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GENERAL INFORMATION
ACADEMY OF INTERNATIONAL BUSINESS

EXECUTIVE BOARD
President
José de la Torre
The Anderson School at UCLA
Immediate Past President
Jeffrey S. Arpan
University of South Carolina
Vice President - 1998 Program
Stefania A. Lenway
University of Minnesota
Vice President - 2000 Program
S. Tamer Cavusgil
Michigan State University
Vice President - Administration
Dong-Sung Cho
Seoul National University
Executive Secretary
James R. Willis, Jr.
University of Hawai‘i at Mānoa

AIB CHAPTERS
-South Africa Chapter-
Cyril V. Francis, Chair
University of Pretoria
-Japan Chapter-
Masakata Ota, Chair
Waseda University
-Korea Chapter-
Dong-Kee Rhoe, Chair
Seoul National University
-beca Basin Chapter-
Aspy Palla, Chair
University of Hawai‘i at Mānoa
-Southeast Asia Chapter-
Oliver H.M. Yau, Chair
City University of Hong Kong
-Western Europe Chapter-
Daniel Van Den Bulcke, Chair
University of Antwerp
-United Kingdom Chapter-
James H. Taggart, Chair
University of Glasgow
-Canada Chapter-
Terri R. Lituchy, Chair
Concordia University
-Midwest USA Chapter-
Stewart Miller, Chair
Michigan State University
-Northeast USA Chapter-
Rajib Sanyal, Chair
The College of New Jersey
-Southeast USA Chapter-
Robert D. Goddard, III, Chair
Appalachian State University
-Southwest USA Chapter-
Michael Landeck
Texas A&M Int'l University
-Western USA Chapter-
“Ram” Sundaresan Ram, Chair
Thunderbird - AGSIM
-Chile Chapter-
Carlos Fuentes, Chair
Universidad Gabriela Mistral

JOURNAL OF INTERNATIONAL BUSINESS STUDIES
Thomas L. Brewer, Editor
Copenhagen Business School
Catherine Langlois, Deputy Editor
Georgetown University

WELCOME TO THE FIRST AIB CONFERENCE
OF THE MILLENNIUM

and to

Phoenix, Arizona

This is our first meeting in the new millennium and it is quite fitting that it takes place at a geographical crossroads where the ancient world of the Anasazi first encountered the European world five centuries ago.

Our Program Chair, Tamer Cavusgil, has outdone himself in the preparation for this program. A record number of papers and panel sessions were received and Tamer, together with his superb program committee and staff, have whittled it down to a remarkable set of offerings. I am certain that all of us will find it intellectually stimulating and fulfilling. The conference theme of Relevance is one that is also particularly timely. Global business is undergoing a dramatic transformation, driven by the twin forces of political change and technological revolution. You will find both of these influences present throughout the program. It is imperative that we, as scholars of international business, impress upon our all work a sense of urgency and relevance that these forces imply.

I want to express our deep gratitude to Bob Grosse and the able team at Thunderbird, who have worked tirelessly to make this meeting an enjoyable and culturally rich experience. I am sure you will agree with me that their efforts have been very much worthwhile and are deeply appreciated by all of us.

As you know, your Executive Board will be stepping down at the end of this year having completed our turn at the AIB’s rudder. On behalf of all of them, and our phenomenal Secretariat staff, let me thank all of you for making this meeting the success that it is, and for allowing us the privilege of serving our Academy. We wish you a fruitful, insightful and enjoyable meeting.

José de la Torre
From the Program Chair

Welcome to the 2000 Annual Meeting of the Academy of International Business! I believe the 2000 program has shaped up to be a forum for an exceptionally rich intellectual discourse. A diverse and large group of colleagues from around the world have contributed an array of most interesting papers, symposia, and panels. I am particularly pleased about the high number of first-time participants at this annual meeting. I hope that you all will come back because your association has the capacity to be an excellent forum for all of us in education, business practice, and public policy, where we are able to share diverse perspectives and engage in meaningful cross-disciplinary, cross-functional, and cross-cultural exchange. The AIB is vying to be a platform for you to disseminate the fruits of your research and experiences, and to provide ongoing professional growth and stimulation.

This year’s conference theme, “In Search of Relevance for International Business Research: Impact on Management and Public Policy,” has received an enthusiastic reception from the AIB members and beyond. A large number of proposals was received in response to our call for critically examining the relevance and impact of IB scholarship for business practice and public policy. Practically every slot in the three-day program offers an opportunity to examine IB research from the perspective of business, industry, and public policy. Many senior corporate executives and public policy makers volunteered their valuable time and expertise for the Phoenix conference; we sincerely appreciate their willingness to create this meaningful dialogue.

The response to this year’s Call for Papers was indeed gratifying. We received a record number of submissions from both the AIB members and others. All in all, some 328 papers and 59 special session proposals were processed. The majority of the submissions came for the corporate strategy (41%) and marketing (18%) tracks. These were followed by HRM and OB (16%) and Economics and Finance (16%). Some 44 percent of the paper submissions came from outside of the United States, reflecting our growing non-U.S. constituency. Fortunately, we had introduced an innovation to this year’s paper reviewing process – a computer assisted system that allowed colleagues to submit their papers electronically, receive confirmation and other correspondence by email, for reviewers to receive their manuscript assignments electronically, and submit their reviews in the same manner. As it turned out, the AIB membership was ready for the electronic age as
some 77 percent of the paper submissions were submitted electronically! Furthermore, some 70 percent of our reviewers, who had been contacted earlier about their willingness to receive manuscripts electronically, complied with our request to participate in the new reviewing system.

This computerized system substantially cut down the manuscript processing time, provided an efficient editorial system, and led to greater author and reviewer satisfaction. We are grateful to Mr. Tunga Kiyak, a doctoral candidate in international business at Michigan State University, for programming an original Microsoft Access application to handle the electronic submission process. We have already made this program available to program chairs of future AIB conferences.

I must acknowledge the assistance of so many people who made my job as the Conference Chair much easier and rewarding. First, the manuscript reviewers. Over 280 colleagues helped out with timely and constructive manuscript reviews. Since each manuscript was sent out to at least two reviewers, the demand for their expertise was taxing. We are grateful for their valued judgments. Secondly, many colleagues and doctoral students at Michigan State University helped out with many chores relating to the conference programming. The expert assistance was received from Professor Attila Yaprak (Wayne State University), and Professor Stewart Miller was especially critical to the success of this conference. MSU doctoral candidates assisted in so many ways, and they include Rosanna Garcia, Som Hanvanich, Daekwan Kim, Tunga Kiyak, Tony Roath, Katrina Savitskie, Elif Sonmez, and Sam Zhao.

Coordinating the AIB 2000 Program Office at MSU was Ms. Tamie Phetteplace, Executive Assistant, who always provided cheerful and expert assistance at every stage in the program preparation. Her hard work, organization, and coordination have been invaluable to us. Ms. Beverly Riedinger, Assistant Director of MSU-CIBER, rounded up the AIB 2000 program team. She provided frequent liaison with the staff at Pointe Hilton at Tapatio Cliffs, as well as Thunderbird. We also appreciated the professional assistance of Mr. Randy Shain at Pointe Hilton. I believe the entire Pointe Hilton staff worked very hard to make our stay a memorable one at this beautiful southwestern resort. Finally, we must acknowledge the kind assistance of Ms. Laurel King of the AIB Executive Office at various stages of the conference planning and implementation.

Certainly, conferences of this type and magnitude require much coordination and planning from so many people, and this was not the exception. We hope that you will take advantage of the rich experience the AIB 2000 annual meeting affords, and make the most of it. Welcome to AIB 2000 and enjoy the conference!

S. Tamer Cavusgil
2000 AIB Program Chair
The Academy of International Business

The Academy of International Business is the leading global community of scholars for the creation and dissemination of knowledge about international business and policy issues. The AIB transcends the boundaries of single academic disciplines and managerial functions to enhance business education and practice.

The objectives of the Academy of International Business, as set forth in its constitution, are to foster education and advance professional standards in the field of international business.

These objectives include the following:

- facilitating the exchange of information and ideas among people in academic, business, and government professions who are concerned with education in international business;
- encouraging and fostering research activities that advance knowledge in international business and increase the available body of teaching material
- cooperating, whenever possible, with government, business and academic organizations to further the internationalization objectives of the AIB.

Membership Benefits

Individual membership (institutional membership is also available) in the Academy of International Business includes:

- An annual subscription to the quarterly *Journal of International Business Studies*, which publishes the latest IB research in the field
- Attendance at the Annual AIB Conference and Regional AIB Conferences at preferred-member conference registration rates
- Opportunities to present and publish your research
- An annual subscription to the AIB Newsletter, published quarterly to keep you abreast of current activities and forthcoming events
- A copy of the latest AIB Membership Directory to keep you in touch with your fellow colleagues. (Published every other year.)

AIB Annual Conference

Each year the AIB membership gathers at the annual AIB Conference. AIB Conferences incorporate a variety of activities including competitive research presentations, forum papers and round table sessions. Often included are site visits to points of commercial interest at the meeting location, such as factory visits and briefings. Panel presentations and keynote speeches by scholars, business executives, and government officials are typically included. The Annual Members Meeting, AIB Chapter Reports, and Executive Board meeting take place at the AIB Annual Conference. A placement service for the academic job market is also offered at the conference.

Future conferences are scheduled for: Sydney, Australia 16-19 November 2001
San Juan, Puerto Rico June-July 2002
Santiago, Chile TBA 2003
AIB Chapters

Subnational, country and multi-country chapters are a distinct yet integral part of the Academy of International Business. Members belong primarily to the AIB, with a secondary identification with their chapter. Chapters must have their own organization, with officers, meetings, constitution and bylaws conforming to democratic processes and to the letter and spirit of the AIB Constitution and Bylaws. The constitution and bylaws of each chapter as well as their amendments must be approved by the AIB Executive Board. AIB members automatically become members of the chapter closest to their place of work, or of one chapter of their choice as notified in writing to the AIB Executive Secretary. They may vote or hold office only in that chapter. However, members have the right to participate in the meetings and activities of other AIB chapters.

Chapter Chairs

Africa
South Africa Chapter Chair - Cyril V. Francis, University of Pretoria

Asia-Pacific
Japan Chapter Chair - Masataka Ota, Waseda University
Korea Chapter Chair - Dong-Kee Rhee, Seoul National University
Pacific Basin Chapter Chair - Aspy P. Palia, University of Hawaii
SE Asia Chapter Chair - Oliver Hon Ming Yau, City University of Hong Kong

Europe
UK Chapter Chair - James H. Taggart, Glasgow University
Western Europe Chapter Chair - Danny G. Van Den Bulcke, University of Antwerp - RUCA

North America
Canada Chapter Chair - Terri R. Lituchy, Concordia University
MW USA Chapter Chair - Stewart R. Miller, Michigan State University
NE USA Chapter Chair - Rajib Narayan Sanyal, The College of New Jersey
SE USA Chapter Chair - Robert D. Goddard, III, Appalachian State University
SW USA Chapter Chair - Michael Landeck, Texas A & M International Univ
Western USA Chapter Chair - 'Ram' Sundaresan Ram, Thunderbird

South America
Chile Chapter Chair - Carlos H. Fuentes, Universidad Gabriela Mistral
AIB NEWSLETTER

Designed to inform members of important information relevant to the International Business field, the quarterly AIB Newsletter provides feature reports and news articles to AIB members. Information on upcoming events such as conference announcements, calls for papers, and publishing opportunities are also featured.

The AIB Newsletter reports on the activities and events of the AIB chapters as well as milestone achievements of individual members. It is also an important source of information for academic position openings.

JOURNAL OF INTERNATIONAL BUSINESS STUDIES (JIBS)

Published jointly by AIB, Copenhagen Business School, and Georgetown University, JIBS is the leading outlet for scholarship in the field of International Business. Interdisciplinary in content and methodology, JIBS publishes a rich array of cutting edge research in International Business.

Thomas L. Brewer, a professor at Georgetown University, took the helm as editor-in-chief of JIBS in June 1997. Under his direction, the journal has grown in international esteem, enjoyed increased circulation, and continued to boost AIB membership.

The journal staff also includes:

Deputy Editor Catherine Langlois, McDonough School of Business, Georgetown University.
Managing Editor Laura Lawson, McDonough School of Business, Georgetown University.

Contact Information:
Professor Thomas L. Brewer  Catherine Langlois, Deputy Editor, JIBS
Editor-in-Chief, JIBS  or Laura Lawson, Managing Editor, JIBS
Institute of Int’l Economics & Management  3240 Prospect Street NW, Room 103
Copenhagen Business School  Washington, DC 20007
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1366 København K  E-Mail: jibs@MSB.edu
Denmark
Phone: (45)38 15 25 18 or 15  Fax: (45)38 15 25 00
E-Mail: tb.int@cbs.dk

Manuscripts should be submitted in both hard copy and electronic formats to the JIBS office at Georgetown. Please see the guidelines for authors on the JIBS Web site for further information at: http://www.jibs.net
AIB Executive Board

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José de la Torre, Anderson School at UCLA

Immediate-Past President
Jeffrey S. Arpan, University of South Carolina

Vice President - 2000 Program
S. Tamer Cavusgil, Michigan State University

Vice President - 1999 Program
Stefanie Ann Lenway, Carlson School, University of Minnesota

Vice President – Administration
Dong-Sung Cho, Seoul National University

Executive Secretary
James R. Wills, University of Hawaii

AIB Secretariat
Laurel King, University of Hawaii
AIB PAST PRESIDENTS

John Fayerweather
1960-1961
New York University

Roland K. Kramer
1962-1964
University of Pennsylvania

James A. Hart
1965-1966
DePaul University

Jack N. Behrman
1967-1968
University of South Carolina

Richard D. Robinson
1969-1970
Mass. Institute of Technology

Vern Terpstra
1971-1972
University of Michigan

Lee C. Nehrt
1973-1974
Ohio State University

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1975-1976
George Washington University

Richard N. Farmer
1977-1978
Indiana University

Robert B. Stobaugh
1979-1980
Harvard University

Franklin R. Root
1981-1982
University of Pennsylvania

Robert G. Hawkins
1983-1984
Rensselaer Polytechnic Institute

Duane Kujawa
1985-1986
University of Miami

John H. Dunning
1987-1988
University of Reading

John D. Daniels
1989-1990
Indiana University

Arthur I. Stonehill
1991-1992
Oregon State University

Jean J. Boddewyn
1993-1994
Baruch College (CUNY)

Donald Lessard
1995-1996
Sloan School, MIT

Jeffrey Arpan
1997-1998
University of South Carolina

Jose de la Torre
1999-2000
UCLA
PAST AIB ANNUAL MEETING SITES

Washington 1959
New York 1960
New York 1961
New York 1962
Boston 1963
Chicago 1964
New York 1965
San Francisco 1966
Washington 1967
Chicago 1968
New York 1969
Detroit 1970
New Orleans 1971
Toronto 1972
New York 1973
San Francisco 1974
Dallas 1975
New York 1976
Orlando 1977
Chicago 1978
Las Vegas 1979
New Orleans 1980
Montreal 1981
Washington, D.C. 1982
San Francisco 1983
Cleveland 1984
New York 1985
London 1986
Chicago 1987
San Diego 1988
Singapore 1989
Toronto 1990
Miami 1991
Brussels, Belgium 1992
Hawaii 1993
Boston 1994
Seoul, South Korea 1995
Banff, Canada 1996
Monterrey, Mexico 1997
Vienna, Austria 1998
Charleston 1999
Phoenix 2000
Active AIB Fellows

Adler, Nancy J. - McGill University
Aggarwal, Raj - John Carroll University
Aharoni, Yair - Tel Aviv University
Arpan, Jeffrey S. - University of South Carolina
Bartlett, Christopher A. - Harvard Business School
Beamish, Paul W. - University of Western Ontario
Boddenwyn, Jean J. - Baruch College - CUNY
Brooke, Michael Z. - University of Manchester
Buckley, Peter J. - University of Leeds
Casson, Mark Christopher - University of Reading
Cateora, Philip R. - Univ. of Colorado - Boulder
Cavusgil, S. Tamer - Michigan State University
Choi, Frederick D.S. - Stern School of Business, NYU
Contractor, Farok J. - Rutgers University
Daniels, John D. - University of Miami
de la Torre, Jose - Anderson School at UCLA
Douglas, Susan P. - New York University
Doz, Yves L. - INSEAD
Dunning, John H. - Reading University
Fayerweather, John - New York University
Ghoshal, Sumantra – London Business School
Goodnow, James D. - Bradley University
Green, Robert T. - The Univ. of Texas at Austin
Grub, Phillip D. - George Washington University
Hawkins, Robert G. - Georgia Institute of Technology
Hennart, Jean-Francois - Tilburg University
Keegan, Warren J. - Pace University
Kobayashi, Noritake - Shukutoku University
Kobrin, Stephen J. - University of Pennsylvania
Kogut, Bruce M. - University of Pennsylvania
Kolde, Endel - Jakob - University of Washington
Kotabe, Masaaki - Temple University
Kujawa, Duane - University of Miami
Lessard, Donald R. - Sloan School at M.I.T.
Macharzina, Klaus - Universitaet Hohenheim
Mandell, Stuart - University of Lowell
Mueller, Gerhard G. - FASB
Nehrt, Lee C. - Ohio State University
Pausenberger, Ehrenfried - Justus-Liebig-Universitat
Perlmutter, Howard V. - University of Pennsylvania
Radebaugh, Lee - Brigham Young University
Ricks, David A. – University of Missouri-St. Louis
Robinson, Richard D.
Robock, Stefan H. - Columbia University
Root, Franklin R. - University of Pennsylvania

Inactive Fellows

Behrman, Jack N. - University of North Carolina
Bertotti, Joseph M.
Dymsza, William A. - Rutgers University
Haynes, Elliot - Shrewbury Institute, VT
Hoskins, William R. - Austin, Texas
Mason, R. Hal - University of California, Los Angeles
Mikesell, Raymond - University of Oregon

Deceased Fellows

Mojimir Bednarik
Emil Benoit
Roy Blough
William Cody
Martin Domke
Lawrence Dowd
Richard Farmer
Paul Garner
James Hagler
James A. Hart
Lowell Hattery

Honorary Fellows

AIB Eminent Scholars
Deans of the Year

Bess, David - University of Hawai‘i at Manoa
Hawkins, Robert (1998) - Georgia Institute of Technology
Kane, Jim (1996) - University of South Carolina
Loeser, Norma - George Washington University
Patten, Ronald - DePaul University
Rameau, Claude - INSEAD
Stetting, Lauge (1995) - Copenhagen Business School
Wyman, Harold (1997) - Florida International University

International Executives of the Year

Agnelli, Giovanni - Fiat Spa (1986) (www.fiat.com)
Barnevik, Percy - ASEA Brown Boreri
Culver, David - Alcan (www.alcan.com)
Hammer, Armand - Occidental Petroleum Company (www.oxy.com)
Maisonrouge, Jacques G. - Air Liquide (www.airliquide.com)
Morita, Akio - Sony Corporation (www.sony.com)
Conference Information
FROM LEFT TO RIGHT: DR. STEWART MILLER, MICHIGAN STATE UNIVERSITY; DR. ATILIA YAPRAK, WAYNE STATE UNIVERSITY; DR. S. TAMER CAVUSGIL, BEVERLY WILKINS, MICHAEL A. REED, TAMIE PHETTEPLACE, TUNGA KIYAK, IREM AYDINSOY, MICHIGAN STATE UNIVERSITY.

NOT IN THE PICTURE: BEVERLY A. RIEDINGER AND MELTEM AVSAR, MICHIGAN STATE UNIVERSITY.
Abstracts
Note: Abstracts that were not sent to the Program Chair in time for publication may not appear in the Proceedings.
FRIDAY, 17 NOVEMBER
Friday – 9:00 a.m. – 4:00 p.m.

Junior Faculty Consortium
Meeting will be held on Thunderbird Campus
Buses will depart at 8:00 a.m. and return at 3:00 p.m.
Meeting from 9:00 a.m. – 3:00 p.m.

Chair: Tina Dacin, Texas A&M University

Speakers:
  Jay Anand, University of Michigan
  Nicholas Athanassiou, Northeastern University
  Harry Barkema, University of Tilburg
  Karin Fladmoe-Lindquist, University of Utah
  Andrew Inkpen, Thunderbird
  Marjorie Lyles, Indiana University
  Marc Ventresca, Northwestern University

(Enrolled participants only, lunch provided)

Doctoral Consortium
Meeting will be held on Thunderbird Campus
Buses will depart at 8:00 a.m. and return at 3:00 p.m.
Meeting from 9:00 a.m. – 3:00 p.m.

Chair: Ravi Ramamurti, Northeastern University

Speakers:
  Gary Knight, Florida State University
  Stefanie Lenway, University of Minnesota
  Subramanian Rangan, INSEAD

(Enrolled participants only, lunch provided)

Board/Chapter Chairs Meeting
Friday – 12:00 p.m. – 2:00 p.m.
Room: Courtroom R  Time: 12:00 p.m. – 2:00 p.m.

Track/Session Chairs Meeting
Friday – 4:00 p.m. – 5:00 p.m.
Room: Courtroom O  Time: 4:00 p.m. – 5:00 p.m.

Presidential Reception
Opening Reception of the 2000 AIB Meeting
Friday – 6:30 p.m. – 8:00 p.m.
Room: Palm Terrace Pool at the Falls
SATURDAY, 18 NOVEMBER

Saturday – 8:30 a.m. – 10:00 p.m.

1.1.1 – Opening Plenary – Recognition of Alfred D. Chandler, Jr.
Room: Salon I&J  Time: 8:30a.m. – 10:00 a.m.

Chair: Alan M. Rugman, Oxford University

Discussants:
   Alfred D. Chandler, Jr. (via video)
   Mira Wilkins, Florida International University
   John Dunning, Rutgers University
   Eleanor Westney, Sloan School, MIT

Saturday – 10:30 a.m. – 12:00 p.m.

1.2.1 – Symposium - Managing Global Customers
Room: Salon I  Time: 10:30 a.m. – 12:00 p.m.

Chair: Julian Birkinshaw, London Business School

Challenges in Adapting to Global Customer Management
   David Arnold, Harvard Business School
   Julian Birkinshaw, London Business School
   Omar Toulan, McGill University

Global Customer Management and Innovation
   Jose Santos, INSEAD

Demand for and Use of Global Account Management
   George Yip, Cambridge University

Global Account Management: Managing the Implementation Process
   Julian Birkinshaw, London Business School
   Omar Toulan, McGill University
   David Arnold, Harvard Business School

1.2.2 – Panel - Electronic Commerce and Global Business
Room: Salon J  Time: 10:30 a.m. – 12:00 p.m.

Chairs: Jose de la Torre, University of California-Los Angeles
        Richard W. Moxon, University of Washington

Panelists:
   John Beck, Andersen Consulting
   Stephen Kobrin, University of Pennsylvania
   Bruce Kogut, University of Pennsylvania
   Anca Turcanu, University of Pennsylvania
   Suresh Kotha, University of Washington
1.2.3 – Panel - International Business Research and Public Policy: From Neglect to Influence
Room: Courtroom M Time: 10:30 a.m. – 12:00 p.m.

Chairs: Michael Czinkota, Georgetown University
Lew Cramer, Former Director General of the U.S. & Foreign Commercial Service

Panelists:
Paul Freedenberg, Alliance for Manufacturing Technology
Cameron Munter, National Security Council
Robert Kohn, National Defense University

1.2.4. – Panel - Strategic Issues in Internationalizing Companies: Insights from Senior Executives
Room: Courtroom O Time: 10:30 a.m. – 12:00 p.m.

Chair: Gerald Graham, Vice President (Ret) Brunswick

Panelists:
Robert Bohannon, President, CEO, Chairman of the Board, VIAD Corporation
Fred Florjancic, Vice President, General Manager, Brunswick Corporation
Jack Reichert, President (Ret), CEO, Chairman of the Board, Brunswick Corporation

1.2.5 – Competitive - Knowledge Development and Management in the MNC
Room: Courtroom N Time: 10:30 a.m. – 12:00 p.m.

Valuing Corporate Knowledge and Intangible Assets: Some General Principles #0293
Farok J. Contractor, Rutgers University

This paper provides a general set of principles, organized into a useable framework, for the valuation of intangible assets as well as corporate knowledge, in the act of transferring, sharing, selling, or licensing it from one company to another. It provides benchmarks for valuation to both seller and acquirer, to licensor and licensee, and to both partners in a corporate alliance. Part I of the paper classifies the nature and attributes of different kinds of corporate knowledge. Part II focuses on the valuation framework.

Intangible assets, whether registered intellectual property such as brands, patents, copyrights, or whether they be “knowhow”, or general corporate expertise, are increasingly separable from their organizational context, and can be sold or shared with another firm – for compensation. As such activity increases -- as part of a general trend towards outsourcing and modularization of business functions, aided by codification of previously tacit or intuitive knowledge -- placing a money value on a “knowledge package” is a crucial managerial function. Many of the principles presented in this paper can also be used when the same firm makes its own investments in other markets, by transferring corporate knowledge to its own subsidiary. The various benchmarks and criteria found in the literature are here, for the first time, presented in a comprehensive valuation framework, eminently usable by managers and negotiators.

Knowledge Management in Global Technology Markets: From Practice to Theory #0186
Peter J. Buckley, University of Leeds
Martin J. Carter, University of Leeds

This paper reports an empirical, investigative survey of four multinational firms (2 UK owned, 2 US) in the pharmaceutical and engineering sectors. In each firm we report one process aimed at capturing value from internationally dispersed knowledge. The four processes reported are: buying technology, organizing a complex bid for a ‘big ticket’ project, drug development and global supply management. We find commonalities and differences among the processes determined by knowledge characteristics, constraints from the participants and
technologies, and outcomes in performance and organizational changes. Although there is no single key to effectiveness in knowledge management, several alternative approaches are presented which relate the organizational method used to the degree of internal knowledge specialization. Knowledge organizing capabilities bestow a competitive advantage, which is difficult for a competitor to replicate. The cases analyzed here show that different forms of organization are appropriate for capitalizing on different kinds of knowledge. The cases show that there are regularities in knowledge creation and transfer processes and that these can be used to develop theoretical frameworks related to knowledge and uncertainty, complementarities in knowledge creating public goods, cooperation issues and the governance of these processes.

Managing Integration of Subsidiary Knowledge in the MNC: A Critical Note on Headquarters Role #0285
Ulf Andersson, Uppsala University
Ulf Holm, Uppsala University

If subsidiaries engage in co-operative relationships external of the MNC and develop new knowledge through these, does this relate to competence development among other MNC units? Further, received theory is somewhat ambiguous on which role HQ has for the corporate integration of subsidiary competence. Does HQ play an active, intermediate role sanctioning competence integration or do subsidiaries integrate their externally generated knowledge through autonomous horizontal interaction? Although we can assume that most subsidiaries do generate specific competence in contact with business counterparts external of the MNC, these questions are still relevant as it is far from given that all subsidiaries will have the same high impact on the competence development of other corporate subsidiaries. Two different paths or mechanisms can be identified. The first is the “design path” in which externally generated subsidiary competence is integrated in the MNC through contacts in the HQ–subsidiary relationship providing HQ with insights that guide them when coordinating exchange between different subsidiaries. The second is the “organic path” in which externally generated subsidiary competence is integrated through autonomous horizontal interaction between MNC subsidiaries. In this paper the two paths are tested by investigating how the management intensity in the HQ–subsidiary relationship, and subsidiary importance for MNC competence development, are affected by subsidiaries becoming embedded in development processes in business relationships external of the MNC.

The results show that the “organic path” is a more accurate description of how competencies are integrated and what causes increased intensity in HQ–subsidiary relationships than is the “design path”.

1.2.6 – Competitive - Export Channel Dynamics
Room: Courtroom Q Time: 10:30 a.m. – 12:00 p.m.

Export Channel Dynamics: An Empirical Analysis of Changes in the Organization of Foreign Distribution #0025
Gabriel R.G. Benito, Norwegian School of Management BI
Torben Pedersen, Copenhagen Business School
Bent Petersen, Copenhagen Business School

In this paper we use longitudinal data from a sample of Danish exporters in order to investigate the dynamics of export organization. Building on previous research, we model such organizational decisions as an interplay between various switch inducing (motivators) as well as switch impeding (costs) factors. We extend previous analyses by looking simultaneously at both replacements of foreign intermediaries (within-mode shifts) and integration of the sales function abroad (mode shifts). Moreover, because we apply the methodology of event studies (proportional hazard regression model) it is possible to test the hypotheses in a more dynamic context. The proportional hazard rate mode has several features that emphasize dynamic aspects, which, in turn, makes it a better reflection of the actual dynamics of channel decisions in foreign markets.

What Determines Intermediary Performance in Export Trade? Transactions, Agents, and Resources #0078
Integrating transaction cost, agency, and resource-based theories, this study explores the determinants of intermediary performance in export trade. Given the transaction cost constraints and principal-agent conflicts, export intermediary performance depends on their possession of valuable, unique, and hard-to-imitate resources which help minimize their client firms’ transaction and agency costs. These resources include knowledge about foreign markets and export processes, ability to handle export negotiations, ability to take title to goods, and specialization in commodity-based products. Survey results from 166 U.S.-based export intermediaries largely support our research model.

Market Orientation and the Channel in International Small and Medium Firms: An Empirical Study

Gary A. Knight, Florida State University

The market orientation-performance relationship has been under researched in the international context. We investigate market orientation and the international channel, with particular emphasis on the foreign distributor, and their linkage to the international performance of the small- and medium-sized firm using empirical data from a large sample of exporting firms. Findings reveal that both market orientation and foreign distributor effectiveness are significant antecedents to international performance, and that foreign distributor effectiveness in fact mediates the market orientation-performance relationship. Moreover, the role of foreign distributor effectiveness in this linkage appears to increase the more top management is committed to the foreign market and the more developed the target market is. These findings are discussed.

1.2.7 – Workshop - Political and International Strategies
Room: Courtroom R Time: 10:30 a.m. – 12:00 p.m.

Political and International Strategies of Deregulated Telecom Monopolies: A Game Theoretic Approach
Jean-Philippe Bonardi, The University of Western Ontario

The international expansion of deregulated telecom operators challenges existing theories in the strategy and international business literature. To account for the newly competitive situation of these formerly protected firms, theory must shift its perspective on such complex variables as the role of the domestic government in deregulation; political and market relationships between home and host countries; and the architecture and timing of international strategies. I develop a three-player game theoretic model to analyze how these four variables affect strategic decisions of former monopolies in the context of international deregulation in the telecommunications industry. I derive theoretical propositions from the model and illustrate them with case studies.

Interaction Between Strategy and Institutions: An Exploratory Study of Corporate Political Strategy and Business Group Competitiveness in Emerging Economies
Dong Sung Cho, Seoul National University
Chinmay Pattnaik, Seoul National University

Researches are abundant in the field of strategic management and organizational theory on the influence of institutional context on the structure of organizations, organization’s action and strategic choice. However little is known about the reverse of this causality. Theories claim that organizations through their strategies can influence the direction of institutional changes (North, 1990; Powell & DiMaggio, 1988; Lawrence, 1999; Oliver, 1991). Another research stream, corporate political strategy discusses extensively on the ways to influence public policy or the formal constraints set up by the institutions. In this research, an attempt has been made to integrate these two research streams to examine the scope and ways to influence the direction of institutional change. In order to
develop and testify the relevant propositions the emerging economies are considered as they are undergoing the overall change in the institutional context. As concerns the economic organizations, business groups are the dominant forms of organizations. Due to the change of institutional context these groups are perceived to be losing competitiveness in the new institutional context, yet to be taken shape. We argue that business groups can still be competitive by changing the public policy to their favor through various political strategies.

