities and their exploitation of these for domestic and foreign market expansion.

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### **The rise of Cleantech in Finland - emergence, development and internationalization: An organizational ecology perspective**

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The study embrace the ecological level of analysis on the emergence, development and internationalisation of the cleantech sector in Finland. In this study, cleantech sector firms are considered to be a distinct population of organizations whereas the emergence, development and internationalization of this population is examined from the perspective of organizational ecology. In this study, the new breed of cleantech firms is seen as an emerging population of organizations that seek to outcompete traditional technology firms. Oftentimes these cleantech firms are small specializing start-ups operating in a narrow niche, while their competitors are generalist multinationals with diversified markets and technologies at place.

### Conceptual model of FDI sub-national location decision making

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This paper examines the interdependence of firm-level and environmental attributes in sub-national FDI location decisions. The research builds on a comparative multiple case study of 12 Nordic investments into industrial districts of one Chinese prefecture-level city. Qualitative analysis of 23 in-depth decision maker interviews reveals how firm-level attributes influence the procedural rationality of location decision making. Firms with ample financial resources and managerial capabilities evaluate characteristics of potential locations through an iterative, rational process. Resource-poor firms avoid costly rational search by relying on knowledge spillovers available at some potential investment locations. The varying levels of procedural rationality in decision making influence decision makers' prioritization of environmental characteristics and guide the final location choices.

### Size Matters in Selecting International Alliance Partners

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In the current era of globalization, firms access resources overseas through international alliances with local partners. Suitable local partners help reduce location-specific disadvantages and reach business objectives efficiently. Contrarily, partnering with inappropriate local firms creates more problems than domestic alliances thanks to national culture differences between them. Although prior studies have discussed various considerations regarding partner selection, one essential yet underexplored factor that matters for international alliances is partner size, hinting at information control, market power, and political and societal impact, all of which are critical for firms' host operations. Besides, previous research stressed the outcomes of partner choice, and overlooked the antecedents driving companies to choose a specific type of partners. This paper advances the literature by investigating the determinants of larger partner decision. Building upon resource dependence theory, we propose that host-country uncertainty (host-country credibility, economic freedom, political stability, and tension between home and foreign nations) and firms' ability to tackle the challenge (international, host-country, and alliance experience) impact the choice of larger local partners. For alliance managers, this study also provides useful insights to assist them in selecting proper local partners, an important preliminary step ensuring later alliance success.

### Coping with psychic distance: modes, mechanisms and determinants

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The phenomenon of psychic distance has a long history of research, being either a central theme or – more often - a "ritual" variable in projects examining internationalization issues. The extant evidence is rich, but there are still important gaps of how managers of emerging market firms (EMFs) cope with difficulties resulting from psychic distance (PD). In the light of ongoing debate concerning operationalization, the current study conceptualizes PD at the individual level of owners/managers who are in charge of decisions concerning international expansion. In particular, it addresses the following question: How do managers of firms originating from advanced-emerging economy of Poland cope with difficulties caused by distance between domestic and foreign markets? We examine these questions on a sample of firms from Poland which can be considered as a mid-range emerging economy (Hoskisson et al., 2013). Research findings, based on a multiple case study method (four in-depth cases) allowed to develop a model of coping modes and mechanisms.

### How to make waves in a huge pond? The importance of attention-building behaviour among subsidiaries to gain strategic influence

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This paper focuses on how strategic influence is gained among MNC subsidiaries. By adopting an attention-based perspective of power this study develops and empirically tests a set of hypotheses aimed at explaining the impact of attention-building activities on MNC subsidiaries strategic influence. The study was based on data from 110 foreign-owned subsidiaries in Sweden. The results indicate that subsidiaries putting efforts in initiative promotion, impression making, and relational commitment are able to gain strategic influence in the MNC.

### Social Innovation at the Base of the Pyramid: How Embeddedness Drives Hybrid Practices in Mainstream Business

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Hybrid practices such as social innovations have the potential to improve business performance by infusing change and disrupting organizational stasis. Much of current research on hybridity, however, emphasizes the challenges of reconciling social issues with commercial profit, while paying little attention to the processes that give rise to hybrid practices. We study a business organization that has successfully implemented social innovations in a Base-of-the-Pyramid economy to understand how social innovations emerge and get institutionalized. Our analysis revealed the strong role of being embedded in local networks and structures for initiating and implementing social innovations. Embeddedness in the form of strong community bonding provided the impetus for social innovation by enhancing the pragmatic and ethical imperative for internalizing social issues. Further, being embedded in extensive networks provided access to diverse resources that were critical

for implementing and legitimizing social innovations. Positive outcomes of social innovations further strengthened the social and financial standing of the organization, creating reinforcing mechanisms that led to new social innovations. Our results advance the literature on hybrid organizing by highlighting the importance of embeddedness in local networks for initiating, institutionalizing and sustaining hybrid practices.

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### **Subsidiary Knowledge Outflows in Multinationals: A Review and Research Agenda on Emerging-market Multinationals**

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Subsidiary knowledge outflows in multinationals have attracted increasing research attention over the past 17 years, and this topic has started to be explored in an emerging context - emerging-market multinationals - owing to the recent rise of knowledge-seeking overseas investment and 'catch up' strategy engaged by emerging-market multinationals. This paper systematically and critically reviews the literature on subsidiary knowledge outflows in multinationals in general and in emerging-market multinationals and proposes some potential research avenues in the context of emerging-market multinationals. After providing an overview of the research field on the basis of the 102 articles published up to 2016, this paper classifies existing studies into three clusters depending on the focus of investigation: antecedents, attributes and consequences of knowledge outflows. Acknowledging the predominance of the antecedents of subsidiary knowledge outflows in the existing research, this paper further emphasizes the analysis of the antecedents at the four contextual levels: macro environment, organizational and individual levels, as well as knowledge itself. By considering the existing gaps revealed by the literature analysis, the research agenda with a focus on emerging-market multinationals has been suggested in terms of potential research topics, research methods and geographical context.

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### **Agglomeration Effects on Firms' innovation and Export Intensity. Differences between Domestic and Foreign Companies**

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We investigate the determinants of a firm's export intensity by focusing on local agglomeration characteristics. Our objective is to identify the effect of agglomeration on the export intensity of the company, taking into account the different types of agglomeration, and discounting the effect of certain internal characteristics as innovation capacity, among others (foreign-own firm, age, size). Using data from a survey conducted in 2013 by the Technological Innovation Panel (PITEC), an analysis of these ideas was performed using a sample of 1,610 high and medium-high technology companies. The results obtained indicate that each type of agglomeration economies has a different effect on exports intensity, and this influence can be direct or indirect through its capacity for innovation.

Our empirical findings open an agenda for policy-makers when interpreting how they should promote innovation, agglomeration and exports in high-tech firms, because the results show that there is a direct and an indirect effect of agglomeration on intensity export. If we want Spanish companies to export more because they are more innovative and competitive, the type of agglomeration to be promoted will be of one type and no other.

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### **Board of Directors Characteristics and Foreign Shareholdings in Euro Zone Publicly Traded Banks**

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There are several articles studying the relationship between board's attributes and foreign shareholdings. However, the number of studies that strongly analyse these issues in terms of the Euro Zone banking sector are scarce. The specificities of banks and their differences when compared to other kind of firms substantially increase the relevance of this study.

Therefore, this work intends to develop the paper from Pereira & Filipe (2016), by adding a diverse perspective of analysis considering a multi-country perspective with all Euro Zone publicly traded banks. Definitely, the presence of foreign investors in the Euro Zone banks is a hot topic and of wide interest among very diverse audiences.

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### **Determining Factors of the Export Activity of SMEs in Emerging Markets**

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Small and medium enterprises (SMEs) in emerging markets have increased their export activities. This paper proposes and tests a conceptual model that includes the main drivers of export sales for SMEs in an emerging country in the manufacturing sector. The methodology uses generalized linear models to identify the factors that affect the growth of exports. The results show that the commitment on resources and the managerial and organizational capacities are engines of the intensity of the exports. In addition, the results show that the managerial perception of internal constraints, such as lack of experience and knowledge, act as significant barriers to increase export activities. However, factors such as external costs, the psychic and cultural distance from destination countries of exports, do not have a significant impact on the intensity of exports.

### Team composition in new ventures - Total and dispersed competencies

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Resource-based view highlights the importance of bundles of resources that are the basis for a competitive advantage. In the context of new ventures, the main readily available resources are the competencies of the founding team, which we group into entrepreneurial, managerial, and technical-functional competencies. Due to the unique nature of new ventures, we develop and empirically test a theoretical framework investigating founding team composition and its effects on venture performance. Hereby, we decompose team composition into the established construct of total competencies, and simultaneously introduce the new construct of dispersion of competencies. Dispersion shifts the focus of investigation on each competence and requires an in-depth analysis of each competence. Using a sample of 3,410 new venture teams with 8,242 founders, we show that all three competencies contribute with different strength to venture performance – dependent on their total amount and dispersion among the founding team.

### The Eclectic Paradigm and the R-Specific Advantage of John Dunning: Rationalizing the BREXIT

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After critically evaluating the relational asset body of knowledge since Professor Dunning's seminal work (Dunning, 2002; Dunning, 2003; Dunning, 2004), this paper revisits the relevancy of relational assets by analyzing the impact of Brexit on MNE activity in the UK, the EU and the US. It assesses the relationship specific advantages of MNE activity in the UK, the EU and the US by analyzing the inward and outward foreign direct investment (FDI) before the Brexit vote, after the vote, when Article 50 was triggered and when the UK exits completely.

The authors would like to investigate and shed light on how the UK may or may not continue realizing the objectives underlined by the key motives for economic integration. Maneuvering backward from a UK economy integrated into the EU market is going to impact the allocation of resources and force UK MNEs to reconsider how their activities are distributed around the world. Using the OLI paradigm and bringing its fourth leg, the Relationship Specific Advantage into play, we would like to assess the BREXIT viability and its potential to give the UK a new role or position in the world economy.

### Brazilians in Israel: implications of immigrant entrepreneurship in the creation of Global Startups

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The purpose of this research is to contribute to general characterization and description of born global firms, discussing how immigrant entrepreneurs combine both their human and social capitals to create internationalized startups since its inception. The analysis of global startups created by immigrants can help elucidate the mechanism of value networks formation beyond national boundaries. Moreover, investigating how the 'global mind set' and aspirations of immigrant entrepreneurs lead to the combination of ephemeral capabilities might enlighten how they develop business models able to connect scattered clients around the world. The unit of analysis is the case study of a Brazilian-Israeli born global firm. Its transnational structure encompass R&D and business strategies, carried out in Israel, service provision, management, sales and distribution conducted in Brazil. The entrepreneur's desire to immigrate was coupled with the intention to explore their business and technological potential beyond what would be possible in their country of origin. In the host country, they achieve capabilities' development that sustained the production of goods and services for customers that overflow the ethnic enclaves, targeting a wider community. Although distributed in different parts of the world, their customers share the passion for popular music produced by independent musicians.

### Born global family firms: evidence from an exploratory study

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Family firms play a very important role in today's international markets, and, during the years, there was a growing interest on family firms' internationalization. Different authors focused on discovering which variables influence the international expansion. However, the majority of contributions have been concentrated on family firms following a gradual/step-by-step/Uppsala model type internationalization, while few studies have been tailored on born global family firms.

The principal aim of this study is to examine how firms' characteristics and external factors can enable or limit the internationalization process of born global family firms. To achieve our objective, we decided to adopt a case study method. Preliminary data were mainly collected through a first in-depth, face-to-face interview with one Italian born global firm. For examining the different aspects and factors influencing the internationalization of these firms, we decided to create a more comprehensive framework based on Gallo and Garçia Pont scheme (1996). Preliminary results show that variables stimulating the internationalization process were mainly related to top management attitudes and strategic factors. On the contrary, with specific reference to entry barriers, they were mainly associated with strategic factors and family issues.

## International New Ventures' Growth in Hungary

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There is a growing debate in the literature about International New Ventures. This study examines International New Ventures and some of their key aspects. Growth of INVs seem to be an interesting phenomenon which has been tackled only in small sample studies. This paper focuses on whole population data analysis of Hungarian International New Ventures in the 2010's, where 6,547 companies could be identified as International New Venture in the period of analysis. The aim of this paper is to uncover how International New Ventures grow.

The Hungarian Corporate Tax Database was used, with which the whole population of Hungarian companies in years 2009, 2010, 2011, 2012, 2013 and 2014 was analysed. The database consists 385,723 companies in 2009 and 422,500 companies in 2014, which is the whole Hungarian private sector. Among these companies 6,547 can be identified as International New Venture in the period of analysis. The whole population of the Hungarian International New Ventures are analysed according to their growth in different measures like labour, revenue and value added with data from 2010-2014.

## C2.3.1 - FDI, remittances and sustainable economic growth

Track: MNEs, Institutions and Policy

Session chair: Francisco Figueira de Lemos

Time: Friday, 15/Dec/2017: 1:30 pm - 3:00 pm

Room: BL 27.03

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### The impact of regulations on the FDI-growth nexus: a nonlinear specification with varying coefficients

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While there is abundant evidence on the FDI-growth nexus and the effect of regulations on growth, little is known about the effect of FDI on growth under different credit and labour market regulatory systems in both advanced and developing countries. In addition, most studies assume that the FDI growth effect is linear and incorporate specific functional forms for their regression relationships. We rely on more advanced econometric methods that do not impose any prior restriction on the model's structure. Our methodology allows for the regression coefficients to vary as smooth functions of other variables, allowing for more plausible empirical results. Our findings confirm the existence of non-linearities based on credit and labour market flexibility.

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### Investment Motives of MNEs and Economic Growth in Least Developed Countries: The Evidence from Africa

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This article investigates the impacts of resource seeking, efficiency and marketing seeking investment made by multinational enterprises on economic development in least developed countries (LDCs), about which literature is scant. Analysing panel dataset for the period from 2001-2012 of five African LDCs (Mozambique, Madagascar, Malawi, Mauritian, Uganda), we found the significant positive effect of resource seeking FDI in mining and market seeking FDI in infrastructure and utility. We did not find statistically significant effect of efficiency seeking FDI in agriculture. FDI in manufacturing has significant and negative effect on GDP. The moderating effect of good public governance on the effectiveness of resource seeking FDI in mining is also confirmed. Based on our findings, we provide several implications for economic development policy in developing countries.

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### Performance Effects of Migrant Remittances: The Role of Institutional and Cultural Attributes

E. E. N. Pitelis<sup>1</sup>, P. Buckley<sup>2</sup>, M. Kafourous<sup>2</sup>

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We extend IB research that has largely focused on FDI by examining how an under-theorized type of financial inflow (remittances) influences the economic performance of recipient countries. Our contribution lies in theorizing and documenting the mechanisms through which the value-generating effects of remittances are influenced in different ways by the host country's institutional and cultural context. Our analysis of 49 countries complements research on FDI and helps us understand why some nations can use remittances to improve their economic performance (whereas others fail to do so) and the role that different institutional and cultural attributes play in determining such outcomes.

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### Mining MNEs strengthening local institutions to legitimise business continuity: Experiences from Armenia

J. Taarup-Esbensen

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This paper explores how multinational mining enterprises (MNEs) in Armenia manage risk from local communities by building and strengthening institutions in the villages and towns where they operate by arguing that by solidifying their legitimacy through institution building, the MNEs

reduce the risk that communities will engage with outside and possibly powerful civil society actors that can threaten business continuity. Institution building thus serves a dual purpose, making communities reliant on MNEs by providing public good facilities that strengthen the local institutional environment in the absence of a fully functioning Armenian state, and acting as an effective risk mitigation tool that keeps potentially threatening NGOs and other civil society actors from partnering with local communities against the company by depriving them of a legitimate platform from which they can assert their influence. The paper contributes to the MNE risk management literature by highlighting the role of institutions, especially in areas where these are either absent or lack capacity to enforce their own rules, and the role of institution building as a risk management and mitigation tool for MNEs that are active in these types of institutional environment.

### **C2.3.2 - Internationalisation and the Internet**

#### **Track: Internationalisation in the Information Age**

Session chair: Keith Brouters

Time: Friday, 15/Dec/2017: 1:30 pm - 3:00 pm

Room: BL 27.13

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#### **The influence of Industrial Internet of Things on International Manufacturing Networks**

**P. Deflorin<sup>1</sup>, M. Scherrer<sup>2</sup>, K. Schillo<sup>1</sup>, A. Ziltener<sup>1</sup>**

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Changes related to the information age or Industrial Internet of Things (IIoT) have led to new opportunities, which not only influence a single plant but the internationally distributed manufacturing network. Based on a single case study, the paper at hand provides insights how IIoT influences the coordination of internationally distributed plants.

The derived results show that IIoT initiatives are based on five dimensions (digital technologies, connectivity, data, capabilities and management), which are highly interrelated and need to be harmonized. In order to exploit the full potential of IIoT, headquarters needs to adapt its network coordination mechanism. More specifically, the analysis reveals that if the level of standardisation in products, processes and systems is high and if headquarters takes the responsibility to centrally manage the network and give little autonomy to the plants, a company can unravel the potential of its IIoT initiatives more than without taking the manufacturing network coordination into account.

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#### **Internationalization through Digitalization: The Impact of E-Commerce Use on Internationalization in Small and Medium-sized Firms**

**J. Eduardsen**

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By applying the Uppsala Internationalisation Process Model, this paper examines the impact of e-commerce on internationalisation of small and medium-sized firms. The study uses a unique dataset, including 14,513 SMEs across several sectors in 34 countries. The results show that firms using the Internet as a means to provide information about the firm exhibit a higher degree of internationalisation, while using the Internet to facilitate transactions was found to have a positive impact on the ratio of foreign sales to total sales, but that this foreign sales is likely to be more concentrated in less regions/markets. Furthermore, perceived barriers was found to be a significant moderator of the effects of e-commerce on both international intensity and international diversification. This suggests that the Internet does not always play a beneficial role in the internationalisation of SMEs.

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#### **Buzz or benefit? A cross-country investigation of the link between firm performance and social media activities**

**N. Pogrebnyakov<sup>1</sup>, E. Maldonado<sup>2</sup>**

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Social media have had a profound impact on how companies across the world reach out to consumers. Yet, whether the use of social media by firms is related to increased performance has been underexplored. This study focuses on four ways in which companies can use social media: social media capability, extent of social media use, firm's reputation on and experience with social media. The impact of these activities on firm revenue in the international context was investigated using the world's largest social media platform, Facebook. Data on Facebook activities for over 7,500 companies from 135 countries was collected. Analysis revealed that two of the four social media activities had a significant positive relationship with revenue, as was the level of development of the firm's home country. This study contributes to research on performance implications of social media activities as well as on country-of-origin differences in organizational social media practices.

### C2.3.3 - Internationalisation and performance

#### Track: MNE Organization and Strategy

Session chair: Liena L. Kano

Time: Friday, 15/Dec/2017: 1:30 pm - 3:00 pm

Room: BL 27.01

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#### Performance Effects of Internationalization: Contingency Theory Analysis of Emerging Market MNEs

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Contingency theory is widely applied in management research to explain superior organizational performance as a direct result of a match between structure and strategy (internal fit) or an organization and its environment (external fit). Research of emerging-market (EM) multinationals (MNEs) in this contingency tradition remains underexplored. There has also been little effort in extending the notion of strategy-structure-environment fit to include the aspect of a firm's scale and scope of internationalization. In this paper, we address this limitation by offering a comprehensive perspective of Russian MNEs' performance that reflects the complexity of choices EM MNEs make when they internationalize. We use survey data of 213 predominantly private and mature Russian MNEs to examine whether the alignment of a multitude of strategic and structural choices with the foreign environment matter for subsequent performance. We apply a fuzzy-set Qualitative Comparative Analysis (QCA), which is instrumental in empirically analyzing how bundles of 'independent' variables work together to determine organizational performance. We find several distinct types of fit that affect positively Russian MNEs' performance.

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#### ODI and Firm-Level Performance: Is China Different from the Remaining BRIC Countries?

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This paper investigates the Outward Direct Investment (ODI) involvement of Chinese enterprises in the context of BRIC firms, and the relationship between ODI involvement and firm-level performance. Drawing on firm-level data, we introduce a rich taxonomy of ODI that accounts for the decision to invest and the number, destination and ownership structure of foreign affiliates. Through different specifications, we consistently demonstrate similar patterns across firms from China and the remaining BRIC countries. BRIC firms engaged in ODI are in the minority, but they perform better than domestic enterprises. Moreover, the best performing firms are more likely to rely on a large number of foreign subsidiaries and less likely to invest in developing countries alone, or to operate exclusively in joint ventures.

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#### More Bang for your Buck: Internationalization, Resource Heterogeneity, and profitability

R. García-García<sup>1</sup>, E. García-Canal<sup>2</sup>, M. Guillén<sup>3</sup>

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This study adds to the multinationality-performance literature by examining how resource fungibility and resource upgrading condition the relationship between geographic diversification and profitability in firms from infrastructure and non-infrastructure industries. Our findings indicate that geographic diversification of infrastructure firms into resource-poorer host countries compared to the home country displays a U-shaped relationship with firm profitability whereas it shows a negative exponential relationship when the host countries are resource-richer. Regarding non-infrastructure firms, the results point to an S-shaped pattern when they invest in resource-poorer host countries and a U-shaped one when they do so in resource-richer ones.

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#### How Subsidiary Mandates are Lost in the Cooperative and Competitive New Normal of the MNE

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Subsidiary mandates and charters have consistently been adopted as organizational concepts utilized to capture the scope of a subsidiary's organizational environmental domain responsibilities and licence to apply specific capabilities to opportunities in these domains. However, there remains significant ambiguity over these two concepts due to their interchangeable usage in the literature and empirical studies having focused on subsidiaries with singular mandates.

Extant literature argues that the loss of a charter precipitates closure (Galunic & Eisenhardt, 1996; Birkinshaw and Hood, 1998) and that mandate loss precipitates spinoff, wind-down or closure (Birkinshaw, 1996). This paper focuses on the drivers and mechanisms of how mandates are lost in cooperative and competitive MNE settings. This study bases its empirical analysis on data collected from two Swedish MNEs, Alfa and Beta, and their foreign subsidiaries in Europe, China, India and North America. The study finds that subsidiary charters and mandates are different conceptually in that the charter is the sum of the bundle of mandates. Secondly the study finds that mandates are lost to other MNE subsidiaries and to external partners through cooperative and competitive processes. Thirdly this paper goes some way in explaining the counterfactual finding that subsidiary's can survive post mandate loss.

### **C2.3.4 - Governance, institutions and performance in the multi-national context**

**Track: International Finance, Accounting and Corporate Governance**

Session chair: Luciano Quinto Lanz

Time: Friday, 15/Dec/2017: 1:30 pm - 3:00 pm

Room: BL 27.06

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#### **Family firms and the choice between WOS and JV: a Transaction Cost Economics approach**

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Using a transaction costs framework, this study examines the effects of family control on entry mode choice. Using a dataset of 951 foreign investments in Italy from 2005 to 2015, we investigate the role of family involvement. After controlling for endogeneity issues, we find that if the investing company and the local are family firms, joint venture is the preferred choice, while when only the investor is a family firm full acquisition is more likely. Overall, these findings show that family involvement has an impact on the ownership choice and that previous studies ignoring this aspect miss a crucial variable.

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#### **Governance of family firms and entry mode choice in foreign markets**

**S. Mariotti<sup>1</sup>, R. Marzano<sup>1</sup>, M. Mutinelli<sup>2</sup>, L. Piscitello<sup>1</sup>**

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Although the entry strategy in foreign markets has been widely investigated, the role of corporate governance remains surprisingly unexplored. This paper contributes to fill this gap, by studying how and when the main governance features and mechanisms in Family Firms influence their choice between establishing a foreign operation from scratch or buying an existing foreign entity. By relying on the socioemotional wealth (SEW) approach, we argue that non-family directors mitigate the families' risk-aversion, and determine a different corporate equilibrium between the FF's parties, resulting in higher recourse to acquisitions. We also tackle the gap in the understanding of how family specificities moderate the role of the board, and the latter's influence on the company's strategic choices. Namely, we claim that the presence of the founder, and the later generations do attenuate the influence of non-family directors. Our econometric analysis, run on 1,849 manufacturing initiatives undertaken abroad by 532 Italian FFs, in the period between 2000 and 2013, confirm our expectations.

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#### **How do institutions matter in international business: The review of theoretical contradictions**

**P. Jasovska**

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This paper reviews the current state of institutional theory in international business (IB). While research has widely accepted the importance of institutional environment, the dominant view of the institutions is that they act as constraints on the ability of actors to respond and potentially drive the institutional change. Only recently, there has been a growing interest among IB scholars to look at the opposite relationship, which refers to the strategic responses of firms and their purposive behaviour of reshaping the institutional context. I seek to understand how the researchers apply the institutional theory to IB studies and as such I identified four areas of problematisation to propose the possibilities of advancement to this interdisciplinary research. These are formulated as four paradoxes: enabling versus the constraining power of institutions, firm similarity versus differentiation, passive versus active behaviour of firms and endogenous versus exogenous institutional change. Finally, based on the review and proposed concepts the paper presents promising avenues for future research.

### **C2.3.5 - Consumer behaviour and corporate reputation**

**Track: International Marketing Session chair: Minnie Kontkanen**

Time: Friday, 15/Dec/2017: 1:30 pm - 3:00 pm

Room: BL 27.07

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#### **Understanding the mediating effects of the relationship between Consumer's Need-For-Touch and Online Purchase Propensity: a comparison study between China and Portugal**

**S. Costa e Silva<sup>1</sup>, P. Duarte<sup>2</sup>, J. Silva<sup>1</sup>**

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This study analyses the impact of Need-for-Touch (NFT) on the online purchase propensity by evaluating the influence of the individual consumer country of origin. Although, NFT has been a major topic of research over the past years, the link between NFT and purchase propensity have rarely been empirically proven. For the purpose of assessing this relationship an online questionnaire was applied in Portugal and China and the data studied through exploratory and confirmatory factor analysis, namely multivariate analysis of variance and structural equation modelling. The results indicate that consumer's country of origin seem to affect the relevance of the sense of touch for a sweater.

Consumers with high levels of NFT are more likely to engage in additional brand touch-points and consequently to have stronger brand experiences. Also, the findings confirm the impact of the perceived information credibility and the brand experience on the perceived product quality, which influences the propensity to search and to purchase online.

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### **Identification of barriers to co-create on-line: the perspectives of customers and companies**

**M. Chepurna, J. Rialp Criado**

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Value co-creation is an important topic of interest in the marketing domain for the last decade. Co-creation via the Internet has received a particular attention in the literature. Although there have been substantive number of studies of what motivates customers to participate in value co-creation in the Internet-based platforms, there is a lack of research of what the deterrents are that may prevent customers from contributing their ideas online. This qualitative research based on twenty in-depth interviews with customers and twenty in-depth interviews with marketing specialists from different companies was undertaken in order to define the deterrents from the customer's and company's point of view, as a basis for future survey to be delivered to the customers. The results show that although there is a repetition of the mentioned constraining factors indicated by the both groups of the interviewees, the ranking of the barriers is distinctive. This paper is of a special value on one hand for academia, as it will serve as a starting point for numerous future research lines; and on the other, will bring more insights to the topic for practitioners.

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### **Resilience in global supply chains: An inter-organizational and cultural perspective**

**J. J. You**

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This paper introduces the four basic inter-organizational perspectives, along with cultural perspectives, that may serve as building resilience in global supply chains: institutional perspective, environmental perspective, economic perspective and behaviourist perspective. Given that a supply chain is a sequential network of interrelationships between two or more supply chain partners, cultivating strategic alliances and cooperation, we argue that it is possible to integrate these different perspectives, without nullifying each other, and then develop an integrated theatrical mode with the testable propositions, that has stronger and broader explanatory power of organisational resilience in supply chain setting than the initial perspective. This can be achieved by identifying the viewpoints from which each theory applies and the circumstances when these theories are interrelated.

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### **Diverse Roles of Corporate Reputation Dimensions for MNCs: An Analysis across Nations**

**J. Hirschmann, N. Batton, B. Swoboda**

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Although multinational corporations increasingly manage their reputation across nations to attract local consumers, employees, or the public, reputation is mostly analyzed holistically. Little is known about the role of the dimensions which constitute reputation of multinational corporations. Whether and how, for example, a multinational corporations' perceived product quality, social responsibility, or financial strength affect customers across nations is unclear. To provide insights into these issues, the authors refer to hierarchical data on 32,811 consumer evaluations of a multinational corporation in 44 countries. The results of the novel multilevel structural equation modeling underline a strong relationship between perceived reputation in general and consumers' loyalty. However, the relationships are different for the dimensions which constitute corporate reputation (i.e., two dimensions dominate). National culture and country development variously moderate the relationships. Knowing the effects of the reputation dimensions and their contextual boundaries is of paramount importance for multinational corporations' reputation management across nations.

## **C2.3.6 - MNE subsidiary strategy and performance**

### **Track: MNE Subsidiary Strategy, and Inter-Firm and Intra-Firm Business Networks**

Session chair: Rian Drogendijk

Time: Friday, 15/Dec/2017: 1:30 pm - 3:00 pm

Room: BL 27.05

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### **How does a foreign unit's differentiation strategy fit the competition context?**

**A. Pehrsson**

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This study contributes to international business literature by addressing the important issue of contextual boundaries to the effectiveness of differentiation strategies of industrial firms' foreign units, notably wholly owned subsidiaries and co-operations. A model was tested using data from 166 foreign units of Swedish firms. For the first-tier boundary of price competition, a positive association was found between technology leadership and the unit's performance. The association between market responsiveness and performance is strengthened if the firm is the sole owner of the unit and is able to fully control the strategy. For value-based competition, a positive association was found between market responsiveness and performance. Here, the second-tier boundary of market experience strengthens the association between technology leadership and performance. Contributions to literature are discussed.

### **Drivers and performance consequences of the division of strategic sales activities between HQ and subsidiaries in FMCG MNEs: a study of foreign subsidiaries in Germany**

H. A. Reichstein-Scholz, M. Yamin, A. Giroud

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Significant structural changes in the retail sector, due to retailer consolidation within and across countries as well as retailer internationalisation, lead to significant changes of the sales function within the FMCG industry. Sales functions have traditionally been predominantly locally focussed with low or no MNE HQ involvement, though manufacturers may now be increasingly pressured to view the sales function as requiring a more integrated and centralised treatment. This paper strives to investigate the possible implication of this change in terms of the division of strategic sales activities between the HQ and subsidiaries in FMCG MNEs in the special context of Germany, being a pivotal market for this industry.

Using the I/R framework as a starting point, the concepts of network embeddedness and subsidiary importance are used to investigate the influence of the division of strategic sales activities between HQ and subsidiaries on subsidiaries' market performance. The results show that strong customer relationships as well as the positive impact of a formalised sales strategy seem to be the main contributors to subsidiary market performance. Unexpectedly, subsidiary importance fails to be a driver for the subsidiary strategic role within the MNE, mainly due to the functional and country context of the study.

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### **MNE Structure, Expatriation Strategies, and MNE Performance: A portfolio approach**

J. Lee

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This study investigates how multinational enterprises (MNEs) manage a complex subsidiary portfolio through expatriation and how the associated expatriation decisions affect firm performance. Drawing on organizational structural complexity theory, this study contends that MNE structural attributes which reflect the degree of internal differentiation within the subsidiary portfolio determine the level of managerial complexity faced by headquarters and further affect expatriate staffing strategies and MNE performance. An empirical investigation of Korean MNEs finds support for this contention, demonstrating that MNE structural attributes such as multinationality, regional dispersion and power structure influence the intensity and variation of expatriate utilization across the subsidiary portfolio. The results also reveal that the intensity of expatriate utilization tends to be positively related to MNE performance, while the variation of expatriation across the subsidiary portfolio negatively affects performance. These findings extend international management literature by highlighting the important role of MNE structure and management in achieving positive performance outcomes from international operations.

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### **The effect of foreign-to-local ownership change on firm performance**

A. Mohr<sup>1</sup>, P. Konara<sup>2</sup>, P. Ganotakis<sup>3</sup>

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Building on modern internalization theory we differentiate subsidiary-level FSAs to examine the degree to which performance of a foreign subsidiary declines after the foreign owner sells it to a domestic buyer. We argue that subsidiary-level FSAs vary in terms of their extractability by, and their dependence on other advantages accessible through, the foreign parent. Based on this differentiation we argue that with increasing host country tenure, domestic market orientation and institutional distance, subsidiary-level FSAs become less extractable by the foreign parent, and less reliant on complementary advantages accessible through the foreign parent, thus moderating the negative performance effect of a change from foreign to domestic ownership. We test our hypotheses using propensity score matching and difference-in-difference method on a large panel data set of foreign subsidiaries in Spain. We find that the negative performance effect of a foreign-to-domestic sale of a firm is weaker if the firm is older, has a greater orientation towards the domestic market orientation, and is sold by a foreign firm based outside the subsidiary's region.

### **C2.3.7 - Novel ways of teaching and doing research in IB**

#### **Track: Novel ways of teaching and doing research**

Session chair: Jens Gammelgaard

Time: Friday, 15/Dec/2017: 1:30 pm - 3:00 pm

Room: BL 27.12

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#### **Brazilian Secret Hair**

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This teaching case aims at investigating the internationalization process of Brazilian Secrets Hair (BSH), a company that has considered the world as its target market since its foundation, and is part of an ever-growing segment: the cosmetics industry. In order to review the company's international expansion, the internationalization theories within the behavioral approach, such as the Uppsala Theory, the Network Theory, the Entrepreneurship perspective and the Effectuation logic, are explored. The main reasons why BSH elected to expand internationally before prevailing in the Brazilian market, and how the company chose the international territories for its expansion are the main questions to be answered.

### **On-line formative assessment, electronic devices, and students' performance**

F. Di Meo<sup>1</sup>, C.-P. Martí-Ballester<sup>2</sup>

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We test through a partial least square structural equation model the associations among the use of on-line quizzes for learning activities in an introductory course of accounting, the use of different electronic devices to solve on-line quizzes, on-line quiz performance, and learning performance, and find that the on-line quizzes factor positively affects students' learning performance, but not students' quiz performance, probably because some students used quizzes, which had unlimited attempts until a satisfactory grade was achieved, to study the content of the course, rather than to self-assess their knowledge. We also find that computers and tablet PCs for learning activities do not affect students' learning performance, while mobile phones negatively affect students' learning performance with respect to their peers, probably because the users of mobile phones for learning activities are also intensively engaged in other activities. Finally, the use of any of the electronic devices does not affect students' quiz performance.

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### **A Praxiological Approach to International Business Research**

J. D. Branch

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Praxiology (or praxeology) is the science of human action. This article illustrates a praxiological approach to international business research, using a study which explored the transnationalisation of the Stockholm School of Economics. The article begins by reviewing the philosophy and methods of praxiology. It then summarises the research design of the study, emphasising 1. activity theory, one specific practice theory which views practice as activity, and 2. activity system analysis, a generalised framework for analysing activities. The article continues by presenting selected results of the study. Finally it discusses the study vis-à-vis international business research.

### **12.3.1 - Drivers of performance in emerging markets**

**Track: Emerging Markets Session chair: Vincent Montenero**

Time: Friday, 15/Dec/2017: 1:30 pm - 3:00 pm

Room: BL 27.14

### **Focus if You Are Strong? A Critical Note On the Performance Effects of Firm Resources and Multinationality in new MNEs**

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As research on the performance effects of multinationality has generated inconsistent findings for the past decades, a critical discussion in the IB community has revolved around both its methodological and conceptual underpinnings. It has been pointed out, inter alia, that multinationality in itself cannot translate into superior performance, since it is firm-specific advantages (FSAs) which allow the firm to develop international operations. Hence, in our study we argue that multinationality affects the relationship between resources and performance, rather than having a direct effect. We develop a theoretical argumentation rooted in the resource-based view (RBV), international diversification literature and organisational learning perspective, which we then test on a longitudinal dataset containing 304 new MNEs from the mid-range emerging market of Poland and a total of 1167 firm-year observations. We find that while resources do positively affect the performance of new MNEs, this relationship becomes weaker for higher levels of multinationality. However, the negative moderating effect of multinationality becomes weaker for larger, more experienced new MNEs which are more able to handle the complexity of managing foreign operations.

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### **Corporate Renewal and Performance Outcome: Evidence from Emerging Market Located MNCs**

L. H. Nguyen, J. Larimo

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In this paper, we focus on how firms should exercise corporate renewal and what are the linkage between corporate renewal and performance of firms. Our theoretical foundations are based on dynamic capability. The evident for our study is based on longitudinal study of three emerging market located firms from 2011 to 2016. The results show that firms need to continuously renew their organization to be able to be competitive and to grow. In addition, organization renewal is the process which can involve one or more aspects of the firms such as business areas, structures, strategies, and networks. Furthermore, when exercising organization renewal, firms are able to increase both short terms and long terms performance. Firms need to sustain current success by continuously building (in house or by acquisition) new products, services, or processes for the future. The study contributes to current literatures by offering model that could be tested further in the future research. We conclude the study by providing implications for managers to be succeeded in corporate renewal.

### **Profiling Transnational Entrepreneurs and the Determinants of Success in Emerging Markets: Evidence from Sri Lanka**

R. De Silva, D. Sharpe, A. Johnston

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There is increasing scholarly interest in Transnational Entrepreneurs and their activities in emerging markets, largely due to the economic impact such migrants are shown to have in the recent rapid rise of emerging markets. With the continued interest in the institutional arrangements that exist in emerging markets and the challenges that are acknowledged to exist in such markets by way of institutional voids, what factors contribute to the success of transnational entrepreneurs who enjoy elite status in these markets? This study seeks to explore the defining characteristics of the TEs, their migratory motivation and in particular their repositories of capital that enable to succeed in the emerging economy context of Sri Lanka. Through interviews conducted with 10 elite transnational entrepreneurs, this paper will illuminate on their shared backgrounds and the attributes of their success in a market riddled with institutional voids.

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### **Political Strategy in Brazil: Evidence of Strategic Positioning in political Markets**

A. G. Lourenço Toledo

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The political market is not qualified and is negotiating public policies in a similar way to the market in economic markets, that is, to use policies. The advances of the literature in discussion about the strategy and its relation with the performance of the companies that they are using are remarkable. However, the development of the structure and the attractiveness of political markets is still insipid, however, there is no sense of explanation as a political strategy, either as a market strategy, that is, it represents the position of the company without a political market. This study analyzes the nature of the actions performed by companies with the purpose of discovering if this position exists. To do so, use an experimental methodology, model for the light of game theory, test causal relations determining the positioning of companies in political markets. These relationships were observed in relation to the salience of the political question and organizational routines. What is what is a policy problem is a problem of political issues. These findings become more competitive than public companies, as companies seek to model and protect unique areas in search of the best performance

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### **Institution-based view on Saudi Arabian Entrepreneurship Ecosystem**

A. Juho<sup>1</sup>, A. Kauppinen<sup>2</sup>

<sup>1</sup>Prince Mohammad Bin Salman College; <sup>2</sup>University of Liechtenstein; [anita.juho@gmail.com](mailto:anita.juho@gmail.com)

Entrepreneurship is seen as the key driver for economic growth. Therefore, Saudi Arabia has taken entrepreneurship as one of the key themes for the economic development and the attempts to reduce the dependency on oil industry. In a developing economy, the institutional conditions are often insufficient for supporting entrepreneurial activities and providing needed resources. In some cases, the institutional conditions may cause barriers for new ventures. The study uses institutional theory and institutional pillars to explore Saudi Arabian entrepreneurship ecosystem. The theoretical background is built on institutional theory, international entrepreneurship literature and on the entrepreneurship literature related to emerging and developing economies. The study uses single case study method in which Saudi Arabia is the case and the data of Saudi Arabian entrepreneurship framework conditions (Global Entrepreneurship Monitor, GEM, data) is studies in relation to the institutional pillars and the existing literature of Saudi Arabian context.

## **I2.3.2 - Culture, diversity and the role of managers**

### **Track: International HRM and Cross Cultural Issues**

Session chair: Carmen Paz-Aparicio

Time: Friday, 15/Dec/2017: 1:30 pm - 3:00 pm

Room: BL 27.17

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### **Cultural Intelligence - A Research Landscape**

I. Alon<sup>1</sup>, E. Lankut<sup>1</sup>, N. F. Richter<sup>2</sup>, N. Yari<sup>2</sup>

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Purpose - This study identifies the most influential literature streams to cultural intelligence by a bibliometric citation analysis using HistCite, VOSviewer and CiteNetExplorer, in order to provide a comprehensive review of the Cultural Intelligence concept and detail the recommended direction for future research. Design/methodology/approach - Three bibliometric citation tools analysed a sample of 357 articles by 823 scholars in 199 different journals published between 1992-2017. Findings - The analysis revealed 10 research clusters within the topic of Cultural Intelligence that can be categorized as the most influential literature streams of CQ: 1) Validation of Cultural Intelligence; 2) Cultural Intelligence Hypothesis; 3) Experiential Learning & Global Leader development; 4) Expatriate Performance and Adjustment; 5) The use of EQ in Culturally Diverse Teams; 6) Mindfulness, Knowledge and Behaviour; 7) CQ moderating intercultural service encounters; 8) Emotional Intelligence Research; 9) Managerial and Cognitive CQ; and 10) Global Virtual Teams & Cross-Cultural training.

Originality/value - This study is the first attempt of a citation analysis on the cultural intelligence research; The first integrated and synthesised use of three different citation tools for analysing large samples; The first attempt of essentially unpacking the "DNA" of Cultural Intelligence.

**Fresh eyes on cultural distance in cross border mergers and acquisitions**

M. Durand<sup>1</sup>, M. Sondergaard<sup>2</sup>

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The paper is about a conceptual reflection on how to approach an established concept in management with a fresh eyes perspective. The contribution is to present and to apply an important part of elements in such a method. We use the example of the concept of distance. Distance has been a very popular concept in International Business in more than three decades. However, distance may in fact contribute to dysfunctional results because of the over simplicity of the concept, the levels of analysis issues and its measurement. It is time to have a hard new look at the concept.

**The pool of human resource and the localization of foreign subsidiaries**

N. Ando

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Organizational and environmental factors bring about changes in a foreign subsidiary's staffing over time. This study examines the way in which the changes in staffing affect subsidiary performance by shedding light on staffing localization, which is a subsidiary staffing change aimed toward reliance on host country nationals. Assuming a nonlinear relationship between localization and subsidiary performance, this study explores moderators that interact with localization. The hypotheses are tested by analyzing a panel dataset of 7,280 observations of foreign subsidiaries owned by multinational corporations. This study demonstrates that the main effect of localization on subsidiary performance is positive, which is positively moderated by a local pool of human resources. In addition, when a local pool of human resource is not rich, cultural distance weakens the positive effect of localization. In contrast, when a host country is endowed with a rich pool of human resource, cultural distance strengthens the positive effect of localization of subsidiary performance. The results of this study suggest that localization of subsidiary staffing is a means to access local strategic assets. The effective utilization of strategic assets through localization depends on the degree of cultural distance.

**Middle Managers' Role Enactment in Top-Driven Change: An Exploratory Investigation in a Multinational Firm**

C. Oral

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Recognizing the benefits of integrating end-customers in the business strategy, executives are initiating changes to align the entire company towards greater end-customer orientation. Particularly, they put middle managers in charge of implementing these changes. Yet, scientific research on this topic is scarce. To address this gap, this research investigates how middle managers enact their role as change agents in a top-driven change process towards end-customer orientation. Specifically, this research explores their challenges and practices, and reasons for variations within their change role performance.

A longitudinal comparative case study of middle managers with 25 semi-structured interviews and 620 hours of observations provides novel insights. A newly developed process model shows that managers enact their change role in four steps. In the role assignment (step 1), top managers direct expectations towards middle managers, who start interpreting their role as implementers of change. Most middle managers face severe challenges during change implementation (step 2), such as lack of vision. To address these challenges, middle managers employ various practices (step 3), such as change resilience. Based on their use of these practices, managers are categorized according to three role performance outcomes: role expansion, role integration, and role resignation (step 4).

**Go abroad or remain small: do foreign studying and working experiences impact the international vocation of entrepreneurs?**

S. Elia, L. Grilli

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This study poses and then empirically tests a potential relationship between the studying and working experiences that entrepreneurs may mature abroad and the propensity to develop an international vocation for the start-up they found. The analysis is carried out on a sample of 2,354 entrepreneurs of 1,034 young innovative companies (YICs) created in Italy in-between 2010 and 2015. It makes use of large and fine-grained survey-based information collected on different dimensions of entrepreneurs' human capital and on the commercial strategies of the newly founded firms, including their international market orientation. Our results show that gaining a foreign work experience positively affects the international vocation of entrepreneurs, and this applies irrespectively of the temporary vs. permanent nature of this experience. Conversely, foreign education influences entrepreneurs' international orientation only to the extent that this education experience leads to a sheepskin certificate, while temporary education episodes (e.g. Erasmus) turns out to be much less relevant.

### I2.3.3 - Psychic and cultural distance

#### Track: International Marketing

Session chair: Richard Owusu

Time: Friday, 15/Dec/2017: 1:30 pm - 3:00 pm

Room: BL 27.15

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#### Understanding the formation of psychic distance perceptions: Are country-level or individual-level factors more important?

B. Ambos<sup>1</sup>, U. Leicht-Deobald<sup>1</sup>, A. Leinemann<sup>1</sup>, L. Håkanson<sup>2</sup>

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This study investigates individual managers' formation of psychic distance perceptions to foreign countries. Adopting a social psychological perspective, we propose three social-cognitive mechanisms - social comparison, mere exposure, and social learning - to help explain why and how country- and individual-level characteristics affect the formation of such perceptions. Based on an international survey of 1,591 managers located in 25 countries, we find that country-specific international experience, formal education, and a match between a managers' first language and the language of the target country reduce psychic distance perceptions. Surprisingly, and in contrast to conventional wisdom, managers' international and overall work experiences do not seem to have any effect on their distance perceptions. However, relative to country-level factors, individual-level antecedents seem to have rather limited explanatory power as predictors of overall psychic distance perceptions, lending support to the widely-employed practice of operationalizing psychic distances through country level indicators. In addition to these empirical findings, the study contributes by providing a theoretical social psychological framework for the understanding of how psychic distance perceptions are formed.

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#### The effect of psychic distance on established international buyer-supplier relationships

S. Tierean<sup>1</sup>, G. Berens<sup>2</sup>, C. van Riel<sup>2</sup>

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Little attention has been given to relationship quality in an international context. In this paper we examine the effects of the psychic distance between the countries where the importer and the exporter reside on the importer-exporter relationship quality. Our aim is to test the psychic distance paradox. Is the effect of psychic distance negative, as predicted by classical internationalization theories, or once the importer-exporter relationship reaches the more mature stages, the differences between the countries of origin become an asset, as suggested by a series of authors? We develop and test competing hypotheses. Through a survey on German purchasing managers, we show that the effects of psychic distance are (still) negative. In addition, we explore the moderating role of importance of the product transacted between the exporter and importer. We find that when the product sold by the exporter is of high importance for the importer, the effect of psychic distance is reduced.

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#### Does entrepreneurial orientation moderates psychic distance - export performance relationship?

J. Sekliuckienė, B. Šeinauskienė

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This paper explores the link between psychic distance and export performance and explains the role of entrepreneurial orientation in this relationship. The hypothesised linkages were tested with the sample of exporting Lithuanian firms (n=111), that perform export operations in close and distant markets. Our results support a psychic distance paradox, where psychic distance has a positive relationship with export performance, and that firm's export performance tends to enhance in the perceived psychically distant market. Results suggest that firm's innovativeness moderates the psychic distance and export performance relationship. Higher psychic distance showed an increase in financial and strategic export performance when the level of firm's innovativeness was high. Additionally, the cultural distance was positively related to overall export performance and financial export performance under the moderating effect of entrepreneurial orientation (overall) and risk-taking, respectively.

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#### New perspectives on sellers' intercultural communication competence in B2B sales

J. P. Koponen, S. Julkunen

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The international business-to-business (B2B) sales environment has changed rapidly in recent years becoming an increasingly complex and global communication environment. Increased demands for international B2B relationship sales call for a better understanding of the communication competence required from salespeople. The Communication in the Disciplines (CID) theoretical framework states that criteria for communication competence should be defined within disciplines since each discipline has different values, preferences, norms, expectations, and communication practices. We investigate the discipline-specific needs for sellers' communication competence in the field of international B2B sales. Empirical data was collected in two steps via in-depth interviews from sales communication educators worldwide (n=10) and from international B2B sellers and sales managers (n=29). As a result, we constructed a novel conceptualization of intercultural sales communication competence (ISCC). In this study, we demonstrate that ISCC includes four main dimensions, which are interrelated and consist of (1) a behavioral component, (2) an affective component, (3) a cognitive component and (4) business acumen. The managerial implications are presented with recommendations for future research.

### **The influence of country image and acquirer's corporate reputation in cross-border acquisitions: A consumer perspective**

M. Matarazzo<sup>1</sup>, G. Lanzilli<sup>2</sup>, R. Resciniti<sup>2</sup>

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This research investigates, in cross-border acquisitions, the effect of country image on the relationship between acquirer's corporate reputation and consumers' repurchase intentions of the products of the post-acquisition target. The study considers an Italian target firm having high reputation and compares four foreign acquiring firms showing a different combination of corporate reputation (low/high) and country image (negative/positive). We found that both corporate reputation and country image have a significant impact on Italian consumers' repurchase intentions of products of the post-acquisition target. Furthermore, results indicate a highly significant interaction effect: a positive country image of the country of the acquirer leads to a higher level of repurchase intentions only in case of a high corporate reputation. Conversely, a positive country image cannot compensate for the lower corporate reputation. The research could be of value and interest because states that, in a cross-border acquisition, a high acquirer's corporate reputation is the most important factor that affects consumers' repurchase decisions and consequently the success of the acquisition. Therefore, the advice is to strengthen or improve corporate reputation.

### **Cultural influences on power-based behaviors in global supply chain relationships: A multi-level theorization**

I. Golgeci<sup>1</sup>, W. A Murphy<sup>2</sup>, D. A Johnston<sup>3</sup>

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Considerable advances have been made in marketing and supply chain management research concerning power in buyer-supplier relationships. This paper aims to contribute to this line of research by discussing the cultural influences on power-based behaviors; dominance, egalitarian and submissive behaviors to advance the understanding of their drivers and modifiers. We discuss national and organizational culture as antecedents to the power-based behaviors, affecting which of these archetypes are chosen, with cultural intelligence moderating these relationships. By integrating cultural intelligence in the proposed model, we advance a mechanism for improving the management of cross-cultural buyer-supplier relationships.

## **12.3.4 - Internationalisation incentives, resources and institutional barriers**

### **Track: MNEs, Institutions and Policy**

Session chair: Desalegn Abraha Gebrekidan

Time: Friday, 15/Dec/2017: 1:30 pm - 3:00 pm

Room: BL 27.11

### **Importance of outward internationalization incentives, resources, capabilities and risk**

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Most economies have in place national policy to promote the internationalisation of domestic firms. The promotion of outward investment, while more recent compared with the promotion of exports, now holds an important position in the armoury of governments to nurture internationally competitive home-grown firms. Although such promotion policy is widespread, the designing-in of policy effectiveness is not pre-planned; rather, policy has evolved, historically, unscientifically and by imitation. There are good reasons to promote independent outwardly internationalized small and medium sized enterprises: they are pro-competition and pro-growth and, in the context of regional economic integration, especially valuable to the completion of the internal market. But to capitalize on this, policy makers urgently need innovative policy tools and, to produce these tools, theoretical innovation on the missing mechanism of how policy exerts its desired effect on the decisions and behaviour of firms. We investigate the process by which firms evaluate social programmes of public support designed to promote outward internationalization.

### **State-ownership and the scale and scope of internationalization: The moderating role of home country market development**

N. Pisani<sup>1</sup>, O. Toulan<sup>2</sup>, T. Gussenhoven<sup>1</sup>

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The purpose of this paper is to investigate the relationship between state-ownership and the scale and scope of internationalization. We argue that the relationship is negative for both measures of internationalization. Moreover, we argue that the developing (versus developed) market status of the firm's home country negatively moderates the relationship between state-ownership and both the scale and scope of internationalization. We test our hypotheses on a comprehensive sample of firms drawn from the 2014 Fortune Global 500 list. Whereas our empirical analysis does not provide enough support for the negative relationship expected when considering the scope of internationalization, the results we obtain show a negative association between state-ownership and the scale of internationalization and also confirm the negative moderating effect of coming from a developing market. Thus, this study enhances our understanding of the specific internationalization pattern that characterizes state-owned companies. Furthermore, it emphasizes the relevance of considering contingencies at the institutional frontier to understand the peculiarities associated with the international expansion of state-owned firms.

### The relationship between electoral uncertainty and cross-country market entry decisions

M. Fraissler<sup>1</sup>, S. Dorobantu<sup>2</sup>, J. Müllner<sup>1</sup>, J. Puck<sup>1</sup>

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Recent research on political risk shows that not only weak institutional constraints, but also uncertain elections have a negative effect on firms' propensity to invest. So far, however, researchers have mainly studied the effect of electoral uncertainty on aggregated flows of FDI or domestic investments. We argue that electoral uncertainty also has a negative effect on cross-border market entry decisions and that this relationship is moderated by host-country political constraints and home-country government instability. Using panel data on M&A and greenfield transactions of 1,292 public firms across 55 countries between 2003 and 2015, we find support for these hypotheses. By doing so, we expand existing theoretical perspectives on the relationship between political risk and market entry decisions by adding a new perspective focused on election uncertainty.

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### Corruption, Political Discretion and Entrepreneurship

I. Alon<sup>2</sup>, A. Jimenez<sup>1</sup>

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While common sense suggests that corruption will likely have a negative impact on the economy (as it raises the cost of doing business), research on the topic showed inconsistent results (positive, negative and neutral) and, as such, recent research has focused on the conditions under which corruption will have stronger or weaker effects. Using institutional theory as the basis for our hypotheses, we empirically examine the role of corruption and political discretion in entrepreneurship and find that countries with higher levels of corruption are associated with lower levels of entrepreneurship and that political discretion weakens the negative impact of corruption on entrepreneurship.

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### Institutional distance and performance of foreign subsidiaries

J. F. Petry<sup>2</sup>, M. Amal<sup>1</sup>, D. E. Floriani<sup>3</sup>

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The objective of this study is to evaluate the effects of institutional distance (ID) on the performance of foreign subsidiaries and the extent to which these effects may be moderated by entry mode and access to regional cluster resources. Based on survey, we estimate model regressions to test the effects of ID, entry mode and cluster resources on the performance of foreign subsidiaries operating in Brazil. Our cross-sectional analyses indicate that whereas ID is negatively correlated with the firms' performance, locations within industrial clusters have positive effects on performance. We also found that there is a positive interaction between location within a regional cluster and the relationship between ID and performance. This suggests that access to cluster resources may moderate the effects of ID on performance, motivating MNEs to adopt wholly-owned subsidiary (WOS) international entry modes. Our main finding suggests that, in emerging economies, the effect of ID is controversial and its effects can be constrained not only by Multinationals' entry modes, but also by the choice to locate inside a regional cluster. We show that MNEs may adopt specific location strategies based on the proximity and the interaction between proximity and entry modes.

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### How political instability destroys historical ties

C. Witte, M. Burger, E. Pennings

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This study considers the dynamic nature of home-host country relationships. More specifically, we investigate how the effect of historical connections between nations on investment strategies is influenced by political instability. We exploit firm-level variation in a unique dataset comprised of FDI flows to all low income countries in Sub-Saharan Africa from 2003 to 2013 and estimate a mixed logit model. The results show that violent conflict eliminates the positive effect of colonial relationships on MNE investment. This effect is confined to large conflicts where the probability of government takeover is largest. We also find that regime transitions erode the positive effect of colonial relationships on MNE location choice.

## 12.3.5 - International entrepreneurial growth of SMEs

### Track: SMEs and International Entrepreneurship

Session chair: Pavlos Dimitratos

Time: Friday, 15/Dec/2017: 1:30 pm - 3:00 pm

Room: BL 27.18

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### Implications of entrepreneurial and international growth orientation for internationalization of family-controlled SMEs

L. Torkkeli, M. Uzhegova, O. Kuivalainen, S. Saarenketo, K. Puumalainen

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While internationalization of small- and medium-sized enterprises (SMEs) has been a significant area of study in international entrepreneurship, the influences behind foreign market entry and success among family-controlled SMEs has received less attention. In this study we aim to increase the knowledge of impacts of strategic orientations, by examining a sample of 169 family-controlled Finnish SMEs across five industry

sectors. The data are analyzed via binary logistic and linear regression modelling, as we examine the impact of entrepreneurial orientation and international growth orientation on the propensity of family-SMEs to internationalize, on their degree of internationalization, and on their subjective international performance.

The results find that the internationalization propensity and degree of internationalization among the family firms are impacted by higher levels of international growth orientation. Innovativeness dimension of entrepreneurial orientation explains in part the likelihood of the firms being international rather than domestic, but otherwise entrepreneurial orientation does not impact the internationalization outcomes. Finally, international growth orientation is found to not determine subjective international performance of the companies. We discuss the theoretical and managerial implications of the results.

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### **A global mindset - still a prerequisite for SME internationalization?**

L. Torkkeli<sup>1</sup>, N. Nummela<sup>2</sup>, S. Saarenketo<sup>1</sup>

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It has been a decade since the concept of global mindset was established as a prerequisite of successful internationalization of small and medium-sized enterprises. Since then, the global market has continued evolving, until recently mainly towards increasing global integration and globalization. Thus, the question is, does the global mindset - performance relationship still hold despite the changes realities? In addition to these performance implications, potential linkages between the managerial mindset and the decision-making logic applied are also fruitful yet neglected area in extant research. In order to shed light on these areas, we test four propositions: 1) Companies with global mindset perform better; 2) Companies with global mindset perform better on international markets; 3) Companies with global mindset prefer effectual decision-making logic; and 4) Companies using effectual decision-making logic perform better in international markets. The results, obtained through a cross-sectional sample of 141 Finnish SMEs, provide support to propositions 2 and 3, indicating that global mindset leads both to effectual decision-making logic and increased international performance. Conversely, effectual logic is not linked to performance, and global mindset predicts international, rather than overall performance. We then conclude by discussing the implications of these results on theory and practice.

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### **The evolution of internationalization strategy in incrementally and rapidly internationalizing SMEs, a comparative process-based approach**

J. M. Pellegrino<sup>1</sup>, R. B. McNaughton<sup>2</sup>

<sup>1</sup>Ara Institute of Canterbury, New Zealand; <sup>2</sup>University of Auckland, New Zealand; juan.pellegrino@ara.ac.nz

The internationalization literature has extensively examined the internationalization strategies of small and medium enterprises (SMEs). Based on their distinctive strategies, several types of internationalizing firms have been identified. Two of the most widely studied are those that internationalize gradually and those that internationalize early and rapidly. Extant research has investigated how these firms' internationalization strategies differ, but this comparison has been static, a look at a point in time. However, internationalization is a dynamic process that evolves as firms expand. In this paper, we report the findings of our research where we examined, using a comparative, process-based research method, the evolution of eight NZ SMEs', four incrementally and four rapidly internationalizing firms, internationalization strategies. Specifically, we found that early definition of a competitive strategy is an important factor in underlining successful internationalization. In addition, the evolution of these firms' internationalization was path dependent and influenced by their resources, and their product and industry characteristics.

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### **The role of entrepreneurial opportunities in the business model change of internationalizing companies: A case comparison of SME's from different cultural context**

L. Ermolaeva<sup>1</sup>, T. Rissanen<sup>2</sup>

<sup>1</sup>St. Petersburg State University, Russian Federation; <sup>2</sup>Lappeenranta University of Technology; l.a.ermolaeva@gsom.pu.ru

Purpose - The purpose of this paper is to increase understanding of the reasons internationalizing firms change their business model, how do entrepreneurial opportunities affect this change and how does the origins of the company affect the business model changes in the internationalizing company. Design/methodology/approach - The research is made as a case study with two case companies with similar backgrounds but different country of origin. The theoretical background to the paper comes from international entrepreneurship and business model innovation literature. Findings - The findings of the study indicate that the country of origin has an impact on how the companies approach internationalization and how ready they are to change the business model.

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### **The strategies and features of Small and Medium sized Enterprises internationalization--through case studies of Japanese SME apparel and accessory industries**

F. Iwasaki<sup>1</sup>, Y. Ueki<sup>2</sup>

<sup>1</sup>Economic Research Institute for ASEAN and East Asia, Indonesia; <sup>2</sup>Economic Research Institute for ASEAN and East Asia, Indonesia; fusanori.iwasaki@eria.org

This paper aims at understanding the current situation of how and why the Japanese Small and Medium Sized Enterprise promote and manage the overseas expansion of their production bases in China and Association of Southeast Asia Nations (ASEAN) through the in-depth case studies of Japanese apparel and accessory industries. The so called "Plus One" strategy is usually explained by the Economics, Sociology and Business administrations, such as Fragmentation Theory and the concept of Global Value Chain. However these perspectives are not enough to explain the dynamics of the SMEs' business optimization by forming supply chains. By introducing two cases about the Japanese apparel and accessory industries, the authors clarify the several important elements for SMEs overseas expansions, including the Lead Time management, Proper Use of factories and sales side effects for the production processes.

### Will internationalization save or kill SMEs? A longitudinal investigation and conceptualization of SME survival

P. Kähäri, E. Rose, V. Soini, E. Westney

*Aalto University School of Business, Finland; perttu.kahari@aalto.fi*

IB research has focused on the antecedents and process of internationalization, but little attention has been devoted to what are the consequences of internationalization on the firm itself and on its survival. We address this omission with the help of a unique longitudinal data. We analyze 114 SMEs with survey data from 1983 and 1990, and then with the help of quantitative and qualitative secondary data, we reveal what has happened to these SMEs from 1990 until 2017. The later fate of these SMEs can be grouped in four broad categories: 1) those that have ceased their operation; 2) those that continue their operations and remain independent; 3) those that have been merged to another company; and 4) those that remain active, but have become part of a larger group. We focus our analysis on the evolutionary steps of the SMEs and the effects of internationalization on their evolution. Consequently, and drawing from the categorization of the evolutionary outcomes, our key theoretical contribution lies in the novel conceptualization of SME survival. What has often been considered a straight-forward question of life or death appears to be a much more complex and nuanced phenomenon.

### Factors influencing foreign market knowledge acquisition and internationalization: a case study

T. Vissak<sup>1</sup>, B. Francioni<sup>2</sup>

<sup>1</sup>*University of Tartu, Estonia;* <sup>2</sup>*University of Urbino "Carlo Bo", Italy; tiia.vissak@ut.ee*

This paper aims to contribute to the internationalization literature by finding out how decision-making logic and network relationships affected the case firm's foreign market knowledge acquisition and internationalization. It shows that in the past, it did not have much knowledge on the markets it entered. It followed mostly effectual decision-making logic: in terms of finding customers, it depended considerably on its network relationships (that were mostly useful for its internationalization), but also found several new partners at trade fairs and via unsolicited export orders. In more recent years, its managers have tried to acquire more foreign market knowledge and their internationalization activities have become somewhat more systematic. Still, entries "by chance" have not stopped completely.

#### P2.3.1 - Meet the Editors (I)

Time: Friday, 15/Dec/2017: 1:30 pm - 3:00 pm

Room: BL 27.02

##### EDITORS:

**Ilan Alon**, University of Agder, *European Journal of International Management, International Journal of Emerging Markets*

**Elena Beleska-Spasova**, University of Reading, *Multinational Business Review*

**Pervez Ghauri**, University of Birmingham, *International Business Review*

**Ari Van Assche**, HEC Montreal, *Journal of International Business Policy*

**Alain Verbeke**, University of Calgary, *Journal of International Business Studies*

#### P2.3.2 - Studying internationalization as a process: what more do we see?

##### Track: SMEs and International Entrepreneurship

Time: Friday, 15/Dec/2017: 1:30 pm - 3:00 pm

Room: BL 27.16

**CO-CHAIRS:** **Igor Kalinic**, University of Leeds & Catherine Welch, University of Sydney Business School, *catherine.welch@sydney.edu.au*

##### PANELLISTS:

**Maria Elo**, University of Turku

**Paul Ryan**, Trinity College Dublin

**Andreja Jaklič**, University of Ljubljana

In this panel proposal, we explore how process approaches may contribute to research on the internationalisation of the firm. Process approaches allow for theory elaboration in an existing theoretical area. Panelists provide examples of how theory elaboration can be accomplished, through 1) addressing contradictions/reversals in existing theory; 2) theory borrowing; 3) specifying new constructs; and proposing new theoretical relations. Different research designs and methods are also showcased by each panelist, showing the diversity of questions and methods which a process approach allows.

### **P2.3.3 - Gender diversity and inclusion at EIBA**

#### **Track: International HRM and Cross Cultural Issues**

Time: Friday, 15/Dec/2017: 1:30 pm - 3:00 pm

Room: BL 27.04

**CHAIR:** Grazia Santangelo, University of Catania, grsanta@unict.it

#### **PANELLISTS:**

**Philippe Gugler**, University of Fribourg

**Randi Lunnan**, BI Norwegian Business School

**Dana Minbaeva**, Copenhagen Business School

**Rajneesh Narula**, Henley Business School

#### **DISCUSSANTS:**

**Jean-François Hennart**, Tilburg University, Politecnico di Milano

**Sarianna Lundan**, University of Bremen

**Elizabeth Maitland**, University of New South Wales

This panel intends to explore and debate gender diversity and inclusion at the European International Business Academy (EIBA). In particular, the questions the panel seeks to address are the following: Does a gender gap exist in EIBA? If so, what are the reasons? How problematic is the gender gap for EIBA? How can this gap be filled? What are the specific steps that should be taken to fuel and sustain gender diversity at EIBA?

### **C2.4.2 - Language, meaning and rhetoric**

#### **Track: MNEs and Sustainable Development**

Session chair: Elisa Giuliani

Time: Friday, 15/Dec/2017: 3:15 pm - 4:45 pm

Room: BL 27.13

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#### **Social value creation by multinational enterprises: The next "big question" for international business research?**

**A. Rygh**

*Alliance Manchester Business School, UK; asmund.rygh@manchester.ac.uk*

This paper presents and discusses an argument that the social value creation of multinational enterprises (MNEs), beyond creating economic value for the shareholders, could be the next "big question" for international business (IB) research. We argue that although a new paradigmatic question for IB in terms of social value creation would lead IB outside familiar territory in terms of the previous focus on MNEs' financial performance, IB scholars are well equipped to take on this broader question since IB scholars arguably have their strength in understanding the inner workings of firms as well as the role of context. Moreover, to the extent that such an agenda requires IB scholars to acquire new capabilities and form new partnerships with relevant disciplines, this could contribute to revitalising the IB field. IB can make contributions by leveraging its unique multinational context, while a focus on social value creation also presents opportunities to extend current IB theories.

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#### **Codes of ethics within multinational corporations - review of an emerging qualitative field of research**

**A. K. J. Gosovic**

*Copenhagen Business School, Denmark; akgo.msc@cbs.dk*

Within the literature on codes of ethics, scholars have primarily focused on hypothesis testing e.g. by measuring the correlation with codes and other variables. Until recently, academic literature has considered more rarely how codes of ethics are perceived and translated into action by different actors within various organizational settings. This review explores if and how a knowledge gap within qualitative, transformation-oriented and longitudinal studies on codes of ethics, identified by Helin and Sandström, has been addressed and summarizes the qualitative research on codes of ethics from 2005 to 2017. The reviewed studies are categorized in content-oriented, output-oriented and transformation-oriented studies and analyzed using the theoretical lenses of recontextualization, sensegiving and sensemaking. The review demonstrates how codes of ethics take on new meanings when introduced into different cultural contexts. It further argues that this empirical insight may be an important learning point for multinational companies when aspiring to ensure adherence to codes of ethics across their global corporations. The article concludes that a research gap remains within qualitative research on codes of ethics, and that MNCs could benefit from further research on recontextualization of codes of ethics within various parts of individual MNCs.

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#### **Shades of liability of foreignness: Towards a stigma-based view**

**T. A.-M. Ritvala, R. Piekkari, N. Granqvist, H. Franck**

*Aalto University School of Business, Finland; tiina.ritvala@aalto.fi*

We offer a more nuanced understanding of the concept of liability of foreignness. Much of the previous research has focused on the general proposition that distance between the home and host country of the firm causes higher administration costs, unfamiliarity and discrimination of

foreign firms relative to local firms. Drawing on a longitudinal case study of a failed market entry to build a Guggenheim art museum in Helsinki, we show that liability of foreignness can also be a stakeholder group-specific perception of foreignness in the eyes of the beholder. Based on rich interview and archival data we demonstrate how foreignness is actively constructed and negotiated between the new entrant - the American art museum brand - and its audience consisting of advocates and opponents. The negotiation process culminated in rhetorics of 'good money' versus 'dirty money' where conflicting interests, ideologies and values were represented in monetary terms, and both the new foreign entrant and the entry process were stigmatized. We uncover different shades of foreignness in the context of a nonprofit organization. In doing so, we advance theorizing about what it means to be a 'stranger in a strange land'. Our study also has implications for doing international business in an increasingly polarized society.

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### **Decoupling in CSR reports: A linguistic content analysis of the Volkswagen dieselgate scandal**

**D. Holtbrügge, M. Conrad**

*Friedrich-Alexander-University Erlangen-Nürnberg, Germany, Germany; marcus.conrad@fau.de*

This paper examines whether and how Corporate Social Responsibility reports of firms in the automobile industry differ in regards to their linguistic composition and their decoupling tendencies. As an example, the Volkswagen emission scandal ('dieselgate') is analyzed from a linguistic content perspective by comparing Volkswagen's CSR reports with those of its biggest competitors. By applying the Linguistic Inquiry and Word Count software, we identify linguistic characteristics that can help to detect deception markers. More specifically, we show how CSR reports of decouplers and implementors differ in terms of morphology, syntax, semantics and pragmatics by developing and applying a linguistic analysis' framework. The data provided mixed support for our hypotheses. The analysis revealed that decouplers, among other factors, use more articles, more words per sentences, a more negative emotional tone and fewer words connected to risks and anxiety while verb tense, informal language and gender only had ambiguous or even no influence. The paper contributes to the current understanding of CSR reporting, the debate on CSR decoupling, and the linguistic perspective of CSR research.

### **C2.4.3 - Upgrading processes of emerging market firms**

#### **Track: Emerging Markets**

Session chair: Grazia Santangelo

Time: Friday, 15/Dec/2017: 3:15 pm - 4:45 pm

Room: BL 27.06

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### **When do emerging market multinationals upgrade their domestic asset base? Overcoming recombination barriers to growth**

**G. Hendriks, A. Slangen**

*RSM Erasmus University, Netherlands; hendriks@rsm.nl*

This study aims to explain the extent to which emerging market multinational enterprises (EMNEs) are able to upgrade their domestic asset base following a specific foreign investment. Using new internalization theory and particularly concentrating on resource recombination, we build a theoretical framework that focuses on such firms' ability to recombine and meld knowledge, despite possible recombination barriers. Considering that expertise as well as detailed structures and procedures are needed to facilitate the complex recombination form of transformative bundling, we derive a hypothesis that suggests a U-shaped relationship between a firm's degree of internationalization and its capacity to upgrade following an international investment. Furthermore, we suggest that state-ownership of an EMNE will steepen that relationship. On the other hand, we expect the relationship to be flattened by the lack of institutional quality in a firm's home country and the extent to which the host country is economically dependent on a firm's home country. Using data on 290 foreign investments by firms from 13 countries, we find support for our framework. We thereby draw attention to an 'upgrading paradox' as we highlight recombination barriers that many EMNEs will struggle to overcome considering their stage of internationalization.