Roles for State in Fostering International Inter-Organizational Collaborative Ventures #0069
Peter Smith Ring, Loyola Marymount University

The Effectiveness of Investment and Trade Promotion in American Cities #0014
Timothy Wilkinson, University of Akron
Lance Eliot Brouthers, University of Texas at San Antonio

In order to take advantage of the emerging global economy and reap potential gains in local employment levels and tax revenues, city leaders must decide whether to put scarce resources in export development, foreign direct investment attraction, or both. In this exploratory study we examine the effectiveness of policies used by cities in their efforts to promote exports and increase incoming foreign direct investment. We posit that, for a variety of reasons, cities prefer to pursue FDI attraction activities. We suggest that job creation through FDI attraction is easier for cities to produce, demonstrate and see.

Corporate Political Activities Around the World: A Review and a Challenge #0146
Timothy P. Blumentritt, Marquette University
Douglas Nigh, University of South Carolina

The field of international business has established that governments are important factors in the operation of international business. Unfortunately, the literature on corporate political activities has been constructed primarily from a U.S.-based perspective. This paper offers a systematic critique of the corporate political activities literature, and offers several recommendations on aspects of the literature that need to be addressed.

1.2.8 – Workshop - International Finance
Room: Courtroom K-L       Time: 10:30 p.m. – 12:00 p.m.

The Impact of Political Risk on the Volatility of Stock Market Returns: The Case of Quebec #0117
Marie-Claude Beaulieu, Universite Laval
Jean-Claude Cosset, Univeriste Laval
Naceur Essaddam, Universite Laval

This paper examines the impact of political risk on the volatility of stock market returns for Quebec firms over the period 1990 to 1995. The results indicate that political risk plays an important role in the volatility of stock market returns. However, this risk does not affect all Quebec firms to the same extent. Specifically, the volatility of stock returns varies with the two measures of a firm’s exposure to political risk: the importance of growth options in the value of a firm and the firm’s degree of internationalization.

Canadian Manager Perceptions of U.S. Exchange Listings: Recent Evidence #0124
Carol Olson Houston, San Diego State University
Roberta A. Jones, Cal Poly State University
This study reports recent evidence of Canadian manager perceptions of costs and benefits of listing in U.S. markets, attitudes toward listing in the U.S. market, and their opinions regarding the importance of use of Canadian GAAP or international standards in lieu of U.S. GAAP for U.S. listings. Manager perceptions of firms listing in the U.S. ("listers") are compared to listers’ perceptions collected prior to the implementation of the Multijurisdictional Disclosure System (MJDS) as well as to those of firms that have not listed in the U.S. ("nonlisters"). Our results do not unambiguously support expectations that implementation of the MJDS would result in cost savings for Canadian listers. We find strong similarities in the perceived benefits of listing as previously reported, but in a significantly higher proportion of our post-MJDS sample. However, we find no significant decrease in compliance costs for firms filing under the MJDS. Responses from listers and nonlisters reflect differences between the two populations. Listers appeared concerned with U.S. GAAP reconciliations and disclosure requirements while non-listers are more concerned with the overall difficulty of listing, the costs of listing, and U.S. litigation. Most strongly, however, non-listers perceive it as unnecessary to list in the U.S. market. Contrary to expectations, we find that U.S. accounting disclosure and reporting requirements are not perceived to be barriers to U.S. market entry for Canadian firms, but instead appear to be post-entry irritants. Managers appeared generally unconcerned with U.S. listing requirements and costs until after the firm had listed in the U.S.

### Disclosure Level and Compliance with IASs: A Comparison of Companies With and Without U.S. Listings and Filings #0113

Donna L. Street, James Madison University
Stephanie M. Bryant, James Madison University

This research investigates the extent to which the disclosure requirements of the IASC are complied with or exceeded for companies claiming to use International Accounting Standards (IASs). Additionally, the research seeks to identify significant differences between those companies with U.S. listings, U.S. filings, and those with no U.S. listings or filings with regard to 1) compliance with IASC-required disclosures, and 2) level of disclosure (including both mandatory and voluntary items). The findings reveal the overall level of disclosure is greater for companies with U.S. listings. Additionally, greater disclosure is associated with an accounting policies footnote that specifically states the financial statements are prepared in accordance with IASs and an audit opinion that states that international standards of auditing (ISAs) were followed when conducting the audit. Further, the findings indicate the extent of compliance with IASs is greater for companies with U.S. listings or filings. A higher level of compliance is associated with an audit opinion that states the financial statements are in accordance with IASs and that ISAs were followed when conducting the audit.

### Do Speculators Herd in International Derivatives Markets? Evidence from Oil Futures #0121

Robert Weiner, George Washington University

The 1990s have been a decade of upheaval in international financial markets. Much of the responsibility for financial instability has been placed on speculators, particularly hedge funds. Speculative capital has been characterized as “hot money,” with capital flows driven by “herding,” “flocking,” and “contagion” among players in foreign-exchange, stock, bond, and commodity markets. Policies to deal with financial instability by weakening, or even disabling speculation, have been based largely on anecdote, convenience (speculators have long served as scapegoats for various problems), and ideology, rather than careful analysis. Part of the problem arises from the secrecy with which speculators operate. Since speculative trading cannot easily be observed, it is difficult to assess speculators’ contribution, if any, to financial volatility.

This paper looks at speculative behavior in one of the largest, and most volatile, international financial markets, petroleum derivatives. It utilizes a large, detailed database on individual trader positions in crude-oil and heating-oil futures markets. The paper is exploratory, with focus on measuring and assessing the tendency of speculators to herd (trade in the same direction as a group) and flock (trade in the same direction by subgroups of speculators). Two theories behind rational herding behavior are examined – the asymmetric information view (poorly-informed traders make decisions based on observing well-informed traders, rather than market fundamentals) and the monitoring/incentive view (institutional investors make decisions knowing that their incentives are based on performance relative to a benchmark such as mean returns for a group). These theories
generate different predictions regarding the types of speculators most likely to flock, allowing the construction of
tests designed to distinguish between them.

The evidence does not support the view that herding among speculators as a group is widespread in this market.
In contrast, the data are consistent with a moderate degree of flocking among one group of speculators,
commodity-fund managers. The evidence is supportive of the monitoring/incentive theory, but not the
asymmetric-information theory.

**International Entrepreneurial Finance: Foundations and Content of a New MBA Course #0241**
Walter Kuemmerle, Harvard University

Although the significance of the resource-based perspective to strategic thinking in the international domain has
been made clear and written about extensively, the detailed dynamics through which strategic assets are built and
accumulated by firms around the globe is still unclear. Particularly the link between asset accumulation and
interdependence raises interesting research questions: That is, if some assets are complementary (substitutes)
and thus increase (decrease) in value when brought together, then to what extent does this influence a firm’s
strategy in accumulating these assets. In this paper, we explore these matters by means of an empirical study of
pharmaceutical drug development in nine of the world’s largest firms where we studied (1) the dynamics of three
interdependent technological assets (chemical libraries, combinatorial chemistry, and high-throughput screening);
(2) the strategies taken by firms and the extent to which firms benefit from bringing these complementary assets
together; (3) the role of managerial inertia in the accumulation of strategic assets as a response to the economic
forces of interdependence. Particularly the study of managerial inertia resulted in findings that were somewhat
unexpected: Although prior research points towards inertia as a source of resistance towards the adoption of new
technological assets, we found evidence that management can be quick to overcome these forces of inertia if the
underlying economies of interdependence are sufficiently strong.

**Talk Softly but Carry a Big Stick: The Impact of the U.S. Transfer Pricing Penalty on the Market Valuation of
Japanese Multinationals in the United States #0132**
Lorraine Eden, Texas A&M University
Luis Felipe Juarez Valdez, Universidad de las Americas-Puebla

In 1990, the US Congress passed section 6662, levying an accuracy-related penalty where transfer prices deviated
significantly from the arm’s length standard. The penalty was aimed at US subsidiaries of foreign (particularly
Japanese) multinationals, which were widely believed to be underpaying US corporate income taxes. We develop a
theoretical model analyzing the penalty’s impact on a multinational’s after-tax profits, and then use event study
methodology and regression analysis to test our model on stock market prices of Japanese multinationals with US
subsidiaries in the 1990s. We find that the penalty had a negative impact on their cumulative abnormal returns,
providing strong support for the predictions of our model.

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**Saturday – 12:00 p.m. – 1:30 p.m.**

**Poster Sessions with Light Lunch - Included are sessions with select members of the AIB Fellows.**
Room: Salon G         Time: 12:00 p.m. – 1:30 p.m.

**STRATEGIC ALLIANCES**

**Multinational Strategic Alliances in the Pharmaceutical Industry (#280)**
Refik Culpan, Penn State University at Harrisburg
This paper examines multinational strategic alliances between pharmaceutical firms. After delineating the theoretical foundations of strategic alliances, it develops a conceptual framework including modes of alliances, "first cooperate then compete, cooperate while competing, and cooperate among themselves compete with others;" and value line activity of alliance referring to supplying, R&D, production, and marketing partnership. Additionally, it demonstrates the application of the conceptual model to international pharmaceutical alliance cases. Finally, the paper draws some conclusions and makes recommendations for further research.

Namgyoo K. Park, New York University

This paper is a work-in-progress that investigates how changes in available resources that occur from the access to external resources affect changes in firm value. Specifically, it examines how the performance-enhancing conditions of external resources increase firm value, in terms of resource value, rareness, inimitability, and non-substitutability, by investigating stock price reactions to alliance announcements in the international airline industry.

Unique characteristics of the international airline industry make it possible to clearly identify critical resources and reliably measure their performance-enhancing conditions. This paper employs an event study method that can control for potential confounding effects and illustrate a clear causality between changes in resources and changes in firm value.

A pilot study shows that, on average, airline companies’ stock prices increase immediately upon alliance announcements. Yet, approximately 37% of the alliance announcements create negative returns. These negative returns warrant further analysis to explain which performance-enhancing conditions of external resources create higher returns.

This study advances the resource-based view by extending the focus of analysis from resources within the firm to resources residing between firms. Further, it adds value by attempting to simultaneously measure all four conditions of performance enhancing resources.

International Business Partnerships in Australia: Research and Applications (#88)
Chris Styles, University of New South Wales
Paul Patterson, University of New South Wales
Farid Ahmed, University of New South Wales
Michel Phan, University of New South Wales
Tim Harcourt, Australian Trade Commision

Although international business partnerships (IBP’s) between firms of different countries are playing an increasingly important role in international business, there has been limited research into the antecedents, processes and outcomes of these partnerships from the perspective of both partners, particularly amongst IBP’s involving Western and Eastern firms. This paper outlines a research programme that: i) integrated a number of theoretical paradigms relevant to IBP’s; ii) collected qualitative and quantitative data from IBP dyads in South East Asia and Australia to develop and test models of IBP success; and iii) developed managerial tools, including web-based self assessment instruments, to audit firm partnerships and help select the most appropriate alliance managers. The research programme is a collaborative effort between an Australian University and the Strategic Development unit of the Australian Trade Commission (Austrade), and has therefore focused on both the rigor and relevance of the research.
DEVELOPING COUNTRIES

Multinational Enterprise Strategy for Developing Countries (#36)
Alan Rugman, University of Oxford

This paper will explore the following issues of corporate strategy for multinational enterprises (MNEs) operating in developing countries, as well as for MNEs from developing countries: (1) the strategies of indigenous small and resource-based MNEs in developing economies which need triad market access; (2) the asymmetries in the strategies of firms in developing countries compared to the Porter (1980, 1990) strategies of managers of MNEs with a large triad home-base; (3) the consequent modifications in strategies required by SOE managers in developing countries; (4) the role of foreign direct investment (FDI) and the contribution of foreign-owned firms to developing countries, with particular reference to their strategies and flagship linkages; (5) identifying potential business-government relationships, within the complex managerial nature of business networks and clusters in developing countries.

What Determines the Scope of the Firm? Institutional Insights and Extensions from Emerging Economies (#77)
Mike Peng, The Ohio State University
Seung Hyun Lee, The Ohio State University
Denis Wang, Chinese University of Hong Kong

According to a recent, institution-based view, corporate strategies are not only driven by industry competition and firm resources, but also determined by the institutional frameworks in which firms are embedded. In this article we limit our attention to a central question in corporate strategy: What determines the scope of the firm? Highlighting contributions from emerging economies which seem to suggest a positive link between conglomerate (unrelated) diversification and firm performance, we first introduce a puzzle: How can conglomerates in emerging economies add value at a high level of diversification whereby their counterparts in developed economies have largely failed? We then solve the puzzle by (1) introducing the institutional frameworks in emerging economies and (2) focusing on the economic benefits and bureaucratic costs associated with diversification. Finally, through three propositions on the scope of the firm, we extend the institution-based view of corporate strategy to enhance our understanding of the diversification-performance relationship not only in emerging economies but also in developed economies.

Host Country Goals and Comparative Behavior of Multinational and Local Enterprises in the Indian Telecommunications Industry (#80)
Pradeep Kanta Ray, University of New South Wales

This paper examines the comparative performance of multinational companies (MNCs) and local enterprises (LEs) in complying with India’s developmental and transformational goals in the telecommunications (switching) industry. Drawing on the strategic group theory approach, a case study of three large enterprises in the telecommunications industry is followed by a matched pairs test of 71 enterprises in the Indian electronics industry. Important differences between the ownership groups arise along four major strategic dimensions of product-environment compatibility, trade orientation, technological activities, and vertical integration. LEs satisfy a majority of developmental goals while MNCs comply with some transformational goals, and complement the efforts of LEs.
A Cross-Cultural Perspective on Conflict as Threat to Self: A Process Approach to the Question of Conflict Functionality (#194)

Sigrid Westphal Khorram, University of South Carolina

General consensus in the Western organizational behavior literature suggests that relationship conflict is dysfunctional, while task conflict is considered helpful. This paper argues that in more collectivist culture, this differentiation does not occur to the same extent. Building on the existing literature, a process model is developed that describes the process by which task and relationship conflict can lead to differential outcomes. In particular, it is suggested that if conflict is perceived as a threat to the self, the individual will experience cognitive dissonance and associated with this physiological arousal and negative affect. In the process, an unpleasant feeling of tension is commonly experienced. While the individual seeks to reduce this tension, the attention is focused on the self rather than on task performance. When self-relevant conflict episodes occur frequently, a noticeable decrease in performance is predicted. Furthermore, specific paths are suggested which describes why task and relationship conflict can lead to differences in the perception of conflict functionality in collectivist cultures. More specifically, it is argued that the relationship between individualism/collectivism and perceptions of self-relevance of conflict information is mediated by differences in attribution patterns, fuzziness of domain boundaries, and the emphasis on relationships versus tasks. This cross-cultural aspect of the model will be the focus of suggestions for empirical operationalization of variables and testing procedures.

Organizational Values and Personal Values in the International Context, a Crosscultural Analysis (#87)

Rabi Bhagat, University of Memphis
Michael P. O’Driscoll, University of Waikato
Balaji Krishnan, University of Memphis
Zhenyu Huang, University of Memphis

In this six-country investigation, we explore the structure of organizational values and personal values in six countries from different parts of the globe. The essential objective of this study was to develop further insights in terms of how the structures of values may systematically either match or differ according to the standing of the countries on the important Hofstede dimension of uncertainty avoidance. The result showed that Japan and Germany which had the highest uncertainty avoidance values had rather different structures of organizational values and personal values. The remaining four countries of India, Australia, New Zealand, and South Africa had similar structures reflecting the domains of organizational values and personal values. Implications of this study for international management and organizational behavior are difficult. We also indicate the usefulness of the findings for global marketing and global information management system.

The Impact of Individual and Cross-Cultural Differences on The Usage of Social Capital/Guanxi #236

Wei He, Boston College

This research examined the impact of individual and cross-cultural differences on a pair of equivalent constructs—social capital and guanxi in two countries. Survey data about college seniors’ usage of social capital/guanxi in job seeking were collected from the United States and China respectively. Cross-cultural differences were found to have more significant impact than individual differences. However, the finding could be better explained with the institutional differences between the two countries than merely cultural differences.

Cross Cultural and Diversity Management in Australian-based MNEs: Competencies, Capabilities and Challenges (#176)

Prem Ramburuth, University of New South Wales
As the number of Australian business enterprises internationalizing their operations rapidly increases, attention is being focused on the cross cultural competence of Australian managers, their capabilities in managing issues of cultural diversity, and their abilities in functioning effectively in competitive, global environments.

This study examines cross-cultural competence and cross-cultural management practices in a sample of Australian-owned and Australian-based Multinational Enterprises (MNEs). Through in-depth interviews, the study seeks to gain insight into levels of cross cultural sensitivity and adaptability, strategies for coping with cultural differences, capabilities in diversity management, and opportunities for training and cross cultural skills acquisition.

Findings indicate a cogent recognition of the impact of ‘culture’ on business operations. They also indicate consistency in the ability of Australian managers to adapt to new and diverse environments, and an openness and readiness to learn ‘on the run’. There is also evidence of difficulties encountered on several dimensions, in managing cultural differences and issues of diversity in the workplace. There is acknowledgement of the importance of training for appropriate skills acquisition to counter such difficulties, but little evidence of organizational provision of such training, or managers’ commitment to seek training independent of the organization. Challenges for Australian managers seem to lie in the conglomeration of skills required to fulfill rapidly changing expectations of global managers, and capabilities in adjusting to new and emerging paradigms for managing cultural diversity in the workplace.

THEORY DEVELOPMENT IN INTERNATIONAL BUSINESS

International Market Entry of Small Knowledge-Based Firms: Towards a Synthesis of Economic and Behavioral Approaches (#275)
Fred I. Nilsen, University of Queensland
Peter W. Liesch, University of Queensland

This study investigates the internationalization process of a small knowledge-based firm underpinned by a conceptually triangulated framework consisting of foreign direct investment theory, internationalization process models, and the networks perspective. It is concluded, based on the empirical data assembled, that the foreign market entry process of such firms cannot adequately be depicted by using either theoretical perspective in isolation, but rather a conceptually integrated approach incorporating facets of each theoretical strand is needed.

Sharif N. As-Saber, The University of Tasmania
Peter W. Liesch, The University of Queensland
Peter J. Dowling, The University of Tasmania

Geopolitical elements constitute an important component of the external environment affecting international business operations. Together with other environmental variables, they are likely to influence a firm’s decisions on its future or existing international business activities. However, there are few studies highlighting the geopolitical milieu that affects the international business domain. A framework for a geopolitical paradigm of international business is introduced with a particular focus on the time, place and demographical dimensions of geopolitics.

Ecological View of Strategy: Organizational change and international market diversity (#111)
Yangmin Kim, Texas A&M University
David Loree, Texas A&M University
Eui Jeong, Texas A&M University
We examine the proposition that organizational change is detrimental to a firm’s likelihood of survival while investigating previous experience in change and international market diversity as buffers against this effect. Our results suggest that the detrimental effect of change depends on its relative magnitude. The findings also indicate that while previous market entry experience provides no moderating effect, international market diversity significantly moderates the relationship between relative magnitude of change and the probability of exit. Our results suggest that firms may increase their chances of survival in spite of the disruption that accompany change by implement particular firm level strategies.

**TOPICS IN HUMAN RESOURCE MANAGEMENT**

**Power and Performance of the Human Resource Function in Mexican Firms (#200)**
Gary W. Florkowski, University of Pittsburgh
Miguel R. Olivas-Lujan, University of Pittsburgh and ITESM, Monterrey

We explored the influence that human resource (HR) function power, senior HR manager competencies and environmental munificence have on perceived performance. Moderated regression was performed using data from 37 firms in Mexico. As predicted, HR function power had a positive effect on perceived operational effectiveness. HR function power and operational effectiveness impacted positively on perceived internal reputation of the HR unit. Interestingly, HR perceived internal reputation was higher in Mexican-owned companies than in multinational firms.

**An Empirical Examination of the Relationship Between Facets of Expatriate Adjustment and Multiple Measures of Expatriate Managerial Effectiveness (#85)**
Jeffrey P. Shay, University of Montana
J. Bruce Tracey, Cornell University

Much of the prior research on expatriate managers has considered adjustment as one of the primary indices of expatriate effectiveness. We argue that this perspective is somewhat narrow, and that adjustment should be considered as an antecedent of effectiveness. Moreover, we are concerned that there has been an over-reliance on expatriate self-reports of behavior and performance. The current study attempts to address these issues by examining a model of the relationships among three facets of expatriate adjustment, expatriate self-reports of performance, and subordinate ratings of expatriate managerial effectiveness, supervisor satisfaction, and turnover intentions. Using data from 194 expatriate hotel general managers and 505 subordinate functional level managers, the results from correlation and structural equations analyses provided support for the model. Specifically, interactions adjustment and general adjustment were significant predictors of work adjustment, and work adjustment significantly predicted expatriate self-reports of performance. In addition, subordinate ratings of supervisory satisfaction were significantly related to turnover intentions. Although some of the non-significant findings in the proposed model may be due to mediating effects of variables not included in the current study, our findings show that careful consideration must be given to the use expatriate self-reports of adjustment and performance as proxies for effectiveness.

**From Dualistic Adjustment to Repatriate Turnover: A Mediating Model of Repatriate Adjustment and Psychological Contract Violation (#34)**
Riki Takeuchi, University of Maryland

This article proposes a holistic model of repatriate adjustment. The degree of repatriation adjustment difficulty experienced by the repatriate is caused by the four possible types of adjustment made by the repatriate during the international assignments. Psychological contract violation is proposed as the mediator in this repatriation process.
Pol Herrmann, Iowa State University
Deepak K. Datta, University of Kansas

This study examines the relationships between top management team (TMT) characteristics and level of international diversification utilizing data from a sample of over 179 internationally diversified firms. Findings indicate that TMT characteristics, in general, play an important role in explaining variations in the level of international diversification across firms. Specifically, we found TMT education level and international experience to be positively associated with international diversification; however, contrary to expectations, TMT functional heterogeneity was negatively associated with such diversification. Tests for performance implications of fit between TMT characteristics and international diversification using sub-group analysis indicate that, while there is stronger fit in high performing firms, performance implications of achieving such fit may not be significant.

RISK

The Role of Risk Perception and Risk Propensity in the Choice of Countertrade Form (#106)
Jim McCullough, Washington State University
Erika Scholmer, Washington State University

Forms of countertrade activity in multinational transactions are examined in relation to risk handling characteristics of managers and transaction costs in organizations. Based on a survey of 80 countertrade managers it appears that the form of countertrade chosen by an organization is a function of managerial risk perceptions, frequency of countertrading, and the specificity of assets involved. It is suggested that simple barter, closed-end barter, or counterpurchase agreements may be most appropriate for competitive and standardized situations. More complex forms such as buyback, direct offset, and indirect offset may be more appropriate when products are complex or environmental conditions lead to greater uncertainty.

Modeling Political Risk: Making Theory Relevant (#214)
Llewellyn D. Howell, Thunderbird-AGSIM

Political risk ratings are generally created through systematic use of expert-generated data and provide a risk picture for a whole country for all foreign investors. A variety of models are employed in making forecasts, either from commercial risk forecasting companies or from internally created methods. Ratings from three political risk-forecasting models (BERI, ICRG, and The Economist) are examined here for two time periods—1986 and 1992. Each of the methods is summarized and their assessments are compared. They are compared with each other in each time frame and with their own forecasting abilities across time frames. Variances in their assessments are analyzed in terms of differences in the methodologies. The study finds that when regressed on the same loss variables for the two time frames the methods show a range of forecast capability, both as indices and as restructured models. It also shows that the models have decreased forecasting ability in the more recent time frame, possibly a reflection of a changed investment environment after the end of the cold war. Key words: Political Risk; FDI; Forecasting;

Political Risk and Foreign Divestment: A Case of Daewoo Business Group (#133)
Dongkee Rhee, Seoul National University
Jai-Beom Kim, Myongji University
We examine the trends of foreign direct investment (FDI) and divestment of largest Korean business conglomerates, notably Daewoo after IMF crisis in late 1997. We address the issue of the impact of adverse external (and global) environment surrounding investing firms on their FDI and divestment activities. Our findings show that the extent of impact varies by group, reflecting the global strategies of the above conglomerates. Further research can be directed toward a variety of factors affecting the investment (divestment) decisions of these groups.

**CASE STUDIES IN INTERNATIONAL BUSINESS**

**The Transfer of Best Practice in MNCs: A Comparative Case Study (#9)**

Martyn Wright, University of Warwick

The paper compares methods for the transfer of best practice in two global multinational corporations (MNCs). In the first case, best practice was transferred through new communications technology, such as e-mail networks and intranets. In the second example, the primary media was direct personal interaction between senior managers. The people-based mode proved a more efficient means of disseminating best practice than the IT mode, since the information provided was commonly more salient, structured and permitted greater opportunity for feedback.

**Economic Liberalization and its Impact on Foreign Direct Investment: The Case of India (#130)**

Anusuya Yogarajah, Nanyang Technological University  
Naresh Khatri, Nanyang Technological University  
Zafar Ahmed, Nanyang Technological University

In recent years, many developing countries are liberalizing their economies for attracting foreign direct investments. Foreign direct investment can play an important role in economic development as can be seen from the transformation of economies such as Malaysia, Thailand, Singapore, and China from mainly agrarian economies into major producers and exporters of manufactured goods. This paper analyses the impact of economic liberalization on foreign direct investment decisions of firms using India as a case study. We reviewed past research on factors influencing a foreign firm’s decision to invest in a country and developed a framework for examining foreign direct investment in India. We identified three broad factors: locational factors, firm operations, and ownership advantages and explored the effect of each on a firm's foreign direct investment decision. Personal interviews were conducted with 40 companies in Singapore and Malaysia that had invested in India as well as their joint venture partners in India. In addition, we interviewed 10 experts from Singapore / Malaysia and 25 from India. We found that foreign direct investment inflows to India were affected not only by the policies of the host country but also by several other factors. The liberalization policies of the government acted as a facilitator. The large domestic market and potential for further growth were found as the most important factors attracting foreign investors to India.

**Restructuring in the Liner Shipping Industry: A Case Study in Evolution (#276)**

Mary R. Brooks, Dalhousie University

Like many other industries, the global container shipping industry has been undergoing a period of restructuring and consolidation in the 1990s, reflected in both merger and acquisition activity and in the formation of global alliances. Following a description of this decade of industry change, this paper explores the literature on growth alternatives, the specific case of the Sea-Land and Maersk relationship, and presents a framework to explain the managerial decisions behind the final merger decision.

**How Whisky Companies Adapt to Actual Sales (#305)**

David P. Rutenberg, Queen's University
Whisky companies have used their multinationality to develop sophisticated mechanisms to adapt to erroneous forecasts made years earlier. These mechanisms include: (1) selling each brand to a portfolio of nations; (2) creating brands of different vintages; (3) earmarking responsive markets; (4) blending intertemporally; (5) preserving a few markets for looser specifications; (6) trading among companies. The paper presents a means by which mature brands can communicate upstream before younger brands take the whisky from the pipeline. Other industries which must base production decisions on long-term forecasts might learn to adapt to faulty forecasts from these whisky insights.

 FOREIGN ENTRY MODE

Country-Specific Strategy and Entry Mode Choice in Central and Eastern Europe (#15)
Keith D. Brouthers, University of East London
Lance Elliot Brouthers, University of Texas at San Antonio
George Nakos, Clayton College & State University

In this study we examine the influence of three country-specific strategies (market-seeking, resource-seeking and client-following investment) on equity mode choice decisions for firms entering central and eastern Europe. We found that market-seeking and resource-seeking strategies tend to influence mode choice while no such relationship was found for firms pursuing a client-following investment strategy. We conclude by discussing the implications of our findings for future entry mode research.

Internationalization Strategies: Comparing the Governance Structures of Manufacturing and Service Firms (#183)
Cyril Daniel Bouquet, The University of Western Ontario
Louis Hebert, The University of Western Ontario
Andrew Delios, Hong Kong University of Science and Technology

The design of an appropriate governance structure is among the most important decisions firms have to make with respect to their foreign market entry. This study proposes that the degree of intangibility, inseparability and idiosyncrasy of a firm’s assets (the “3 Is”) will affect the selection of their governance structure as they enter foreign markets. It compares and contrasts how manufacturing, wholesale trade and financial services industries differ in terms of entry mode choice and expatriate employment patterns, using a sample of 7615 market entries by Japanese firms in North America, Europe and Asia. Results supported the proposition that the propensity to use WOS and expatriate managers was positively associated with the intangibility, inseparability and idiosyncrasy of the firm’s assets. In particular, this propensity was found to be greater in financial services compared to wholesale trade and manufacturing industries.

The Impact of Ownership Structure on Japanese Inventors’ Choice of Acquisitions versus Startups in the United States (#239)
Shih-Fen S. Chen, Brandeis University

Overseas acquisitions can be motivated by access to strategic assets controlled by foreign firms or other strategic considerations, such as speedy entry into rapidly growing industries. In this study, we argue that the decision of acquisitions versus startups also depends on whether a joint venture is formed or a wholly owned affiliate is established. Through a sample of Japanese investments in the US, we have found that acquisitions are motivated by access to strategic assets controlled by the targets when entry is made through wholly owned subsidiary. Yet when entry is made through joint venture, Japanese investors instead use acquisitions to accomplish other strategic goals. The results also show that Japanese investors entering the US through wholly owned subsidiaries
choose full ownership to avoid acquisitions, but those setting up joint ventures are indifferent to the choice of acquisitions versus greenfield investments.

The Trauma of Developing Business Positions in China (#323)
David McHardy Reid, Curtin University of Technology
John Walsh, Curtin University of Technology

Since the inception of the open door policy in 1978, China has acted as a magnet for firms wishing to locate there to gain access to the billion plus consumers. The scramble to establish a presence in the country has led firms to make a number of sub-optimal decisions and to revise their plans. Research in Shanghai among leading international consumer goods firms has revealed a variety of shortcomings in our understanding of the internationalization process and has also yielded insights into how localization within Shanghai may be successfully effected.

ENTREPRENEURSHIP AND SMES

Sumit K. Kundu, Saint Louis University
Chin-Chun Hsu, Saint Louis University

This study examines the international growth of small Indian software companies in the past ten years. It coincides with the opening up of the economy in mid 1991, and the strategic thrust of the government to improve the balance of payments situation. The study provides empirical evidence that the phenomenal international growth of the small software firms has been due to a combination of entrepreneurial and firm level characteristics. Hypotheses have been developed and tested based on the entrepreneurship, international business, and strategic management literature. Given the growing importance of the service sector in general, and information technology industry in particular, this study sheds light on the increased international competitiveness of firms based in developing countries.

The Relationship Between Entrepreneurship, Market Orientation and Performance: A Test in Saudi Arabia (#141)
Mohsin Habib, University of Massachusetts - Boston
Shahid N. Bhuian, Northern State University

Organizational entrepreneurship and market orientation have been studied mostly in the context of developed nations. Utilizing advanced measurement scales, this study extended the research by examining the relationship between the two and their impact on performance in a developing economy, namely Saudi Arabia. Entrepreneurship and market orientation have the same positive impact on organizational performance in this context. Moreover, the combined effect of the two resulted in a significant performance increase for companies. Implications of these findings are discussed.

University Based Start-ups in Germany (#191)
Gabriele Beibst, University of Applied Sciences Jena
Arndt Lautenschlaeger, University of Applied Sciences Jena

Innovative business set-ups are essential for industrialized countries in order to succeed in competing successful at global markets. The need for a technology and knowledge-based industry in Germany is mainly replied by government assistance and promotion. Thus, the Federal Government originated a program: the “EXIST – University-based start-ups” program. It is concentrated on five core regions with several regional network
initiatives. We present the objectives of EXIST and discuss its activities and measures. Hereby we look at actors involved at different levels down to one certain institution in one of the EXIST – regions.