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### **Value Creation in Various Contexts**

**S. T. Marinova<sup>1</sup>, M. A. Marinov<sup>2</sup>**

*<sup>1</sup>Aalborg University, Denmark; <sup>2</sup>Aalborg University, Denmark; marinov@id.aau.dk*

The marketing literature has been exploring value creation as a process creating value for the customers to use or co-created with the customers based on their preferences. Business model researchers place value in the focus of a firm's business model and as such value transcends inputs, outputs, partners (suppliers and buyers) and determines the company's costs and revenue, thus making value the backbone of each business organization. This paper explores the ways in which firms situated in different parts of a value chain create value and the type of value they create. They originate from the UK, India and Sri Lanka. Adopting the systems approach through which the elements of the contextually defined reality can be analyzed as they are mutually dependent on one another identifying the parts and the linkages between them and their interactions. The examination of value perceptions in the three firms demonstrates that value analysis should consider the contextual specifics as firms have diverse resource and institutional capital available to them and as such they apply different strategy and scope of activities. It has been uncovered that the concrete meanings and interpretations and the approaches to creating varieties of values are rather distinct to each firm.

### **Chinese firms' catch-up strategy: The influence of top management team functional diversity on choice of FDI portfolios**

Y. Li<sup>1</sup>, L. Cui<sup>2</sup>, L. Zhou<sup>3</sup>

<sup>1</sup>The University of Sydney, Australia; <sup>2</sup>The Australian National University, Australia; <sup>3</sup>Century Securities CO., LTD., China; [yi.li2@sydney.edu.au](mailto:yi.li2@sydney.edu.au)

To catch up with global market leaders, Chinese firms employ various types of foreign direct investment (FDI) as a competency enhancing strategy. We study the effect of Chinese firms' top management team (TMT) functional diversity on their choice of a mixed FDI portfolio against a more pure type of exploitative or exploratory FDI. We also examine how this effect is moderated by the informal and formal institutional contexts that influence the extent to which TMT members exchange and integrate their complementary knowledge. Data from a panel of Chinese outward investing firms support the hypothesized effect of TMT functional diversity on the choice of a mixed FDI portfolio, as well as its informal and formal institutional contingencies.

### **C2.4.4 - SME Internationalization**

#### **Track: SMEs and International Entrepreneurship**

Session chair: Tamar Almor

Time: Friday, 15/Dec/2017: 3:15 pm - 4:45 pm

Room: BL 27.01

### **Overcoming liability of outsidership - an exploratory study on Australian service SMEs into an emerging market**

E. Ch'ng

*University Of Sydney Business School, Australia; [schn4463@uni.sydney.edu.au](mailto:schn4463@uni.sydney.edu.au)*

Purpose: This paper aims to increase knowledge of the main drivers, challenges, nuances of how Australian service SMEs manage their resources and to what extent they adhere to a stereotypical pathway when internationalising.

Design/ methodology/ approach: An exploratory qualitative research design, comprising eleven semi-structured interviews. Thematic analysis, informed by literature was undertaken.

Findings: The study elucidates the nuances of the host country's business context and explains the strategies adopted by Australian services SMEs to reduce liability of outsidership. Key insights are that the common colonial heritage does not equate to psychic proximity. Personal and social ties are fused. Socialising over meals is an effective means to speed up the relationship building process; trust and credibility towards becoming an insider. Business is possible once the kinship is established, even if the firm's offerings are priced higher than the competitors.

Research limitations/ implications: These insights can more effectively prepare international managers to meet the challenges of internationalisation. Further research should encompass more firms, different countries and comparative studies to reveal potential country similarities/ differences.

Originality/ value: This paper provides contextual evidence to explain the internationalisation process of Australian services SMEs venturing into an emerging market.

### **Bifurcation bias and internationalization: is foreign work experience the answer? Insights from European family SMEs**

A. Majocchi<sup>1</sup>, A. D'Angelo<sup>2</sup>, E. Forlani<sup>3</sup>, T. Buck<sup>4</sup>

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Can family SMEs internationalize only through nonfamily ownership and management, or can foreign work experience for family managers provide an answer? We apply the "bifurcation bias" view to re-visit hypotheses, now performing tests across 6,893 family SMEs. We confirm that exporting by family SMEs is indeed positively associated with the presence of outside investors and managers, and further positive influence comes from interaction between them, found to be asymmetrical. New hypotheses concerning managers' international experience are tested. As an alternative to hiring outsiders, the foreign work experience of family managers is associated with internationalization, and may mitigate bifurcation bias.

### **The Effect of Entrepreneurial and Learning Orientations on the International Performance Growth of High-tech SMEs: The Moderating Role of Experience**

M. Presutti<sup>1</sup>, A. D'angelo<sup>2</sup>

<sup>1</sup>Università di Bologna, Italy; <sup>2</sup>Università Cattolica del Sacro Cuore, Milano, Italy; [manuela.presutti@unibo.it](mailto:manuela.presutti@unibo.it)

High-tech SMEs (HTSMEs) operating in an increasing competitive environment subject to constant changes need strong entrepreneurial and learning orientations to expand into foreign markets to enhance international performance growth. Yet, the relationship between these two key dimensions of strategic orientation (SO), namely entrepreneurial (EO) and learning orientation (LO), and foreign performance growth can be contingent to various specific individual characteristics of the founder entrepreneur. We developed and tested a theoretical model by considering two different level of analysis, the firms and the entrepreneurs. Based on a sample of 170 HTSMEs located in the Rome province in Italy, we

adopted a longitudinal approach using fixed effects pooled time-series regression analysis for two periods of observation (2005 and 2015). Our findings indicate that HTSMEs that possess greater EO and LO have higher international performance growth. However, previous entrepreneurial and industry-specific managerial experience of the founder entrepreneur seem to positively exert their effect on the relationships between EO, LO and foreign performance growth. These results have important implications for entrepreneurs and policy makers interested in improving foreign performance growth of SMEs operating in highly innovative sectors.

## **C2.4.5 - Globalising the value chain**

**Track: MNE Organization and Strategy**

Session chair: Ronaldo Parente

Time: Friday, 15/Dec/2017: 3:15 pm - 4:45 pm

Room: BL 27.07

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### **Inbound foreign direct investment in mature economies: Lessons from Japan**

**R. Magnier-Watanabe<sup>1</sup>, J.P. Lemaire<sup>2</sup>**

*<sup>1</sup>University of Tsukuba, Japan; <sup>2</sup>ESCP Europe, Paris; magnier-watanabe.gt@u.tsukuba.ac.jp*

While Japan has been attracting far less foreign investment than other mature economies, it could offer insights into FDI decision-making for international firms entering countries with a shrinking domestic market and increased international competition. Using a Delphi methodology with contributions from foreign direct investors and experts, we propose a model of inbound FDI in Japan and identify four types of investors based on the nature of investments and market maturity, namely empire builders, rescuers, niche players, and cherry-pickers. Several foreign companies were found to engage in simultaneous FDI strategies, using rescuer, cherry-picker, and niche-player approaches alternatively based on market conditions and available firms to be taken over. Furthermore, some niche players become empire-builders over time when going up against increased competition and lower growth rates in their sector. This framework, offering both descriptive and prescriptive components, can help firms take advantage of investment opportunities in Japan while considering possible applicability to other mature economies.

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### **Offshoring and the Geography of Jobs in Great Britain**

**L. Gagliardi<sup>1</sup>, S. Iammarino<sup>2</sup>, A. Rodriguez-Pose<sup>3</sup>**

*<sup>1</sup>University of Geneva & London School of Economics; <sup>2</sup>London School of Economics; <sup>3</sup>London School of Economics; S.Iammarino@lse.ac.uk*

This paper investigates the impact of the offshoring of production activities on domestic job profiles in Great Britain, by focusing on the geographical distribution of benefits and costs at the local labour market area level. The paper builds on the strengths and limitations of both international economics and international business literatures to propose a conceptual framework that allows to incorporate the role of geography into the analysis of the labour market consequences of offshoring. The intuitions emanating from the conceptual framework are then tested on a balanced panel dataset of local labour markets, exploiting the cross-regional variation in the exposure to relocation threats and information on the job composition of local areas. Our results suggest that offshoring may generate significant job losses in routine occupations in regions that have been more exposed to the relocation of production abroad, regardless of whether the relocation has been to advanced or developing/emerging economies. No significant positive effects are associated to job creation in non-routine occupations, except for the case of offshoring to developing and emerging countries, which remains a minor component of the outflows abroad.

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### **Shareholder Valuation of Value Chain Activities across Home and Foreign Markets**

**H. Berry<sup>1</sup>, R. Donnelly<sup>2</sup>**

*<sup>1</sup>George Washington University; <sup>2</sup>Bentley University; rdonnelly@bentley.edu*

This study disaggregates firm value chain activities across both home and foreign markets to explore how the shifting of firm activities across markets influences shareholder valuation of foreign investments. We argue that shareholders will value substitute and complementary foreign investments within and between value chain activities in different ways, depending on how a firm is changing its footprint in its home country. Using a two-stage approach to control for the decision to invest abroad, we analyze these issues using a random sample of 803 US manufacturing firms and their foreign investments between 1993 and 2015. We find that shareholders value complementary foreign investments in distribution when they are increasing their domestic manufacturing activities. We also find that substitute foreign investments in manufacturing are valued when firms are not growing their manufacturing activities in their domestic market. These results highlight the importance of considering the complex and multidimensional nature of multinational activities in understanding the value that is created by international activities.

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### **R&D endowments at home driving R&D internationalisation: Evidence from the Italian business R&D survey**

**C. Cozza<sup>1</sup>, C. Franco<sup>2</sup>, G. Perani<sup>3</sup>**

*<sup>1</sup>Area Science Park, Italy; <sup>2</sup>University of Pisa, Italy; <sup>3</sup>Eurostat, Luxembourg; chiara.franco@unipi.it*

This study aims at uncovering the internal R&D determinants spurring a firm to invest in R&D abroad. Differently from previous literature, focusing on country level determinants as well as on motivations for the location choice of foreign R&D, we make a shift in the observation point. In particular, we use novel variables depicting the different aspects of internal R&D processes: besides the "quantity" of intra-mural R&D, we go

deeper in the study of the internal R&D resources and processes to disentangle the contribution of different drivers within the R&D process. We account for the "quality" of research (share of researchers and technicians on R&D employees; basic vs. applied research; R&D performed in laboratories rather than in production facilities), the geographical location (macro-regions of R&D performance) as well as the use of extra-mural R&D. A further novelty of our approach is that of taking into consideration the technological regime to which each firm belongs. The sample analysed is made up of 33,476 observations of Italian R&D performers over the 2003-2010 period. We find that differences in the "quality" of the internal R&D processes and in the type of technological regime affect firms' engagement in the extent of outward R&D.

## 12.4.1 - Alternative paths of internationalization

### Track: SMEs and International Entrepreneurship

Session chair: Elizabeth Rose

Time: Friday, 15/Dec/2017: 3:15 pm - 4:45 pm

Room: BL 27.15

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### Fostering dispersed entrepreneurship: Challenges and enablers during international expansion

E. Tippmann<sup>1</sup>, S. Monaghan<sup>2</sup>, R. Reuber<sup>3</sup>

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Young, entrepreneurial firms are increasingly engaging in rapid internationalization via the establishment of subsidiaries. We explore how they foster dispersed entrepreneurship during their metamorphosis from a co-located organization into a geographically distributed organization with pronounced entrepreneurship across all units, including newly established subsidiaries. We draw on two literature streams - new venture growth and entrepreneurship in multinational enterprises (MNEs) - to highlight the research gap in understanding how dispersed entrepreneurship is fostered. In order to address the process of cultivating dispersed entrepreneurship, theory-building, qualitative case studies were conducted of eight young, entrepreneurial firms domiciled in the United States and operating in the software-as-a-service sector. Our findings illustrate inherent challenges, yet highlight the enabling role of culture, talent and space in creating dispersed entrepreneurship, and the amplifying effect facilitated by the reinforcing dynamics between these pillars. By proposing a process model, this study contributes to international entrepreneurship, the role of visual symbols and surroundings in entrepreneurship, as well as entrepreneurship in MNEs.

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### The internationalization of international for-profit social enterprises

I. Kalinic<sup>2</sup>, A. Koveshnikov<sup>1</sup>

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Social opportunities around the world stimulate an increasing number of social enterprises (SE) to expand abroad. In several ways, SEs internationalize differently as compared to more traditional or born global firms. Yet, up to now, our understanding concerning the internationalization of SEs remained limited. In this conceptual paper, we focus on the process of SEs' internationalization and theorize its different aspects: pattern, pace, entry mode, method of financing, and strategic approach. In a set of propositions, we explicate how these aspects are likely to be different in the case of SEs as compared to more traditional and born global firms. We close off by introducing the concept of social cosmopreneur, an opportunistic, risk taking, and globally oriented for-profit social entrepreneur, who creates social value across national borders.

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### International Networking and post-entry decisions of Family Managed versus Family Owned Firms

K. Kampouri<sup>1</sup>, E. Plakoyiannaki<sup>2</sup>

<sup>1</sup>Aristotle University of Thessaloniki, Greece; <sup>2</sup>Leeds University Business School, UK; [kat.kampouri@hotmail.com](mailto:kat.kampouri@hotmail.com)

The purpose of this study is threefold: 1) to identify the types of international partnerships that medium family managed (MFM) versus medium family owned (MFO) firms select after the first entrance to foreign markets; 2) to investigate the modes of decision making that MFM versus MFO firms employ to select foreign partners after the first entrance to foreign markets; and 3) to explore the role of socio-emotional wealth (SEW) preservation tendencies (if any) in MFM versus MFO firms' international partner selection.

In order to address the threefold purpose, this study integrates the network theory of internationalisation with recent contributions from the SEW perspective on family ownership. It employs a qualitative case study design of one MFM and one MFO firm operated in the Greek apiculture sector.

The results indicate that both type of firms changed their international partnership types and their decision modes on foreign partner selection after the first entrance to foreign markets. The appearance of SEW preservation tendencies in the MFM firm led to foreign partner engagements resulting in a low speed of internationalisation growth. In contrast, in the MFO firm the lack of SEW preservation tendencies led to international partner changes resulting in a speedier internationalisation growth.

### Marketing Activity of International New Ventures - Empirical Application of the EMICO Framework

L. Danik, I. Kowalik

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Entrepreneurial marketing (EM) has been studied for over 30 years, however, there is still no consensus about its operationalisation. One of the approaches, combining different concepts, is the EMICO framework. The extant studies have not yet explored the application of this framework by International New Ventures (INVs). To address this research gap four Polish INVs from medium-tech (machinery sector) have been studied in order to check, whether this tool can be applied to investigate the INVs from CEECs (Central and Eastern European Countries). Using semi-structured interviews and the card game method we have explored the understanding and importance the EM concept elements by the Polish entrepreneurs. The collected text has been analysed with use of qualitative data analysis software. The studied INVs attributed most importance to networking, innovation introductions based on gathering information mainly from informal sources, and on the constant communication with clients, in their international marketing activity. Moreover, most of the EMICO framework dimensions were confirmed, however, the concepts of "exploiting markets" and "integration of business processes" were not understood by the respondents or had minor importance for marketing. Therefore a modified list of EMICO elements is suggested for use in future studies concerning SME internationalization.

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### Twenty-five years of the International Business Review: A bibliometric overview

C. Cancino<sup>1</sup>, J. M Merigo<sup>1</sup>, A. Rialp<sup>2</sup>, D. Urbano<sup>2</sup>

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The International Business Review is a leading international journal in the field of business that published its first issue in 1992. In 2017, the journal celebrates the 25th anniversary. Due to this event, the aim of this study is to present a bibliometric overview of the leading trends of the journal since its creation. The work identifies the most productive authors, universities and countries by using the Scopus database. It also analyzes the most cited papers and the citing articles of the journal. The study maps graphically the bibliographic material by using the visualization of similarities software. In order to do so, the work uses co-citation analysis, bibliographic coupling and co-occurrence of author keywords. The results show the European profile of the journal where European countries are the most productive ones in the journal. However, North America, Oceania and East Asia, also publish regularly in the journal.

### 12.4.2 - Subsidiary roles and offshoring

#### Track: MNE Organization and Strategy

Session chair: Ulf Andersson

Time: Friday, 15/Dec/2017: 3:15 pm - 4:45 pm

Room: BL 27.14

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### When to offshore and when to backshore. Does country of origin influence firm's manufacturing location decision?

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Globalization is becoming a very interesting field to study especially when the main actor that implements it is a manufacturing company. For many manufacturing companies that decide to internalize their production abroad they have to cope with some problems such as the selection of the target country and the impact of the latter on the country of origin (COO) of their products as determinant of competitive advantage. The purpose of this paper is to examine how country of origin influence companies offshoring and reshoring decisions in order to gain competitive advantage. 8 Italian manufacturing companies (in particular operating in clothing, footwear and eyewear industry) are analyzed in order to clarify better this issue. Findings offer a contribution in understanding the key factors that drive offshoring and back-shoring process and their impact on country of origin.

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### Perception Gaps in the Headquarters-Subsidiary Relationship - Are Divergences in Fairness Perceptions Culture-Bound?

N. Zobel

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This study ties in with the well-established notion that procedural justice as perceived by subsidiaries has a positive effect on the headquarters-subsidiary relationship. Building on recent findings that reveal perception gaps between headquarters and subsidiaries to negatively affect this relationship, we posit that not only subsidiaries' fairness perceptions, but rather the divergence of fairness perceptions between headquarters and subsidiaries significantly influences the relationship between them. Based on a quantitative analysis, we show that perception gaps on matters of not only procedural, but also interpersonal justice do exist and negatively affect subsidiaries' willingness to implement headquarters' directives. Drawing from recent insights that fairness perceptions are culture-bound, we further explore in an interview as well as experimental vignette study whether these fairness perception gaps are culturally-induced. While we do not find support for this proposition, results point towards an overshadowing effect of organizational culture with respect to national culture.

## MNE R&D Subsidiary Mandates Evolution in Emerging Economies - A Systematic Literature Review

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The aim of this paper is to present the results of a systematic literature review (SLR) on the subject of Research and Development (R&D) subsidiary mandate evolution in emerging economies and to illustrate what triggers R&D mandate upgrade. The subject of R&D mandates is of crucial importance to many multinational enterprises (MNEs) striving to utilize the potential of their foreign operations towards higher-value-added activities. While developed economies have long been a destination for R&D activities, emerging economies are increasingly recognized for their innovation potential. Previous research focused predominantly on developed economies, whereas the current trend of emerging economies has not been systematically reviewed. The paper uses Cooper's (2017) approach to conducting a SLR based on 80 articles. The review defines four main themes, divers & locational attractiveness, subsidiary R&D mandates, evolutionary perspective on mandate change and antecedences for R&D mandate evolution. It concludes with an integrative conceptual framework utilizing multiple perspectives on R&D mandate evolution. Theoretically, this framework contributes to the advancement on the literature on subsidiary evolution in general and particularly in emerging markets. From a practical perspective, a better-integrated framework can provide guidance to businesses in emerging economies on how to start and successfully upgrade their R&D activities.

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## Dynamic subsidiary roles as determinants of subsidiary technology source: Empirical evidence from China

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Recent development of emerging economies as new destinations for knowledge sourcing has led to Multinational Enterprises (MNEs) reconfiguration of their global innovation strategy and structure. While emerging economy subsidiaries were conventionally viewed having market or efficiency seeking roles, they have started to transform towards new knowledge generation. We argue that the conventional wisdom shall be retested in light of this recent shift. We empirically tested 129 foreign subsidiaries in China between subsidiary roles (market, efficiency, and knowledge seeking) against their sources of technology (new and existing internal and external knowledge) to conclude that subsidiary roles can be argued to explain the technology sources (new and existing internal knowledge) in the broad landscape of institutional transition. This has important research and managerial implications.

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## The drivers of the relocations of second degree involving manufacturing activities: a focus on European Union

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Using data from the European Restructuring Monitor, this paper explores the relocation of second degree of European manufacturing in the time span between 2002 and 2015. By relocation of second degree (RoSD) we mean moving manufacturing-related jobs from one European country (i.e., origin) to another (i.e., destination) where the origin is not the home country. In other words, we study the evolution of a previous delocalization decision. Within RoSDs we distinguish a special typology: back-reshoring, i.e. when the destination country is the home country. In this paper we provide an initial descriptive analysis of the trends over time and the origin and destination countries. Moreover, for each RoSD case, we explore the role of the first location drivers that, in line with Dunning (1993) and Buckley et al. (2007), have been classified in market-seeking, natural resource-seeking, strategic asset-seeking, and cost-saving.

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## Enhancing cross-border M&A performance through diaspora networks

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This paper explores conceptually how diaspora networks influence cross-border M&As in Africa. The paper seeks to build on the network perspective and contributes by developing a theoretical model and testable propositions that draw specifically on the concept of diaspora networks to inform the literature on African cross-border M&A performance. The model shows how non-local knowledge of the acquiring firm facilitated by diasporic ties of its senior leaders may influence outcomes associated with African M&As. In addition, three key variables - diaspora's time spent outside Africa, tribal ties with government officials and target firm owners/managers and shared colonial heritage - are proposed to moderate the effects of diaspora networks on post-M&A performance. Implications for theory and practice are also discussed.

### 12.4.3 - Institutions promoting investment and innovation at the industry level

#### Track: MNEs, Institutions and Policy

Session chair: Jonas Puck

Time: Friday, 15/Dec/2017: 3:15 pm - 4:45 pm

Room: BL 27.05

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#### Industry Level Institutional Complexity and Multinational Enterprise

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The purpose of this conceptual paper is to understand how the industry level institutional complexity influences MNEs. The study builds a theoretical framework based on the literature on institutional complexity, the socio-political behavior of MNEs, and foreign direct investments and MNE location choice. By exploring the different forms of institutional complexity and their implications for MNEs offers more possibilities to differentiate and thus compare institutional contexts beyond national level. In addition, by identifying in more detail how and why institutional contexts differ, the framework will offer a more systematic way to recognize and capture the multiple contexts of MNE characterized by different opportunities and constraints.

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#### Government forecasting and industrial change. Convergence of innovation policies in the European aerospace industry (1960-2000)

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The article contributes to the understanding about the interaction between innovation policy and industrial change, and how it evolved and survived turbulent change, i.e. privatizations. Business-governments interactions may induce industry evolution (i.e. consolidation) and drive the structuration of national supporting institutions. By the means of innovation policy instruments, governments as strategies renewed their interactions with target industries. A comparative case study concerning aerospace industries in three European countries allows the exploration of government strategies in support of a mix of innovation instruments based on supporting institutions. The common design of space agencies in France, Italy, and the UK sustained the formation of global players in an emerging industry.

The implications link the design of innovation policy mixes to the emerging model of European decentralized governance. The paper's contribution suggests public agencies as instruments of innovation policy for developing new field of innovation.

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#### Promoting international scientific research collaboration: The role of research management companies

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The complexity of the process and the diversity of actors involved in research cooperation, especially those financed under the European Union R&D Framework Programmes, have raised the need for specialized support in the formation, coordination and management of such consortia. As a result, a new type of international player has emerged: the Research Management Company (RMC). However, while there is a significant literature on S&T collaboration, the research on the activity of RMCs is still in its infancy, especially in the context of international business (IB). The present paper is intended to address this gap, by charting the international presence of RMCs, and addressing this research question: Which are the roles of RMCs in the assembly and coordination of international multi-partner scientific alliances in the EU? To respond the question, a web search was carried out, leading to the identification of 73 RMCs. A cluster analysis enabled the identification of four RMC service profiles. A further analysis was carried out to identify the international spread of RMCs in each cluster. RMCs which provide business development services tend to grow higher and become more internationalized than average RMCs, some of them building international subsidiary networks.

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#### Institutions, Distant Search and Innovation Performance

M. Aliyev, C. McDonald

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Organizational learning perspectives contend that knowledge creation suffers when search activities are limited to familiar geographies and technologies. The tendency toward "local search" is typically conceived as an internal process, but recent research suggests that processes of search are externally influenced. In this paper, we develop and test theory pertaining to the impact of external institutions on search processes and innovation performance. Specifically, we focus on the extent to which institutions affect both firms' proclivity toward distant search by engaging in geographically distributed R&D and their innovation performance. Using a sample of 367,084 patents belonging to 11,792 firms located in 82 subnational regions across 19 European Union member states we find significant support for our hypotheses. Specifically, we find that firms located in better institutional environments engage more in geographically distributed R&D and produce more impactful innovations. Additionally, we find that the institutional environment moderates the inverted-U shaped effect of geographical distribution by positively shifting the optimum level of returns from geographically diverse knowledge.

### Does Host Market Regulation Induce Cross Border Environmental Innovation?

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This paper evaluates the effect of host-country environmental policy stringency on the offshoring of environmental patents for 2000 top world R&D performers. It is shown that a more stringent environmental regulation triggers both the extensive and intensive margin of patent offshoring in the field of environmental technologies. Results are robust to various different specifications and assumptions, and also suggest that market-based environmental policies are more important than environmental standards as drivers of cross-border green innovation.

### 12.4.4 - Entrepreneurs, networks and international growth

#### Track: SMEs and International Entrepreneurship

Session chair: Rico Baldegger

Time: Friday, 15/Dec/2017: 3:15 pm - 4:45 pm

Room: BL 27.11

### Reviving the individual in international entrepreneurship research: Using a narrative lens in studying the international entrepreneurial identity

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The purpose of this paper is to enrich qualitative methodological discussion in international entrepreneurship research (Coviello, 2015; Jones, Coviello and Tang, 2011) by utilizing narrative inquiry and analysis as an approach for researching international entrepreneurship identity work. Complementing the growing understanding of the complexities of international entrepreneurial processes (Jones and Casulli, 2014), this study explores the quality and significance of prior experiences, e.g. how life experiences develop the entrepreneurs' perceptions and meaning of their international entrepreneurial agency.

A narrative approach is adapted for analyzing the story of Corinne, an international entrepreneur with a career background in international business and entrepreneurship. In generating narrative material and analyzing the form, content and meaning of Corinne's sense-making of being an international entrepreneur, the interest is in understanding one's identity work in IE. Furthermore, in analyzing also the dimension of authorship of the narrative empirical material, it is examined how the socially constructed and reflexive understanding of Corinne's past develops her present 'self' as an international entrepreneur, in other words her 'narrative identity'.

Studying the way an international entrepreneur finds "a leading thread" through making sense of experiences suggests narrative as promising for locating the meaning and agency within the journey of international entrepreneurship.

### Entrepreneurial firms and international performance: moderating roles of networking and government support

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This paper sets out to investigate the effect of the networking and government support notions on the relationship between entrepreneurship and international performance. The study draws upon empirical research conducted in internationalised Finnish small and medium sized enterprises (SMEs) using a structured questionnaire that was based on previously developed scales. The dependent variable of performance was measured through two different ways to ensure reliability of the statistical model of the study. The findings suggest that entrepreneurial firms that seek government support to enhance international performance actually achieve this. In contrast to our expectations, firms that employ networking 'of the free market' do not boost their international performance; while firms that use both networking and government support experience detrimental effects on their international performance. The study challenges the widespread assumption favouring market networking in the activities of international firms; and brings into fore the neglected positive role of government support for these firms.

### Diaspora entrepreneurship: the role of social networking

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In this study we intend to explore the concept and dynamic of networking that lies within diaspora entrepreneurship and how it influences diasporas' entrepreneurial activities across borders. Since the concept of diaspora entrepreneurship is new and the meaning and underlying mechanism of networking in this context remains unexplored, our study will address this knowledge gap in the extant international entrepreneurship literature. Our study intends to examine the influences of social networking in the diaspora entrepreneurship context. In particular, our study will make an effort to provide an in-depth empirical understanding of how social networking influences diaspora entrepreneurship in the context of Bangladeshi immigrants. Since diasporas can bring significant trade and investment related benefits to host country and are key source of remittance for home country, entrepreneurs' and policy makers of both home and host countries may benefit from our study findings.

### How Do Entrepreneurs Organize Early Internationalizing Firms to Exploit International Opportunities under the Conditions of Genuine Uncertainty?

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This paper argues that international entrepreneurship (IE) research can link the pursuit of international opportunities by entrepreneurs to the issue of organizing early internationalizing firms through incorporating the concept of genuine uncertainty. Recent research on IE has focused on the notion of international opportunities in order to expand the scope of research domain. Nevertheless, few IE scholars have paid attention to the means by which such opportunities are exploited across borders. This paper shows that the concept of genuine uncertainty is helpful in remedying this theoretical shortcoming. Since future market conditions are unknown under conditions of genuine uncertainty, opportunities are inherently subjective. Hence, entrepreneurs must create own firms and combine their assets experimentally by themselves in order to pursue subjective opportunities. This paper shows that organizing early internationalizing firms can be understood as cross-border entrepreneurial experimentations by which entrepreneurs generate and appropriate values based on their subjective judgment under genuine uncertainty. Our approach which emphasizes forward-looking entrepreneurial action to pursue international opportunities may contribute to the development of the richer theoretical framework in IE research. This is because it is suitable for analysis of early and rapidly internationalization and it is consistent with the recent direction of IE research.

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### International entrepreneurship intentions explained through cognitive approaches: an exploratory study among university students

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Entrepreneurial cognition is about how and why some individuals perceive business opportunities so they decide to start a business. However, international entrepreneurship still requires further empirical research from this approach to explain early internationalization. We supplement the Theory of Planned Behavior with the inclusion of the Dual Process Theory explaining how we process information to make decisions. We applied this to investigate international entrepreneurial intentions (IEI) among undergraduate students. Our results show that the cognitive System-X - intuitive, unconscious, effortless, emotional - has a positive total impact on IEI, mediated by the attitude toward the behavior and perceived behavioral control. The cognitive System-C - analytic, conscious, deliberative - does not have a significant total impact on IEI, although it balances the potential biases stemming from System-X when it comes to PBC. Our contribution focuses on decision-making as the result of the weighted use of both cognitive systems, instead of classifying entrepreneurs in cognitive styles.

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### Network-oriented behaviours in rapid internationalization: performance implications

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Networking has been studied as a key factor of firm performance, but often in a non-international context. Although, it has been suggested to be highly important within international entrepreneurship field, the studies with regards to its performance implications are inconclusive. Hence, we expand the earlier international entrepreneurship research by detailing how the firm's networking behaviour influence the speed of internationalization and subsequently performance in the international market. We apply a concept of network-oriented behaviours that originally has been presented in the marketing literature which consist of information acquisition, opportunity enabling, strong-tie resource mobilization and weak-tie resource mobilization and show that it has an important role in rapid internationalization. Drawing on a database of 185 Finnish ventures, we investigate the impact of NB on earliness and post-entry speed of internationalization. Additionally we test the relationship of these two constructs of speed of internationalization with market performance and financial profitability in international context. We find that a firm's network-oriented behaviours positively affect both the earliness and post-entry speed of internationalization. However, while earliness is found to positively affect market performance, post-entry speed in addition to having this effect also enhances the financial performance.

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### The level of exports of new ventures and entrepreneurs' growth aspirations: the moderating role of individual human capital

J.-I. Capelleras<sup>1</sup>, J. Rialp<sup>1</sup>, V. Martin-Sanchez<sup>2</sup>, W. Shleha<sup>1</sup>

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We investigate the effect of the level of exports of new ventures on the entrepreneurs' growth aspirations, contingent on their level of human capital. We argue that the higher the level of exports, the higher the entrepreneurs' growth aspirations. We also suggest that these aspirations will vary depending on their endowment of individual human capital. To test our hypotheses, we employ a multilevel model analysis, using a combined dataset drawn from the Global Entrepreneurship Monitor (GEM) and the World Bank in 79 countries. The results show that the level of exports does not significantly affect growth aspirations. However, we find that the effect of the level of exports is significant for the growth aspirations of entrepreneurs with higher levels of education and prior entrepreneurial experience. Implications from these findings are discussed.

## 12.4.5 - Integration and collaboration of Emerging Market Firms

### Track: Emerging Markets

Session chair: Jeremy Clegg

Time: Friday, 15/Dec/2017: 3:15 pm - 4:45 pm

Room: BL 27.16

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### Inside and outside a domestic acquisition and a cross-border acquisition: Subordinate—leader trust in multicultural emerging economies

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This paper examines two aspects of mergers and acquisitions between emerging-economy firms: how trust develops between the acquired-firm personnel and acquirer personnel; and, whether in a multicultural context, domestic acquisitions can be as challenging to integrate as cross-border acquisitions. Subordinate - supervisor relationships are explored with dyad members originating from different entities prior to the M&A (acquired-firm subordinate - acquirer supervisor and acquirer subordinate - acquired-firm supervisor). The study focuses on Malaysia where one ethnic group receives preferential treatment over the other ethnic groups. I apply a two-case case study research design in the Malaysian financial industry, and compare a domestic M&A between two Malaysian firms against a South African acquisition of a Malaysian firm. South Africa's cultural diversity and history of apartheid allows an intriguing comparison of cross-cultural interpersonal trust development. Data is based on: 2 conference calls with dealmakers; 35 interviews of three groups of personnel - from the acquired firms, acquirers, and 'neutrals' who were recruited during the focal M&As; participatory observations; and, archival data.

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### Chinese local state owned enterprise post-acquisition knowledge integration from foreign markets: An explorative case study

H. Wang, C. Williams, D. Sutherland

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We explore the antecedents of post-acquisition knowledge integration in Chinese 'local' state-owned enterprises (LSOEs). Despite their unequal status compared to centralized Chinese state-owned enterprises, provincially-based LSOEs have become a force in Chinese internationalization. However, to date there has been little research on post-acquisition learning from their foreign investments, and on the broader consequences of their foreign investments. We conduct an explorative case study across three key phases of one Chinese LSOE's international strategy and find: (1) domestic institutional disadvantages compared to central SOEs lead to atrophy of intangible assets, including elite human resources and brand reputation, and this has a negative impact on post-acquisition knowledge integration; (2) the nature of local (as opposed to central) state ownership plays a role in allowing Chinese LSOEs to obtain tangible assets (access to R&D equipment, local Chinese clusters, and priority in utilizing local complementary resources), and this has a positive effects on their post-acquisition knowledge integration; (3) with differing mechanisms, both formal (legal and business system) and informal (cultural and linguistic) psychic distances have a negative impact on post-acquisition knowledge integration. We discuss the emerging model and propositions in light of recent theoretical advances and managerial implications on Chinese firm internationalization.

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### Building Trust in a Guarantee Fund in a Challenging Institutional Environment

L. Q. Lanz<sup>1</sup>, P. A. Tomei<sup>2</sup>

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Difficult access to credit is a major obstacle to micro, small and medium-sized enterprises (MSMEs) survival, especially in emerging countries, affecting their competitiveness. Lack of guarantees is a main reason why banks do not lend to MSMEs. Guarantee schemes provide partial credit guarantees, but often fail to win trust of banks and enterprises. This study analyzes the process of building trust between the Fundo Garantidor para Investimentos (Investment Guarantee Fund, FGI), created in 2009, and banks in Brazil. This trust was hampered by the failure of public guarantee funds created in the 1990's. This created a challenging institutional environment to the new fund. The methodology employed was a case study, based on a qualitative approach with document analysis, semi-structured interviews and descriptive statistics. The analysis used models for building and repairing trust in inter-organizational relations and international benchmark for governance and effectiveness of guarantee schemes. The analysis showed that the FGI used other emerging countries and developed countries experience to construct adequate governance and succeeded in establishing trust with the banks. The results shows, that by 2017, 26 banks contract more than 32,000 operations worth 1.9 billion dollars, with additionalities comparable to the international benchmark.

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### Motivations of Chinese firms in developed economies: the case of Australia

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In recent years, Chinese firms, using either acquisition or greenfield as entry mode, rapidly expand in developed economies. Traditional western-dominated international business theory proposes that asset exploitation based on transaction costs internalization is necessary for firms undertaking foreign investment. However, more recently, studies suggest asset seeking, particularly strategic asset seeking, is more important for MNCs from emerging economies. This article examines Chinese firms' investment in Australia, the second largest recipient of Chinese

outbound direct investment (ODI). The findings suggest that Chinese firms invested to obtain or imitate VRIN resources that would otherwise take years to accumulate. With increasing familiarity and the liability of newness receding, Chinese firms are making use of their institutional capabilities to extend their domestic modus operandi into foreign markets. They pursue an entrepreneurial strategy of building and leveraging distinctive resources, signature processes, and signature business models, and combine assets internally and externally. This will have consequences for their integration in host markets and create economic opportunities as well as challenges for their host economies.

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### **Chinese acquisitions in the UK: A multiple case-study approach**

**J. Vukicevic**

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The last decade has seen an emergence of research on Chinese acquisitions in advanced economies. Our understanding of their acquisition behaviour has developed but there is a notable absence of evidence from the UK. Using a multiple case study approach this study examines acquisitions by Chinese multinational enterprises in the UK context. Focusing on the manufacturing, semiconductor and automotive industries it investigates the types of strategic assets sought by Chinese MNEs and their approach towards target firms. The findings suggest that i) strategic assets sought in Britain are similar to those sought in Europe. ii) they tend to prefer a light-touch acquisition approach but this is not true in all cases.

### **12.4.6 - Determinants of performances**

#### **Track: MNE Organization and Strategy**

Session chair: Lars Håkanson

Time: Friday, 15/Dec/2017: 3:15 pm - 4:45 pm

Room: BL 27.17

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### **The Relationship between Multinationality and Performance: A Critical Literature Review and Directions for Future Research**

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This paper offers a systematic review of the international business, strategy, and general management literatures, analyzing 90 empirical studies from 30 major journals between 1977 and 2017, with focus on (1) research settings, (2) measurements of key variables, (3) underlying theoretical approaches, and (4) moderators influencing the M-P relationship. Through a detailed account of definitions and effects, the paper explores reasons for inconsistent results and lack of consensus within and across research streams as well as in relation to the identified shapes of the M-P relationship. The most striking result of the preliminary analysis is the lack of consistency. Therefore, the underlying assumption of a causal relationship between multinationality and performance remains questionable. The paper concludes with propositions that open up for future research.

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### **Internationalization, regionalization, and economies of scale: a new approach to disentangle the multinationality-performance puzzle**

**S. Eckert, M. Dittfeld, F. H. Zellner**

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We examine the empirical relevance of economies of scale with regard to the performance impact of internationalization and the role of intra-regional versus inter-regional expansion concerning this relationship. Based on an industry by industry analysis we provide evidence on the empirical relevance of economies of scale for performance across nearly all industry sectors. We further show that internationalization has no direct impact on performance, but is merely one of many different strategies to increase output. According to our findings, the importance of foreign expansion for output differs considerably between industry sectors. Our results also show that the effects of intra-regional expansion and inter-regional expansion on output and performance are not generalizable but to a large extent dependent on the specific sector of industry considered.

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### **Types of strategic orientations and international performance: direct effects and institutional moderations**

**T. Pehrsson**

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The relationship between strategic orientation and international performance is a popular topic in contemporary international business research. Previous research has, however, so far primarily focused on degrees of strategic orientation and thereby neglected types of strategic orientation attributable to international firms, and possible moderations. This paper attempts to close the research gap by identifying types of strategic orientations of multinational enterprises (MNEs), and examining relationships with performance on foreign markets. Based on a sample of 178 Swedish manufacturing MNEs, the paper analyses data comprising two strategic orientations, namely market orientation and entrepreneurial

orientation. Thus, enterprises are grouped into types of strategic orientations by using cluster analysis, and links between types and international performance are established using linear regression. The empirical findings suggest three strategy types: (1) combined strategic orientation, (2) innovation orientation, and (3) risk-taking orientation. The characteristics of the types are discussed, and the regression analysis shows that combined strategic orientation is directly and positively linked to international performance. Furthermore, the analysis shows that institutional distance between the host and the home country moderates the relationship positively. Also, there is a negative direct relationship between risk-taking orientation and performance, but institutional distance moderates the relationship positively.

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### **Antecedent factors of trust development and the impact of foreign partner's trust on ISA performance: A theoretical perspective**

**N. Sklavounos, K. Rotsios, Y. Hajidimitriou**

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The important role of trust on the successful operation and performance of International Strategic Alliances (ISAs) has been highlighted in existing international business literature. The purpose of this research is to propose a set of critical antecedent factors of trust development and to study the trust - performance relationship in ISAs. The conceptual framework of this research is based on elements from Social Exchange Theory (SET) and Transaction Cost Theory (TCT). The proposed theoretical model includes two factors emanating from SET (prior collaboration with the local partner and foreign partner's cultural sensitivity) and two factors originating from TCT (foreign partner's perceived risk of opportunism and existence of formal control mechanisms) which are regarded as crucial trust building factors. Moreover, the conceptual framework proposes a) a positive effect of the level of trust the foreign partner has towards the local partner on ISA performance, and b) the use of environmental hostility in the local market as a moderator of this effect. The proposed theoretical model will be tested through a questionnaire survey among ISAs that operate in the Southern and Eastern Mediterranean (SEMED) region, an under-researched market. The collected data will be analyzed by using factor analysis and structural equation modelling (SEM).

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### **Understanding the motivation to avoid corporation tax: a qualitative approach**

**M. Cooper, Q. T. Nguyen**

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We examine the internal workings of the multinational enterprise (MNE) through a series of interviews with senior tax executives. Our findings make a significant new contribution to the understanding of the drivers of the heterogeneity of approaches adopted by MNEs. Our literature review demonstrates the lack of a coherent theoretical approach to corporate tax planning with the sphere of International Business (IB). Our paper develops a new theoretical framework that analyses the interaction of corporate motivation and opportunity on the development of MNEs' tax strategy.

## **I2.4.7 - Internationalisation and cross-border issues**

### **Track: MNE Subsidiary Strategy, and Inter-Firm and Intra-Firm Business Networks**

Session chair: Randi Lunnan

Time: Friday, 15/Dec/2017: 3:15 pm - 4:45 pm

Room: BL 27.18

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### **The power of proximity at a distance: the role of interlocking directorates in reducing the liability of outsidership**

**M. Zdziarski<sup>1</sup>, E. M. Heemskerck<sup>2</sup>, J. Garcia-Bernardo<sup>2</sup>, F. De Beule<sup>3</sup>, A. Jaklič<sup>4</sup>, S. Elia<sup>5</sup>, F. Takes<sup>2</sup>**

*<sup>1</sup>University of Warsaw, Poland; <sup>2</sup>University of Amsterdam, The Netherlands; <sup>3</sup>KU Leuven, Belgium; <sup>4</sup>University of Ljubljana, Slovenia; <sup>5</sup>Politecnico di Milano, Italy; m.zdziarski@uw.edu.pl*

Firms that invest in distant foreign locations are faced with the liability of outsidership. We inquire if they limit this liability via board interlocks with other firms investing in the same locations. Access to relevant networks in which knowledge specific to the location resides is related to spatial effects. We look how spatial and location effects influence the propensity to interlock. We expect the likelihood for board interlocks to increase if companies co-locate subsidiaries when investing abroad. We test our model on a large dataset of over 7 million companies pair sharing a co-location and find strong support for our main proposition. This means that the characteristics of a firm's international network of subsidiaries is a major consideration to interlock.

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### **Dead or alive? The future of target firms after cross-border acquisitions**

**D. Cerrato, I. Galavotti**

*Università Cattolica del Sacro Cuore, Italy; ilaria.galavotti@unicatt.it*

Building on the subsidiary evolution perspective, this paper investigates the survival of firms acquired by foreign investors. We examine the likelihood of survival as a function of three main factors: a) cultural distance between the countries of the acquiring and acquired firms; b) previous experience of the acquirer in the host country; and c) business similarity between acquirer and target. Based on a sample of 396 Italian firms acquired by foreign multinational companies in the period 2005-2015, results suggest that acquired firms are more likely to survive in

case the acquirer benefits from previous country-level experience and in case of business similarity. Overall, our analysis confirms that context familiarity, in terms of both country and business contexts, plays a fundamental role in determining the destiny of acquired firms.

### **In or Out: How Insourcing Foreign Input Production Affects Domestic Production**

**S. Arvanitis<sup>2</sup>, T. Bolli<sup>2</sup>, T. Stucki<sup>1</sup>**

*<sup>1</sup>University of Jyväskylä, Finland; <sup>2</sup>ETH Zurich; tobias.m.stucki@jyu.fi*

When a firm imports inputs from foreign countries, the management faces two options: buying from unaffiliated firms or insourcing the foreign production. This paper suggests that this decision directly affects domestic production because international insourcing affects the operational flexibility and the firms' opportunities for accessing knowledge and capabilities developed abroad. Empirical results based on firm-level data of Swiss firms confirm this hypothesis. Concretely, the insourcing of international production increases domestic productivity, decreases (at least in the short run) domestic employment and possibly investments. In line with transaction cost literature, we observe that contractual hazards moderate these effects.

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### **Entry mode choices of Japanese automobile component suppliers in North America**

**T. Jiang<sup>1</sup>, S. Ishii<sup>1</sup>, J.-F. Hennart<sup>2</sup>**

*<sup>1</sup>Osaka City University, Japan; <sup>2</sup>Tilburg University, The Netherlands; jiangtingting0820@gmail.com*

In this article, we analyze the internationalization of Japanese automobile component suppliers (JACSS) by focusing on two types of entry modes: the ownership mode - wholly owned subsidiary vs. joint venture, and the establishment mode - greenfield vs. acquisition of foreign affiliates. We propose our operational hypotheses based on Hennart's (2009) bundling model and test them using data on JACSS' production affiliates in North America from 1972 to 2015. Our main findings are that JACSSs tend to choose joint ventures when they have little local business experience and when they have customers beyond North American Japanese auto assemblers. We also found that JACSSs tend to establish foreign affiliates through acquisitions when they have non-Japanese customers. Our results indicate that JACSSs have effectively used the complementary local assets owned by local North American firms to expand their foreign business and thus provide support for the bundling model.

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### **Role Stress and Divestments of International Joint Ventures: Determinant factors and the mediating role of strategic importance of the units**

**L. H. Nguyen, J. Larimo**

*University of Vaasa, Finland; nghl@uva.fi*

This study is to contribute to further international joint venture (IJV) research with special emphasis on inter-partner relationship within the board of IJVs and how this influence divestment decision of parent firms regards to their IJVs. In particular, this study investigates determinants of role stress of board members of IJVs and the relationship between role stress and IJV divestment decision. The study shows that environmental factors, board member composition attributes, and IJV attributes all influence differently to role stress of the board members of IJVs. Furthermore, role stress causes negative impact on IJV operation and therefore, it has strongly positive impact on the divestment of IJVs. However, this relationship is mediated by strategic importance of the units. The study concludes by providing implications for managers and pointing opportunities for further studies.

## **P2.4.1 - Innovative steps and strategies for ensuring high quality reviews and managing the journals with speed and efficiency in the Information Age**

### **Track: Novel ways of teaching and doing research**

Time: Friday, 15/Dec/2017: 3:15 pm - 4:45 pm

Room: BL 27.02

**CHAIR:** Justin Paul, University of Puerto Rico, justin.paul@upr.edu

#### **PANELLISTS:**

**Jonathan Doh**, Villanova University

**Rosalie Tung**, Simon Fraser University

**Ilan Alon**, University of Agder

**Desislava Dikova**, Vienna University of Economics and Business

In this panel, we would focus on the possible innovative steps and strategies for ensuring high quality reviews, how to do a review scientifically, managing the journals with speed and efficiency, minimizing the desk rejection for making the process more transparent like Science and technology journals, using technology to manage the process etc.

## P2.4.2 - Micro-funding the MNEs strategic choices in IB and management research

### Track: MNE Organization and Strategy

Time: Friday, 15/Dec/2017: 3:15 pm - 4:45 pm

Room: BL 27.12

**CO-CHAIRS:** **Stefano Elia**, Politecnico di Milano School of Management & **Cristina Rossi-Lamastra**, Politecnico di Milano School of Management, [cristina1.rossi@polimi.it](mailto:cristina1.rossi@polimi.it)

#### PANELLISTS:

**Igor Filatotchev**, Cass Business School

**Peder Greve**, University of Reading

**Pamela Sharkey Scott**, Maynooth University School of Business

**Dana Minbaeva**, Copenhagen Business School

**Michał Zdziarski**, University of Warsaw

The call for developing the micro-foundations of economic and managerial activities - and thus putting individuals (and their social relations) at the core of inquiring - is central in the current strategic management debate. However, the field of international business and management is still lagging behind in acknowledging the importance of micro-foundations. This panel proposal aims at stimulating the discussion on these crucial issues and fertilizing the mainstream international business and management literature with theories and methodologies from the multiple fields where research on micro-foundations is already established. Multi-disciplinarity will be the hallmark of this panel, which involves scholars who have worked in International Business and Management, Corporate Governance, Strategy, Entrepreneurship, Organization Theory, Human Resource Management. Panelist and participants will debate on many relevant research questions. These include, (but are not limited to) what extent and through what mechanisms do individuals (CEO, top executives, entrepreneurs) affect the internationalization strategies (e.g. location choice, entry mode etc.) of their firms and ultimately their performance? What individual characteristics are more relevant in international contexts? How can managers and entrepreneurs leverage their international social network to internationalize their firms? Which methods are more appropriate for studying the role of individual characteristics in international contexts?

## P2.4.3 - Key success factors of SME internationalization: a cross-country perspective

### Track: SMEs and International Entrepreneurship

Time: Friday, 15/Dec/2017: 3:15 pm - 4:45 pm

Room: BL 27.03

**CO-CHAIRS:** **Noémie Dominguez**, Lyon University & **Ulrike Mayrhofer**, Lyon University, [ulrike.mayrhofer@univ-lyon3.fr](mailto:ulrike.mayrhofer@univ-lyon3.fr)

#### PANELLISTS:

**Susan Freeman**, University of South Australia

**Pervez N. Ghauri**, University of Birmingham

**Birgit Hagen**, University of Pavia

**Olli Kuivalainen**, The University of Manchester

**Stefan Schmid**, ESCP Europe, Berlin Campus

**Maria Cristina Sestu**, Università di Pavia

**Cristina Villar**, University of Valencia

## C2.5.1 - Extensions of international entrepreneurship

### Track: SMEs and International Entrepreneurship

Session chair: Antonio Majocchi

Time: Friday, 15/Dec/2017: 5:15 pm - 6:45 pm

Room: BL 27.05

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### Strategy and structure of modern Trade Promotion Agencies

**J. Schembri, P. Dimitratos, M. Fletcher**

*Adam Smith Business School, University of Glasgow; [joeschembrimalta@gmail.com](mailto:joeschembrimalta@gmail.com)*

Trade Promotion Organizations (TPOs) assist small and medium sized (SMEs) in identifying and exploiting international opportunities. Yet, studies on their role and services are not common in international business. Such studies are important to identify the strategy and structure of TPOs. Based on interviews with key officials in 14 European TPOs, documentation and participation in group meetings, this study reveals a potential shift in the types of TPO services and the way they are delivered. Leading TPOs are offering assistance programmes for very small groups of high-potential SMEs in the direction of personalisation. At the same time, they are upgrading the role of their network of overseas offices to provide more knowledge-intensive services. Their zooming in on high potential SMEs and their traditional focus on sector and clusters can be at odds, a strategic dilemma that was observed in the interviews.

The authors outline the practical implications for TPOs, in their orientation and internal set up as well as the way they measure performance. We believe that these findings help illuminate aspects related to the strategy and structure of TPOs and re-ignite the interest in the role of Government-funded assistance to internationalising SMEs.

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### **Intra-industry competition and power in the beer industry: How small players delegitimise large multinationals**

**P. Jasovska, H. Rammal, C. Rhodes, D. Logue**

*University of Technology, Sydney, Australia; pavlina.jasovska@student.uts.edu.au*

In this paper we provide a novel view on intra-industry competition of internationalising firms. In our model we identify legitimation strategies to explore how small entrepreneurial firms compete with large corporations during internationalisation. Traditionally, economic resources have been considered as the main source of competitive advantage. However, we propose that legitimation strategies and their elements such as authenticity and social norms help small players to interrupt the growth of global enterprises. Hence, we aim to provide a novel perspective on intra-industry competition in international business research. We conduct inductive qualitative research to explore the internationalisation of craft beer industry from four countries Australia, New Zealand, Denmark and the Czech Republic. Our findings show that craft breweries engage in three legitimation strategies: identity extending, connecting and negotiating. We also uncover that these strategies lead to the underlying outcome of delegitimising powerful actors that enables small entrepreneurial firms to challenge the dominance of large corporations and their predatory attacks.

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### **Maturing born globals and their acquisition behavior**

**S. Oyna<sup>2</sup>, T. Almor<sup>1</sup>, B. Elango<sup>3</sup>, S. Y. Tarba<sup>4</sup>**

*<sup>1</sup>College of Management, Israel; <sup>2</sup>Agder University, Norway; <sup>3</sup>Illinois State University; <sup>4</sup>University of Birmingham; talmor@colman.ac.il*

Born global companies are becoming more common in our interconnected world. While a body of knowledge has developed around the establishment and initial growth of born globals, relatively little research has examined these companies when they mature. The current study explores mergers and acquisitions of companies with complementary technologies, as a constructive strategy for mature born globals. M&As of complementary technologies expand the initial knowledge base and enhance technological capabilities, which can lead to exploitation of new opportunities. The study employs a hybrid methodology, statistically studying 108 acquisitions conducted by 45 maturing technology-based born globals in Israel, and elaborating our findings with an in-depth focus on four of the firms in the sample. Our findings indicate that acquiring complementary technologies is a beneficial strategy both in terms of financial performance, and independent survival. Our findings seem to suggest that an optimal interval exists regarding the number and frequency of acquisitions.

## **C2.5.2 - Corporate responsibility and irresponsibility**

### **Track: MNEs and Sustainable Development**

Session chair: Asmund Rygh

Time: Friday, 15/Dec/2017: 5:15 pm - 6:45 pm

Room: BL 27.04

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### **Mountains of Molehills? An Empirical Investigation of the Relationship between Corporate Irresponsibility and Reputation Penalties**

**G. Nardella<sup>1</sup>, S. Brammer<sup>2</sup>**

*<sup>1</sup>University of Reading, UK; <sup>2</sup>Macquarie University, Australia; g.nardella@reading.ac.uk*

Utilising data on large US firms, this study explores the stakeholder attributions of corporate irresponsibility and models their effects on corporate reputation. Results illustrate that reputation, derived from the assessments of managers and market analysts, is infrequently influenced by observations of corporate irresponsibility and that different 'types' of irresponsible events have different underlying effects on reputational assessments. Broadly, we find that the reputations of firms associated with acts of corporate irresponsibility tend to be more resilient than previously purported.

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### **When doing well means doing harm: understanding the performance-CSiR link in emerging country firms**

**F. Nieri<sup>1</sup>, E. Giuliani<sup>1</sup>, A. Vezzulli<sup>2,3</sup>**

*<sup>1</sup>University of Pisa, Italy; <sup>2</sup>University of Insubria, Italy; <sup>3</sup>CRIOS, Bocconi University, Italy; federica.nieri@for.unipi.it*

Are emerging country firms (EFCs) with the highest financial performance relative to industry more likely to incur in human rights controversies (HRCs) than low performing firms? What moderates this relationship? Using original panel data of a sample of 245 large public companies from Brazil, China, India, Malaysia, Mexico, Russia, South Africa and Thailand, we find that the positive relationship between EFCs performance and the likelihood to be involved in HRCs is negatively moderated by host countries' rule of law pressures and by these firms' intensity of adoption of corporate social responsibility policies, while it is stronger for State-Owned Enterprises (SOEs) than for non-SOEs.

## **Toward a strategic management perspective on local content in African extractives**

**M. W. Hansen**

*CBS, Denmark; mwh.msc@cbs.dk*

Local content requirements - i.e. government backed requirements that extractive MNCs must procure inputs locally - are fast becoming a major issue in MNC-host country bargaining in Africa. Across Africa, governments are seeking to mobilize MNCs for sustainable development through increasingly stringent local content requirements. As a result, extractive MNCs are facing a rapidly evolving strategic field, the management of which may have immense implications for their investment decisions, profitability and efficiency. While a vibrant and dynamic literature on local content in Africa is emerging, this literature is predominantly informed by economic and political perspectives, and strategic management perspectives are virtually absent. This is problematic as one of the main reasons why local content interventions in Africa fail to produce the expected results is that they often are based on an inadequate understanding of MNC strategy and interests. Hence, the aim of this paper is to characterize and conceptually develop the strategic management perspective on local content. The paper outlines generic strategies that MNCs may adopt to balance the conflicting pressures of local content and global efficiency. It is concluded that by better aligning local content intervention with MNC strategy and interests, the likelihood of positive development outcomes will be greatly enhanced.

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## **Internationalization and Corporate Social Performance: The Impact of Subsidiary activities**

**P. Williamson<sup>1</sup>, P. Symeou<sup>2</sup>, S. Zyglidopoulos<sup>3</sup>**

*<sup>1</sup>University of Cambridge; <sup>2</sup>Cyprus University of Technology; <sup>3</sup>University of Glasgow; szyglidopoulos@gmail.com*

In this article, within the context of Extractive Industry Multinationals (EIMs), we investigate the role that the types of value chain activities undertaken by overseas subsidiaries play in reinforcing the positive relationship between internationalization and Corporate Social Performance (CSP). Our findings indicate that for a given level of internationalization breadth, EIMs that internationalize primarily by establishing extractive activities overseas tend to increase their CSP more than those internationalizing primarily by establishing manufacturing units overseas. Internationalization by establishing marketing and distribution activities, meanwhile, does not seem to have any impact on an EIM's CSP. Moreover, while we find that EIMs locate both extractive and manufacturing activities overseas tend to increase their CSP more than EIMs whose subsidiaries focus on either of these activities alone, the addition of marketing activities to their value chain does not lead to a further increase in their CSP.

### **C2.5.3 - The new geography of GVCs**

#### **Track: International Business and Economic Geography**

Session chair: **Katiuscia Lavoratori**

Time: Friday, 15/Dec/2017: 5:15 pm - 6:45 pm

Room: BL 27.02

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## **Bringing it all back home? Backshoring of manufacturing activities and the diffusion of Industry 4.0**

**B. Dachs<sup>1</sup>, S. Kinkel<sup>2</sup>, A. Jäger<sup>3</sup>**

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We investigate the relationship between backshoring of production activities and investments in digital manufacturing technologies also known as Industrie 4.0 (I4.0). We argue that I4.0 will have disruptive effects on global value chains and may support backshoring of manufacturing activities: First, because productivity increases by I4.0 technologies can neutralize cost advantages of offshoring locations and make labour arbitrage less appealing. Second, because increased quality and flexibility provided by I4.0 technologies offers an incentive for firms to locate production close to their European customers to regain some of the flexibility lost in fine-sliced global production networks.

The empirical test is based on a large dataset of more than 2,000 manufacturing firms from Austria, Germany and Switzerland. Backshoring is still a rare event with a share of no more than 4% of all firms. Descriptive statistics as well as regression results indicate a positive correlation between I4.0 technologies and backshoring. This confirms the hypothesis that I4.0 technologies with their potential for increased productivity, customization and flexibility support backshoring and strengthen the attractiveness of industrial locations in Western Europe and the US, leading to technology-based de-globalisation.

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## **Global Value Chains and Local Sourcing: An empirical analysis on Sub-Saharan Africa and Vietnam**

**R. Rabellotti<sup>1</sup>, V. Amendolagine<sup>2</sup>, A. Presbitero<sup>3</sup>, M. Sanfilippo<sup>4</sup>**

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Direct backward linkages between foreign and domestic firms, consisting in local sourcing of intermediate products, are one of the main channels through which foreign direct investment has positive spillovers to local economies. This paper investigates whether and how the participation and position in global value chains (GVCs) of host countries affect local sourcing by foreign investors. Matching two firm-level datasets on 19 Sub-Saharan African countries and Vietnam with country-sector level measures of GVC involvement, we find that GVC participation and upstream specialization are associated with a higher share of inputs locally sourced by foreign investors, especially for smaller and non-exporting ones. These results are stronger in countries with better institutions and higher level of education spending.

### **New frontiers for competitiveness and innovation clusters and value-chains research**

E. Di Maria<sup>1</sup>, V. De Marchi<sup>1</sup>, G. Gereffi<sup>2</sup>

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The paper discusses about the co-evolution process of clusters and GVCs and the need for an integrated theoretical framework able to provide a more comprehensive view of the organization of economic activities between global and local. The paper explores the heterogeneity between and within clusters and the influence of GVCs in these transformations. Based on recent contributions on the topic, the paper offers new insights on how to interpret, measure and capture the changes occurring at the cluster level, by developing a discussion on the role of global lead firms and local dynamic actors in such dynamics. The analysis also suggests how research on clusters can provide inputs and insights for GVC theoretical framework, taking into consideration the connection between manufacturing and innovation in the emerging new technological and institutional landscape.

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### **Firm's Decision to Engage in International Assignments during Business Internationalisation**

I. Koleša, A. Burger

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The paper builds on international trade, internationalisation, and institutional theories to present a theoretic framework for explaining the determinants of firms' decision-making related to short-term corporate-managed international assignments and its impact on business internationalisation. An empirical study on the firm population in Slovenia shows that larger, more productive, profitable, export-oriented firms in labour intensive sectors with higher average wages are more likely to engage in international assignments (once or more frequently), whereby probability of sending an additional employee abroad is higher for foreign-owned firms, more capital-intensive firms, and firms with lower average wages per employee. Firms agglomerate assignments geographically depending on geographical distance of assignees' host countries as well as the common border aspect of proximity between host countries. Both market size and the level of market development increase the chances of firms sending employees to a particular country, while distance between home and host countries decreases the likelihood of assignments to a specific location. Quality of legal and economic institutions negatively impacts international assignment probability, whereas the quality of political institutions affects assignments in the opposite direction. Propositions on international assignments' impact on international trade and business internationalisation remain to be tested by future research.

### **C2.5.4 - Social and political aspects of subsidiary role and strategy**

**Track: MNE Subsidiary Strategy, and Inter-Firm and Intra-Firm Business Networks**

Session chair: Marlena Dzikowska

Time: Friday, 15/Dec/2017: 5:15 pm - 6:45 pm

Room: BL 27.03

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### **Towards a more heterogeneous steering of foreign subsidiaries in**

H. Proff

University of Duisburg Essen, Germany; [heike.proff@uni-due.de](mailto:heike.proff@uni-due.de)

Rising environmental complexity is leading to challenges in the steering of foreign subsidiaries in multinational companies. The actual local embeddedness literature recommends that global standardization and the most homogeneous steering of foreign subsidiaries possible should be subordinated to the efforts of the important subsidiaries to adopt a more local orientation and to achieve more heterogeneity in steering. This paper seeks to clarify whether there is a trend to-wards more heterogeneous steering.

A literature review is carried out to find reasons for the demand for more heterogeneous steering and to identify decision principles that help in making efficient decisions. Hypotheses are made as to how far these decision principles bring about heterogeneous steering. They serve as a basis for the empirical examination of multinational German automotive companies. No clear indication of more heterogeneous steering could be identified, but a clear influence of the different decision principles on the heterogeneity of the steering was found.

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### **Playing by the corporate rules: Social and political aspects of subsidiary influence.**

K. Conroy<sup>1</sup>, D. Collings<sup>2</sup>, J. Clancy<sup>3</sup>

<sup>1</sup>Queen's University Belfast; <sup>2</sup>Dublin City University; <sup>3</sup>National University of Ireland Galway; [k.conroy@qub.ac.uk](mailto:k.conroy@qub.ac.uk)

This paper contributes to the literature on the micro-foundations of subsidiary influence within the multinational enterprise (MNE). The specific skills of subsidiary managers in attempting to influence corporate headquarters (CHQ) has largely been neglected in the extant literature. Drawing insights from social capital theory and political influence theory, the current paper aims to overcome this shortcoming with an exploratory investigation of subsidiary influence through the use of subsidiary manager's social and political skills. Using a multiple case study analysis, with in depth qualitative interviews, our study finds that subsidiary managers channel their social and political skill in particular ways in attempting to influence CHQ. Our contribution is in illustrating how social skill allows the subsidiary manager to establish a 'position' of increased interaction and communication with key actors at CHQ, whereas political skill involves 'targeting' influence through these positions. A major contribution of our study is the development of a typology of subsidiary manager influence roles based on the degree of social positioning and political targeting undertaken.

### How do MNC's intermediate units control foreign activities? Double embeddedness and control mechanisms

À. Dasi<sup>1</sup>, T. Pedersen<sup>2</sup>, J. Pla-Barber<sup>3</sup>

<sup>1</sup>University of Valencia, Spain; <sup>2</sup>Bocconi University, Italy; <sup>3</sup>University of Valencia, Spain; [angels.dasi@uv.es](mailto:angels.dasi@uv.es)

This paper focuses on how MNC's intermediate units -those exercising authority over other local subsidiaries- apply specific controls and to what extent their internal links with HQs and the external embeddedness in the local environment of the supervised subsidiaries affect the choice of the control mechanism. We apply an agency perspective for studying the effectiveness of four control mechanisms: centralization, formalization, output control and socialization. Our empirical study on 194 subsidiaries in Spain that partially own other units in Latin America allows us to conclude that centralization, output control and formalization are the most adequate mechanism for the situation where the intermediate unit is highly embedded in the subsidiaries' local environment, and in the case of these last two controls they are also adequate when the intermediate's internal embeddedness is low. Under these circumstances, low information asymmetries with the local environments allow intermediates for the application of such controls which, at the same time, function as HQ's safeguards against potential collusion problems. However, under low intermediate's external embeddedness socialization is the effective control mechanism. Our paper contributes to a better understanding the analysis of control in multi-tier MNC, where nestedness and multiple embeddedness pose new challenges for exercising control.

### The Darker Side of Social Integration: A Discussion of Bargaining Costs and Knowledge Transfer

R. Lunnan, S. Tomassen, G. R. Benito

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This paper conceptualizes the knowledge transfer implications of social (lateral) integration mechanisms in the MNE. The generation and transfer of knowledge among geographically dispersed units is one of the primary concerns for the multinational enterprise (MNE). One of the most used tools for MNE headquarters to use to stimulate knowledge transfer between subsidiaries, is social or lateral integration mechanisms (for example, committees, meetings, liaisons, expats). Social mechanisms are perceived as costlier than alternative coordination mechanisms, but a range of studies have found that these mechanisms open up for communication, dialogue and trust which in turn facilitate knowledge sharing and capability development. In a study of an MNE, we have data from 115 foreign units that inform on the extent to which the unit is socially integrated with the rest of the MNE, the extent of knowledge transfer between units as well as costs of bargaining between the unit and headquarters. Our findings suggest that social integration on the level of the individual employee increases knowledge transfer between units, but social integration viewed from the management level in the units has the opposite effect. In addition, social integration increases bargaining costs.

## C2.5.5 - Institutions and operation mode

### Track: MNE Organization and Strategy

Session chair: Jens Gammelgaard

Time: Friday, 15/Dec/2017: 5:15 pm - 6:45 pm

Room: BL 27.06

### An Institution-Based View of Information Accuracy: Solving the Alliance vs. Acquisition Puzzle Abroad

M. J. Mueller<sup>1</sup>, G. Hendriks<sup>1</sup>, A. H. L. Slangen<sup>1,2</sup>

<sup>1</sup>Rotterdam School of Management, Erasmus University; <sup>2</sup>KU Leuven; [mueller@rsm.nl](mailto:mueller@rsm.nl)

Drawing on and integrating insights from institutional and information economics, we develop an institution-based view of information accuracy surrounding firms' external corporate development across borders. Based on the argument that the threat of exchange partner misrepresentation is fertilized by legal voids in the host country and that this threat affects both alliances and acquisitions, yet in disparate ways, we propose two opposing effects, leading to an inverted U-shaped relationship between the host country's legal institutional development and entrants' preference of alliances over acquisitions. We further predict that this relationship is contingent on (i) the extent to which entrants can partly substitute for imperfect local legal institutions by drawing on international legal institutions, (ii) the entrant's degree of first-hand information, and (iii) the local informal institutional environment that may determine the accessibility of second-hand information. While the existence of international investment agreements (i.e. partial substitution of local legal institutions) and prior alliance ties (i.e. first-hand information) weaken the relationship, host country collectivism (i.e. handicapped access to second-hand information) strengthens it. We test and find support for our hypotheses using a sample of 8,009 cross-border acquisitions of and alliances with firms from the information and communication technology industry between 2005 and 2015.

### Interorganizational Diversity, Institutional Risk, and the Formation of Multipartner Syndicates

S. Dorobantu<sup>2</sup>, T. Lindner<sup>1</sup>, J. Müller<sup>1</sup>

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We examine how interorganizational diversity affects the formation of multipartner banking syndicates that come together to finance some of the world's largest infrastructure projects. Previous studies have shown that diversity negatively affects partnership formation because it increases the costs of cooperation among the partners and the probability of conflict between them. We extend this research and argue that the

negative relationship between interorganizational diversity and partnership formation is moderated by the institutional context in the country where the infrastructure project will be located. We compare 1,064 realized with over 25,000 unrealized multipartner syndicates and examine the likelihood of their formation in countries with different levels of institutional (specifically, political and social) risk. We show that diverse syndicates are more likely to form when investing in high-risk countries than when investing in low-risk countries. Our findings suggest that the country-level institutional environment is an important consideration in the formation of interorganizational partnerships.

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### When National institutions matter: new insights on divisional and regional HQ relocations

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We advance the emergent literature on headquarter relocations by investigating the role of national corporate governance systems and national institutions. Our framework argues that the relocation of divisional and regional headquarters can be considered as an answer to multiple institutional pressures faced by MNCs in their institutional environments. Using a dataset with 95 relocations of regional and divisional HQs in Europe from 2000 to 2012, we demonstrate how differences in institutional quality, corporate governance systems, and the bandwagon effect have a significant impact on HQ relocations. We offer a more comprehensive understanding of this phenomenon and important policy and managerial implications.

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### Phone Home? Headquarters' Involvement in Foreign University Collaboration

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Although extant research has emphasized the benefits of proximity in industry-science linkages, a substantial share of research collaborations between firms and universities is international in scope. This paper sheds light on the question why firms opt for international research collaborations with foreign universities through R&D facilities at headquarters, instead of collaborating through their local R&D unit. We develop a set of hypotheses and argue that the decision to collaborate locally or through headquarters is governed by economic, strategic and knowledge-specific factors. We test hypotheses on a dataset of more than 4,900 geocoded collaborative scientific publications by 47 US, European and Japanese firms in the biopharmaceutical industry, covering the period 1995-2003. We confirm that distant collaboration with headquarters is more likely if headquarter involvement is associated with scale and scope advantages, if the collaboration involves the core scientific fields of the firm and local collaboration is associated with appropriation risks, and if collaboration focuses on basic research and relatively mature science domains. Our findings contribute to the literature on the organization of R&D and industry-science links by showing under what conditions firms may forego the benefits of geographical proximity in doing R&D with an external partner.

## C2.5.6 - Global teams and leaders

### Track: International HRM and Cross Cultural Issues

Session chair: Naoki Ando

Time: Friday, 15/Dec/2017: 5:15 pm - 6:45 pm

Room: BL 27.14

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### The interaction of shared attitudes and distance in global virtual teams

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In this article we set out to explore the role of team attitudes to diversity and how this affects the way in which individuals overcome distance in global virtual teamwork. More specifically, we assess the moderating role of team-level openness to cultural diversity on the relation between the individual-level coping mechanism directed towards physical distance (time zone adjustment) and social distance (trust) and work outcomes in the form of job role clarity and job performance. We hypothesize that the team's openness to cultural diversity compensates for the individual's difficulties with bridging physical and social distance. We confirm most hypothesized relations.