The SME Structure of Central and Eastern Europe (#326)
Michael Hughes, University of Stirling
Ewa Helinska-Hughes, University of Paisley

The paper explores various features of the small and medium size enterprise sector in the five Central and East European countries that will accede to the European Union within the next decade. This analysis is the first step in a research project to examine the effect that SMEs in the transition economies will have upon the existing EU member states.

HEADQUARTER-SUBSIDIARY DYNAMICS

Dean Xu, York University

This paper uses agency and institutional theories to explain compensation strategy of the multinational enterprise for its foreign subsidiaries. Agency theory hypotheses are proposed linking compensation strategies (behavior-based versus outcome-based) and their respective effectiveness to a set of subsidiary-level variables. Limitations of the agency-theory model and the effect of institutional differences are discussed. The key argument is that the explanatory power of agency-based predictions will be moderated by the institutional distance between the host and home countries.

Making an Impact: The Perceived Importance of the Foreign Subsidiary for the Multinational Corporation (#42)
Patrick Furu, The Swedish School of Economics and Business Administration

Research on the roles of subsidiaries of multinational corporations (MNCs) suggests that subsidiaries are a valuable source of competitive advantage. In developing distinctive competencies, many subsidiaries become important for other units with the MNC in terms of having an impact on the corporate competence development. There is, however, little empirical evidence on what kind of competencies will lead the subsidiary to have such an impact. This paper examines how different conditions for developing competence in the subsidiary affects the subsidiary’s impact on the rest of the corporation. The results of multiple regression analyses of 2109 foreign subsidiaries show that employing several different mechanisms and approaches for developing competencies has a strong positive relation on the subsidiary’s impact on the rest of the corporation. Implications of the results are discussed.

U.S. Multinationals’ Formal and Informal Control of Subsidiaries in Malaysia and Singapore (#297)
Malika Richards, Drexel University
Michael Y. Hu, Kent State University

The paper empirically tests the shared values and formal HQ control constructs and their relationship with subsidiary performance. This was achieved through personal interviews with Malaysian and Singaporean subsidiaries of U.S. multinationals. Results indicated shared values and formal HQ control constructs are
measuring two different dimensions. Also, while there is a quadratic relationship between shared values and performance, it is negative between HQ control and subsidiary performance.

**In Search of the Corporate Effect: The Impact of Multinational Corporations on the Performance of Their Units Worldwide (#82)**

Manuel Becerra, Instituto de Empresa

This paper investigates the industry, corporate, and business effects for American multinational corporations (MNC) in different areas of the world. Using several variance decomposition methods, the results show that between 5% and 12% of the performance of MNCs in their international operations can be attributed to their corporate headquarters. As expected, headquarters provide value to their international subsidiaries, particularly in certain years. This corporate effect is larger for more highly internationalized firms.

**FOREIGN DIRECT INVESTMENT**

**The Eclectic (OLI) Paradigm of International Production: Past, Present and Future (#116)**

John Dunning, Rutgers University

**Multinational Enterprises from LDCs: Revisiting Ownership Advantages and FDI Preferences (#232)**

Chiung-Hui Tseng, Washington State University
Patriya Tansuhaj, Washington State University

This study explores the relationships between ownership advantages and preferred FDI ownership level for multinational enterprises from developing countries operating in less developed countries (LDCs) and in more developed countries (MDCs). We examined three types of ownership advantages — multinational experience, capital acquirement and marketing intensity. A conceptual model and propositions are provided on how the relationships between ownership advantages and preference of ownership level may differ when multinational enterprises invest in LDCs as opposed to MDCs. Managerial and public policy implications are suggested in addition to suggestions for future research.

**The Effects of Nationality and Firm-Specific Variables on the Importance of Manufacturing Location Attributes in the United States (#210)**

Francis M. Ulgado, Georgia Institute of Technology
A. Crystal Godsey, Georgia Institute of Technology

This study investigates the effect of nationality of investors, industry affiliation and other firm-specific variables on the location decision of manufacturing investment in the U.S. Based on the survey of 265 firms, the findings indicate that: nationality and industry affiliation tend to significantly influence the importance of location attributes to manufacturing firms, while other firm characteristics affect location attributes to a lesser degree.

**The Relative Importance of Old and New Decision Specific Experience in Foreign Ownership Strategies (#24)**

Kang Rae Cho, University of Colorado at Denver
Prasad Padmanabhan, San Diego State University
In this paper, we examine the relative importance of old and recent decision specific experience for MNC’s foreign ownership structure decision. Using established procedures to measure decision specific experience construct, we find, from data for Japanese MNCs for the period 1969-1991, empirical evidence that firms tend to rely on both old and recent decision specific experiences for their current ownership structure decision, but that they rely more on recent decision specific experience than on old decision specific experience, contrary to our conventional view on the temporal importance of decision specific experience. Sub-sample analysis involving developed and developing countries indicates that both old and new decision specific experience are important for both group of countries, but old (new) decision specific experience is marginally more important for investments made in developing (developed) countries.

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**Saturday – 1:30 p.m. – 3:00 p.m.**

**1.3.1 – Panel - Managing an Interdisciplinary International Business Career**

**Room:** Salon I  
**Time:** 1:30 p.m. – 3:00 p.m.

**Chair:** Mary Yoko Brannen, University of Michigan

**Panelists:**
- Elizabeth Briody, General Motors Corp.
- Jean-Francois Hennart, Tilburg University
- Jill Klienberg, University of Kansas
- Michael Morris, Stanford University
- Michael P. Ryan, Georgetown University

**1.3.2 – Symposium - Internationalization and Competitive Space: Implications for Public and Private Strategies**

**Room:** Salon J  
**Time:** 1:30 p.m. – 3:00 p.m.

**Chair:** Rob van Tulder, Erasmus University

*Internationalization of Corporate Management*
- Winfried Ruigrok, University of St. Gallen

*Internationalization of Corporate Responsibility*
- Ans Kolk, University of Amsterdam

*Internationalization of Competitive Space*
- Rob van Tulder, Erasmus University

**Commentators:**
- John Dunning, Rutgers University
- Alan Rugman, Templeton College
- Louis Wells, Harvard University

**1.3.3 – Panel - Restructuring of Korean Chaebols: Transformation or Disintegration?**

**Room:** Courtroom M  
**Time:** 1:30 p.m. – 3:00 p.m.

**Chair:** Dong Sung Cho, Seoul National University

**Panelists:**
- In-Chul Chung, The Monitor Company
- Chong-Suk Lee, LG Executive Office
- Sang-Hoon Nam, University of Victoria
1.3.4 – Competitive - Intellectual Property/Country Image

Room: Courtroom N  Time: 1:30 p.m. – 3:00 p.m.

The Reality Check that Bounced: Corporate Governance and Privatization in France #0229
Michel Goyer, Massachusetts Institute of Technology
Ruth V. Aguilera, University of Illinois at Urbana-Champaign

We examine corporate governance in the context of privatization in France from the mid-1980s to the late-1990s. In particular, we focus on France’s experimentation with, and adoption of, foreign models of corporate governance by examining French firms that have privatized since 1986. These firms were highly internationalized in terms of markets and production sites. Moreover, they experienced a transformation in governance practices. Specifically, although the privatization process in France as designed and implemented followed an unambiguous strategy of importing substantial features of insider systems of corporate governance, such as those found in Japanese kereitsu systems, Anglo-Saxon outsider systems of corporate governance ideas were heavily adopted by these firms in the mid 1990s. Our findings suggest that institutional legacies from the past influence behavior of privatized firms at three levels: monitoring and disciplining of CEOs, pattern of corporate finance, and the role of banks.

Managing Intellectual Property Protection Across Borders: Challenging the Assumptions #0016
Sara L. McGaughey, The University of New South Wales

This paper addresses the issue of how MNEs may protect their intellectual property in nations deemed to have weak intellectual property rights (IPR) protection. Following an overview of IPR regimes and key characteristics of knowledge assets, the notion of strategic interventions in knowledge flows as a means of affording protection across borders that need not be institutionally based is developed. The conceptual argument, illustrated through a range of industry examples, challenges dominant assumptions in the literature concerning risks faced by MNEs operating in countries with weak institutional IPR protection and holds significant implications for firm-level IP strategy.

Multifaceted Country-Image Impact on Purchase Intentions for Goods: A Study in the Asia-Pacific Economic Cooperation Region #0157
Gillian Maree Sullivan Mort, University of Queensland
C. Min Han, Hanyang University

The country-of-origin effect has been widely discussed but country image needs further research. A model was developed and relationships hypothesised to understand country image better. Samples were collected in Australia, South Korea and Indonesia. Model development was conducted through a two-step structural equation modelling procedure. Results indicate that country image does affect product image and the model had explanatory power across the three samples. Further research is needed on services.

1.3.5 – Competitive - Market Integration and Trade Issues

Room: Courtroom K-L  Time: 1:30 p.m. – 3:00 p.m.

Multinational Enterprises, Market Integration and Trade Structure #0020
Koen De Backer, Katholieke Universiteit Leuven
In extending traditional empirical trade models with the role of MNE’s, this paper shows the effect of transferring firm specific technology by MNE’s on the trade structure of host countries. For Belgium, a small open economy with a large presence of MNE’s, this effect is of crucial importance and by neglecting it previous studies appeared to have produced seriously biased results. The results show how the large multinational presence induced by the formation of a common European market has shifted Belgium’s trade structure towards differentiated products. Hence, the standard goods hypothesis as originally articulated by J. Drèze is no longer appropriate to describe the trade composition of Belgium; a result that seems to carry over to other small open economies characterized by a large presence of MNE’s.

The EU Public Procurement Regime – Does it work? #0012
Jorgen Ulf-Moller Nielsen, The Aarhus School of Business
Lars Gottlieb Hansen, The Aarhus School of Business

This article presents alternative theoretical approaches to analyzing the EU liberalization of the public procurement market and an empirical analysis based on the unit values, metric tons, and market shares of the intra-EU trade with 43 selected product groups in the combined nomenclature. According to the analysis, it cannot be ruled out that the liberalization of the EU public procurement rules has manifested itself in parts of the market with the possibility that the effects will become increasingly evident in the longer term.

The Secondary Market for Latin American Debt #0063
Robert Grosse, Thunderbird-AGSIM

A secondary market has existed for impaired bank loans to LDC borrowing governments since the mid-1980s, at the height of the emerging market debt crisis. Brady bonds are financial innovations that were issued to replace a large part of these loans (i.e., to securitize the debt), and backed by US Treasury securities. Brady bond prices were found to be significantly positively correlated with the growth rate of the OECD countries, and significantly negatively correlated with: the ratio of total external debt to official reserves; the value of loans converted into equity, bonds, or other instruments; local borrowing costs; and the cost of foreign funds (measured as LIBOR in U.S. dollars).

1.3.6 – Workshop - Emerging Markets

Room: Courtroom O  Time: 1:30 p.m. – 3:00 p.m.
Africa’s Emerging and Frontier Markets #0120
Robert A. Clark, Butler University

African securities markets present international investors with unique opportunities for diversification and risk return profiles consistent with emerging markets. However, despite high levels of return, i.e. Zimbabwe: 1999 U.S. dollar returns of 140.6 percent and low levels of correlation (and in some cases negative) market performance has reflected risks that have deterred international investment. This research examines African market structures and performance. As development continues the role of financial markets in the allocation of resources is critical to a long-term view of the continent’s economic development. As Africa’s financial infrastructure continues to evolve the continued development of securities markets is critical in the privatization of state assets.

This paper provides selective descriptions of African securities markets’ regulations and procedures. The paper’s objective is to provide an institutional framework for studying Africa’s securities markets. The continent’s trading
systems represent many different trading arrangements and the rules and procedures are not standardized. The final research will extend Clark (1999) in examining the relationship between market microstructure and returns over a more extensive data set of returns.

Institutions and Perceptions: MNEs and the Transitional Economies of India, Indonesia and Vietnam #0131
Elizabeth Maitland, University of Melbourne
Stephen Nicholas, University of Melbourne

Drawing on firm-specific data of contractual choice by Australian companies in India, Indonesia and Vietnam, the paper explores the impact of managerial perceptions of institutional distance between host and home countries, and the effect of learning and experience on the design and performance of contractual forms. Based in new institutional economics, the paper emphasises the need for managers to understand the importance of informal norms (such as ideologies, reputation and customs) on the design of bonding and enforcement devices in contractual arrangements and the need to access local knowledge to ‘decipher’ the complexity of host institutional environments.

Multinational and Local Enterprises in the Indian Telecommunications Industry: An Analysis of State Intervention and Comparative Behaviour #0307
Pradeep Kanta Ray, University of New South Wales

This paper examines the comparative performance of multinational companies (MNCs) and local enterprises (LEs) in complying with India’s developmental and transformational goals in the telecommunications (switching) industry. The case study of three large enterprises in the telecommunications industry finds important differences between the ownership groups along several major strategic dimensions of product-environment compatibility, technological activities, and local integration. LEs satisfy a majority of developmental goals while MNCs comply with some transformational goals, and complement the efforts of LEs.

Home-Market International Diversification vs. Foreign-Market International Diversification: The Case of Latin American ADR and Non-ADR Firms #0099
Roberto Curci, Butler University

This paper analysis whether U.S. investors improve the benefits of international diversification by investing in Latin American firms traded only in their market of origin, Non-ADR firms, or in Latin American firms traded in U.S. markets through ADRs. In particular, the analysis focuses on Mexican ADRs and domestic equity markets, and Chilean ADRs and domestic equity markets. The findings indicate that U.S. and Latin American equity market movements affect ADR and Non-ADR firms differently and suggest several portfolio diversification strategies that might be worthwhile for investors. While investors might diversify internationally with any one of these securities, they improve diversification benefits by purchasing securities less sensitive to movements in their home equity markets.

Lucent in Brazil: An International Technology Transfer Case #0185
William A. Stoever, Seton Hall University
John Olson, Lucent Technologies

Describes the negotiations between Lucent Technologies, Inc., and Embratel, Brazil’s long-distance telecommunications giant. The negotiations were made more difficult by cultural, legal and economic problems, and they nearly broke down over five core issues: ownership of the technology, extent of the technology license, rights of Embratel’s subsidiaries and affiliates, operational guarantees, and payment/currency risk. The case could
be used as a vehicle for classroom discussion of these issues. The resolution of the issues is described in a coda. One of the authors was a member of the Lucent team that negotiated the agreement in Brazil.

1.3.7 – Workshop - International Buyer Behavior Studies
Room: Courtroom Q Time: 1:30 p.m. – 3:00 p.m.

The Effects of National Cultural Characteristics on the Consumers’ Propensity to Engage in Complain Behavior #0158
Piotr Chelminski, University of Connecticut

Consumer complaint behavior has attracted considerable attention in the marketing literature over the last three decades. However, very few studies have addressed the potential influence of national culture on consumer complaint actions. In this paper, the author proposes that national culture may affect the propensity to engage in consumer complaint behavior. Understanding cross-cultural differences in complaint behavior could be helpful to retailers, manufacturers, consumer organizations, and government agencies in specific countries. In certain cultures, complaint behavior directed toward a particular business at fault may not be considered as a socially acceptable behavior and thus, it may need to be encouraged and facilitated to help firms or government agencies in identifying consumption-related dissatisfaction. The author distinguishes between two major modes of consumer complaint behavior: voice and private complaining. The former involves a consumer response to the party directly involved in the complaint, while the latter is manifested by spreading negative word-of-mouth among family members, friends, and acquaintances. Specifically, the author hypothesizes that voice complaining (rather than private) may be more prevalent in low rather than high uncertainty avoidance cultures, in individualistic rather than collectivistic cultures, in low rather than high power distance cultures, in masculine rather than feminine cultures, and in negative rather than positive Confucian pole cultures. Additionally, the author provides preliminary analysis of the propensity to engage in either voice or private complaint behavior in 50 countries based on their cultural characteristics.

Children’s Influence on Parental Purchase Decision: An Empirical Study in the Fiji Islands #0139
Jayantha Wimalasiri, The University of the South Pacific

Children use various influencing tactics to persuade the parents to comply with their requests. Parents’ responses vary from outright denial to total acceptance. One hundred and thirty two parents with at least one child under the age of 12 were interviewed using a structured questionnaire to measure the effects of children’s influence on the parental decision making process. Reinforcing earlier findings, this preliminary investigation suggests considerable differences in purchase decision making process between the parents in the Fiji Islands (LDC) and those of the developed countries such as USA. The second part of the research was designed to identify the demonstrated influence tactics used by the children in Fiji. The findings indicate that the children of the Fiji Islands are less demanding and more persuasive in their attempt to obtain parental approval. Details of statistical analysis of the study are given. The implications of the findings for marketing management are also discussed in the paper.

Will the Real World Citizen Please Stand Up! The Many Faces of Cosmopolitan Consumer Behavior #0329
Hugh M. Cannon, Wayne State University
Attila Yaprap, Wayne State University

The continuing globalization of marketing activities has given considerable impetus to the study of cosmopolitanism as a customer construct. Most of the recent research has focused on the normative activities of cosmopolites, as consumers who seek to broaden their cultural horizons by immersing themselves in a breadth of
local cultural experiences. While this is true of some *cosmopolites* in some circumstances, it is not a general characteristic. This paper returns to the original meaning of *cosmopolitanism* as presented (independently) by Merton and Gouldner in the late 1950s, examining the concept in light of subsequent research and the social forces that have tended to promote an increasingly *cosmopolitan* perspective. It then proposes several different patterns of *cosmopolitan* behavior, only one of which is a normative search for culturally broadening experiences.

**A Cross-Cultural Assessment of the Desires – Expectations Model of Satisfaction #0187**
Richard A. Spreng, Michigan State University
Geon-Cheol Shin, Kyung Hee University

Consumer satisfaction continues to be an important area of both academic research and managerial interest, but most satisfaction models have been developed and tested in the U.S. or Western Europe. Given increases in globalization with the attendant need for assessing customer satisfaction, the need to test satisfaction theory cross-culturally is important. This research tests an extended satisfaction model using both U.S. and South Korean subjects. Specifically, a sample of student subjects from South Korea is compared to a sample of student subjects in the U.S. The results indicate support for the generalizability of the model in this Asian culture, although there are some differences.

**The Effect of Firm and Network Capabilities on Innovation Strategy and Performance: The Case of Japanese and U.S. Users of Flat Panel Displays #0245**
Glenn Hoetker, University of Michigan

Capturing the benefits of innovation at the level of key components can be a key determinant of competitive success. A laptop computer manufacturer that integrates a larger, brighter screen into its product before its competitors creates a more attractive computer, even if it makes no other improvements in its design. While the situation in which innovations are exogenous to the end-user firm has been widely studied, firms often wish to incorporate a specific innovation in a key component. This paper examines firm strategies and their outcomes in the latter case. Combining the logic of transaction costs economics (Williamson, 1985) and the routine-based view of strategy (Nelson and Winter, 1982), I examine how the capabilities of a firm and its network of suppliers influence its innovative strategies and performance. I argue that the role of a firm’s own capabilities and those of its network of suppliers, both of which are highly path-dependent, is contingent on the nature of the desired innovation. I use the introduction of successive generations of innovative flat panel displays into notebook computers to answer two specific questions: When should the firm attempt to develop the innovation internally versus attempting to induce on an external supplier to develop the innovation? What are the implications of this decision in terms of the firm’s ability to introduce this innovation quickly? The participation of U.S. and Japanese manufacturers in this industry allows me to examine the effect of each country’s institutional setting and to offer a possible explanation for the initially surprisingly high level of internal innovation in Japanese notebook manufacturers.

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### Saturday – 3:30 p.m. – 5:00 p.m.

**1.4.1 – Panel - International Strategic Alliance Research: Relevance and Knowledge Management**

**Room:** Salon I  
**Time:** 3:30 p.m. – 5:30 p.m.

**Chair:** Arvind Parkhe, Indiana University

**Panelists:**
- Paul W. Beamish, The University of Western Ontario
- Farok Contractor, Rutgers University
1.4.2 – Symposium - States and Firms in a Globalizing World
Room: Salon J  Time: 3:30 p.m. – 5:00 p.m.

Chair: Pervez Ghauri, University of Groningen

Panelists:
Peter Buckley, Leeds University
John Dunning, Reading University
Lars Oxelheim, Lund University
Benjamin Prasad, Central Michigan University
John Stopford, London Business School

1.4.3 – Panel - Transfer Pricing
Room: Courtroom M  Time: 3:30 p.m. – 5:00 p.m.

Chair: Lorraine Eden, Texas A&M University

Panelists:
Roger Tang, Western Michigan University
Gary Zed, Canadian Customs & Revenue Agency
Bill Dodge, Deloitte & Touche
Francois Vincent, Stikeman Elliott

1.4.4 – Panel - The Emerging Market Contradictions: MNC Performance in an Unstable FDI Environment
Room: Courtroom N  Time: 3:30 p.m. – 5:00 p.m.

Chair: Deniz Erden, Bogazici University

Panelists:
Muzaffer Bodur, Bogazici University
Deniz Erden, Bogazici University
Ersa Gencturk, Koc University
Aysegul Ozsomer, Koc University

1.4.5 – Competitive - International Marketing Strategy
Room: Courtroom K-L  Time: 3:30 p.m. – 5:00 p.m.

An Empirical Examination of the Value of Pricing Integration in Overseas Markets #0144
Matthew B. Myers, University of Oklahoma
Michael Harvey, University of Oklahoma
In this article, the authors expand traditional channel integration models to investigate the value of absorbing pricing decisions within an exporter’s decision-making domain. Using a governance perspective, pricing integration is seen as a structured continuum driven by factors both internal and external to the firm. More specifically, the organizational and environmental influences driving pricing integration decisions are investigated, as is the impact of pricing integration on both economic and strategic performance of the firm. Using regression and multiple discriminant analysis (MDA), this study finds that both the strategic perspectives and organizational capabilities of exporters significantly influence pricing integration, yet in ways counter-intuitive to traditional thinking. Similarly, the performance implications add new insight to the value of pricing integration in dynamic overseas environments. Managerial and research implications are also discussed.

**Public Policy, Supply Chain Capabilities, and Performance in the Global Arena #0094**
Edward A. Morash, Michigan State University

Public policy, governmental planning, and public-private partnerships can have profound impacts on private sector performance through trade policies, investment policy, financing arrangements, tax policy, infrastructure improvement, and the like. However, with increasingly competitive and global markets, public policy and government planning should be based on market requirements for specific supply chain capabilities and performance. At one level, this requires cooperation and collaboration between all public and private actors and planners so that they all "row in the same direction." At another level, it requires that governmental public policy be market driven in terms of stressing capabilities and performance that are deemed most important by the private sector (U.S. Congress, 1993). The present research investigates the relative importance and availability of supply chain capabilities and performance measures for approximately 3700 firms in the three global regions of North America, Europe, and the Pacific Basin. Additional analyses are accomplished for best practice firms scoring the highest on an excellence index.

The study results show that those supply chain performance measures classified by independent experts as the most impacted by public policy and planning are some of the most readily available and perceived important logistics performance measures (e.g., from eighty to ninety percent availability) to a wide cross-section of industries and regions. This is true in the performance areas of both cost and customer service. Somewhat surprisingly, policy enabled customer service and, more broadly, demand-side performance capabilities confer greater competitive advantages than cost and supply-side performance capabilities. All three regions are in remarkable agreement as to which performance capabilities are most important for supply chain success. Delivery dependability and customer service are ranked at the top; low logistics cost and delivery flexibility in the middle, and also surprisingly, delivery speed at the bottom. Leading firms also score the highest on delivery dependability. These findings have important implications for public policy and governmental planning in terms of linking policy with private sector performance measurement. For example, it appears that public policy and plans should stress reliability over speed in terms of setting priorities such as through the “4C” policy mix of network capacity, condition, congestion, and connectivity (Caldwell 1998). Additional implications and recommendations for managerial supply chain strategies and performance and for governmental planning, policy formulation, and data availability are discussed.

**Archetypes of E-Commerce Users in International Business: A Taxonomy of Organizational Characteristics #0309**
Gary A. Knight, Florida State University
S. Tamer Cavusgil, Michigan State University

We develop a taxonomy of the characteristics of firms that use e-commerce in their international business operations. Using data from a large sample of exporting firms, we examine specific orientations and strategies associated with e-commerce usage and their linkage to international performance. Results reveal that e-commerce is particularly salient in the international success of smaller, early internationalizing firms. In addition, findings imply that specific approaches such as entrepreneurial orientation as well as differentiation and focus
strategies appear to be especially relevant to the international performance of such businesses. These findings are discussed in detail.

1.4.6 – Competitive - Innovation and R&D in the Multinational Firm
Room: Courtroom O  Time:  3:30 p.m. – 5:00 p.m.

The Impact of R&D and Marketing Activities on Multinational Expansion: A Time Series Cross-Sectional Analysis #0048
Masaaki Kotabe, Temple University
Srini S. Srinivasan, Drexel University
Preet S. Aulakh, Temple University

Researchers in international business have long been interested in understanding the relationship between the multinationality of a firm and its market performance. In this research, the authors contribute to this research stream by incorporating firm heterogeneity in examining the multinationality-performance relationship. The findings, based on a time series cross-sectional analyses of firms from 12 different industries over the seven-year period, indicate that the impact of multinationality on firm performance is moderated both by the marketing intensity and the research and development intensity. The findings highlight the need for multinational corporations to invest in both R&D and marketing activities to leverage their presence in multiple markets.

Internationalization of R&D as Differentiated Process of Social Capital Formation: Some Evidence from the Japanese Firms #0284
Kazuhiro Asakawa, Keio University

Building on the earlier work on social capital and structural holes, we developed our own framework to explain selection of linkage mechanisms, which are most appropriate under the different contexts in international R&D management. It was argued that the appropriate linkage mechanisms vary according to i) the differing evolutionary stages of R&D internationalization; and ii) the evolving barriers to R&D internationalization. By applying the social capital theory to the international R&D phenomenon, the paper tries to enhance both theoretical richness and phenomenological understanding.

Radical Innovation and Management of Technology in the Multinational Firm #0328
Lois S. Peters, Rensselaer Polytechnic Institute

The research reported in this paper draws on five years (1995 – 1999) of prospective study of management practices used in MNEs in the development of new businesses and product lines based on breakthrough innovations. We employ multiple case study techniques to identify practices in multinational firms for technology discovery and application in discontinuous new product/process development. The results of this study indicate that the development of new businesses and product lines based on discontinuous innovations requires management practices that differ from those required in incremental innovation. Global resources, because they provide knowledge richness in terms of future markets, and allow experimentation and exploration with technology can be critical to building radical innovation capability, but technical resources appear to be underutilized. Multinational firms with consistent investment in new technologies and sufficient patience and resources to incubate multiple innovation projects and or technology applications may be more likely to eventually capitalize on investments in discontinuous innovation.
1.4.7 – Workshop - Evolutionary Developments in International Business

Room: Courtroom Q  Time: 3:30 p.m. – 5:00 p.m.

The Evolution of Family Conglomerates in Emerging Markets #0325
Destan Kandemir, Michigan State University
Daekwan Kim, Michigan State University

Family Conglomerates (FCs) are common business types across the Emerging Markets (EMs). They are important not only because they play an important role in the respective economy and world market but also because they can be good business partners for Multinational Corporations (MNCs). The purpose of this paper is to highlight common patterns of FCs in the EMs and to provide important common drivers for their growth. The authors conducted content analysis with secondary data and recommended propositions. The content analysis revealed that FCs in EMs tend to have common evolutionary stages in their growth and internationalization, and they deploy many common growth drivers within each evolutionary stage.

Internationalization Process: Theory and Evidence from Bank Histories #0005
Benjamin Prasad, Central Michigan University
Pervez N. Ghauri, University of Groningen
R.M. Prasad, Central Michigan University

Modern Russian Corporate Governance: Americanization or Product of History? #0044
Trevor Buck, De Montfort University
Konstantin Saakov, De Montfort University

In 1991, the break-up of the former Soviet Union and the abandonment of central planning required a reformed system of corporate governance. Under pressure from western (mostly US) creditors, Russia embarked on a mass program of privatization, ostensibly with a view to creating full, US-style corporate governance, with open information disclosure and enterprise ownership by outside investors, having no relationship with the firm other than through their shares.

In practice however, by the end of the 1990s it has become clear that a very different pattern has emerged, with ‘relational’ investors (managers and other employees, banks and other firms linked horizontally or vertically), little share liquidity, continued hostility towards active western and other genuinely ‘outside’ investors, and persistently strong State influence.

The question arises: does Russian corporate governance in the year 2000 reflect historical institutions and national culture, or can a gradual evolution towards US-style corporate governance be observed and expected to continue.

Firm Internationalization as a Process of Framing in International Markets: An Extension of the Uppsala Model #0143
John T. Steen, The University of Tasmania
Peter W. Liesch, The University of Queensland
Peter J. Dowling, The University of Tasmania

In this paper, the information and knowledge assumptions implied in the Uppsala model and the industrial networks approach at explaining firm internationalization are outlined and compared. An extension to the Uppsala model is advanced by incorporating recent developments in economic sociology, particularly the notion of calculating agents. In addition, the framing of actor-networks assists in clarifying aspects of information internalization in the internationalization of the firm. Following this interpretation, in the firm internationalization
process, information and knowledge are not stable \textit{a priori} resources, but are created by networks of heterogeneous actors.

\textbf{Context Sensitivity of Post-Acquisition Restructuring: An Evolutionary Perspective #0038}

Enese E. Lieb-Doczy, N.E.R.A.
Klaus E. Meyer, Copenhagen Business School

The transformation and integration of acquired businesses is subject to continuous tensions between radical change to match the strategy and corporate culture of the acquirer, and preserving what is valuable in resources and cultural attributes in the acquired organization. In this paper we analyze the tension between change and continuity in 20 case firms in Hungary and East Germany that were acquired by foreign investors. We combine the resource-based view of the firm with evolutionary theory of contemporary biology to analyse the merits and demerits of radical investor-driven ET strategies.

We infer that defensive restructuring with focus on short-term efficiency, i.e. downsizing, may destroy valuable human capital and employee motivation, and thus fail to realize the long-term potential of the organization. Investor determined strategies increase allocative efficiency in terms of productivity and profitability more rapidly, yet acquirers providing more autonomy to local decision-makers and research units may be able to realize more of the potential contributions of the acquired assets, thus increasing dynamic efficiency.

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\textbf{SUNDAY, 19 NOVEMBER}
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\textbf{Sunday – 8:30 a.m. – 10:00 a.m.}
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\textbf{2.1.1 – Symposium - Exploring Internal Dynamics in Cross-National Alliances}
Room: Salon I  
Time: 8:30 a.m. – 10:00 a.m.

\textbf{Internal Development in the Multinational Peacekeeping Forces: Faultlines Turning into Seamlines?}
Efrat Elron, The Hebrew University
Boas Shamir, The Hebrew University
Eyal Ben-Ari, The Hebrew University

\textbf{The Development of Organizational Identification at the Center of a Binational Joint Venture}
Anne Capron, Groupe Essec, France
Jane Salk, Groupe Essec, France

\textbf{R&D Strategy, Nationality, and Collaboration in Technology International Joint Ventures: Cross-Border vs. Cross-Lab Bench Differences}
Peter J. Lane, Arizona State University

\textbf{Alliances as Social Artifacts}
Mark De Rond, Oxford University

\textbf{2.1.2 – Panel - Scholarly Research in International Business: Striving for Relevance and Rigor}
Room: Salon J  
Time: 8:30 a.m. – 10:00 a.m.
Chair: P. Rajan Varadarajan, Texas A&M University

Panelists:
Masaaki Kotabe, Temple University
David Montgomery, Stanford University
Bodo Schlegelmilch, Wirtschaftsuniversitat Wien

2.1.3 – Competitive - Integration, Responsiveness, Diversification
Room: Courtroom M  Time: 8:30 a.m. – 10:00 a.m.