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### A Multinational Investigation of the Extended Full Range of Leadership Model

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The present study analyzes the relative importance of the four extended Full Range of Leadership constructs (eFRLT; Antonakis & House, 2014) transformational, transactional, laissez-faire and instrumental leadership as predicting indicators for leadership effectiveness in 10 countries. The aim of this study is to gain knowledge on (1) the effectiveness and variation of eFRLT leadership styles in different countries and to explore (2) whether the so far rarely examined strategic-oriented instrumental leadership style is effective across cultures. 3,142 employees in Brazil, Cameroon, China, France, Germany, India, Iran, Poland, Russia and Spain were surveyed using validated questionnaires at two measurement times (t1: eFRLT leadership styles, and t2: outcome criteria job satisfaction and affective commitment). Relative weight analyses show that transformational leadership and instrumental leadership were most important for explaining variance in job satisfaction and affective

commitment. Transactional and laissez-faire leadership had no significant effects beyond transformational and instrumental leadership on both outcomes. Results provide first evidence that instrumental aspects of leadership may operate effectively across cultures in addition to transformational leadership and, therefore, should receive more attention in intercultural management research.

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### **Role of leaders as agents of negotiations for counterbalancing cultural dissonance in MENA**

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The main purpose of this paper is to explore the effective leadership attributes that can function as agents for reducing discrepancies between expectations and current configurations of value systems within the societal cultural environment of the MENA region. Accordingly, in this study we aim to explore the effective leadership attributes by focusing on cultural dissonance as the predictive factor of leadership preferences. We used data collected from seven countries in the MENA region; namely, Egypt, Kuwait, Iran, Israel, Morocco, Turkey, Qatar regarding the societal cultural norms, not only in their ongoing constitutions but also in their desired formations (i.e., cultural practices and cultural values, respectively), and preferred leadership attributes. The results show that cultural dissonance derived from the discrepancies between cultural values and practices within some specific dimensions of societal culture do have associations with specific leadership preferences which would function as an agent for cultural negotiations for the equilibrating process among desires and the reality of societal cultural norms.

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### **Sharing expertise in MNCs: focus on strategies of experts**

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This study examines the process of sharing expertise in the increasingly complex multinational corporation (MNC) context. Today's fast-paced business environment requires multiple perspectives to collectively solve novel and abstract problems, however, integrating knowledge across different areas of expertise is not always easy. Current research has focused on organizational and team levels of analysis, yet in order to have a more nuanced understanding on how expertise is shared, this study takes an actor-centric approach and focuses on the strategies of 57 individuals in expert positions in three MNCs. By utilising an innovative mixed-methods research design, I find that factors traditionally dominating IB research, such as geographical distance and mode of interaction, have a much lesser impact on collaboration than previously thought. Interestingly, expertise itself (level and type of expertise) serves as a powerful platform for collaboration spanning both geographical and knowledge boundaries.

## **C2.5.7 - Contextual determinance of entry modes by Emerging Market Firms**

### **Track: Emerging Markets**

Session chair: Marin Alexandrov Marinov

Time: Friday, 15/Dec/2017: 5:15 pm - 6:45 pm

Room: BL 27.07

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### **Demystifying Chinese investment modes of entry: effects of governance environment and learning**

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Most studies on Chinese firms justify their country of choice by emphasizing the "China-ness" versus the "West-ness". We go beyond this mindset to argue that it should be relation-based versus rule-based governance environments, based on the different stages of political and socioeconomic development. We use data of Chinese firms' entry choice between brownfield and greenfield foreign investment to demonstrate our case. Chinese investment abroad, rapidly increasing in magnitude and number, has been characterized as opaque and mysterious, and opposite of the established practice of the West. We demystify it by using the theories of rule-based versus relation-based governance environments and learning, and argue that brownfield and greenfield investments require different governance mechanisms for investor protection at the macro level, and different learning modalities at the firm level.

We find that greenfield investment is preferred (1) in relation-based markets, (2) by firms that are less multinational (i.e. have a low breadth in many countries, as opposed to depth in one country), (3) by large firms, and (4) by non-state owned firms. Theoretical contributions and strategic and policy implications are discussed based on our findings.

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### **Establishment mode choice of EMNEs: does state ownership matter?**

**D. Quer, L. Rienda, R. Andreu**

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Drawing on an institutional perspective, this study analyzes how state ownership moderates the relationship between foreign direct investment (FDI) drivers and establishment mode choice of emerging-market multinational enterprises (EMNEs). We argue that state-owned EMNEs, encounter stronger institutional pressures in technology- and natural resource-rich countries derived from concerns about takeovers of local companies. Moreover, in low-growth markets, state-owned EMNEs do not always behave as pure profit maximizers since they are usually

subject to home government institutional influences and pursue policy goals. For these reasons, we hypothesize that their choice between acquisitions and greenfield investments differs from that of privately-owned EMNEs. Our analysis is based on a sample of 643 FDIs undertaken by Chinese companies.

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### **Choice between acquisitions and greenfields abroad: family versus non-family Indian multinationals**

**L. Rienda, E. Claver, D. Quer, R. Andreu**

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Despite prior strategic management research reports differences between family businesses (FBs) and non-family businesses (NFBs), studies on international decisions of FBs are scarce, especially in the case of emerging-market FBs (EMFBs). This study focuses on an important decision in their internationalization process: establishment mode choice. From a sample of 328 outward foreign direct investments (OFDIs) carried out by Indian multinational corporations (MNCs), we found that EMFBs prefer acquisitions instead of greenfield investments. OFDI destination also matters, since OFDIs of EMFBs in developed markets are associated with a preference for acquisitions, whereas OFDIs in developing countries are associated with greenfield investments.

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### **Entry Timing and Uncertainty in Transition Economies: Location and Firm Contingencies Revisited**

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In this paper we examine the entry strategies that multinational enterprises (MNEs) implement in the transition economies of Central and Eastern Europe (CEE). Using real option theory combined with notions from institutional- and resource-based theory, we investigate how uncertainty is related to entry timing and how this relation is moderated by several other host country- and firm level characteristics. Estimating hazard models on entry timing data of 39 multinational banks (MNBs) across 17 different transition economies from 1991 to 2007, we find that uncertainty encourages a wait-and-see strategy. However, we also find strong evidence that the relation between uncertainty and entry strongly depends on institutional characteristics, industry competitive conditions, MNE size and regional investment experience.

## **C2.5.8 - Networks and internationalization**

### **Track: SMEs and International Entrepreneurship**

Session chair: Ricardo Correia

Time: Friday, 15/Dec/2017: 5:15 pm - 6:45 pm

Room: BL 27.13

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### **Network tie strength and performance of early internationalizers: the moderating role of absorptive capacity**

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Based on social network theory, we develop arguments for the opposing influences of national and international network tie strength on firms' performance and argue that these relationships alter depending on firms' absorptive capacity (ACAP). We test our hypothesis on a sample of 118 German early internationalizing firms. Our results show that national inter-firm networks positively influence foreign venture performance and that this relationship is stronger for firms with high ACAP. Contrary, we find a negative relationship between international inter-firm networks and foreign ventures performance, which becomes stronger for firms with low levels of ACAP. We make important contributions to the social network theory by showing the opposite effects of national and international ties on foreign ventures' performance and by theoretically developing and empirically validating the moderating impact of ACAP on these relationships.

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### **Borderless companies: the role of entrepreneurs and network relationships in the development of global value systems**

**V. C. Simões, G. A. Martins**

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Recent studies on international entrepreneurship highlighted the need of new approaches capable of explaining how certain firms, labelled by the literature as borderless, create and develop a cross-border configuration of value system activities instead of relying on a single home base as traditional born globals. The research is intended to understand the role of the entrepreneurial teams as well as of network relationships in shaping early dispersed value chain configurations. This work followed a qualitative method, with three case studies on Portuguese companies, two borderless and one traditional born global. In borderless firms, the entrepreneurial team had a wider set of competencies and sizeable prior international experience. The team's capabilities, international experience, ambition and business vision were key factors leading to borderless configurations. Network relationships played a important role in the choice of the first country to establish value chain activities, and are tools to reduce entry risk and to leverage limited resources. In borderless firms, the location of activities was not planned but was rather the result of fine-tuning the business opportunity. While all firms showed elements of effectuation, the borderless exhibited a stronger attachment to the elements of affordable loss and non-predictive strategy.

### **Cartoon Network: Rapid Internationalisation for Born Global Members of a Community of Practice**

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This paper demonstrates how active membership of a particular form of social network, in the form of a Community of Practice (CoPs) can bring about the creation and accelerated international development of born global ventures serving the global digital animation industry. CoP have been described by Wenger (1998) and others as a type of informal learning organization. CoPs are considered to be a type of learning community. Community of Practice has been well established as a form of social network and further inherently linked to social theory. CoP can be a dynamic, social and knowledge rich, and complex social structure. It emphasizes the notion of "practice" as central to its understanding in the form of a social network (Wenger, 1998). Through shared passion and interest for cartoon animation, this paper explores the role of community of practice in the creation and international development of Irish Born Global digital animation ventures. The methodological approach involved examining a multi-firm embedded single case study context of the Irish digital animator's community of practice. We chose to explore the research questions through a qualitative semi structured interviews using the full population of Irish indigenous born global ventures operating in the Global digital animation sector.

### **Capability triad in international entrepreneurship: the role of dual network and opportunity recognition capability**

A. R. Faroque<sup>1</sup>, S. C. Morrish<sup>2</sup>, O. Kuivalainen<sup>1,3</sup>, S. K. Asikainen<sup>1</sup>

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Network analysis has emerged as a powerful framework in international entrepreneurship (IE), especially with respect to how firms recognize and seize opportunities. However, inconclusive outcomes in the existing network research, for example in the case of role of strong vs. weak ties in entrepreneurship and IE, mean that network as a capability offers a great promise in this stream of research. Moreover, opportunity in both fields has been operationalized as the number of opportunities identified, which also necessitates taking a capability perspective because opportunity recognition (OR) is one of the most important entrepreneurial capabilities in internationalization. This study, drawing on data from a developing country low-tech industry, shows that dual capability of network exploration and exploitation positively influences international OR capability, which, in turn, leads to the exploitation of internationalization opportunities. Further, it also shows that while network exploitation has both direct and indirect effects on internationalization opportunity exploitation, network exploration has only indirect effects through OR capability. The results of the study offer managerial and policy implications.

## **I2.5.1 - New technologies and internationalization**

### **Track: Internationalisation in the Information Age**

Session chair: Davide Castellani

Time: Friday, 15/Dec/2017: 5:15 pm - 6:45 pm

Room: BL 27.11

### **Can advanced services spur the international business of machine tool builders?**

**B. Kamp**

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Mission: Exploring whether/how machinery firms leverage Industry 4.0 practices to roll out advanced services; whether this allows them to get a better grip on their installed base; and whether it allows them to expand their international (service) business. Methodological approach: explorative, multiple case study research. Findings: the implementation of advanced services can expand both current and new international business, but a machine tool company's chances of convincing the market and of capturing added value from also depend on a series of moderating variables. Value: providing insights on the chances of advancing international service business in a B2B context through infusion of production machinery with information technologies.

### **Emerging technologies and internationalization: Insights from Italian companies approaching Industry 4.0**

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Industry 4.0 technologies are supposed to increase the competitiveness of companies, leading to a new era of "Manufacturing Renaissance". Nowadays, contemporary dynamics of international competition impose that companies both innovate and internationalize at the same time to remain competitive. In this context, some conceptual studies have speculated on the possible consequences of the adoption of technologies related to Industry 4.0 on global value chains. However, empirical studies investigating the role of emerging technologies in international business are still lacking. Through a multiple case study approach, this study presents an exploratory qualitative research investigating the impact of Industry 4.0 technologies on the international strategy of companies. The analysis of 9 Italian manufacturing exporting companies that adopted these technologies reveals some preliminary findings and opens avenues for future research in international business on these issues.

### Do firms innovate abroad? - The Case of Swedish R&D in India

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This is a study of Swedish firms that have offshored some of their R&D functions to India. How R&D is arranged offshore and what innovation outcomes emerge from this is the question this paper answers. The sample is a set of Swedish firms with an R&D facility in India. Data are collected from interviews with decision makers from both the Swedish and the Indian sides, responsible for implementing the offshoring decisions. The result is an offshore R&D configuration model which explores how Swedish firms derive value from performing some of their R&D abroad.

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### Internationalization of Science Parks: Brazilian Innovation Environments Experiences

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Internationalization became an important element in the Science and Technology Parks (S&TP) practices. In the last years, S&TP started to offer specific services to foster internationalization of its tenant firms, such as soft-landing programs and international immersion experiences to start-ups. This paper aims to analyze the internationalization practices of Brazilian Science Parks and therefore, its tenant firms in light of the Social Network and Internationalization Theories. An exploratory multiple case study was conducted by the selection of three Brazilian Science Parks located in the south of Brazil (Rio Grande do Sul State): Tecnopuc in Porto Alegre; Tecnosinos in São Leopoldo and Feevale Techpark in Campo Bom. Results showed that cohesive internal and external ties and networks as well as specialization contribute to the internationalization process of the Science Parks and its tenant firms.

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### Sustainability driven by business model innovation in European banks

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Digital business model innovation within the banking sector is critical in light of the rapidly-evolving environment where important shifts in consumer demand and fierce competitive pressure from new entrants prevail. Banks' innovative efforts derive in greater transparency and access to banking services which empowers clients and fulfills stakeholders' needs. Besides, banks' Corporate Social Responsibility (CSR) initiatives constitute a strategy to differentiate products from competitors and build reputation. This article investigates the complementarities between innovation and CSR, and in particular how technological innovations and business model innovations through digitization improve banks' CSR. We analyze a sample of European banks listed in the Dow Jones Sustainability Index (DJSI) Europe for the period 2008-2014. Our results suggest that banks' digitization enabled by business model innovations results in enhanced CSR, whereas innovations that do not transform the core business, such as technological innovative processes, do not derive in better CSR. In addition, we suggest several variables that moderate the relationship between innovation and CSR.

## 12.5.2 - Strategic alliances

### Track: Knowledge Management and Innovation

Session chair: Timothy M. Devinney

Time: Friday, 15/Dec/2017: 5:15 pm - 6:45 pm

Room: BL 27.16

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### International Strategic Alliances and Host Country Partner Diversification Decisions: A Knowledge-Based Approach

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We use a knowledge-based approach to develop a conceptual model that explains how a host country partner in a strategic alliance learns from a foreign MNE and how this learning will impact the host country partner's subsequent diversification decisions. The analysis shows how absorptive capacity of the knowledge seeker (i.e., host country partner) and disseminative capacity of the knowledge holder (i.e., foreign MNE) will affect the type of organizational learning needed to underpin diversification decisions. We argue that the strength of the relationship between absorptive capacity and disseminative capacity on the one hand, and organizational learning for diversification on the other, will be impacted by the nature of foreign MNE's knowledge, its commitment to the alliance and the formal and informal communication mechanisms in use in the host country. Our analysis contributes to our understanding of diversification decisions and breaks new ground by examining the role that international strategic alliances play in this process. We discuss theoretical and managerial implications of our model.

### Strategic Alliances: Identifying Recent Emerging Sub-Fields of Research

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The rate of alliance formation has increased significantly during the last decades. In this paper, a bibliographic coupling analysis was implemented to identify the emerging clusters in the field of strategic alliances among authors sharing the same bibliography, and working on a similar path research. Unlike the co-citation analysis, which is backward looking, bibliographic coupling is considered forward looking. Our analysis confirms that strategic alliances are a complex and articulated field of study. Six main clusters were identified with the highest degree of centrality: 1. strategic alliance internationalisation, 2. trust and cooperation, 3. impact of alliances on firms' innovative performance, 4. impact on knowledge creation and appropriation, 5. analysis of the bi-univocal relationship between network structure and alliance performance, and 6. impact of the different types of governance on alliances evolution and innovative performance.

### How Can Chinese Firms Become Radical Innovators: The Role of International Collaboration

X. Fu<sup>1</sup>, H. Lin<sup>2</sup>, H. Xiong<sup>3</sup>

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This paper examines the role of international innovation collaboration in the process of radical innovation in China. The launch of radical innovation requires an extension of both the depth and breadth of knowledge. This paper investigates the patterns of international and domestic innovation collaboration in 819 Chinese firms over the 2006-2008 period. It finds that collaborations with foreign partners have made a significant positive impact on the creation of novel innovation in Chinese firms. The types of international collaborators, the technology distances, as well as the internal R&D ability, do matter with the international cooperation performance. Besides, the supplementary qualitative evidence from Huawei's in-depth case study, a Chinese radical innovator in ICT industry, suggests that radical innovation is internationally collaborative and it requires an open mind and path-breaking strategy for latecomers during the transition from imitative innovation to novel innovation.

### Rent seeking behavior in strategic alliances: Examining the role of knowledge transfer as informal control mechanism in High Technology Alliances of ST-Ericsson and ST-Nokia

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This study focuses on the knowledge transfer rent seeking behavior of MNCs and aims to analyze how MNCs safeguard the alliance by utilizing knowledge transfer as an informal control mechanism. Therefore, this study underlines that as contracts are inherently incomplete, alliance relationships require to maintain mutual dependence based on control mechanisms in addition to a contract.

The results of the study, firstly highlight mutual dependence through inter-firm knowledge sharing in incomplete contracts. Secondly it confirms the knowledge transfer rent seeking behavior of the partner firms when the strategic motive is to transfer knowledge with the objective of creating synergy and mutual dependence, and, lastly, the findings establish knowledge transfer as a control mechanism in an alliance. One of the key limitations, which could also be the strength of the study, is its pure exploratory nature.

The new research that shall focus on understanding the conditions and situation in various industries where knowledge transfer could may act as inter-firm control mechanism between the alliance firms. Further, our study did not consider the resource-seeking and power-seeking strategic motives of knowledge transfer and its role as inter-firm control.

### External and internal networking and innovation performance of foreign subsidiaries in Colombian manufacturing sectors

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The interdependence among different knowledge sources contributes to explain subsidiary's innovation capacities and to better assess the role of knowledge absorptive capacity on networking activities. Here we argue that subsidiary's engagement in external and internal networks may be conditioned by its previously accumulated capabilities, as well as their innovation performance. The key aspect is that firms' cumulative absorptive capacities define a self-reinforcing process with networking. Empirical analysis is done using a panel data set of Colombian manufacturing firms. Our main findings reveal that although subsidiaries connected simultaneously to both external and intra-corporate networks have a better innovation performance, the types of knowledge sources affect differently: Linkages with external sources of knowledge have a superior impact on innovation performance than internal networks. Our results also demonstrate the existence of significant complementarities between the two types of knowledge sources and the larger the absorptive capacity of subsidiaries are, the greater is the likelihood of engagement in deep relationships with internal and external partners.

### **I2.5.3 - The local context in IB**

**Track: International Business and Economic Geography**

Session chair: Simona Iammarino

Time: Friday, 15/Dec/2017: 5:15 pm - 6:45 pm

Room: BL 27.15

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#### **Foreignness in the International Business Literature: A Systematic Review**

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This study reviews the diverse studies on foreignness that exist in the management discipline. Originating in Hymer's (1960) notion of foreign firms facing extra cost in cross-border operations, Zaheer (1995) conceptualised this as the 'liability of foreignness'. More recent studies consider that foreignness can be either an asset or a liability, and are considering the more fundamental aspects of foreignness. Given the rapid development of the literature and the proliferation of concepts and contexts for foreignness, this study conducts a systematic review of the international business literature on foreignness published from 1995 to 2017. Content analysis is applied to identify core concepts, antecedents, consequences and outcome of foreignness, and research gaps to be filled in future research.

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#### **Managing Natural Disaster Risk at the Subnational Level in China**

**C. H. Oh<sup>1</sup>, J. Oetzel<sup>2</sup>**

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We examine how foreign firms consider major discontinuous risk in subsequent investment decisions in a host country and whether different location portfolios can serve to mitigate investment risk. Our sample includes data on 437 Fortune Global 500 firms and their initial entry into Chinese provinces between 1955 and 2008. Using a conditional logit model of discrete time event history analysis, results show that geographic proximity to same MNC subsidiaries mitigates the negative effect of natural disasters on MNC entry into an affected province, while geographic proximity to other MNC subsidiaries does not. Thus the knowledge needed to respond to severe disasters appears to be highly context-specific and shared only between firms with a high degree of commonality and trust.

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#### **Global or Local Value Chains? Evidence from Japanese Manufacturing Investments in China**

**M. M. Zhang**

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This study investigates how foreign MNEs distribute their manufacturing investments in a large emerging economy with considerable subnational variations based on their needs of coordinating global chains and focusing on local development. Drawing upon the institution-based view of the firm, this study integrates literature of global value chains and subnational variation and suggests that while the quality of subnational market institutions negatively influences the allocation of manufacturing investments, their temporal improvement positively does so. Moreover, MNEs' coordination of global value chains and their focus on local development not only directly influence the allocation of their manufacturing investments at the country level, but also interact with subnational institutions to do so at the subnational level. Using data for Japanese investments in China between 1998 and 2010, this study provides empirical evidence that the spread of value-added activities in a large emerging economy should be considered at both the subnational and the global levels.

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#### **Connecting Local and Global Technological Knowledge Sourcing**

**S. Zaman, J. Cantwell**

*Rutgers University, United States of America; salma.zaman@rutgers.edu*

Through increasing globalization, cities are becoming progressively more connected with each other. To remain innovative, it is necessary for cities to combine non-local complementary sources of knowledge with local knowledge sources. We believe that an increase in non-local knowledge sources would enhance the local knowledge sources as well. Our study provides a detailed picture of how these knowledge sourcing trends have changed in the past 40 years across thirty three different locations. We believe that we will observe more changes in the recent years than in the earlier years. The cities included in our paper include a mix of developing and developed global cities. For our analysis, we use patents granted by the USPTO (for the years 1976 - 2016) as our primary data source. Backward patent citations from these granted patents are used to identify the location of inventors of prior knowledge sources, and the geography of knowledge building connections over time is assessed by using the inventor locations of cited (source) and citing (recipient) patents.

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#### **The country-of-origin clustering net effect on MNEs: Evidence from China**

**B. Urzelai<sup>1</sup>, F. Puig<sup>2</sup>**

*<sup>1</sup>University of the West of England, UK; <sup>2</sup>Universidad Valencia, Spain; Berrbizne2.Urzelai@uwe.ac.uk*

Studies on externalities are well established in the literature of Economic Geography and Strategic Management, but the phenomenon of country-of-origin cluster has aroused attention of International Business scholars in recent years. This type of geographical agglomeration

of foreign subsidiaries from the same nationality is a location mode that helps overcoming the liabilities of foreignness, especially for smaller firms (SMEs). External economies, as different from internal economies, are not dependent on the resources and organization of the individual businesses but of the collective action with other firms. They can adopt different forms (knowledge, costs, legitimacy, etc.), can be distributed in heterogeneous ways, and can provoke opportunist behaviours. As a result of this, doubts arise regarding their existence, and in any case, the net effect of country-of-origin clusters has not been researched. Besides, it is difficult to measure this phenomenon, so this research adopts the managers' views to do so. The objective of this paper is to analyze the perceptions of this effect in a sample of 24 managers from European SMEs subsidiaries located in China by comparing isolated and co-located firms. Evidence suggests that this effect is positive in the dimensions of networking and with mixed entry reasons in China.

## 12.5.4 - Contemporary topics in IHRM

### Track: International HRM and Cross Cultural Issues

Session chair: Ulrike Mayrhofer

Time: Friday, 15/Dec/2017: 5:15 pm - 6:45 pm

Room: BL 27.17

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### Garnering the benefits of diversity in global virtual teams: A propositional model of the diversity-performance relationship

K. Herbert<sup>1</sup>, A. Mockaitis<sup>2</sup>, C. Zhu<sup>2</sup>

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Global virtual teams (GVTs) operate across boundaries of organization, time and space. They have been widely employed by multinational organizations to leverage nationally and culturally dispersed knowledge and expertise. However, GVTs are challenged by the complexity of working in a dispersed global setting across multiple cultural contexts. This study investigates ways in which cultural diversity cannot just be managed in GVTs, but also affect positive team performance. We acknowledge that diversity poses challenges to GVTs but also that there are numerous benefits of diversity. We propose a conceptual model of the relationship between cultural diversity and GVT performance that builds upon diversity theory and includes additional factors that take into consideration team cultural intelligence and the communication context. We propose that these factors can help to mitigate potential negative effects of cultural diversity (social categorization) and also enhance the positive elaboration process for improved GVT performance.

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### Generational Differences at Work - An International Human Resource Management Perspective

M. Gunkel, F. Eberz

*Free University of Bozen-Bolzano, Italy; [marjaana.gunkel@unibz.it](mailto:marjaana.gunkel@unibz.it)*

The existing literature on generational differences in work attitudes has so far relied strongly on generational stereotypes as well as provided mixed empirical results. Instead of examining individual differences, we take an HR management approach and examine generational differences that managers have experienced in two European countries. In addition, we examine the HRM practices the organizations have implemented as a response to these differences. Our results show that especially when it comes to work-life balance, motivation, and careers, generational differences are apparent. However, the preference for teamwork does not seem to be influenced by generational differences. We also find that among other influences, especially national culture may also influence the differing preferences in work attitudes. We find that many companies have started to take measures to adapt to the varying needs of a multi-generational workforce; however, still lack concrete practices.

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### Protean Career Orientation of Generation Y: A Social Cognitive Career Theory Investigation

T. Hui Hui, W. C. Au, A. K. Pervaiz

*Monash University Malaysia, Malaysia; [hhteow27@gmail.com](mailto:hhteow27@gmail.com)*

Drawing upon Social Cognitive Career Theory (SCCT), this study aims to examine the impacts of contextual factor (parenting styles) and individual characteristics on protean career orientation (PCO) among Generation Y (Gen Yers) in Malaysia. Our results showed that authoritative parenting style related positively and significantly to the development of self-efficacy and whole-life perspectives among the Gen Yer workers in Malaysia. Subsequently, self-efficacy, whole-life perspective, and internal locus of control all shown to be associated positively with PCO. This study provides valuable insights on how contextual factor (parenting styles) interweave with individual characteristics in shaping PCO among Gen Yers in Malaysia. Essentially, this study helps to raise awareness on the importance of parenting styles (as contextual factor) in shaping Gen Yers' individual characteristics, thereby development of their career behavior.

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### How to get great employees? Make sure they can enjoy their leisure time

L. Gagliardi

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Non-pecuniary motives are important to skilled workers, which have been found to be particularly receptive to the set of incentives provided by the environment in which they work and live. This paper analyses the relevance of non-pecuniary incentives that affect the leisure rather than the work life sphere of the individual - i.e. amenities - and investigates how preferences over the set of amenities available in each location

drives the geographical sorting decision of skilled employees. Using records for more than 360.000 workers employed in private firms and a sharp research design to control for the competing hypothesis that individuals primarily reward the quantity and quality of jobs, we show that amenities matters for the location decision of skilled individuals as they are more likely to be sorted in places that offer liveable environments and opportunities for leisure and entertainment. We explore a number of challenges to our estimation approach, including the endogeneity of local amenities, differences in job accessibility and individual income, and heterogeneous preferences. We discuss our findings in the light of the implications for human capital management practices for firms that aim at attracting and retaining strategic human resources.

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### **Emotional expressions of employees within a cross cultural context and implications for IHRM: Evidence from the Tourism Field**

**P. Christou, A. Avloniti**

*University of Central Lancashire- Cyprus, Cyprus; aavloniti@uclan.ac.uk*

Cultures have strong norms governing the expression of their members' emotional states. That is, certain are willing, whereas others are reluctant to overtly display these. This however may lead to skepticism and even quarrelsomeness when opposing members come across contradicting to them, emotionally expressive or not, people. This study examined whether members of two contrasting cultural clusters, prefer emotionally expressive employees, within a field which promotes intense emotional interchanges. Significant gender and cultural differences are revealed, yet participants concur on the favoritism of a sincere smile, and expressions of politeness. Despite their differing cultural backgrounds, furthermore, customers do prefer expressive, rather than reserved employees, provided that they express genuine positive emotions in a non-exaggerating manner. This provides some useful insights feeding the area of cross-cultural communication, as well as managerial implications for international HRM.

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### **Push and pull factors of talent migration: A multilevel framework for addressing brain drain in emerging markets**

**L. Selivanovskikh, M. Latukha, A. Veselova**

*Saint Petersburg State University, Russian Federation; louis.selivanovskikh@gmail.com*

Due to the advancing globalization forces and new forms of international mobility, organizations and nations face the risk of talented people leaving of their free will to seek better career opportunities abroad, which makes the ability to attract, develop and retain high-potential workers on a global scale a top priority for both, firms and nation-states. This is particularly relevant for emerging market regions that because of demanding institutions, shifting regulations, and continuous fluctuations in the marketplace, experience an outflow, rather than inflow of talent. Therefore, our intent is to provide a context specific review of the brain gain, brain drain and brain circulation phenomena and identify the push and pull factors in talent migration focusing at the city, regional, country and global levels. We establish the key combinations of factors that would affect a talent's decision to either leave or return to his or her country of origin and suggest a multilevel theoretical framework that addresses brain drain circulation in emerging markets. Additionally, we discuss the importance of global talent management in managing talent flows and offer a number of research propositions relative to future research.

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### **The legitimacy of LGBT families with career**

**K. M. Puchmüller**

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LGBT families are more present in daily life than ever before. Further, increasingly more companies enact non-discrimination policies targeting sexual orientation. Nevertheless, in the field of IHRM, literature about LGBT families as well as career within this structure is scarce. The underlying paper targets this shortcoming by examining public discourse about LGBT families and their careers in the cultural and institutional contexts of Austria, France and the United States. The normative pillar of institutional theory is applied to evaluate the legitimacy of LGBT families. The empirical study analyzes 453 articles derived from nationally read newspapers between 2010 and 2014. Data has been analyzed using methods triangulation; in particular, a textual network analysis and a qualitative content analysis. Preliminary findings show that LGBT families might struggle with legitimacy due to contradictory norms within society. Legal adaptations and the consequent moral debates are mostly included in public discourse. Career, however, is hardly present in public discourse.

## **I2.5.5 - Consumer behaviour and brand management**

### **Track: International Marketing**

Session chair: Susan Mudambi

Time: Friday, 15/Dec/2017: 5:15 pm - 6:45 pm

Room: BL 27.18

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### **Toward a 'MASSTIGE' theory and strategy for global brand management**

**J. Paul**

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The term "Masstige" stands for mass prestige. Masstige marketing is a strategic phenomenon with the goal of global market penetration and brand management. We contribute towards the development of masstige marketing theory based on a new conceptual framework - focused on product, promotion and place strategies. Besides, as part of the effort to contribute to the theory development with empirical evidence, we assess and contrast the effectiveness of marketing strategy of foreign and domestic corporate car brands in the United States using Masstige Mean Index (MMI). It was found that brands can create higher mass prestige value in a foreign country if they follow masstige marketing strategy. The study shows how MMI may facilitate masstige score estimates, allowing comparisons and aiding brands in devising strategies.

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### **Generation Y Consumers, Luxury Brands and Social Responsibility: What are the main motivations of Generation Y luxury consumers to engage in a socially responsible consumption behaviour?**

**C. Braga da Cunha<sup>1</sup>, P. Duarte<sup>2</sup>, S. Costa e Silva<sup>3</sup>**

*<sup>1</sup>University of Minho, Portugal; <sup>2</sup>University of Beira Interior, Portugal; <sup>3</sup>Católica Porto Business School, Portugal; claudiafbcunha@gmail.com*

The fast-growing segment of younger luxury consumers, the generational size, and their spending power transform the Generation Y cohort in an appealing group for luxury brand managers, as well as academics in the fields of Consumer Behaviour, International Business, and International Marketing. Millennials' increasing demand for socially responsible products has led some luxury brands to focus a considerable part of their efforts on the development and promotion of socially responsible initiatives. The present study was conducted to explore the relationship between the purchase of luxury brands and the socially responsible consumption behaviour of the Generation Y segment from the consumer behaviour perspective. Based on the literature and the different perspectives of distinct researchers, the authors developed seven distinct propositions and designed a conceptual model which showed that Millennials' luxury socially responsible purchase conduct is mainly driven by six variables: signalling behaviour, status, the impact of brands' CSR activities on environmental and/or social issues, consumers' objectives and context of display, negative feelings, and brands' attributes. Hence, through the presentation of a framework, this paper tried to enhance scholars and practitioners' knowledge about luxury socially responsible consumers and the driving forces that propel Generation Y consumers to purchase luxury socially responsible brands.

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### **Drivers and Barriers of Cross-Border Online Shopping: A Cross-National Comparison between Germany and Romania**

**G. Wagner, H. Schramm-Klein, A.-M. Fota**

*University of Siegen, Germany; hsk@marketing.uni-siegen.de*

Cross-border online shopping describes the phenomenon of consumers conducting online purchases in foreign countries, instead of buying online in their home country market. While market data indicates globally increasing numbers of cross-border online purchases, little is known about the benefits that drive or the risks that impede consumers' intention for cross-border online shopping. Besides, it is unclear if the drivers and barriers are the same for consumers in different country markets, especially in advanced versus emerging markets. We develop and empirically test a cross-border online shopping model to investigate cross-border online shopping behavior in two European country markets. Our results show that consumers' cross-border online purchasing intentions are affected by perceived benefits and risks of cross-border online shopping as well as by cosmopolitanism. A negative effect of consumer ethnocentrism on the intention to make cross-border online purchases was found only in one country market.

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### **Decision-making Logic and Brand Orientation of International New Ventures: The Performance Consequences of Strategic Fit**

**S. Y. Kusi, P. Gabrielsson**

*University of Vaasa, Finland; syawkusi@yahoo.com*

Brand orientation has received a lot of attention over two decades. Yet our understanding into decision - making logic, that is, dealing with branding under uncertainty has not been topic of study focus. Moreover, this is especially important to international new ventures (INVs) that have international vision from inception or immediately thereafter but face resource constraints. Based on these type of special firms this study makes novel contribution to international branding and entrepreneurship literature by examining how effectuation (vs. causation) as two routes to decision-making logic affects brand orientation to understand how these firms can build their strategies on the core of a brand under uncertainty and achieve superior performance. Theoretical framework and hypotheses explain decision-making logic impact on brand orientation (i.e. values, norms, artefacts and behavior) and the need to co-align with contextual factors (i.e. entrepreneurial orientation and cultural distance) to attain superior brand performance.

### **An Exploration of Brand Biographies in India**

**J. D. Branch, S. Nath**

*Ross School of Business, University of Michigan, USA; jdbranch@umich.edu*

A brand biography, not unlike a human biography, chronicles a brand's emergence, its experiences, and its evolution. We speculated that brand biographies might be influenced by culture. To test this speculation, we explored the brand biographies of fifty companies in India, across a variety of industries, using a grounded theory approach. We identified six brand biography patterns, which seemingly reflect three core cultural values of Indian society.

### **12.5.6 - Modes and challenges of SME internationalization**

#### **Track: SMEs and International Entrepreneurship**

Session chair: Romeo V. Turcan

Time: Friday, 15/Dec/2017: 5:15 pm - 6:45 pm

Room: BL 27.12

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#### **Internet marketing challenges of South African SMEs**

**L. van Scheers**

*University of South Africa, South Africa; prof.louisevsc@gmail.com*

The research intends to establish Internet marketing challenges of South African SMEs. The benefits of Internet marketing seem to be ignored by most SMEs and prevent them market their businesses effectively. The research design chosen for this research was descriptive research in conjunction with a quantitative approach. The sample for the study encompassed of 500 SME owners who currently manage small businesses in South Africa.

The results confirmed that SME owners consider "Unauthorised access to sensitive or proprietary information, and limited verification of authorship of messages" as the largest challenge to use Internet marketing. Lack of resources and high start-up costs were indicated that they also experience challenges with funding Internet marketing. Most SME owners are still not convinced that Internet adoption could result in lower operational costs. Inadequate access to technologies; ineffective selling techniques; and limited market research; lack of management support and encouragement; references time and Internet costs were challenges mentioned. The conducted research would recommend display networks, email marketing and social media as marketing tools.

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#### **Banks and Internationalizing SMEs: Friends or Foes?**

**R. Baldegger, P. Schueffel, N. Tuchschnid**

*HEG Fribourg, Switzerland; patrick@schueffel.de*

This paper studies the impact of banks in the internationalization activities of their small and medium sized corporate clients. The study first suggests a conceptual model on the effects of the involvement of a bank in the internationalization process of small and medium sized enterprises (SME) and subsequently examines this model empirically. We argue that high levels of bank involvement produce benefits to the internationalizing SME as those financial institutions may serve as facilitators in the internationalization process. We therefore suggest that SMEs which collaborate closely with their banks in the course of their internationalization endeavors expand not only to a broader set of countries but also faster. The empirical analysis of internationalizing Swiss SMEs supports this conception: SMEs that closely cooperate with banks internationalize more successfully than their corporate peers which do not involve with banks when venturing abroad. In addition, we could observe that engaging banks has a positive effect not only on the levels of entrepreneurial orientation of internationalizing SMEs but also on their opportunity recognition capabilities. The article contributes to the body of knowledge in international entrepreneurship, especially by offering novel antecedents to the internationalization success of SMEs.

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#### **Global Mindset and Export Channel Choice of Chinese SMEs**

**G. Nakos<sup>1</sup>, K. Brouthers<sup>2</sup>, I. Kalinic<sup>3</sup>**

*<sup>1</sup>Clayton State University, United States of America; <sup>2</sup>King's College London; <sup>3</sup>Leeds University Business School; georgenakos@clayton.edu*

This paper examines the impact of global mindset on the export channel choice of Chinese SMEs. In addition, the moderating impact of a target market's formal and informal corruption was investigated. This study makes a significant contribution by showing that global mindset can be influenced by the presence of corruption in a country. Data from 245 Chinese SMEs were examined to test the hypotheses of the study. The findings show that global mindset impacts significantly the export choice of SMEs while the formal corruption environment of a country moderates this relationship. However, the informal corruption environment was not found to significantly moderate the global mindset and export mode choice relationship.

### **The role of distance in family SMEs' foreign ownership mode choice: the moderating role of family control**

**B. Del Bosco<sup>1</sup>, C. Bettinelli<sup>2</sup>**

<sup>1</sup>University of Milano-Bicocca, Italy; <sup>2</sup>University of Bergamo, Italy; [barbara.delbosco@unimib.it](mailto:barbara.delbosco@unimib.it)

In this paper we study how family Small Medium Enterprises (SMEs) control their investments abroad: through full ownership (wholly owned subsidiary - WOS) or sharing the ownership with other partners (joint venture - JV). In particular, we focus on the role played by family control (CEO or/and Chairman of the Board belonging to the owning family) and by three dimensions of distance (cultural, geographic, and institutional) in explaining choices regarding the way the firm controls its foreign investments. We analyze 1,478 foreign subsidiaries owned by 701 family SMEs and find evidence that cultural, geographic, and institutional distance are related in different ways to the likelihood of choosing WOS versus JV. Moreover, family control affects the relationship between distance and foreign ownership mode.

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### **The limiting, not limited, resources of new and small internationalizing firms**

**L. Humphries**

*Aalto University, Finland; [Lucas.Humphries@aalto.fi](mailto:Lucas.Humphries@aalto.fi)*

This paper problematizes a basic but core assumption of firm limited resources in the international entrepreneurship and small international firm literatures. While it may be true that compared with larger multinationals, small international firms are resource poor, this doesn't tell the whole story. The ways in which the limited resources differ between firms, why they differ, and how they are developed or overcome is often overlooked or taken for granted. In this paper, the concept of limited resources is 'reconstructed' through a literature review and field observations into a more dynamic and contextualized concept of limiting resource. While on the surface, it may appear subtle, substantial difference exist that open up new research directions and questions.

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### **The Influence of External and Internal Factors on Socially Responsible Behaviour in SMEs**

**A. Wollenberg<sup>1</sup>, H. Liang<sup>2</sup>**

<sup>1</sup>St. George's University, Grenada, West Indies; <sup>2</sup>Curtin University, Singapore; [awollenb@yahoo.com](mailto:awollenb@yahoo.com)

Previous literature proves that different factors play particular but impactful roles on firms' CSR engagement. However, literature has seldom investigated the responsiveness of firms under the context of different influences. The purpose of this research is to investigate the influence of external factors and internal factors on firms' CSR engagement from the perspective of companies in Singapore. The study finds that interest in CSR is motivated by government regulation. Limited access to resources is not a constraint factor for small firms to engage in CSR.

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### **The Effect of Same-industry and Cross-industry Agglomeration on Exporting of Small and Medium Sized Enterprises**

**J. Chung, H. Cho**

*Korea University Business School, Republic of Korea; [jhochung@korea.ac.kr](mailto:jhochung@korea.ac.kr)*

This paper explores the effect of different types of agglomeration economies on SMEs' exporting decision. Empirical analysis on Chinese SMEs shows that same-industry agglomeration supports SMEs to start exporting, while cross-industry agglomeration has negative effect on the exporting decision. These results suggest that positive externalities argued in agglomeration literature are only applicable to same-industry agglomeration in SME context. We further analyze moderating effect of coastal location and firm type. While coastal location of agglomeration intensifies the effect of both same- and cross-industry agglomeration on exporting decision, modernized firm type only positively moderates the effect of same-industry agglomeration on exporting decision.

## **P2.5.1 - Location, collocation and innovation across national borders: connecting the International Business, Economic Geography and Innovation communities**

**Track: International Business and Economic Geography**

Time: Friday, 15/Dec/2017: 5:15 pm - 6:45 pm

Room: BL 27.01

CHAIR: **Grazia D. Santangelo**, University of Catania, [grsanta@unict.it](mailto:grsanta@unict.it)

**PANELLISTS:**

**Johan Lindeque**, FHNW School of Business

**Rajneesh Narula**, Henley Business School

**Andrea Martínez Noya**, University of Oviedo

**Sinéad Monaghan**, Rutgers Business School

**Ram Mudambi**, Fox School of Business, Temple University

Saturday, December 16<sup>th</sup>, 2017**C3.1.1 - The role of intra - and interfirm network relationships in knowledge management and innovation****Track: Knowledge Management and Innovation**

Session chair: Ulf Andersson

Time: Saturday, 16/Dec/2017: 9:00 am - 10:30 am

Room: BL 27.04

**Intra-firm network diversity and technological novelty in multinational firms' R&D units****F. De Michiel***KU Leuven, Belgium; federico.demichiel@kuleuven.be*

Technological novelty tends to stem from inventions that integrate knowledge from multiple fields in previously unexplored ways. A multinational firm's R&D unit can generate novel inventions by leveraging the firm's internal network as they access and recombine expertise possessed by other R&D units of the firm operating in different environments. I examine whether there is support for this conjecture by exploring the determinants of novelty in the R&D units of 168 R&D intensive firms. The results show that the geographic spread of intra-firm connections established by each R&D unit and the degree of technological distance between them have an inverted-U shaped relationships with novelty performance. I also trace down the knowledge fields involved in each novel innovation and I link them to the technological specializations found in the unit's local region and the connected intra-firm R&D units in other regions. Descriptive and econometric evidence supports the idea that R&D units do source and recombine in novel ways knowledge from their local environment and their intra-firm network, although technological diversity in the local environment plays an important role as well.

**Multinationals and R&D cooperation: empirical evidence from the Italian R&D survey****C. Cozza<sup>1</sup>, G. Perani<sup>2</sup>, A. Zanfei<sup>3</sup>***<sup>1</sup>Area Science Park, Italy; <sup>2</sup>Eurostat, Luxembourg; <sup>3</sup>University of Urbino, Italy; antonello.zanfei@uniurb.it*

Using data on R&D performers active in Italy, we explore the effects of multinationality on the propensity to R&D cooperation. A fundamental departure from previous empirical literature is that we do not consider only subsidiaries of foreign MNEs but also domestic owned MNEs active in the country. First, the whole subset of firms active in Italy represented by both foreign and domestic multinationals exhibits the highest propensity to cooperation. Second, foreign MNEs are better at cooperating with foreign partners, but it is domestic owned MNEs that exhibit the highest propensity to collaborate with local firms. By contrast, foreign MNEs have much the same propensity to enter local R&D cooperation as non-MNEs. This might reveal that multinationality advantages of foreign MNEs, superior technology and economies of common governance, are more than compensated by their "liabilities of foreignness" (extra-costs and risks of dealing with a relatively unfamiliar context). Third, when considering international R&D cooperation, foreign MNEs exhibit the highest premium, while domestic MNEs appear to have lower propensity to collaborate abroad. Our results for Italy show that it is not foreignness but the specific combination of advantages and disadvantages of multinationality that explain R&D cooperation with both local and international partners.

**Knowledge management in subsidiaries and MNC performance. The mediating effect of the relational context****E. Claver-Cortes, P. Zaragoza-Saez, M. Úbeda-Garcia, B. Marco-Lajara, F. Garcia-Lillo***University of Alicante, Spain; patrocino.zaragoza@ua.es*

Based on the knowledge-based theories of the MNC this research develops and tests a holistic model to analyse the relationship between the strategic knowledge management processes undertaken by subsidiaries and MNC performance. Additionally, it focuses on determining the impact that the relational context can have on knowledge creation and transfer inside the internal network of an MNC. After a thorough review of the literature, four hypotheses were formulated and a variance-based structural equation modelling (PLS) served to test them on a population of Spanish subsidiaries of foreign MNCs. Findings confirmed that: (1) the implementation of a strategic knowledge management by a subsidiary positively impacts on subsidiary's knowledge creation; (2) the knowledge created by a subsidiary positively influences knowledge transfer, increasing the knowledge existing in the MNC; (3) the knowledge transfer across all MNC units has a positive impact on MNC performance; (4) the subsidiary's relational context arises as a mediating variable between the knowledge created by a subsidiary and its transfer to the rest of the MNC. Several theoretical and practical contributions are made with this research.

**Radical process innovation and the benefits of depth of relationships with international versus domestic partners****O. Aliasghar, E. Rose, S. Chetty***University of Otago, New Zealand; omid.aliasghar@postgrad.otago.ac.nz*

Building on key aspects of the literatures pertaining to search strategies and innovation, we analyze the impacts of knowledge search depth, considering both foreign and domestic partners, on radical process innovation, using in-depth data from 171 Iranian auto component suppliers. Radical process innovation is important, especially for firms operating in competitive and mature industries, and pressures pertaining to cost

and innovation lead managers to seek new ways to develop their productivity with respect to operational processes. However, there is a lack of evidence about how sanctioned firms can search for knowledge to develop radical process innovation, along with the impact of competitive intensity. Surprisingly, we find that only external search depth associated with foreign partners is positively related to radical process innovation. It shows Iranian suppliers have found ways to continue their collaboration with foreign firms even under international sanctions and restrictions. Interestingly, high competitive intensity escalates the positive effect of search depth from foreign partners.

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### **Reverse knowledge transfer in emerging-market multinationals: the role of headquarters and political embeddedness**

C. Su<sup>1</sup>, U. Holm<sup>1</sup>, O. Martin Martin<sup>2</sup>

<sup>1</sup>*Uppsala University, Sweden*; <sup>2</sup>*the Public University of Navarre, Spain*; *cong.su@fek.uu.se*

It is well recognized that transferring and leveraging knowledge from subsidiaries is of critical importance for emerging-market multinational enterprises (EMNEs) to achieve their catch-up strategies. However, our knowledge on reverse knowledge transfer in EMNEs is scarce. Acknowledging the importance of home-country political embeddedness of EMNEs, as distinct from multinationals from advanced markets, this paper focuses on the impact of political embeddedness on reverse knowledge transfer in EMNEs. Specifically, given the importance of headquarters' managerial role in knowledge transfer, we examine the relationship between political embeddedness of EMNE headquarters and its entrepreneurial and administrative roles, and between these two roles and reverse knowledge transfer. Data collected from 99 Chinese multinationals and their 177 foreign-owned subsidiaries are used to test the hypotheses. The results indicate that headquarters' political embeddedness has a negative impact on knowledge transfer from subsidiaries to headquarters in EMNEs by negatively shaping headquarters' entrepreneurial role. Our results also show that headquarters' administrative role negatively influences reverse knowledge transfer, although it is not significantly related to headquarters' political embeddedness. Our study contributes to the research on MNE embeddedness and knowledge integration as well as the literature on headquarters' role and parenting advantage in the contemporary context of EMNEs.

### **C3.1.2 - Internal and external governance in multinational companies**

**Track: International Finance, Accounting and Corporate Governance**

Session chair: Igor Filatotchev

Time: Saturday, 16/Dec/2017: 9:00 am - 10:30 am

Room: BL 27.02

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### **From nexus of contracts to nexus of institutions: the determinants of Anglo-American corporate governance migration into emerging market firms**

B. Hearn<sup>1</sup>, L. Oxelheim<sup>2</sup>, T. Randøy<sup>2</sup>

<sup>1</sup>*University of Sussex*; <sup>2</sup>*University of Agder, Norway*; *trond.randoy@uia.no*

This study addresses migration of Anglo-American corporate governance practices into emerging market firms. By drawing on the institutional logics perspective, we consider the emerging market firm as a nexus of institutional relationships embedded in the indigenous context. Using a dataset of 190 IPOs in 22 African countries between 2000 and 2016, we find the relationship between the existence of various indigenous block ownership groups and emerging market firms' adherence to Anglo-American corporate governance to be significantly moderated by country-level institutional quality and indigenous tribalism. By applying institutional logics we find support for criticism of a one-hat-fits-all model of corporate governance.

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### **The Contextual Impact of Internal Capital Markets on MNE Performance**

M. Weiss<sup>1</sup>, J. Müllner<sup>2</sup>, A. König<sup>3</sup>

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We take a novel perspective to explain the inconclusive findings regarding the effects of internal capital markets (ICMs) on MNE performance. We suggest that distances in the economic and financial context between the markets in which a firm operates negatively affects the performance effects of ICM activity. Furthermore, we argue that the institutional conditions in the firm's home country, in particular the domestic landing rate and the domestic market growth, influence the financial consequences of ICM activity. We find support for our propositions when testing them on a sample of 468 companies from 18 countries between 1991 and 2008. Our study contributes to emerging research at the nexus of IB and finance, particularly by providing an institutional explanation for varying ICM- performance effects.

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### **Factoring and the Liability of Foreignness of MNEs in Emerging Markets**

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The liability of Foreignness (LOF) literature has argued that foreign firms tend to be at a disadvantage relative to local firms. We hypothesize that this LOF should manifest itself when foreign firms extend credit to local customers, as they have less information on their customers than domestic firms and would expect more difficulties in collecting debt. Hence foreign firms should make greater use of factoring, under which receivables are sold for cash at a discount to specialist firms, thus eliminating the risk of managing receivables. We hypothesize that foreign

firms will make greater use of factoring than local firms, and that their use of factoring should vary with the psychic distance from their home base to the foreign market. We look at 181 domestic and foreign firms in Brazil. We find that there is indeed a LOF in factoring decisions: in spite of its high cost, foreign firms are more likely to use factoring than local firms. The greater the psychic distance between Brazil and the foreign firm's home country, the greater the use of factoring. Lastly, foreign firms with Brazilian experience are less likely to use factoring.

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### Finance and intangible assets in foreign subsidiaries of multinational enterprises

Q. Nguyen

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We examine the relationship between the role of cash holdings and intangible assets (e.g. patented technology, trademarks, copyrights, etc.) in foreign subsidiaries of multinational enterprises (MNEs). We draw upon insights of new internalization theory in the international business (IB) literature, the pecking order theory in the finance literature, and the international accounting standard IAS38- Intangible assets to develop our hypothesis. We theorize, empirically test and provide new evidence that cash holdings (liquid assets) are a critical resource to finance intangible assets. We empirically test our hypothesis using a new original dataset of foreign subsidiaries of U.S. MNEs in Europe. We find that subsidiaries strategically use cash holdings to fund the self-creation and/or purchases of intangible assets, which are important sources of international competitiveness of MNEs and foreign subsidiaries. This reflects innovative financing strategy for innovation activities at the subsidiary level, which is an important subsidiary-specific advantage. Our findings provide strategic implications for subsidiary managers and policy makers.

### C3.1.3 - The impact of home and host country political regimes on MNE investment and subsidiary performance

Track: MNEs, Institutions and Policy

Session chair: Miguel Torres

Time: Saturday, 16/Dec/2017: 9:00 am - 10:30 am

Room: BL 27.03

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### Home-government lobbying and international diversification: Evidence from U.S. retail MNEs

G. Batsakis<sup>1</sup>, P. Konara<sup>2</sup>, V. Shirodkar<sup>3</sup>

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The importance of firms' political capabilities in international business has been gaining recent scholarly attention. In this paper, we combine resource-based views with transaction cost logic to argue that firms' political capabilities (gained via lobbying at home) form an important part of their firm-specific advantages in facilitating international diversification. Based on a large panel dataset consisting of 41 U.S. retail MNEs, we find that lobbying positively influences their international diversification. We also find that this relationship is positively moderated by firms' product diversification and is negatively moderated by firms' international experience. Our study contributes to a greater understanding of the benefits of firms' home-based political capabilities on their international market-seeking ventures.

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### Influence of host country institutions on subsidiary performance

B. M. Truong<sup>1</sup>, H. T. Dam<sup>2</sup>

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This study investigates how the performance of foreign subsidiaries is influenced by the institutional environment of their host countries. Using a sample of 804 German-owned subsidiaries operating in 52 developed and developing markets from 2011 to 2014, we examine the impact of regulatory institutions, namely voice and accountability, political stability, government effectiveness, regulatory quality, rule of law, and control of corruption in the host countries on subsidiary performance. Our results indicate that political stability and control of corruption enhance subsidiary performance, while voice and accountability undermines it. These findings provide important practical implications for managers and policymakers.

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### Power transitions in the host country and the survival of subsidiaries in infrastructure industries

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We argue that, for firms competing in infrastructure industries, a change in the government that granted the permission to invest in the host country increases the likelihood of divestiture of foreign subsidiaries. The logic surrounding this behavior lies in the fact that these firms may develop cooperative relationships with the granting government. A power transition depreciates the relational capital accumulated and the effectiveness of the commitments achieved. Building on the relational view of corporate political actions and the literature on relational governance, we argue that this effect increases with the host country governmental discretion and with the investment longevity. An empirical analysis of the survival of foreign investments made by Spanish firms from infrastructure industries during the period 1986-2008 provides support for our hypotheses.

### **MNEs' host-government lobbying and subsidiary performance: Boon or a bane?**

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Research on the subsidiary-performance implications of Multinational Enterprises' (MNEs) political embeddedness in host-countries is scarce, and has so far, provided mixed evidence. In this paper, we discuss MNEs' host-government lobbying as a form of embeddedness and explain its association to subsidiary-level performance. We also explicate the moderating effects of MNEs' experience, their frequency of lobbying and subsidiaries' technological intensity on this link. Upon analysing our panel dataset of 224 subsidiaries of foreign MNEs from 13 home-countries operating in the United States (U.S.) and spanning the 8 year period 2005-2013, we find that lobbying does not directly impact subsidiary-performance. However, we find that subsidiary performance is positively impacted by lobbying among MNEs with greater host-country experience and among MNEs who spend on lobbying frequently. We also find that technological intensity of subsidiaries negatively moderates the lobbying-performance relationship. Our study contributes to the literature on the outcomes of MNEs' political embeddedness in host countries, by highlighting the roles of MNEs' experiential learning and technological intensity in the host-country.

### **C3.1.4 - Language and careers Track: International HRM and Cross Cultural Issues**

Session chair: James Walker

Time: Saturday, 16/Dec/2017: 9:00 am - 10:30 am

Room: BL 27.14

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#### **Expatriated Dual-Career Couples: Hope and Disillusionment**

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The expatriation processes of dual-career couples are difficult due to the need for the career coordination of both partners. This paper uses the hope theory to explain the evolution of their goals and pathways. Twenty-eight semi-structured interviews were conducted with a rigorously selected, diverse set of international dual-careerists who completed a full cycle of expatriation. The findings indicate that dual-career spouses initially support the idea of family relocation to facilitate the expatriate's career goals, but later - after a lack of self-career realization - it is the spouse's career that drives goals for the repatriation. Future assignments would be accepted when both partners are offered employment. This paper increases the understanding of the evolution of goals of DCCs during the entire expatriation process and formulates suggestions for HRMs in MNCs on how to manage expatriation programs for dual-career couples.

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#### **Lack of a word in a cross-language study in Russia: methodological implications**

V. Outila, R. Piekkari, I. Mihailova

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In this paper we discuss how to conduct research on a phenomenon for which there is no equivalent word or associated meaning system in the language(s) of the empirical research site. We uncover this in the context of a study of employee empowerment in Russia. The lack of a word for 'empowerment' encouraged both the researcher and the interviewees to find alternative ways to make sense of and give sense to their views. The interviewees resorted to proverbs as a means to fill the discursive void, make sense of empowerment and render it locally meaningful. The researcher in turn engaged in flexible iteration between data and theory, openness and self-reflexivity. We argue that non-existent words open up possibilities to discuss and debate meanings and question taken-for-granted assumptions. Our study shows that a discursive void may be a window into novel theoretical insights and methodological innovation.

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#### **On the Role of Language in the Hiring Process**

C. Brighi<sup>1</sup>, E. Herzfeldt<sup>2</sup>

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A major feature of multinational corporations is not only to be culturally but linguistically diverse organizations that often apply a monolingual policy. Researchers have focused on the role of diversity in variety of organizational processes such as team projects and strategy formation. Limited attention, however, has been devoted to the role of language diversity in the personnel selection of multinational corporations (MNCs). By applying both linguistic and management theories, this paper proposes the possible influences of different aspect of language on the employment interview process of multinational enterprises. Both the perspective from the recruiter and the applicant are being considered.

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#### **Can MNEs still use the English as lingua franca for inter-cultural communication when the emotions are running high?**

Q. Wang<sup>1</sup>, P. Buckley<sup>2</sup>, J. Clegg<sup>2</sup>, H. Gajewska De Mattos<sup>2</sup>

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Adopting an interdisciplinary approach combining IB language-sensitive research and cultural psychology, this paper examines the antecedent, content and consequence of language-induced emotions on intercultural communication in MNE. Based on qualitative data collected from 57

face-to-face interviews over 9-month long field work, we find that both natives and non-native English-speaking MNE staff experience the feeling of anxiety under the English as lingua franca. As they proceed to address the language barrier, the felt anxiety develops into a cultural tendency towards specific emotions, and changes their intercultural communication behaviour in the way that is consistent with the appraisal theme of the triggered emotions. Our study extends the emerging study on micro-foundation of language barriers by explicating the emotional process of individual's reaction towards language standardization and provides a better explanation of when and how language difference matters.

### **Is international work experience associated with CFO compensation? Empirical evidence from the largest MNCs in Europe**

**S. Schmid, F. Altfeld**

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The CFO is increasingly considered the second most important executive in the firm after the CEO. Still, little is known about the factors that determine CFOs' compensation. Recently, it has often been claimed that, in MNCs, CFOs should have international work experience. But is a CFO's international work experience also reflected in his or her compensation? We combine human capital and social capital perspectives to account for both the upside and the downside of international work experience. We suggest that working abroad provides CFOs with valuable knowledge and skills which increase compensation; however, staying abroad for too long has an adverse effect due to losses in social network ties. We thus propose an inverted U-shaped relationship between CFOs' international work experience and their compensation. Furthermore, we suggest that this relationship is contingent on the characteristics of the CEO. In testing our hypotheses on a sample of the largest MNCs in Europe, we find support for the proposed relationships. Our study contributes to the literature on top management characteristics and executive compensation, specifically by providing a comprehensive understanding of how and when international work experience pays off for CFOs.

### **C3.1.5 - The dynamics of industrial location**

**Track: International Business and Economic Geography**

Session chair: Roberta Rabellotti

Time: Saturday, 16/Dec/2017: 9:00 am - 10:30 am

Room: BL 27.07

### **Asymmetric co-location of R&D and manufacturing: foreign MNEs location choice in Italy**

**K. Lavoratori<sup>1</sup>, S. Mariotti<sup>2</sup>, L. Piscitello<sup>2</sup>**

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This paper investigates the role of internal factors driving the location decision of new greenfield investments in manufacturing and R&D activity, made by foreign multinational enterprises (MNEs) in Italy, at a sub-national NUTS-3 level. The empirical analysis reveals the importance of internal factors on MNEs location decision, presenting an asymmetric effect: the intra-firm co-location with the complementary activity (manufacturing - R&D) is an attractive factor for the R&D location choices, but not for the manufacturing decisions. Furthermore, the internal factors present a strong spatial decay effect underlying that the benefits of intra-firm co-location, especially across-activity, arise and persist in a closer geographical proximity between units.

### **Foreign direct investment in subnational geographic locations**

**B. B. Nielsen<sup>1</sup>, C. Asmussen<sup>2</sup>, C. Weatherall<sup>3</sup>, D. Haakonsson<sup>4</sup>**

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This paper examines the factors determining the subnational geographic location of the investments of multinational enterprises (MNEs). We combine traditional industrial cluster mechanisms and global city attributes with internalization theory to build a conceptual framework of conditions under which foreign rather than domestic ownership confers more benefits than costs on an organizational unit. We test this framework on a dataset of more than 40,000 workplaces located across 93 municipalities in Denmark. Our study investigates the relationship between a number of micro-location characteristics and the probability of a workplace being foreign owned. The results show that while locational aspects of industrial clusters and global cities are systematically related to foreign ownership, some of these relationships are dependent on the type of activities the workplace carries out.

### **Role of uncertainty in individual and team decision-making during cross-border acquisition**

**S. Sniazhko**

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This paper argues that understanding individual managers' perception of uncertainty and the way these managers make up their minds into coalesced team thinking and decision-making models in uncertainty are important micro-foundations in enhancing our understanding of firm-level decision-making in IB literature. In the context of cross-border mergers and acquisitions, our knowledge about the role of integration managers in integration teams and their decision-making is limited, yet they can be key to effective post-acquisition integration. By the means of an in-depth qualitative case study consisting of interviews with integration managers, this paper identifies uncertainties that individual integration

managers prioritized while working on post-acquisition integration. The results of this paper also illustrate four different decision-making models that integration managers adopted to make their decisions under uncertainty at the team level. The findings further indicate context-based logic of how individual integration managers' uncertainty perception shapes integration team decision-making. Being consistent with the theoretical basis of related managerial decision-making literature, this paper illustrates that managers vary with respect to their perception of uncertain environment, and, if these variations are shared, it allows a team to recognize different aspects of a decision-making. The paper also extends this literature by observing from the empirical data that in order for the decision to be made, a team has to come to a certain shared consensus about the uncertainty. In cases when a shared consensus cannot be achieved, teams tend to follow integration managers coming from the buying MNC.

### **C3.1.6: Location drivers of Emerging Drivers Firms**

#### **Track: Emerging Markets**

Session chair: Filip De Beule

Time: Saturday, 16/Dec/2017: 9:00 am - 10:30 am

Room: BL 27.05

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#### **Policy risk, distance and private participation projects in Latin America**

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In this paper we investigate how differences in policy risk levels between the home and the host country affect private participation projects. Traditionally, distance has been associated to obstacles and challenges, adversely affecting investments. Yet, a recent stream of the literature has emphasized the potential positive effects of distance. Drawing on a sample of 3,971 projects from 1990 to 2013 in 21 Latin American host countries from 47 home countries, we find a strong positive effect for higher distance in absolute terms. However, our results also show that distance in nominal terms has no significant effect, pointing to a potential confounding effect between positive and negative distance.

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#### **Do Chinese MNEs Acquire Location-Bounded or Non-Location-Bounded Strategic Assets through FDI? A Comparative Analysis with Developed Market MNEs**

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Do Chinese (C)MNEs have a stronger strategic asset seeking (SAS) FDI intensity than developed market (D)MNEs? If so, what are the properties of the strategic assets they actually seek and are they similar or dissimilar to those of DMNEs? Drawing from new internalization theory, we show that lying concealed within mainstream EMNE models are important predictions regarding differences in the location-boundedness properties of the strategic assets sought by CMNEs and DMNEs. Using comparative firm-level cross-sectional data from acquirers and targets in 4,129 international M&A deals, we test for differences in CMNE/DMNE SAS intensity with regards to both location-bounded (i.e. patents) and non-location bounded strategic assets (i.e. trademarks) in target firms. We find evidence of increased SAS intensity in CMNEs vis a vis DMNEs for non-location bounded assets but no such relationship for location bounded assets. We argue that new internalization theory, somewhat overlooked as an approach for better understanding CMNE internationalization strategies, provides a valuable alternative lens as it sheds further light on the types of assets CMNEs may seek when internationalizing.

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#### **Comparative Advantages and Cross-border M&As: The Case of Chinese M&As in European Countries**

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The purpose of this study is to scrutinize the links between Chinese cross-border M&As and the export competitiveness of the industries in which investors are competing. Exports represent a firm's ability to compete in international markets according to its competitiveness (Wei et al., 2014; Laursen, 2016). We base our study on the revealed comparative advantages (RCA) of both Chinese exports and recipient countries' exports. We test our hypotheses on a sample composed of Chinese M&As realized in the 8 main recipient countries registered from 2006-2016 in Europe (Germany, the UK, France, Italy, the Netherlands, Spain, Sweden and Switzerland). Our sample covers 82.47% of all Chinese M&A in Europe over the 2006-2016 period, excluding the service industry. According to our results, it is important to distinguish the type of industries/goods involved in the analysis. With respect to low-cost products, Chinese acquiring firms compete in industries with a high domestic RCA, whereas European target firms compete in industries with a high domestic RCA. With respect to more sophisticated products, Chinese acquiring firms compete in industries with a low domestic RCA and European target firms compete in industries with a high domestic RCA.

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#### **Internationalization of LATAM firms: a systematic review and a 7-P framework**

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The purpose of this paper is to carry out a systematic review of literature on internationalization of Latin American firms and develop a generalized 7 P- theoretical framework of internationalization with testable propositions. Based on the review of past research on internationalization of Latin American firms, we develop P-framework describing the Potential, Path, Process, Pace, Pattern, Problems, and Performance for

internationalization of firms from similar geographical regions, cultures, or industries. We found that firms from developing countries, in particular, firms from Latin America face many challenges such as Cognitive Bias, Liability of foreignness and resource constraints while internationalizing their business operations. It was also found that most of the LATAM firms are regional, not global. We propose a P-framework to carry out analysis at firm/industry level while going international. Lastly, we conclude with recommendations on possible directions for future research.

### 13.1.1 - Organisational complexity in MNCs

#### Track: MNE Organization and Strategy

Session chair: Andreja Jaklič

Time: Saturday, 16/Dec/2017: 9:00 am - 10:30 am

Room: BL 27.13

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#### Legacy removal as a core dynamic capability for incumbent MNCs facing disruptive change

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Established MNCs that face not only strong competition but also disruptive change often die. One key factor is their inability to divest themselves of legacy resources. Kodak is a generic example of this. Despite, sensing, seizing and even some transformation it failed because of a failure to remove legacy resources. We view legacy removal as a significant managerial activity and as a critical dynamic capability. In the divestment process, it involves political skills in dealing with affected stakeholders. Employing a case study of the mobile telephony MNC, Telenor, we develop insights into managerial activities intended to ensure legacy removal. In its first period of legacy removal in the 1990s, Telenor was able to evolve from a state-owned domestic operation to an MNC. Digitalization and the need to become a digital services provider means that it is currently engaged in a second period of legacy removal. This second period is on-going research.

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#### How a Flexible Matrix Structure Supports Ambidexterity at the Macro Level of Large, Complex Organizations like MNCs

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It is difficult to make large, complex organizations like MNCs ambidextrous - to make them efficient so that they succeed in the short run and in sync with their changing environments so that they succeed and survive in the long run. The two types of learning activity that support ambidexterity, exploitation and exploration, are fundamentally different (March, 1991). The structural approach to creating organizational ambidexterity employs separate subunits for exploitation and exploration (O'Reilly and Tushman, 2011). We argue that this approach is not appropriate for creating ambidexterity at the macro level of large, complex organizations like MNCs, where high levels of product, geographic, and functional diversity exist. Firms facing this kind of complexity often attempt to deal with it by using a matrix structure. With this as the starting point, we argue that a more flexible form of matrix structure can facilitate the creation of ambidexterity at the macro level of such firms.

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#### Explaining the complexity of foreign operations: The role of managerial and governance characteristics

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Venturing abroad provide business opportunities for firms, but internationalization also increases the risks and difficulties of doing and profiting from business. The more opportunities that are pursued simultaneously, the higher the complexity, especially as firms simultaneously expand their geographical footprint and add new ways of operating internationally. Firms differ in their willingness and capacity to take on and manage such complexity. In this study, we examine the association between managerial and governance characteristics and the complexity of foreign operations. Specifically, we study how differences across firms regarding characteristics of their top management teams and CEOs as well as their governance attributes, explain firms' proclivity to take on different levels of internationalization complexity. Using unique data from the EFIGE survey, our results suggest that management and governance indeed matter for explaining the degree of complexity of firms' foreign operations.

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#### Can Internal Markets Address Coordination Problems in MNCs?

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When considering the coordination problems of MNCs, the deficiencies of firms with bureaucracies and hierarchical planning systems are well known. The most common responses are the use of more nonhierarchical network-like coordination and the use of internal markets. When applied to MNCs, much has been written about the former, but very little about the latter. This conceptual paper critically evaluates the potential of internal markets to replace hierarchical planning systems in MNCs. It evaluates both in terms of their coordination and motivation effects. It identifies a number of specific situations where internal markets appear to be potential substitutes for hierarchical coordination in MNCs, thereby widening the design options that are available to firms.

### **The growing anisotropy of the multinational corporation in the 'new normal' - challenges for corporate architecture**

**I. Gurkov**

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One of the major weaknesses of current studies on international management, especially on MNCs, is the presentation of a MNC as an isotropic space, in which capital, products, ideas, and talent move at the same speed and with the same conductivity in any direction. Most MNCs are composed of the core, the moving frontier, and the periphery. The core is the part of the corporation to which and from which the flows of capital, goods, ideas and talent move unobstructed in any direction. The moving frontier is the part of a corporation which easily absorbs the flows of value (capital, goods, ideas and talent) from the corporate centre and from other corporate units, but for which the unobstructed movement of value in the opposite directions (from the corporate unit to the corporate centre or to other corporate units) is not properly tested and proved. Corporate periphery is the part of the corporation from which the flows of capital, goods, ideas and talent to the corporate centre and other corporate units meet high objective and subjective barriers. The permanent existence of a significant number of peripheral subsidiaries poses several challenges for corporate architecture, especially subsidiary mandates and collective psychological contacts.

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### **Explicating country-of-origin effects: concept, mechanisms, moderating factors and future research areas**

**J. S. Zhu**

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This paper draws on country-of-origin effect research from both within and outside international business field to clarify the conceptualization, mechanisms and moderating factors of home country effect. It argues that the concepts of 'home country' and 'country-of-origin effect' needs to be treated with greater complexity, paying attention to variants of home country and country-of-origin effects. It also suggests that corporate control and managerial mindset as mechanisms of country-of-origin effect may be context dependent and the same applies to the directions of moderating factors of country-of-origin effect. Suggestions for future research are offered.

## **I3.1.2 - Drivers of internationalization of Emerging Market Firms**

### **Track: Emerging Markets**

Session chair: Simona Gentile-Lüdecke

Time: Saturday, 16/Dec/2017: 9:00 am - 10:30 am

Room: BL 27.15

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### **The internationalization process of a Brazilian multinational: Challenges and Opportunities**

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Multinational companies in emerging countries have been in the spotlight on global economy in recent years. Despite a number of studies aimed to understand the characteristics and the tracks covered by these companies during their internationalization process, there is lack of consensus, since they represent a very heterogeneous group. Thus, the present paper is aimed to describe, by using a single case study, the internationalization process of the only Brazilian company in the capital goods sector that survived the market opening and the crises caused by technological changes and an increase in the quality standard required in a sector of intense technology. The study enables to explain the competitive advantages deriving from the trajectory of the company, the learning and the resources developed, the steps of the process, the reasons that motivated the company's choices about how, where and why to internationalize, as well as how the findings are related to the literature. We conclude that the company did not follow a predictable path, guided by the challenges and market opportunities faced along the internationalization trajectory.