An Empirical Examination of the Dimensionality of the Integration-Responsiveness Framework  #0182
Sunil Venaik, University of New South Wales
David F. Midgley, INSEAD
Timothy M. Devinney, University of New South Wales

Although the pressures of global integration and local responsiveness have been discussed in the international business and strategy literature for more than a decade, empirical validation of these pressures has largely been ignored in academic research. Our empirical work shows that representing these pressures as independent, unidimensional constructs is imprecise and potentially misleading. Based on these findings, we suggest an alternative representation of the integration-responsiveness framework that better reflects the contemporary reality observed in multinational firms.

Specialization and Diversification: The Diffusion of International Investments in the Power Generation Industry  #0213
Guy Holburn, University of California

In this paper, I examine the sequential process of international expansion by firms in a single industry, electric power generation. I argue that firms tend to expand into new countries with market and non-market characteristics similar to those countries in which they are relatively experienced. I test my hypotheses using a data set covering all privately financed power generation projects outside North America, spanning 10 years, 200 firms and 60 countries. Using the firm’s decision to enter a country in a given year as the dependent variable, I find first that the effect of political risk is unequal across firms. While higher levels of political risk discourage entry, the impact is significantly lower for firms with greater levels of experience. This suggests that, over time, firms gradually diversify into more politically risky environments. Secondly, I find that experience in a particular type of market environment – defined by the degree of competition – encourages firms to enter new countries of the same market type. Together, these results provide empirical support for the sequential theory of foreign expansion. In contrast to much literature in this field, however, I demonstrate that firms build on their expertise not only by re-investing in their existing country markets, but also by systematically expanding into new countries where their mix of skills gives them a competitive advantage.

The Impact of Global Integration on MNE Performance: Evidence from Global Industries  #0190
Alfredo J. Mauri, Baruch College
Rakesh B. Sambharya, Rutgers University

Using a sample of U.S. companies competing in four global industries during the period 1992-97, this study provides evidence of a non-linear relation between global integration and return on sales and return on assets. These results highlights the benefits of global integration in developing competitive advantage, but also indicates the difficulties of developing and coordinating interdependent activities across national borders.
2.1.4 – Competitive - Subsidiary Performance
Room: Courtroom N  Time:  8:30 a.m. – 10:00 a.m.

Types of Market Learning at the Subsidiary Level: The Antecedents and Consequences of Exploration and Exploitation #0206
Aysegul Ozsomer, Koc University
Esra Gencturk, Koc University

This paper reviews and integrates various theoretical perspectives on subsidiary learning and develops a framework which incorporates exploratory and exploitative leaning as two types of market learning that need to be effectively nurtured and balanced in subsidiaries. Various dimensions of parent capabilities, subsidiary capabilities and parent-subsidiary relationships that appear to be responsible for the extent and type of learning at the subsidiary level are integrated. Hypotheses are developed that capture the differential impacts of each learning type on subsidiary performance. The turbulence of subsidiary markets is suggested to moderate the strength of the relationships between market learning types and performance.

Competence Development and Subsidiary Performance in the Multinational Corporation: The Impact of External Network Embeddedness #0287
Ulf Andersson, Uppsala University
Mats Forsgren, Uppsala University
Ulf Holm, Stockholm School of Economics

This paper is built on the premise that subsidiary network embeddedness external to the multinational corporation (MNC) is crucial for its absorptive capacity and therefore competence development. The paper explores the linkage between two kinds of embeddedness – business and technical embeddedness – by proposing that external business embeddedness promotes technical embeddedness. It is also proposed that subsidiary embeddedness (business and technical) is linked to expected subsidiary market performance and the subsidiary’s importance for other MNC units’ competence development, in terms of products and processes. Using data on 97 Swedish MNC subsidiaries, five hypotheses are tested in a LISREL-model analysis. The results show that external business embeddedness, although significantly related to external technical embeddedness, does not directly influence sister units’ competence. However, indirectly through external technical embeddedness, external business embeddedness has a significant explanatory value for both sister units’ product and process development and subsidiary market performance.

Control and Performance of IJVs in Developing Countries: A Contingency Approach #0268
Louis Hebert, The University of Western Ontario
Jane Lu, The University of Western Ontario

This study investigates the conflicting results regarding the relationship between equity control and performance in IJVs by proposing a transaction cost-based contingency framework. Using a hazard model, we examine the moderating effects of asset specificity and uncertainty on the relationship between foreign parent equity control and IJV survival. We test hypotheses in an empirical setting of Japanese joint ventures in Asian developing countries over the 1985-1996 period. The findings suggest that a high-control governance structure is the most efficient way to address the appropriation concerns in IJVs in developing countries, while social knowledge can serve as a substitute for formal control in IJVs and contribute to better IJV performance.

2.1.5 – Workshop - International Diversification
Fungibility of Firm Capabilities and the Build-or-Buy Decision #0266
Jaideep Anand, University of Michigan

An interesting insight from the capabilities-view of strategy is that the value of a firm can exceed the collection of its revenue streams when there are future options to expand into new profitable opportunities using its existing capabilities. Such opportunities exist whenever the resources of the firm are fungible, i.e., productively deployable in more than one context. Firms can create value by leveraging their fungible resources by acquiring complementary specific resources required in new markets, often through acquisitions of other firms. However, less obviously, firms can also destroy value while pursuing acquisitions when they acquire overlapping fungible resources, in the process abandoning the option to leverage their existing fungible resources. We examine the case of international expansion by firms in terms of their choice to enter through acquisitions or greenfield modes. In entering new markets, firms are more likely to choose the greenfield mode of entry if they already possess the required capabilities, and the acquisition mode if they need to acquire new capabilities. We argue that for fungible capabilities the relative position of the existing and required capabilities determines the choice between acquisition and greenfield modes of entry. On the other hand, context-specific capabilities in the existing markets are less relevant in the entry mode decision, so the absolute level of required resources determines the choice to make an acquisition. Our empirical test based on Japanese entries into the US (1974-1991) largely support our predictions, and we derive implications for the study of capabilities and entry mode choice.

International Management and Value Creation #0286
Reid W. Click, The George Washington University

International management is the process through which value is created by managers operating across a national border. The domain of international management is thus determined by activities that distinguish international management from domestic management in the process of value creation. This perspective on value creation is used to answer two questions pertaining to international management that are at the heart of international management research and practice. First, how important is international management? Simple statistics presented here demonstrate that the international component of value creation is important in the U.S. economy. Second, does international management make the whole multinational corporation worth more than the sum of its parts? Empirical evidence suggests that the answer is yes, at least for U.S. multinationals in the early 1990s.

Comparing the Resource-Based and Market-Based Views of the Firm: Empirical Evidence from Czech Privatization #0311
Mona Makhija, The Ohio State University

The recent privatization of state-owned enterprises in the Czech Republic forms a natural experiment to test and compare the predictive ability of the resource-based view (RBV) against the market-based view (MBV). It has been recognized in the literature that, under normal stable circumstances, a firm’s internal resources and its external market power are fundamentally intertwined. Consequently, it is difficult to identify the relative roles of these two theories in explaining expected firm performance and firm value. However, when market conditions are in a state of flux, as in the case of the Czech Republic during the time of privatization, we expect the firm’s resources to be the primary determinants of firm value (Grant, 1991; Henderson and Mitchell, 1997). In order to test this notion, we developed an RBV model based on a set of firm features reflecting the rare and valuable ability to compete in the emerging capitalistic economy (as opposed to the currently prevailing bureaucratically planned economy). We also developed a contrasting MBV model highlighting the role of market power in this regard. These models were assessed in a cross-sectional sample of 988 Czech firms undergoing privatization. As expected, our empirical findings show that the RBV-driven variables are remarkably better at explaining share values of Czech firms in the period of privatization than MBV variables. Our results confirm the role of firm resources as a primary determinant of firm value in rapidly changing environments.
Domestic Airline Mergers and the Neglected International Business Perspective #0035
Joseph A. Clougherty, Tilburg University

Most previous research studying domestic-airline mergers took a traditional Industrial Organization perspective by focusing on the domestic market-power and efficiency incentives behind merger behavior, and neglected the international business perspective. Enhancing domestic networks and matching these networks with international route rights allows airlines to take advantage of density economies, lower international costs, and increase international traffic and profits—essentially there are international competitive implications to domestic airline mergers. I test this hypothesis using comprehensive panel data covering international airline markets between twenty-one nations over the 1983-1992 periods. I find that both domestic mergers and large domestic networks improve the international competitive position of airlines.

Unilever’s Latin American Strategy in Yellow Fats, Ice Cream and Teas #0067
Fernando Robles, George Washington University
Renatto Cotta de Mello, Universidad Federal de Rio de Janeiro

The article investigates the interplay between the changes in the large corporate strategy of a multinational and changes in the business environment in Latin America. In its international expansion, Unilever has traditionally used a decentralized national responsive strategy where local subsidiaries develop their markets with a great degree of autonomy. In response to globalization, Unilever moved towards greater business coordination and a more focused approach in the nineties. The article examines the impact of this reorganization on the firm’s regional strategy in Latin America. We examine the firm’s strategy in three food categories: fat oils, ice cream and tea-based products. We conclude that Unilever continues to use a strategy of national responsiveness with no attempt to coordinate its experiences across the region. We also note that liberalization of the business environment in the region has offered Unilever unprecedented opportunities to intensify its dominance in three markets that we studied through acquisitions of local companies or subsidiaries of other multinationals. In the future, however, multinational firms new to the region may challenge Unilever’s nationally responsive strategies with ones that are more attuned to regional integration trends. Should Unilever move towards greater regional integration? Based on our analysis, we conclude that the historical heritage (path dependency) of the company makes it difficult to change its nationally responsive culture. Global pressures for increased efficiency in the food industry and increased regional competition in Latin America may challenge this posture in the future.

2.1.6 – Workshop - National Competitiveness Development

Room: Courtroom Q  Time:  8:30 a.m. – 10:00 a.m.

National Competitiveness Reports: Critical Comparison of Their Theoretical and Methodological Soundness #0148
Hwy-Chang Moon, Seoul National University
Dong-Sung Cho, Seoul National University

There exist several competitiveness reports in which countries are compared by rankings. However, the results of these reports may be misleading because they have theoretical and methodological problems. This paper critically reviews the problems of existing reports and introduces a new competitiveness report, based on the nine-factor model that is an extended version of Porter’s diamond model. The results of this report support some of the interesting arguments of these new competitiveness models and provide some important implications for understanding the real world.
Entrepreneurship Development in Hungary and Ukraine: Comparing the Influence of Historical and Contextual Factors #0152
Wade Danis, Marquette University
Andrew V. Shipilov, IMC Graduate School of Business

The article analyses the development of entrepreneurship in the context of two post-communist countries – Hungary and Ukraine. Citing relevant examples from published sources and personal experience, the authors describe systemic, historical, cultural, economic, and social factors, and government policies that influence development of entrepreneurial ventures in Hungary and Ukraine. The article compares the impact of these factors on entrepreneurship development in both countries and provides suggestions for policy makers and entrepreneurs for enhancing successful development of private initiative in Hungary and Ukraine. The authors attempt to understand the reasons for Hungary’s and Ukraine’s problems in developing local entrepreneurial ventures and recommend steps policy makers might take in order to support entrepreneurship in their countries.

Knowledge Transfer versus Knowledge “Incubation”: Heterogeneous Knowledge Management Challenges of American and Japanese MNCs in Europe #0105
Mark Lehrer, University of Rhode Island
Kazuhiro Asakawa, Keio University

Empirical examination of American and Japanese MNCs operating in Western Europe illuminated fundamental trade-offs in knowledge management faced by MNCs. The informal, socialized means of coordination prevalent in "ethnocentric" Japanese MNCs provide an advantage in the transfer of knowledge across MNC subsidiaries. Yet such systems pose an obstacle for the "incubation" of knowledge in the MNC’s foreign R&D labs. By "knowledge incubation" we refer to the task of producing valuable new knowledge in the MNC’s foreign R&D labs by recruiting top scientists/engineers and tapping knowledge spillovers from the labs' local scientific communities. Such "knowledge incubation," which requires strong embeddedness of the lab within its local scientific environment, came naturally to American MNCs given their "multi-domestic" administrative heritage. However, it visibly led to clear discontinuities in the policies of Japanese MNCs.

Supranationalism and Strategic Direction: How the WTO Affects Firms #0149
Thomas C. Lawton, Royal Holloway University of London
Steven M. McGuire, University of Bath

The subsidization of firms by their governments is one of the most controversial issues in international trade. As such, international disciplines on subsidy have been developed under the auspices of the World Trade Organization (WTO). However, many states continue to regard state aid as a vital and entirely legitimate form of government intervention in the economy. Indeed, they cite economic studies on spillovers, externalities and appropriability problems to make their case. Writers such as Porter, Doz and Rugman have illustrated the importance of the domestic economy to international operations. But how are WTO disciplines affecting firms? We develop an in-depth case study of the commercial rivalry between two aircraft manufacturers, Bombardier and Embraer, to demonstrate the growing importance of supranational regulations on corporate strategy.

2.1.7 - Richard N. Farmer Dissertation Award Finalists
Room: Courtroom K-L Time: 8:30 a.m. – 10:00 a.m.
Chair: Jean-Francois Hennart, Tilburg University
Selection Committee:
Raj Aggarwal, Kent State University
Nakiye Boyacigiller, San Jose State University
Bernard Simonin, Tufts University
Kiyohiko Ito, University of Wisconsin-Madison

Finalist: Donald L. Ferrin, State University of New York at Buffalo
Do as the Romans? Intercultural Influence Processes in Intercultural Work Relationships. (University of Minnesota)

Finalist: Paula D. Harveston, Berry College
Synoptic versus Incremental Internationalization: An Examination of “Born Global” and “Gradual Globalizing” Firms. (University of Memphis)

Finalist: Joan P. Mileski, Houston Baptist University
Strategic Group of Countries: En Empirical Study of Government Policies Toward Foreign Direct Investment and their Convergence Over Time. (University of Texas at Dallas)

Finalist: Rachelle Sampson, New York University
International R&D Alliances: The Role of Governance in Realizing Innovative Potential. (University of Michigan)

Sunday – 10:30 a.m. – 12:00 p.m.

2.2.1 – Panel – The Future Research Agenda for E-Commerce in International Business
Room: Salon I
Time: 10:30 a.m. – 12:00 p.m.
Chair: Jean Boddewyn, City University of New York
Panelists:
Jean Boddewyn, City University of New York
Cliff Wymbs, City University of New York
Allen Morrison, The University of Western Ontario

2.2.2 – Panel - Organizational Learning and Challenges in Global Enterprises
Room: Salon J
Time: 10:30 a.m. – 12:00 p.m.
Chair: Marjorie A. Lyles, Indiana University
Panelists:
Nancy Snyder, Whirlpool Corporation
Mark Easterby-Smith, Lancaster University
Alex Bennet, Enterprise Integration

2.2.3 – Panel - Transformation of Japanese Companies in the Current Economic Environment in Japan
Room: Courtroom M
Time: 10:30 a.m. – 12:00 p.m.
Chair: Masaaki Kotabe, Temple University
Panelists:
John Bermingham, Smith Corona
Hiroshi Hirai, Kao Corporation and Toyo Gakuen University
2.2.4 – Competitive - Entry Modes
Room: Courtroom N  Time: 10:30 a.m. – 12:00 p.m.

Entrainment: Cycles and Rhythms in International Entry Modes and Strategies #0304
Liliana M. Perez, The University of Memphis
Ben L. Kedia, The University of Memphis
Richard Nordtvedt, The University of Memphis

This paper develops a conceptual framework that links international entry modes and strategies of organizations with the paces and phases of the cycles of regional group/country/government and organizational activities. The theoretical framework captures the principals of entrainment, a concept used in other disciplines that focuses on the matching or synchronization of activity cycles. Entrainment can be achieved by matching or synchronizing cycles of an organization to the cycles of the host country. It is also proposed that organizations can form collaborative networks to entrain cycles in host countries. In discussing the theory, propositions are outlined and future directions for research are suggested.

Internationalization of Services: Order of Entry Advantages in Perspective #0294
Tinne Lommelen, Limburgs Universitair Centrum
Paul Matthyssens, Limburgs Universitair Centrum

Although academic interest in services has grown, an important gap remains between the practice of international service marketing and research efforts on the subject. In addition, there is a need for research on order of entry in the context of service industries. Therefore, the authors focus on order of entry in an international service context. The conceptual framework of first mover advantages by Kerin, Varadarajan and Peterson (1992) is used as a reference frame to study the underlying mechanisms of positional advantages that can arise from entering a new market first. Through a case study of four international service providers in different sectors, a first insight in these underlying mechanisms is reached. The study indicates that especially behavioral, technological and preemption factors can help the service pioneer in obtaining positional advantages. The intangible character of services together with the important role of people in the service organization tends to attribute to the explanation of this ascertainment.

Firm and Exchange Rate Determinants of Domestic and Export Sales #0278
Robert Salomon, New York University
J. Myles Shaver, New York University

We analyze how firm characteristics and exchange rates impact export sales. Moreover, because we expect domestic and export sales to be interdependent, we also hypothesize and examine how firm characteristics and exchange rate fluctuations affect domestic sales. We test our hypotheses using a stratified representative sample of the Spanish economy between 1990 and 1997. We find that in the short term, export and domestic sales are substitutes. In concordance with this observation we find that exchange rates have important effects on domestic sales. We also find that firm characteristics such as marketing efforts differentially affect export sales depending on whether or not a company is capacity constrained. Our results help identify and inform the relationships between domestic sales, export sales, firm characteristics, and exchange rates.
2.2.5 – Competitive - International Capital Structure and Diversification
Room: Courtroom O Time: 10:30 a.m. – 12:00 p.m.

**The Determination of Capital Structure: Is National Culture a Missing Piece to the Puzzle? #0057**

Alison E. Lloyd, Hong Kong Polytechnic University
Andy Chui, Hong Kong Polytechnic University
Chuck C.Y. Kwok, University of South Carolina

This study investigates the degree to which culture can determine capital structure in a total sample of 5842 firms comprised of 21 countries. The cultural values that are used in the study are derived from Schwartz (1994). Previous studies linking culture to capital structure decisions have been rather limited and this study serves to expand the current boundaries of the literature. Results are encouraging and show that countries that are essentially more conservative possess certain characteristics that impact capital structure decisions and consequently lead to a lowered debt ratio. The effect of conservatism is strong and remains significant even after accounting for differences in economic performance, legal systems and some other well-known determinants of debt ratios. The study empirically demonstrates the importance of including cultural variables in the understanding of capital structure decisions.

**Comparison of Cross-Border Acquisitions and Joint Ventures by U.S. Banks #0251**

Kimberly C. Gleason, Bentley College
Ike Mathur, Southern Illinois University
Roy A. Wiggins, III, Southern Illinois University

As the banking regulatory environment changes around the world, depository institutions face a new competitive landscape with a broader range of expansion opportunities. Although many US banks are, little is known about their overseas investment mode decisions or the performance outcomes associated with their spatial and product market diversification strategies. This study examines the use of both cross-product and related diversification announcements of US banks as well as joint ventures as alternative international expansion strategies to mergers, with specific attention to how these alternatives affect shareholder value. We find that market responds favorably to international joint ventures of US banks, and negatively to announcements of international mergers. We further find that both accounting and market value performance of sample banks improves significantly in the two years following either type of expansion announcement. Finally, we find that systematic risk declines for both acquiring and partnering subsamples of US banks, particularly for related product market expansions and expansions into developing countries.

**International Diversification and Earnings Forecast Characteristics #0126**

Augustine Duru, American University
David M. Reeb, American University

This study examines the relation between firm characteristics and properties of the analysts’ earnings forecasts. Specifically, we investigate the association between international diversification and the accuracy and bias of consensus analysts’ earnings forecasts. Our analysis indicates that corporate international diversification is associated with less accurate forecasts and greater forecast optimism. We interpret these associations to suggest that as firms become more diversified geographically, the forecasting environment and task become more complex, resulting in less accurate analysts’ forecast. Consistent with Das et al (1998) our evidence implies that analysts respond by incorporating more deliberate optimism in their forecasts in order to increase their access to non-public information.
2.2.6 – Workshop - International Alliances and Alliance Dynamics

Room: Courtroom K-L  Time: 10:30 a.m. – 12:00 p.m.

From Learning Race to Cooperative Specialization: Toward a New Framework for Alliance Management #0288
Ming Zeng, INSEAD
Jean-Francois Hennart, Tilburg University

This paper looks at the learning race view, which is now the dominant approach to alliance management. This view incites alliance partners to steal from each other the knowledge they contribute to the alliance, while at the same time hiding their own contribution. After carefully analyzing these recommendations, we conclude that they are based on very restrictive assumptions. Instead we argue that learning races should not generally be seen as a goal for the partners, but rather as a consequence of poor alliance design and management.

An Examination of the Antecedents of Equity and Non-Equity Investments in U.S. Biotechnology Firms by Foreign and Domestic Corporate Partners #0050
Joseph E. Coombs, James Madison University
David L. Deeds, Case Western Reserve University
Ram Mudambi, Temple University and University of Reading

This paper focuses on the role of alliance partner characteristics in obtaining the resources necessary for success. This paper presents and tests a longitudinal model of alliance development based on data from 64 public biotechnology firms. The results indicate that corporate partners seek access to current knowledge and talents, reflected in recent patenting activity and access to a geographic area with a high level of technological activity - what we term a technologically munificent local environment.

Ownership Structure and Organizational Learning in Domestic and International Joint Ventures #0060
Sangphet Hanvanich, Michigan State University
Stewart R. Miller, Michigan State University
S. Tamer Cavusgil, Michigan State University

This study focuses on two important aspects of joint venture formation: ownership structure and organizational learning. Additionally, the study examines the effect of culture distance and business relatedness between partners. Using an event-study methodology, our results reveal a liability of foreignness for U.S. firms that partake in JVs abroad. The results suggest that culture distance, at both country and partner levels, can obstruct the transfer of knowledge from the JV to the parent. Our results support the notion that unrelatedness adversely affects JV performance.

Transactional Characteristics, Institutional Environment, and Contractual Attributes in International Joint Ventures #0301
Yadong Luo, University of Hawaii

This study examines how transactional characteristics and the institutional environment influence contractual completeness within international joint ventures. Using the People’s Republic of China as the empirical setting, this study finds that issue specificity and obligatoriness in an IJV contract increase along with the proprietariness of resources to be invested in the IJV and the incompleteness of the legal system in the host country. Issue specificity decreases when anticipated economic exposure, governmental intervention, and environmental disturbance increase. Contingency adaptability in a contract elevates when transactional uncertainty, specificity, and recurrence are heightened or environmental hazards are enhanced.
Choosing Between Alliance Modes: The Link Between Compensation Structure, Knowledge Flows and the Character of the Interorganizational Relationship #0262
Farok J. Contractor, Rutgers University

This paper presents a typology of alliance organizational forms, and shows how the modal choice is made by both partners. Different compensation types (lumpsum payments vs. payments linked to alliance sales vs. share of profits) affect the nature of the alliance relationship, and each ally’s subsequent behavior regarding control, confidence, risk perceptions, richness of knowledge transfers, and shirking and opportunism propensities. These variables affect each partner’s negotiating preferences differently, something hardly treated in the literature.

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2.2.7 – Workshop - Strategic International Human Resource Management
Room: Courtroom Q  Time: 10:30 a.m. – 12:00 p.m.

Pluralistic Orientation in Strategic International Human Resource Management #0022
Milorad M. Novicevic, University of Wisconsin at La Crosse
Michael Harvey, University of Oklahoma

The concept of centric strategic international human resource management (SIHRM) approaches (i.e., ethnocentric, polycentric, and geocentric) in hierarchical multinational corporations (MNCs) executives reflect the top management dominant logic or their self-referent strategic orientation in managing and staffing multinational subsidiaries. We introduce in this paper a complementary concept of pluralistic strategic international human resource management (SIHRM) orientation applicable to heterarchical MNCs. Moreover, we developed an integrative framework for SIHRM orientations encompassing both centric and pluralistic perspectives. This framework explains how pluralistic orientation fosters trust in MNCs.

Helen De Cieri, Monash University
Peter J. Dowling, University of Tasmania

Competing pressures for global integration and local differentiation present many challenges and opportunities for international management. This paper explores the implications of global-local tensions for multinational enterprises (MNEs). The convergence-divergence debate in the international management literature is reviewed, with particular attention to the emic-etic distinction. We suggest that complex forces for convergence and divergence are influential across multiple levels and have implications for several areas of international management, including international marketing and strategic human resource management (SHRM). We review the development of theory and research related to SHRM, and suggest that the convergence-divergence influences on SHRM are also applicable to international marketing.

Dimensionality of Expatriate Adjustment: Psychometric Considerations #0043
Ugur Yavas, East Tennessee State University

Relying on data collected from a sample of managers on expatriate assignments in Turkey, this study examines the dimensionality of expatriate adjustment. The results offer support to the earlier findings that expatriate adjustment is a multifaceted construct. Furthermore, the results show that the measures developed to capture the different dimensions demonstrate satisfactory internal consistency reliability and concurrent validity.

Towards a Better “Value-Added” Research Approach in the New Century #0090
Richard B. Peterson, University of Washington
This paper reviews all papers focusing on international management published in the *Journal of International Business Studies* from 1990 through 1998. It critiques this research, as well as similar volumes from the *Academy of Management Journal* and *Administrative Science Quarterly* as a prelude to arguing for broader, more integrated longitudinal studies led by cross-national research teams that use both quantitative and qualitative research methods.

**Mediation in the Cross-Cultural Context: An Extension of the Conflict Resolution Framework #0223**

Sigrid Westphal Khorram, University of South Carolina

How buyers and sellers from different cultures resolve conflicts remains an intriguing research issue. We argue that the traditional model that is based on the assertiveness and cooperativeness is too limited to explain conflict resolution in collectivist cultures. For instance, buyers and sellers often shy away from face-to-face confrontation, as this may disrupt the relationship. However, this does not mean that they are any less assertive. We argue that, where outcomes are important, but disturbance of the relationship is feared, buyers and sellers in collectivist cultures remain assertive through the use of mediation. Consequently, it is important to account for mediation in cross-cultural conflict resolution. In this study, we first extend the traditional dual-concern model of conflict resolution by adding a directness as a third dimension. This allows us to incorporate mediation as an assertive yet indirect conflict resolution style. We then offer four specific propositions regarding the use of mediation in collectivist cultures. Specifically, we argue that the use of mediation is moderated by three constructs at the dyadic level: in-group membership, power/status differences, and cultural similarity.

**Sunday – 12:00 p.m. – 1:30 p.m.**

**Poster Sessions with Light Lunch**

**Room:** Salon G  **Time:** 12:00 p.m. – 1:30 p.m.

Included are sessions with select members of the AIB Fellows.

**BUSINESS NETWORKS**

**Symbiotic International Business Networks: Collaboration Between Small and Large Firms (#249)**

Hamid Etemad, McGill University
Richard Wright, McGill University
Leo-Paul Dana, Nanyung Business School

As the drivers of globalization remove barriers which traditionally segmented the competitive environments of small and large firms, firms of all sizes are beginning to share the same competitive space. Symbiotic arrangements are evolving through which smaller firms enter the value chains of larger firms, to the benefit of both sides. Using a conceptual framework with illustrative examples, this paper explains how smaller firms can use symbiotic, collaborative arrangements with larger firms to overcome inherent constraints of size, and to achieve the efficiencies required for world-class competitiveness.

**To Thrive or to Survive: Rent Appropriation, Firm Performance and Survival in Keiretsu Networks (#235)**

William P. Wan, Thunderbird-AGSIM
Daphne Yiu, University of Oklahoma
Robert E. Hoskisson, University of Oklahoma

This article seeks to examine the implications of keiretsu membership on rent appropriation within keiretsu networks as well as member firms’ performance and survival chances. Keiretsu networks create two main kinds of resources: competition resources and survival resources. Using a power-dependence perspective, we contend that
keiretsu members possess differential amounts of power, depending on their network relational properties and individual attributes. Member firms use their relative power to capture more network resources to improve performance. As such, power-dependence relationships result in unequal appropriation of economic rents in the keiretsu network. Extending the logic of power-dependence, we explore the possible trade-off between member firms’ performance and survival chances. More powerful members place a higher value on competition resources than survival resources and thus are willing to bear the costs of furnishing more survival resources. On the other hand, less powerful members place higher value on survival resources than competition resources and therefore are willing to give up more competition resources. As such, different valuations on network competition and survival resources by more powerful and less powerful member firms give rise to an equitable exchange outcome.

The Evolving Influences on Multinational Subsidiary Innovation: A Network Approach (#215)
Anupama Phene, University of Utah
Paul Almeida, Georgetown University

This paper explores the factors affecting multinational subsidiaries’ innovation by focusing on the roles played by (a) internal knowledge resources and capabilities and (b) ‘environmental’ or network resources within the multinational firm system and in the host country. The paper uses patent citation data pertaining to innovations by subsidiaries of major U.S. semiconductor firms to analyze the influences on subsidiary innovation. Regression analysis reveals that both internal firm resources and capabilities as well as network resources have an impact on innovation. However, the impact of network resources is mixed — while integration into the MNC network adversely affects subsidiary innovation, integration into the host country network has a positive impact on innovation. The paper suggests that to build innovative capabilities, firms must strategically choose and proactively build both internal and network resources.

The Relationship Between Network Characteristics and Firm Performance of Multinational Enterprises (#300)
Anthony Goerzen, The University of Western Ontario

An important gap in our knowledge of the factors that influence multinational enterprise performance pertains to the role of network characteristics in the process of sustaining and generating new competitive advantages. In fact, the relationship between network characteristics and firm performance is becoming more important as organizations are increasingly situated within complex interfirm webs that are capable of yielding both benefits and costs. While there has been a recent surge in research on interorganizational networks, for the most part network analysis has focused on how networks affect the flow of resources within a network, or how entities gain prestige or influence through their network positions (Salancik, 1995). In contrast, very little research has examined the network effect on the economic performance of individual firms. The contribution of this paper, therefore, will be to explicitly model the conditions under which an MNE’s network characteristics and its network position have an impact on the firm’s economic performance over time.

COUNTRY PERSPECTIVES

Restoring Order - From Overmanning to Rational Employment in Polish Companies (#174)
Tomasz Mroczkowski, American University
Mark Wermus, Old Dominion University

The paper summarizes the results of a survey of downsizing practices in 90 Polish manufacturing companies. Unlike Russia, where very few employment reductions have been carried out, downsizing in Polish companies is pervasive and appears to be accelerating. It has had overwhelmingly beneficial effects on company functioning on nearly all dimensions. However, the factors that drive downsizing in a transition economy like Poland are not the same as those in the US.
The Impact of the East Asian Crisis on Asia's General and Specialized Trading Companies: An Exploratory Study (#321)
Syed Tariq Anwar, West Texas A&M University
Rajan Alex, West Texas A&M University
Frank Landram, West Texas A&M University

This paper investigates the impact of 1997/98’s East Asian financial crisis on Asia’s general trading companies (GTCs) and specialized trading companies (STCs) from 11 countries. The countries included: Australia, China, Hong Kong, India, Indonesia, Japan, Malaysia, Thailand, Taiwan, Philippines, and South Korea. The study used Multifactor Analysis of Variance. The study’s preliminary findings suggest that the East Asian crisis did impact Asia’s GTCs and STCs in areas such as: revenues, profitability, and market capitalization. There was no difference found between Japanese and non-Japanese companies regarding the impact of this crisis. The same was true for Korean companies and non-Korean GTCs and STCs. The study also provides implications, limitations, and future research directions.