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### **Transition-based advantage: Central and Eastern European firms in Sub-Saharan Africa**

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In this paper we address the following question: what kind of advantages do companies from post-transitional economies of CEE discover or develop in least developed economies of Sub-Saharan Africa? We conduct a comparative case study of two Polish firms, guided by three streams of literature: emerging market MNCs, institutional distance and organizational legitimacy. We propose that for CEE firms entering Sub-Saharan Africa internationalization becomes a process of creation and discovery of opportunities to build local competitive advantage by leveraging 'transition-based' narrative and their initial set of (unfavorable) home-country and organizational conditions in such ways to develop pragmatic and moral legitimacy.

### How effective is the growth in volumes of international trade for service industries? An emerging country perspective

K. Nefedov<sup>1</sup>, A. Perenyi<sup>2</sup>, A. Panibratov<sup>1</sup>

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Global value chain (GVC) participation allows for analysing country-based contributions of particular industry sectors to global trade. Studies have focused on emerging multinationals from China, India and Brazil of the BRICS nations, but Russia has not been subjected to analysis despite Russian FDI stock having substantially increased from 3bn USD to 501bn USD during the past 20 years (UNCTAD, 2014). Investigating services firms, in particular, IT, telecommunication and financial services from Russia provides validation of prior theories and new insights into the development and internationalisation of Emerging Market Multinational (EMNE) value chains. We use the GVC participation index to assess the balance between long-term and short-term benefits of international trade for Russian companies. We observe that Russian service sector EMNEs rely mostly on their supplier role, and therefore opportunities exist for GVC upgrading in several sectors.

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### How Group level determinants shape internationalization of Business Groups: Turkish context

A. Ataay<sup>1</sup>, A. Coban Kayaci<sup>1,2</sup>

<sup>1</sup>Galatasaray University, Turkey; <sup>2</sup>Istanbul Medeniyet University, Turkey; [acoban1984@gmail.com](mailto:acoban1984@gmail.com)

Internationalization of emerging market firms is based on the view of lack of valuable resources and escaping from underdeveloped markets in general. However, firms in those markets have their own firm-specific resources that fit to their institutional contexts and can eliminate transaction costs that result from those contexts. BGs with their unique attributions would have a hybrid internationalization model like their forms in those markets. This study will try to propose a multi theoretical perspective which includes resource, transaction costs and institution based views for Turkish BGs context and uses group level determinants between 2004-2015 period when outward internationalization of them have accelerated

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### Migrant and diaspora investors- Four outward Chinese cases

M. Elo<sup>1</sup>, X. Zhang<sup>2</sup>

<sup>1</sup>Turku School of Economics, Finland; <sup>2</sup>University of International Business, Almaty, Kazakhstan; [Maria.elo@utu.fi](mailto:Maria.elo@utu.fi)

Countries have numerous strategies how to attract investment and investors as this is considered to be positive for the economic and business development. There is a vast research literature on international investment in terms of foreign direct investment (FDI), but very little literature addressing diaspora direct investment or investment by migrants investors despite their significant stake in the global investment landscape. In economic development, the hospitality and attractiveness of the country or region are considered as relevant aspects for contemplating investments. It is expected that the sentimental and ethnic ties influence investment behaviour towards the old 'homeland' despite the distance or the time spend abroad. Investments of migrants in host country context are linked to their entrepreneurial activities that are seen to represent economic adaptation, livelihood and necessity entrepreneurship. The role of non-native investors who are more transnational, who circulate across contexts and opportunity structures, remains under-explored. This paper focuses on one particular context and explores how Chinese diasporic people decide to invest in a particular place, particularly when this is not a global financial centre or represents a kind of periphery. What has motivated this investment and what has been the role of country-region level hospitality in this process?

### I3.1.3 - MNE subsidiary entrepreneurship, flexibility and influence

Track: MNE Subsidiary Strategy, and Inter-Firm and Intra-Firm Business Networks

Session chair: Hans Hendrischke

Time: Saturday, 16/Dec/2017: 9:00 am - 10:30 am

Room: BL 27.17

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### The Role of Reverse Knowledge Transfer in Multinational Companies: Evidence from Swiss Manufacturing Industry

L. Ben Hamida

HES-SO// University of Applied Sciences Western Switzerland, Switzerland; [lamia.benhamida@he-arc.ch](mailto:lamia.benhamida@he-arc.ch)

This study demonstrates how reverse knowledge transfer (RKT) explains inter-firm variations in productivity performance of multinational companies (MNCs) investing in foreign R&D. More specifically, it investigates the factors that influence the extent to which knowledge transfer from foreign units to parent companies (RKT) enhances the productivity performance of the MNC at home. Based on interviews and regression analyses using detailed firm data from Swiss manufacturing, we found evidence that (a) well integrated foreign units in the whole company through close management cooperation with their parent companies contribute in enhancing RKT process. (b) The effect of RKT is higher when parent companies have high technological capacities.

### Developing organizational flexibility in a multinational enterprise: the key to combining global integration and local responsiveness

B. Grøgaard<sup>1</sup>, H. Colman<sup>1</sup>, I. Stensaker<sup>2</sup>

<sup>1</sup>BI Norwegian Business School, Norway; <sup>2</sup>NHH Norwegian School of Economics; [birgitte.grogaard@bi.no](mailto:birgitte.grogaard@bi.no)

A main challenge for Multinational Enterprises (MNEs) is balancing the pressures of global integration and local responsiveness. Extant literature has increasingly acknowledged that the strategies that MNEs pursue are neither entirely geared towards achieving integration nor local responsiveness, and open up for a differentiated management of subsidiaries. However, empirical examinations of the way in which firms balance the needs for local integration and global responsiveness is scarce. Through a qualitative, longitudinal case study, we explore how an MNE successfully manages these pressures over two decades. We identify both organizational impediments to integration and three key recombination capabilities that enable organizational flexibility needed to achieve sufficient integration, while preserving the required autonomy of the subsidiaries. Our study contributes theoretically to the advancement of our understanding of international strategy implementation in MNEs, by conceptualizing integration and local responsiveness as complimentary, rather than irreconcilable strategies. Furthermore, our findings have consequences for managers of MNEs struggling with the dual pressures of integration and local responsiveness.

### What determines subsidiary entrepreneurial alertness to recognise opportunities?

J. Dann<sup>1</sup>, E. Tippmann<sup>2</sup>, P. Sharkey Scott<sup>3</sup>

<sup>1</sup>Dublin Institute of Technology, Ireland; <sup>2</sup>University College Dublin; <sup>3</sup>National College of Ireland Maynooth; [jennifer.dann@dit.ie](mailto:jennifer.dann@dit.ie)

The paper argues that subsidiary recognition of opportunities stresses that the subsidiary is alert to these opportunities. First introduced by Kirzner (1979) in the context of individual, entrepreneurial alertness (EA) is the ability to notice an opportunity without searching. Entrepreneurial alertness enables a selection of opportunities with the most potential to be pursued with the available resources, driving the entrepreneurial process (Valliere, 2013). Platforming on Kirzner's original definition, Tang et al (2012) identify three distinct activities within entrepreneurial alertness: scanning and searching (identifying opportunities unseen by others due to their awareness gaps), association and connection of information and evaluation and judgement to interpret or anticipate future viability of opportunities. We draw on this approach and propose that similarly to individual firms, individual subsidiary units of MNCs can exhibit entrepreneurial alertness and that such subsidiary entrepreneurial alertness (SEA) leads to opportunity recognition at the subsidiary level.

### The investment-divestment relationship: Resource shifts and intersubsidiary competition within MNEs

V. Procher<sup>1</sup>, D. Engel<sup>2</sup>

<sup>1</sup>University of Wuppertal, Germany; <sup>2</sup>University of Applied Science Stralsund, Germany; [Procher@uni-Wuppertal.de](mailto:Procher@uni-Wuppertal.de)

This paper examines the interdependencies between MNE investment and divestment decisions. We derive a conceptual framework of "segmented intersubsidiary competition" and hypothesize that the competitive pressure of new investments on existing subsidiaries varies by regional dimension. Based on a database of 3,524 French MNEs, we analyse intersubsidiary competition and intertemporal adjustment processes of the investment-divestment relationship between 2002 and 2010. Our empirical findings support the theoretical notion of segmented intersubsidiary competition within MNEs: Foreign investments create competitive pressure for foreign subsidiaries to be divested in subsequent periods, where domestic investments spur divestment at home. Inversely, foreign divestments are more likely to create new investment opportunities in the foreign than in the domestic arena. Our differentiation between investments/divestments in EU countries and in non-EU countries shows that the competitive pressure of new investments on existing subsidiaries is mainly limited to the same region.

## P3.1.1 - Exploring the ways in which MNEs can contribute to the achievement of the Sustainable Development Goals

### Track: MNEs and Sustainable Development

Time: Saturday, 16/Dec/2017: 9:00 am - 10:30 am

Room: BL 27.06

CO-CHAIRS: John Dilyard, St. Francis College, [jdilyard@sfc.edu](mailto:jdilyard@sfc.edu), & Guus Hendriks, Rotterdam School of Management, Erasmus University Rotterdam

#### PANELLISTS:

Niccolo Pisani, University of Amsterdam Business School

Thierry Rakotobe-Joel, Ramapo College of New Jersey

Gladys Torres-Baumgarten, Ramapo College of New Jersey

Caroline Witte, Erasmus University of Rotterdam

The purpose of this panel is two-fold. First, it will discuss some of the ways in which MNEs currently are addressing how they can participate in the achievement of the sustainable development goals (SDGs). Second, it is intended to generate discussion on the range of research agendas that can emerge as the international business community examines the relationship between MNE activity and the SDGs.

### **P3.1.2 - EIBA recollections and visions: EIBA's challenges and opportunities in the Information Age**

**Track: Knowledge Management and Innovation**

Time: Saturday, 16/Dec/2017: 9:00 am - 10:30 am

Room: BL 27.16

**CHAIR:** Vitor Corado Simões, ISEG, University of Lisboa, vcs@iseg.ulisboa.pt

**PANELLISTS:**

**John Cantwell**, Dean of the EIBA Fellows, Rutgers University

**Barbara Jankowska**, Poznań University of Economics

**Grazia Santangelo**, University of Catania

**Arjen Slangen**, KU Leuven, Belgium

This paper is intended to address this history of EIBA, on the basis of personal recollections from EIBA members, and to advance visions for the future of EIBA in the Information Age. This Panel corresponds to the third edition of the Panel on EIBA History and Visions for the Future.

### **P3.1.3 - Digitalization, knowledge creation and innovation processes in the global economy: orchestrating new modes of manufacturing and managing talent**

**Track: Knowledge Management and Innovation**

Time: Saturday, 16/Dec/2017: 9:00am - 10:30am

Room: BL 27.12

**CO-CHAIRS:** Silvia Massini, University of Manchester, silvia.massini@manchester.ac.uk; & Lucia Piscitello, Politecnico di Milano

**PANELLISTS:**

**Carmelo Cennamo**, Bocconi University

**Gary Gereffi**, Duke University

**Torben Pedersen**, Bocconi University

In the recent years new generations of technologies are leading to multilevel changes of the mechanisms affecting knowledge creation and innovation processes, within and across organizations, industries and countries. This transformation has led to corporate disaggregation, and a number of business activities have evolved into highly disaggregated and geographically dispersed value chains. Researchers have argued the need to co-locate R&D, including design, and manufacturing functions (Pisano and Shih, 2012) to create and benefit from possible synergies between them, shorten the supply chain and increase speed to the market.

There is sparse evidence that new, digital technologies, e.g., large data analytics, platforms, modularization, 3D printing, are leading to transformation of production activities as well as new strategies to recruit and manage talent, utilising platforms for accessing global talent and problem solvers on demand. Whilst this evidence may still be anecdotal, these emerging trends involve distinct but interconnected aspects of how knowledge creation and innovation processes unfold and how organizations and managerial practices change, creating a degree of complexity for managerial decisions making. Accordingly firms need to balance several interrelated factors, relocation of activities, changing coordination mechanisms, developing different organizational configurations and new capabilities.

### **P3.1.4 - IB education: multimedia and online teaching trends and tools**

**Track: Novel ways of teaching and doing research**

Time: Saturday, 16/Dec/2017: 9:00 am - 10:30 am

Room: BL 27.11

**CHAIR:** Ronaldo Parente, Florida International University, rcparent@fiu.edu

**PANELLISTS:**

**Stav Fainshmidt**, Florida International University

**Vi Narapareddy**, University of Denver

The conference theme International Business in the Information Age seems to be a good fit with our proposed panel. The use of technology and the demand for online courses at the university level has grown exponentially in recent years and this trend is expected to continue in the future. This panel will examine the challenges and promise of the online modality from the perspective of participants with significant experience in online teaching. In addition to providing a framework for understanding how instructors can create "presence" in a virtual learning environment, the panel, comprised of business faculty from Florida International University and the University of Denver, will examine innovative tools, technologies and pedagogical approaches to teaching IB courses online and /or using hybrid formats. Particular emphasis will be given to reviewing new technological tools and techniques for delivering IB content for online and hybrid courses, instructor strategies for making existing online courses richer and more engaging for students, and best practices for teaching international business content, including cases, to students at the undergraduate, graduate, and executive levels.

## EIBA FELLOWS' PLENARY SESSION Digitalisation, business and policies: confronting challenges in Europe today (and tomorrow)

Time: Saturday, 16/Dec/2017: 11:00 am - 12:30 pm

Aula Magna Bovisa - Carassa e Dadda (Building BL28)

CHAIR: John Cantwell, Dean of EIBA Fellows

### SPEAKERS:

Andrea Goldstein, Nomisma and OECD

Francesca Sanna Randaccio, Università La Sapienza, Rome

### SPECIAL GUEST - DISTINGUISHED HONORARY EIBA FELLOW OF THE YEAR:

Reinhilde Veugeliers, KU Leuven

## 13.3.1 - The role of institutions in services internationalisation and evidence of linkages and spillovers from FDI

Track: MNEs, Institutions and Policy

Session chair: Jeremy Clegg

Time: Saturday, 16/Dec/2017: 1:30 pm - 3:00 pm

Room: BL 27.12

### Global Retailers' Legitimacy in Local Markets

Y. Hara

*Meiji University, Japan; hara@meiji.ac.jp*

International business research includes a significant research stream involving multinational enterprises' (MNEs) legitimacy in local markets. Little is known about global retailers' legitimation in host countries, despite its importance. This study addresses research questions regarding how global retailers influence their institutional environments in host countries, and how these retailers have gained or lost legitimacy in the markets. The research site is the Japanese retail industry from the late 1980s, when foreign capital primarily from global retailers began to influence the industry. A content analysis was employed using textual data from newspaper articles to assess how the global retailers have become legitimate or illegitimate. Seven institutional frames were identified throughout the analysis, which were used to discuss the global retailers. The findings show the process by which the retailers influence the institutional environment. It is also implied that it is more difficult to gain legitimacy in terms of cultural-cognitive frames, compared to regulative and normative frames.

### When developing countries meet transnational universities: searching for complementarity, not substitution

J. Guimon de Ros<sup>1</sup>, R. Narula<sup>2</sup>

*<sup>1</sup>Autonomous University of Madrid, Spain; <sup>2</sup>Henley Business School, University of Reading; r.narula@henley.ac.uk*

During the last two decades a growing number of universities, mainly from developed countries, have established branch campuses overseas. From the perspective of developing countries, attracting foreign universities may contribute to addressing financial and capacity shortages in tertiary education and to enhancing the quality of teaching and research. But it may also be detrimental if it results in a situation where foreign universities crowd-out (rather than complement) the development of national universities. This paper explores different scenarios and policy options for developing countries aiming to attract foreign universities, building on a systematic analysis of four cross-national case studies. Besides enacting a clear regulatory framework that sets the rules of the game, we argue that the wisest course for policy-makers is to provide incentives that align incoming foreign universities with the problems faced by the national tertiary education system, while nurturing the kind of linkages between foreign universities and local actors that lead to positive externalities.

### Mirror, mirror on the wall... Emotional reflections of a cross-border M&A in media

R. Harikkala-Laihinen<sup>1</sup>, M. Hassett<sup>2</sup>, N. Nummela<sup>1</sup>, J. Raitis<sup>1</sup>

*<sup>1</sup>Turku School of Economics at the University of Turku, Finland; <sup>2</sup>Sheffield University Management School, UK; riikka.harikkala-laihinen@utu.fi*

This study focuses on the sensemaking process following a cross-border acquisition from the viewpoint of emotions and asks: What kinds of emotions does a cross-border acquisition arouse and how do the emotions evolve over time? We adopt the view taken in prior M&A research and consider media texts as reflections of the sensemaking process. We look at media as a collective institution from a sociology-based institutional theory viewpoint. We examine the research question through a single-case study in the telecommunication industry; the acquisition of Alcatel-Lucent by Nokia completed in November 2016. The data comprises 467 texts published online in Finnish, French and international media between December 2014 and February 2017. We analyse the data through descriptive statistics using SPSS as well as qualitatively with the aid

of NVivo 11. We find that cross-border M&As arouse both positive and negative emotions, and that the emotional arousal due to M&As subsides over time. Surprisingly, we find that the English language international media texts convey more emotions than the Finnish and French texts. This paper contributes to existing knowledge through increasing understanding of emotions in M&As, widening the scope of research beyond the focal actors, and discussing how emotions evolve over time.

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### Effects of export spillovers from FDI: evidence from a world economy meta-analysis

R. J. Mesa Callejas<sup>1</sup>, J. Pla Barber<sup>2</sup>, C. Villar Garcia<sup>2</sup>

<sup>1</sup>Universidad de Antioquia, Colombia; <sup>2</sup>Universidad de Valencia, España; [ramon.mesa@udea.edu.co](mailto:ramon.mesa@udea.edu.co)

This paper analyzes the available literature on export spillovers from FDI and their effects on domestic firms' export activities in the host countries, drawing from the pioneering work of Aitken et al. (1997). Using a selection of 73 studies belonging to 29 economies for the period 1997-2016, we confirm a high probability of finding positive effects when studying the different types of spillovers by employing a probit model, with probabilities of 83.6% and 79% for 13 advanced economies and 71.3% for 16 emerging countries. The main conclusion is that for advanced economies, spillovers drive a complement effect which generates more direct commercial links between domestic firms and foreign multinationals; whereas for emerging countries, the nature of the spillover generates a competition effect that pressures domestic firms to better insert themselves into foreign markets.

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### Business model adaptation mechanisms in the internationalization process: The case of energy firms

L. Holzner, R. Bohnsack

*Catolica-Lisbon, Portugal; [r.bohnsack@ucp.pt](mailto:r.bohnsack@ucp.pt)*

This paper explores business model adaptation mechanisms of firms in the internationalization process. It addresses the role of local embeddedness and host country market designs. Based on interviews with ten European energy firms and secondary data, five mechanisms are distilled that firms adopt to adapt their business models in the internationalization process. Based on the findings, an ontology in the form of a market design canvas is suggested.

#### P3.3.1 - Meet the Editors (II)

Time: Saturday, 16/Dec/2017: 1:30 pm - 3:00 pm

Room: BL 27.02

##### EDITORS:

**Jonathan Doh**, Villanova University - Journal of World Business

**Igor Filatochev**, Cass Business School - Journal of Management Studies

**Torben Pedersen**, Bocconi University - Global Strategy Journal

**Joachim Wolf**, University of Kiel - Management International Review

**Constantine S. Katsikeas**, Leeds University Business School - Journal of International Marketing

#### P3.3.2 - Launch of PIBR volume 12: Concept, Cost and Value of Distance in IB

Time: Saturday, 16/Dec/2017: 1:30 pm - 3:00 pm

Room: BL 27.01

**INTRODUCTION:** **Alain Verbeke**, University of Calgary Jonas Puck, WU Vienna

**KEYNOTE SPEAKER:** **Rosalie Tung**, Beedie School of Business

##### CHAPTER PRESENTATIONS

**CALL FOR PROPOSALS AND INTRODUCTION TO PIBR VOLUME 13:**

**Rob van Tulder**, Erasmus University of Rotterdam; **Lucia Piscitello**, Politecnico di Milano

### **P3.3.3 - Industrial policy in the digital economy**

#### **Track: MNEs, Institutions and Policy**

Time: Saturday, 16/Dec/2017: 1:30 pm - 3:00 pm

Room: BL 27.03

**CHAIR:** Philippe Gugler, University of Fribourg, philippe.gugler@unifr.ch

#### **PANELLISTS:**

**Ana Teresa Tavares-Lehmann**, Secretary of State of Industry, Portugal

**Michael Gestrin**, OECD, Paris

**Lars Oxelheim**, University of Agder

**Mo Yamin**, Manchester Business School

As stated by the European Commission, «The Fourth Industrial Revolution aims to leverage differences between the physical, digital, and biological sphere. It integrates cyber-physical systems and the Internet of Things, big data and cloud computing, robotics, artificial-intelligence based systems and additive manufacturing. Compared to previous industrial revolutions, the fourth one is evolving at an exponential rather than at a linear pace» (EC, <https://ec.europa.eu/digital-single-market/en/fourth-industrial-revolution>). Firms are transforming their traditional lineal value chains into integrated value chains. Their activities are spread across national boundaries not only through physical units but increasingly through digital presence. As noted by UNCTAD in the last World Investment Report, « the transition to a digital economy can provide a boost to competitiveness across all sectors ; new opportunities for business and entrepreneurial activity ; and new avenues for accessing overseas markets. It also provides new tools for tackling persistent development and social problems » (WIR, 2017, p.156). The aim of the panel is to offer an interactive session tackling important policies issues, mostly new policy options that goes beyond the traditional industrial policy tools aimed to foster the competitiveness of firms, regions and nations.

### **P3.3.4 - The importance of Industry 4.0 for International Business**

#### **Track: Internationalisation in the Information Age**

Time: Saturday, 16/Dec/2017: 1:30 pm - 3:00 pm

Room: BL 27.05

**CHAIR:** Roger Strange, University of Sussex, R.N.Strange@sussex.ac.uk

#### **PANELLISTS:**

**Richard Bolwijn**, UNCTAD, Geneva

**Sergio Dulio**, Director Research and Innovation, ATOM Lab

**Marta Götz**, Vistula University

**Barbara Jankowska**, Poznan University of Economics

**Fabio Marazzi**, Senior Managing Partner, Marazzi & Associates

Industry 4.0 is a term reputedly first used to describe a high-technology strategy proposed by the German government, and but now commonly used to refer to the development of "cyber-physical systems (CPS) and dynamic data processes that use massive amounts of data to drive smart machines". More specifically, Industry 4.0 refers to the emergence and diffusion of a range of new digital industrial technologies, notably embedded sensors so that smart products and devices can communicate and interact with each other (the Internet of Things); the collection and real-time evaluation of data to optimize the costs and quality of production (Big Data & Analytics); robots with greater autonomy and flexibility; and advanced manufacturing techniques, such as additive manufacturing (3-D printing). The contributors to this panel are able to provide different and complementary perspectives on the impact of Industry 4.0 on firm internationalization and on international business.

### **P3.3.5 - International Business meets International Trade and Industrial Economics**

#### **Track: International Business and Economic Geography**

Time: Saturday, 16/Dec/2017: 1:30 pm - 3:00 pm

Room: BL 27.04

**CHAIR:** Antonello Zanfei, University of Urbino, antonello.zanfei@uniurb.it

#### **PANELLISTS:**

**John Cantwell**, Rutgers Business School

**Davide Castellani**, University of Reading

**Ram Mudambi**, Temple University

**Reinhilde Veugelers**, KU Leuven

This panel will bring together 5 distinguished scholars who have addressed International business Studies from different disciplinary perspectives. There are plenty of contributions adopting a single-disciplinary approach to such themes as offshoring, international technology transfer, locational choices and spillovers. However, reflections at the crossroads of international business, international trade and industrial economics are lacking but highly needed to increase our understanding of such topics, and their economic and societal implications. Antonello Zanfei will introduce the panel and draw the attention to complementarities and overlaps between and across the three disciplines. Ram

Mudambi will emphasise how the international fragmentation of production poses new challenges to the definition of industrial boundaries. John Cantwell will emphasise the interdisciplinary nature of the eclectic approach whose interpretive value has increased over time. Davide Castellani will argue that IB should not only contaminate, and be contaminated by, international economics, but bridges need be launched in the direction of economic geography as well. Reinhilde Veugelers focuses on technology transfer as a key area at the intersection between International Business and Industrial Economics/Economics of Innovation.

### **P3.3.6 - Global cluster evolution - Managing disruptive innovation**

#### **Track: Knowledge Management and Innovation**

Time: Saturday, 16/Dec/2017: 1:30 pm - 3:00 pm

Room: BL 27.06

#### **INTRODUCTION:**

*Creativity in global clusters: from incremental to breakthrough innovation*, **Fiorenza Belussi**, University of Padova, Italy

#### **PANELLISTS:**

*Global cluster evolution and transmutation*, **Philip Cooke**, Bergen University, Norway, [cookepn@hotmail.com](mailto:cookepn@hotmail.com)

*Radical innovation, exaptation and creativity in clusters*, **Pierpaolo Andriani**, Kedge Business School Marseille, France

*Disruptive innovation: a comparison between Castellon and Montebelluna clusters*, **Valentina De Marchi**, University of Padova

*Breakthrough innovations in EU specialised regions*, **Ivan De Noni**, University of Padova, Italy

### **C3.4.1 - Innovating in Europe Track: Knowledge Management and Innovation**

Session chair: Yawen Huang

Time: Saturday, 16/Dec/2017: 3:15 pm - 4:45 pm

Room: BL 27.04

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#### **Complex international innovation ecosystems. Theoretical Framework for Analysing Bio-fuel Initiatives in the Aviation Industry**

**Z. Vincze, S. Nair**

*Umeå University, Sweden; [zsuzsanna.vincze@umu.se](mailto:zsuzsanna.vincze@umu.se)*

Recently, airlines have been observed to drive complex innovations for a sustainable biofuel. However, there is limited understanding of this emerging phenomenon when the intermediate users, like airlines, create and orchestrate innovation ecosystems. Our aim is to explore how such ecosystems emerge and, in the further process, the power, position, and role of the innovating and non-innovating users, incumbent producers as well as niche and other market actors change. With this we respond to calls for exploration of complex interactive innovation systems (JIBS editorial 2016). We develop a theoretical framework based on the complex ecosystem view with which we provide new insights regarding the distinct phases of innovation journey and the related knowledge governance mechanisms. The empirical illustrations are drawn from secondary data of the bio-fuel initiatives in the airline industry, with the intention of paving the way of further fieldwork. The present conceptualization contributes to the emerging field of innovation within complex international ecologies and the management of radical, sustainability-oriented, innovation in such context.

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#### **Framework conditions and nascent high-tech entrepreneurship in Europe**

**V. Van Roy, D. Nepelski**

*European Commission, Joint Research Centre (JRC); [vincent.van-roy@ec.europa.eu](mailto:vincent.van-roy@ec.europa.eu)*

High-tech entrepreneurship is one of the main means by which new knowledge and technologies are converted into economic and social benefits. We analyse the association between framework conditions of entrepreneurship and the share of nascent high-tech entrepreneurship across European countries. To this end, we use country-level data on high- and low-tech total early-stage entrepreneurial activity provided by the Global Entrepreneurship Monitor (GEM). We show that countries with high shares of total entrepreneurial activity have low shares of high-tech entrepreneurial activity. Panel data estimations for the period 2007-2014 reveal that European countries with better access to finance, less bureaucracy, more consistent policy regimes, favourable entrepreneurship education, and qualitative intellectual property rights that lower patent thickening strategies exhibit a higher proportion of nascent high-tech entrepreneurial activity. Greater technological density is associated with a higher share of nascent high-tech entrepreneurship, suggesting beneficial influences of path-dependency and agglomeration effects.

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#### **The influence of subsidiaries' internal and external relationships on innovation-related competitive advantage. Evidence from selected European Union countries**

**T. Gołębiowski, M. S. Lewandowska, M. Rószkiewicz**

*Warsaw School of Economics, Poland; [mlewando@sgh.waw.pl](mailto:mlewando@sgh.waw.pl)*

Subsidiaries participate in two separate networks: the internal (corporate) network of the company embracing headquarter and other subsidiaries and the external (inter - organisational) network of cooperation partners, both domestic and foreign. Based on the concept of "dual embeddedness" this paper proposes a model explaining the role of internal and external relationships in innovation-related competitive

advantage. Path analysis based on the Community Innovation Survey 2010-2012 sample of enterprises – members of capital groups from 10 EU (mostly CEE) countries is conducted. The results provide evidence of positive influence of dual embeddedness on subsidiaries competitive advantage, based on cost as well as on differentiation. Mediating role of external knowledge in the link of internal integration and competitive advantage is put forward. Thus, external and internal relationships are not mutually exclusive, but on the contrary, while together, reinforce their influence. The results also show, that internal integration has the decisive role in building competitive advantage based on cost, whereas external relationships have stronger influence on the competitive advantage based on differentiation. This leads to the conclusion, that subsidiaries' management should promote dual embeddedness, while at the same time remember about their distinct roles in the process of building competitive advantage.

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### **The organisational and geographic diversity and innovation potential of EU-funded research projects**

**D. Nepelski, A. Pesole, V. Van Roy**

*European Commission, Joint Research Centre (JRC); vincent.van-roy@ec.europa.eu*

In this paper, we examine the impact of organisational and geographic diversity of partnerships in EU-funded research projects on the potential of their innovations. We did this by exploring a sample of 603 collaborative research projects supported by various European Framework Programmes (FP). We used data from the Innovation Radar, a unique survey database developed by DG CONNECT to assess the innovation outcomes of FP projects in ICT. We show that collaborative research projects with a wider diversity of organisation types have more innovation potential. This finding supports the idea that Framework Programmes which create institutionally diverse research projects have beneficial effects. In contrast, research projects with a wider range of internationally dispersed research partners are likely to have less innovation potential. This may suggest that there are coordination and communication difficulties in cases where geographic diversity is greater.

### **C3.4.2 - Emerging host country characteristics and performance**

#### **Track: Emerging Markets**

Session chair: Lamia Ben Hamida

Time: Saturday, 16/Dec/2017: 3:15 pm - 4:45 pm

Room: BL 27.02

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### **LBO performance in emerging economies: a comparative study in Latin America and Asia**

**A. & Y. Chevalier<sup>2</sup>, A. Sannajust<sup>1</sup>**

*<sup>1</sup>ESCP Europe, France; <sup>2</sup>University of Saint Etienne; chevalierescp@gmail.com*

We extend our worldwide research on private equity by studying the drivers of LBO operating performance in emerging countries (Asia and Latin America). We select a large set of candidate drivers (financial, governance, macroeconomics, microeconomics, institutional variables) and we analyze their effects on performance over the short and long-terms. To conduct our study, we use Capital IQ, Thomson One Banker, World Bank as databases. We contribute to the current literature by doing an investigation of the impact of macroeconomics factors and institutional drivers (political stability, rule of law and regulatory quality) on the buyout performance. Positive and significance results are obtained. We use a sample of 248 LBO transactions, which occurred between 2000 and 2011. Our results show that GDP growth and political stability are important drivers that significantly contribute to generate performance in LBOs.

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### **Cultural and Institutional Distances and determinants of the performance of foreign subsidiaries: evidences from Brazil**

**M. Hoeltgebaum<sup>1</sup>, T. Andreassi<sup>2</sup>, Z. Shaker<sup>3</sup>, M. Amal<sup>1</sup>**

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The objective of the article is to investigate the effects of cultural and institutional distances on the performance of High Tech Multinational subsidiaries. Furthermore, we also attempt to capture and test the headquarter and subsidiaries resources that affect performance of foreign subsidiaries. For that purpose, we run a panel data model, using data of foreign subsidiaries operating in the High-tech industries over the period 2003 to 2013. The findings of our empirical assessments point to the mixed and distinctive effects of HQ and subsidiaries resources. Headquarter resources have been found statistically significant, research and development investment in the headquarter have been found positively correlated and statistically significant. On the subsidiaries level, the number of employees and exports performance have been found positively correlated with sales performance and statistically significant. Finally, the institutional distance has been found positively correlated to the subsidiaries performance and statistically significant. This suggest that in the case of foreign subsidiaries in Brazil, headquarter resources exert direct effect on the sales performance. This may suggest that companies from developed countries (with high institutional distance) benefit from the ownership assets and transitions advantage that make it possible, form them to register a high performance in host countries.

**Developing business relationships in the Indian context: how does jaan-pehchaan matter?**Z. Konwar<sup>1</sup>, R. Berger<sup>2</sup>, R. Singh<sup>3</sup>, E. Rose<sup>4</sup><sup>1</sup>University of Leeds, UK; <sup>2</sup>College of Law and Business, Israel; <sup>3</sup>Indian Institute of Management -Kolkata, India; <sup>4</sup>University of Otago, New Zealand; z.konwar@leeds.ac.uk

This research study attempts to broaden our understanding of a relevant yet under-researched dimension of business culture in India, jaan-pehchaan. While the role of country-specific norms (e.g. guanxi in China, wasta in Arab countries, svyazi in Russia etc.) and their outcomes for B-2-B relationship has been investigated, the role of jaan-pehchaan as a dynamic inter-personal factor has not been subjected to similar levels of conceptual and empirical investigation. The research develops a conceptual framework and a measurement scale by disaggregating the most influential constructs of jaan-pehchaan, conducts a survey among executive directors (MNE affiliates and private domestic firms) in India and tests the key hypotheses using PLS estimation. The study provides managerial implications for firms doing business in India and highlights the theoretical relevance associated with considering an important contextual micro antecedent of informal institutions in India.

**C3.4.3 - Drivers of internationalisation****Track: SMEs and International Entrepreneurship**

Session chair: Christos Antoniou

Time: Saturday, 16/Dec/2017: 3:15 pm - 4:45 pm

Room: BL 27.03

**The Effect of Immigrants in the Founding Team on the Internationalization of New Ventures**

J. Drechsler

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Do immigrants as part of founding teams lead to internationally positioned new ventures? Using secondary data from multiple sources, we find a positive relationship between immigrants on the founding team of US-based new ventures and internationalization of the firm and that this relationship is negatively moderated by both the financial situation of the new venture and the size of the new venture's top management team. Our findings suggest that founders from foreign nationalities play a key role in the internationalization efforts of newly founded US firms, so this relationship should be considered in research about beneficial compositions of founding teams and top management teams.

**Signals that determine internationalisation**M. C. Henriques Parodi<sup>1</sup>, E. N. M. Aryee<sup>1</sup>, I. Alon<sup>1</sup>, M. Boulanger<sup>2</sup><sup>1</sup>University of Agder, Norway; <sup>2</sup>Rollings College, United States.; massih15@uia.no

International franchising business model is extensively and increasingly being used by entrepreneurs and firms seeking growth through geographic expansion. Thus, continued research efforts are needed to help entrepreneurs make wise choices when attracting investors into the business. Two popular theories (agency and resource scarcity) have been the basis on which international franchising has been explained. In this research, we expand on existing literature by focusing on signaling theory, answering the question "what are the signals that determine international franchising?" We answer this research question empirically, using cross-sectional data on a sample of 4150 business format franchise systems from 5 industries in the United States in 2016. The findings from this research show that there exists a positive relationship between a firm's listing status, earning claim (Item 19), and international franchise association membership. Royalty rate and company owned units were not found to be significant with internationalisation.

**The role of the business model in entrepreneurial internationalization**

E. Incze, S. Julkunen, M. Gabrielsson

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Focusing on entrepreneurial internationalization and business model concepts, we propose a framework for identifying the elements of the business model that contribute to the speed of internationalization moderated by the business environment and the characteristics of each entrepreneurial actor. We use within-case and cross-case analysis of four international ventures from different industries. Our analysis shows that albeit the value proposition indeed is an important element of the business model, the value creation and value capture should not be overlooked. For the initial entry the presence of specialty customer who is knowledgeable about the product and actively seeks the firm is the most important component of the business model of an international new venture. However, enhancement of country scope is not possible without a clear logic of value creation. Entrepreneurial resources, the role of production process and partnership with sub-contractors and marketing actors are critical. Neither is the enhancement of foreign commitment possible without a value capture that makes this possible. If the revenue model and cost structure is not favorable further commitment to foreign markets will not be possible.

### **Socio-cognitive drivers of new venture internationalization: the role of entrepreneur's positive orientation, self-efficacy and intentions**

**A. Wasowska**

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This study investigates the cognitive antecedents of entrepreneur's internationalization intent and behavior. Building on the insights from the socio-cognitive psychology, we develop a conceptual model linking entrepreneur's positive orientation, self-efficacy beliefs, internationalization intent and actual behavior. We test this model on a sample of 310 Polish firms (including 241 domestic and 69 international new ventures), using a longitudinal research design. We find that self-efficacy mediates between positive orientation and internationalization intent and that internationalization intent predicts internationalization behavior. Moreover, firm age moderates the relationship between entrepreneur's positive orientation and internationalization propensity. Overall, our findings demonstrate that socio-cognitive theory is useful in predicting new venture internationalization.

### **I3.4.1 - Innovation strategies within and across firms**

**Track: Knowledge Management and Innovation**

Session chair: Silvia Massini

Time: Saturday, 16/Dec/2017: 3:15 pm - 4:45 pm

Room: BL 27.06

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### **National Innovation Systems and Firm Level Technological Diversification**

**R. Ceipek**

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This conceptual study follows calls from the national innovation system literature to theoretically examine how institutional setting is affecting innovation at the firm level. More specifically, argumentation is presented on how elements of the national innovation system affect a firm's tendency towards technological diversification. Based on the resource based view of management and institutional theory, it is argued that characteristics of the public sector, the financial system as well as formal scientific and technical institutions determine technological scope in large firms. This leads to eight propositions discussing potential implications for firm level technological diversification. As a result, potential avenues for empirical testing are offered and contributions are made to the literature on antecedents of technological diversification and the literature on national innovation systems.

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### **Balancing internal and external R&D strategies to improve innovation and financial performance**

**F. d. O. Paula, J. F. da Silva**

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This research investigated the mutual influence of internal and external R&D, innovation and financial performance in European manufacturing firms by testing a model using a sample of 2,745 firms of 13 countries. It detected a positive relationship between internal or external R&D (from strategic alliances) and innovation performance separately. Contrary to the expectations, it did not find a moderation of internal R&D in the relationship between strategic alliances and innovation performance. This was probably caused by the low absorptive capacity of the firms in the countries studied. This suggested that, for the long term, firms should start prioritizing internal R&D to improve their absorptive capacity while achieving a short-term satisfactory innovation outcome. As absorptive capacity rises, more complex strategies balancing internal and external R&D should be adopted. Innovation performance did not influence financial performance. This was caused by the absence of a time lag between the measurement of the proxies of these two constructs, which did not allow to identify an increasing in revenues from new products and services, that takes some time to be perceived.

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### **Competitive Advantage, Innovation Networks and Relational View Theory**

**B. Abdulkader**

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The impact of Top Management Networks as source of firms' competitive advantage was addressed by Collins and Clark elaborating on the Relational view approach. Their analysis introduced Networks as internal and external, and developed metrics defining size (number of contacts), range (diversity) and strength (frequency and emotional ties). The present paper aims to extend the research on organizational networks with particular focus on distinctive attributes stemming from information sourcing and processing. To this extent the research reviewed extant literature identifying advanced metrics to revise networks flows of information in regard to dimensions such as Efficiency, Effectiveness and correlated rising Risks/Threats. A comprehensive view on networks has aimed the research to an in-depth review of the theoretical framework of Network's organizational structures (nodes and ties) and positioning dynamics. To better address the empirical tools employed to measure sources of competitive advantage has been also reviewed literature related to disciplines such as Network Science and Social Physics, where Network concepts originated. The investigation findings provided support to Relational view hypothesis reasoning on key dynamic attributes of the models and distinctive potential stemming from Network organizational forms of collaboration.

### Reverse Innovation: Adaptations Between Emerging and Advanced Markets

M. Hadengue, S. Ben Mahmoud-Jouini, F. Charue-Duboc

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Although the interest in reverse innovation is growing, research mainly focuses on the development process of these kinds of innovations (e.g. offshoring R&D units, building local R&D teams, partnering with local actors, etc.). To the best of our knowledge, the deployment, i.e. the transition of innovation from an emerging market subsidiary to a developed market subsidiary has not yet been investigated. In this article, we thus propose to focus on this downstream phase of the reverse innovation process.

For that purpose we mobilize the Business model canvas of Osterwalder & Pigneur (2011) as a framework to analyze the differences between the innovative offers introduced in the primary and secondary market in the seven cases selected. This allows us to emphasize and specify different types of adaptation for an innovation to be reversed, i.e. to trickle-up to a developed market. Therefore, we contribute to the concept of innovation deployment i.e. the transition between the two steps composing the reverse innovation process, i.e. (1) innovate to address the specific needs of an emerging country or a group of emerging countries and (2) bring this innovation in the company's home market or any other developed market.

### I3.4.2 - Sustainable development and social accountability

#### Track: MNEs and Sustainable Development

Session chair: Michael W. Hansen

Time: Saturday, 16/Dec/2017: 3:15 pm - 4:45 pm

Room: BL 27.14

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#### Accountability for Climate Change: The Valuation Effects of Carbon Disclosures

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Carbon disclosures represent an essential element of the sustainability strategies companies adopt to respond to climate change risk. This paper surveys some of the main accounting studies on the valuation implications of carbon disclosures selected from 23 leading accounting journals according to the journal quality lists. The paper begins with studies on the valuation relevance of carbon disclosures mandated by government regulations, such as an emission trading scheme. The paper then turns to consider work that examines voluntary carbon disclosures and explains how carbon performance facilitates the investor assessments of a company's financial risks and opportunities. The paper concludes that the accounting literature provides important empirical evidence for the valuation effect of carbon disclosures that communicate strategy- and performance-related information used by investors.

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#### Learning and legitimizing: A conciliation of institutional perspective with internationalization process

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This paper conciliates the Uppsala model's internationalization process with institutionalism studies on International Business. The internationalization mechanism is the point of departure of a wide framework that includes both business and institutional environments in a causal cyclic model. In particular, two variables - firm specific knowledge and societal commitment - are added to the Johanson and Vahlne's (1977) original internationalization mechanism. The methodology conjugates a conceptual deductive approach with the empirical inductiveness of a case study. The main contributions include the conceptual and managerial levels.

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#### On the Implementation of a Circular Economy: Role of Institutional Capacity Building by Industrial Symbiosis Initiatives in the United Kingdom

M. Abreu<sup>1</sup>, C. Domenico<sup>1,2</sup>, S. Evans<sup>3</sup>

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This paper explored the role of institutional capacity building in the development of a circular economy. The study was conducted using open-end interviews with firms and other actors about the industrial symbiosis in the United Kingdom in the light of the particular conditions of the National Industrial Symbiosis Programme (NISP) experience. A content analysis methodology was used to make valid inferences from interviews. Our results indicated that limited institutional capacity building imposed real constraints of a circular economy. The phase-out of industrial symbiosis in the UK has raised several concerns that should be taken into account. Our results demonstrated that knowledge and relational resources and mobilization capacities were a start point to develop circular economy. Increasing knowledge and relational resources enable companies to increase mobilization capacity. The design of circular economy should include critical importance of these institutional capacities which positively influenced its adoption as a long-term waste and resource availability solution among companies.

### **Public-Private Cooperation for Social Innovation: The Case of MNEs Involvement in the Development of the Smart City Concept in Brazil**

**E. Leite, C. Pahlberg, A. Hadjikhani**

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The paper discusses multinational enterprises (MNEs) socio-political behavior in a foreign market. In specific, the aim is to increase the understanding of how service MNEs from the ICT (information communication technology) industry, through social innovation projects oriented to improve public service in cities, deal with society and public officials in Brazil. A conceptual framework containing the four concepts cooperation, legitimacy, commitment and knowledge is applied for the analysis. Based on a single case the paper illustrates cross border activities where MNEs from Sweden, Spain and China join effort with local actors to strengthen their competitive market position. Our results reveal that an important strategy used by service MNEs is to get involved in cooperative social innovation projects involving business and socio-political actors. Successful cooperation is partially explained by the managements' ability to incorporate the business resources with the needs of the socio-political actors. The key implication is that extensive public-private networking is needed even when MNEs enjoy an established position in a foreign market.

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### **Critical Analyses of Sustainability Reporting by National Oil and Gas Companies in GCC Countries**

**Y. Al-Janadi, A. Alazzani**

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Several international and national organizations such as the United Nations and the American Petroleum Institute have adopted sustainability reporting guidelines, which has encouraged many oil and gas companies to follow suit. Recognizing the importance of these guidelines, national oil and gas companies in the Gulf Cooperation Council countries have started implementing sustainability reporting practices. The objective of this study is to critically analyze the quality of sustainability reporting by these companies. To achieve this objective, this study conducts a content analysis of the sustainability reports published by nine national oil and gas companies in the GCC countries for the year 2013. The results reveal that, by and large, the quality of sustainability information disclosed by the oil and gas companies is suitable. However, not all the oil and gas companies included in this study provide information of suitable quality for some topics such as corruption prevention, public advocacy, and lobbying. This study successfully addresses many previously unanswered issues with regard to the quality of sustainability reporting by the national oil and gas companies in the GCC countries. Hence, the results of the analysis can be used to improve shortcomings in the quality of sustainability reporting.

### **13.4.3 - Knowledge sourcing, knowledge sharing and knowledge creation**

#### **Track: Knowledge Management and Innovation**

Session chair: Fiorenza Belussi

Time: Saturday, 16/Dec/2017: 3:15 pm - 4:45 pm

Room: BL 27.12

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#### **The Backsourcing Process: A Case Study**

**A. Slyngstad, H. Solli-Sæther**

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The purpose of this study was to examine the backsourcing process. Based on previous research and lessons learned from a case study of a supplier of maritime equipment in a Scandinavian cluster, important drivers, activities and challenges related to the backsourcing process was identified. A framework as for how companies can conduct the backsourcing process was developed, consisting of four phases comprised with different objectives and activities. Moreover, three main challenges were identified, namely limitations in capacity, re-building knowledge, and adapting the backsourced product to the production site. The main contribution of this research was the development of a stepwise model as for how companies can backsource. In addition to filling a gap in the existing literature, the framework can also be used as an analytic tool that might help managers in dealing with the decisions and challenges related to the backsourcing process

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#### **Location Sourcing Complexity in Innovation**

**J. Salmon, J. Cantwell**

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Scholars have long studied the complexity of knowledge in innovation. More recently, research has begun to focus attention on the role of knowledge recombination as a way to understand knowledge complexity, knowledge growth, and evolutionary search. Yet little is known about location complexity in the broad context of globalization. We build on location recombination patterns in global innovation activities to develop our theory of the relationship through which earlier contributions to knowledge become inputs to subsequent knowledge building that generates more or less complex patents. We propose that location complexity rises when recombined elements are sourced across two dimensions of distance, characterized by combining sources taken from disparate knowledge fields and distinct geographical locations. The study draws upon and compares three alternative ways of measuring the complexity of technological knowledge through patent data. We also establish here that the growth of information and communications technology (ICT) is contributing to increasing locational complexity as ICT is a connector of both technology fields and geographic locations. Last, we assess the representative distinguishing characteristics of the location complexity measure.

### **The knowledge creation and organizational effectiveness: reality or dream?**

**M. Mas-Machuca<sup>1</sup>, F. Marimon<sup>1</sup>, I. Malbasic<sup>2</sup>**

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In the current global economy, it is crucial to understand how the knowledge is created within organizations and its link to organizational effectiveness. For that reason, the main aim of this research is twofold: (1) to adapt and validate a scale of knowledge creation (KMC), bringing the original Nonaka's model to the 21th century; and (2) assess the relationship between KMC and organizational effectiveness (OE). The proposed scale consists of 16 items in the four dimensions of knowledge creation process. The quantitative study was conducted in January 2017 using a survey of 231 employees. Exploratory factor analysis (EFA) and structural equation modeling (SEM) was performed to assess measurement scales and structural models using the questionnaire data through SPSS and EQS software. The findings show that KMC is multifactorial, composed by the four original dimensions: socialization, externalization, combination and internalization. The four dimensions reflect in similar intensity the KMC construct. Additionally, a positive and significant impact of KMC on OE is found. This research makes a contribution to existing literature by updating and testing SECI scale of Nonaka and examines the relationship of knowledge creation and organizational effectiveness. Theoretical and practical implications are also suggested in the study.

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### **Knowledge management practices as a source of absorptive capacity of emerging market firms: evidence from Russia**

**M. Latukha, E. Mitskevich**

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In this paper we introduce knowledge management (KM) practices as a source of absorptive capacity (AC) and discuss its connection to organizational performance. We study the intentional and conscious KM practices that tend to be applied within a firm, and build the theoretical framework showing how particular KM practices increase AC through a certain group of antecedents, influencing organizational performance. Based on the sample of 94 companies operating in Russia, our findings reveal KM practices connected with learning mechanisms and work organization being associated with higher potential AC; and realized AC being conditioned with the practices related to information technologies, training and development, learning mechanisms and work organization.

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### **Outcomes of Knowledge Sharing in Global Professional Service Firms. A Review**

**I. N. Basker**

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In this paper, I review extant literature on outcomes of knowledge sharing in global organizations in general, and professional service firms in particular. Based on 32 articles published in top-tier journals from 2001-2017, I identify key accomplishments and future research directions. In doing so, I reveal that outcomes of knowledge sharing are ambiguous, and that factors such as i.e. context and knowledge tacitness may moderate the relationship between knowledge sharing and outcomes. Based on the findings and discussion, I recommend three avenues for future research.

### **13.4.4 - Knowledge processes, communication and innovation**

#### **Track: International HRM and Cross Cultural Issues**

Session chair: Dana Minbaeva

Time: Saturday, 16/Dec/2017: 3:15 pm - 4:45 pm

Room: BL 27.16

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### **The Impact of Cross-Cultural Communication Ability of Expatriate on Reverse Knowledge Transfer**

**J. Xie, M. Lemanski**

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With the development of cross-border business, challenges and opportunities coexist. The competitors worldwide have to seek a way to acquire and keep their competitive edge. As for the MNCs, the ability to transfer knowledge between internationally dispersed operations is a source of competitive advantage. It is also the way that both subsidiaries and headquarters improve their knowledge base and the efficiency of operations. However, the knowledge transfer carrier is often an individual person sent as an expatriate overseas for generation and spreading of knowledge. Yet expatriate failures occur frequently, especially in more culturally distant countries. This study puts under scrutiny the behavior, context, and practices of expatriates used to transfer knowledge. Using the perspective of social capital theory, we examine cross-cultural communication ability of the expatriate and the effectiveness of reverse knowledge transfer from a subsidiary in China to the headquarter in the USA. Based on this qualitative empirical work conducted in both the headquarter (USA) and the subsidiary (China) we offer propositions on the key factors influencing the effectiveness of knowledge transfer, and discuss implications of our findings for future research and for management practice.

### **Informal information flows in organizations: The role of the Italian coffee break**

C. Barmeyer<sup>1</sup>, U. Mayrhofer<sup>2</sup>, K. Würfl<sup>3</sup>

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Research on information flows within companies has focused on codified formalized information management tools. In practice, it is questionable whether IT-based management systems for storing and disseminating internal information in organizations are sufficiently used by the staff. As an alternative to centralized forms and instruments of information management, there are also informal and dialogic forms, such as the 'coffee break' well known in Latin companies: employees come together spontaneously and thus contribute to "natural" internal fluid information circulation. Based on an empirical study conducted in Italian companies, this paper describes essential functions of the coffee break - as a dynamic inter-divisional and heterarchic organizational practice: these include coordination of work processes, confidence building, networking, problem solving, or extension of the meta-knowledge on organizational processes and structures. The paper contributes to the literature on information management by taking into account contextual elements.

### **Short-Term International Assignments and the Importance of Internal Communication for Their Success**

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Increased international employee mobility has resulted in changed organisation-employee relationships and an enhanced agency problem. We argue that short-term corporate-managed international assignees are particularly well suited to overcome the firm's loss of control over its geographically dispersed and continuously mobile employees due to their strategic episodic connectedness to both home and host units. We stress the importance of internal communication during- and in-between assignments as well as its strategic integration in corporate strategies for employee-organisation goal alignment and assignment success. We introduce gap theory as an analytical tool for internal communication planning, implementation, and evaluation pre-, during-, and post-assignment.

### **Organizational culture of the internationalization, innovativeness and networking high-fliers. Case study based on Hofstede approach**

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Internationalisation, innovativeness and networking are the most important drivers of firms' competitive advantage today. On the other hand, internationalisation, innovativeness and networking of firms are phenomena considered to be influenced to certain extent by cultural determinants. In numerous management and international business studies organisational culture is perceived as a factor influencing entrepreneurship and innovativeness of firms, their willingness to cooperate in networks, as well as the firms' internationalisation process and its forms. In particular, many studies confirm that the national culture dimensions identified by G. Hofstede, such as power distance, individualism vs. collectivism, uncertainty avoidance and long term orientation, may be conducive for organizational culture of firms and subsequently - the firms' behaviour in many areas. The aim of the study is to show how an organizational culture, described within the Hofstede's national culture dimensions concept, supports the internationalisation, innovativeness and networking of a firm. The research is based on a single case study of a firm in Poland representing the internationalization, innovativeness and networking high-fliers. It confirms the findings of some earlier studies suggesting that successful internationalization, innovativeness and networking of firms need higher organizational power distance successfully coping with the high individualism, lower uncertainty avoidance and longer term orientation.

## **13.4.5 - Export and internationalisation strategy**

### **Track: International Marketing**

Session chair: Susana Costa e Silva

Time: Saturday, 16/Dec/2017: 3:15 pm - 4:45 pm

Room: BL 27.15

### **Conceptualizing and measuring International Expansion Strategies**

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The aim of this study is to investigate expansion options of exporting firms at the stage of International Market Selection (IMS). The major contribution of the study focuses on the fact that these expansion alternatives are studied as a bundle of options, derived from the same conceptual domain. A sample of 139 exporting companies is investigated and a complex multivariate model is proposed and tested. The results reveal that managers perceive these strategic alternatives in one unified conceptual domain and thus they concurrently analyze and evaluate them. In addition, the study confirms the strong relationship of the degree of company's export involvement to company's success. The final adopted strategy is the result of the consideration of plenty of factors, primarily related to product and competition characteristics, moderated by environmental and company variables.

### International Entrepreneurial Marketing in the Digital Era

M. Yang

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International entrepreneurial marketing is a powerful marketing practice for international firms to be innovative and proactive when operating in conditions of uncertainty. However, the current literature provides little knowledge in the application of international entrepreneurial marketing in the digital era. This research investigates how international entrepreneurial marketing is related to firms' international digital marketing strategy. The study develops a conceptual framework and proposes that international entrepreneurial marketing has positive influences on the digitalization and customization of international digital marketing strategy. The intensity of the digital environment where a firm operates strengthens the relationship with the degree of digitalization, whereas digital environment diversity strengthens the relationship with the degree of customization. The study contributes to international marketing research and responds to international marketing scholars' call for introducing new marketing concept and studying critical and contemporary phenomena of digitalization.

### Online internationalization in the fashion industry: a framework to support trade and logistics channels selection

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Online internationalization is one of the most rapidly expanding phenomena of the past few years and represents both an opportunity and a challenge for companies willing to embrace it. One of the complexities of this process refers to the choice of (i) the trade channel, i.e. how products are sold to the final customers (e.g. through proprietary website, or online intermediaries), and (ii) the logistics channel, i.e. how products are delivered to the end customers (e.g. distribution from a warehouse or a transit point in the destination country, distribution from the country of origin through express couriers). No studies have so far provided hints on how to design a coherent distribution (i.e. the combination of trade and logistics channels) strategy. Therefore, this paper proposes two frameworks supporting online trade and logistics channels selection for fashion companies, by identifying key drivers that could affect the decision. From a methodological point of view, drivers are first derived based on literature review. Secondly, two frameworks associating the drivers with the possible trade and logistics solutions are built relying on secondary data and interviews with fashion companies exporting online. Finally, some propositions, to be verified by future research, are postulated to answer the RQs.

### Mapping the Conceptual Domain of the Construct "Export Potential of Small Firms"

V. P. S. Steinhauser, A. M. C. da Rocha, H. F. Pacheco

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This paper presents the mapping of the conceptual domain of the construct "export potential of small firms". The field of International Business lacks an integration of the findings of different bodies of literature on the matter. The research represented herein sought to answer two questions: (1) What are the dimensions, sub-dimensions and variables of the construct "export potential of small companies" identified in the literature? (2) What is the degree of influence that each variable has in the case of small companies? The conceptual domain of the construct was developed based on a theoretical approach founded on an extensive review of the literature, refinement, and validation by experts. The proposed conceptual domain model is composed of three dimensions, ten sub-dimensions and 47 variables. Operational measures and the relationships between the dimensions, sub-dimensions and variables should be determined and empirically tested in future studies. In addition to the conceptual modeling proposal, the paper contributes to combining the older literature on exportation with the latest literature on international entrepreneurship and born globals.

### 13.4.6 - FDI, technology and knowledge

**Track: International Business and Economic Geography**

Session chair: Eleonora Di Maria

Time: Saturday, 16/Dec/2017: 3:15 pm - 4:45 pm

Room: BL 27.17

### Effects of relocated activities' character, resource endowment and competitive intensity on the relocation mode choice of manufacturing firms

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In this paper we investigate the factors determining relocation mode (in-house sourcing, outsourcing, captive offshoring and offshore outsourcing). A multinomial logit model run for 150 Polish companies operating in the automotive and clothing industries allows us to refer to four hypotheses developed on the background of strategic management literature emphasizing core activities, resource endowment and competitive intensity. Our study provides evidence that while the variables explain relocation mode choice, their effect is not necessarily obvious. Firms in our sample were not more likely to use internal relocation modes, compared to external ones, for core activities. However, in the same circumstances, they were more likely to use offshore outsourcing compared to outsourcing. Furthermore, firms more endowed with resources were less likely to use outsourcing compared to the remaining relocation modes. Finally, firms facing intense competition were more likely to use outsourcing and captive offshoring compared to in-house sourcing.

### **FDI and Human Capital: Gender Effects and Education Spillovers in European Union**

**K. Louloudi, C. Kottaridi**

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The present paper investigates how the location behavior of Multinational Enterprises (MNEs) is shaped by gender educational disparities in - older (Western European Union countries, EU-15) and - newer (Central Eastern European Union countries, EU-13) EU countries. Since the impact of gender related education disparities on inward FDI is theoretically ambiguous, the results of empirical investigation require special attention. The analysis covers various gender related human capital measures so as to capture the multidimensional nature of human capital and education concerning level and type with respect to gender. Using different panel data estimations for robustness purposes, we conclude that the reduction of gender educational gaps in both sub-regions facilitates the absorption of inward FDI. It appears that gender equality might constitute a particular element of the institutional context of a country signaling devotion towards qualitative institutions shaping the overall investment environment. In this respect, it emerges that policymakers should enhance gender equality in vocational education in older EU members while attention should be given in gender equality in theoretically oriented programmes in the newer ones.

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### **Technological innovation, location advantages and innovative behaviour: Case of Ghanaian SMEs**

**M. Papanastassiou, J. Navare, E. Osabutey, Z. Jin**

*Middlesex University Business School, UK; m.papanastassiou@mdx.ac.uk*

Within the context of development in Africa this paper places emphasis on the role of innovation as a trigger to competitiveness through market growth i.e. both geographical as well as product. We depart from the stereotypical assumption that would like to see a sub-Saharan African country to rely at best on imported foreign technology and we argue that new sources of innovation determine the competitiveness of domestic firms. Using a theoretical framework from the internationalization of innovation by MNEs (as major innovators) we distinguish a number of technological sources which we test against productive roles of companies and export markets and we control for age, industry and ownership (foreign and domestic). The findings show a strong intra-African pattern of internationalization (via trade) (South-South) with the use of locally developed knowledge departing from the traditional North-South understanding of knowledge creation.

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### **Trust-building practices to access and participate in software global production networks: Insights from Pakistan**

**U. Choksy, R. Sinkovics, N. Sinkovics**

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The present study sets out to investigate how four selected Pakistani offshore service providers' (OSPs) access and participate in global production networks (GPNs) in the software industry. The significance of this study stems from its focus on distinctive constraints emanating from Pakistan's adverse institutional environment. Furthermore, the paper attempts to bring a fresh perspective into the analytical landscape of international business by adopting a relational economic geography lens to investigate the underlying phenomenon. The OSFs in our sample are constrained in their access to and participation in GPNs as a result of foreign buyer's low-level of trust shaped by Pakistan's turbulent political situation. Taking a supplier perspective, this research seeks to understand the social processes, agencies, and power-relations that enable these OSFs to address the trust-building challenges they encounter.

## **13.4.7 - Theoretical analyses and advances in Emerging Market Firms research**

### **Track: Emerging Markets**

Session chair: Tomasz Dorozynski

Time: Saturday, 16/Dec/2017: 3:15 pm - 4:45 pm

Room: BL 27.11

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### **A Review of the Emerging Markets Literature: Context, Concepts and Future Research**

**U. B. Nielsen, M. Hannibal, N. N. Larsen**

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Emerging Markets (EM) has been the focus of numerous studies. Even though the EM category has been heavily debated and has been the focus of a substantial and ever-growing body of research, the elements used to define and characterize EMs are still found to be inconsistent. Through a systematic review, this paper provides an overview of the growing body of EM research literature to form an organizing framework in order to provide a nuanced basis for further research in the field and management decisions related to EMs. To arrive at this framework, we outline the empirical context of the existing EM literature, which is currently dominated by studies involving China and India. Secondly, we identify the seminal contributions based on cross-references in the EM field and citations in international business literature in general. Thirdly, we elaborate on the definitional elements of the most dominant definitions and characterizations in the extant EM literature. As a final step these are used to develop an organizing framework for future research. Finally, based on our findings we suggest avenues of future research and managerial implications are presented.

### How can MNEs generate inclusive innovation at the base of the pyramid for growth? - A conceptual framework

S. Mortazavi<sup>1</sup>, J. Väättänen<sup>1</sup>, S. Gupta<sup>2</sup>, I. Laine<sup>1</sup>

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Inclusive innovation is a relatively new notion that has emerged in the last decade. Aiming to provide solutions for overcoming barriers companies face when developing goods and services for the base of the pyramid, inclusive innovation is now becoming increasingly embraced into strategic scope of many multinational enterprises. Having in mind the practical relevance, this study develops a conceptual model that can help managers to understand inclusive innovation and ways to achieve it in BOP settings. Building on contributions from marketing, entrepreneurship and strategy literature, we elaborate on managerial and theoretical issues in inclusive innovation and develop a conceptual model supplemented with several propositions. This model can be further tested with empirical data and utilized in future research.

### Revealing the nature of recent research on emerging-market multinationals: identifying common subject areas through 'bibliographic coupling' and social network analysis (SNA)

F. García-Lillo, B. Marco-Lajara, M. Úbeda-García, P. C. Zaragoza-Sáez

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In recent years author and document citation and co-citation analyses - all of them developed in the fields of bibliometrics and scientometrics - have been relatively often applied to map the intellectual structure or knowledge base of different scientific fields, domains or disciplines. Also in the fields of management and organization. Even to the literature on international business. The technique of bibliographic coupling between scientific papers (Kessler, 1963), which seeks to identify the various active research fronts in a scientific field by means of a study about the most recent literature and additionally, offers a more realistic portrait of the current state of the art. It has been a less commonly used analysis technique, though. The present research work precisely has as its purpose to apply the aforementioned technique to papers on emerging-market multinational enterprises (EM-MNEs) recently published in a variety of leading journals, thus trying to identify and visualize - through social networks analysis (SNA) - the research fronts to which the preceding paragraph refers. The aim sought is thus not only to complement and expand the results obtained in those studies which have used other systematization proposals, but also to propose a number of possible lines of research for the future.

### Rethorising international competitiveness for emerging market multinationals

G. Tan<sup>1</sup>, S. Freeman<sup>2</sup>, A. Cavanagh<sup>3</sup>

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Emerging market (EM) multinational companies (MNCs) are changing the composition of the global competitive landscape, increasingly taking up key positions in the largest and most profitable international company listings. Studies have examined why EMMNCs internationalize and how they manage to do so successfully, yet limited research addresses the question of how EMMNCs ensure that they remain internationally competitive. Existing theories have also yet to fully incorporate EMMNCs. A lack of consensus among international business scholars regarding the applicability of current theories is hindering theory-building regarding EMMNCs. Re-theorizing two current theories, the resource-based view and contingency theory, we emphasize a social and institutional linkage, leverage and learning perspective on organizational configuration. This offers new explanations on country- and especially firm-specific advantages to show how EMMNCs ensure international competitiveness in other markets, especially EMs following their post internationalisation (establishment and consolidation) phase.

## I3.4.8 - International accounting, tax and finance

### Track: International Finance, Accounting and Corporate Governance

Session chair: Igor Filatotchev

Time: Saturday, 16/Dec/2017: 3:15 pm - 4:45 pm

Room: BL 27.13

### A study of different approaches to corporate tax planning in large US multinational enterprises: a quantitative analysis

M. Cooper, Q. Nguyen

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We examine the tax planning strategies of multinational enterprises (MNEs) and identify how these differ between firms. We draw upon international business theory and research on international taxation in the public economics literature to develop an economic model and empirically test it using a new dataset of the largest US MNEs over a 10-year period (2005-2014). Our analysis uses two different measures of the effective tax rate (ETR) and a measure of the cash held by the firm to improve the understanding of the ways in which tax-planning strategies are implemented. We uncover the impact of different characteristics of the firms to add to our understanding of what drives the heterogeneity of approaches in place. Our study reveals the important role played by women on the board, the size of the MNE, and the degree of multinationality in strategic tax planning. Our findings provide new useful implications for MNE managers and public policy makers.

### Concentration in the GCC Banking Sector: The Case of Conventional and Islamic Banks

R. AlKhoury, H. Aroui

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This research tries to answer three major questions related to our goals. First, how does market power affect the ability of banks to provide liquidity? Second, What is the effect of the financial crisis on the ability of banks to create liquidity? Third, is there a difference between conventional and Islamic banks in their ability to create liquidity? Results reveal that banks that provided liquidity in the past, tend to provide liquidity in the future. Market power, as measured by Boone indicator, is positively associated with bank liquidity creation. Our results support the information hypothesis, which claims that increased bank competition reinforces financing impediments and pushes lending rates up. This hypothesis suggests that a higher level of bank competition reduces investment in banking relationships and hinders access to credit. Our results suggest that bank competition has the effect of reducing bank profitability, increase the nonperforming loans and consequently reduces the bank incentives to provide liquidity. We find a negative and significant relationship between the crisis period and bank liquidity creation. Finally, we did not find any significant difference between conventional and Islamic banks in their ability to provide liquidity.

### The role of Corporate Board in Corporate Social Responsibility Disclosure in Multinational Companies from a Common Law and a Code Law country

H. T. Tran<sup>1</sup>, H. S. Pham<sup>2</sup>

<sup>1</sup>*Foreign Trade University, Vietnam;* <sup>2</sup>*Sheffield Halam University, UK; s.h.pham@shu.ac.uk*

This article examines the role of board independence (the proportion of IDs on board) and board structure (one-tier or two-tier board) in CSR disclosure at MNCs. We collated the data set of 104 non-finance MNCs from the US and Japan in the Fortune World's Most Admired Companies list (FWMA) and Bloomberg during the period from 2006 to 2011. Analysing the whole sample data set of both MNCs from the US and Japan and also two separated sub-samples of MNCs from the US and from Japan, we found significant positive effect of board independence but no significant effect of board structure on CSR disclosure of MNCs. We also found higher effect of board independence on CSR disclosure for MNCs with one-tier board structure than that of MNCs with two-tier board structure. Our paper offers several theoretical and managerial implications.

### A supplier selection tool for Reverse Factoring solutions

A. Moretto<sup>1</sup>, L. M. Gelsomino<sup>2</sup>, F. Caniato<sup>1</sup>, R. de Boer<sup>2</sup>, M. Steeman<sup>2</sup>

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The financial instability that characterise the macro-economic context in modern times have clear effects on companies and supply chains. In this situation most corporates are moving towards the adoption of Supply Chain Finance, a set of solutions aiming to optimise the financial performance within a supply chain. Although it is known that SCF has an impact on the cash flow risk of a buyer, it is not clear how such implications should affect the buyer decision in regards of suppliers to involve. We have developed a framework for the consideration of risk management and financial impacts of suppliers for SCF. The framework was developed through a single case study approach, of a Fast Moving Consumed Good company. Studying more than 100 suppliers, we grouped them in four different categories considering the risk management perspective and the financial impact for buyers and then we identified the best approach in terms of Supply Chain Finance.

### P3.4.1 - Micromultinationals: does size matter?

#### Track: SMEs and International Entrepreneurship

Time: Saturday, 16/Dec/2017: 3:15 pm - 4:45 pm

Room: BL 27.01

CHAIR: Pavlos Dimitratos, University of Glasgow, pavlos.dimitratos@glasgow.ac.uk

#### PANELLISTS:

**Ulf Andersson**, Mälardalen University, Sweden & BI Norwegian Business School

**Luciano Ciravegna**, King's College London

**Jean Francois Hennart**, Tilburg University & Politecnico di Milano

**Olli Kuivalainen**, Manchester Business School, UK & Lappeenranta University of Technology

**Rebecca Reuber**, University of Toronto

Micromultinationals (mMNEs) are those small firms that adopt advanced foreign modes (i.e. beyond exporting). This mMNE topic is particularly relevant to the conference theme as the considerable majority of mMNEs operate in knowledge intensive industries whereby information generation and exchange in foreign markets is key. In the proposed panel session, we explore whether mode of the multinational firm matters, and if so, how and why, in relation to: a) Managers make international decisions based on personal considerations; b) Small firms compete differently (i.e. nimbleness and flexibility) in international markets; c) Governance is different in small firms as compared to their larger counterparts.

**P3.4.2 - Multimedia and online teaching: sharing experiences among institutions****Track: Novel ways of teaching and doing research**

Time: Saturday, 16/Dec/2017: 3:15 pm - 4:45 pm

Room: BL 27.07

**CHAIR:** Paola Garrone, Politecnico di Milano School of Management

**PANELLISTS:**

**Rob van Tulder**, Rotterdam School of Management, Erasmus University

**Thomas Rousing**, Copenhagen Business School

**Susanna Sancassani**, Politecnico di Milano

**P3.4.3 - What is still emerging about EMNEs? Setting the agenda for future research****Track: Emerging Markets**

Time: Saturday, 16/Dec/2017: 3:15 pm - 4:45 pm

Room: BL 27.05

**CHAIR:** Stefano Elia, Politecnico di Milano School of Management, stefano.elia@polimi.it

**PANELLISTS:**

**Peter J. Buckley**, University of Leeds

**Filip De Beule**, University of Leuven

**Ram Mudambi**, Temple University

**Rajneesh Narula**, University of Reading

**Grazia Santangelo**, University of Catania

The recent evolution of emerging country economies has drastically changed the rationale underlying the more recent acquisitions undertaken by EMNEs. Indeed, the literature is increasingly observing a convergence in the patterns of internationalization of emerging and advanced country firms, meaning that, as EMNEs become more experienced, their modus operandi does not greatly differ from those of advanced MNEs. Additionally, in the most recent years, EMNEs have increasingly been able to rely on stronger assets as a result of the co-evolution of their ownership advantage and home-country national innovation systems, and that their asset-seeking strategies are now supported by (rather than being a compensation for as) the assets available at home. These latest developments seem to suggest that EMNEs are still a worth investigating phenomenon at least to understand what is still "emerging" about EMNEs. At the same time, they call for an agenda-setting effort aiming to identify trends and topics that deserve scholarly attention. To this end, the panel will explore a range of research questions in order to set the agenda for future research.



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