TOPICS IN NEGOTIATION

Trust Levels and Conflict Resolution: Searching for an Optimal Outcome in Cross-Cultural Negotiation (#243)
Yongsun Paik, Loyola Marymount University
Steven C. Combs, Loyola Marymount University

This paper argues that traditional models for cross-cultural negotiation, based on cultural differences, have limitations in resolving conflict and contributing to optimal agreements. Drawing upon the notion of trust, the paper outlines an optimal model of managing conflict that may be more universal and practical than other negotiation approaches. It proposes that optimal strategies to manage conflicts in negotiations will differ depending upon the level of trust established between parties involved in negotiation. Implications for researchers and managers participating in cross-cultural negotiation are discussed.

Pre-Contractual Negotiation in a Cross-Cultural Marketing Channel (#334)
Amal Karunaratna, University of Adelaide
Catherine Jones, Department of Foreign Affairs and Trade, Canberra, Australia
Pascale G. Quester, University of Adelaide

HRM PRACTICES IN ASIA

Implications of Workforce Diversity for Human Resource Management in Japan (#175)
Tomasz Mroczkowski, American University
Mark Wermus, Old Dominion University

Japanese human resource management (HRM) is currently faced with the challenges that have emerged with increasing diversity of the workforce. This study surveyed seven companies (in the food, chemical, trade, and education sectors) focusing on three types of diversity – employment structures, human values held by different generations, and gender. By analyzing attitudes towards ‘work’ and the business ‘organization,’ the survey developed a sketch of the diversity climates particular to each company and the relationships with HRM.

Survey results indicate that the impact of each type of diversity is more pronounced in the context of corporate cultures rather than between the sum of each type of diversity. Using the ‘employment structures’ diversity type
as an example, there were marked differences in the attitudes towards ‘work’ and ‘organization’ held by those employees of different companies, yet were under the same employment structure (whether it be full-time, contract, part-time, and so on.) These findings suggest that no one single approach to HRM will be effective in managing diversity. Drawing from the survey results, this presentation (1) outlines the nature of diversity climate in Japanese companies and describes the linkages and contexts of individual corporate cultures, and (2) attempts to provide some guidelines for formulating contingent pro-active HRM approaches (remodeling of HRM systems and practices) in managing diversity.

Impact of Asian Economic Crisis on Selected Human Resource Management Strategies: A Study of Singapore-Based Companies (#195)
Aahad M. Osman-Gani, Nanyang Technological University

This study attempts to investigate the impact of the recent Asian Economic Crisis (AEC) on two major human resource strategies: Recruitment and Selection, and Compensation and Benefits. Although articles were written from economic and financial analyses perspectives, very little research has been done on the impact on HR issues. Beside a descriptive analysis of the AEC, this paper presents some empirical information that might serve as useful guide for making significant decision to deal with such crises. This exploratory field study used a two-pronged approach of sample interviews and an extensive survey. A structured questionnaire was administered on human resource and senior managers of Singapore-based companies. Descriptive and relevant multivariate analyses were performed on the collected data. It was found that there was no major impact on recruitment and selection practices, excepting the temporary hiring freeze and retrenchment of some employees. Some changes in the compensation and benefit strategies were observed in the quantum of variable bonuses and salary increments. Implications of the findings were discussed for management decisions and for future research.

Creating a Modern Human Resource Development Paradigm with Chinese Characteristics (#199)
Bruce W. Stening, Australian National University
Ma Chunguang, University of International Business and Economics, Beijing
Melinda Muir, Australian National University, Canberra

Arguably the most difficult challenges confronting foreign enterprises operating in China are those associated with the management of human resources. While dealing with the government bureaucracy and protecting intellectual property are undoubtedly important, securing, developing and retaining first-rate local managers is key to any business’ long-term success in China. This paper seeks to outline the nature of those challenges; particularly how the transition from the traditional approaches to HRM in China to a paradigm attuned to operating in a more open, global economy can be managed. Particular attention is given to matters relating to the development of local managers, especially through formal education programs. A short case study is provided to illustrate one approach that has met with considerable success.

REGIONALISM AND TRADING BLOCS

The Re-Emergence of Lebanon as a Regional Trading Center: Fact or Fiction? (#319)
Edward Vitale, University of Wisconsin-Whitewater
Abdallah Dah, Lebanese American University

SENT VITALE EMAIL 6/30 – THERE IS NOT AN ABSTRACT WITH HIS MANUSCRIPT

A Comparison of the Developing Eight Economic Cooperation Group (D-8) with the Different Regions of the World and its Future Prospects (#250)
Developing Eight Economic Cooperation Groups (D-8) was organized in June 1997 as a potential developing world partner to the G-7 group of industrialized, rich countries. It is composed of Bangladesh, Egypt, Indonesia, Iran, Malaysia, Nigeria, Pakistan, and Turkey. In 1999 the 33 points Dhaka Declaration was signed which outlined the future direction of the D-8. A review of the economic and trade data of the D-8 member countries revealed their combined financial position among the global community of nations. An evaluation of the D-8 countries resulted in a list of their strengths and weaknesses as a trading and economic pact. The paper was concluded by bringing up the major challenges that face the D-8 in the forthcoming years.

Trading Blocs and Multinational Enterprises: A Model of Strategic Decision-Making (#242)
Ana Teresa Tavares, University of Reading

The paper models the strategic decision-making processes in a MNE when economic integration occurs. The assumed scenario explores the case of the formation of a new trading bloc and its interactions with production in another (already established) economic agreement. A three-country, two-trading bloc model is proposed to map and analyze the distinct strategies available to the firm when such environmental shock (economic integration) occurs. Global interactions and inter-bloc dialectic are discussed and formalized. The discrete choice model here proposed identifies the strategy set available to an archetypal MNE. The model is solved and boundaries of strategic optimality clearly drawn. The suggested framework takes into account a variety of material and intangible flows and their respective costs.

REFLECTIONS ON THE DISCIPLINE

The Complex Evolution of International Business Research (#109)
Harvey Arbelaez, Monterey Institute of International Studies

This paper examines the contributions to international business research made by the articles published in the Journal of International Business Studies. These articles are categorized by research intensity and functional area. Tukey's median polish technique is then applied to these categories as a statistical analysis approach. Results show that while there has been an increased use of empirical methodologies, there has been little diminution in theoretical production over the past quarter century.

Teaching International Business Negotiation via Simulation: Reflections on Two Decades of Experience (#217)
Stephen E. Weiss, York University

The use of large-scale, behavioral simulations is a highly effective method of teaching and enabling students to experience the entire negotiation process. This technique allows students to apply and further their learning in many areas, including behavioral sensitivity, negotiating with foreign cultures, strategy application, analytical skills, and relationship management. This paper addresses the benefits of teaching with simulations, available materials, and outlines a sample teaching plan based on the author’s personal teaching experiences.

Forming and Managing Effective Collaborative Teams for International Business Research (#62)
J. Michael Geringer, California Polytechnic University
Colette A. Frayne, California Polytechnic University
There has been increasing interest among international business scholars in recent years regarding the use of collaborative approaches to research. This paper briefly addresses factors encouraging the use of collaborative approaches to IB research, as well as the nature of and motives for an IB research undertaking and their influence on the use and nature of collaborative research approaches. The paper then addresses considerations associated with identifying and selecting appropriate members of a collaborative research project, and in managing the collaboration process through its typical life cycle. The goal is to enhance the prospects for successful collaborative IB research projects.

**Guidelines for Cross-National Research in Finance: Drawing from Cross-Cultural Methodology (#123)**

Suad Ghaddar, The University of Texas-Pan American

This paper attempts to establish a preliminary blueprint to guide finance researchers when conducting cross-national research. Cross-cultural methodological issues serve as the outline for the analysis.

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**SOCIAL AND LEGAL PERSPECTIVES**

**How to Evaluate the International Businesses’ Social Response (#59)**

Maria de la Cruz Deniz-Deniz, University of Las Palmas
Juan Manuel Garcia Falcon, University of Las Palmas

This research proposes an instrument to evaluate the actions normally taken by companies both to manage their social impact and to improve the society’s welfare. The social welfare will improve as business organizations are able to offer suitable answers to their interest groups’ demands. Before presenting the model we propose, it is necessary to clarify some concepts that introduce the reader to the knowledge of business and society relationships. According to these concepts, we examine the contributions of the theoreticians who study the institutionalization of social responsiveness in companies. Finally, after an attempt at integration, we propose a social responsiveness model whose validation was carried out within the context of international business. The results obtained allow us to reach very interesting conclusions about the methodology proposed to evaluate the effort made by international subsidiaries to promote well-being in countries where they operate.

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**PERSPECTIVES IN INTERNATIONALIZATION**

**Internationalization of German Medium-sized enterprises: Results of an empirical study (#138)**

Michael Behnam, European Business School
Dirk Ulrich Gilbert, European Business School

The empirical study being presented is based on a questionnaire that was sent to 6,000 medium-sized German companies with international activities. The evaluation of the replies encompassed a total of 533 enterprises.

The areas under investigation involve the importance of globalization, the form of internationalization used, the motives for and the impediments in globalization and the strategic planning of internationalization activities in medium-sized industry and, finally, the financing and promotion of internationalization.

The study affords an up-to-date insight into the current situation of German medium-sized enterprises in an international context and in their attitude towards internationalization.
Internationalization of R&D and Research Output (#272)
Tony Frost, The University of Western Ontario
Jane W. Lu, The University of Western Ontario

This paper examines the relationship between the internationalization of R&D and R&D performance. We argue that the relationship between internationalization R&D and research output is likely to be characterized by an inverted-U, and, further, that the relationship will be moderated by the degree of technological diversification of the firm. We test our hypotheses on a sample of 148 US-based firms between 1978 and 1996. U.S. patent data is used to construct measures of R&D performance that include both output (patent counts) and impact (citation counts). Overall, the results show broad level support for our claims.

Explaining the International Venture Selection Process via a Portfolio Theory Approach (#184)
Peter W. Liesch, The University of Queensland
Gary A. Knight, The University of Florida

Recent revolutionary transformations in the international environment of business demand increased sophistication in the selection and pursuit of international ventures. The selection of international markets and entry modes is challenging for firms of any configuration and resource base. Modern portfolio theory has revolutionized financial investment decision-making. The nature and complexity of both the financial decision-making context and the international venture task, as well as the similarities between these two domains, invite an attempt at customizing portfolio theory into this new application. Accordingly, we undertake a novel explanation of the process of international venture selection and management within a modern portfolio theory framework.

Internationalization Reconsidered: New Imperatives for Successful Growth (#257)
Philip Rosenzweig, International Institute for Management Development
Janet L. Shaner, International Institute for Management Development

Internationalization has usually been understood as an incremental process of limited commitment in the face of high uncertainty. Yet over the past decade, major changes in market access and deregulation, as well as a revolution in information technology, have brought about a new context for international growth. The result is paradoxical: lower barriers to internationalization permit more firms, smaller in size and fewer in resources, to expand internationally; yet the intensification of foreign investment means that the need to expand abroad, and rapidly, is greater than ever. The result is a new set of imperatives for successful internationalization, stressing entry versatility and the simultaneous rather than sequential use of resources.

Entering the Last Frontier: Expansion by U.S. Multinationals to Africa (#247)
Ike Mathur, Southern Illinois University
Vincent Owhoso, Bentley College
Kimberly C. Gleason, Bentley College

Literature on multinationalism, even that which focuses on economic development and incentives for foreign direct investment, largely ignores the African continent despite its market of over 700 million inhabitants and its unique challenges for foreign firms. However, the African continent provides an important arena for examining the effects of infrastructure, culture, wealth, and political differentials across countries and the effects of these variables on U.S. multinational corporation’s expansion decisions. In this paper we examine the U.S. stock market reaction to announcements of American firms entering African markets through both FDI and Non-FDI modes. Finally, we investigate the accounting performance implications of these expansions. Our results show that, on average, firms experience negative wealth effects when expanding to Africa. Further analysis shows that expansions to South Africa produce losses, while expansion to the rest of Africa produce positive gains. We also show that firms with higher profit margins and return on equity perform better than firms with lower margins and return on equity when they expand to Africa in countries other than South Africa.
INTERNET AND INTERNATIONAL BUSINESS

E-Commerce and Country-of-Origin Effects (#312)
Francis M. Ulgado, Georgia Institute of Technology
John R. McIntyre, Georgia Institute of Technology

This paper examines the Country-of-Origin effects in an e-commerce environment. In addition to Country-of-Brand and Country-of-Manufacture effects, the paper investigates the presence and significance of Country-of-E-commerce Infrastructure. It develops hypotheses regarding such effects amidst varying customer and market environments, such as business vs. consumer buyers, levels of economic development and product type, and proposes a methodological framework to test the hypotheses.

Developing International Customer Loyalty to an Internet Shopping Mall (#212)
Moonkyu Lee, Yonsei University
Francis M. Ulgado, Georgia Institute of Technology

This paper examines determinants of international customer loyalty to an Internet shopping mall under the assumption that consumers perform a cost/benefit analysis when deciding whether or not they want to be "regular customers." It develops hypotheses regarding potential determinants of customer loyalty based on the service quality, transaction cost, and switching cost literature, and proposes a methodological framework to test the hypotheses.

Latin America. Com (#136)
Raul Gouvea, University of New Mexico

The rise of Internet-based competition is permeating markets across the globe. This competition is fastest growing in North America, compared to other world economic regions. The advent of the Free Trade Area of the Americas (FTAA) by 2005 raises a number of questions about the Internet’s role in facilitating the integration of North American and Latin American markets. The Internet has the potential to further integrate economies throughout the Americas, possibly expediting the integration process in the region. This paper will elaborate on the development and role of the Internet in Latin American markets by drawing on the experiences of European, Asian, and U.S. markets to draw parallels and lessons.

CORPORATE AND COMPETITIVE STRATEGIES

Balancing Autonomy and Integration in Diversified Firms: Do Academic Suggestions Work in Different Contexts? (#224)
Jin-Young Sirh, Centerworld Corporation
Ji-Hwan Lee, London Business School

This study aims to examine the relationship between organizational mechanisms and divisional performance in diversified firms. The costs inherent in the process of diversification and the organizational capabilities to maintain integration while allowing divisional autonomy have been largely overlooked in the literature on diversification in developing economies. I investigate the organizational context that is relevant to divisional performance in diversified firms, and examine whether Korean chaebols have managerial competences to support their high level of diversification in comparison with large, diversified U.S. firms.
Empirical results based on questionnaire surveys in both countries show that high levels of shared values as well as overall autonomy are positively associated with divisional performance, corroborating the effectiveness of socio-cultural mechanisms for organizational integration over and above the traditional, structural mechanisms. As hypothesized, chaebols’ divisions that have appropriate autonomy depending on their level of resource sharing with other divisions are better off. Shared values are also more significantly positively associated with performance in the case of chaebols. These results tell us that the mechanisms for balancing empowerment and integration have worked better in chaebols than in U.S. large firms.

Global Strategy, Attention Management, and Company Performance (#295)
Cyril Bouquet, The University of Western Ontario
Allen Morrison, The University of Western Ontario
John Beck, University of California-Los Angeles

Companies have invested huge sums of money on globalization, yet the link between globalization and firm performance has been surprisingly hard to establish. This paper argues that multinational enterprises often fail to achieve the alleged benefits of globalization because they have not paid enough attention to the process. In a world filled with abundant information (the average American white-collar worker sends and receives an average of 190 messages per day across various communications media), global management attention is a scarce resource that often declines immediately after initial FDI decisions have been made. We propose a conceptual framework for understanding the relationship between global attention and company performance, and suggest ways through which companies can increase their overall levels of global attention resources.

Tevfik Dalgic, University of Texas-Dallas
Gary Knight, University of Florida

Niche marketing has been identified as small and medium-sized enterprises’ (SME) success strategies by different studies. Although several authors identified successful niche strategies at national markets in general terms (Stanton, Etzel and Walker 1991, Stanton, and Linneman 1991, Shani and Chalasani 1992, Dalgic and Leuw (1994, Dalgic 1998), neither information how to operationalize the niche marketing strategy nor how to apply international niche marketing strategies are lacking in the literature (Dalgic 1999). This paper is an early conceptual assessment of literature in this area trying to develop a framework for evaluation, development and application of international generic niche marketing strategies.

FOREIGN DIRECT INVESTMENT

Determinants of Service versus Manufacturing Investments in Host Countries (#134)
B. Elango, Illinois State University
Ivan Abel, St. John’s University

This study seeks to answer the empirical question of whether host country factors have a differential influence on service and manufacturing FDI. Using regression models with factors scores, the study findings suggest that cultural distance, host country market size and bilateral trade are significant factors influencing the extent of both service and manufacturing FDI. A host country’s wealth was related to investments in the service sector, but unrelated to investments in the manufacturing sector. Implications for theory development and practice are developed.
Culture and the Timing of FDI: The Case of Poland, the Czech Republic and Hungary (#137)
Susan D. Peters, University of Maryland University

Most research in foreign direct investment is static: why a firm invests, which country, and which form of market entry. The question of when is usually considered only by implication – what country should be chosen now. Culture plays a role in determining market entry form, but could also impact the timing of the decision. Eastern Europe provides nearly a laboratory setting in which to investigate this phenomenon.

Sequence of Foreign Direct Investment: Is It a Matter of Contingencies? (#267)
Sung-Jin Hong, Korea University

Though considerable amount of attention has been paid to dynamic aspect of firm internationalization, there have been very few empirical consistencies in international expansion process research. While many researchers, whose theory is based on organizational learning and behavioral theory of the firm, see a firm’s internationalization as incremental and gradual process (Johanson and Vahlne, 1977; Kogut, 1983; Chang, 1995; Luo, 1999), other researchers view a firm’s international expansion as discontinuous and leapfrogging phenomenon (Oviatt and McDougall, 1997; Harveston et al., 1999; Pedersen and Shaver, 1999).

In this paper, we posit that inconsistent results of empirical studies on FDI sequence do not necessarily mean learning arguments have lost its explanatory power. Rather, we argue that, by synthesizing firm-specific factors with external factors, such as industry or country level factors, we can extend the explanatory power of learning arguments. As an exploratory attempt to extend previous literature, this paper presents firm-level, industry-level, and host country-level factors that have influences on the firm’s foreign direct investment strategy in terms of investment sequence.

International Business in a World of Increasing Returns (#188)
Lilach Nachum, Cambridge University

This study seeks to examine the factors affecting international business activity in a world of increasing returns. The explanatory power of a model connecting outward FDI from the US as the dependent variable with a set of ownership advantages as the explanatory variables is tested on a sample of industries dominated by increasing return processes. The findings suggest that in addition to the possession of capabilities superior to those of competitors, critical mass that enables TNCs to lock-in a market is an important determinant of FDI in such industries.

CORPORATE GOVERNANCE

Effectiveness of Outside Directors in Korean Companies: Institution Theory Perspective (#259)
Jootae Kim, Seoul National University
Dong Sung Cho, Seoul National University

Korean firms introduced the outside director system as part of the corporate governance reforms after the Korean currency crisis in 1997. In this paper, we interpreted the adoption of the outside director system by Korean firms as their acceptance of global institutional pressures. We analyzed the limitations and the solutions of this system with respect to coercive pressure, mimetic process, global experience, and corporate system inequality.
In this paper, we analyze the factors that determine the development of corporate governance practices in 95 countries around the world. In particular, we discuss whether the implementation of certain governance practices is due to efficiency or legitimization rationales. Codes of good governance is the governance practice that we study since the existence of such codes has become central to the corporate governance debates, particularly its impact on international management practices and the need to adjust public policy to the new forms of shareholder activism and protectionism. The analysis reveals that the size of the economy, market capitalization, and a common-law legal system are consistently more likely to adopt a code by 1999. In addition, there is a positive relation between the predominance of a market-driven corporate governance system and the development of a code of corporate governance while a negative relationship for group-controlled and family-controlled systems of corporate governance.

### Sunday – 1:30 p.m. – 3:00 p.m.

#### 2.3.1 – Symposium - Reconstituting and Redirecting Theories of International Interfirm Cooperation for Enhanced Practice

**Room:** Courtroom M  
**Time:** 1:30 p.m. – 3:00 p.m.

**Chair:** Sabine Reddy, Wayne State University

- *Learning Races, Cooperative Specialization, and Structural Conditions: A Reconceptualization of Alliances and Joint Ventures*
  - Ming Zeng, INSEAD
  - Jean-Francois Hennart, Tilburg University

- *Inter-Firm R&D Collaboration and Shared Property Rights*
  - John Hagedoorn, Universiteit Maastricht

- *Emergent Leadership and Performance in Different Types of International Cooperations*
  - Richard Osborn, Wayne State University

- *Information Technology and Coordination in International Alliances*
  - Sabine Reddy, Wayne State University

#### 2.3.2 – Symposium - Researching Export Strategy-Performance Relationships: Theoretical Foundations and Methodological Issues

**Room:** Courtroom N  
**Time:** 1:30 p.m. – 3:00 p.m.

**Chair:** Bodo Schlegelmilch, Wirtschaftsuniversitat Wien

- *Sources of Competitive Advantage in Exporting*
  - Neil A. Morgan, University of North Carolina-Chapel Hill
  - Costas Katsikeas, Cardiff University
  - Anna Kaleka, University of Wales

- *An Examination of Chinese Firms’ Export Behaviors*
  - Shaoming Zou, University of Missouri
  - John Zhao, St. Louis University
  - Shuming Zhao, Nanjing University
When a company operates in multiple, dissimilar environments outside of its home country, it may suffer a “liability of foreignness.” This term attempts to capture the loss of competitiveness, vis-à-vis local companies, as foreign competitors grapple with uncertainties, unfamiliarities, and additional costs in their international operations. Another important concept is “national competitive advantage” -- company may be strongly impacted by their home-country environment. Despite their theoretical and practical relevance, an integrated framework that examines both the liability of foreignness and Porter’s (1990) national advantage have not been rigorously tested. In this study, we focus on the global banking industry. Using the BankScope data for the period 1989-1996, our findings support the liability of foreignness hypothesis. In some countries, U.S.-owned banks outperform other foreign-owned banks, supporting the notion of a U.S. home-Country advantage. We also find that culture distance and a bank’s home-country financial system may influence its performance abroad.

The internationalization of technological capabilities in the multinational corporation has produced a growing number of conceptual frameworks that emphasize the ability to leverage innovation activities in the international innovation network. In particular, it has been stressed that increasingly complex and diverse structures generally provide opportunities to integrate and re-combine capabilities across geographically dispersed units. The present study suggests that conceptual work has paid insufficient attention to the relationship between process and structure in the evolving international innovation network. An in-depth, longitudinal study of ASEA/Brown
Boveri/ABB underlines the importance of considering both historical growth processes and firm-specific events in evaluating the implications of changing structures of the international innovation network.

**The Determinants of National Innovative Capacity #0046**
Scott Stern, MIT Sloan School  
Michael E. Porter, Harvard Business School  
Jeffery L. Furman, MIT Sloan School

Motivated by differences in R&D productivity across advanced economies, this paper presents an empirical examination of the determinants of country-level production of international patents. We introduce a novel framework based on the concept of national innovative capacity. National innovative capacity is the ability of a country to produce and commercialize a flow of innovative technology over the long term. National innovative capacity depends on the strength of a nation’s common innovation infrastructure (cross-cutting factors which contribute broadly to innovativeness throughout the economy), the environment for innovation in its leading industrial clusters, and the strength of linkages between these two areas. We use this framework to guide our empirical exploration into the determinants of country-level R&D productivity, specifically examining the relationship between international patenting (patenting by foreign countries in the United States) and variables associated with the national innovative capacity framework. While acknowledging several important measurement issues which arise in the use of patenting data, we provide evidence for several findings. First, the production function for international patents is surprisingly well-characterized by a small but relatively nuanced set of observable factors, including R&D manpower and spending, aggregate policy choices such as the extent of IP protection and openness to international trade, and the share of research performed by the academic sector and that funded by the private sector. As well, international patenting productivity importantly depends on each individual country’s knowledge “stock.” Finally, there has been convergence among OECD countries in terms of the estimated level of innovative capacity over the past quarter century.

**Cooperative R&D and Strategic Trade Policy #0081**
Julie DeCourcy, Michigan State University

This paper uses a theoretical economic model to examine the effects of allowing domestic firms to openly cooperate in research and development (R&D) as a way to increase competitiveness relative to foreign rivals. We find that cooperating firms are always better off, while foreign rivals are frequently worse off. Consumers are also better off because the preferred mode of cooperation leads to the highest market output and the lowest price.

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**2.3.5 – Competitive - International Production and Supply Chain**
**Room:** Courtroom Q  
**Time:** 1:30 p.m. – 3:00 p.m.

**Global Supply Chain Management**
David Closs, Michigan State University

Ten years of research at Michigan State University has developed and refined a framework characterizing high performing supply chain practices in North America. This session extends this previous research by comparing the capabilities of high performing North American firms with firms from other regions. While the research indicates comparable achievement on many of the capabilities, there are apparent differences for some key capabilities. This session will identify some of these key differences and discuss the management implications.

**The Influence of Organizational Variables on the Transferability of Management Practices: An Examination of Traditional and Learning Manufacturing Environments in Mexico #0170**
This study examines two plants in Mexico operating under different management practices -- one as a traditional, bureaucratic manufacturer, another pursuing an organizational learning approach. Individual behaviors and organizational level factors are examined both quantitatively and qualitatively to understand their impact on the transferability of different management practices. Significant differences were found between the two plants in both the individual behaviors and the organizational factors providing support for the implementation of different management approaches in Mexico. Support for innovation, an organizational level factor, was a good predictor of individual behavior differences, indicating that it may moderate the impact of national value differences on the transferability of different U.S. management practices in Mexico.

2.3.6 – Workshop - Theory Development in International Business
Room: Salon I Time: 1:30 p.m. – 3:00 p.m.

“Refactory” Korean-Style Technique in Management Innovation: Model Building and a Case Study #0315
Dong Sung Cho, Seoul National University
Cheol-Ho Shin, Sungshin Women’s University
Jae-Young Kang, The Institute for Industrial Policy Studies
Park No-Ryon, Small and Medium Industry Promotion Corporation

Environmental and Organizational Complexity in International Business Theory#0264
Stephen Guisinger, University of Texas at Dallas

Doz and Prahalad have argued that developments in organizational theory have enhanced our knowledge of the multinational firm by progressively integrating higher levels of organizational complexity in their models. However, the multinational firm places special demands on organizational theory not required by domestic firms. To provide the needed "differentiated approach to businesses, countries and functions," they propose an organizational adaptation paradigm. This study recasts Doz and Prahalad’s "differentiated countries" approach in a broader concept of environmental complexity, encompassing all extra-firm forces to which multinational corporations must adapt. The study argues that two paradigms based on the two types of complexity--environmental and organizational--are required to guide research on the multinational firm: an environmental adaptation paradigm and an organizational adaptation paradigm. Previous research on the level, location and composition of foreign production comes under the environmental adaptation paradigm, while work on the structure and operations of multinational firms can best be understood using the organizational adaptation paradigm. The study shows how these two paradigms, taken together, point to new areas for research that lie along their boundary.

Understanding and Measuring Export Performance: An Operational Framework #0164
Nikolaos Kakkos, Loughborough University Business School
Adamantios Diamantopoulos, Loughborough University Business School

Export performance has long been an issue of concern in the literature, however, there is little consensus on its conceptualization and measurement. This study develops a framework for understanding and measuring export performance, by integrating insights from the exporting, management, strategy and marketing metrics literatures. The framework's key underlying premises are that, (i) different firms pursue different objectives, (ii) within a firm, different objectives have differential importance, (iii) managerial evaluation of objectives’ actual attainment must be taken into account. These considerations lead to a composite measure of export performance and the construction of an index that allows valid comparisons to be made across firms and industries.
An Integrative Framework for Multinational Enterprise Scanning of the International Business Environment #0289

Deepak Sethi, University of Texas at Dallas
Stephen Guisinger, University of Texas at Dallas

Views differ dramatically on the domain of international business research. However, consensus exists on the increased demands that globalization places on the firm. This study proposes an integrated method for scanning the environment and describes in outline form the methods that multinational firms should use to disseminate information about the environment throughout their firm.

2.3.7 – Workshop - Nationality, Culture, and Organizational Behavior
Room: Salon J  Time: 1:30 p.m. – 3:00 p.m.

Islamic Identity and Work in Malaysia: Islamic Work Ethics in a Japanese Venture in Malaysia #0196
Wendy A. Smith, Monash University
Chris Nyland, Monash University

This paper examines Islamic work ethics from both theoretical and practical perspectives by comparing Islamic teachings with the values, career strategies and organizational behavior of Muslim managers and workers in a Japanese multinational in Malaysia.

The dilemma of piety vs cosmopolitan norms of conduct is sharply apparent in the case material presented and this provides many insights into the dynamic of ideal-type values vs. pragmatic behavior in organizational behavior in a multi-faceted context: the Malaysian plural society; the multinational microcosm; the Japanese organization overseas and consumerist society, shedding light on the role of religious values in the globalized workplace.

The Effect of Nationality, Cultural Distance, and Status on the Managerial Network in a Multinational Enterprise #0216
Ivan M. Manev, University of Maine
William B. Stevenson, Boston College

We study the role of three background characteristics—nationality, cultural distance, and status for the managerial network in an MNE. A network analysis of cross-subsidiary communication patterns among 457 managers in an MNE demonstrates that similarity in these background characteristics is positively associated with the strength of expressive ties. However, managers form strong instrumental ties with peers who are different on these background characteristics. Implications for international management theory and practice are discussed.

The Effects of Propensity Toward Risks and Propensity Toward Trust on the Negotiation Strategy #0254
Rosanna Garcia, Michigan State University
Alma Mintu-Wimsatt, Texas A&M University
Roger Calantone, Michigan State University

Previous studies have shown that bargainer’s personality characteristics play a highly influential role in the selection of a negotiation strategy. In this study, an individual’s propensity towards risks (PTR) as well as his/her propensity towards trust (PTT) is empirically tested for their effects on the cooperative problem-solving negotiation strategy. National character is also studied to determine how cultural effects influence the problem-solving approach, PTR and PTT. The study is based on American and Filipino exporters’ behaviors in an inter-cultural negotiation situation.
"Your Forward is our Reverse, Your Right, our Wrong": Rethinking Multinational Planning Processes in Light of National Culture #0033  
David M. Brock, University of Auckland  
David Barry, University of Auckland  
David C. Thomas, Simon Fraser University

Planning processes are potentially important governance mechanisms in multinational enterprises (MNEs). However, the complex multi-level and multi-cultural nature of these organizations may result in synergy or clashes of culture between the various units of the MNE with respect to planning processes. In this theory building paper we develop a model that outlines how national culture will affect planning processes at both home and host country levels. This framework is applied to show how different planning outcomes may emerge due to these cultural differences. Finally, aspects of language, nontraditional structures, implications and limitations of the model are also discussed.

Corruption, Transparency and FDI: Empirical Tests of Corruption Neutral and Transparency Negative Hypotheses #0092  
John Hongxin Zhao, Saint Louis University  
Seung H. Kim, Saint Louis University  
Jianjun Du, Saint Louis University

This paper develops and tests two hypotheses of corruption neutral and transparency negative in relation to the level of foreign direct investment (FDI). Based on a sample of 43 countries across 7 years, statistical results show that corruption of host countries is neutralized with insignificant effect on the inflow of FDI, as expected return on investment dwarfs corruption. On the other hand, transparency that implies high uncertainty and intangible costs significantly obstruct the inward FDI to host countries.

Sunday – 3:30 p.m. – 5:00 p.m.

2.4.1 – Symposium - China in the Year of the Dragon – Opportunities and Challenges at the Dawn of the New Millennium  
Room: Salon I  
Time: 3:30 p.m. – 5:00 p.m.

Chair: Peter Walters, The Hong Kong Polytechnic University

The Global Strategy of Chinese MNEs  
Oded Shenkar, The Ohio State University

The Emergence of Chinese Multinationals: Implications for Business Leaders  
C.S. Tseng, City University of Hong Kong

Meeting the Challenges in the China Market: An Integrated Approach  
T.S. Chan, Lingnan University

Managing Business in Mainland China: Lessons from Hong Kong Firms  
John Child, Judge Institute University of Cambridge  
H.A. Davies, The Hong Kong Polytechnic University
2.4.2 - Panel
Global Integration of Financial Markets
Room: Courtroom M Time: 3:30 p.m. – 5:00 p.m.
Chair: Raj Aggarwal, Kent State University
Panelists:
- W. Carl Kester, Harvard Business School
- W. Curt Hunter, Federal Reserve Bank of Chicago
- Ingo Walter, New York University
- Victor Menezes, Citigroup

2.4.3 - Panel
Room: Courtroom N Time: 3:30 p.m. – 5:00 p.m.
Chair: Gyula Vastag, Stuttgart Institute of Management and Technology
Panelists:
- Bela Forgo, Alcoa-Kofem
- Werner Riecke, National Bank of Hungary
- Andras Sugar, Westel 900 GSM

2.4.4 - Panel
What is Global Business Strategy? Winners and Losers in Global Competition
Room: Courtroom K-L Time: 3:30 p.m. – 5:00 p.m.
Chair: Warren J. Keegan, Pace University
Panelists:
- Michael Friedman, Purdue Pharma
- Stephen Kobrin, University of Pennsylvania
- John Stopford, London Business School

2.4.5 - Competitive
Conceptual Frameworks in International Business
Room: Courtroom O Time: 3:30 p.m. – 5:00 p.m.
A Conceptual Model of Export Performance: Importance of Strategy Process #0296
Valerie J. Lindsay, The University of Auckland

There is a general recognition of the need for more conceptual input into the design of export research and more in-depth, focused research methods, in order to achieve relevance for management and policy makers involved in international business. Much of the export literature concludes that results are inconsistent and that theory is poorly developed. This study attempts to address some of these issues by utilizing a theory-building case-study approach to investigate export performance of small- and medium-sized New Zealand manufacturing exporters, in a longitudinal context. The research led to the development of a conceptual model of export sales performance, which attempted to capture the complex relationships between the variables concerned and provide a tentative
explanation for the construct. After testing over a six-year time frame, the model was confirmed, and the key influencing variables were identified.

**Structuring Vendor-Customer Relationships: Towards a Model of Inter-Organizational Fit #0072**

Omar Toulan, McGill University  
Julian Birkinshaw, London Business School  
David Arnold, Harvard Business School

In this paper we apply the concept of inter-organizational fit to the use of global account management programs in multinational corporations. It is predicted that greater fit between vendor and customer on a variety of strategic as well as structural aspects will result in higher performance of the relationship. Support for the propositions is found using a series of case studies and a survey of 106 global account managers.

**A Nationally-Bounded Theory of Corporate Governance #0246**

Michael Lubatkin, University of Connecticut  
Peter J. Lane, Arizona State University  
Sven Collin, Lund University  
Philippe Very, EDHEC

Agency theory has come to dominate corporate governance research, although some of its behavioral assumptions may too closely reflect the US institutional context to explain the multiple strains of corporate governance that exists outside of the US. We propose a nationally-bounded model of corporate governance to explain the nature and origin of these other strains, which draws from a synthesis of the agency, behavioral, and institutional theses about opportunism. We then present an inductive test of our model by using historical analysis, a method of theory building that is generally absent in contemporary organization science. Specifically, we present brief historiographies of Sweden and France, two nations whose institutional and governance structures contrast with each other and with that of the US.

2.4.6 - Competitive  
**Human Resource Management Issues in China**

Room: Salon J  
Time: 3:30 p.m. – 5:00 p.m.

Chair:  
Discussant:

**Human Resource Management and the Performance of Western Firms in China #0306**  
Ingmar Bjorkman, Swedish School of Economics  
Fan Xiucheng, Nankai University

The study examines the relationship between Human Resource Management and organizational performance in 62 manufacturing Chinese-Western joint ventures and wholly-owned subsidiaries located in different parts of the People’s Republic of China. A positive relation was found between firm performance and the extent to which firms used a ‘high performance’ HRM system and the degree to which they engaged in the integration of HRM and firm strategy.

**The Impact of Company Policies, Peer Consensus and Independent Assessment on Reactions to Authority: A Comparison of Japanese, Taiwanese and PRC Employees #0197**  
Nailin Bu, Queen’s University
Japanese, Taiwanese and PRC employees responded to vignettes where they were asked to decide whether to accept a supervisor’s direction. Multiple versions of the vignettes which varied systematically with respect to company policies, peer consensus and independent assessment were distributed to create a factorial design. PRC employees were the most accepting, followed by Taiwanese, and then by Japanese employees. PRC employees were more sensitive to company policies but less sensitive to independent assessment than Japanese and Taiwanese employees. Peer consensus carried more weight among Japanese employees than among Taiwanese and PRC employees, although the difference did not reach statistical significance.


Cherrie J. Zhu, Monash University
Peter J. Dowling, University of Tasmania

The past two-decade in China has witnessed a continuous reform in the ownership structure in the Chinese industrial sector. This paper seeks to address the four questions related to the ownership reform. These questions include the reasons that ownership structure has become the target for reforms; changes that have occurred in the ownership structure since the reform; the impact of such changes on human resource practices; and the implications for international business.

**Does Previous International Experience Matter for Expatriate Adjustment? Moderating Effects of Current Work Experiences #0167**

Riki Takeuchi, University of Maryland
Seokhwa Yun, University of Maryland

The current study adapted the recent frameworks advanced by Quiñones, Ford, and Teachout (1995) and Tesluk and Jacobs (1998) to examine the relationship between experiences and expatriate adjustment. The experiences were categorized into four broad categories by using two dimensions: work and nonwork international experiences, and current and previous experiences. The main effects of previous international experiences (work assignments and travel experiences) and current experiences (time since arrival to the current assignment, job tenure, and organizational tenure) were hypothesized. In addition, moderating effects of current experiences on the relationship between previous international experiences and adjustment were hypothesized. One of the most interesting findings from the current study is the moderating effect of the current experiences on the relationship between previous experiences and expatriate adjustment. However, the moderating effect of current experiences appears to be significantly more complicated than has been conceptualized initially. The current study encourages future studies that examine the quality characteristics of the experiences.

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### 2.4.7 - Workshop

**R&D and Other MNC Strategies**

**Room:** Courtroom Q  
**Time:** 3:30 p.m. – 5:00 p.m.

**Entry Mode, Organizational Learning, and R&D in Foreign Affiliates: Evidence from Japanese Firms #0026**

Rene Belderbos, Maastricht University
Tomoko Iwasa, Hitotsubashi University
This paper analyzes the determinants of the R&D intensity of 434 foreign affiliates, drawing on MITI's benchmark survey of Japanese multinational firms in 1993. Acquired affiliates are responsible for more than half of overseas R&D expenditure and have significantly higher R&D intensities than wholly and majority owned greenfield affiliates. Non-majority owned joint ventures are R&D intensive in case the investing firm lacks substantial R&D capabilities in Japan. In contrast, R&D intensive Japanese parent firms prefer controlled modes of overseas R&D investment. Support is also found for an incremental growth pattern of foreign R&D operations as a function of cumulative learning. This learning is affiliate-specific rather than firm-wide and applies to greenfield affiliates but not to acquired affiliates. The results provide evidence that Japanese multinational firms, as ‘latecomers’ in the establishment of overseas R&D networks, have often made use of acquisitions and collaborative ventures to gain access to overseas technology and to establish overseas R&D capabilities at a faster pace.

Linking Local Knowledge to Global Operations: The Role of Regional Offices of MNCs #0265
Kazuhiro Asakawa, Keio University
Mark Lehrer, University of Rhode Island

Regarding region as a bundle of local knowledge, we identified regional offices as linking local knowledge to the global operations of the MNC. “Regional offices” are not the same as regional headquarters. While the latter is in charge of administrative control and coordination of operations within a particular region, the former is responsible for facilitating the innovation management cycle within the region: i.e. identifying, accessing and mobilizing the resources within the region.

Factors Affecting Foreign R&D Location Decisions: Management and Host Government Policy Implications #0283
Gary K. Jones, George Washington University
Hildy J. Teegen, George Washington University

Using data from a variety of governmental sources, on 56 countries, the authors empirically address the effect of multiple factors potentially motivating investment by U.S. MNCs in foreign R&D activities. The current study complements and extends existing studies by identifying new factors, operationalizing others in a new way, and more narrowly defining previously studied variables. For example, similar to earlier studies, this research tests the effect of the host country’s overall educational strength as an attractor for incoming R&D investment, but also tests the effect of the underling component educational variables used to develop the composite measure (i.e., strength at the high school, university undergraduate and graduate levels). Further, this research more narrowly defines these component variables to focus on educational strength only in science and engineering curricula. While a number of composite and component factors correlate significantly with foreign R&D investment, in multivariate tests, the only factors exhibiting predictive power for foreign R&D investment are the level of affiliate sales and the number of science and engineering PhDs awarded in the host country, suggesting that these two factors far outweigh the potential predictive capability of those measures significantly correlated to foreign R&D investment. These results indicate that firms locate foreign R&D capabilities in the primary markets for the products produced by their overseas affiliate and that they value the availability of highly educated graduates in the sciences and engineering fields for staffing their overseas operations. Resulting management and host government policy implications are discussed.

The Phantom Multinational – Reflections on Exploitation and Exploration in the Internationalization Process #0292
Ivo Zander, Stockholm School of Economics
Orjan Solve, Stockholm School of Economics

This paper critically reflects upon literature on knowledge exchange and cross-border innovation in the MNC. By revisiting and interpreting the internationalization process mainly as an outcome of exploitation motives, we question the spreading notion that global exploration has become an important objective of the established
multinational. We find our cautious attitude reinforced by the current lack of empirical evidence on cross-border innovation activity in the international network. Directions for future research on knowledge exchange and innovation in the multinational are given.

**Effects of Leadership Behaviors and Social Culture on Top Management Influence on Innovations: An International Comparative Study #0172**

Detelin S. Elenkov, The University of Memphis

This study examined the extent to which transformational- and transactional-leadership behaviors affect top management influences on product/market and administrative innovations, considering social culture as a moderator. The results support the hypotheses that leadership behaviors explain significantly top management influence on innovations, after organizational and environmental variables have been partialled out, and that transformational-leadership behaviors are more highly associated with top management innovation influence than other leadership or non-leadership variables. The innovation influence process also differs across cultures for administrative, but not for product/market innovations. The implications of this study for comparative management and leadership research have been discussed.

**Sunday – 5:15 p.m. – 6:00 p.m.**

**Members’ Meeting with the AIB Executive Board**

**Current status of the AIB, its future directions, and future meeting sites presented and discussed**

**Room:** Salon J  **Time:** 5:15 p.m. – 6:00 p.m.

**Sunday – 6:30 p.m. – 9:30 p.m.**

**The Heard Museum Gala Event**

Registrants will be treated to a gala evening hosted by Thunderbird, The American Graduate School of International Management.

**Venue:** Heard Museum  **Time:** 6:30 p.m. – 9:30 p.m.

Buses leave from hotels at 6:00 p.m. (Since many participants will drive themselves, please preregister at the AIB desk if you need bus service).

**MONDAY, 20 NOVEMBER**

**Monday – 8:30 a.m. – 10:00 a.m.**

**3.1.1 - Symposium**

**Technology Diffusion and the Globalization of Knowledge**

**Room:** Salon I  **Time:** 8:30 a.m. – 10:00 a.m.

**Chair:** Stephen Kobrin, University of Pennsylvania

*Technologists Cross Borders: HRM and Organizational Capability Development in MNC R&D Networks*

Eleanor Westney, Massachusetts Institute of Technology

*National Innovation Systems in Globally Integrated Industries*
Divestment of Foreign Production Operations #0051
Jorma Larimo, University of Vaasa

Although foreign direct investments represent a long-term commitment to a foreign operation, divestments are nevertheless quite common. However, few studies have taken a closer look at what might influence whether foreign subsidiaries are divested or not. The study is the first one trying to analyze the impact of various determinants on the divestment behavior of firms from the four Nordic countries. The paper includes twelve ownership specific, location specific and investment strategy specific variables. The empirical part is based on the
divestment behavior of Nordic firms in over 2600 foreign manufacturing investments made between 1960 and 1995 in various countries. The results indicate that all three types of variables have influenced the divestment behavior. Furthermore, the results show that there have been great differences in the divestment rates and influencing factors between various Nordic countries.

Managerial Limits to International Expansion by Acquisitions and Greenfields: An Empirical Examination of Japanese Direct Investments in the United States #0277
Danchi Tan, National Cheng Kung University

A firm can enter into a foreign market by acquiring an existing company (i.e., acquisition) or by starting a new operation from scratch (i.e., greenfield entry). While acquisitions may allow a firm to expand into a foreign market within a short period of time, they are often fraught with managerial problems that hamper expansion in the foreign market. This study attempts to explore the conditions under which a Japanese firm achieves a greater (smaller) long-term growth rate in a U.S. industry through acquisitions than through greenfield entry. The results show that Japanese firms that followed acquisition strategies were likely to have a slower growth rate ten years after entry than those that employed greenfield strategies in three cases, (1) when they transferred firm-specific technology, (2) when the industries entered were highly unionized, (3) when they were characterized by tacit knowledge, or (4) when processes and products are less standardized in the industries entered.

Global Competition in the Tire Industry #0075
Kiyohiko Ito, University of Wisconsin-Madison
Elizabeth L. Rose, University of Auckland

We analyze the nature of international competition among multinational firms from different countries, considering the global tire industry. Our frameworks are the theories of oligopolistic reaction and foreign direct investment. Using logistic regression, we find that firm investment patterns are related to the presence of competitors, host country characteristics, experience in foreign operations, and multiple market competition. Significant differences in the investment patterns are observed at various stages of the industry’s consolidation. Pairwise analysis also indicates that the identities of competing firms in a foreign market are important inputs into the investment decision.

3.1.5 - Competitive Evolutionary Developments/Theory
Room: Courtyard O Time: 8:30 a.m. – 10:00 a.m.

Towards a Dynamic Theory of the Internationalization of the Firm and the Accommodation of De-Internationalization #0211
Pieter Pauwels, Limburgs Universitair Centrum
Paul Matthyssens, Limburgs Universitair Centrum

In this paper we assess the dynamic qualities of current theories of the internationalization of the firm. Therefore, we adopt ‘de-internationalization’ as a central concept. Departing from an integrated global strategy framework as a most promising path, we come to the conclusion that even strategy-based theories of internationalization lack explanatory power over de-internationalization and over the dynamic character of the internationalization process in general. Although alternative theoretical frameworks are available, it is argued that a new theory of the firm is required as a foundation for a dynamic theory of internationalization. In this respect, we present the emergent resource-based evolutionary theory of the firm as a valuable basis. We conclude this paper by arguing that the
internationalization process in general and de-internationalization, more in particular, are accommodated best by this evolutionary strategic framework and that, at this preliminary stage, both are best studied from a strategy process perspective.

Researching the Evolution of International Marketing Strategy by Using Longitudinal Analyses – Conceptualization and Assessment of Approaches #0166
Arnold Schuh, Wirtschaftsuniversität Wien

Research in international business and marketing strategy in the context of globalization shows an incongruity between the process character of the phenomenon studied and the applied static research approach. Longitudinal analyses are recognized as an adequate approach to map strategic redirections. In this paper an example of the conceptualization of the evolution of international marketing strategy is presented and two longitudinal research designs are compared.

U.S. Technology-Based Utilities, A Century Later: Deja Vue or No? #0070
Cliff Wymbs, City University of New York

This paper provides a long-term interpretive framework that explains the one hundred-twenty year development path of the critically important technology-based public utility sectors of electricity and telecommunications. Both sectors were instrumental in the formation of the third Kondratieff long wave upswing at the beginning of the twentieth century and appear to be important in the emerging fifth Kondratieff wave of the twenty-first century. In each case, U.S. firms drove, and are driving, these economic renaissances and, as such, are the focus of the analysis. Entrepreneurism and firm innovation served as the key drivers of these sectors, which in turn provided the infrastructure for global expansion. In addition to economic factors, both home and host country governments played an important role in this journey. Today’s high-tech public utility sectors (particularly telecommunications) appear to be as important as growth engines as their predecessors were during the late 1800s, but are less dependent on home government’s preferential treatment, are less concentrated and answer more to global market mandates.

3.1.6 - Workshop
International Competitiveness and E-Commerce
Room: Courtroom K-L  Time: 8:30 a.m. – 10:00 a.m.

Chair:
Discussant:

The Influence of Behavioral and Transactional Factors on International Control and Strategic Action #0225
Ananda Mukherji, Texas A&M International University
Ben L. Kedia, The University of Memphis
Jyotsna Mukherji, Texas A&M International University

The transaction cost paradigm is a key theoretical framework that is used in international business research. This paper extends the transactional perspective by including a complementary behavioral viewpoint in explaining internationalization. The behavioral viewpoint suggests that important “non-economic” factors play an increasingly significant role in international strategy. There are increasing grounds to accept the limitations of rational utilitarian behavior in explaining business actions. Business activities are composed of a complex web of economic and social relations that combine and interact to form choices, decisions, and action. The behavioral perspective, we suggest, is not only a critical component of a firm’s competitive capability, but has considerable research implications as well.
We develop a model of internationalization that consists of transactional and behavioral factors. Internationalization is shown to have a structure component manifest in control, and a process component that consists of strategic action. Our conceptual model and propositions suggest a number of important relationships between behavioral factors, transactional factors, control, and strategic action. By including behavioral factors we predict that the conceptual model we present explains the process of internationalization more completely, and will not only account for significant amount of the outcome variance, but also it will maximize the explained variance. We also suggest that the behavioral dimension provides a distinctly different form of competitive capability to organizations, and complements existing transactional explanations.

Hideki Yamawaki, Claremont Graduate

This paper examines the questions of whether the incumbent responds to entry and which firm responds to entry in an industry, by using a data sample of the U.S. luxury car market during the period of 1986 and 1997. The statistical analysis finds that the incumbent’s response varies across firms, but some group of firms responds to entry similarly. In particular, this paper finds that the German exporters of luxury cars respond significantly to the entry of a Japanese rival in the U.S. market similarly by reducing their prices and mark-ups. The extent to which they respond to entry become greater as the Japanese firm’s market share increases. The statistical test accepts the hypothesis of the equality of coefficients among the German firms, but rejects the hypothesis when both the German and British firms are included in the sample.

University Competitiveness Impacts of Electronic Commerce: SCM Perspective #0168
Sangwook Park, Seoul National University
Hwy-Chang Moon, Seoul National University
Dong-Sung Cho, Seoul National University

This paper addresses the competitiveness impact of electronic commerce and provides a general guideline for new paradigms of international business. In the age of electronic commerce, international business paradigms such as the eclectic model, integration-responsiveness model, and the diamond model may needed to be revised or reinterpreted. This paper reevaluates the roles of the basic four elements of the original single diamond model and the human factor in the determination of competitiveness from the perspective of SCM. The EC-based SCM is characterized by “speed to market” and “mass customization” in addition to low cost and flexibility. These can be accomplished by compressing time and distance in the value chain through the use of advanced communication/information technologies. In the age of electronic commerce, human resource plays an even greater role in determining competitiveness in that it can sense and respond to rapid shifts in market and technology.

Facilitating the Growth of International E-Commerce Through Public Policy #0073
Melanie Jones, University of Cincinnati
Raj Mehta, University of Cincinnati

Electronic commerce conducted on the Internet has been identified by governments and businesses worldwide, as an effective tool for enhancing the performance and competitiveness of multinational firms and for contributing to economic growth. For this reason, sustaining the growth of international electronic commerce throughout the trading community has become a priority on the global economic agenda. However, while the development and spread of commerce on the Internet has brought about welcome changes in the world of information processing and communication for both businesses and consumers worldwide, it has also generated significant concerns among consumers which must be addressed before the full growth potential of international e-commerce can be realized. After identifying the nature of these consumer concerns, this paper identifies how the policies of national governments which address these concerns can both contribute to, and impede the growth of international e-
commerce. Further, a model for explaining consumer participation in e-commerce and for identifying the cultural impact on international consumer behavior with regard to shopping on the Internet is suggested.

**Interoffice E-Mail Communication in a Multinational Corporation #0108**
William Newburry, Rutgers University

While communication is central to the coordination and implementation of multinational strategies across worldwide offices, little empirical work has examined the factors that cause multinational offices to communicate with each other. This manuscript attempts to fill part of this research gap by examining some potential predictors of interoffice communication in a study of a single multinational corporation, including 46 of its offices in North America, Europe and Asia. In accomplishing the above objective, this study utilizes two primary data sources. First, 477 study company employees completed a questionnaire. This questionnaire data is combined with data from a second, and relatively new method of communication within MNCs, e-mail.

### 3.1.7 - Workshop

**Export Strategy**

Room: Courtroom Q  
Time: 8:30 a.m. – 10:00 a.m.

**Management Strategies of Australian Firms Exporting to Asia #0171**
Peter J. Dowling, University of Tasmania  
Peter W. Liesch, The University of Queensland  
Jacqueline A. Flint, University of Newcastle  
Sharif As-Saber, University of Tasmania  
Kwong Chan, University of Tasmania  
Peter A. Innes, University of Tasmania

The focus of this paper is to examine the incidence of strategy usage in Australian firms exporting to South East Asia. The paper reports on the prevalence of marketing and financial strategies as indicated in the literature. No attempt is made to establish a causal linkage between strategy and export performance, but rather, firms are characterised by their behaviour in the expectation that this will assist in future export-performance orientated research. Other emergent themes such as the importance of communication and information are captured through the use of qualitative research methods.

**Why Do Firms Export? And Why They Don’t? #0107**
G.M. Naidu, University of Wisconsin-Whitewater  
Kanti Prasad, University of Wisconsin-Milwaukee

Why do firms export? And why some don’t? Has been a nagging question for decades in many countries. In the U.S. only about 209,000 out of more than 6 million firms export. Some 97 percent of them are small and medium sized companies and often export to only one foreign market. What motivates firms to export? And what are the barriers? And how to overcome them? These and related issues are the focus of this empirical investigation.

**Forecasting Export Sales: A Comparison of Practices of UK Firms #0155**
Heidi Winkelhofer, The University of Nottingham Business School  
Adamantios Diamantopoulos, Loughborough University

Although the practice of sales forecasting is a widely researched area, only recently have empirical studies differentiated between export and domestic sales forecasting. Previous studies demonstrated that firm
characteristics can explain differences in forecasting practices. The objective of the present investigation is to contrast export sales forecasting practice and performance of various types of exporters clustered along general firm- and export-specific characteristics. The findings show how export forecasting activities are adapted according to the organizational and environmental context facing the firm; the impact on perceived forecast performance is also noted.

Export Orientation in the Former Soviet Union: Strategies after Privatization #0010
Igor Filatotchev, Birkbeck College
Natalya Dyomina, University of Nottingham Business School
Mike Wright, University of Nottingham Business School
Trevor Buck, De Montfort University

This paper develops an integrated conceptual framework for the analysis of exporting from transition economies, combining exporting research with strategic restructuring and agency perspectives. Tests on the antecedents of exporting are carried out in relation to the dynamic and interactive effects of firm characteristics, strategic decisions and corporate governance, using longitudinal, multi-industry data from 180 newly privatized firms in Russia, Ukraine and Belarus. Important findings include a significant and positive association between outside control and export-promoting innovations.

3.1.8 - Panel
Transition Economies: Insights from the Field
(Co-sponsored with the Davidson Institute, University of Michigan)
Room: Courtroom R Time: 08:30 a.m. – 10:30 a.m.

Chair: Jan Svejnar, University of Michigan

Panelists:
Saul Estrin, London Business School
John Nellis, World Bank
Jan Svejnar, University of Michigan
Katherine Terrell, University of Michigan

Monday – 10:30 a.m. – 12:00 p.m.

3.2.1 - Symposium
Networks, Innovation Processes, and Multinational Strategy
Room: Salon I Time: 10:30 a.m. – 12:00 p.m.

Chair: Stephen Tallman, University of Utah

Foreign Direct Investment as a Tool for Corporate Innovation: Using Granovetter’s and Schumpeter’s Work to Explain Internationalization
Kirk Wessel, University of Utah

Multinational Firm Innovation: Evolving Networks of Learning
Anu Phene, University of Utah

Technological Innovation as an Intra or Inter Organizational Process: The Case of Ferrari vs. Britain’s Motorsport Valley
3.2.2 - Panel
Establishing International Campuses/Major Offshore Programs by Business Schools
Room: Courtroom M  Time: 10:30 a.m. – 12:00 p.m.

Chair: Paul Beamish, The University of Western Ontario

Panelists:
- Ron Anton, Loyola University
- Paul Beamish, The University of Western Ontario
- Earl Gibbons, Thunderbird-AGSIM
- Masaaki Kotabe, Temple University

3.2.3 - Panel
Cross-Cultural Research Methods
Room: Courtroom N  Time: 10:30 a.m. – 12:00 p.m.

Chair: Roger Calantone, Michigan State University

Panelists:
- Roger Calantone, Michigan State University
- Susan Douglas, New York University
- Michael Song, University of Washington
- Attila Yaprak, Wayne State University

3.2.4 - Competitive
Headquarters/Subsidiary Relationship/Interaction in the MNC
Room: Courtroom O  Time: 10:30 a.m. – 12:00 p.m.

Decision Factors Influencing the Regional Headquarters Location of Multinationals in the Asia Pacific: An Exploratory Study #0298
- John Holt, University of New South Wales
- Sidney J. Gray, University of New South Wales
- William R. Purcell, University of New South Wales

While there has been some interest in the phenomenon of regional headquarters (RHQ) established by multinationals in the Asia Pacific, the research on factors influencing their location has been limited (see Lasserre, 1996; Yoost and Fisher, 1996; Lasserre and Schutte, 1999), just as it has been in the case of location in general (Dunning, 1998). This is an issue of increasing significance given the importance of MNE regional strategies (see Morrison and Roth, 1992; Rugman, 1999). The purpose of this article is to provide some evidence on this matter by investigating the nature of the decision factors actually used by multinationals choosing to locate in Sydney, Australia when making decisions on where to locate their RHQs in the Asia Pacific region. A questionnaire survey
was used to gather information about the importance attributed to 69 location selection factors. Applying factor analysis, the key dimensions underlying location selection decisions were assessed.

**Early Entrant Advantages, Subsidiary Survival and Profitability #0041**
Andrew Delios, Hong Kong University of Science and Technology
Shige Makino, Chinese University of Hong Kong

This study describes how observed parent firm characteristics are related to the order of entry decision, and how observed and unobserved parent firm characteristics, along with the order of entry, are related to subsequent subsidiary survival and subsidiary profitability. Using a sample of 22,215 Japanese foreign subsidiaries, we adopt a two-stage approach to analyze order of entry and subsidiary performance. Our analysis of the order of entry decision shows that firms that have limited international experience, are small in size, or have marketing-based advantages tend to be early entrants. Meanwhile, firms that are internationally experienced, inexperienced in the subsidiary’s industry, or possess technology-based advantages tend to be late entrants. In the second stage of our analysis, in models that included a correction term to account for any unobserved heterogeneity among the parent firms, we found that early entrants had a higher survival likelihood. However, we did not observe a relationship between subsidiary profitability and early entry that was indistinguishable from subsidiary age. These results suggest that early entrants to foreign markets gain a pioneering advantage, or new resources, that augment subsidiary survival likelihoods, but are not unique or proprietary in the sense required to contribute to superior profitability.

**Factors Influencing Implementation of Successful Standardization or Customization Strategies by Foreign Subsidiaries: A Contingency Perspective #0142**
Kelly Hewitt, University of Connecticut
Martin S. Roth, University of South Carolina
Kendall Roth, University of South Carolina

In this study, we propose and test a contingency model of conditions that affect the performance of international marketing customization and standardization strategies. Using a boundary-spanning approach, we examine market, industry, ad organizational conditions that represent a range of external and internal conditions that can influence subsidiary marketing managers’ product strategies. Based on a 35 nation sample of subsidiary marketing managers of U.S. multinationals, the conditions associated with the use of customized versus standardized product strategies are identified. We also construct ideal profiles of the high-performing customized and standardized products to assess the alignment between market, industry, and organizational conditions and performance. The findings of this study suggest that the more closely standardized products are aligned with ideal profiles, the greater their market shares tend to be. Implications for international marketing managers and future research directions are discussed.

3.2.5 - Competitive

**FDI in Regions and Industries**

Room: Courtroom Q  Time: 10:30 a.m. – 12:00 p.m.

**Host and Investor Marketing Related Motives, Promises, and Actions in Explaining the Successes and Failures of FDI Privatization in Central and Eastern Europe #0327**
Svetla T. Marinova, Copenhagen Business School
Marin A. Marinov, Copenhagen Business School
There has been a substantial volume of foreign direct investment (FDI) in Central and Eastern Europe since the commencement of the wide-scale transition from centrally planned to free market economies at the end of the 1980s. Governments in the region have sought to accelerate that transition through attracting Western investment of capital, technology, managerial know-how and access to world markets. The potential gains for foreign investors of direct investments include access to new markets, exploitation of relatively cheap factor inputs and the acquisition of exploitable strategic assets. For host governments, foreign investment offers the potential for hard currency cash generation to fund external and internal debt repayment and other government spending as well as the encouragement of competition to create market-led economies. Individual host firms may seek inward investment as a means of achieving domestic competitive advantage through the acquisition of assets and capabilities in short domestic supply.

This study explores the role of market seeking motivations, promises and subsequent actions of each of the above parties and their role in the success/failure of FDI privatizations within one CEE country, Bulgaria. Bulgaria was chosen as it has been somewhat slower to attract FDI when compared to the “Tiger” economies of the region (the Czech Republic, Poland and Hungary). Of particular interest was exploration of whether the reasons for this relatively slow infusion of FDI into Bulgaria could be explained by contradictions in motivations, promises and actions of investors and hosts.

What Determines the Profitability of Foreign Direct Investment? A Subsidiary-Level Analysis of Japanese Multinationals #0028
Mariko Sakakibara, University of California, Los Angeles
Hideki Yamawaki, Claremont Graduate University

This article identifies key factors that determine the profitability of Japanese firms abroad by using panel-data regression models on new subsidiary-level data over the 1990-1996 period. The results show that the determinants of subsidiary profits differ across host regions, suggesting that the economic and institutional factors specific to host regions influence significantly the profit performances of overseas subsidiaries. Specifically, while the size effect on the subsidiary profitability is present in all the regions, other effects such as experience, local supplier networks, local production, local sales and macroeconomic conditions affect the performance of subsidiaries in a different manner by region.

Heterogeneity in Intra-industry Location Patterns: the Global Cellular Phone Industry Case #0219
Juan Alcacer, University of Michigan

Previous research in FDI has focused on explaining cross-country or inter-industry heterogeneity in location patterns. This paper explores intra-industry heterogeneity in location patterns. Using location data for production, R&D and sales facilities for firms in the cellular phone industry we find more heterogeneity than predicted by the international economics, agglomeration and location determinant literatures. An exploratory analysis of drivers of this heterogeneity shows that source country and arrival time to industry have a significant impact on firm specific location patterns.
**Different Types of International New Ventures #0159**
Per Servais, University of Southern Denmark
Erik Rasmussen, University of Southern Denmark

For more than two decades internationalization processes of firms has been the topic of much research in the field of international marketing. The vast of the research contend that firms become international in a slow and incremental manner, but recently convincing evidence of the limitations of the manifest stage models has appeared in the literature. These international new ventures have been labeled Global Start-ups, Born Globals, etc. This article explores some of the main characteristics reported about such Born Globals and relates these findings to a taxonomy of Born Globals using data from a survey in Denmark. The article concludes with a discussion of future research topics.

**Collaborating with Competitors to Acquire Resources in the Context of Internationalization #0076**
Heather I.M.Wilson, The University of Auckland
Sylvie Chetty, Victoria University of Wellington

A model, explored quantitatively and qualitatively, illustrates that age is not a significant factor in the internationalization of the firm, social/vertical networks are a dominant feature of domestic firms, and horizontal networks are important sources of physical, organizational, technical and reputation resources for international firms. Overall, this study indicates that the willingness to access external resources, especially from horizontal or competitor-based networks, may be a defining aspect of the international firm.

**World Class Supply Chain Management: A North America and Australia/New Zealand Comparison #0332**
Katrina Savitskie, Michigan State University
G. Peter Dapiran, Monash University
David J. Closs, Michigan State University
Diane A. Mollenkopf, Lincoln University

Effective supply chain management requires firms to regularly assess their capabilities and competencies. The current research was undertaken to offer a comparison between two similar regions of the world, North America and Australia/New Zealand. Analysis provided sources of similarity and differences on established supply chain capabilities and competencies between the two regions and offered possible explanations for the differences. Implications of the results are also discussed.

**The Effect of Market Orientation and Knowledge Use on the Performance of International Teams #0160**
Kelly Hewett, University of Connecticut
Sharon Watson O’Donnell, University of Delaware

In this study, we explore both the direct and indirect influences of market orientation on performance in the context of international teams. Drawing from the literature on international teams, knowledge management, absorptive capacity and market orientation, we suggest that a team’s orientation toward generating and using market knowledge will influence the team’s performance as well as the value it places on intrafirm knowledge. We subsequently argue that the value placed on intrafirm knowledge will also be positively associated with performance. We report on a study of 51 international teams from a large multinational service organization, and find empirical support for our proposed conceptual framework. Specifically, our findings suggest that market orientation has a direct association with customer satisfaction and the perceived value of intrafirm knowledge, and also that the value of knowledge subsequently positively influences customer satisfaction.

**Using International Product Life cycle for Global Success: A Neglected Managerial Tool #0317**
3.2.7 - JIBS Decade Award
Honoring the most influential article from the 1990 volume of the *Journal of International Business Studies*

**Room:** Salon J  
**Time:** 10:30 a.m. – 12:00 p.m.

**Chair:** Tom Brewer, Georgetown University

*Firm Ownership Preferences and Host Government Restrictions: An Integrated Approach*  
*Vol. 21, No. 1, pp. 1-22.*

**Author:** Benjamin Gomes-Casseres, Brandeis

**Discussants:**  
Jean-Francois Hennart, Tilburg University  
Louis T. Wells, Harvard University

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**Monday – 12:00 p.m. – 1:40 p.m.**

**Awards Luncheon**  
Presentations of the Farmer Dissertation Award, Dean of the Year, and other special recognitions

**Room:** Salon ABCDEF  
**Time:** 12:00 p.m. – 1:40 p.m.

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**Monday – 2:00 p.m. – 3:30 p.m.**

3.3.1 - Symposium
Creating the Capacity for Organizational Renewal: Exploitation and Exploration in the Multinational Firm

**Room:** Salon I  
**Time:** 2:00 p.m. – 3:30 p.m.

**Chairs:** Julian Birkinshaw, London Business School  
Cristina Gibson, University of Southern California

**Creating the Capacity for Organizational Renewal: Alignment and Adaptability in the Multinational context**  
Cristina Gibson, University of Southern California  
Julian Birkinshaw, London Business School

**The Importance of a Theory of Attention: Automaticity and Controlled Allocation of Attention in Organizations**  
Udo Zander, Stockholm School of Economics  
Christian Czernich, Stockholm School of Economics

**Beyond the Transnational: Balancing Efficiency and Growth Imperatives in the Multinational Corporation**  
Julian Birkinshaw, London Business School  
John Stopford, London Business School

**Operating Efficiency and Innovating Deficiency in the Transnational**  
Joe Santos, INSEAD

**Commentators:**
3.3.2 - Symposium
Multinationals from Small Open Economies
(Coordinated by ANZIBA)
Room: Salon J Time: 2:00 p.m. – 3:30 p.m.

Chair: Stephen Nicholas, University of Melbourne

Psychic Distance and Internationalisation: A Critical Examination
John Child, University of Hong Kong
Sek Hong Ng, University of Hong Kong
Christine Wong, University of Hong Kong

Managerial Perceptions of Institutional Distance: Australian MNEs in China, India, Indonesia, and Vietnam
Elizabeth Maitland, University of Melbourne
Stephen Morgan, University of Melbourne
Stephen Nicholas, University of Melbourne
David Merrett, University of Melbourne

Foreign Subsidiary Development in Large Multinational Enterprises from Small Economies: Patterns and Home Country Impact
Gabriel R.G. Benito, Norwegian School of Management
Jorma Larimo, University of Vaasa
Rajneesh Narula, Norwegian School of Management
Torben Pedersen, Copenhagen Business School

Evolving Understanding of Firm Internationalisation through Diverse Perspectives: Australian-Nordic Contributions
Peter W. Liesch, The University of Queensland
Sara L. McGaughey, The University of New South Wales
Bent Petersen, Copenhagen Business School
Lawrence S. Welch, Norwegian School of Management
Denice Welch, Norwegian School of Management
Peter Lamb, La Trobe University

3.3.3 - Panel
What Can International Business Learn from E-Commerce: Three Industry Perspectives
Room: Courtroom K-L Time: 2:00 p.m. – 3:30 p.m.

Chair: Tom Roehl, Western Washington University

Global Internet Buyer Beliefs, Attitudes, and Preferences: The Case of Electronic and Apparel Goods
John Beck, Andersen Consulting
Patrick D. Lynch, Andersen Consulting

Virtual Banking and the Future of the Global Financial Services Sector
Robert Grosse, Thunderbird

Location and Value Creation in an Information Age
Srilata Zaheer, University of Minnesota
Shalini Manrakhan, University of Minnesota

Globalization and E-Commerce: Evidence from Retail Brokering
3.3.4 - Competitive
Executive Compensation Issues/Intercultural Organizational Behavior
Room: Courthouse M Time: 2:00 p.m. – 3:30 p.m.

Executive Compensation: An Empirical Study of the Impact of the Foreign Performance of Large U.S. Firms #0101
Harri Ramcharran, The University of Akron

The rapid expansion of multinational business activities, together with the foreign risks faced by the international financial manager, has added a new dimension to the analysis of executive compensation. This study provides empirical estimates of the impact of foreign performance on the compensation of executives of 19 U.S. MNCs. The results, based on time series data for the period 1980-1998, indicate a significant correlation between executive compensation and the three independent variables representing foreign performance, net profit margin, return on assets, and total asset turnover. The implication is that foreign performance of these firms is important in devising compensation package. The methodology is an improvement of the earlier studies that utilize only total financial ratios to estimate the impact of performance on large firms. This approach also extends the risk-compensation hypothesis to firms with significant foreign operations.

Geographic and Industrial Corporate Diversification: The Level and Structure of Executive Compensation #0177
Augustine Duru, American University
David M. Reeb, American University

We explore the relation between corporate diversification and CEO compensation. Predicated on risk and complexity arguments, we posit that geographic diversification provides a compensation premium, while industrial diversification may be related to lower levels of CEO pay. We also examine the effect of corporate diversification on the structure and performance criteria of the CEO’s compensation contract. We predict that both diversification strategies are associated with a greater use of incentive-based compensation. We also expect a greater reliance on market-based, rather than accounting-based measures of firm performance with corporate diversification. Empirical results, based on simultaneously considering both forms of corporate diversification and using a relatively large sample of 7,085 firm-year observations, are consistent with these hypotheses.

A Multilevel Model of Intercultural Organizational Behavior: The Flying Horse Case #0313
Georgia T. Chao, Michigan State University
Duncan A. Poulson, University of Tasmania

A multilevel model of intercultural organizational behavior is described. The relevance of this model to international business is illustrated in a case study on an Australian international joint venture in China. With the growth of foreign small and medium size enterprises (SMEs) operating in China, the need to understand how cultural interactions influence the success of foreign business operations is critical to predicting business success. We apply a conceptual model to events at the Lanzhou Tianma Hops Company to highlight how cultural effects at national, organizational and individual levels affect organizational behavior. Finally, we discuss how potential moderating variables may influence the congruence of intercultural interactions across levels.
3.3.5 - Workshop
Culture and Organizational Behavior
Room: Courtroom N Time: 2:00 p.m. – 3:30 p.m.

Does Institutional Environment Matter? Management Practices Across Four Subsidiaries of a Multinational Company #0220
Leonardo Liberman Yaconi, Stockholm University
Lena Zander, Stockholm School of Economics

The impact of institutional settings on management practices is examined in a global multinational high-tech company. A survey was conducted in USA, Sweden, Germany and United Kingdom. The results support the hypothesis that management practices significantly differ across subsidiaries in different institutional settings. The tentative findings indicate that management procedures are more formalised in less formalised institutional settings suggesting a mirror image relationship. Limitations and future research are discussed.

Organizational Competitiveness: The Roles of Organization Culture and Human Resource Management in Driving MNC Success #0233
Schon Beechler, Columbia Business School
Sully Taylor, Portland State University
Nakiye A. Boyacigiller, San Jose State University
Orly Levy, University of Wisconsin-Madison

This paper explores the roles played by organizational culture and human resource management practices in fostering competitiveness in multinational corporations. In this paper, part of an ongoing long-term research effort, we present an overview of the existing literature, our theoretical model linking organization culture and human resource management to MNC success, and a series of hypotheses that we will test with qualitative and quantitative data collected in fourteen MNCs from the US, UK, Australia, Latin America, and Japan.

Is Guanxi a Distinctive Concept? #0237
Adam Nguyen, York University
Dean Xu, York University
Yigang Pan, York University

There has been much confusion as to whether the Chinese concept of guanxi constitutes a construct that is distinctive from the Western concept of relationships. After a critical review of the existing literature on guanxi and relationships, we propose that the characteristics that are commonly attributed to guanxi in fact are not unique to guanxi, and that the difference between guanxi and relationships do not lie in the existence of these characteristics, but rather, in the magnitude of these characteristics. We conducted two pilot studies using a survey instrument targeting MBA students in a large Canadian business school. Preliminary results show that guanxi has effect not only on Chinese nationals, but on Westerners as well, and that overall, the effect of guanxi on the former is larger than on the latter.

Internal and External Fit of Multicultural Teams within Multinational Corporations #0303
Riki Takeuchi, University of Maryland
Vincent J. Duriau, University of Maryland

The strategic importance of teams that are diverse in functional as well as cultural backgrounds is becoming more critical in an era of market globalization and increased competition from corporations around the world. However, research that examines teams from both aspects has been lacking. Homogeneity or heterogeneity in a group, i.e.,
diversity, has been conceptualized to have a unitary effect, either positive or negative, on team effectiveness. This article takes a bi-dimensional view of diversity and proposes a contingency model of multicultural team within multinational corporations (MNCs). The effects of team diversity on team effectiveness are proposed to depend on two contingent factors: MNC strategy and team task. Internal fit between diversity and team task and external fit between diversity and MNC strategy are examined. The implications of this model are discussed.

Aqui No Se Habla Agencia: An Examination of the Impact of Adverse Selection and Framing in Decision Making: A U.S.-Mexico Comparison #0112
Stephen B. Salter, University of Cincinnati
Luis Felipe Juarez Valdez, Universidad de las Americas
Philip A. Lewis, University of Cincinnati

Theory would tell us that companies could significantly improve their risk return profile by investing outside their domestic market. US companies seeking cheaper labor or extraordinary returns have often seen Foreign Direct Investment as a panacea. Many of these companies however founder on the horns a control dilemma. While raw economic data such as labor rates prove to be true, productivity and decision making styles are so different that companies fail to achieve better returns or sub optimize their investment returns. This situation is worsened as companies attempt to impose, on the host country investment, culturally inappropriate controls based on the management paradigm of their home country.

One of the potential sources of failure of FDI, escalation of commitment. This phenomenon occurs when decision-makers over-commit incremental resources to failing investments with out reasonable probability of recovery. This behavior has been widely documented in the US domestic literature (see Whyte and Hook, 1997 for a summary). However there is also some evidence that such behavior is culturally bounded (Chow et al 1997; Sharp and Salter 1997; Salter and Sharp 2000). This paper extends previous findings on cross-cultural differences in decision making among managers by comparing the responses of managers in the US and Mexico to an escalation of commitment exercise. The cross-cultural validity of two US based theories agency (adverse selection) and framing (prospect theory) are tested.

Our results demonstrate that managers from the more individualistic USA were significantly more likely than Mexicans to escalate in the presence of agency theory (adverse selection) based incentives conditions. Negative framing among managers was universal in its ability to affect the propensity to escalate commitment.

3.3.6 - Workshop
Knowledge Management through IJVs
Room: Courtroom O Time: 2:00 p.m. – 3:30 p.m.

Knowledge Management Processes: The IJV Context #0282
Iris Berdrow, Bentley College
Henry W. Lane, Northeastern University

The technological support for effective knowledge management (KM) within organizations has grown exponentially. Unfortunately it has overshadowed the behavioral principles upon which KM relies, relegateing KM to an archival activity. These foundation principles are grounded in organizational learning and strategy. This paper uses the context of international joint ventures (IJVs), arguably the most salient context for highlighting the need and application of KM, and explores the processes by which knowledge resources are managed within and across organizational and cultural boundaries. A comprehensive model of KM is presented.
The Dilemma of Centres of Excellence – Contextual Creation of Knowledge Versus Global Transfer of Knowledge

Ulf Holm, Uppsala University
Torben Pedersen, Copenhagen Business School

A common understanding in recent literature on the development of multinational corporations (MNCs) and headquarters-subsidiary relations is that some subsidiaries will have, or ought to have, a strategic role in the global organization that reaches beyond their local undertakings. This notion implies that MNC competitive advantage depends on the ability of several corporate units to assimilate and make use of knowledge created in other business contexts than their own. Hence, an MNC subsidiary must adapt and commit to the local environment in order to survive in the market competition. On the other hand, corporate sister units’ usage of subsidiary knowledge implies that the subsidiary also must adapt and commit within the corporate environment. The dilemma here lies in the extent to which the subsidiary’s external market environment and its corporate environment are separated (or integrated) systems in terms of connections between resources and activities and knowledge development. In this paper, we will reveal empirical findings from an international project on the occurrence of strategic subsidiaries - denoted Centres of Excellence (CoE) - in MNCs. We also investigate if CoEs play an influential role over corporate decisions on investments. Our investigation reflects the extent to which the subsidiary competencies are of context-specific nature or if they affect other parts of the MNC. The paper also discusses and presents case-examples of how the subsidiary can retain its uniqueness and sustain as a CoE even if it continues to transfer knowledge to other parts of the MNC.

More than Two are a Crowd: Different Paths to Effectiveness in Dyadic and Multi-Party Joint Ventures

Esteban Garcia-Canal, Universidad de Oviedo
Ana Valdes-Llaneza, Universidad de Oviedo
Africa Arino, Universidad de Navarra

Using data from 87 joint venture (JV) experiences, we compare the influence on JV effectiveness of two alternative governance mechanisms: relational investments and monitoring mechanisms. Our results show that the use of these governance mechanisms is contingent upon the number of partners: while relational investments significantly influence the effectiveness of dyadic JVs, monitoring mechanisms are pivotal in the case of multi-party JVs.

3.3.7 - Workshop
Foreign Direct Investment
Room: Courtroom Q Time: 2:00 p.m. – 3:30 p.m.

Organizational Structure in Foreign Markets: The Impact of Ownership and Location Specific Determinants on the Foreign Direct Investment Behavior of Nordic Firms

Jorma Larimo, University of Vaasa

The focus of this paper is on the organizational structure strategy decision – whether the foreign affiliate will be a wholly-owned unit or a joint venture. The paper tests the impact of various ownership specific and location specific factors on the ownership structure decision. In previous studies the interest has been in FDIs made either from one single country to another or from one single country to several target countries or from several countries to one single target country. This is apparently the first study trying to analyze the ownership strategy behavior of firms from four different home countries to several target countries. The home countries are the four Nordic countries and these are in several features rather homogenous and therefore offer a very good basis for comparisons. The
Determinants of FDI Survival: The Case of Korean Manufacturing Firms

Young-Ryeol Park, Yonsei University
Sye-Woong Park, Yonsei University

This study examines the determinants of FDI survival of Korean manufacturing firms. To identify the factors affecting FDI survival, transaction cost theory was employed in order to analyze the relationships of both the market transaction cost and organizational management cost with the survival length of affiliates. Market transaction cost variables include a company’s proprietary knowledge, reputation, and exit barrier. For organizational management costs, factors such as type of ownership (joint venture vs. wholly-owned subsidiary), the level of diversification, political risk, cultural distance, entry mode (acquisition vs. greenfield), and international experience were considered. As for control variables, market growth rate, market size, company size, fluctuation of exchange rate, and parent’s financial problems are examined. Results show that the factors derived from transaction cost theory have the effect of shortening the life of a joint venture compared to wholly-owned affiliates, and if the FDI is undertaken through acquisition, the more diversified the parent, the more likely it is for the investment to be terminated. Cultural distance, political risk, and exit barrier are found to have partial effects as well. Among control variables, market growth rate, company size, and exchange rates are shown to affect the survival of FDI.

Foreign Investors, Foreign Directors and Corporate Diversification: An Empirical Examination of Large Manufacturing Companies in India

Kannan Ramaswamy, Thunderbird-AGSIM
Mingfang Li, California State University

This study theorized and empirically tested the relationships between two new dimensions of firm internationalization – equity and board globalization, reflected by the percentage of foreign shareholding and proportion of foreign directors respectively, and unrelated diversification strategy. The empirical tests encompassing large Indian manufacturing firms, support the hypothesized null effect of equity globalization and negative effective of board globalization on unrelated diversification. Contributions, implications and future extensions are explored.

Foreign Direct Investment in Transitional Economies: The Development of Acquired Subsidiaries

Klaus Uhlenbruck, Texas A&M University

Many multinational enterprises (MNEs) are entering transition countries via the acquisition of state-owned enterprises (SOEs) from the host governments, which are privatizing local industries. The transformation and development of these new foreign subsidiaries require significant cross-border transfers and efforts to exploit local resources and capabilities of the former SOE. Drawing upon the resource-based view of the firm, the privatization literature, and research on foreign direct investment, we develop a framework that predicts performance of the new subsidiary.

Based on a survey of 170 MNEs with acquisitions in Central and Eastern Europe, we find that past experience of the MNE in this region is advantageous, but European MNEs face difficulties exploiting their resource advantages while non-Europeans seem less able to preserve location-specific resources of the acquired firm. Also, post-
acquisition investments in human resources and distribution did not lead to improved performance. Cultural differences impeded subsidiary development as predicted. From these results we draw implications for the literature on subsidiary development and make suggestions for the transformation of privatized SOEs.

Impacts of FDI on Economic Growth: Empirical Evidence from selected APEC Countries #0331
Doren D. Chadee, The University of Auckland
Terry Wu, University of Regina

This paper assesses the extent to which rapid increases in FDI have contributed to strong economic growth in selected APEC economies over the last two decades. The results of an econometric simulation model provide evidence that FDI is a significant variable in explaining economic growth in the selection of APEC economies under consideration but the extent of this contribution differs significantly among countries. There is also little consistent pattern explaining such differences which lead us to believe that further efforts need to be put into the measurement and modeling of the relationship between FDI and economic growth.

Monday – 4:00 p.m. – 5:30 p.m.

3.4.1 - Symposium
Inward FDI, Outward FDI, and Reform of the State-Owned Enterprises in the People’s Republic of China
Room: Salon I Time: 4:00 p.m. – 5:30 p.m.

Chairs: John Hongxin Zhao, Saint Louis University
Shaoming Zou, University of Missouri-Columbia

New Characteristics of FDI in China
Yadong Lou, University of Hawaii

Revisiting Chinese Outward Direct Investment: Experiences, Characteristics and Trends
Daniel Van Den Bulcke, University of Antwerp
Haiyan Zhang, University of Antwerp

State-Owned Enterprises in China: The Impact of Ownership Reform on Performance
Yigang Pan, York University
David K. Tse, University of Hong Kong
Chi Kin (Bennett) Yim, York University

Sources of Competitive Advantages in Exporting
David K. Tse, University of Hong Kong

Understanding the Mindset of the Chinese Strategist through Chinese Classics
Chow Hou Wee, National University of Singapore

3.4.2 - Panel
Opportunities and Risks in Emerging Markets
Room: Courtroom M Time: 4:00 p.m. – 5:30 p.m.

Chair: Tulin Sener, State University of New York-New Paltz

Panelists:
Bulent C. Aybar, New Hampshire College
Mine Cinar, Loyola University Chicago
Hadi Salavatbar, State University of New York-New Paltz
3.4.3 - Panel
Internet Mediated Learning in International Business
Room: Courthouse N  Time: 4:00 p.m. – 5:30 p.m.
Chair: Catherine Axinn, Ohio University
Stewart Miller, Michigan State University

Panelists:
Barry Foltos, Teikyo Post University
Kenneth Hoadley, University of North Carolina-Chapel Hill
Arie Lewin, Duke University
Stewart R. Miller, Michigan State University
Sharon V. Thach, Tennessee State University

3.4.4 - Competitive
Organizational Learning
Room: Courthouse O  Time: 4:00 p.m. – 5:30 p.m.

Tacitness, Learning and International Expansion in a Knowledge-Intensive Industry #0261
Xavier Martin, New York University
Robert Salomon, New York University

We examine how knowledge tacitness and learning affect a firm’s propensity to establish plants in foreign locations. We argue that tacitness will encourage foreign investment up to a point, and then discourage it. We investigate empirically a longitudinal worldwide sample of semiconductor investments. Our tacitness predictions are supported. Results also suggest that learning by becoming acquainted with a technology matters more than gaining experience through successive plant investments.

Are Japanese MNEs Learning Organizations? Short and Long-Term Japanese Buyer Learning in Australian and Thai Manufacturing #0140
Stephen Nicholas, University of Melbourne
William R. Purcell, University of New South Wales
Tasman Smith, Thammasat University
Rujirutana Mandhachitara, Thammasat University

Japanese MNEs have been dubbed knowledge-creating companies. This paper tests whether Japanese subsidiaries in Australia and Thailand learn from their subcontract arrangements with indigenous suppliers, creating new knowledge that is disseminated throughout the organization. Integrating across internalization-capability models, agency theory and the learning literature, a model of knowledge creation in MNEs is presented. Japanese parents transferred to Australia and Thailand firm-specific capabilities, including pre and post-contractual subcontracting practices. Post-contractual subcontracting practices, such as transfer of drawings and designs, advice on quality control, specifications, management and delivery times and the transfer of machinery and copying staff, were
implemented at a ‘rarely-sometimes’ level. Statistical tests revealed that Australian firms evidenced no short-term learning in the operation of subcontracting practices between 1993 and 1997. Long-term learning was measured by comparing post-contractual subcontracting practices between experienced Australia and Thai firms operating before 1988 with more recent arrivals. Our tests revealed that experienced Japanese MNEs did not create new subcontracting knowledge. The paper identified this lack of learning with the failure of Japanese MNEs to build subsidiary-headquarters communication and information infrastructures allowing data flows that ensured learning.

The Relationship Effects of Knowledge Transfer in Transitional Economy International Joint Ventures #0291
David A. Griffith, The University of Oklahoma
Ali Yavuz Zeybek, Suleyman Demirel University
Matthew O’Brien, The University of Oklahoma

The transfer of appropriate knowledge by each joint venture partner is theorized to enhance relationship development in international joint ventures. The influence of knowledge transfer on commitment and resulting satisfaction in international joint ventures is examined with a sample of matched dyads, representing joint ventures in Kazakhstan. Results support theoretical differences in the acquisition of knowledge between partners. In addition, international joint ventures with higher levels of knowledge transfer resulted in higher levels of commitment and satisfaction in their relationships. The results suggest the importance of knowledge transfer in international joint ventures in transitional economies for developing relationships.

3.4.5 - Workshop
FDI and Developing Countries
Room: Courtyard Q  Time: 4:00 p.m. – 5:30 p.m.

Discriminating Industry Contexts and the Mode of Rivalry of Multinational and Local Enterprises in India #0079
Pradeep Kanta Ray, University of New South Wales
Shams Ur-Rahman, University of Western Australia

This paper compares multinational and local enterprises in their mode of rivalry across 3 discrete industry clusters in India. In line with the predictions, the discriminating characteristics of 338 firms along 10 dimensions in the chemicals, electronics and transport equipment industry clusters suggest that there are significant differences between the two ownership groups in export and import intensities, degree of local vertical integration, technology development, and product differentiation. However, the study finds that in global industries, where local industrial capabilities in India are underdeveloped, differences between the two ownership groups are attenuated; in mature and well-developed industries the differences are significant.

On the Treatment of Finance-Specific Factors within the OLI Paradigm #0122
Arthur Stonehill, University of Hawaii at Manoa
Lars Oxelheim, Lund University
Trond Randoy, Agder University College

This article argues that the body of foreign direct investment (FDI) literature in general and the ownership, location, and internalization (OLI) paradigm in particular could be enriched if finance-specific factors are explicitly incorporated as drivers of FDI. In particular, cost and availability of capital is a variable that determines a firm’s financial strength and either motivates or limits a firm’s engagement in FDI. Large, research-intensive firms, predominantly resident in the US, UK, Japan or other liquid markets, have in the literature been identified as typical prototypes of MNEs undertaking FDI. These firms are assumed to have no restrictions as regards their
ability to achieve a competitive cost and availability of capital, a focus that has made financial strength less of an issue in FDI research. Our article mitigates this by emphasizing the relevance of financial strength for FDI to occur. We generate eight testable hypotheses based on

**NAFTA and Maquiladoras: A Progress Report #0128**
John Sargent, University of Texas Pan American
Linda Matthews, University of Texas Pan American

In this paper we examine the impact of the North American Free Trade Agreement (NAFTA) on Mexico’s maquiladora industry. Drawing from interviews conducted with 65 people involved on a day-to-day basis with the industry as well as secondary sources, we describe how maquiladoras are reacting to a rapidly changing regulatory environment. Our findings indicate that NAFTA has not contributed to the creation of a favorable, rules based regulatory structure for the industry. In addition, we find that many maquiladora managers and the companies they represent are unprepared to compete in an environment characterized by significant conflict between themselves and the Mexican government. We conclude with examples of how politically adept firms are adjusting to the new regulatory environment and speculate as to the future of export processing activities in Mexico.

**MNE Affiliation, Technology Transfer, and Exports of Indian Firms #0129**
N.S. Siddharthan, Delhi University Enclave
Stanley Nollen, Georgetown University

This study among information technology firms in India shows that the explanation of export performance depends on the firm’s foreign collaboration and on the amount and type of technology that it acquires from abroad. For affiliates of multinational enterprises, both explicit technology transfer from purchases of licenses and payments of royalties, and tacit technology transfer received from foreign ownership contribute to greater export intensity. Other methods of technology transfer do not matter for this group of firms. In contrast, the explanation of export performance for strictly domestic firms is different. For these firms, more imports of raw materials and components as a source of product quality improvement and technology transfer contribute to more exports of products, as does larger size of firm and greater capital intensity. An examination of the characteristics of selected firms in our sample suggests further that the motive for direct investment by foreign firms and the existence of subsidiaries abroad by Indian firms affects export performance. In addition, the software industry in India is a special case. These results suggest that in the future more disaggregated analysis which explicitly takes into account MNE affiliation and methods of technology transfer will produce more clear cut and useful results than highly aggregated data.

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**3.4.6 - Workshop**
**Internationalization**
**Room:** Salon J  **Time:** 4:00 p.m. – 5:30 p.m.

**Strategic Assets, Interdependence and Technological Change: An Empirical Investigation of Complementarity in Global Pharmaceutical Drug Discovery #0271**
Walter Kuemmerle, Harvard University
Stefan Thomke, Harvard University

This paper introduces and discusses International Entrepreneurial Finance (IEF), a newly developed 2nd-year MBA course. The course helps students analyze and understand the financial perspective of entrepreneurial investment decisions in an international context. This topic is highly relevant to students of business due to increasing cross-
border opportunities for entrepreneurs. IEF is innovative in at least two ways. First, although the course draws on finance, entrepreneurship and international management, the combination of these elements and some of the conceptual underpinnings of the course are new. Second, 24 new case studies involving entrepreneurs from nineteen countries were recently developed for this course.

**Pace, Rhythm, and Scope: Path Dependencies in Benefiting from Internationalization #0013**
Freek Vermeulen, London Business School
Harry G. Barkema, Tilburg University

Firms benefit from having multiple foreign subsidiaries. The expansion of such an organization is, however, subject to limitations. As a consequence, speed of internationalization, irregularity of the expansion pattern, and spread of the geographical and product markets entered by the firm negatively moderate its ability to increase performance. Model estimations based on panel data raised strong empirical support for these assertions.

**IPOs and International Strategies: The Influence of Top Management Team and Board Characteristics on New Venture Performance #0074**
Mason A. Carpenter, University of Wisconsin-Madison
Timothy G. Pollock, University of Wisconsin-Madison
Myleen M. Leary, University of Wisconsin-Madison

This study bridges the intersection of entrepreneurship, globalization, and IPOs by examining the role of boards and top management teams (TMT) in new venture globalization (NVG) and IPO performance. We find that characteristics of both boards and TMTs have significant, independent effects on NVG. Moreover, some of these characteristics interact with NVG to predict the subsequent market and accounting performance of firms that were global at the time of IPO. Implications of these findings for both theory and practice are discussed.

**Productivity is the Core of Globally Sustainable Competitive Advantage: General Motors Versus Toyota #0093**
M. Reza Vaghefi, University of North Florida
Louis A. Woods, University of North Florida

During the last two decades the American automotive industry has been jolted by the fact that many of the practices that had been invented and implemented in the industry have become obsolete. They no longer render superior competitive products for the market place. The Japanese obsession with Total Quality Control and the rigorous execution of the basic premises that this concept entails have resulted in the loss of market share by some of the Big Three. Others have made massive investments, while one has reshaped its corporate structure and reformulated its investment philosophy. These changes have rejuvenated the industrial landscape of this sector of the economy. Clearly, the global market for automobiles will never be the same, since there are mergers and consolidations still in the works. The purpose of this paper is to provide a comparative basis for analyzing the major policy and strategic decisions that have been made by two giants in the industry: General Motors and Toyota, in pursuing their product and investment policies. We can learn from their experiences.

**Consistency of Entry Mode Choice #0310**
M. Krishna Erramilli, Nanyang Technological University
Benjamin Tan, Nanyang Technological University
Wee Liang Tan, Singapore Management University

The paper attempts to extend the entry-mode literature to the next phase by investigating the pattern of modal choices across different markets. It defines a new construct called “Consistency of Entry Mode Choice” which measures the heterogeneity characterizing modal choice. For example, firms utilizing the same or similar modes of
entry in all of their market entries demonstrate high degrees of consistency (or low levels of heterogeneity), whereas those employing a variety of modes reveal low levels of consistency. The paper then attempts to explain the variation in the consistency of entry-mode choice. A framework, driven primarily by the Resource Based View, is developed and ten hypotheses are tested using data from 692 firms based in Australia, Hong Kong and Singapore. Results show that while market differences tend to create incentives for a diversified portfolio of entry modes, firm-specific characteristics (e.g., type of business, firm size), and competencies (reputation, alliance management skills, and customer service) compel firms to seek more consistency.

3.4.7 - Workshop
International Joint Ventures and Networks
Room: Courtroom K-L Time: 4:00 p.m. – 5:30 p.m.

The Relevance of Range and Embeddedness in the Process of Strategy Development and Implementation Among Multinational Enterprises #0279
Anthony Goerzen, The University of Western Ontario

While the concepts of range and embeddedness are widely used in the study of networks, little is known about the ways these constructs are understood and enacted by managers in the process of strategy design and implementation. To gain a better understanding of these constructs, therefore, as well as to provide a basis on which to address issues grounded in practitioner concerns, a series of in-depth interviews with senior managers of multinational enterprises was undertaken. These discussions yielded a number of interesting and relevant insights into the relationship between the network analytic concepts of range and embeddedness and the process of strategy development and implementation. All executives polled considered the concepts of range and embeddedness to be vital components of their firms' strategic direction. A number of caveats were raised, however, since the relevant manifestations of range and embeddedness and the conditions under which they applied were subject to several mitigating factors.

Partner Nationality, Network Relations, and Venture Survival: The Case of Japanese Cooperative Ventures in North America #0084
Soonkyoo Choe, Kookmin University

With a database of Japanese cooperative ventures (CV) operating in North America, we examine the determinants of venture survival. Our results show that venture partnership is more stable when a CV is established only between Japanese parents, or when the Japanese parents have a cross-shareholding relationship at home. Intriguingly, a balanced ownership structure has quite different effects on venture survival, depending on partner nationality. Parent technological capabilities tend to accelerate the exit of a CV. Lastly, partner relationships are more likely to be terminated in CVs which are established for diversification.

Multi-Cultural Leadership Teams and Organizational Identification in International Joint Ventures #0055
Jiatao Li, Hong Kong University of Science and Technology
Katherine Xin, Hong Kong University of Science and Technology
Madan Pillutla, London Business School

Many international joint ventures (IJVs) fare poorly. An important factor is that members of an IJV top management team (TMT), which generally comprises people from different cultures, often find it difficult to work together. In this paper we argue that social identity theory and organizational identification processes can help us understand why this is so. We propose that factionalism in a TMT is a significant hazard posed by member
identification with different parents. In addition, identification with both the IJV and a parent firm can lead to significant role conflict for IJV top managers. Factionalism and role conflict in turn can result in poor intra-TMT communications and inefficient decision making. Literature in social identity theory and organizational identification suggests that the relative status and power of parents as well as successes of IJVs can affect TMT members' identification with the IJV or the parent company. Preliminary field interviews provide general support for these propositions. Our analysis suggests that organizational identity and identification can be a valuable tool to facilitate the understanding of TMT functioning and IJV performance.

Relational Contracting as a Governance Mechanism to Encourage Subsidiary Cooperation in Multinational Networks #0023
Milorad M. Novicevic, University of Wisconsin at La Crosse
Michael Harvey, University of Oklahoma

This paper outlines the construction of a theory of governing subsidiary cooperation by relational contracts. This theory explains how relational contracting articulated in the corporate policy and subsidiary charters can be implemented in a global organization. Focusing on the information and communication cost associated with the risk and uncertainty of a subsidiary's cooperative behavior, the theory identifies the conditions under which the choices of a global management staffing system, as a headquarters interactive mechanisms, can transform the course of subsidiary relationships toward higher level of cooperation.

Process Control and Flexibility in International Manufacturer-Distributor Relationships #0255
Anthony S. Roath, Michigan State University

This paper develops a conceptual framework based on agency and transaction cost analysis to address the formation of contractual relationships between a manufacturer and distributor operating in an international environment. The relationship is tested under two surrogate measures for contract: process control and flexibility. In addition, a test is conducted to determine the drivers for internal and external performance. The results of the analyses are interesting. Psychic distance (a measure of culture) and market strategy (the relationship's approach to the market) have significant relationships with process control. Psychic distance is positively related to flexibility, yet market strategy is negative. Flexibility is shown to lead to stability within the relationship. Finally, psychic distance and flexibility are drivers of only external, not internal performance.

Monday – 5:30 p.m. – 7:00 p.m.

Poster Sessions with Wine and Cheese
Room: Salon E Time: 5:30 p.m. – 7:00 p.m.

Included are sessions with select members of the AIB Fellows.

Joint Ventures
Agency Hazards and International Joint Venture Portfolios (#3)
Jeffrey J. Reuer, INSEAD

Prior research over several decades has catalogued many positive motives underlying firms' investments in international joint ventures (IJVs). In this empirical analysis, we investigate whether agency problems brought about by the separation of ownership and control also stimulate the development of IJV portfolios. By focusing on
joint ventures, as opposed to diversification in general or acquisitions, we also address the recent debate on agency theory’s domain. Results from a sample of over three hundred U.S. manufacturing firms offer supporting evidence, and comparable findings are obtained for domestic joint ventures after accounting for other firm- and industry-level drivers of joint venture activity.

**Partner selection decision in international joint ventures: What do we know? (#104)**

Elif Sonmez, Michigan State University

Selecting a partner during the joint venture formation process is an important decision. It has implications for the viability and competitive success of the venture. Yet, partner selection is an area that has attracted limited attention within the overall joint ventures research. This paper focuses on partner selection studies that followed Geringer’s (1991) groundbreaking contribution in the partner selection literature. Geringer (1991) introduced the typology of task-related and partner-related partner selection criteria. Although there have been empirical and conceptual extensions, there remains many opportunities for further research.

**Organizational Learning and Decision-making in International Joint Ventures: A Contextual Analysis (#198)**

Yanni Yan, City University of Hong Kong
John Child, University of Cambridge

**The Effect of Ownership Type on Joint Venture: An Empirical Study of Sino-Foreign Joint Ventures (#218)**

Peter Ping Li, California State University, Stanislaus
Tung-Jung Chang, Long Island University

The extant study of Sino-foreign joint venture focuses on the state sector, so there is little research about the effect of ownership type of Chinese partners on the strategy, structure and performance of Sino-foreign joint ventures in the institutional context of China’s economic reforms. An attempt to fill in the gap, this study found no significant effect of ownership type on the strategy and performance of SFJVs, although there was some effect on the structure of SFJVs. The lack of expected effect might be explained by two major reasons. The first is the possible moderating effect of private ownership of foreign partners, which might neutralize the effect of non-private ownership on SFJV performance. The second is the possible moderating effect of differences in technology and capital intensity of business, which might neutralize the effect of ownership type on SFJV performance.

**Comparative Studies**

**A Comparative Study of Family Decision Making of U.S. and Turkish households by correspondence analysis (#103)**

Orsay Kucukemiroglu, Penn State University
Erdener Kaynak, Penn State University at Harrisburg

Decision making is more complex and even more important for consumers today than in the past. This experimental study presents cross-cultural comparisons of husband and wife decision making roles in the purchase of a variety of goods and services. The findings show that the dominance of husband is stronger in Turkey more so than in the United States. Despite substantial cultural differences, there are surprisingly high degrees of similarities in family purchasing decision roles between the two countries.
Opening the Black Box of Motivation: A Cross-Cultural Comparison of Sweden and Russia (#189)  
Carl F. Fey, Stockholm School of Economics

Based on a sample of 82 Swedish managers and 86 Russian managers, this study investigates whether the same factors motivate middle managers in Sweden and Russia. Hypotheses are formulated using our understanding of national culture differences and several popular theories of motivation: need theory, equity theory, goal-setting theory, and feedback theory. The study’s results provide support for the fact that national culture plays an important role in determining what motivates people. In fact, totally different factors are shown to motivate Swedish and Russian middle. Russian managers, arguably at a lower level of the needs hierarchy, are best motivated by salary level. In contrast, Swedish managers who have their basic needs met and are therefore further up in the needs hierarchy are better motivated by having a nice working environment and an interesting environment. These results provide strong support for needs hierarchy theory. Swedish managers are also highly motivated by perceived equity with their peers. This appears to be less important for Russians who have been faced with much inequality in the past and have developed mechanisms to cope with this. However, feedback does serve as an important motivator for Russian managers since it cuts down on the uncertainty about what they should do (playing well to Russia’s high uncertainty avoidance) and transfers more responsibility to superiors (playing well to Russian society’s traditionally high power distance).

Linguistic Aspects of International Brand Names - A Comparison of English and Chinese Brand Names of Fortune 500 Companies (#179)  
June N. P. Francis, Simon Fraser University  
Janet Lam, Canadian International Development Agency  
Jan Walls, Simon Fraser University

This paper reports the result of a study of the branding strategies used by multinational companies in China and Hong Kong. It explores whether these companies can preserve the meaning and value of their original brand names when translated for China and Hong Kong. Further, given that Hong Kong is often viewed as the gateway to China, this study investigates the extent to which foreign companies adopt the same brand name strategy in China as in Hong Kong.

Interorganizational Relationships

The Role of Conflict, Conflict Potential, and the Dimensions of Culture in Interorganizational Relationships: A Research Proposal (#316)  
Zoltan Daroczi, Michigan State University

Manifest conflict is generally considered to have an inherent negative relationship with trust and performance in interorganizational relationships. An emerging interdisciplinary research stream highlights a potentially positive role of conflict potential. A certain degree of conflict potential may be a performance-enhancing factor in marketing channel relationships. A challenging research question is the estimation of that optimal, non-zero level of conflict potential between partner firms. This question is even more complex in the international arena. The role of several cultural dimensions is discussed. Managerial consequences may involve international human resource policies and supply chain management approaches.

Boundary Spanners, Relational Capital, and the MNC: Do Boundary Spanner Characteristics Affect Relational Capital? (#201)  
Davina Vora, University of South Carolina
The purpose of this paper is to examine how individual-level characteristics of MNC boundary spanners can affect boundary spanner relational capital. We propose a model of relational capital whereby boundary spanner personality and organizational role affect parent company and subsidiary employees’ liking of, trust in, and perception of power of the boundary spanner, which in turn affect the boundary spanner’s relational capital.

**A Cross-Cultural Model of Trust, Commitment, and Organizational Effectiveness (#203)**
Mourad Dakhli, University of South Carolina
Arzu Ilsev, University of South Carolina

Organizational effectiveness is a complex phenomenon that cannot be evaluated without the incorporation of paradoxical criteria. Using previous work by Cameron (1986), we develop a model of organizational effectiveness that includes both cooperation and conflict as underlying processes. In this model, we advance trust and commitment as determining the type and level of cooperative or conflictual exchange in organizations. Individualism-collectivism provides the cultural context for the relationships proposed in the model.

**The Effect of Alliance Types on Trust in Cross-Border Inter-Cultural Alliances: Some Exploratory Hypotheses (#192)**
Chang-Su Kim, Rutgers University

Existing research on international alliances focuses mainly on the ownership structure of inter-firm relationships. Taking a less structural and more behavioral approach (i.e., alliance types, trust, and culture), this paper examines the effect of alliance types on the accumulation of trust. A conceptual model is developed by identifying three cross-border alliance types as the antecedents of trust. By affecting a behavioral component of trust, culture moderates the linkage between alliance types and trust. Two main hypotheses are explored: 1) informal, vertical, and long-term oriented alliances will have a greater positive effect on the post-alliance level of trust than formal, horizontal, and short-term oriented alliances, and 2) informal, vertical, and long-term oriented alliances will have a greater effect on behavioral trust for firms from tight / high-context and/or strong power distance cultures than for firms from loose / low-context and/or weak power distance cultures.

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**Issues in Finance**

**Why are the U.S. Banks Ahead? (#64)**
Robert Grosse, Thunderbird
Alan Gart, Nova Southeastern University

This paper analyzes the competition among the world's largest banks during the past decade. It demonstrates the reasons why US-based banks have outperformed their British, German, Swiss, and Japanese rivals in terms of profitability and other performance measures. Three of the largest banks from each country are included in the data set, and a regression model shows that significant contributions to individual bank performance include positive factors such as greater efficiency, higher non-interest earnings, and higher home-country GDP growth, plus negative factors such as greater loan loss provisions, higher Tier 1 capital ratio, and larger bank size. The strategic direction and other key factors about each bank are discussed along with the statistical analysis.

**Trading Rule Profits in Latin American Currency Spot Rates (#302)**
Ike Mathur, Southern Illinois University
Chun I. Lee, Texas Southern University
Kimberly C. Gleason, Bentley College
The efficiency of foreign exchange markets has been widely debated in the finance literature as the debate portends to technical trading. We extend the existing evidence by applying the moving average (MA) and channel (CH) trading rules to 13 Latin currencies to see if opportunities for profitable trading exist. Our results imply that the Latin currency markets can be exploited through the use of trading rules. In particular, the results suggest that MA trading rules are profitable for three currencies the Brazilian Real, the Ecuadorian Sucre, and Venezuelan Bolivar. We further find that CH rules are profitable for the Brazilian Real and the Venezuelan Bolivar.

**What Have We Learned from the Mexican Financial Turmoil and Asian Currency Crisis? (#320)**

Manli Zhang, The American University

This paper examines the similarities and dissimilarities of the recent Asian currency crisis and the Mexican financial turmoil a few years earlier. It discusses the benefits and risks associated with financial liberalization in emerging markets and concludes that having a sustainable macroeconomic policy framework and a healthy financial system in place is an important precondition for liberalizing capital accounts. Fully opening a capital account without the support of sound policies and the strength of financial systems and institutions may prove to be extremely disruptive to economic growth. This study also looks at the role of FDI plays in reducing the volatility of capital flows to emerging markets. Based on empirical evidence, a good balance between short-term inflows and longer-term FDI inflows may offset some of the disruptive effect derived from a sudden reversal of short-term capital flows.

**Business-Government Relations**

**Firm Strategic Profile and Host vs. Home Government Relationships (#308)**

Gary S. Insch, Boston University

H. Kevin Steensma, Penn State University

As technology firms expand internationally, the importance of governmental relationships increases. Using the Miles and Snow typology as the guiding framework, this paper examines strategic alliance choices within a firm’s business network as they relate to governments. Three hypotheses are presented. Data gathered on 110 technology alliances in the U.S. suggest that prospectors (first movers) may focus on home government relationships but do not rely on foreign government ones. Defenders (low-cost producers) tend to develop relationships with host governments, and analyzers (imitators) will maintain relationships with both home and host governments. Implications and future research ideas are briefly discussed.

**Government Mandates and Local Partner Participation in Emerging Markets: Policy and Performance Implications for Government and Business Strategies (#6)**

Jonathan P. Doh, American University

Hildy Teegen, The George Washington University

Globalization, liberalization and privatization in telecommunications have prompted firms to form alliances in entering foreign markets. In a survey of international telecommunications firms, we explore alliance patterns and trends between emerging and developed country markets, and report the influence of local partners and government mandates on alliance performance. We find that emerging markets differ from developed country markets in terms of government mandates, local partner influence, and alliance performance, but not in terms of entry barriers. Government mandates are not effective in producing local influence in alliances, yet local partner influence enhances U.S. firms’ perception of alliance performance, reflecting the importance of learning from local firms.
MNC-Host Government Relations in Developing Countries: A Modified Bargaining Model (#150)
Ravi Ramamurti, Northeastern University

The bargaining model used to explain relations between MNCs and host developing countries in the 1960s and 1970s (e.g., Fagre & Wells 1982) has become obsolete in the 1990s. Instead of the static two-party bargaining process that it assumed, we argue MNC-host government relations are better understood today through a dynamic, two-tier, multi-party bargaining model. Tier-1 bargaining takes place between host developing countries and home (industrialized) countries, bilaterally or through multilateral institutions like the IMF, World Bank, and WTO. It produces macro rules and principles on FDI that affect micro negotiations in Tier-2 between individual MNCs and host governments. The original bargaining model (i.e., Tier-2 bargaining) is still relevant in developing countries that have made few concessions in Tier-1 bargaining (e.g., China in the 1980s) and in sectors where case-by-case negotiation is likely to continue for a long time (e.g., mining concessions, infrastructure investments, services, or whenever incentives are involved). However, in the long run, FDI in all sectors and countries is likely to be dominated by a rules-based regime anchored in multilateral and bilateral agreements, and the traditional bargaining model will become less and less irrelevant.

Vertical Restraints and Technology Transfer: Competition Policy and EU Enlargement (#119)
Jochen Lorentzen, Copenhagen Business School
Peter Moellgaard, Copenhagen Business School

Firms impose vertical restraints (VRs) such as exclusivity agreements in exchange for technology transfer (TT). The paper empirically tests the relationship between VRs and TT in an important manufacturing sector of an EU applicant country, namely the strong international networks based in the Polish automotive supply industry. It discusses the impact on restrictive business practices in Central and Eastern Europe of the gradual extension of EU competition law.

Case Studies in International Business

DaimlerChrysler AG: The Making of a New Transnational Corporation (#49)
Syed Tariq Anwar, West Texas A&M University

The paper discusses and evaluates the merger of Daimler-Benz and Chrysler Corp. which took place in 1998. The merger created a new transnational corporation which combined German and American corporate cultures. The primary objective of the case study is to analyze those factors and circumstances which merged the world’s two auto giants. The paper will also analyze the new company’s growth potential, global strategy and reorganization issues. After the merger, DaimlerChrysler’s consolidated revenues reached $154.6 billion with a profit of $5.6 billion in 1999. The company employs 441,502 workers worldwide and sells its products in over 200 countries. Currently, DaimlerChrysler maintains a 7.4 percent market share in the world auto market and is rated second on the Fortune Global 500 ranking. Analysts believe that in the coming years, DaimlerChrysler will be impacted by heightened global competition in the areas of new product development, cost containment and will be challenged by the other auto manufacturers.

The Global Strategies and Strategic Alliances of Toshiba in 1990s (#260)
Zuohao Hu, Tsinghua University
Hua Song, Renmin University of China
This paper considers the strategic motivation for global alliance and its management for a sample of Toshiba’s alliance in 1990s. The relative importance of a set of strategic motives is identified, those are related to change of market structure, innovative process, and aversion of uncertainty. Besides, the paper also identified that alliances are always taking a variety of forms. Expected resources dependence and corporate strategic level on the continuum of involvement illustrate the diversity of alliances. Next we leverage the full impact of alliances through the lens of developing perspective. Finally, we identify some implications of the findings for future theorizing on alliances.

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**Studies in Culture**

**Founder Centrality, Vision, Culture, and Performance in Mexican Family Business (#234)**

William F. Crittenden, Northeastern University  
Pedro Marquez, ITESM-Mexico City  
Louise M. Kelly, Northeastern University  
Nicholas Athanassiou, Northeastern University

In Mexico, and many other countries, family businesses are significant contributors to gross domestic product and to employment. Yet, family business research that remains significantly underrepresented in the management literature has not addressed the characteristics of family businesses in Mexico. With responses from over 150 top management team members from thirty-two Mexican family firms, this paper looks at the role of the founder in Mexican family business. Specifically, while introducing a new concept, founder centrality, social networks are used to understand the founder’s influence on key strategic behaviors used in family firms.

Results show high founder centrality is a strong predictor of cohesiveness among the top management team around issues of culture, vision and commitment to the firm’s strategic vision. Further, high founder centrality was shown to have a positive effect on top management team cohesiveness for all three issues. In addition, size of the firm and the founder/CEO’s tenure did not significantly affect these relationships. No significant relationships were found using financial or social performance measures to test performance linkages. However, a positive relationship was found between family-goal performance and congruence related to perceptions and commitment related to strategic vision.

Our findings demonstrate that measures of founder centrality can be quite useful to understanding the founder’s role within the context of the business’ top-management structure. In addition, the findings suggest that if you have a highly connected CEO/founder this will result in a very cohesive top management team, especially around key strategic issues. Results also indicate that family-goal performance is not merely an extension of the will of the founder, but requires a certain level of team cohesiveness to make it happen. Thus, the founder is more bound to live with what the group wants when it comes to pursuing family goals.

**The Relationship Between Arab Values and Work Beliefs: An Exploratory Examination. (#21)**

Christopher Robertson, Northeastern University  
Jamal Al-Khatib, James Madison University  
Mohammed Al-Habib, King Abdul Aziz University

Despite strong economic growth and a movement toward privatization in the Middle East researchers have placed minimal emphasis on the study of the values and attitudes of the dynamic and fascinating people of this region. In this study, 365 managers and employees from Saudi Arabia, Kuwait, and Oman are queried about their cultural values and work-related beliefs. Results suggest that dimensions such as individualism and masculinity not only play a role in work beliefs but also vary across borders in their relative importance.
The Influence of Social Network Referral Activity on Customer Loyalty in an International Context (#161)
R. Bruce Money, University of South Carolina

This study examines whether customers who use referrals to find business-to-business services (e.g., banking, advertising, insurance) are more likely to remain loyal to their service providers. The effects of national culture (Japanese or American) and relative location (foreign or domestic) are anticipated and explored. Regression analysis results indicate that companies who used referrals to source their service providers switched less than those who did not. Furthermore, companies operating in foreign environments were less loyal than those operating in domestic environments. Other cross-cultural and international results are presented and discussed.

Measurement and Model Development

Introducing Knowledge Content Measurement into Knowledge Transfer Research (#89)
James Nebus, University of South Carolina

A surprising void among the extant knowledge transfer literature is that none of the empirical studies measure the dependent variable knowledge as a latent construct. Instead, empirical studies have used proxy variables such as project completion time and deviation from project budget as indicative of the degree of knowledge transferred. Research questions associated with whether an organization’s knowledge re-use strategy is economical create a compelling need to develop better measures of the knowledge content transferred from sender to receiver. This article is not an empirical study but it explores how researchers might tap into indicators of the knowledge phenomena directly, rather than be content with proxy measures. This proposal discusses the nature of knowledge content, recommends how boundaries should be set in knowledge content measurement, and suggests a technique to measure knowledge content in field studies.

Dynamic Analysis of the SER-M Paradigm Based on the Quadratic Vector Analysis Model (#115)
Qiang Cui, Seoul National University
Dong Sung Cho, Seoul National University

Using the quadratic vector analysis model, this paper presents a qualitative, quantitative, and dynamic method of analyzing the mutual relationship among four variables in strategy: external environment (e), characteristics of major subjects such as top executives (s), firm resources (r), and the mechanism (M).

Studies in Exporting

Export Management Strategy: A Study of Small and Medium Sized Canadian Firms Exporting to the U.S. (#58)
Terry Wu, University of Regina
Doren Chadee, University Auckland

This study examines the export management strategy of small and medium sized firms exporting to the U.S. A mail survey was used to collect data from Canadian manufacturing firms actively exporting to the U.S. The study provides evidence that there are several weaknesses in the export management strategy of small and medium sized firms. These firms are recommended to make changes in their export strategy in order to improve their export performance.
Selected Company Characteristics and Environmental Turbulence as Antecedents to Export Information Use - An Exploratory Five Country Study (#163)
Hartmut H. Holzmuller, Universitat Dortmund
Thomas Salzberger, Wirtschaftsuniversitat Wien
Anne L. Souchon, Aston University
Adamanthios Diamantopoulos, Loughborough University
Catherine Axinn, Ohio University
Geoffrey R. Durden, Victoria University of Wellington

Export information use is crucial to effective export decision-making and ultimately to export performance. Research on the use of marketing research information has a long-standing tradition in marketing, but in the context of international business activities research is quite limited. Export information use is a key factor that fosters company internationalization, since information has been found to be one of the most important drivers for export initiation and expansion. The objective of this paper is to investigate for the first time what antecedents trigger different modes of export information use. Exploratory results from a survey of exporting firms in Austria, Germany, New Zealand, UK, and the USA are reported. Company size, export experience, export dependence, environmental turbulence, information acquisition mode, and export information overload are analyzed according to their impact on instrumental/conceptual and symbolical use of export information. Empirical results show that rather small proportions of variance accounted for by the antecedents examined across most countries and types of information use. Nevertheless, allow the identified significant relationships valuable insights into information use patterns in different countries.

The New Economy and the MNC
Electronic Marketing and The Internet: Integrating New Technologies into Existing Exporting Theory (#221)
Gary D. Gregory, University of Wollongong
Munib Karavdic, University of Wollongong

Past research has identified a number of impediments to export market entry and export volume growth, such as information acquisition and transport, market access and physical distance, export promotion, and the costs associated with these activities. While previous research explains 'traditional' export marketing performance as a function of a firm's product and promotion adaptation, support of foreign distributor/subsidiary, and price competitiveness [Aaby & Slater, 1989; Cavusgil and Zou, 1994], we believe that electronic exporting performance depends more on product transferability, marketing communication, and number of foreign distributors/subsidiaries, price competitiveness, and electronic commerce activities. The first objective of this paper is to introduce Electronic Exchange Entry Modes (EEEM) as a specific entry mode using electronic technologies, represented by the Internet. Secondly, we present a conceptual framework of the electronic export marketing strategy variables and the impact they have on electronic exporting performance. Next, we summarize the impact of EEEM on exporting activities and highlight the benefits of incorporating electronic technologies into entry modes. Finally, we present a set of research propositions and directions for future research in electronic exporting performance.

Emergence of E-Commerce and Choice of Distribution Strategy in Geographical Expansion (#230)
Tailan Chi, University of Illinois at Urbana - Champaign
Wenyu Dou, St. Cloud State University

This paper develops a mathematical model for examining a manufacturer's choice of distribution strategy in expanding into new markets where there exist opportunities for internet sales. The model identifies the conditions
for each of the following three alternatives to be optimal: sale exclusively through a traditional retail outlet, sale exclusively from the manufacturer’s own online outlet, and a combination of the two distribution methods. The model also exposes the conditions under which the manufacturer finds it optimal to shift sales from its online store to its independent retailer, and vice versa.

**A Longitudinal Analysis of the Effects of Information Technology on Firm Performance in a Global Industry (#240)**

Peter S. Davis, The University of Memphis
C. Clay Dibrell, Oregon State University
Timothy L. Pett, Wichita State University

There has been a growing importance and discussion for more research on how firms compete given the changing complexity of today’s environment. One type of competition by an organization has been through the use of information technology to gain competitive advantages. However, this form of competition has been studied primarily on a firm-to-firm level and not at an industry level that would provide greater insight into the relationship between information technology and firm performance. This paper attempts to fill this gap through an examination of how information technology impacts the competitive dynamic of an industry using a configuration approach. To remedy some of the criticisms associated with the subjective statistical approaches involved in categorizing strategic groups (Barney & Hoskisson, 1990; Wiggins & Ruefli, 1995), an alternative, more objective approach based upon industry reference points or configurations is utilized. The findings are based on a longitudinal design, which suggests that the influence of information technology on an industry structure results in firms (which place greater emphasis on information technology) gaining competitive positioning on firms (which place lessor emphasis on information technology) over time. However, the use of information technology did not provide firms, which placed greater emphasis on information technology, the ability to circumvent or gain competitive ground over other groups. Instead, information technology allowed members to follow a hypothesized path in their migration toward greater performance as suggested through strategic configuration theory.

**EDI Diffusion and Business Strategy for Electronic Wholesalers (#252)**

Hiroshi Sasaki, St. Andrew’s University

This study examines the difference of management style between proactive firms and reactive firms in EDI diffusion. In advance to this study, we analyzed 184 papers, and extracted the dominant theories which EDI research is relied on. Theoretically, EDI research has been discussed mainly on M.E. Porter’s competitive strategy, Rogers’s innovation theory, Williamson’s transaction cost theory and Stern’s marketing channel theory. We found that further research is needed to make clear the difference of mechanism in the diffusion process between proactive firms and reactive firms, and IT investment factors should be considered. Covariance structure analysis conducted on 209 U.S. wholesalers’ data indicates that (1) Active IT investment is important for proactive firms, while tightness of IT investment evaluation is important for reactive firms, (2) The expansion of transaction sets and close relationships with suppliers are crucial on supplier side for both proactive and reactive firms, and (3) The diffusion of transaction partners on customer side for both types are essential. Lastly, we will discuss electronic wholesaler’s strategy.

**The Global Viability of Industrial Distributors (#100)**

Susan Mudambi, John Carroll University
Raj Aggarwal, John Carroll University and Kent State University

As e-commerce evolves and gains power in the global business-to-business marketplace, what lies ahead for the industrial distributor? This paper introduces a conceptual model of global distributor viability identifying the sources of value distributors add to manufacturers, and the value distributors provide to customers. In a global environment characterized by increased competitiveness and consolidation, case studies of three industrial
distributors at different stages of internationalization highlight and illustrate a number of model characteristics and managerial issues.

Innovation and R&D

Choosing Between Internal and Non-Internal R&D Activities: Some Technological and Economic Factors (#248)
Rajneesh Narula, University of Oslo

This paper evaluates some of the technological and economic factors that underlie the choice between in-house R&D, R&D alliances and outsourcing. We recount the reasons for the growth in non-internal activities, and explain why these are not as prevalent for R&D as other value-adding activities, and highlight that outsourcing is most often undertaken where multiple, substitutable sources are available. We then develop two frameworks. First, a static framework is developed, which evaluates the choice of mode based on a firm’s distribution of competencies, and their strategic importance. Second, a dynamic framework is developed that demonstrates how the static framework differs depending on whether the firm is engaged in pre-paradigmatic, paradigmatic or post-paradigmatic sectors. We also consider the effect of new technologies being introduced to a firm’s portfolio of competencies.

Cross-National Knowledge Sourcing and Innovative Performance of Multinational Subsidiaries (#231)
Harsh Mishra, Temple University

In recent years, international sourcing of knowledge has gained importance among firms which traditionally pursue home-centered innovation and among multinational corporations which have increasingly delegated the role of innovation to their foreign subsidiaries. In either case, innovators use knowledge from cross-national sources. This paper employs a learning perspective to examine the impact of cross-national knowledge sourcing on innovative performance of a firm. More specifically, this empirical work tests the hypothesis that innovative performance is a U-shaped function of the ratio of international and local knowledge input. After firms exhibit a learning curve in which an initial experience with learning to integrate internationally diverse knowledge gives rise to diminishing marginal returns, their innovative performance increases with increasing level of international knowledge. Benefits from the synthesis of diverse aspects of cross-nationally sourced knowledge begin to be realized only after a firm learns to exploit their complementary as well as unique aspects. A greater cross-national diversity in the knowledge aggregates to richer knowledge structures and hence stronger technological capabilities.

Measures were developed from the U.S. patent data to capture the relative magnitude of knowledge sourced between foreign and national locations as well as the innovative performance of the firms in the U.S. pharmaceutical industry. The central hypothesis received support based on results of the analysis.

Implementing New Product Development Strategies Globally (#207)
Edward F. McDonough III, Northeastern University  
Henry W. Lane, Northeastern University  
Nicholas Athanassiou, Northeastern University  
Gloria J. Barczak, Northeastern University  
Bert Spector, Northeastern University

In this paper we propose a framework which can assist in understanding the challenges faced by executives engaged in managing the global NPD process. This framework identifies a set of issues that play an important role in enabling a company to compete successfully in overseas markets, to defend its home market against overseas
competitors, and to understand "global consumer" needs. We propose that the new product development process in the globally oriented company is likely to be much more complex than that of a domestically focused company and entail managing a broad array and types of complexity. This, in turn, requires a unique set of capabilities. Such capabilities are the basis of assembling and developing NPD global expertise and require matching organizational capabilities to higher levels of process complexity. We refer to these capabilities as NPDG capabilities.

Thus, this framework focuses on how companies' top managers achieve their worldwide NPD objectives. More specifically, it can serve as the basis for developing an understanding of (1) the approaches companies are taking to managing NPDG, (2) what capabilities organizations need in order to handle the complexities associated with the implementation of their approach, and (3) how, why, and when companies change their approach.

Models of Capability Development for Knowledge Creation and Mobilization for Innovation (#208)

C. Annique Un, Massachusetts Institute of Technology

Recent studies on strategic management from the resource-based view of the firm have argued that the resources and capabilities set are the sources of competitive advantage. However, few studies empirically explain how companies develop their competitive capabilities. This paper analyzes the different strategies that firms use to develop the capability to create and mobilize knowledge for innovation. The study finds that firms use one of the following models: “organization”, “project-team” and “mixed” with the overwhelming majority using the “mixed”. The study also finds that the “project team” model is most effective followed by the “mixed” and the “organization” models in developing the capability to create and mobilize knowledge for innovation. The findings emerge from the empirical analysis of 182 cross-functional project teams in thirty-eight US and Japanese multinational enterprises.